

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



October 10, 2012

**Advice Letter 4383-G**

Rasha Prince, Director  
Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Biennial Report on Backbone Transmission and Slack Capacity  
in Compliance with D.06-09-039**

Dear Ms. Prince:

Advice Letter 4383-G is effective July 29, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



**Rasha Prince**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.5141  
Fax: 213.244.4957  
*RPrince@semprautilities.com*

June 29, 2012

Advice No. 4383  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Biennial Report on Backbone Transmission and Slack Capacity in Compliance with Decision (D.) 06-09-039**

Southern California Gas Company (SoCalGas) hereby submits for filing its biennial report to demonstrate that it holds adequate backbone transmission capacity and has slack capacity consistent with its proposals in the Gas Market Rulemaking (R.04-01-025).

**Purpose**

This Advice Letter complies with Ordering Paragraph (OP) 3 of D.06-09-039 which states:

3. The Pacific Gas and Electric Company and the Southern California Gas Company shall demonstrate in biennial advice letter filings to the Commission's Energy Division starting 2008 that they hold adequate backbone transmission capacity and have slack capacity consistent with their proposals presented herein. The first filing is due July 1, 2008.

**Background**

In response to reports and ongoing changes in the natural gas market which indicated that there may not be sufficient natural gas supplies or infrastructure to meet the long-term needs of the state's residential and business customers, the Commission initiated R.04-01-025. In the Assigned Commissioner's Scoping Memo of February 28, 2005, the Commission identified the following question for consideration in Phase 2 of this proceeding.<sup>1</sup>

Can the California gas utilities' existing infrastructure and operations adequately protect California from short-term or long-term natural gas shortages caused by the interruptions in natural gas supply?

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<sup>1</sup> Phase 1 of this proceeding was limited to issues related to the utilities' acquisition of interstate capacity and was resolved in D.04-09-022.

Most of the natural gas transported via the interstate pipelines, as well as some of the California produced natural gas, is delivered into PG&E and SoCalGas intrastate natural gas transmission pipeline systems (commonly referred to as California's "backbone" natural gas pipeline system). Natural gas on the utilities' backbone pipeline systems is then delivered into the local transmission and distribution pipeline systems, or natural gas storage fields.

In D.06-09-039, the Commission determined that it was, "comfortable with the total amount of firm backbone transmission capacity on both the PG&E and SoCalGas systems."<sup>2</sup> In an effort to continue to monitor the sufficient level of backbone capacity on the PG&E and SoCalGas systems, the Commission also required PG&E and SoCalGas to demonstrate in advice letter filings with the Commission's Energy Division that they hold adequate backbone transmission capacity. These advice letter filings shall be made on a biennial basis, beginning July 1, 2008.<sup>3</sup>

### **Information**

In R.04-01-025, SoCalGas presented to the Commission that it held a 49% annual reserve margin at the time and that, historically, its reserve margins have been between 40%-50%.<sup>4</sup> Table 1 and Figure 1 below illustrate that SoCalGas continues to hold adequate backbone transmission capacity and has a reserve margin on backbone capacity consistent with Commission Order. SoCalGas expects to hold a Reserve Margin of 41% in 2012 and to retain an average Reserve Margin of 39% through 2030.

