

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 16, 2013

Advice Letter 4512

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

**Subject: Publication of Open Season Results for the
Rainbow Corridor**

Dear Ms. Prince:

Advice Letter 4512 is effective July 28, 2013.

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
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June 28, 2013

Advice No. 4512
(U 904 G)

Public Utilities Commission of the State of California

Subject: Publication of Open Season Results for the Rainbow Corridor

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) this publication of the results of the Open Season held for firm service contracts commencing on June 1, 2013 for customers served off the Rainbow Corridor.

Background

SoCalGas' transmission pipelines in the Rainbow Corridor consist of Line 1027 (16-inch diameter), Line 1028 (24-inch diameter), and Line 6900 (30- and 36- inch diameter), which run from Moreno Station south to Rainbow Station. The Rainbow Corridor has been determined to be a potentially capacity constrained area. The first open season for the Rainbow Corridor, pursuant to Decision (D.) 06-09-039, was held for firm service contracts commencing or renewing after May 31, 2007, with subsequent open seasons held in 2009, 2011, and 2013. The 2013 Rainbow Corridor Open Season was held for firm service contracts commencing on June 1, 2013 with use-or-pay obligations.

Rainbow Corridor Open Season Results

SoCalGas sent bid packages to the twenty-six (26) customers that are either currently noncore, noncore eligible, or expected to be noncore eligible within the term of this Open Season. Seven (7) customers bid for firm noncore service, nine (9) elected or remained on core service, nine (9) elected or defaulted to interruptible noncore service, and one (1) customer switched from noncore to core service. Two (2) customers were considered large and therefore were required to bid a five-year term. One of the seven customers that participated in the Open Season was San Diego Gas & Electric (SDG&E).¹ SoCalGas was able to award all customer bids for firm noncore service. It should be noted that some noncore customers within the potentially constrained Rainbow Corridor area either elected or remained on interruptible service. There is still a risk of interruptible service curtailment if these interruptible customers operate on a cold winter day. Based on the customer elections

¹ SDG&E is a wholesale customer of SoCalGas. SDG&E was required to submit a bid to SoCalGas for the Rainbow Corridor open season comprising its core load, plus the total of SDG&E noncore customers' firm bids from SDG&E's open season.

and the results of the Open Season, the existing infrastructure is adequate to supply all core and firm noncore requirements and no expansions are planned at this time.

In accordance with Special Condition 37 of Schedule No. GT-F, SoCalGas will reduce the commitment for the Rainbow Corridor's large customers from five (5) years to two (2) years, consistent with the term for small customers. Schedule No. GT-F Special Condition 37 states as follows:

Term: For large noncore customers, the term for firm service shall be the earlier of (a) two (2) years beyond the in-service date of facilities associated with the expansion of local transmission service or the commencement of service on interstate and/or foreign pipelines or other arrangements that alleviate the need for expanding local transmission facilities, limited to the contractual commitments approval in D.07-05-022 or (b) five (5) years. For small noncore customers, the term is two years. In the event all requests for firm noncore capacity can be awarded without proration and the Utility does not plan to expand the local transmission system within the five-year contract period, the Utility will inform the Commission. Upon Commission agreement that there is no need to construct additional facilities within the five-year contract period, the Utility shall amend the five-year contracts to expire after two-years, consistent with the term for small customers.

Current capacity of the Rainbow Corridor and the SDG&E system is dependent upon the location of the customer demand on both systems. Based on the level of core demand in the Rainbow Corridor and on the SDG&E system, the current capacity of the SDG&E/Rainbow Corridor system is 740 MMcfd in the winter operating season and 680 MMcfd in the summer. This capacity was made available to both SoCalGas Rainbow Corridor customers and SDG&E customers during the Open Season. The solicitations result in peak firm demand (core and noncore) of 682 MMcfd in the winter (548 MMcfd on the SDG&E system, 134 MMcfd in the Rainbow Corridor) and 421 MMcfd in the summer (339 MMcfd on the SDG&E system, 82 MMcfd in the Rainbow Corridor), resulting in excess capacity in both operating seasons.

According to the policy established by the Commission in D.06-09-039 that capacity additions are to be considered in response to long-term firm commitments from customers, the results of this open season do not demonstrate a need for additional facilities or equivalent contractual arrangements (i.e., contractual arrangements for supply flows through Otay Mesa) at this time. However, in light of a number of factors, SoCalGas is concerned that this existing standard for capacity additions, which has adequately served customers, the utilities, and the Commission for a number of years, may now be causing us to reach the wrong conclusions with respect to the need for capacity additions. These factors include the recently announced permanent closure of the San Onofre Nuclear Generation Station, which may lead to higher natural gas usage from existing electric facilities served by the Rainbow Corridor, as well as the construction of new gas-fired generation served by the Rainbow Corridor; and the fact that it takes a long time to develop substantial capacity improvements. With these considerations in mind, SoCalGas is currently evaluating whether to propose additional capacity improvements for the Commission's consideration.

Protests

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 18, 2013. 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
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should 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

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 July 28, 2013, which is thirty calendar days after the date filed.

Notice

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

Rasha Prince
Director – Regulatory Affairs

Attachment

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 904G)**

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) #: 4512

Subject of AL: Publication of Open Season Results for the Rainbow Corridor

Keywords (choose from CPUC listing): Noncore, Contracts

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

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 AL¹: N/A

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: July 28, 2013

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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 proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

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 5th Street, GT14D6
Los Angeles, CA 90013-1011
SNewsom@semprautilities.com
Tariffs@socalgas.com**

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4512

(See Attached Service List)