



January 30, 2002

Advice No. 3112
(U 904 G)

Public Utilities Commission of the State of California

Subject: New Sub-accounts for Purchased Gas Account (PGA)

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment B.

Purpose

Effective with the implementation of the Gas Industry Restructuring Decision (D.01-12-018) and subsequent compliance filing of Advice No. 3105, on February 1, 2002, certain non-gas costs such as San Juan Lateral demand charges (SJLD), core interstate demand charges (CIDC) and the carrying cost of storage inventory (CCSI) will be unbundled and shifted to the procurement cost of gas. Accordingly, this filing is proposing to revise Preliminary Statement, Part V, Description of Regulatory Accounts - Balancing, by creating three new sub-accounts in the Purchased Gas Account (PGA) to balance the recorded cost of these non-gas items with corresponding revenues based on rates established to recover these costs.

Background

Pursuant to D.01-12-018, issued on December 11, 2001, the Commission ordered SoCalGas to unbundle core interstate pipeline capacity costs. In filing Advice No. 3105 to comply with Commission decision and unbundle core interstate capacity costs, SoCalGas requested authority to move capacity-related costs, as well as its other procurement related costs (including SJLD, CIDC, and CCSI) from the gas transmission rate and to the procurement rate.

The rates to recover SJ Lateral Demand Charges, Core Interstate Pipeline Demand Charges and Carrying Cost of Storage Inventory will be set annually to be effective January 1, and will be based upon the estimated annual cost of these components and a forecasted annual core demand. SoCalGas proposes to initiate amortization of over/under collection when there is a 20% variance between actual demand and

forecasted demand used in setting the rate components. The 20% threshold will be calculated on a minimum 3-month basis before adjusting the rates. Additionally, any existing over/under collection at December 31 will be included as an adjustment to cost in developing the rates for the ensuing year.

The imbalance band of plus/minus one percent established in D.87-07-068 for the core monthly pricing sub-accounts and other commodity related purchases will not be altered as a result of this advice letter. The treatment established in D.87-07-068 will maintain a pure commodity cost over/under collection balance in the core monthly pricing sub-account and will ensure continued unaltered compliance with Commission's core monthly pricing decisions and amortization tolerance band.

Requested Tariff Revisions

The PGA will consist of nine sub-accounts, six of which relate to procurement activity and the proposed three new sub-accounts relate to the unbundling of non-gas costs.

1. The San Juan Lateral Demand Charge Sub-account tracks the San Juan Lateral demand charge costs with revenues established to recover these costs from customers.
2. The Core Interstate Demand Charge Sub-account tracks the core interstate demand charge costs with revenues established to recover these costs from customers.
3. The Carrying Cost of Storage Inventory Sub-account tracks the carrying cost of storage inventory with the revenues established to recover these costs from customers.

Protest

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division - IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (jrr@cpuc.ca.gov) and Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

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Effective Date

SoCalGas respectfully requests that this advice filing be made effective March 1, 2002. Per Conclusion of Law No. 39 of D.01-12-018, advice filings will be made effective thirty (30) days after filing unless rejected by the Energy Division.

Notice

In accordance with Section III.G of General Order No. 96-A, a copy of this advice letter is being sent to the parties listed on Attachment A, which includes the interested parties in I.99-07-003.

LEE SCHAVRIEN
Vice President
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Attachments

ATTACHMENT A

Advice No. 3112

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ATTACHMENT B
Advice No. 3112

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 34575-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 2	Revised 33995-G
Revised 34576-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 3	Revised 34371-G
Revised 34577-G	TABLE OF CONTENTS, GENERAL AND PRELIMINARY STATEMENTS, Sheet 1	Revised 34574-G

PRELIMINARY STATEMENT

Sheet 2

PART V
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS

PURCHASED GAS ACCOUNT (PGA)

The PGA is a balancing account. The purpose of this account is to balance the recorded cost of gas bought for the Utility portfolio with revenue from the sale of that gas. Effective with the implementation of the Gas Industry Restructuring Decision (D.01-12-018) on February 1, 2002, certain non-gas costs such as San Juan Lateral demand charges (SJLD), core interstate demand charges (CIDC) and the carrying cost of storage inventory (CCSI) were unbundled and shifted to procurement cost of gas. Accordingly, the PGA is modified to balance the recorded cost of these non-gas items with corresponding revenues based on rates established to recover these costs.

a. The PGA consists of nine subaccounts, six of which relate to procurement activity and the remaining three subaccounts relate to the unbundling of non-gas costs. They are:

