

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



February 12, 2009

**Advice Letter 2991-G**

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Expedited Pre-Approval of Transwestern Pipeline Contract**

Dear Mr. Cherry:

Advice Letter 2991-G is effective February 12, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



January 22, 2009

**Advice 2991-G**  
(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Expedited Pre-Approval of Transwestern Pipeline Contract**

Pacific Gas and Electric Company (PG&E) submits this filing to request California Public Utilities Commission (Commission) pre-approval to extend an expiring Transwestern Pipeline (Transwestern) firm transportation service agreement (TSA), which is used to transport natural gas supplies from the San Juan Basin to California on behalf of PG&E's core gas customers.

**Purpose**

The purpose of this expedited advice letter is to request approval to extend the existing capacity arrangement, with certain modifications to key terms, described below. In Decision (D.) 04-09-022, the Commission established procedures for expedited regulatory approval and processing of utility commitments to pipeline capacity. These procedures require consultation between the utility, the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN).

Under D.04-09-022, contracts for pipeline capacity may be submitted by expedited advice letter, seeking Commission approval within 21 days of the advice letter filing date. PG&E requests that the Commission approve this filing by **February 12, 2009**.

**Description of Contract**

PG&E has transported natural gas through the Transwestern system since 1992. The existing TSA accesses receipt points in the San Juan Basin. The maximum delivery quantity is 150,000 decatherms (Dth) per day, and the primary delivery point

is the Transwestern-PG&E interconnect at the Arizona-California border.<sup>1</sup> The existing contract expires on March 31, 2010. A Right-of-First-Refusal (ROFR) notification deadline is March 31, 2009. PG&E is required to provide notice of its renewal intentions, if by ROFR, by March 31, 2009.

PG&E seeks Commission approval of the contract terms described below.

### **Table I Proposed Pipeline Contract Information**

| <b><u>Proposed Transwestern Pipeline Extension</u></b> |                 |                        |                       |                       |                |                             |                      |                                    |
|--|-----------------|------------------------|-----------------------|-----------------------|----------------|-----------------------------|----------------------|------------------------------------|
| <b>Start Date</b>                                      | <b>End Date</b> | <b>Number of Years</b> | <b>Number of Days</b> | <b>Quantity Dth/d</b> | <b>Segment</b> | <b>Reservation Rate (1)</b> | <b>Fuel Rate (2)</b> | <b>Notional Value (Res. Costs)</b> |
| 1-Apr-10   | 31-Mar-11       | 1                      | 365                   | 150,000               | Blanco - PG&E  | \$0.3659                    | 2.45%                | \$ 20,033,025                      |

(1) Reservation rate = lesser of the existing maximum tariff rate or new filed rates.

(2) Fuel Rate is capped at the current rate.

The following terms remain unchanged:

- Primary Receipt Points are the Bloomfield Compressor area with alternate receipts in the San Juan II Area.
- In addition, other terms from existing contract will apply, such as alternate delivery rights into SoCal Needles.
- FERC approved tariff variable charges and surcharges will also apply.

The following are modified terms:

- One-Year Extension, from April 1, 2010 – March 31, 2011.
- Right-of-First-Refusal upon expiration, with one-year notification requirement (notification by March 31, 2010).
- Reservation rate equals the lesser of existing rate, \$0.3659/Dth, or new, filed maximum tariff rates.
- Fuel rate cap at 2.45%.

### **Renewal Recommendation**

PG&E has consulted with DRA and TURN and both support the proposed contract extension with Transwestern. Upon approval of this filing, PG&E will extend its Transwestern contract for a period of one-year, through March 31, 2011.

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<sup>1</sup> Supplies from the San Juan Basin have been, and are expected to continue to be consistently competitive with gas supplies from the Western Canadian Sedimentary Basin.

PG&E strongly urges the Commission to approve extension of the contract for the recommended term. Approval of the proposed TSA will help facilitate PG&E's compliance with D.04-09-022, which requires utilities to maintain a minimum level of capacity to California.<sup>2</sup> In addition, the proposed extension will maintain PG&E's existing pipeline portfolio diversification, provided, in part, by holding capacity on both Transwestern and El Paso Natural Gas. The added reliability from holding capacity on both pipelines has served core customers well during previous localized capacity constraints and supply disruptions.

All costs associated with the contract will continue to be recovered from PG&E's core gas customers through the Core Pipeline Demand Charge Account, in accordance with D.04-09-022 and PG&E's gas tariffs.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

### **Protests – Ten Day Expedited Period**

Anyone wishing to protest this filing may do so by sending a letter to the address below by **February 2, 2009**, which is eleven (11) days<sup>3</sup> from the date of this filing, in accordance with the expedited protest period authorized in D.04-09-022. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjn@cpuc.ca.gov](mailto:jjn@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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<sup>2</sup> Established in D.04-09-022, FOF 23.

<sup>3</sup> Since the 10<sup>th</sup> day falls on a weekend, PG&E hereby extends the protest period to Monday, February 2, 2009.

