

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 20, 2004

In Reply Refer To:
San Diego Gas & Electric
Company
Docket No. CP93-117-003

The Honorable Colin L. Powell
Secretary of State
Washington, DC 20520

Dear Mr. Secretary:

1. Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 1, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, enclosed herewith for your information and consideration is a copy of an application filed by San Diego Gas & Electric Company (SDG&E) with the Federal Energy Regulatory Commission on March 5, 2004, in Docket No. CP93-117-003.

2. In the March 5, 2004 filing SDG&E requests amendment of its Presidential Permit for its border crossing facilities currently used to export natural gas supplies to Mexico. Specifically, SDG&E requests authorization to make minor modifications to its border facilities¹ to enable gas to be imported as well as exported through those facilities during system emergencies. SDG&E has filed its application pursuant to a Mutual Assistance and Operational Balancing Agreement (MAA)² that SDG&E has recently entered into with Transportadora de Gas Natural de Baja California (TGN), a Mexican utility that is an affiliate of SDG&E. In addition to the requested amendment to the Presidential Permit, SDG&E's application also requests amended authorization under section 3 of the Natural Gas Act to accommodate its proposal.

¹SDG&E originally received section 3 authorization and a Presidential Permit in 1993, 64 FERC ¶ 61,221 (1993), reh'g denied, 65 FERC ¶ 61,299 (1993). In 1998, following delays in building the generating project that the border facilities were designed to serve and changes in the original site, SDG&E applied for and received authorization to change the location and configuration of the facilities 85 FERC ¶ 61,081 (1998).

² Exhibit D is a copy of the MAA.

3. The existing border facilities consist of a meter station and approximately 400 feet of 30-inch pipeline extending from the SDG&E local distribution system to the international boundary at Otay Mesa in San Diego County, California. To implement the MAA, SDG&E proposes to modify the border facilities to accommodate flows in either direction. The proposed changes consist of: (a) the modification of two meter runs to allow bi-directional flows, including the addition of flanges and flow conditioners and the removal of check valves; (b) the addition of a gas chromatograph with an underground connection to the existing pipeline, to permit testing of the quality of the imported gas; (c) the addition of an odorant injection system with a concrete containment enclosure around the bottom and sides of this system and an underground connection to the existing pipeline; and (d) the addition of a filter/separator to remove liquids and debris from the imported gas and an underground connection to the existing pipe. All of these modifications will lie within the right-of-way for the existing pipeline.

4. SDG&E is a California corporation with its principal place of business at 8330 Century Park Court, San Diego, California 92123. It is qualified to do business in California, Arizona, and Alberta, Canada. SDG&E is an indirect, wholly-owned subsidiary of Sempra Energy, an exempt public utility holding company. SDG&E, its facilities, and its parent Sempra Energy are not owned or subsidized, either directly or indirectly, by any foreign government.

5. Also enclosed for your consideration is a draft copy of the Permit to be issued to SDG&E, which incorporates terms and conditions you and the Secretary of Defense have heretofore required in similar cases. There are two substantive differences between this draft permit and the existing permit: (1) Article 3 is revised to allow the facilities to be used for both the importation and exportation of natural gas, as requested by applicants; and (2) Article 9 is revised, consistent with current Commission policy, to state that the Commission will defer, until such time as the subject facilities are no longer useful, any determination whether the facilities shall be abandoned in place or removed.

6. A similar letter, together with a copy of the application is being sent to the Secretary of Defense. If the Secretary of Defense should make an unfavorable recommendation or propose any material change in the draft of the Permit, the Commission will immediately advise you.

7. The Commission would appreciate receiving your views regarding issuance of the proposed amended permit at an early date. Please do not hesitate to contact me at (202) 502-8400 or Ethel Morgan at (202) 502-8450, if you need any further information.

By direction of the Commission.

Linda Mitry,
Acting Secretary.

cc: The Honorable Donald Rumsfeld

Enclosures:
Presidential Permit
Application

**PERMIT AUTHORIZING SAN DIEGO GAS & ELECTRIC COMPANY TO
CONSTRUCT, OPERATE AND MAINTAIN MODIFIED NATURAL GAS
FACILITIES AT THE INTERNATIONAL BOUNDARY BETWEEN THE
UNITED STATES AND MEXICO**

**FEDERAL ENERGY REGULATORY COMMISSION
DOCKET NO. CP93-117-003**

San Diego Gas & Electric Company (SDG&E) a corporation organized and existing under the laws of the State of California filed in Docket No. CP93-117-003 on March 5, 2004, an application pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00, for authorization to modify the facilities authorized under its Presidential Permit issued on August 6, 1993 in Docket No. CP93-117-000, 64 FER ¶61,221 (1993), and amended on October 19, 1998 in Docket No. CP93-117-002, 85 FER ¶ 61,081. Applicant states that the modifications are minor and are needed to enable SDG&E to construct, operate, maintain, and modify the natural gas transmission facilities described in Article 2 below at the international border between the United States and Mexico in order to comply with the Mutual Assistance and Operational Balancing Agreement between SDG&E and Transportation de Gas Natural de Baja California, a Mexican utility that is an affiliate of SDG&E.

By letter dated _____, 2004, the Secretary of State, and by letter dated _____, 2004, the Secretary of Defense favorably recommend that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953 and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, and the Commission's General Rules and Regulations, permission is granted to the Permittee to construct, operate, maintain and connect the natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application.

Article 2. The following facilities are subject to this Permit:

A meter station and 400 feet of bi-directional 30-inch pipeline, with a maximum capacity of 350 MMcf of gas per day, connecting to facilities constructed by the Permittee under the California Public Utilities Code and extending to the International Boundary at Otay Mesa, San Diego County, California.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the importation or exportation of natural gas and in the manner authorized under section 3 of the Natural Gas Act.

Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States for such purposes. The Permittee shall allow officers and employees of the United States, showing proper credentials, of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the aforesaid facilities and connections, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within their power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agree to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas imported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities and connections, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities and connections used hereunder by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a

statement that the facilities and connections authorized by this Permit remain substantially the same as before the involuntary transfer . The Permittee shall maintain the facilities and connection, and every part thereof, in a condition of repair for the efficient operation of said facilities and connections in the transportation of natural gas and shall make all necessary renewals and replacement.

Article 9. At such time that this Permit is surrendered, revoked, or otherwise terminated, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The Commission will specify the time within which any authorized facilities shall be removed, and the Permittee shall remove those facilities within such time and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agree that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

Secretary

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of _____, 2004 has caused its name to be signed by _____, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____, 2004, a certified copy of the record of which is attached hereto.

San Diego Gas & Electric Company

By _____

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 20, 2004

In Reply Refer To:
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Company
Docket No. CP93-117-003

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Secretary of Defense
Washington, DC 20301

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San Diego Gas & Electric Company

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