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June 16, 2006

**ADVICE 2737-G**

(Pacific Gas and Electric Company ID U 39 G)

**Subject: Expedited Pre-Approval of El Paso and Kern River Pipeline  
Assignments**

Public Utilities Commission of the State of California

**Purpose**

In compliance with the procedures set forth in Decision (D.) 04-09-022, Pacific Gas and Electric Company (PG&E) submits this filing to request California Public Utilities Commission (CPUC or Commission) pre-approval for two seasonal firm transportation assignments, which PG&E proposes to use to transport natural gas supplies from the San Juan Basin and the Rocky Mountain producing region on behalf of PG&E's core gas customers. PG&E requests that the Commission approve this filing by **Friday, July 7, 2006**.

**Background**

In D.04-09-022, the Commission established procedures for expedited regulatory approval and processing of utility commitments to pipeline capacity. These procedures require consultation among the utility, the Energy Division, the Division of Ratepayer Advocates (DRA), and The Utility Reform Network (TURN). Under the expedited capacity advice letter procedure approved in D.04-09-022, contracts for pipeline capacity may be submitted by expedited advice letter, seeking approval by the Director of the Energy Division within 21 days of the advice letter filing date.

PG&E has consulted with DRA and TURN and both have expressed support for PG&E's acquisition of peak winter interstate pipeline transportation capacity pursuant to PG&E's Request for Offers (RFO) for US Southwest and Rocky Mountain firm pipeline capacity for December 2006 through February 2007.

As shown in the Table below, acceptance of both capacity assignments will maintain the total capacity quantity within the pre-approval range designated for

PG&E in D.04-09-022, Finding of Fact 24, page 85. Therefore, these assignments are eligible for the Pre-Approval process.

	<b>Quantity (Dth/Day)</b>
PG&E's Existing Annual Firm TSAs	964,568
PG&E's Total Winter Peak Capacity, Including the Proposed Assignments	1,043,768
Pre-Approval Lower Capacity Bound	962,000
Pre-Approval Upper Capacity Bound	1,058,000

In compliance with D.04-09-022, PG&E submits this expedited advice letter to request Commission approval to accept the temporary capacity assignments as described below.

### **Description of RFO and Proposed Capacity Assignments**

On June 2, 2006, PG&E sent its RFO to several participants, requesting offers for firm, interstate pipeline transportation with primary delivery into PG&E's "Baja" path for the period December 1, 2006 through February 28, 2007. Based on quantitative and qualitative criteria, PG&E provisionally accepted two offers (proposed offers), subject to CPUC pre-approval by this expedited Advice Letter process. The proposed offers are from El Paso Natural Gas (El Paso) and Kern River Gas Transmission (Kern River). The proposed offers are summarized below:

<b>Proposed Winter Assignments</b>	<b>Quantity (Dth/Day)</b>	<b>Term</b>	<b>Reservation Rate (\$/Dth)</b>
El Paso	50,000	Dec. 1, 2006 – Feb. 28, 2007	\$0.1200
Kern River	29,200	Dec. 1, 2006 – Feb. 28, 2007	\$0.3973

### **Description of RFO Open Season and Posting Requirements**

Upon approval by the Commission, PG&E will instruct the pipelines to prepare pre-arranged capacity releases subject to posting and competitive bidding requirements pursuant to each pipeline's FERC gas tariff. These pre-arranged capacity releases will be available on the El Paso and Kern River Electronic Bulletin Board (EBB) for competing bids for four days. At the close of the posting period: (1) if no competing bids for the capacity have been received, each pipeline will award their seasonal assignments to PG&E; and (2) if competing bids for the capacity are received, PG&E will review and consult with DRA, the Energy Division and TURN to decide whether to match the highest competing bid

for the capacity<sup>1</sup>. If PG&E, DRA, Energy Division and TURN conclude that PG&E should match the highest bid, PG&E shall proceed accordingly. El Paso and Kern River would then award the capacity to PG&E. If a competing bid is received and PG&E does not offer to match it, the capacity will be awarded to the highest bidder.

### **Modifications to PG&E's Core Procurement Incentive Mechanism (CPIM)**

PG&E and DRA have agreed on CPIM benchmark and sequencing modifications to accommodate the El Paso and Kern River seasonal capacity offers. These modifications are specified in a Stipulation and Agreement between DRA and PG&E, dated June 16, 2006. These modifications are effective only if the capacity is awarded to PG&E and only during the duration of the capacity assignments, December 1, 2006 through February 28, 2007. Copies are available from PG&E upon request.

### **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 proposed replacement contract effective **July 7, 2006**, which is 21 days after filing.

### **Protests – Ten (10) Day Expedited Period**

Anyone wishing to protest this expedited advice letter may do so by sending a letter to the Commission by **June 26**, which is **ten (10) days** 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  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto:jjr@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto:jnj@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.

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<sup>1</sup> PG&E has requested El Paso and Kern River to extend their matching periods to one business day in order to accommodate the consultative process between PG&E, DRA, Energy Division and TURN. The respective periods allowed for match responses will be known by the pipeline posting dates.