1. The Core Subaccount which tracks the cost of gas procured for core customers and revenues from the sale of that gas.
2. The Core-Subscription Subaccount which tracks the cost of gas procured for core-subscription customers and revenues from the sale of that gas.
3. The Noncore Standby Service Subaccount which tracks the cost of gas purchases and the revenues from the sale of gas procured to provide standby procurement service for noncore customers.
4. The Excess Core Supply Subaccount which tracks the cost of gas purchases and the revenues from the sale of excess core supplies.
5. The Take-or-Pay Subaccount which tracks revenue from take-or-pay charges that coresubscription customers incur.
6. The Core Brokerage Fee Subaccount which tracks revenues from the core brokerage fee and the authorized core brokerage fee.
7. The San Juan Lateral Demand Charge Subaccount tracks the San Juan Lateral demand charge costs with revenues established to recover these costs from customers.
8. The Core Interstate Demand Charge Subaccount tracks the core interstate demand charge costs with revenues established to recover these costs from customers.
9. The Carrying Cost of Storage Inventory Subaccount tracks the carrying cost of storage inventory with the revenues established to recover these costs from customers.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3112
 DECISION NO. 01-12-018

ISSUED BY

Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jan 30, 2002
 EFFECTIVE _____
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT

Sheet 3

PART V
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

PURCHASED GAS ACCOUNT (PGA) (Continued)

- b. The Utility shall maintain the PGA by making entries at the end of each month as follows:
1. A debit entry equal to the recorded gas cost in the Utility Portfolio Account during the month, which includes all gas purchased for procurement customers.
 2. Credit entries equal to the procurement revenue from the sale of gas delivered during the month and amortization of the forecasted revision date PGA balance, excluding the allowance for F&U.
 3. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.
 4. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
 5. An entry equal to the interest on the average of the balance in the account during the month, excluding the core-subscription subaccount, calculated in the manner described in Preliminary Statement, Part I, J.

CORE FIXED COST ACCOUNT (CFCA)

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between authorized margin, transition, and other non-gas fixed costs allocated to the core market with revenues intended to recover these costs.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with the core portion of the following costs: gas margin costs, transition costs, and other non-gas operating costs.

SoCalGas credits this account with the core portion of the following revenues: transmission revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program; and other revenues that the Commission has directed SoCalGas to allocate to the core market.

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers. SoCalGas also adjusts this account to reflect volumetric differences associated with the core amortization recorded in other regulatory accounts.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3112
 DECISION NO. 01-12-018

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 30, 2002
 EFFECTIVE _____
 RESOLUTION NO. _____

TABLE OF CONTENTS

The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

<u>GENERAL</u>	<u>Cal. P.U.C. Sheet No.</u>
Title Page	21888-G
Table of Contents--General and Preliminary Statement	34577-G,34423-G
Table of Contents--Service Area Maps and Descriptions	28516-G
Table of Contents--Rate Schedules	34358-G,34571-G,34572-G
Table of Contents--List of Cities and Communities Served	33771-G
Table of Contents--List of Contracts and Deviations	33771-G
Table of Contents--Rules	34573-G,33305-G
Table of Contents--Sample Forms	33712-G,34024-G,33354-G,34193-G,32785-G

PRELIMINARY STATEMENT

Part I General Service Information	24331-G,24332-G,24333-G,24334-G,24749-G
Part II Summary of Rates and Charges	34334-G,34335-G,34200-G,34201-G,34336-G,34545-G 32491-G,32492-G,34203-G,34337-G,34338-G,34206-G,34207-G
Part III Cost Allocation and Revenue Requirement ...	27024-G,27025-G,27026-G,27027-G,34208-G
Part IV Income Tax Component of Contributions and Advances	24353-G,24354-G
Part V Description of Regulatory Accounts-Balancing	33994-G,34575-G,34576-G 33997-G,33998-G,33999-G,34000-G,34001-G,34002-G,34003-G,34004-G
Part VI Description of Regulatory Accounts-Memorandum	34278-G,34279-G,34280-G 34281-G,34282-G,34283-G,34284-G,34285-G,34286-G,34287-G 34288-G,34289-G,34290-G,34291-G,34292-G,34293-G,34294-G,34295-G
Part VII Description of Regulatory Accounts-Tracking	33869-G,33870-G,33871-G 33872-G,33873-G,33874-G,33875-G
Part VIII Gas Cost Incentive Mechanism (GCIM)	31776-G,31777-G,31778-G,30523-G,30524-G
Part IX Hazardous Substances Mechanism (HSM)	26199-G,26200-G,26201-G
Part X Global Settlement	32530-G,32531-G,32532-G,32533-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3112
 DECISION NO. 01-12-018

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 30, 2002
 EFFECTIVE _____
 RESOLUTION NO. _____

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