

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Central Valley Gas Storage, LLC for
a Certificate of Public Convenience and Necessity
for Construction and Operation of Natural Gas
Storage Facilities

Application 09-08-008
(Filed August 19, 2009)

**NOTICE OF EX PARTE COMMUNICATION OF
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)**

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September 21, 2010

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)**

Pursuant to Rule 8.3(a) of the Commission's Rules of Practice and Procedure, the Southern California Gas Company ("SoCalGas") hereby gives notice of the following *ex parte* communication.

On Thursday, September 16, 2010, at approximately 2:30 p.m., Pedro Villegas, Manager of Regulatory Relations for SoCalGas, met with Matthew Tisdale, Advisor to Commissioner Dian Grueneich. The meeting lasted approximately 30 minutes and occurred at the Commission's San Francisco offices. The attached materials were used. Mr. Villegas initiated the meeting.

Mr. Villegas stated that SoCalGas supports the PD's granting of a CPCN for Central Valley Gas Storage ("CVGS"). Mr. Villegas added, however, that the PD provides no reason for why CVGS should not be required to adopt FERC posting provisions for storage transactions to ensure market transparency in the interest of storage customers. Mr. Villegas requested that the PD be modified to provide for market transparency by requiring CVGS to comply with FERC posting provisions. Mr. Villegas also noted that gratuitous language in the PD regarding SoCalGas is completely inconsistent with a prior Commission determination in D.07-12-019 that

did not find, based on an extensive record, that SoCalGas has significant market power in storage. Mr. Villegas further noted that there is nothing in the record of this proceeding that would change that determination. Mr. Villegas requested that this language be stricken from the PD, as well as the PD's finding of fact that "CVGS currently lacks market power" – a finding made in the absence of a supporting market power study or other record evidence.

To request a copy of this notice, please contact:

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Dated this 21st day of September, 2010, at San Francisco, California.

Respectfully submitted,

By: /s/ Steven D. Patrick
Steven D. Patrick *for*

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ATTACHMENT

A.09-08-008: CENTRAL VALLEY GAS STORAGE
PROPOSED CHANGES TO THE PROPOSED DECISION

I. PD, P.30-31

6.7. SoCalGas's Proposed Reporting Requirements

SoCalGas recommends that the Commission require CVGS to comply with the same information posting requirements that apply to SoCalGas. The recommendation is opposed by CVGS, Gill Ranch, Lodi, and Wild Goose.

We decline to adopt SoCalGas's recommendation. ~~As explained in CVGS's Brief,²⁶ the posting requirements that apply to SoCalGas stem from an investigation of alleged market abuses by SoCalGas during the California energy crisis in 2000–2001. SoCalGas voluntarily agreed to these posting requirements to settle claims of market abuse. The posting requirements are intended to prevent potential market abuses by SoCalGas in the future.~~

~~There is no need to impose the same posting requirements on CVGS because it lacks market power. Unlike CVGS, SoCalGas holds a dominant position in the California gas storage market. It is the largest storage provider in the State with over 130 Bcf of capacity (approximately 44% of the entire capacity in California). It also controls the gas transportation system connected to its storage fields, has captive ratepayers, is not fully at risk for its investment in storage facilities, and has extensive affiliate connections in California. In short, SoCalGas has the ability to engage in anticompetitive activities that could harm its ratepayers and California's economy. CVGS will not have this ability.~~

II. PD, P.44

Strike Findings of Fact 9 and 10

~~9. CVGS currently lacks market power.~~

~~10. There is no regulatory need at this time for CVGS to comply with the information posting requirements that apply to SoCalGas.~~

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **NOTICE OF EX PARTE COMMUNICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)** by electronic mail to each party of record in **A.09-08-008**. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States mail with first-class postage prepaid.

Copies were also sent via Federal Express to Administrative Law Judge Timothy Kenney and Commissioner Dian Grueneich.

Dated at Los Angeles, California this 21st day of September, 2010.

/s/ Marivel Munoz
Marivel Munoz

CALIFORNIA PUBLIC UTILITIES COMMISSION
Service Lists: A.09-08-008– Last Changed: August 31, 2010

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