

From: Redacted
Sent: 6/18/2014 10:38:29 AM
To: Pocta, Robert M. (robert.pocta@cpuc.ca.gov) (robert.pocta@cpuc.ca.gov); Marcel Hawiger (marcel@mail.turn.org) (marcel@mail.turn.org)
Cc: Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1); Clare, David (/O=PG&E/OU=Corporate/cn=Recipients/cn=DWC3); Myers, Richard A. (richard.myers@cpuc.ca.gov) (richard.myers@cpuc.ca.gov); franz.cheng@cpuc.ca.gov (franz.cheng@cpuc.ca.gov)
Bcc:
Subject: PG&E Approval Request for Interstate Pipeline Capacity

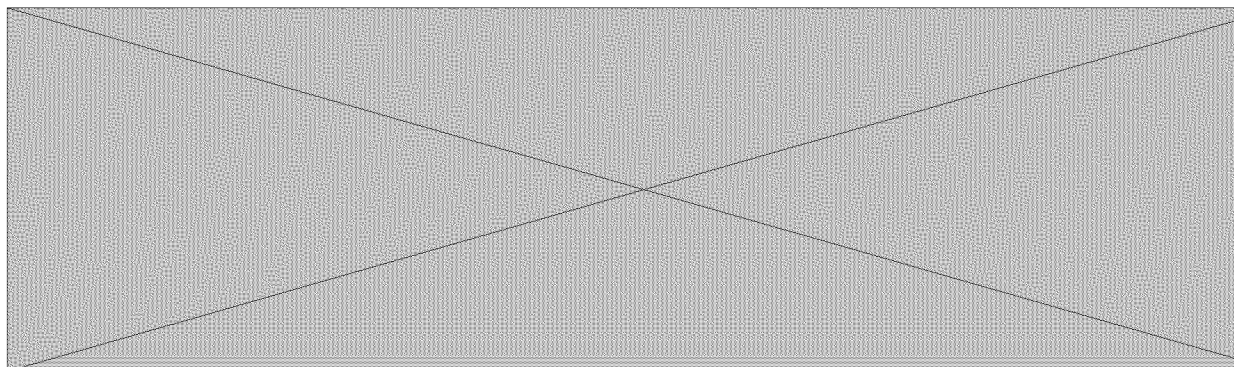
Marcel and Mark:

Below is PG&E's proposal to extend our existing contract on El Paso Natural Gas (AL 33688-G, previously approved March 20, 2013), but at an increased quantity (from 30,000/d to 35,000/d), with a decreased reservation rate (from \$0.26 to \$0.23). The timing is good, because basis spreads are widening and the market value of this capacity is increasing, possibly in anticipation of a hot summer, or refill of injection, or both. Extension of the contract is necessary for PG&E to remain in compliance with the Commission's pipeline capacity range minimum (it will place us at the minimum).

I ask that you provide, by return email, your concurrence with the proposal, and your approval to proceed with a request to Energy Division for their expedited letter approval. PG&E's proposed El Paso contract will meet the criteria for ED letter approval specified in D.09-09-022:

1. The contract length is less than 3 years (Finding of Fact (FOF 9));
2. The contract quantity is less than the capacity limit of 100 MMcf/d (102,000 Dth/d) (FOF 9);
3. PG&E's pre-approved capacity commitment is less than 50% of its core interstate pipeline capacity portfolio (FOF 10);
4. The proposed contract cannot be accommodated under the timing of the expedited capacity advice letter procedures (FOF 13);
5. ORA and TURN were included in the agreement pre-approval process (FOF 15); and

6. PG&E's total core capacity quantity, with the inclusion of the proposed contract, remains within the Commission designated summer capacity planning range of between 90 percent of forecasted annual average core demand, up to 1058 MMcf/d (FOF 23 and 24).



Please contact me if you have any questions,

Thank you,

Redacted

Manager, Regulatory and Contract Services
Core Gas Supply
Pacific Gas and Electric Company

Redacted