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November 21, 2002

Advice No. 3207
(U 904 G)

Public Utilities Commission of the State of California

Subject: Sale of Reclassified Cushion Gas from Aliso Canyon and La Goleta Storage Facilities

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

This filing revises Preliminary Statement, Part VII, Description of Regulatory Accounts – Tracking, and establishes the Aliso / Goleta Tracking Account (AGTA) for the sale of cushion gas in the Aliso Canyon and La Goleta underground storage facilities.

This filing is made in compliance with Ordering Paragraph 4 of Decision (D.) 02-11-028, dated November 7, 2002, which approved the disposition of the 14 Bcf reclassified cushion gas available from the Aliso Canyon and La Goleta underground storage facilities.

Information

D.01-06-086 authorized SoCalGas to perform redesign work at its Aliso Canyon and La Goleta underground gas storage fields, which would allow SoCalGas to provide the same level of gas service deliverability with less cushion gas at both fields. There would be 14 Bcf of cushion gas available for reclassification as working gas available for sale. However, the decision deferred resolution of the sale.

D.02-11-028 addresses the disposition of the 14 Bcf reclassified cushion gas. The decision authorizes the transfer of 5.88 Bcf of cushion gas into SoCalGas' core portfolio at book cost with the benefit of this transfer included in the Core Monthly Procurement Rate over the remaining 2002-2003 winter heating season. The remaining 8.12 Bcf of reclassified cushion gas is to be sold on the open market with 2.52 Bcf (31%) allocated to noncore customers and the 5.6 Bcf (69%) allocated to shareholders.

SoCalGas will establish the AGTA to track the sale of 2.52 Bcf of reclassified cushion gas and all related costs including applicable taxes allocated to noncore customers. SoCalGas anticipates completing the sale of the entire 8.12 Bcf of reclassified cushion gas by December 31, 2002 and will reflect any net after-tax gain applicable to the noncore allocation as a noncore rate adjustment in the consolidated rate adjustment filing for rates effective January 1, 2003.

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 must be received within 20 days of the date 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 (jjr@cpuc.ca.gov) and to Honesto Gatchalian (ijnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should 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.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas respectfully requests that this advice letter be approved on December 31, 2002, which is not less than forty (40) days regular statutory notice.

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 A.01-04-007.

J. STEVE RAHON
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Attachments

ATTACHMENT A

Advice No. 3207

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3207

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 36022-G	PRELIMINARY STATEMENT, PART VII, DESCRIPTION OF REGULATORY ACCOUNTS - TRACKING, Sheet 1	Revised 34372-G
Original 36023-G	PRELIMINARY STATEMENT, PART VII, DESCRIPTION OF REGULATORY ACCOUNTS - TRACKING, Sheet 9	
Revised 36024-G	TABLE OF CONTENTS	Revised 36021-G

PRELIMINARY STATEMENT

Sheet 1

PART VII
DESCRIPTION OF REGULATORY ACCOUNTS - TRACKING

A. GENERAL

Tracking accounts reconcile the difference between Commission-authorized forecasted costs and SoCalGas' recorded costs. Balances in the tracking accounts shall be reconciled in revenue requirement in SoCalGas' next BCAP or other appropriate rate proceeding.

B. LISTING OF TRACKING ACCOUNTS

Pitas Point Franchise & Uncollectibles Account (PPF&UA)
Other Hazardous Substance Tracking Account (OHSTA)
Noncore Fixed Cost Tracking Account (NFCTA)
PITCO/POPCO Transition Cost Tracking Account (PPTCTA)
Noncore Interstate Transition Cost Surcharge Account (NITCSA)
Core Interstate Transition Cost Surcharge Account (CITCSA)
Vernon Revenue Tracking Account (VRTA)
Zone Rate Credit Limitation Tracking Account (ZRCLTA)
Affiliate Transfer Fee Account (ATFA)
Catastrophic Event Memorandum Account - Double Refund Tracking Account (CEMA-DRTA)
Montebello True-Up Tracking Account (MTTA)
Aliso/Goleta Tracking Account (AGTA)

C. DESCRIPTION OF TRACKING ACCOUNTS

PITAS POINT FRANCHISE & UNCOLLECTIBLES ACCOUNT (PPF&UA)

The PPF&UA is a tracking account recorded on SoCalGas' financial statements. The purpose of the account is to track recorded versus authorized costs associated with franchise fee expenses resulting from the purchase and sale of Pitas Point gas.

Effective January 1, 1992, SoCalGas shall maintain the PPF&UA by making entries at the end of each month as follows:

- a. A debit entry equal to the monthly recorded accrual costs associated with franchise fees and uncollectibles expenses resulting from the resale of Pitas Point gas; and
- b. A credit entry equal to one-twelfth of the authorized annual Pitas Point franchise fee and uncollectibles expenses.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3207
DECISION NO. 02-11-028

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Nov 21, 2002
EFFECTIVE Dec 31, 2002
RESOLUTION NO. _____

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PRELIMINARY STATEMENT

Sheet 9

PART VII
DESCRIPTION OF REGULATORY ACCOUNTS - TRACKING

(Continued)

C. DESCRIPTION OF TRACKING ACCOUNTS (Continued)

ALISO/GOLETA TRACKING ACCOUNT (AGTA)

The AGTA is an interest bearing tracking account recorded on SoCalGas' financial statements pursuant to D.02-11-028. The purpose of the AGTA is to track the sale of reclassified cushion gas from Aliso Canyon and La Goleta underground storage fields with related costs (including taxes) allocated to noncore customers. Any net after-tax gain from the sale of this gas will be amortized in future noncore gas transportation rates.

SoCalGas maintains the AGTA by making entries to the account at the end of each month, as follows:

- a. A debit entry equal to cost of the reclassified cushion gas, other related costs including redesign costs for drilling new wells and reworking existing wells, and applicable taxes.
- b. A credit entry equal to the revenues related to the sale of reclassified cushion gas.
- c. A debit entry equal to the amortization as authorized by the Commission.
- d. An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3207
DECISION NO. 02-11-028

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ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 21, 2002
EFFECTIVE Dec 31, 2002

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	36024-G,35594-G
Table of Contents--Service Area Maps and Descriptions	28516-G
Table of Contents--Rate Schedules	35999-G,36000-G,36020-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	35729-G,33305-G
Table of Contents--Sample Forms	35712-G,35713-G,35714-G,35715-G,35716-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	35970-G,35971-G,35539-G,35540-G,35972-G,35965-G 32491-G,32492-G,34203-G,35973-G,35974-G,35544-G,35545-G
Part III Cost Allocation and Revenue Requirement ...	27024-G,27025-G,27026-G,27027-G,34370-G
Part IV Income Tax Component of Contributions and Advances	35396-G,24354-G
Part V Description of Regulatory Accounts-Balancing	35769-G,34820-G,34371-G 34821-G,34822-G,34823-G,34824-G,34825-G,34826-G,34827-G,34682-G,35770-G
Part VI Description of Regulatory Accounts-Memorandum	35357-G,34279-G,34280-G 34281-G,34282-G,34283-G,34284-G,34285-G,34286-G,34683-G 34684-G,34289-G,34290-G,34291-G,34829-G,34830-G,34831-G,35358-G,35359-G
Part VII Description of Regulatory Accounts-Tracking	36022-G,34373-G,34374-G 34375-G,34376-G,34377-G,34378-G,34379-G,36023-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)

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