



J. Steve Rahon
Director
Tariffs & Regulatory Accounts

8330 Century Park Ct.
San Diego, CA 92123-1548
Tel: 858.654.1773
Fax 858.654.1788
srahon@SempraUtilities.com

June 22, 2004

Advice No. 3387
(U 904 G)

Public Utilities Commission of the State of California

Subject: May 2004 Standby Procurement Charges

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 Standby Procurement Charges in Schedule No. G-IMB for May 2004.

Background

Resolution G-3316, dated May 24, 2001, revised the Schedule No. G-IMB Standby Procurement Charge for negative monthly transportation imbalances that exceed the 10% tolerance band. The Standby Procurement Charges are:

1. Calculated at 150% of the highest daily border price index at the Southern California border for the 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."
2. Calculated for a period that begins from the first day of the "flow month" (the month that the imbalance is incurred) and ends five days prior to the start of the imbalance trading period.
3. Posted at least one day in advance of the imbalance trading period.

Information

For the "flow month" of May 2004 (covering the period May 1, 2004 to June 20, 2004), the highest daily border price index at the Southern California border is \$0.6300 per therm. The resultant Standby Procurement Charges, calculated in the manner set forth above,

are \$0.94766 per therm for noncore retail service and all wholesale service, and \$0.94701 per therm for core retail service. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

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 received within 20 days of the date of 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 Honesto Gatchalian (ijnj@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

It is respectfully requested that the tariff sheets filed herein be made effective June 22, 2004, the date filed, in order to comply with the Resolution G-3316 requirement that the rates be posted at least one day in advance of the start of the imbalance trading period, which is June 25, 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.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachments

ATTACHMENT A

Advice No. 3387

(See Attached Service List)

ACN
Brian Spector
BSpector@acninc.com

ACN Energy
Gary Morrow
GMorrow@acninc.com

ACN Energy
Tony Cusati
tony.cusati@acnenergy.com

ACN Inc.
Glenn Kinser
gkinser@acninc.com

Aglet Consumer Alliance
James Weil
jweil@aglet.org

Alcantar & Kahl
Elizabeth Westby
egw@a-klaw.com

Alcantar & Kahl
Kari Harteloo
klc@a-klaw.com

AFRPA/DD McClellan Attn: L. Baustian
3411 Olson Street, Room 105
McClellan, CA 95652-1003

BP Amoco, Reg. Affairs
Marianne Jones
501 West Lake Park Blvd.
Houston, TX 77079

BP EnergyCo.
J. M. Zaiontz
Zaiontj@bp.com

Barkovich & Yap
Catherine E. Yap
ceyap@earthlink.net

Berliner, Camdon & Jimison
John Jimison
johnj@bcjlaw.com

Beta Consulting
John Burkholder
burkee@cts.com

CPUC
Consumer Affairs Branch
505 Van Ness Ave., #2003
San Francisco, CA 94102

CPUC
Energy Rate Design & Econ.
505 Van Ness Ave., Rm. 4002
San Francisco, CA 94102

CPUC
R. Mark Pocta
rmp@cpuc.ca.gov

California Energy Market
Lulu Weinzimer
luluw@newsdata.com

Calpine Corp
Avis Clark
aclark@calpine.com

City of Anaheim
Ben Nakayama
Public Utilities Dept.
P. O. Box 3222
Anaheim, CA 92803

City of Azusa
Light & Power Dept.
215 E. Foothill Blvd.
Azusa, CA 91702

City of Banning
Paul Toor
P. O. Box 998
Banning, CA 92220

City of Burbank
Fred Fletcher/Ronald Davis
164 West Magnolia Blvd., Box 631
Burbank, CA 91503-0631

City of Colton
Thomas K. Clarke
650 N. La Cadena Drive
Colton, CA 92324

City of Glendale
Larry Silva
lsilva@ci.glendale.ca.us

City of Lompoc
H. Paul Jones
100 Civic Center Plaza
Lompoc, CA 93438

City of Long Beach, Gas Dept.
Chris Garner
2400 East Spring Street
Long Beach, CA 90806-2385

City of Los Angeles
City Attorney
1700 City Hall East
Los Angeles, CA 90012

City of Pasadena
Manuel A. Robledo
150 S. Los Robles Ave., #200
Pasadena, CA 91101

City of Riverside
Stephen Aronson
saronson@ci.riverside.ca.us

City of Vernon
Kenneth J. DeDario
kdedario@ci.vernon.ca.us

Coral Energy
Walter Cinibulk
wcinibulk@coral-energy.com

County of Los Angeles
Stephen Crouch
1100 N. Eastern Ave., Room 300
Los Angeles, CA 90063

Crossborder Energy
Tom Beach
tomb@crossborderenergy.com

Pat Darish
pdarish@acninc.com

Davis Wright Tremaine, LLP
Christopher Hilen
chrishilen@dwt.com

Davis Wright Tremaine, LLP
Edward W. O'Neill
One Embarcadero Center, #600
San Francisco, CA 94111-3834

Davis, Wright, Tremaine
Judy Pau
judypau@dwt.com

Dept. of General Services
Celia Torres
celia.torres@dgs.ca.gov

Dept. of General Services
Deniese Earley
deniese.earley@dgs.ca.gov

Dan Douglass
douglass@energyattorney.com

Downey, Brand, Seymour & Rohwer
Ann Trowbridge
atrowbridge@dbsr.com

Downey, Brand, Seymour & Rohwer
Dan Carroll
dcarroll@downeybrand.com

Downey, Brand, Seymour & Rohwer
Phil Stohr
pstohr@dbsr.com

Duke Energy North America
Melanie Gillette
mlgillette@duke-energy.com

Dynegy
Joseph M. Paul
jmpa@dynegy.com

Enserch Gas Marketing, Inc.
Cathy Hawes
353 Sacramento, St., Suite 400
San Francisco, CA 94111

