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Sent: 11/19/2012 3:32:11 PM

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Bcc:

Subject: RE: R.11-03-006 - Ruling regarding Comments on transportation services agreement
between DWR and the Kern River Gas Transmission Company

Good Afternoon Judge Wilson,

The Terms and Conditions of the Rate Agreement between the California Department of Water Resources (“DWR”) and the California Public Utilities Commission (“the CPUC”) dated March 8, 2002, requires the Commission to act – by imposing Bond and Power Charges – to implement the Department’s Revenue Requirement no later than 120 days from the date following the delivery to the CPUC of DWR’s revenue requirement. For the 2013 Revenue Requirement, DWR delivered its revenue requirement to the Commission on August 2, 2012 so that the CPUC could act at its scheduled meeting on November 29, 2012.

We understand that the implementation of the Department’s 2013 Revenue Requirement, which includes the projected costs of a natural gas Transportation Services Agreement (“TSA”), expiring in 2018, that was associated with the long term contract with Sunrise Power Company, LLC, may require additional time for the parties to examine and comment on the TSA contract and related Reassignment Agreement to Sunrise.

If the CPUC requires additional time to impose revised Power and Bond Charges for 2013 and if it desires to grant SDG&E’s request for additional time to comment and examine the documents supporting the TSA costs, the Department does not object to providing such additional time and waiving the required timeframe in the Rate Agreement.

The Department's is also prepared to work with the IOUs and the Commission so that the CPUC can meet its original schedule. The CPUC could consider implementing the 2013 Revenue Requirement on-time and then making a future adjustment reflecting the final allocation of the TSA costs at a later date. This is similar to the approach taken by the CPUC when implementing the benefits of the Continental Forge settlement.

Thank you.

Michael S. Wofford, Acting Chief

Financial Management Office

Cal. Dept. of Water Resources

(916) 574-0317

From: Wilson, Sean [mailto:sean.wilson@cpuc.ca.gov]

Sent: Friday, November 16, 2012 4:03 PM

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Subject: RE: R.11-03-006 - Ruling regarding Comments on transportation services agreement between DWR and the Kern River Gas Transmission Company

Good afternoon. Parties may respond to SDG&E's requested extension via email (does not need to be filed) by close of business Monday, November 19th. Thank you.

-Judge Wilson


Seaneen McCarthy Wilson


Administrative Law Judge

California Public Utilities Commission

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Subject: RE: R.11-03-006 - Ruling regarding Comments on transportation services agreement between DWR and the Kern River Gas Transmission Company

Judge Wilson,

Thank you for promptly setting the matter related to the Kern River Gas Transmission Transportation Services Agreement for further comments. On behalf of San Diego Gas & Electric Company, I would, however, respectfully request a delay in the schedule you set by thirty days.

As noted in our Opening Comments on your Proposed Decision, SDG&E expects to conduct discovery of the other parties prior to determining our position on the appropriate allocation of post-2012 Kern River TSA costs. We have not yet served our discovery requests, although we have requested informally that the Kern River TSA be and all documents describing the assignment of that agreement to the California Department of Water Resources be produced; as yet, we do not have those documents in hand. In large part, the nature of our discovery would be tied to the specific contractual provisions in these documents. Thus, no discovery by SDG&E has commenced as yet, and we expect our discovery will entail some collaborative back-and-forth with the Department of Water Resources, as well as a detailed review of our own internal historical records. Under ordinary circumstances, we would estimate this work would take thirty days to be completed. With the holidays intervening, we would expect personal absences would add to these time requirements and, thereafter, we would need some time during which we could finalize our position. We therefore request that the date for Opening Comments on the Kern River TSA be set for January 4th and Reply Comments for January 18th. I have not contacted any of the parties regarding this request, but we expect the workloads related to resolving the issues involved to be heaviest for SDG&E and would request the parties' indulgence with respect to our request for a change in schedule.

Thank you for your consideration of this request. We will, of course, commence our work immediately, pending your further rulings in this matter, and we will try to be prepared to meet your original schedule.

Alvin S. Pak

Counsel for San Diego Gas & Electric

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From: Wilson, Sean [<mailto:sean.wilson@cpuc.ca.gov>]

Sent: Friday, November 16, 2012 10:28 AM

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Subject: R.11-03-006 - Ruling regarding Comments on transportation services agreement between DWR and the Kern River Gas Transmission Company

Good morning. The Commission received the California Department of Water Resources (DWR) update to its 2013 Revenue Requirement on October 15th which included consideration for the allocation of costs associated with the Kern River Gas Transmission Company (Kern River) and DWR's response to San Diego Gas & Electric Company's (SDG&E) comments regarding this issue on October 26th. In an effort to provide an opportunity for all parties to comment on DWR's proposed allocation of costs related to the agreement with Kern River, parties may file comments regarding this specific issue by December 3rd and reply comments by December 17th. This ruling will be memorialized at a later date.

-Judge Wilson


Seaneen McCarthy Wilson


Administrative Law Judge

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