

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 3, 2014

Advice Letters 4517-G and 4517-G-A

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

SUBJECT: Revisions to Schedule No. G-BTS, Backbone Transportation Service

Dear Ms. Prince:

Advice Letters 4517-G and 4517-G-A are effective as of September 4, 2014.

Sincerely,

A handwritten signature in black ink 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
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July 2, 2013

Advice No. 4517
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revisions to Schedule No. G-BTS, Backbone Transportation Service

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) proposed revisions to its Schedule No. G-BTS, Backbone Transportation Service (Schedule G-BTS), and its Master Services Contract – Schedule L, Backbone Transportation Service Contract – Exhibit A, applicable throughout its service territory, as shown on Attachment B.

Purpose

SoCalGas requests authorization to revise Schedule G-BTS and the Master Services Contract Schedule L to allow discounted firm G-BTS contracts without alternate receipt point rights. This proposed change would provide the SoCalGas System Operator with another potential tool to help it maintain minimum flows on the SoCalGas Southern System.

Background

Southern System Minimum Flow Requirements

Pursuant to Decision (D.) 07-12-019, the SoCalGas System Operator is responsible for maintaining minimum flows on the SoCalGas Southern System, with the cost paid for by all customers.¹ SoCalGas needs a certain minimum amount (which can vary depending upon conditions) of flowing supplies on its Southern System for the system to operate effectively.² The amount of this minimum flow requirement is equal to the entire demand on the SoCalGas Southern System, which includes both core and noncore customer demand, less gas supply that is flowed from the Northern System to the South.³ The process that the SoCalGas System

¹ D.07-12-019, mimeo., at 116 (Ordering Paragraph No. 15). The System Operator is “broadly defined to constitute the SoCalGas departments responsible for the operation of its transmission system, including storage, hub services, pooling services receipt point access, offsystem deliveries, and system reliability. The System Operator functions explicitly exclude the Gas Procurement Department which will not be involved in any of the system-related operational activities.” D.07-12-019, mimeo., at 58.

² Resolution G-3476 at p. 2.

³ Resolution G-3476 at p. 2.

Operator follows for purchasing supplies to maintain minimum flows on the Southern System is laid out in SoCalGas Rule No. 41.

Discounting of Interruptible BTS Capacity to Help Maintain Minimum Flows on the Southern System

Schedule G-BTS authorizes SoCalGas to offer discounted interruptible BTS capacity. Those discounts can vary by receipt point.⁴ Consistent with this authority, SoCalGas posts discounted interruptible rates that apply only to Southern System receipt points. If an interruptible customer chooses to switch its supply to a non-Southern System receipt point, the non-discounted, posted rate for that other receipt point automatically applies to that interruptible nomination. In addition to the procedures for procuring flowing supplies described in Rule No. 41, SoCalGas has been using its authority to discount Southern Zone interruptible BTS capacity in order to encourage flows into the Southern System. These discounts have helped bring additional flows into the Southern System because the purchasers of these discounted interruptible rights cannot use the rights to bring supplies into receipt points outside the Southern System.

Firm BTS Currently Has Alternate Receipt Point Rights, Even for Discounted Contracts

SoCalGas can also discount firm G-BTS rates (i.e., G-BTSN1 and G-BTSN2).⁵ However, all firm BTS, even service purchased at a discount, currently has alternate receipt point rights.⁶ Customers purchasing such rights would be able to nominate natural gas for delivery on an alternate “outside-the-zone” firm basis from any receipt point on the system. Accordingly, under the current BTS tariff structure, the sale of discounted firm rights may not achieve the goal of bringing additional flows into the Southern System.

Requested Authorization

SoCalGas respectfully requests that the Commission authorize SoCalGas to sell discounted firm BTS capacity that does not have alternate receipt point rights. This authorization would be reflected in the following underlined proposed additions to Section 3 of the “Nominations and Balancing” section of the Special Conditions in G-BTS:

Unless otherwise indicated in a discounted contract, customers holding firm Backbone Transportation Service capacity will be able to nominate natural gas for delivery on an alternate “within the zone” firm basis from any specific Receipt Point within an applicable transmission zone. Unless otherwise indicated in a discounted contract, customers will also be able to nominate natural gas for delivery on an alternate “outside-the-zone” firm basis from any receipt point on the system. All such nominations will be scheduled in accordance with Rule No. 30, Transportation of Customer-Owned Gas.