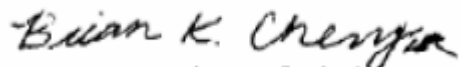
The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Pacific Gas and Electric Company  
Attention: Brian Cherry  
Senior Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

### **Notice**

In accordance with General Order 96-A, Section III, Paragraph G, 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 Rulemaking (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>**



Senior Director, Regulatory Relations

cc: Richard A. Myers - Energy Division  
Wendy Maria Phelps - Energy Division  
Jonathon Bromson - Energy Division  
Mark Pocta - Division of Ratepayer Advocates  
Jacqueline Grieg - Division of Ratepayer Advocates  
Marcel Hawiger - The Utility Reform Network  
Service list - R. 04-01-025

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

Exhibit No. GTN-45

Page 5 of 6

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

☒ ELC      ☒ GAS  
☐ PLC      ☐ HEAT      ☐ WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973-3186

E-mail: srrd@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) #: **2737-G**

Subject of AL: Expedited Pre-Approval of El Paso and Kern River Pipeline Assignments

Keywords (choose from CPUC listing): Firm transportation assignments

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.04-09-022

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL \_\_\_\_\_

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: \_\_\_\_\_

Resolution Required? ☐ Yes ☒ No

Requested effective date: **7-07-2006**

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): Unknown

Estimated system average rate effect (%): Unknown

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<sup>1</sup>: See advice letter

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**

**jjr@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Utility Info (including e-mail)**

**Attn: Brian K. Cherry**

**Director, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

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

**PG&E Gas and Electric Advice  
Filing List  
General Order 96-A, Section III(G)**

Exhibit No. GTN-45  
Page 6 of 6

ABAG Power Pool  
Accent Energy  
Aglet Consumer Alliance  
Agnews Developmental Center  
Ahmed, Ali  
Alcantar & Elsesser  
Ancillary Services Coalition  
Anderson Donovan & Poole P.C.  
Applied Power Technologies  
APS Energy Services Co Inc  
Arter & Hadden LLP  
Avista Corp  
Barkovich & Yap, Inc.  
BART  
Bartle Wells Associates  
Blue Ridge Gas  
Bohannon Development Co  
BP Energy Company  
Braun & Associates  
C & H Sugar Co.  
CA Bldg Industry Association  
CA Cotton Ginners & Growers Assoc.  
CA League of Food Processors  
CA Water Service Group  
California Energy Commission  
California Farm Bureau Federation  
California Gas Acquisition Svcs  
California ISO  
Calpine  
Calpine Corp  
Calpine Gilroy Cogen  
Cambridge Energy Research Assoc  
Cameron McKenna  
Cardinal Cogen  
Cellnet Data Systems  
Chevron Texaco  
Chevron USA Production Co.  
Childress, David A.  
City of Glendale  
City of Healdsburg  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Commerce Energy  
Constellation New Energy  
CPUC  
Cross Border Inc  
Crossborder Inc  
CSC Energy Services  
Davis, Wright, Tremaine LLP  
Defense Fuel Support Center  
Department of the Army  
Department of Water & Power City

DGS Natural Gas Services  
Douglass & Liddell  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynergy Inc.  
Ellison Schneider  
Energy Law Group LLP  
Energy Management Services, LLC  
Enron Energy Services  
Exelon Energy Ohio, Inc  
Exeter Associates  
Foster Farms  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
G. A. Krause & Assoc  
Gas Transmission Northwest Corporation  
GLJ Energy Publications  
Goodin, MacBride, Squeri, Schlotz &  
Hanna & Morton  
Heeg, Peggy A.  
Hitachi Global Storage Technologies  
Hogan Manufacturing, Inc  
House, Lon  
Imperial Irrigation District  
Integrated Utility Consulting Group  
International Power Technology  
Interstate Gas Services, Inc.  
IUCG/Sunshine Design LLC  
JTM, Inc  
Kaiser Cement Corp  
Luce, Forward, Hamilton & Scripps  
Manatt, Phelps & Phillips  
Marcus, David  
Masonite Corporation  
Matthew V. Brady & Associates  
Maynor, Donald H.  
McKenzie & Assoc  
McKenzie & Associates  
Meek, Daniel W.  
Mirant California, LLC  
Modesto Irrigation Dist  
Morrison & Foerster  
Morse Richard Weisenmiller & Assoc.  
Navigant Consulting  
New United Motor Mfg, Inc  
Norris & Wong Associates  
North Coast Solar Resources  
Northern California Power Agency  
Office of Energy Assessments

OnGrid Solar  
Palo Alto Muni Utilities  
PG&E National Energy Group  
Pinnacle CNG Company  
Plurimi, Inc.  
PPL EnergyPlus, LLC  
Praxair, Inc.  
Price, Roy  
Product Development Dept  
R. M. Hairston & Company  
R. W. Beck & Associates  
Recon Research  
Regional Cogeneration Service  
RMC Lonestar  
Sacramento Municipal Utility District  
SCD Energy Solutions  
Seattle City Light  
Sempra  
Sempra Energy  
Sequoia Union HS Dist  
SESCO  
Sierra Pacific Power Company  
Silicon Valley Power  
Smurfit Stone Container Corp  
Southern California Edison  
SPURR  
St. Paul Assoc  
Stanford University  
Sutherland, Asbill & Brennan  
Tabors Caramanis & Associates  
Tansev and Associates  
Tecogen, Inc  
TFS Energy  
Transcanada  
Turlock Irrigation District  
U S Borax, Inc  
United Cogen Inc.  
URM Groups  
Utility Cost Management LLC  
Utility Resource Network  
Wellhead Electric Company  
Western Hub Properties, LLC  
White & Case  
WMA