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October 28, 2003

Advice No. 3304
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Update of Public Purpose Program Surcharge Rates effective
January 1, 2004**

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

Purpose

This Advice Letter submits updated Public Purpose Program (PPP) surcharge rates reflecting SoCalGas' California Alternate Rates For Energy (CARE) budget to be effective January 1, 2004.

Background

Assembly Bill (AB) 1002 directs the Commission to establish a gas surcharge annually to fund certain natural gas related public purpose programs such as low-income customer assistance, energy efficiency, and research and development. Revenues collected from the surcharge are remitted to the State Board of Equalization, and are ultimately appropriated back to utilities or other entities designated by the Commission to administer public purpose programs. The administration of the PPP gas surcharge is currently being addressed in Rulemaking (R.) 02-10-001.

Schedule No. G-PPPS updates the PPP surcharge rates to reflect SoCalGas' projection of the CARE balancing account as of December 31, 2003, CARE customer consumption, and CARE administration expenses. The rates are listed for CARE and Non-CARE customers by major customer class, and reflect changes only in the CARE component of the PPP surcharge; no adjustments were made to RD&D, Energy Efficiency, or Low Income Energy Efficiency rate components.

The 2004 PPP surcharge revenues are higher by approximately 39% compared to 2003 due to increased CARE program costs resulting from increased CARE program participation and a \$22.7 million increase in the CARE balancing account amortization. Attachment C shows the rate impact, by customer class, resulting from the updated PPP surcharge rates.

Protests

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 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 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.

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 the revised tariffs proposed herein be approved effective January 1, 2004.

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 to this advice letter, which includes the interested parties in R.02-10-001.

J. STEVE RAHON
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Attachments

ATTACHMENT A

Advice No. 3304

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3304

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 37024-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 9	Revised 36109-G
Revised 37025-G	Schedule No. G-PPPS, TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS, Sheet 1	Revised 36106-G
Revised 37026-G	TABLE OF CONTENTS	Revised 37022-G
Revised 37027-G	TABLE OF CONTENTS	Revised 37023-G

PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 9

(Continued)

TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

Schedule G-PPPS

<u>Customer Class</u>	<u>Tax Surcharge</u>	
	<u>For all service, per meter, per month</u>	
	<u>CARE Customer</u>	<u>Non-CARE Customer</u>
	(¢/therm)	(¢/therm)
Core		
Residential	1.881	3.700
Commercial/Industrial	1.812	3.631
Gas Air Conditioning	0.073	1.892
Gas Engine	N/A	2.245
Natural Gas Vehicle	N/A	1.819
Noncore		
Commercial/Industrial	N/A	1.828

SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

Schedule G-SRF

Surcharge, per therm 0.199¢

TRANSPORTED GAS MUNICIPAL SURCHARGE

Schedule G-MSUR

Surcharge Percentage, Outside the City of Los Angeles 1.4828%
 Surcharge Percentage, Within the City of Los Angeles 2.0000%

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3304
 DECISION NO.

9H10

ISSUED BY

Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Oct 28, 2003
 EFFECTIVE Jan 1, 2004

RESOLUTION NO. _____

Schedule No. G-PPPS

Sheet 1

TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

APPLICABILITY

Applicable to all gas sales and transportation services rendered under all tariff rate schedules authorized by the Commission. Customers will have a tax surcharge as a separate line item on their bills unless they are exempt* (e.g. Electric Generation including cogeneration, Enhanced Oil Recovery, Wholesale service, and consumption of natural gas which California is prohibited from taxing under the United States Constitution or the California Constitution). California Alternate Rates for Energy (CARE) customers will receive the tax surcharge for CARE customers along with applicable customers receiving sales for street lighting. The tax surcharge for these customers (CARE and street lighting) will not include the CARE program costs.

TERRITORY

This schedule is applicable within the entire territory served by Utility.

RATES

<u>Customer Class</u>	<u>Tax Surcharge**</u>	
	<u>For all service, per meter, per month</u>	
	<u>CARE Customer***</u>	<u>Non-CARE Customer</u>
	(¢/therm)	(¢/therm)
Core		
Residential	1.881	3.700
Commercial/Industrial	1.812	3.631
Gas Air Conditioning	0.073	1.892
Gas Engine	N/A	2.245
Natural Gas Vehicle	N/A	1.819
Noncore		
Commercial/Industrial	N/A	1.828

* Commission Resolution G-3303, dated December 21, 2000, references Sections 896, 897, and 898 of Assembly Bill (AB) 1002 regarding consumers of natural gas who are exempt from the tax surcharge. Section 896 states "Consumption means the use or employment of natural gas. Consumption does not include the use or employment of natural gas to generate power for sale or use of gas for enhanced oil recovery, natural gas utilized in cogeneration technology projects to produce electricity, or natural gas that is produced in California and transported on a proprietary pipeline. Consumption does not include the consumption of natural gas which this state is prohibited from taxing under the United States Constitution or the California Constitution." Section 897 states "Nothing in this article impairs the rights and obligations of parties to contracts approved by the Commission, as the rights and obligations were interpreted as of January 1, 1998." Section 898 is in reference to a municipality, district, or

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3304
 DECISION NO.

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Lee Schavrien
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 Regulatory Affairs

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GW-SWG	Wholesale Natural Gas Service	36968-G,35887-G,32689-G 32690-G,35960-G
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G-AUC	Auction Storage Service	32708-G,32709-G,32710-G,32711-G 32712-G,32713-G,36314-G,32715-G
G-LTS	Long-Term Storage Service	32716-G,32717-G,32718-G,32719-G 32720-G,32721-G,32722-G,32723-G
G-TBS	Transaction Based Storage Service	32724-G,32725-G,27374-G,27375-G 31929-G,36315-G,27378-G
G-CBS	UDC Consolidated Billing Service	34071-G,34072-G,34073-G,33095-G
G-PPPS	Tax Surcharge to Fund Public Purpose Programs	37025-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
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 Regulatory Affairs

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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	36727-G,36728-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

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ATTACHMENT C

Advice No. 3304

**Summary of Present and Proposed
Public Purpose Program Surcharge Rates**

Attachment C
SUMMARY OF PPP SURCHARGE RATES
SOUTHERN CALIFORNIA GAS COMPANY
PPP Surcharge Update for 1/1/2004

Customer Class	CARE Customers			Non-CARE Customers		
	2003	2004	% Change	2003	2004	% Change
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Core</u>						
1. Residential	1.881	1.881	0%	2.781	3.700	33%
2. Commercial/Industrial	1.812	1.812	0%	2.712	3.631	34%
3. Gas Air Conditioning	0.073	0.073	0%	0.972	1.892	95%
4. Gas Engine	N/A	N/A	N/A	1.326	2.245	69%
5. Natural Gas Vehicle	N/A	N/A	N/A	0.900	1.819	102%
<u>Noncore</u>						
6. Commercial/Industrial	N/A	N/A	N/A	0.908	1.828	101%
<u>System Total</u>						
7. System-wide	0.665	0.665	0%	1.565	2.485	59%
	2003	2004	Rev Change	% change		
	M\$	M\$	M\$			
8. System Total Revenue	104,081	144,915	40,834	39.2%		