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September 25, 2007

Mr. Honesto Gatchalian  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Gas Market OIR Report on Receipt Point Utilization of SDG&E and SoCalGas**

Dear Mr. Gatchalian:

As required by Ordering Paragraph 4 of Decision D.06-09-039, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) hereby file the attached report describing: the historical utilization of receipt points; requests for expansion of receipt points; and actions currently underway regarding the expansion of receipt points.

Ordering Paragraph No. 4 of D.06-09-039 stated:

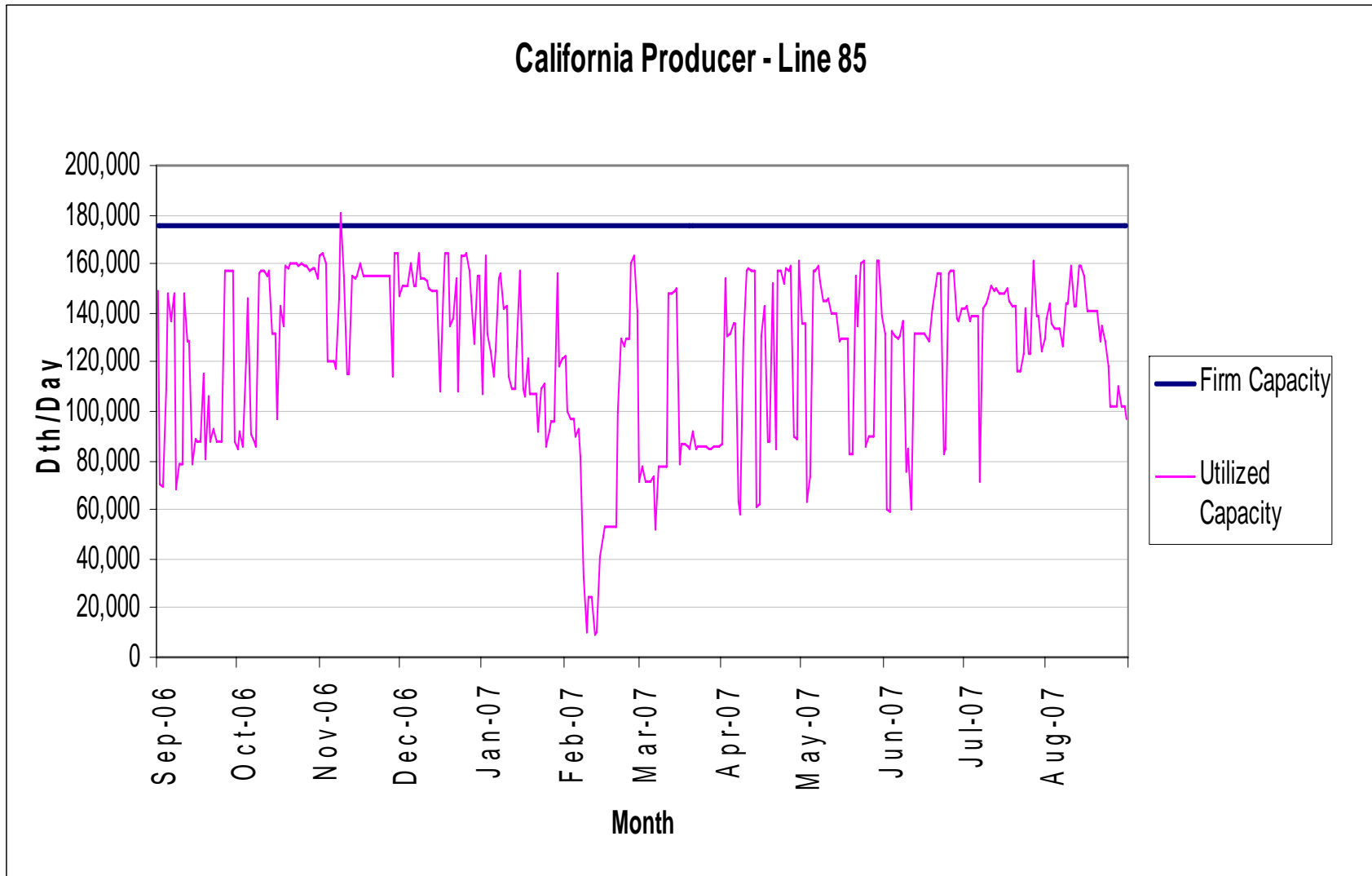
SoCalGas shall monitor the use of the receipt points on its backbone system and provide semi-annual reports to the Commission showing the extent to which shippers are (or are not) seeking access at levels above available capacity. In addition, it is required to explain, in each report, why the company should or should not pursue receipt point expansion in response to existing or forecast constraints. In addition to filing these reports at the Commission, SoCalGas shall serve copies of the reports on any parties to this proceeding requesting service.

