From: Frazier-Hampton, Janice Y

Sent: 10/31/2012 12:35:36 PM

To: mfl@cpuc.ca.gov (mfl@cpuc.ca.gov)

Cc: Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1); mpo@cpuc.ca.gov (mpo@cpuc.ca.gov) Redacted

Redacted

Bcc:

Subject: Gas Storage and Displacement of Gas Flow l Resource Planners Forum October 3-5

Subject: Gas storage and displacement of gas flow in high demand situations

Honorable Commissioner Florio:

Per your request, PG&E is providing a response to your question during the session on the Gas and Electric Interface at the recent Western Resources Planners' Forum in San Diego on October 4. Specifically, you asked Redacte a panelist from PG&E, whether the abundance of gas storage in California has helped other regions in supply constrained events through displacement. In short, the answer is yes, as explained in more detail below.

Gas storage in California has helped other regions in high demand situations through displacement. For example, during the cold weather event in February 2011, the gas supply flowing to Northern California from the Southwest via PG&E's California Gas Transmission (CGT) Baja path was almost zero. In effect, the market diverted flowing supplies to the Southwest and relied on storage withdrawals to satisfy CGT's on-system demand.

As you are aware, PG&E has three gas business functions with each function operating independently through regulatory separation:

- The intrastate pipeline, CGT, provides transport and storage services to all gas customers in northern California.

- The Core Gas Supply function procures gas for residential and small customers.

- The Electric Gas Supply function purchase gas for PG&E's owned assets, tolling contracts and Department of Water Resources' contracts that are assigned to PG&E.

Both Core Gas Supply and Electric Gas Supply are customers of CGT.

Please contact let me know if you have further questions.

Respectfully,

Janice Frazier-Hampton

Director, Integrated Resource Planning