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

### **Effective Date**

In accordance with the comment and evaluation period provided in D.04-09-022, and assuming no protests are received to this filing, PG&E requests Commission pre-approval of this filing effective **February 12, 2009**, which is 21 days after the date of this filing.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R. 04-01-025. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>



Vice President, Regulatory Relations

cc: Richard A. Myers - Energy Division  
Wendy Al-Mukdad - Energy Division  
Jonathon Bromson - Legal Division  
Belinda Gatti - Energy Division  
Eugene Cadenasso - Energy Division  
Mark Pocta - Division of Ratepayer Advocates  
Jacqueline Grieg - Division of Ratepayer Advocates  
Pearlie Sabino - Division of Ratepayer Advocates  
Marcel Hawiger - The Utility Reform Network  
Mike Florio - The Utility Reform Network  
Service list – R. 04-01-025

# 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. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Megan Lawson

Phone #: (415) 973-1877

E-mail: mehr@pge.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2991-G

Tier: [2]

Subject of AL: Expedited Pre-Approval of Transwestern Pipeline Contract

Keywords (choose from CPUC listing): contract

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 AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required?  Yes  No

Requested effective date: February 12, 2009

No. of tariff sheets: N/A

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: N/A

Service affected and changes proposed: N/A

Protests, dispositions, 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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

|  |   |  |
|--|---|--|
| Aglet                                    | Department of the Army                      | Northern California Power Association                      |
| Agnews Developmental Center              | Dept of General Services                    | Occidental Energy Marketing, Inc.                          |
| Alcantar & Kahl                          | Division of Business Advisory Services      | OnGrid Solar   |
| Ancillary Services Coalition             | Douglas & Liddell                           | PPL EnergyPlus, LLC  |
| Anderson & Poole                         | Douglass & Liddell                          | Pinnacle CNG Company                                       |
| Arizona Public Service Company           | Downey & Brand                              | Praxair  |
| BART                                     | Duke Energy                                 | R. W. Beck & Associates                                    |
| BP Energy Company                        | Duncan, Virgil E.                           | RCS, Inc.  |
| Barkovich & Yap, Inc.                    | Dutcher, John                               | RMC Lonestar   |
| Bartle Wells Associates                  | Ellison Schneider & Harris LLP              | Recon Research   |
| Blue Ridge Gas                           | Energy Management Services, LLC             | SCD Energy Solutions                                       |
| Braun & Associates                       | FPL Energy Project Management, Inc.         | SCE  |
| C & H Sugar Co.                          | Foster Farms                                | SESCO  |
| CA Bldg Industry Association             | Foster, Wheeler, Martinez                   | SMUD   |
| CAISO                                    | Franciscan Mobilehome                       | SPURR  |
| CLECA Law Office                         | G. A. Krause & Assoc.                       | Santa Fe Jets  |
| CSC Energy Services                      | GLJ Publications                            | Seattle City Light   |
|  | Goodin, MacBride, Squeri, Schlotz & Ritchie | Sempra Utilities   |
| California Cotton Ginners & Growers Assn | Green Power Institute                       | Sequoia Union HS Dist                                      |
| California Energy Commission             | Hanna & Morton                              | Sierra Pacific Power Company                               |
| California League of Food Processors     | Heeg, Peggy A.                              | Silicon Valley Power                                       |
| California Public Utilities Commission   | Hitachi                                     | Smurfit Stone Container Corp                               |
| Calpine                                  | Hogan Manufacturing, Inc.                   | Southern California Edison Company                         |
| Cameron McKenna                          | Imperial Irrigation District                | St. Paul Assoc.  |
| Cardinal Cogen                           | Innercite                                   | Sunshine Design  |
| Casner, Steve                            | International Power Technology              | Sutherland, Asbill & Brennan                               |
| Cerox                                    | Intestate Gas Services, Inc.                | TFS Energy   |
| Chamberlain, Eric                        | J. R. Wood, Inc.                            | Tabors Caramanis & Associates                              |
| Chevron Company                          | JTM, Inc.                                   | Tecogen, Inc.  |
| Chris, King                              | Los Angeles Dept of Water & Power           | Tiger Natural Gas, Inc.                                    |
| City of Glendale                         | Luce, Forward, Hamilton & Scripps LLP       | Tioga Energy   |
| City of Palo Alto                        | MBMC, Inc.                                  | TransCanada  |
| City of San Jose                         | MRW & Associates                            | Turlock Irrigation District                                |
| Clean Energy Fuels                       | Manatt Phelps Phillips                      | U S Borax, Inc.  |
| Coast Economic Consulting                | Matthew V. Brady & Associates               | United Cogen   |
| Commerce Energy                          | McKenzie & Associates                       | Utility Cost Management                                    |
| Commercial Energy                        | Meek, Daniel W.                             | Utility Resource Network                                   |
| Constellation                            | Merced Irrigation District                  | Utility Specialists  |
| Constellation New Energy                 | Mirant                                      | Vandenberg Air Force                                       |
| Consumer Federation of California        | Modesto Irrigation District                 | Verizon  |
| Crossborder Energy                       | Morgan Stanley                              | Wellhead Electric Company                                  |
| Davis Wright Tremaine LLP                | Morrison & Foerster                         | Western Manufactured Housing Communities Association (WMA) |
|  |   | White & Case   |
| Day Carter Murphy                        | New United Motor Mfg., Inc.                 | eMeter Corporation   |
| Defense Energy Support Center            | Norris & Wong Associates                    |  |
| Department of Water Resources            | North Coast SolarResources                  |  |