⁴ See the description of G-BTS4 Rate in “Backbone Transportation Rates” section and Section 4 of the “Interruptible Backbone Transportation Service” section in Schedule G-BTS.

⁵ See the “Remaining Firm Backbone Transportation Service Capacity” section of the Special Conditions in G-BTS.

⁶ See Section 3 of the “Nominations and Balancing” section of the Special Conditions in G-BTS.

In addition, SoCalGas proposes that a new box with the following language be added to its Backbone Transmission Service Contract:

Use of this capacity is restricted to the indicated receipt point and cannot be exchanged for capacity at another receipt point.

This box would be checked for any discounted firm contract that does not include alternate "outside-the-zone" firm alternate receipt point rights. This proposed revision is also included in Attachment B.

This proposed change would enable SoCalGas' System Operator to offer discounted Southern Zone firm BTS capacity in order to encourage flows into the Southern System. SoCalGas believes that this ability would enable it to attract the same or higher level of customer supplies at Southern System receipt points with lower overall levels of discounting. In other words, firm plus interruptible discounting may be more efficient than interruptible discounting alone, which will result in lower overall Southern System support costs.

For example, assume that the firm BTS rate is 12 cents/Dth and SoCalGas offered an interruptible BTS rate of 6 cents/Dth. If on certain days there is an alternative supply at any other receipt point with a 7+ cent/Dth advantage over Ehrenberg (absent BTS cost considerations), then that interruptible supply may not appear at Ehrenberg on that day. If, on the other hand, a customer has already purchased firm BTS service at a discounted firm rate of 6 cents/Dth, then that transportation cost becomes a sunk cost for the customer. Therefore, this particular customer will not switch to alternative supplies at other points unless the cost advantage is over 12 cents/Dth.

In addition, once there is a baseload supply at Southern System receipt points for the month, SoCalGas would have a greater potential ability to vary the interruptible BTS discount on an as-needed basis. For example, if there is insufficient supply, a discount could be provided for a few days until market conditions make discounting of interruptible BTS service unnecessary for the remainder of the month.

This proposed change would only apply to new firm agreements, since existing firm contracts are at full price and already include alternate "outside-the-zone" delivery rights. Moreover, it will be up to SoCalGas whether to offer discounts in return for a customer giving up secondary delivery rights outside the Southern Zone in a new firm contract. There may be instances in which firm discounting is not the best way to bring additional supplies to the Southern System at the lowest possible cost. SoCalGas needs the flexibility to determine if and when such discounts are warranted, as part of its overall strategy to provide Southern System minimum flowing supplies at a reasonable cost.

Customers paying full price for firm BTS service would still always be able to nominate natural gas for delivery on an alternate "outside-the-zone" firm basis from any receipt point on the system.

Protest

Anyone may protest this AL 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 received within 20 days of the date this advice letter was filed with the Commission which is July 22, 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
Attention: 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 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

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. This filing is consistent with D.07-12-019 and therefore SoCalGas respectfully requests that this filing be approved on August 1, 2013, which is thirty (30) calendar days after the date filed.

Notice

A copy of this AL is being sent to the parties listed on Attachment A, which includes parties in the 2009 BCAP, A.08-02-001 and 2013 TCAP, A.11-11-002.

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 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) #: 4517

Subject of AL: Revisions to Schedule No. G-BTS, Backbone Transportation Service

Keywords (choose from CPUC listing): Capacity, Reliability, Backbone Transportation

AL filing type: Monthly Quarterly Annual One-Time Other

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: 8/1/13

No. of tariff sheets: 5

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

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: G-BTS, TOCs

Service affected and changes proposed¹ See Advice Letter

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 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. 4517

(See Attached Service Lists)

ATTACHMENT B
Advice No. 4517

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49399-G	Schedule No. G-BTS, BACKBONE TRANSPORTATION SERVICE, Sheet 6	Revised 47177-G**
Revised 49400-G	MASTER SERVICES CONTRACT - SCHEDULE L, BACKBONE TRANSPORTATION SERVICE CONTRACT - EXHIBIT A, Form No. 6597-17 (7/2013)	Revised 47205-G
Revised 49401-G	TABLE OF CONTENTS	Revised 49381-G
Revised 49402-G	TABLE OF CONTENTS	Revised 47377-G
Revised 49403-G	TABLE OF CONTENTS	Revised 49382-G

