

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 3, 2016

**Advice Letter 5015-G**

Ronald van der Leeden  
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 Mr. van der Leeden:

Advice Letter 5015-G is withdrawn per SoCalGas withdrawal letter dated August 31, 2016.

Sincerely,

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

Edward Randolph  
Director, Energy Division



Ronald van der Leeden  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.2009  
Fax: 213.244.4957

*RvanderLeeden@semprautilities.com*

August 31, 2016

Mr. Edward F. Randolph  
Director, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Subject: Withdrawal of SoCalGas Advice No. (AL) 5015 - Biennial Report on Backbone Transmission and Slack Capacity in Compliance with Decision (D.) 06-09-039**

The purpose of AL 5015 was for Southern California Gas Company (SoCalGas) to demonstrate in its biennial report to the California Public Utilities Commission that it holds adequate backbone transmission capacity and has slack capacity consistent with its proposals in the Gas Market Rulemaking (R.04-01-025).

Since AL 5015 was filed, it was determined by SoCalGas that the filing was not served to the parties on the Advice Letter's service list. Per procedural guidance from Energy Division, SoCalGas hereby withdraws AL 5015, filed on August 19, 2016, and will refile the Advice Letter as AL 5022 on September 1, 2016.

Sincerely,

*for* Ronald van der Leeden  
Director, Regulatory Affairs

cc: Energy Division Tariff Unit  
All recipients of AL 5015



**Ronald van der Leeden**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.2009  
Fax: 213.244.4957  
*RvanderLeeden@semprautilities.com*

August 19, 2016

Advice No. 5015  
(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 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 (AL) complies with Ordering Paragraph (OP) 3 of D.06-09-039 which states:

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?

Most of the natural gas transported via the interstate pipelines, as well as some of the California produced natural gas, is delivered into the Pacific Gas and Electric Company (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 continuing sufficiency of backbone capacity on the PG&E and SoCalGas systems, the Commission also required PG&E and SoCalGas to demonstrate in AL filings with the Commission's Energy Division that they hold adequate backbone transmission capacity. These AL filings are to be made on a biennial basis, beginning July 1, 2008.<sup>3</sup>

### **Capacity Information**

In R.04-01-025, SoCalGas explained 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 of backbone capacity consistent with Commission policy. SoCalGas expects to hold a Reserve Margin of 43% in 2016 and to retain an average Reserve Margin of 50% through 2035.

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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.

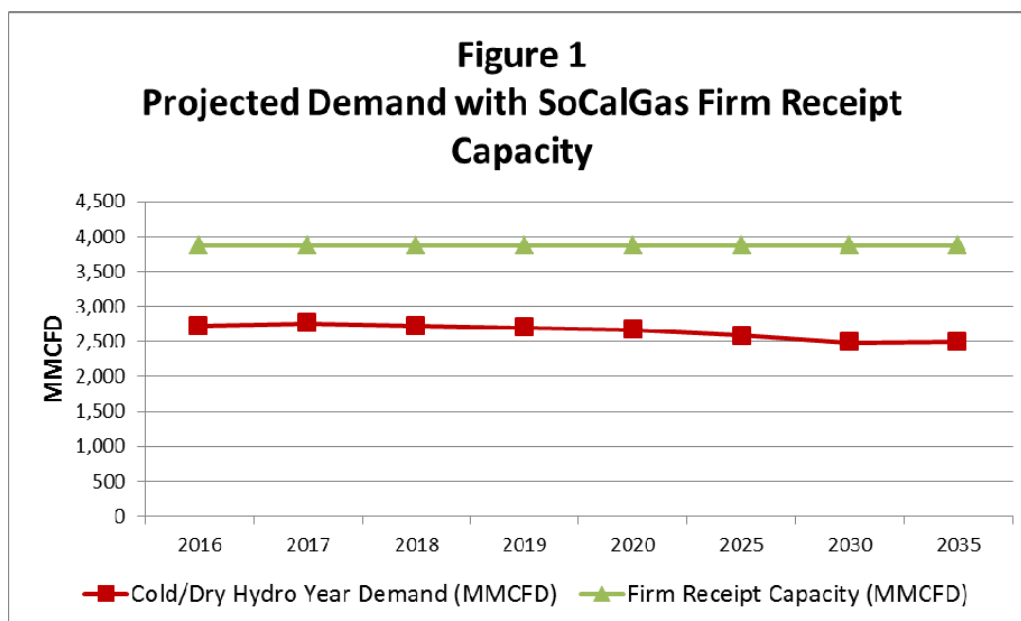
<sup>2</sup> D.06-09-039, mimeo., at 172 (Finding of Fact 12).

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

<sup>4</sup> D.06-09-039, mimeo., at 171 (Finding of Fact 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.

**Table 1<sup>5</sup>**  
**SoCalGas Reserve Margin**  
**1-in-10 Cold and Dry-Hydroelectric Condition**

Year	Average Daily Demand: 1-in-10 Cold Year (MMCFD)	Reserve Margin (%)
2016	2,717	43%
2017	2,758	40%
2018	2,724	42%
2019	2,694	44%
2020	2,666	45%
2025	2,583	50%
2030	2,483	56%
2035	2,491	56%



<sup>5</sup> Demand source: SoCalGas 2016 California Gas Report. Reserve margin relative to existing SoCalGas receipt capacity of 3,875 MMcfd. Note that the 3,875 MMcfd figure is SoCalGas’ theoretical receipt capacity. Actual receipt capacity is usually somewhat lower for a variety of reasons, including lower deliveries from California producers, and economic and practical factors that result in less than full utilization of certain receipt points.

**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 must be received within 20 days of the date of this AL, which is September 8, 2016. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is given below.

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 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](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes this AL is subject to Energy Division disposition and should be classified as a Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this filing be approved on September 18, 2016, which is 30 calendar days from the date filed.

**Notice**

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.04-01-025, Gas Market OIR. Address change requests to the GO 96-B service list should be directed by electronic mail to [tariffs@socalgas.com](mailto:tariffs@socalgas.com), or call 213-244-3387. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

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Ronald van der Leeden  
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) #: 5015

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

Keywords (choose from CPUC listing): Capacity; Storage

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

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

D.06-09-039

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: 9/18/16

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: \_\_\_\_\_

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](mailto:EDTariffUnit@cpuc.ca.gov)

Southern California Gas Company  
Attention: Sid Newsom  
555 West 5<sup>th</sup> Street, GT14D6  
Los Angeles, CA 90013-1011  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)  
[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

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