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July 31, 2003

Advice No. 3280
(U 904 G)

Public Utilities Commission of the State of California

Subject: July 2003 Buy-Back Rates

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 routine monthly filing updates the Buy-Back Rates in Schedule No. G-IMB for July 2003.

Background

As authorized in Schedule No. G-IMB - Transportation Imbalance Service, the Buy-Back Rates are established effective the last day of each month.

The Buy-Back Rates will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the imbalance was incurred; or 2) 50% of the applicable core subscription procurement charge during the month such excess imbalance was incurred.

Information

During the month of July 2003, 50% of the core subscription procurement charge is lower than the lowest incremental cost of gas. Therefore, the Buy-Back Rates for July 2003 are being set accordingly. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

The new rates are reflected in the attached Schedule No. G-IMB tariff sheets.

Pursuant to Resolution G-3316, the July 2003 Standby Procurement Charges will be filed by separate advice letter at least one day prior to August 25, 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 (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

It is requested that the tariff sheets filed herein be made effective July 31, 2003 to coincide with SoCalGas' Core Subscription Procurement Rate filing in Advice No. 3273, dated June 30, 2003.

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
Director
Tariffs and Regulatory Accounts

Attachments

ATTACHMENT A

Advice No. 3280

(See Attached Service List)

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ATTACHMENT B
Advice No. 3280

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 36821-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6	Revised 36817-G
Revised 36822-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 36818-G
Revised 36823-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3	Revised 36743-G
Revised 36824-G	TABLE OF CONTENTS	Revised 36819-G
Revised 36825-G	TABLE OF CONTENTS	Revised 36820-G

PRELIMINARY STATEMENT
 PART II
 SUMMARY OF RATES AND CHARGES

Sheet 6

(Continued)

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

May, 2003	\$0.90426	D
June, 2003	\$0.90426	T
July, 2003	TBD*	T

Noncore Retail Standby (SP-NR)

May, 2003	\$0.90491	D
June, 2003	\$0.90491	T
July, 2003	TBD*	T

Wholesale Standby (SP-W)

May, 2003	\$0.90491	D
June, 2003	\$0.90491	T
July, 2003	TBD*	T

Buy-Back Rate

Core and Noncore Retail (BR-R)

May, 2003	18.258¢	D
June, 2003	28.765¢	R
July, 2003	25.552¢	R

Wholesale (BR-W)

May, 2003	18.170¢	D
June, 2003	28.625¢	R
July, 2003	25.427¢	R

* To be determined (TBD). Pursuant to Resolution G-3316, the July 2003 Standby Procurement Charge will be filed by separate advice letter at least one day prior to August 25, 2003.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3280
 DECISION NO. 89-11-060 & 90-09-089,
 et. al.
 6H11

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 31, 2003
 EFFECTIVE Jul 31, 2003
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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 2

(Continued)

RATES (Continued)

Standby Procurement Charge

This charge is applied to customer's cumulative negative transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Standby Procurement Charge is posted at least one day in advance of each corresponding imbalance trading period for noncore/wholesale and core transport agents (CTAs). It is calculated at 150% of the highest daily border price index at the Southern California border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period plus a Brokerage Fee of 0.266¢ per therm for noncore retail service and all wholesale service, and 0.201¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index – Southern California Border Average" and "Gas Daily's Daily Price Survey – SoCal gas, large pkgs Midpoint."

Core Retail Service:

SP-CR Standby Rate, per therm

May, 2003	\$0.90426	D
June, 2003	\$0.90426	
July, 2003	TBD*	T

Noncore Retail Service:

SP-NR Standby Rate, per therm

May, 2003	\$0.90491	D
June, 2003	\$0.90491	
July, 2003	TBD*	T

Wholesale Service:

SP-W Standby Rate per therm

May, 2003	\$0.90491	D
June, 2003	\$0.90491	
July, 2003	TBD*	T

* To be determined (TBD). Pursuant to Resolution G-3316, the July 2003 Standby Procurement Charge will be filed by separate advice letter at least one day prior to August 25, 2003.