Schedule No. G-BTS
BACKBONE TRANSPORTATION SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

GENERAL (Continued)

10. The Utility will not sell incremental firm receipt point capacity following the announcement of an OFO for the flow day on which the OFO is called. Once an OFO has been called, the Utility will be limited to sales of incremental interruptible Backbone Transportation Service capacity for the flow day on which the OFO is called.
11. Customers may aggregate their firm Backbone Transportation Service capacity into one contract number for each receipt point for the purposes of nominations and scheduling. Only firm Backbone Transportation Service contracts under identical rate schedules may be aggregated. Aggregation of contracts must be done using the EBB.

NOMINATIONS AND BALANCING

1. Service under this rate schedule shall be subject to all applicable terms, conditions and obligations of Rule No. 23, Continuity of Service and Interruption of Delivery, Rule No. 30, Transportation of Customer-Owned Gas, and Rate Schedule No. G-IMB, Transportation Imbalance Service.
2. The Utility will schedule interruptible nominations up to all available Backbone Transportation Service capacity at each of its Receipt Points subject to Rule No. 30, Transportation of Customer-Owned Gas.
3. Unless otherwise indicated in a discounted contract, customers holding firm Backbone Transportation Service capacity will be able to nominate natural gas for delivery on an alternate "within-the-zone" firm basis from any specific Receipt Point within an applicable transmission zone. Unless otherwise indicated in a discounted contract, customers will also be able to nominate natural gas for delivery on an alternate "outside-the-zone" firm basis from any receipt point on the system. All such nominations will be scheduled in accordance with Rule No. 30, Transportation of Customer-Owned Gas.
4. A customer may opt to designate one and only one nominating agent in addition to itself at any one time to nominate on all BTSCs under a customer's RPMA. Customer must provide appropriate written authorization to the Utility of its intent to add or change a designated nominating agent via the Nomination and Trading Authorization Form (Form No. 9924). Such designation shall be subject to that nominating agent complying with applicable tariff and contractual provisions. Customer shall provide appropriate written notice to the Utility of its intent to terminate a nominating agent via the Termination of Nominating or Trading Agent Form (Form No. 9926).

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N

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4517
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 2, 2013
 EFFECTIVE Sep 4, 2014
 RESOLUTION NO. _____

MASTER SERVICES CONTRACT - SCHEDULE L
BACKBONE TRANSPORTATION SERVICE CONTRACT - EXHIBIT A
Form No. 6597-17 (7/2013)

T

(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4517
DECISION NO.

ISSUED BY

Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jul 2, 2013
EFFECTIVE Sep 4, 2014
RESOLUTION NO. _____

MASTER SERVICES CONTRACT
 SCHEDULE L
 BACKBONE TRANSPORTATION SERVICE CONTRACT (BTSC)
 BTSC No. _____

This Agreement, also referred to as Exhibit A, is entered into as of the ____ day of _____, by and between Southern California Gas Company (“Utility”) and _____ (“Customer”) and is subject to the terms and conditions of the Customer’s Receipt Point Master Agreement (RPMA) No. _____. The terms of this BTSC are binding unless disputed in writing as provided in the RPMA.

TERM:

The Effective Date of this Agreement shall be on _____ and extend through _____.

RATE:

Rate Schedule	Applicable Rate Tariff or Negotiated \$/Dth)	(Secondary Market Only) Recallable Y or N	(Secondary Market Only) Releasing BTSC No.
_____	_____	_____	_____

RECEIPT POINT AND DAILY CONTRACT QUANTITIES:

<u>RECEIPT POINT</u>	<u>START DATE</u>	<u>END DATE</u>	<u>DAILY CONTRACT QUANTITY (Dths/Day)</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Use of this capacity is restricted to the indicated receipt point and cannot be exchanged for capacity at another receipt point.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Backbone Transportation Service Contract.

Southern California Gas Company
 “Utility”

 “Customer”

By _____

By May be electronically executed

Title _____

Title _____

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(Continued)

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(Continued)

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