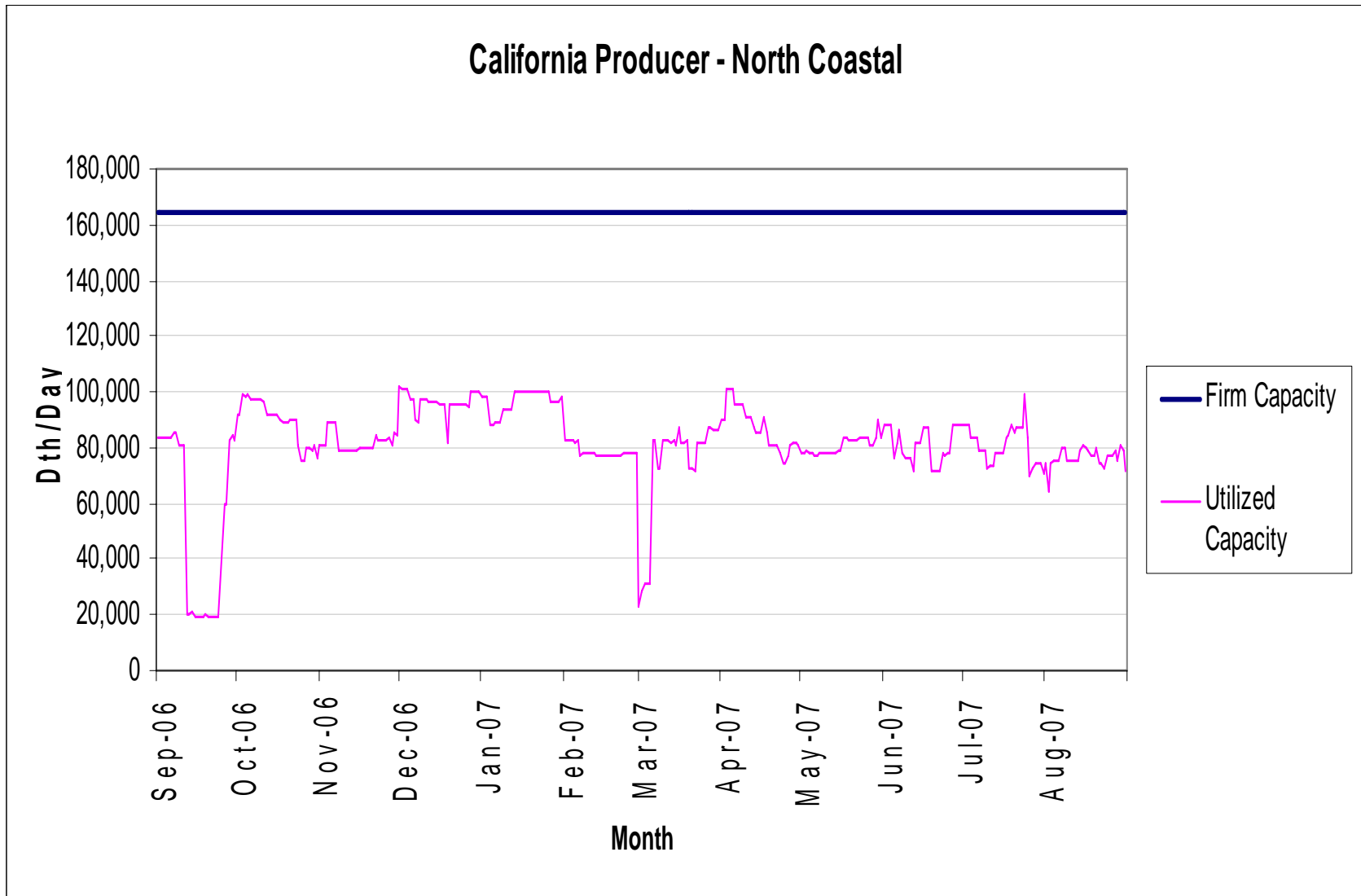
**Historical Usage**

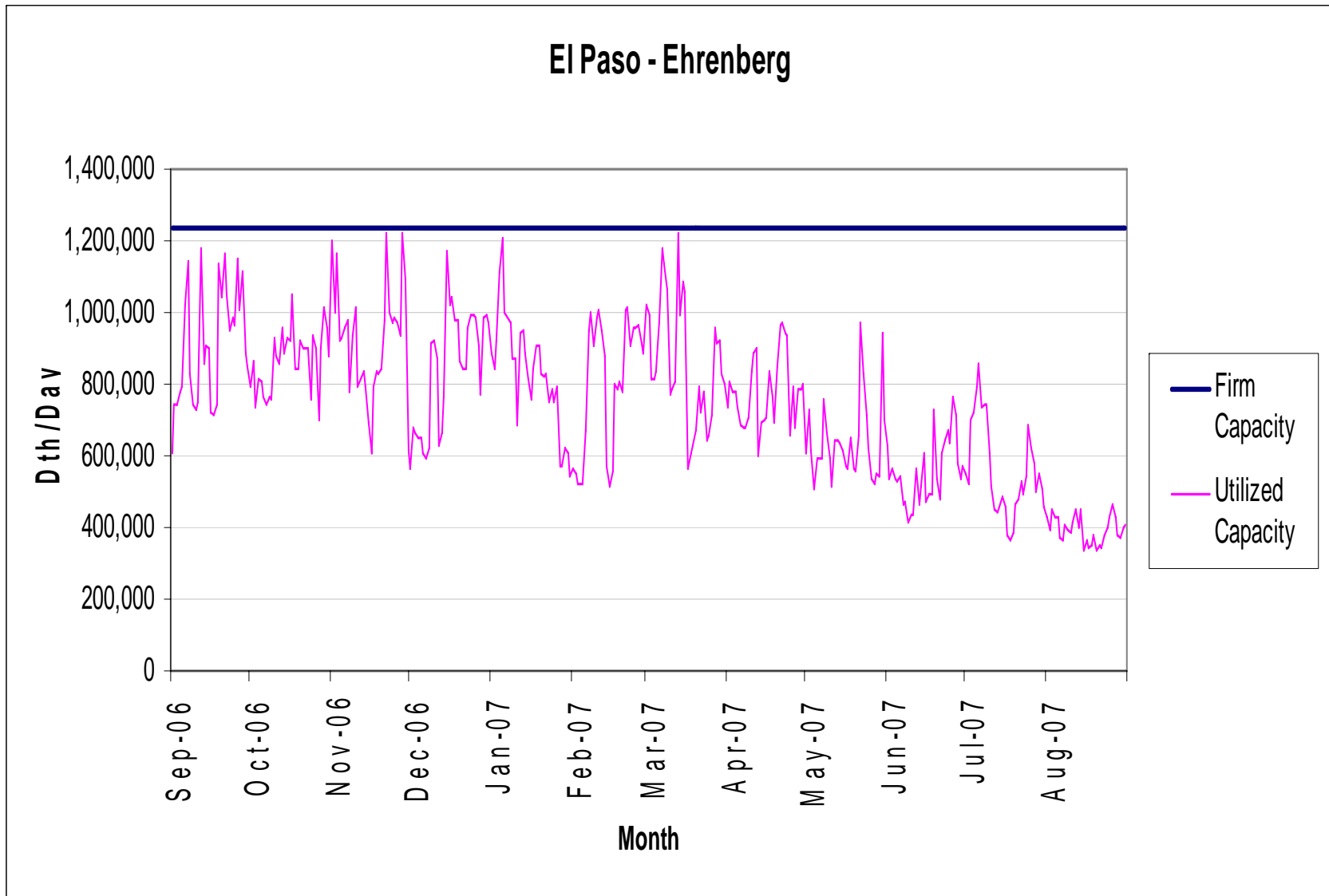
The historical usage (September 2006 – August 2007) of the SDG&E/SoCalGas receipt points has shown that none of the points has been fully utilized throughout the year. SDG&E/SoCalGas have evaluated the stated Firm Receipt Point Capacity and the Firm Transmission Zone Capacity as compared to the Scheduled Quantities to determine the utilization of each receipt point. The Firm Receipt Point Capacity is the firm capacity determined by SDG&E/SoCalGas which sets the maximum quantity of gas SDG&E/SoCalGas can receive from the upstream pipeline on a firm basis.

