BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

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Order Instituting Rulemaking on the Commission's own motion for the purpose of considering policies and guidelines regarding the allocation of gains from sales of energy, telecommunications, and water utility assets.	))))))	R.04-09-003 (Filed September 9, 2004)

REPLY COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY REGARDING THE PROPOSED DECISION OF PRESIDENT PEEVEY AND THE ALTERNATE PROPOSED DECISION OF ALJ THOMAS

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August 24, 2007

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Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, San Diego Gas & Electric Company ("SDG&E") and Southern California Gas Company ("SDG&E/SoCalGas") hereby submit the following reply comments regarding the Proposed Decision ("PD") of President Peevey and the Alternate Proposed Decision ("APD") of ALJ Thomas. This reply concerns the opening comments of only one party, Aglet Consumer Alliance ("Aglet"), and only one issue raised by Aglet -- the reporting threshold for natural gas facilities.

SoCalGas and SDG&E did not submit opening comments regarding the PD or APD. The PD and APD do not take the approach to storage facilities urged by SoCalGas and SDG&E (i.e., that Section 455.5 does not apply to storage facilities). But we can live with the following approach to reporting crafted by the Commission:

> We thus adopt the following definition of a reporting threshold for gas utilities:
>
> For gas utilities, a "major generation or production facility" for purposes of the requirements of Pub. Util. Code § 455.5 is a facility representing at least 25% of the utility's storage capacity. A "major generation or production facility" for this purpose includes a gas storage field. A gas storage field is "out of service" if the mechanical equipment used to

> inject or withdraw gas at the field is not available to inject or withdraw gas at a rate of at least 25% of the capacity of the equipment.
>
> A facility is out of service and subject to the reporting requirement irrespective of the cause of the out of service condition.[1]

In its comments, Aglet claims that the requirement set forth above is confusing. SoCalGas and SDG&E disagree. The reporting requirement for natural gas facilities specified in the PD and APD is clear and easy, at least for us, to understand.

In its comments, Aglet also appears to be making a new proposal for a 10-15% threshold, rather than the 25% threshold it had proposed earlier in this proceeding:

> Adoption of a 25% criterion to define major facilities would exclude Pacific Gas and Electric Company's (PG&E's) Los Medanos storage field, which comprises 16% to 22% of PG&E's storage capacity. Considering the scale of PG&E's gas operations, it would be unreasonable to exclude the Los Medanos field from the reporting requirement. A 10% or 15% criterion would include the Los Medanos field, but application of any numerical criterion would not specify which Southern California Gas Company fields would be covered by the reporting requirement, due to confidential treatment of storage capacity by the utility.[2]

This new proposal by Aglet is inappropriate. Rule 14.3 is clear that new proposals have no place at this stage of a proceeding: "Comments shall focus on factual, legal or technical errors in the proposed or alternate decision and in citing such errors shall make specific references to the record."[3] If Aglet wanted to propose at 10-15% reporting threshold rather than a 25% reporting threshold, it should have done so in its comments back in 2006.

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[1] PD at 12; APD at 12.
[2] Aglet opening comments at 2-3.
[3] Commission Rule of Practice and Procedure 14.3(c).

The Commission should disregard Aglet's improper new proposed reporting criterion, and adopt the reporting threshold for natural gas facilities provided by the PD and APD.

Respectfully submitted,

By: *_____/s/ Michael R. Thorp_____*
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August 24, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **REPLY COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY REGARDING THE PROPOSED DECISION OF PRESIDENT PEEVEY AND THE ALTERNATE PROPOSED DECISION OF ALJ THOMAS** on all parties of record in R.04-09-003 by electronic mail, by U.S. mail to those parties who have not provided an electronic address to the Commission, and by Federal Express to ALJ Thomas.

Dated at Los Angeles, California, this 24th day of August, 2007.

/s/ Rose Mary Ruiz
Rose Mary Ruiz

CALIFORNIA PUBLIC UTILITIES COMMISSION
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