**Table 1<sup>5</sup>**  
**SoCalGas Reserve Margin**  
**One- in-Ten-Year Cold and Dry-Hydroelectric Condition**

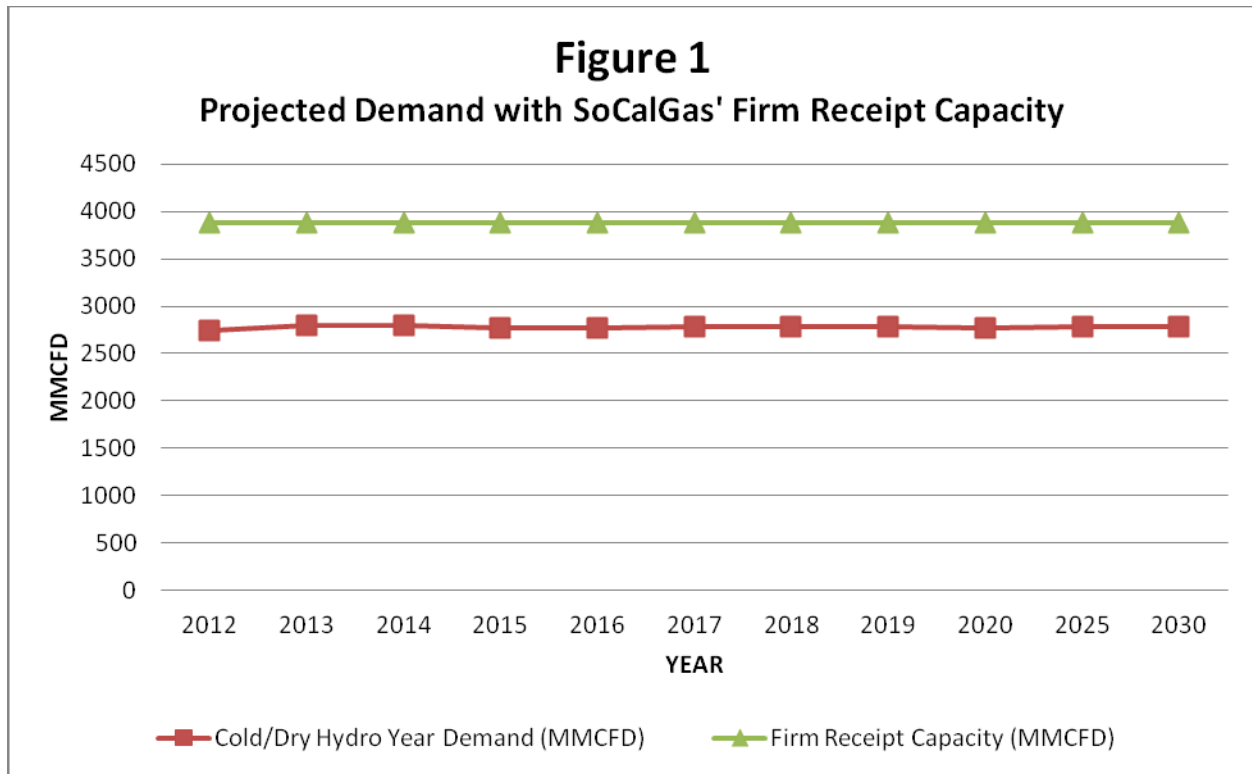
Year	Annual Average Daily Demand (MMCFD)	Reserve Margin (%)
2012	2747	41
2013	2798	38
2014	2796	39
2015	2772	40
2016	2776	40
2017	2781	39
2018	2781	39
2019	2781	39
2020	2773	40
2025	2781	39
2030	2781	39

<sup>2</sup> D.06-09-039, Finding of Fact 12.

<sup>3</sup> D.06-09-039, page 27.

<sup>4</sup> D.06-09-039, FOF 8. The Reserve Margin of backbone capacity in excess of demand on the SoCalGas system is derived by the formula: Reserve Margin = (Firm Daily Receipt Capacity – Average Daily Demand)/ Average Daily Demand.

<sup>5</sup> Demand source: SoCalGas and SDG&E 2013 Triennial Cost Allocation Proceeding, A.11-11-002. Reserve margin relative to existing SoCalGas receipt capacity of 3,875 MMcfd.



### Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this Advice Letter, which is July 19, 2010. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

A copy of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-mail: [snewsom@SempraUtilities.com](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved on July 29, 2010, which is 30 calendar days from the date filed.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes known parties in R.04-01-025, Gas Market OIR.

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Rasha Prince  
Director- Regulatory Affairs

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904-G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: snewsom@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 4383

Subject of AL: Biennial Report on Backbone Transmission and Slack Capacity in Compliance with Decision (D.) 06-09-039

Keywords (choose from CPUC listing): Transmission Capacity

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other Biennial

AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:  
D06-09-039

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 7/29/12

No. of tariff sheets: 0

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Ave.  
San Francisco, CA 94102  
EDTariffUnit@cpuc.ca.gov**

**Southern California Gas Company  
Attention: Sid Newsom  
555 West Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
SNewsom@semprautilities.com  
Tariffs@socalgas.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4383**

**(See Attached Service Lists)**