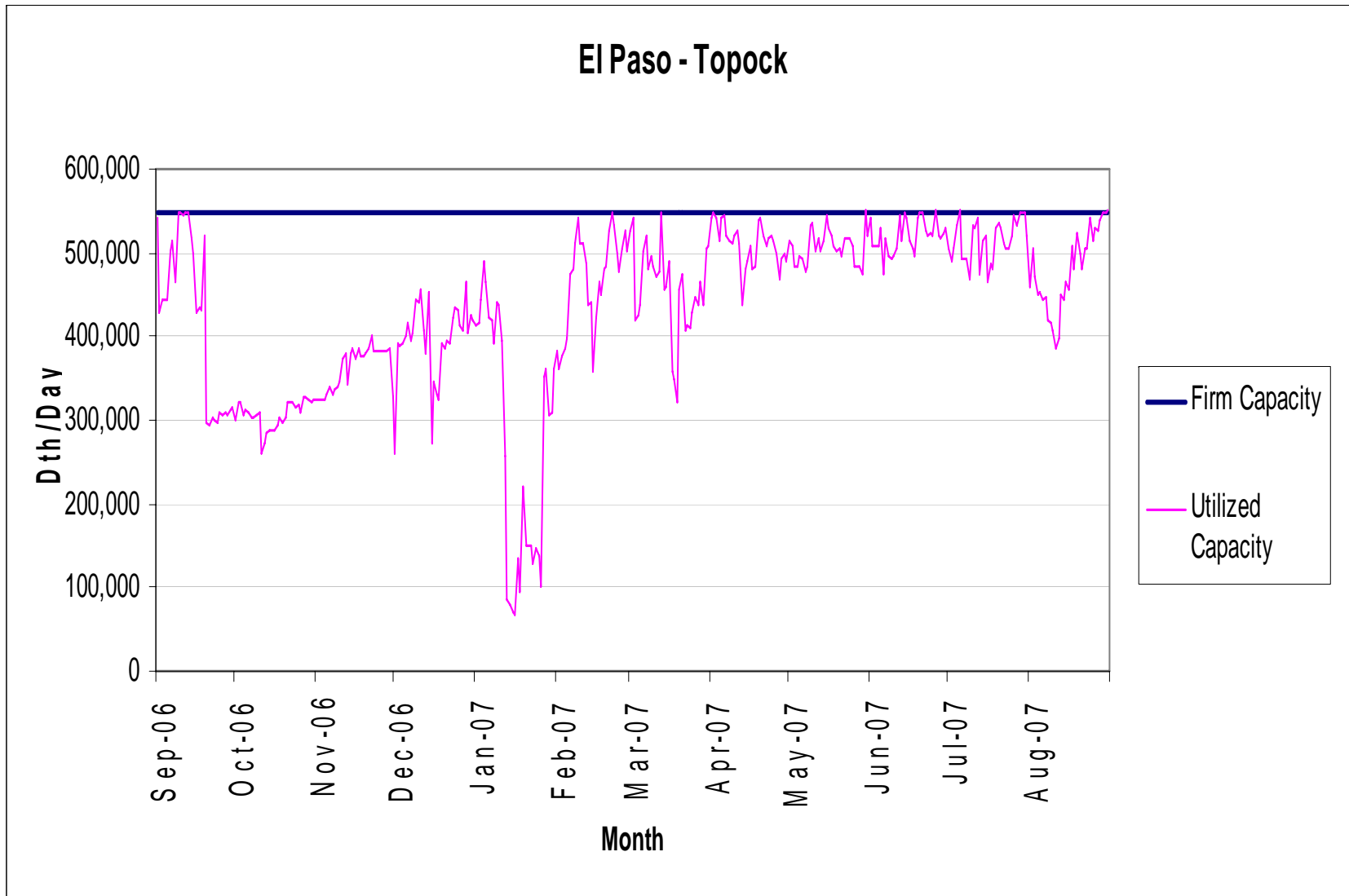
The Firm Capacity for a Transmission Zone is the volume of gas that can be transported from all the individual receipt points within the Transmission Zone on a firm basis. The Scheduled Quantities are the gas volumes that were scheduled by the upstream pipeline through the individual receipt point or the Transmission Zone.

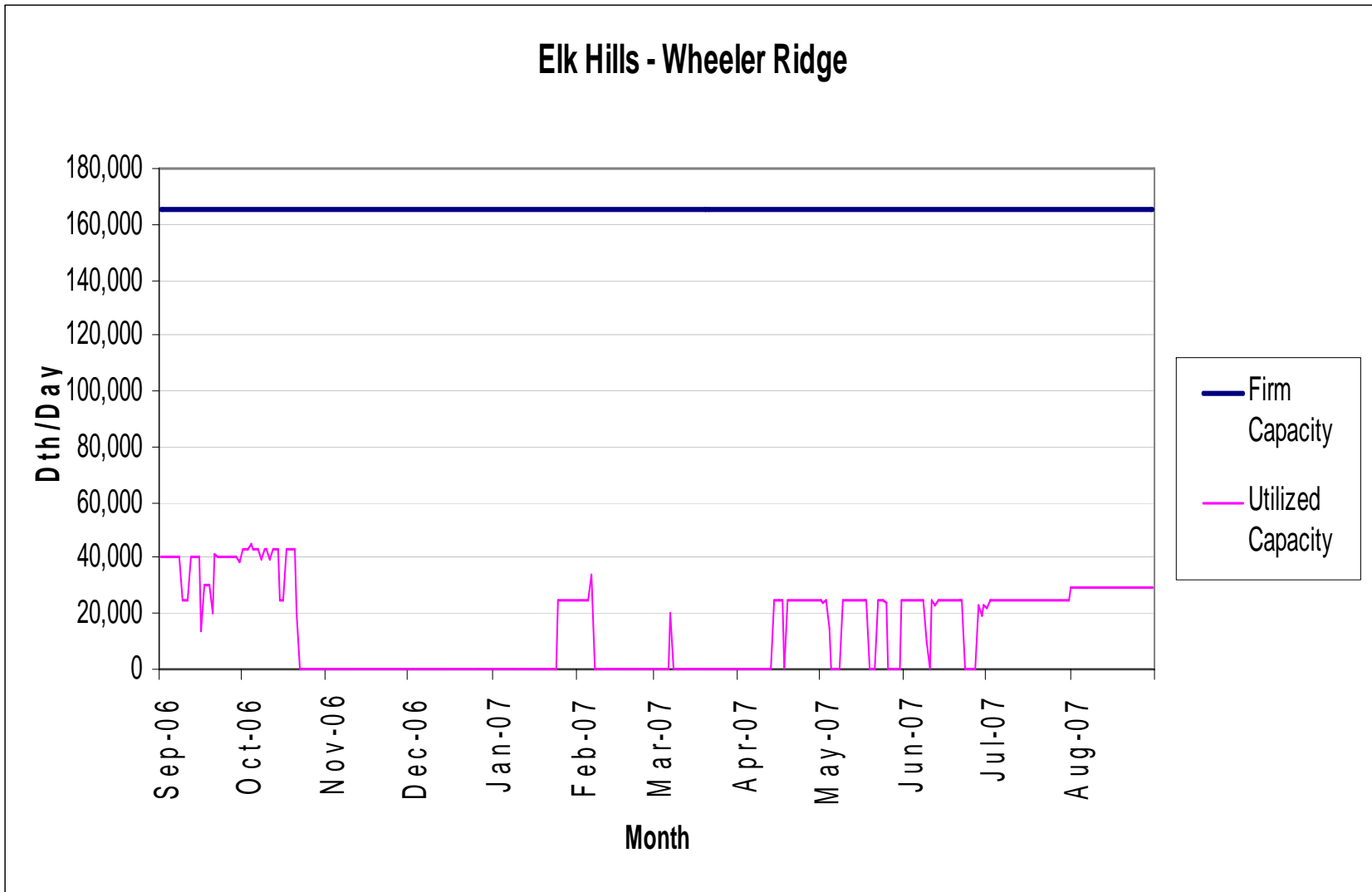
The following graphs show the historical utilization of the 10 major receipt points and zones on the SDG&E/SoCalGas system. In addition, the last graph shows the total receipt point capacity versus utilization for the system.