Buy-Back Rate

This rate is applied to customer's cumulative positive transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Buy-Back Rate is established effective the last day of each month and will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable core subscription procurement charge during the month such excess imbalance was incurred.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3280
 DECISION NO. 89-11-060 & 90-09-089,
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 Regulatory Affairs

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Buy-Back Rate (Continued)

Retail Service:

BR-R Buy-Back Rate, per therm

May, 2003	18.258¢
June, 2003	28.765¢
July, 2003	25.552¢

D
R

Wholesale Service:

BR-W Buy-Back Rate, per therm

May, 2003	18.170¢
June, 2003	28.625¢
July, 2003	25.427¢

D
R

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

During November through March customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn during a five-day period. Volumes not in compliance with the 50% five-day minimum delivery requirement are purchased at the daily standby rate. The daily balancing standby rate is calculated as 150% of the highest Southern California Border price during the five-day period as published in "NGI's *Daily Gas Price Index*" including authorized franchise fees and, for retail customers, uncollectible expenses (F&U), and an authorized brokerage fee.

When the Utility's total inventory in storage declines to the "peak day minimum + 20 Bcf trigger", the minimum daily delivery requirement increases to 70%. The five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 70% delivery requirement.

When the Utility's total inventory in storage declines to the "peak day minimum + 5 Bcf trigger", the minimum delivery requirement increases to 90% daily. Similar to the 70% regime, the five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 90% delivery requirement.

(Continued)

(TO BE INSERTED BY UTILITY)
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 DECISION NO. 89-11-060 & 90-09-089,
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GW-SD	Wholesale Natural Gas Service	36772-G,36166-G,32684-G 32685-G,35959-G
GW-SWG	Wholesale Natural Gas Service	36773-G,35887-G,36732-G 32690-G,35960-G
GW-VRN	Wholesale Natural Gas Service	36774-G,35888-G,36733-G 32695-G,32696-G,35961-G
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G-TBS	Transaction Based Storage Service	32724-G,32725-G,27374-G,27375-G 31929-G,36315-G,27378-G
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G-PPPS	Tax Surcharge to Fund Public Purpose Programs	36106-G,34262-G
G-SRF	Surcharge to Fund Public Utilities Commission Utilities Reimbursement Account	36110-G
G-MHPS	Surcharge to Fund Public Utilities Commission Master Metered Mobile Home Park Gas Safety Inspection and Enforcement Program	32828-G
G-MSUR	Transported Gas Municipal Surcharge	25005-G,25006-G
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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3280
 DECISION NO. 89-11-060 & 90-09-089,
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ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 31, 2003
 EFFECTIVE Jul 31, 2003
 RESOLUTION NO. _____

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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.

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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	36331-G,36353-G
Table of Contents--Sample Forms	36570-G,35934-G,35935-G,36238-G,36239-G

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Part V Description of Regulatory Accounts-Balancing	35874-G,34820-G,34371-G 34821-G,34822-G,34823-G,34824-G,34825-G,34826-G,34827-G,34682-G,35770-G,35874-G
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 ADVICE LETTER NO. 3280
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ATTACHMENT C

ADVICE NO. 3280

**RATE CALCULATION WORKPAPER
BASED ON ADVICE NO. 3273
CORE SUBSCRIPTION RATE FILING
EFFECTIVE JULY 1, 2003**

Core Subscription Procurement Charge:

Retail CS: **51.103¢** per therm
(WACOG: 50.100¢ + Franchise and Uncollectibles:
1.003¢ or [2.0012% * 50.100¢])

Wholesale CS: **50.854¢** per therm
(WACOG: 50.100¢ + Franchise:
0.754¢ or [1.5051% * 50.100¢])

G-IMB Buy-Back Rates:

BR-R = 50% of Retail Core Subscription Procurement Charge:
50% * 51.103 cents/therm = **25.552** cents/therm

BR-W = 50% of Wholesale Core Subscription Procurement Charge:
50% * 50.854 cents/therm = **25.427** cents/therm