

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA



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Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Recover North-South Project Revenue Requirement in Customer Rates and for Approval of Related Cost Allocation and Rate Design Proposals

A.13-12-013

NOTICE OF EX PARTE COMMUNICATION

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Date: June 21, 2016

Attorneys for Shell Energy North America (US), L.P.

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NOTICE OF EX PARTE COMMUNICATION

In accordance with Rule 8.3 of the Commission's Rules, Shell Energy North America (US), L.P. ("Shell Energy") files this notice of a written ex parte communication that occurred in the above-referenced proceeding on Tuesday, June 21, 2016.

The ex parte communication consists of a letter sent by the undersigned attorney for Shell Energy to Commissioner Catherine Sandoval, with copies to Presiding Judge Karl Bemesderfer, Assigned Commissioner Michel Peter Florio, and the service list in the above-referenced proceeding. A copy of the letter is attached.

The June 21 letter responds to a statement made by counsel for the Southern California Generation Coalition (“SCGC”) at an all-party meeting that was held at the Commission on June 17, 2016. The June 21 letter points out that the statement by counsel for SCGC was inaccurate, and not supported by the record.

To obtain a copy of this notice, please contact:

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Respectfully submitted,



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Date: June 21, 2016

Attorneys for Shell Energy North
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June 21, 2016

The Honorable Catherine J.K. Sandoval
Commissioner, California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: A.13-12-013: SoCalGas/SDG&E North-South Pipeline Expansion Application

Dear Commissioner Sandoval:

I write this letter on behalf of Shell Energy North America (US), L.P. (“Shell Energy”) to correct a statement made by counsel for the Southern California Generation Coalition (“SCGC”) at the all-party meeting held in the above-referenced proceeding on Friday, June 17, 2016. Shell Energy is a party to this proceeding, although Shell Energy has not participated actively in the proceeding since it submitted a response to the application on January 23, 2014.¹

During the June 17 all-party meeting, counsel for SCGC asserted that Shell Energy supports SoCalGas/SDG&E’s proposed north-south pipeline expansion project because the new pipeline capacity would provide a pathway for gas to be transported from SoCalGas’ northern system receipt points to Otay Mesa, and thereupon to the Energia Costa Azul (“Costa Azul”) LNG terminal. This statement by counsel for SCGC is erroneous. The statement is not supported by the record, and does not accurately represent Shell Energy’s position.

In its January 23, 2014 response to the utilities’ application, Shell Energy expressed support for the north-south expansion project “because it is necessary to address Southern System limitations.” Shell Energy Response at p. 4. Shell Energy stated:

SoCalGas/SDG&E’s proposed north-south expansion will provide Southern System customers with expanded access to SoCalGas storage as well as expanded access to deliveries from Northern Zone receipt points (Wheeler Ridge; Kern River Station; Topock; Needles; and Kramer Junction.) The north-south expansion will

¹ Shell Energy did not submit testimony, did not participate in the evidentiary hearing, and did not file a brief in this proceeding. Shell Energy did not participate in the all-party meeting on June 17. Counsel for Shell Energy listened to the meeting through the call-in number.

reduce reliance on deliveries from El Paso's southern mainline, which will increase competitive opportunities for SoCalGas/SDG&E customers and mitigate Southern System minimum flowing gas requirements. In view of the potential that exists for increased gas deliveries to Mexico from El Paso's southern mainline system, the proposed north-south expansion project will ensure that all SoCalGas/SDG&E customers continue to have access to competitively priced gas supplies from all of the gas supply basins that serve California.

Id. at pp. 3-4.

The claim by counsel for SCGC that Shell Energy's support for the north-south pipeline project is founded on a desire to export, to markets outside of California, gas delivered to SoCalGas receipt points has no basis in fact. First, SoCalGas/SDG&E's application does not seek authority to "export" gas that is delivered on the north-south pipeline. Second, Costa Azul is an LNG import facility (a "receiving terminal"), not an export facility. As noted in its response to the application, Shell Energy holds capacity rights in the Costa Azul LNG receiving terminal. Shell Energy has no interest in any effort to establish an LNG export terminal at or near Costa Azul, or anywhere in Baja California.

Shell Energy was not represented at the all-party meeting because Shell Energy was not an active participant in the proceeding. Shell Energy is concerned, however, when a party inaccurately represents Shell Energy's position or attributes a motivation to Shell Energy that has no basis in fact. For this reason, I write this letter to correct the record.

Respectfully submitted,



John W. Leslie
Dentons US LLP

Attorneys for Shell Energy North America (US), L.P.

cc: Presiding Administrative Law Judge Karl Bemesderfer
Assigned Commissioner Michel Peter Florio
All Parties on the Service List in A.13-12-013