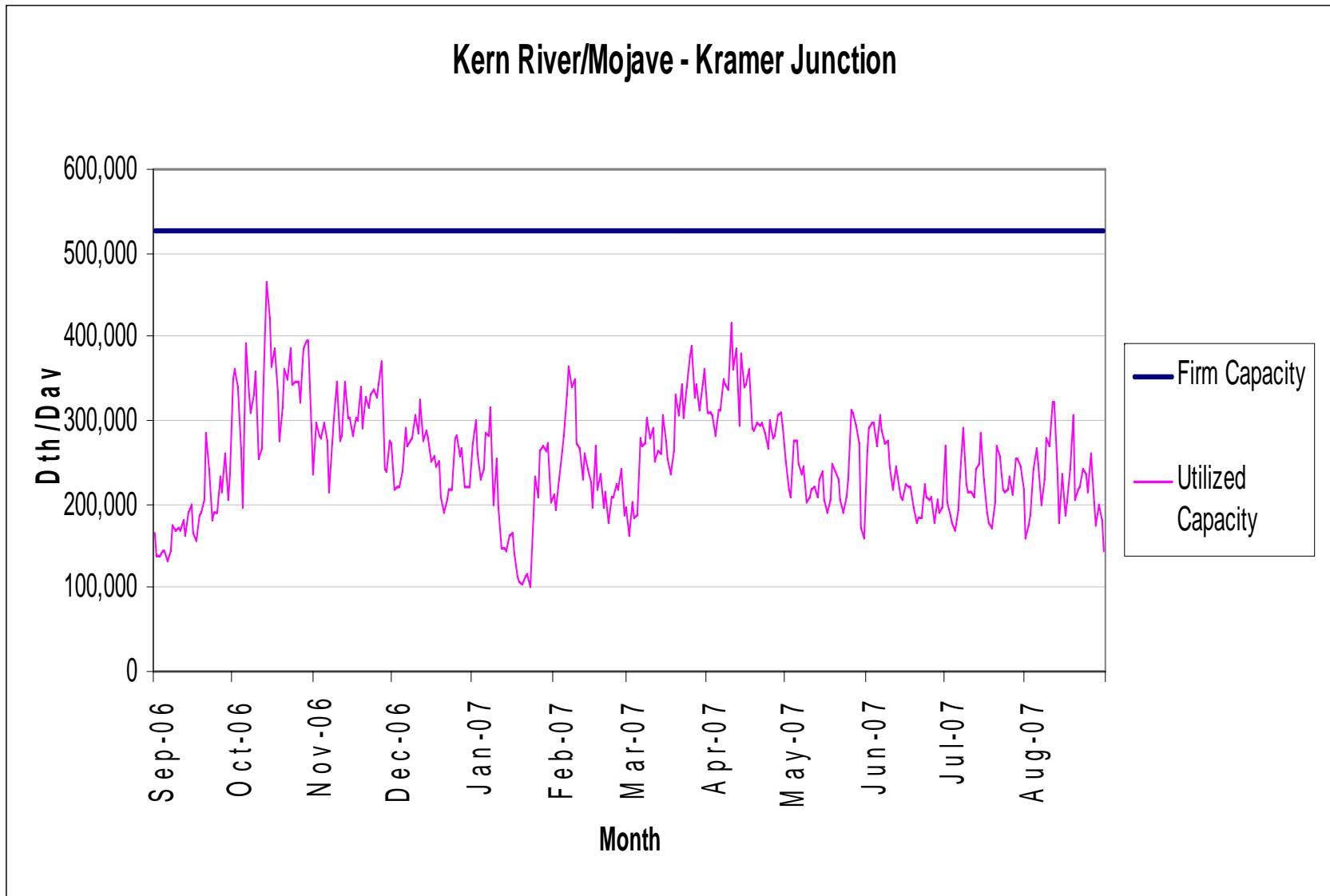


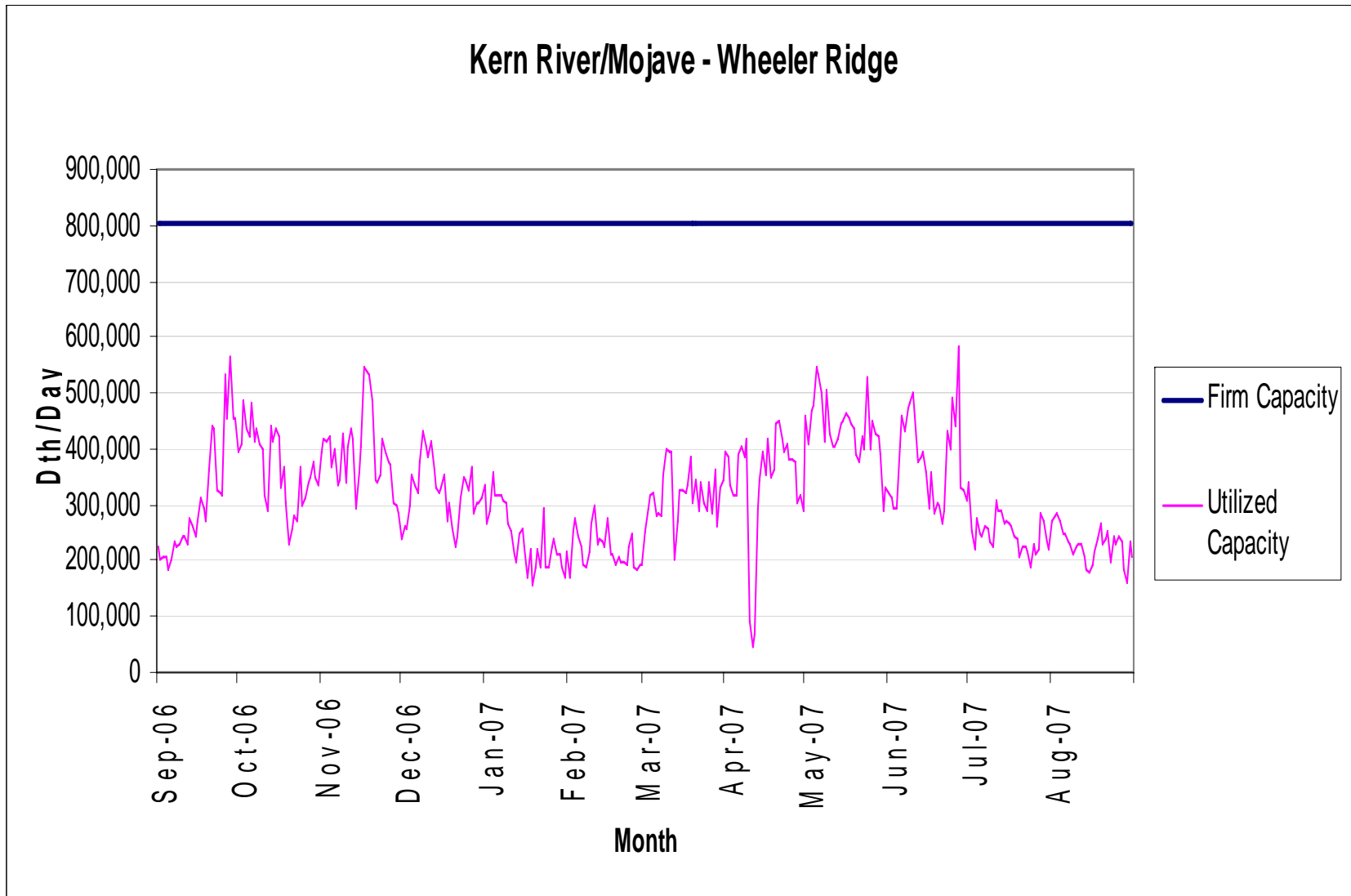


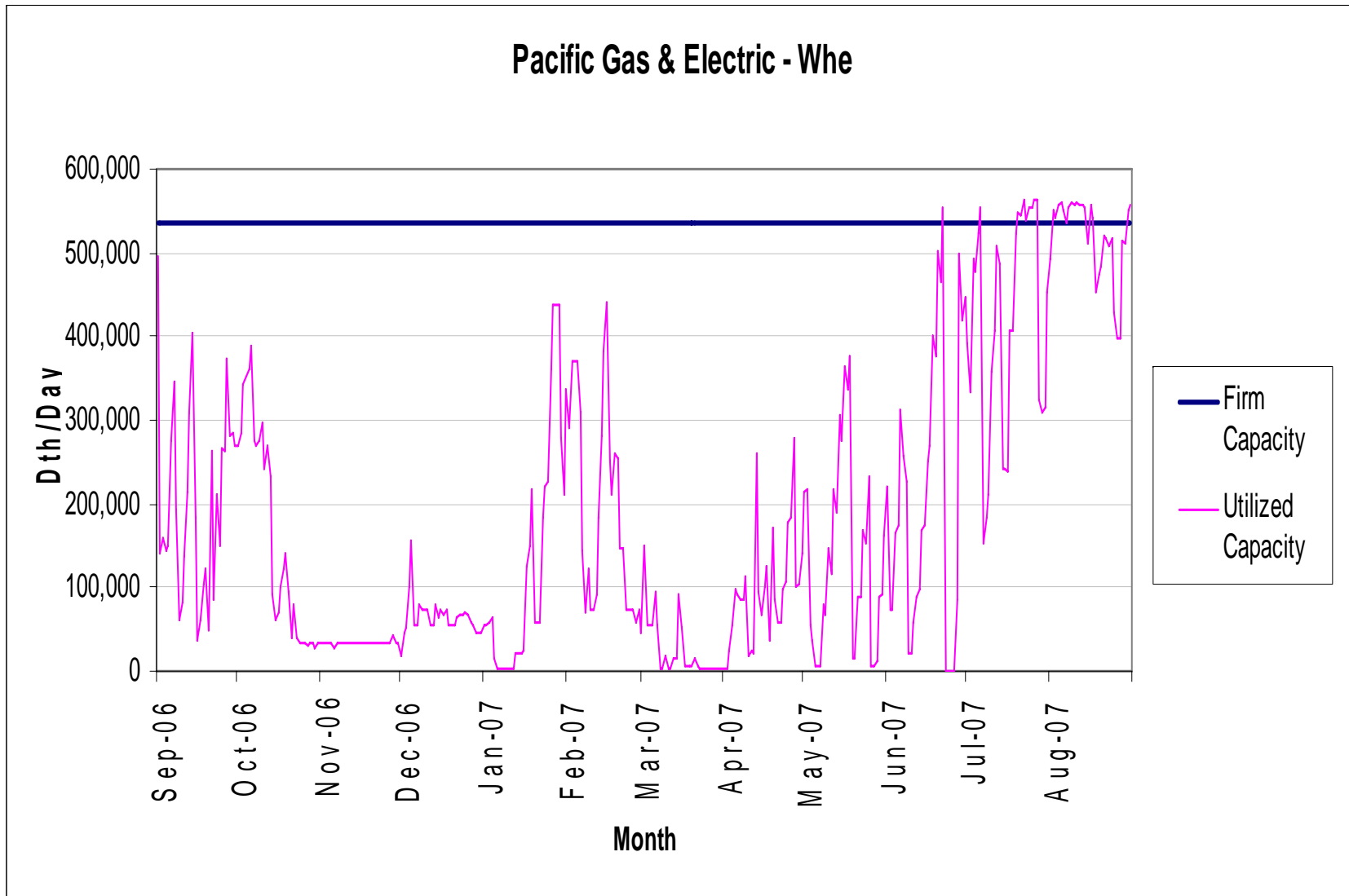


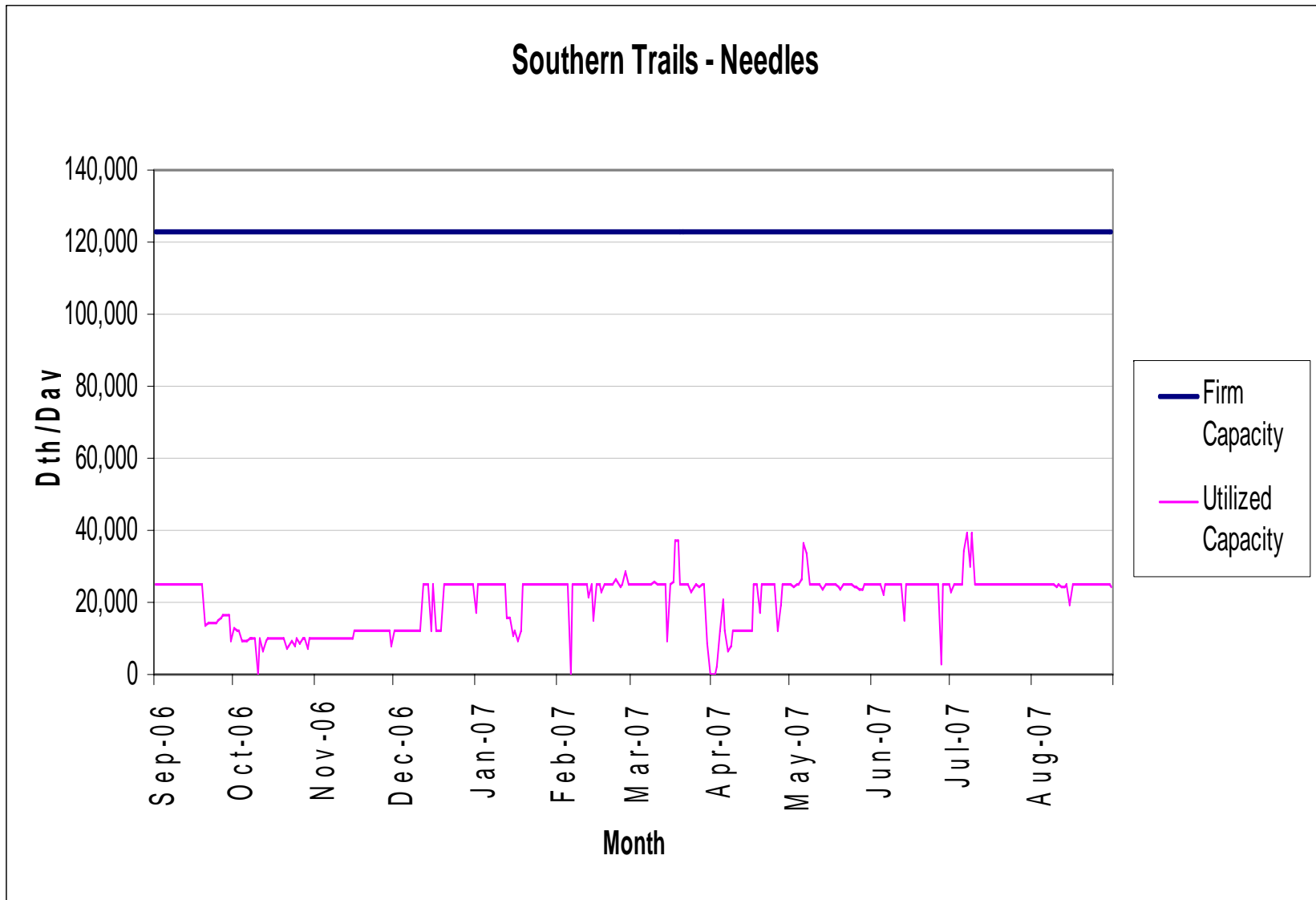


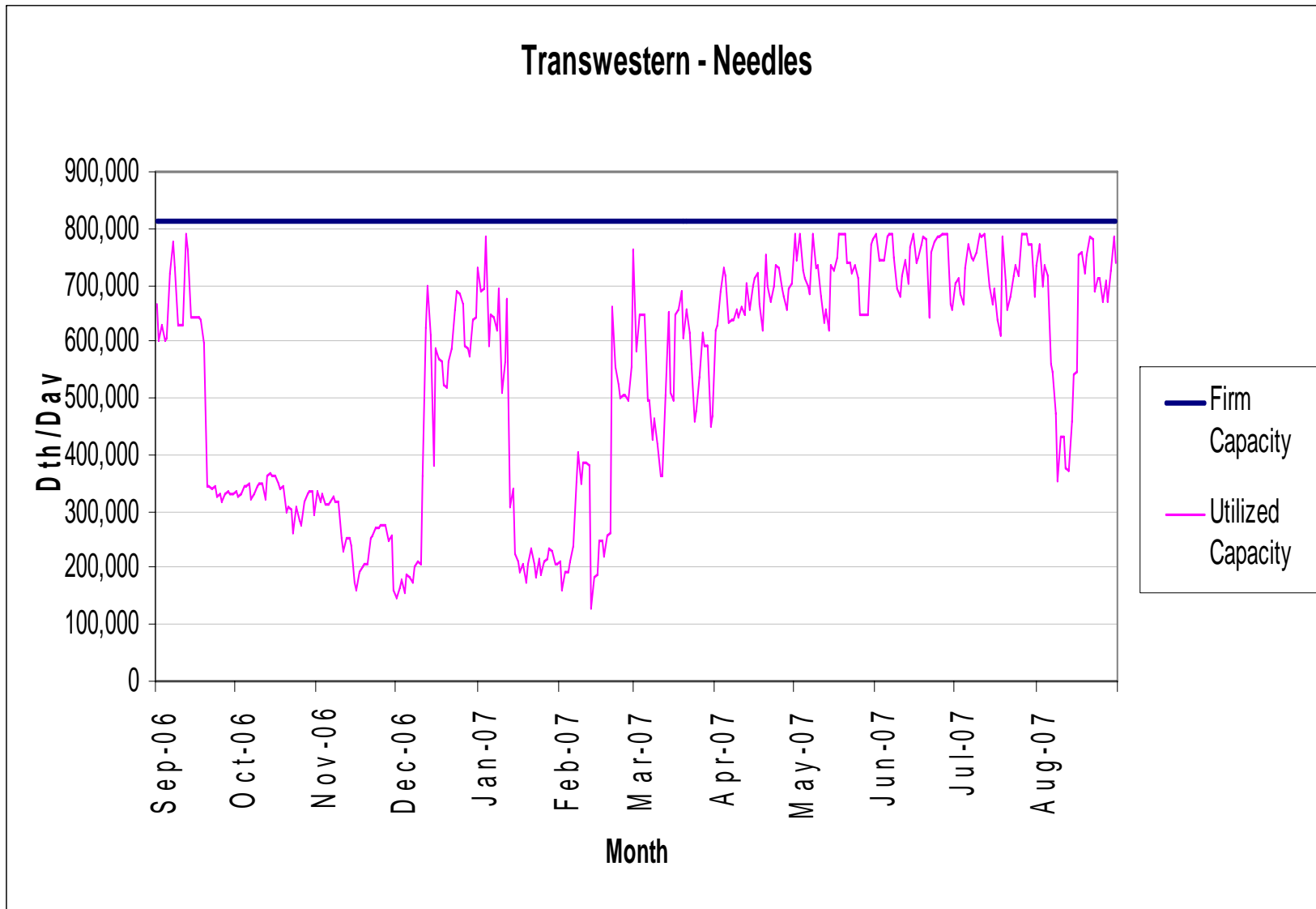


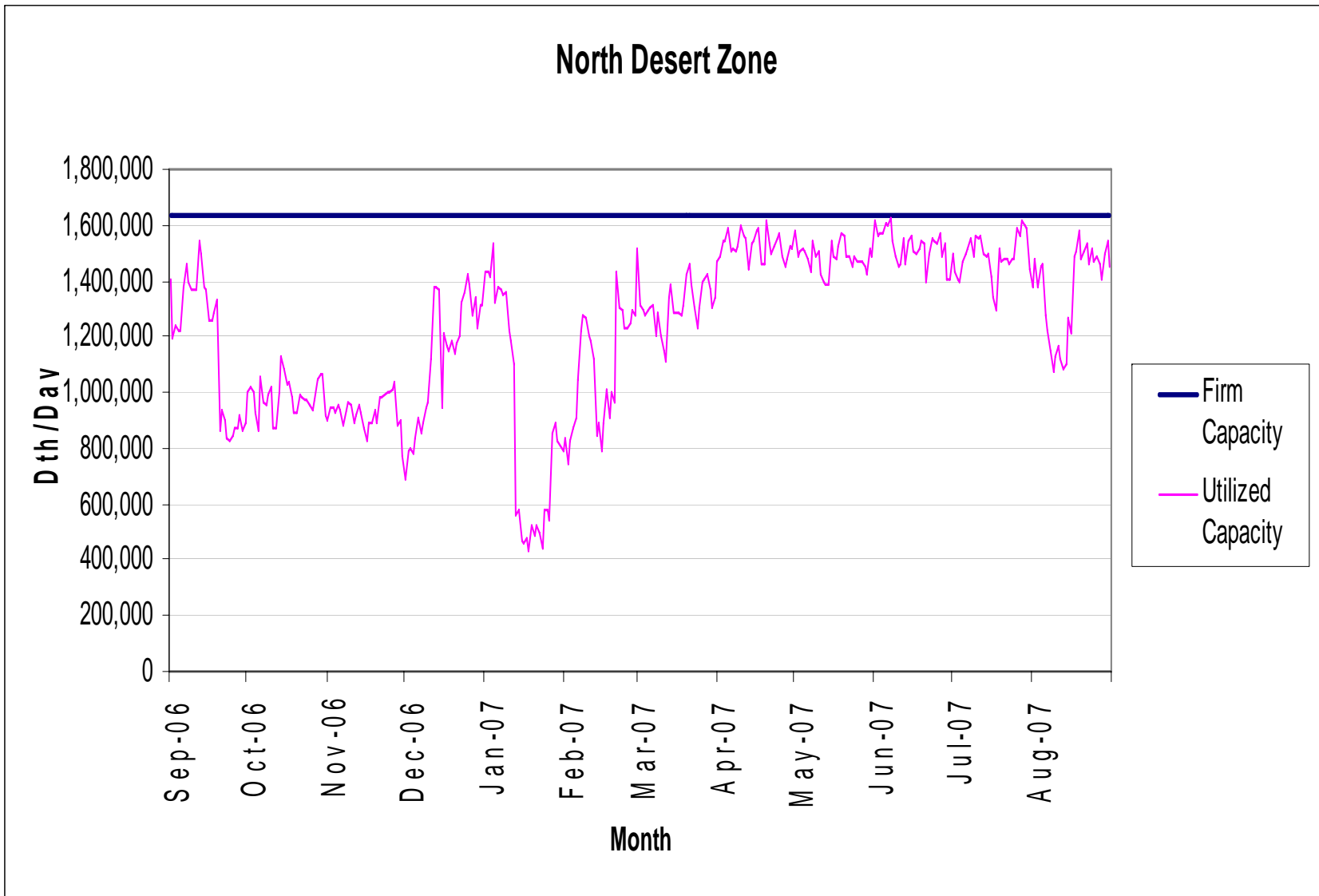


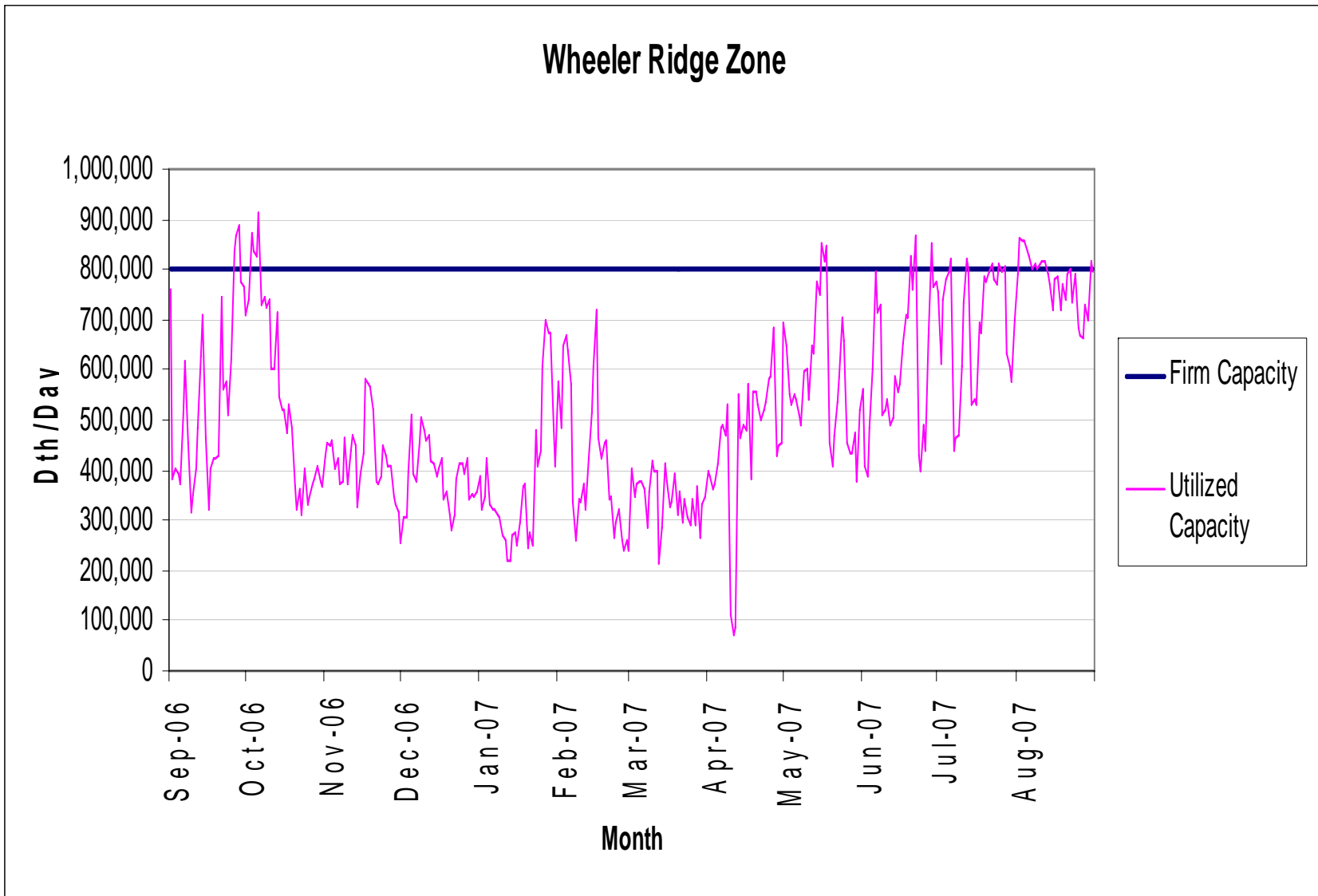


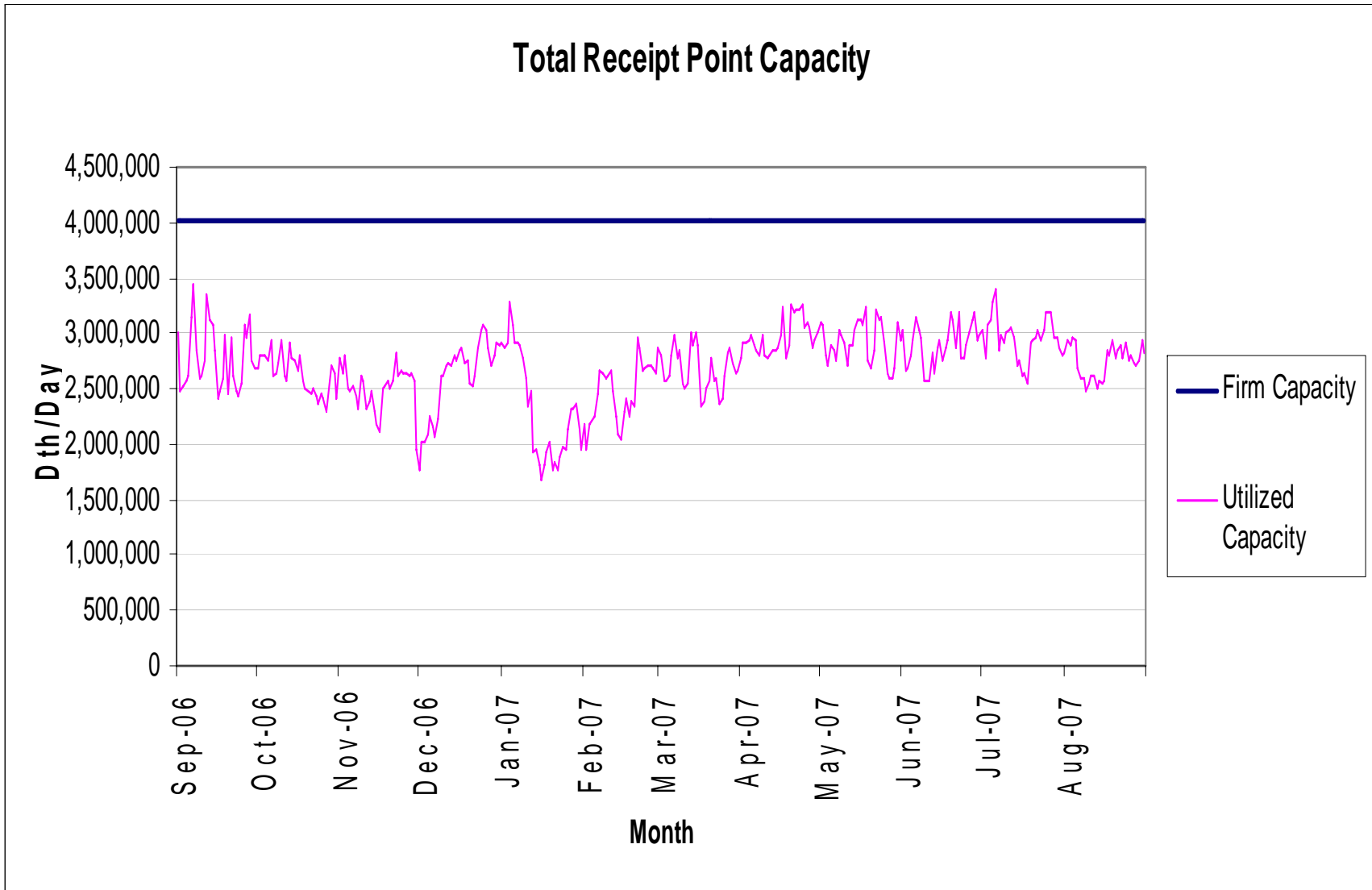






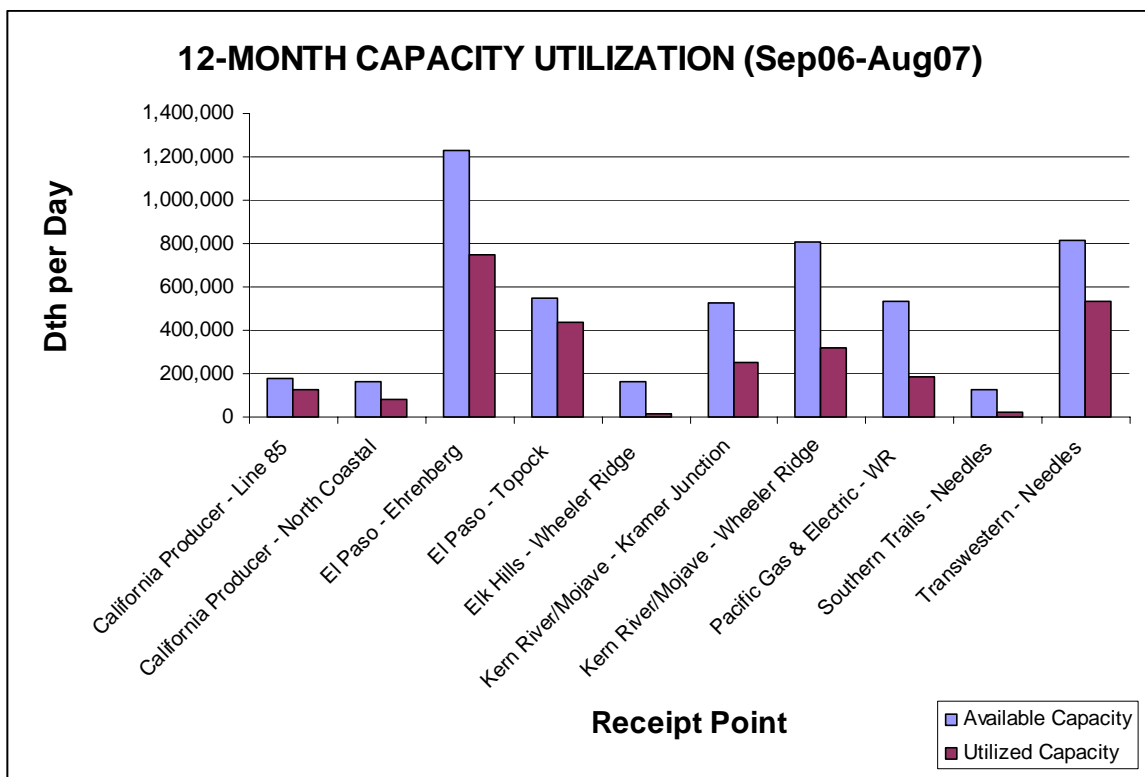






The following table and graph summarize the data for all receipt points and zones for the 12-month period, September 2006 through August 2007:

RECEIPT POINT	12-month Average Daily Available Capacity (Dth/Day)	12-Month Average Utilization (Dth/Day)	12-Month Average Utilization (% of Capacity)
California Producer - Line 85	175,680	123,630	70%
California Producer - North Coastal	164,700	81,347	49%
El Paso - Ehrenberg	1,232,990	745,658	60%
El Paso - Topock	549,072	434,252	79%
