

Application No: A.11-11-
Exhibit No.: _____
Witness: Paul Borkovich

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In the Matter of the Application of San Diego Gas &)
Electric Company (U 902 G) and Southern California)
Gas Company (U 904 G) for Authority to Revise)
Their Rates Effective January 1, 2013, in Their)
Triennial Cost Allocation Proceeding)
_____)

A.11-11-
(Filed November 1, 2011)

PREPARED DIRECT TESTIMONY
OF PAUL BORKOVICH
SAN DIEGO GAS & ELECTRIC COMPANY
AND
SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 1, 2011

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PREPARED DIRECT TESTIMONY
OF PAUL BORKOVICH

I. QUALIFICATIONS

My name is Paul Borkovich. I am employed by Southern California Gas Company (SoCalGas) as the Capacity Products Support Manager. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I received a Bachelor's degree in Mechanical Engineering from the University of California, Santa Barbara in 1981, and a Master's Degree in Petroleum Engineering from the University of Southern California in 1985. I have been employed by SoCalGas since 1981 in positions in the Marketing, Regulatory Affairs, Gas Supply, and Customer Services departments. In my current position, I am responsible for managing gas marketer services, SoCalGas Electronic Bulletin Board (EBB) operation and enhancements, Operational HUB back office, and all aspects of San Diego Gas & Electric Company (SDG&E) and SoCalGas' interconnect and operational balancing agreements with transporters delivering natural gas to the utility system. I have previously testified before the California Public Utilities Commission (Commission).

II. PURPOSE

The purpose of my direct testimony on behalf of SDG&E and SoCalGas is to propose tariff provisions to address the impact of Receipt Point capacity reductions on the sale of firm Backbone Transportation Service (BTS) during the BTS Open Season.

1 **III. PROPOSED TARIFF PROVISIONS FOR BTS OPEN SEASON TO ADDRESS**
2 **REDUCTIONS IN RECEIPT POINT OR TRANSMISSION ZONE CAPACITY**

3 Section 9 of the Joint Recommendation submitted in Application (A.)10-03-028 adopted
4 a limitation on the sale of backbone transmission service when a notice is posted that identifies a
5 reduced receipt point or transmission zone capacity. It states:

6 Once any notice is posted that identifies a reduced receipt point or
7 transmission zone capacity, SoCalGas will limit the sale and exchange
8 (recontracting) of firm receipt point capacity to the reduced capacity
9 quantity for that receipt point and transmission zone for the duration of
10 the posted event.

11 The Joint Recommendation was adopted by the Commission in Decision (D.)11-04-032.
12 The limitation on the sale of backbone transmission service was specifically adopted in Ordering
13 Paragraph 22 of that decision.

14 During the most recent BTS Open season, a maintenance notice was posted on
15 SoCalGas' EBB that extended an existing 100% receipt point outage into the new BTS term by
16 approximately one month. The notice was posted after the close of the Pre-Open Season Step 1
17 Set-Aside Round and prior to the start of Step 2. Awards in the Pre-Open Season Step 1 round
18 included unavailable capacity at the affected receipt point for the first month of the new
19 contracted term.

20 Consistent with the limitation adopted in D.11-04-032, SoCalGas issued a notice on its
21 EBB to bidders concerning the reduced capacity at the affected receipt point. The notice stated:

22 On August 12, 2011, SoCalGas posted a maintenance notice stating
23 that Line 3000 is projected to remain out of service until late October.
24 This development makes the El Paso Topock and Transwestern
25 Topock (Topock) receipt point capacities unavailable for October 2011
26 during Step 2 and Step 3 of the Backbone Transportation Service
27 (BTS) Open Season.

28 Step 2 and Step 3 eligible customers will be required to submit bids for
29 the minimum 36 month term beginning October 1, 2011, regardless of

1 receipt point selected. October 2011 Topock awards from all Steps
2 (including Pre-Open Season Step 1 - Set-Aside) may be exchanged to
3 the extent that capacity is available at other receipt points during the
4 re-contracting period scheduled September 19, through September 21,
5 2011. Re-contracting for capacity into Topock receipt points for Oct
6 2011 will not be allowed during the re-contracting period.

7 Any remaining October 2011 Topock receipt point capacity awards
8 that have not been re-contracted will be removed from the final
9 contract awards. All Open Season Topock contract awards will have
10 an effective start date of November 1, 2011.

11 SoCalGas is using the best available information to determine the
12 extent of the Topock outage. SoCalGas will not sell or exchange
13 Topock Receipt Point capacity after the re-contracting period ends for
14 October 2011. Any Topock capacity awarded starting November 1,
15 2011 is subject to tariff provisions and is contractually binding.

16 Consistent with the limitation adopted in D.11-04-032, SoCalGas proposes that the
17 following tariff provisions be adopted and incorporated into Schedule No. G-BTS to address
18 reductions in receipt point or transmission zone capacity for a portion of a pending BTS three-
19 year contract term that are noticed prior to the close of the open season process. The proposed
20 tariff provisions are as follows:

21 1. The Receipt Point quantities specified in Schedule G-BTS will be
22 offered for the full three-year term during the BTS Open Season
23 regardless of any posted outages unless the capacity reduction is
24 expected to extend for a period of one month or more during the three-
25 year BTS term.

26 2. Receipt Point capacity awards that are affected by a posted outage
27 may be exchanged for capacity at other Receipt Points to the extent
28 that capacity is available during the open season re-contracting period.
29 Re-contracting for capacity into the constrained Receipt Point for the
30 outage period will not be allowed during the re-contracting period.

31 3. Any remaining Receipt Point capacity awards that are affected by a
32 posted outage that have not been re-contracted to another Receipt
33 Point will be removed from the final contract awards for the period
34 that the capacity is not available.

1 4. Priority of capacity awards for months that reduced amounts are
2 available will be awarded as follows: first priority for Step 1 awards,
3 second priority for Step 2 awards, and third priority for Step 3 awards.
4 Customers will be informed of pending award reductions caused by a
5 posted outage prior to the commencement of the re-contracting period.

6 The intention of these proposed revisions is to limit the sale of firm BTS capacity to the
7 quantity available during the BTS Open Season process. The revisions are consistent with the
8 limitation adopted by the Commission in D.11-04-032 because customers bidding for capacity
9 over the required 36-month term will not be sold capacity when it is forecast to not be available.

10 This concludes my prepared direct testimony.