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July 7, 2003

Advice No. 3275
(U 904 G)

Public Utilities Commission of the State of California

Subject: Credit/Debit Card Payment Options

Purpose

The purpose of this filing is to notify the Commission that Southern California Gas Company (SoCalGas) is withdrawing its credit card payment option program but is continuing to offer its debit card payment option as originally outlined in Advice No. 2965 dated October 10, 2000.

Summary of Facts

SoCalGas filed Advice No. 2965 on October 10, 2000 to seek approval to implement a one-year pilot program for providing for payment of utility bills by using a credit card and/or debit card through an independent service provider. Approval was authorized by Commission Resolution G-3310 on May 3, 2001. As part of its advice filing, SoCalGas said it would file another advice filing to seek approval to make these payment options available to customers on a permanent basis. On May 3, 2002, SoCalGas filed Advice No. 3148 to continue the credit/debit card payment options on an indefinite basis. Advice No. 3148 was approved by letter on June 18, 2002 to extend the program indefinitely.

As of June 2003, BillMatrix, the third party vendor contracted to process SoCalGas' credit/debit card payment options informed SoCalGas that VISA has changed its rules on credit card transactions by increasing the fees that customers will have to pay for the credit and debit card payment option. For example, VISA was charging a higher fee for its credit card payments and a lower fee for its debit card payments. VISA's new rules require that they can only charge one fee for both types of transactions and that the fee will be at the higher level previously associated with credit card payments.

With VISA charging the same fee for the two different transaction types, it is no longer beneficial for SoCalGas to offer the credit card payment option to its customers. In addition, the majority of SoCalGas' customers using these payment options have chosen

the debit card rather than the credit card payment option. By offering the debit card program by itself, SoCalGas customers can maintain the lower transaction fee. SoCalGas is therefore withdrawing the credit card payment option and only intends to continue to offer the debit card payment option. BillMatrix will complete its programming to shutdown the credit card program effective July 22, 2003. SoCalGas is notifying its customers that it is withdrawing the credit card program through its Call Center, branch offices and field representatives inasmuch as the program was promoted principally to collection-related customers.

This filing will not affect any other rate or charge, cause the withdrawal of service, nor conflict with any other rate or schedule.

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 (jnj@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

This filing will not result in an increase in any rate or charge, conflict with other schedules or rules, or cause the withdrawal of service or result in more restrictive conditions of service. Therefore, SoCalGas believes that no resolution is required for this filing. SoCalGas respectfully requests that this filing become effective on August 16, 2003, 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.

J. STEVE RAHON
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Attachments

ATTACHMENT A

Advice No. 3275

(See Attached Service List)

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