Elk Hills - Wheeler Ridge	165,000	14,781	9%
Kern River/Mojave - Kramer Junction	527,000	253,044	48%
Kern River/Mojave - Wheeler Ridge	805,545	316,994	39%
Pacific Gas & Electric - WR	536,025	183,070	34%
Southern Trails - Needles	122,724	20,573	17%
Transwestern - Needles	813,600	532,854	65%
Total Receipt Point Capacity	4,014,320	2,706,203	67%
ZONE			
North Desert Zone	1,637,700	1,240,724	76%
Wheeler Ridge Zone	803,250	514,845	64%



### **Requests for Expansion**

Since the last Gas Market OIR report, SoCalGas has not received any new requests for expansion of receipt point capacity. Parties have requested that SDG&E/SoCalGas evaluate the addition of other new receipt points for their proposed LNG terminals. None of these requests have proceeded to the construction of any receipt point expansion capacity.

In D.06-12-031, the Commission adopted an open season process under which SDG&E/SoCalGas will offer potential expansions of existing receipt points or the addition of new receipt points. Implementation of D.06-12-031 and the open season for expansion capacity should occur in 2008 pending Commission approval of SDG&E/SoCalGas' tariffs implementing D.06-12-031.

### **Action by SDG&E/SoCalGas**

At this time, SDG&E/SoCalGas are continuing to construct the new interconnects with North Baja Pipeline at Blythe and with TGN at Otay Mesa for the potential delivery of LNG supplies from Mexico.

The North Baja Pipeline interconnect is being built to accept up to 1.2 Bcfd of gas supplies from North Baja. This interconnect capacity will be capable of displacing the capacity to receive gas supplies from El Paso Natural Gas Company at Blythe. The new Otay Mesa interconnection point is being built to accept up to 800 MMcfd of gas supplies. In addition to