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September 19, 2003

Advice No. 3293
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of Memorandum Account to Track Earnings Claims from Low Income Energy Efficiency Program Years 1999 - 2001

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

Purpose

This filing revises Preliminary Statement Part VI, Description of Regulatory Accounts – Memorandum, and establishes the Annual Earnings Assessment Proceeding Memorandum Account (AEAPMA) pursuant to Decision (D.) 03-08-028. The purpose of the AEAPMA is to track SoCalGas' earnings claims for Low Income Energy Efficiency (LIEE) Program Years (PY) 1999 through 2001 until the Energy Division verifies installations for PY2000 and expenditure data for PY1999, PY2000 and PY2001. The AEAPMA is an interest bearing account and is recorded on SoCalGas' financial statements.

Background

SoCalGas, as well as other California utilities, provides energy efficiency services to low-income customers within its service territory. These LIEE programs, since 1990, included performance-based incentive mechanisms which are based on parameters designed to encourage broad participation in the LIEE program by eligible low-income customers. The reasonableness of the utilities' LIEE earnings claims under these mechanisms requires the verification of program expenditures and program participation.

Pursuant to D. 03-08-028, the Commission authorized recovery of the utilities second-year earnings claims (SoCalGas' claim amounted to \$129,231) for PY1998 LIEE activities and authorized those incentives associated with gas measures to be collected through gas rate increases. However, the Commission did not approve the utilities earnings claims for PY 1999 through PY 2001 at this time due to lack of independent confirmation that expenditure data was recorded data rather than estimated or budgeted. In addition, the number of installations claimed for PY 2000 has not been adequately verified.

The Commission authorized the utilities to track these earnings claims in a memorandum account until such verification of the data is completed. SoCalGas' earnings claims for these program years amount to \$814,749. The cost of these verification activities shall be funded with LIEE program funds, in proportion to each utility's relative share of authorized program budgets.

Protest

Anyone may protest this Advice Letter to the 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 was filed with the Commission. 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
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555 West Fifth Street
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Effective Date

SoCalGas respectfully requests that this advice letter be approved on November 1, 2003, which is more 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.00-05-002.

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Attachment

ATTACHMENT A

Advice No. 3293

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3293

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 36925-G | PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 1 | Revised 35357-G |
| Revised 36926-G | PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 19 | Original 35359-G |
| Revised 36927-G | TABLE OF CONTENTS | Revised 36915-G |

PRELIMINARY STATEMENT

Sheet 1

PART VI
DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM

A. GENERAL

Memorandum accounts are special accounts authorized by the Commission for the purpose of tracking certain costs and revenues. Please refer to each individual memorandum account description for the specific accounting treatment applicable to each account.

B. LISTING OF MEMORANDUM ACCOUNTS

- Conservation Expense Account (CEA)
- PCB Expense Account (PCBEA)
- Research Development and Demonstration Expense Account (RDDEA)
- Curtailement Violation Penalty Account (CVPA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Catastrophic Event Memorandum Account (CEMA)
- Interconnect Charge Memorandum Account (ICMA)
- Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
- Noncore Cost/Revenue Memorandum Account (NCRMA)
- Interstate Capacity Step Down Account (ICSDA)
- Vernon Rate Savings Memorandum Account (VRSMA)
- Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
- Earthquake Valve Installation Service Memorandum Account (EVISMA)
- Research Royalty Memorandum Account (RRMA)
- NGV Research Development & Demonstration Memorandum Account (RDDNGV)
- Intervenor Award Memorandum Account (IAMA)
- Z Factor Account (ZFA)
- Tax Interest Account (TIA)
- Energy Efficiency/DSM Memorandum Account (EEDSMMA)
- Applicant Installation Trench Inspection Memorandum Account (AITIMA)
- Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)
- Earthquake Valve Installation Memorandum Account (EVIMA)
- Gas Industry Restructuring Memorandum Account (GIRMA)
- Self-Generation Program Memorandum Account (SGPMA)
- Baseline Memorandum Account (BMA)
- Blythe Operational Flow Requirement Memorandum Account (BOFRMA)
- Annual Earnings Assessment Proceeding Memorandum Account (AEAPMA)

C. DESCRIPTION OF ACCOUNTS

CONSERVATION EXPENSE ACCOUNT (CEA)

The CEA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of this account is to track the difference between authorized costs in rates, and actual demand-side management program costs. This account covers regular and low income demand-side management programs.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3293
 DECISION NO. 03-08-028

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Sep 19, 2003
 EFFECTIVE Nov 1, 2003
 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.

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| Table of Contents--Rate Schedules | 36912-G,36913-G,36914-G |
| Table of Contents--List of Cities and Communities Served | 33771-G |
| Table of Contents--List of Contracts and Deviations | 33771-G |
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| Part II Summary of Rates and Charges | 36883-G,36884-G,36115-G,36116-G,36885-G,36878-G 32491-G,32492-G,36109-G,36886-G,36887-G,36120-G,36121-G |
| Part III Cost Allocation and Revenue Requirement | 27024-G,27025-G,27026-G,27027-G,36122-G |
| Part IV Income Tax Component of Contributions and Advances | 35396-G,24354-G |
| 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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| 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 |
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| Part X Global Settlement | 32530-G,32531-G,32532-G,32533-G |

(Continued)

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