the construction of the Otay Mesa receipt point, SDG&E/SoCalGas are currently modifying the SDG&E pipeline system to allow 400 MMcfd to be received on a firm displacement basis at the Otay Mesa receipt point in the Southern Transmission Zone.

SDG&E/SoCalGas are not currently constructing any other receipt point expansions. Planning and support of the respective parties' permit applications for certain receipt point expansions for additional receipt points to accept LNG from various suppliers is currently in progress. None of these expansions is in the engineering or construction phase.

The historical utilization for the various receipt points shows that there is no consistent utilization of any one point that would justify expansion at this time. In addition, D.06-12-031 adopted specific procedures for SDG&E/SoCalGas to hold open seasons for potential expansion of receipt point capacity. The Commission has also adopted an incremental pricing presumption for expansion of receipt points or downstream facility enhancements to accept additional gas supplies.

In addition, SDG&E/SoCalGas Rule 39 allows any party to request expansion of a receipt point and pay for the expansion on an incremental basis. Rule 39 has been filed for modification to comply with D.06-12-031 in Advice Letter 3706, further enhancing the funding options available to any party requesting an expansion of a receipt point. Thus, the Commission will adopt protocols under which parties may request and fund expansions of new or existing receipt points when it approves the D.06-12-031 implementation tariffs.

Respectfully submitted,

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Sid M. Newsom  
Tariff Manager

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