Gas Purchasing
BC Gas Utility Ltd.
16705 Fraser Highway
Surrey, British Columbia, V3S 2X7

General Services Administration
Facilities Management (9PM-FT)
450 Golden Gate Ave.
San Francisco, CA 94102-3611

Goodin, MacBride, Squeri, Ritchie &
Day, LLP
J. H. Patrick
hpatrick@gmssr.com

Goodin, MacBride, Squeri, Ritchie &
Day, LLP
James D. Squeri
jsqueri@gmssr.com

Jacqueline Greig
jnm@cpuc.ca.gov

Hanna & Morton
Norman A. Pedersen, Esq.
npedersen@hanmor.com

David Huard
dhuard@manatt.com

Imperial Irrigation District
K. S. Noller
P. O. Box 937
Imperial, CA 92251

JBS Energy
Jeff Nahigian
jeff@jbsenergy.com

Jeffer, Mangels, Butler & Marmaro
2 Embarcadero Center, 5th Floor
San Francisco, CA 94111

Kern River Gas Transmission Company
Janie Nielsen
Janie.Nielsen@KernRiverGas.com

LADWP
Nevenka Ubavich
nubavi@ladwp.com

LADWP
Randy Howard
P. O. Box 51111, Rm. 956
Los Angeles, CA 90051-0100

Law Office of Andrew J. Skaff
Andrew Skaff
andy@skafflaw.com

Law Offices of Diane I. Fellman
Diane Fellman
difellman@fellmanlaw.com

Law Offices of William H. Booth
William Booth
wbooth@booth-law.com

Luce, Forward, Hamilton & Scripps
John Leslie
jleslie@luce.com

MRW & Associates
Robert Weisenmiller
mrw@mrwassoc.com

Matthew Brady & Associates
Matthew Brady
matt@bradylawus.com

National Utility Service, Inc.
Jim Boyle
One Maynard Drive, P. O. Box 712
Park Ridge, NJ 07656-0712

PG&E
Anita Smith
aws4@pge.com

PG&E
Sharon Tatai
skt2@pge.com

PG&E
Todd Novak
tsn2@pge.com

PG&E
Sue Shaw
sxs9@pge.com

PG&E National Energy Group
Eric Eisenman
eric.eisenman@neg.pge.com

Pacific Gas & Electric Co.
John Clarke
jpc2@pge.com

Praxair Inc
Rick Noger
rick_noger@praxair.com

Questar Southern Trails
Lenard Wright
Lenard.Wright@Questar.com

Regulatory & Cogen Services, Inc.
Donald W. Schoenbeck
900 Washington Street, #780
Vancouver, WA 98660

Richard Hairston & Co.
Richard Hairston
hairstonco@aol.com

William Scott
wms@cpuc.ca.gov

Southern California Edison Co
Fileroom Supervisor
2244 Walnut Grove Ave., Room 290,
GO1
Rosemead, CA 91770

Southern California Edison Co
Karyn Gansecki
601 Van Ness Ave., #2040
San Francisco, CA 94102

Southern California Edison Co.
Colin E. Cushnie
cushnice@sce.com

Southern California Edison Co.
Kevin Cini
cinikr@sce.com

Southern California Edison Co.
John Quinlan
john.quinlan@sce.com

Southwest Gas Corp.
Edward Zub
P. O. Box 98510
Las Vegas, NV 89193-8510

Suburban Water System
Bob Kelly
1211 E. Center Court Drive
Covina, CA 91724

Sutherland, Asbill & Brennan
Keith McCrea
kmccrea@sablaw.com

TURN
Marcel Hawiger
marcel@turn.org

TURN
Mike Florio
mflorio@turn.org

Transwestern Pipeline Co.
Kelly Allen
kelly.allen@enron.com

Vandenberg AFB
Ken Padilla
ken.padilla@vandenberg.af.mil

ATTACHMENT B
Advice No. 3387

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 37974-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6	Revised 37857-G
Revised 37975-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 37858-G
Revised 37976-G	TABLE OF CONTENTS	Revised 37860-G
Revised 37977-G	TABLE OF CONTENTS	Revised 37916-G

PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 6

(Continued)

PROCUREMENT CHARGE (Continued)

Schedule G-CS

Core Subscription Procurement Charge, per therm N/A*

Schedule GW-LB, GW-SD, GW-SWG and GW-VRN

Core Subscription Procurement Charge, per therm N/A*

CORE SUBSCRIPTION RESERVATION CHARGE

Schedule G-CS, GW-LB, GW-SD, GW-SWG and GW-VRN

Rate, per therm N/A*

* Pursuant to D.01-12-018, service is no longer offered under the Core Subscription Program. Core subscription rates are no longer applicable and will not be updated effective December 1, 2003.

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

March, 2004 84.839¢

April, 2004 94.101¢

May, 2004 94.701¢**

Noncore Retail Standby (SP-NR)

March, 2004 84.904¢

April, 2004 94.166¢

May, 2004 94.766¢**

Wholesale Standby (SP-W)

March, 2004 84.904¢

April, 2004 94.166¢

May, 2004 94.766¢**

Buy-Back Rate

Core and Noncore Retail (BR-R)

March, 2004 23.847¢

April, 2004 23.552¢

May, 2004 27.668¢

Wholesale (BR-W)

March, 2004 23.731¢

April, 2004 23.437¢

May, 2004 27.534¢

** Pursuant to Resolution G-3316, the May 2004 Standby Procurement Charge will be filed by separate advice letter at least one day prior to June 25, 2004.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3387
 DECISION NO.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jun 22, 2004
 EFFECTIVE Jun 22, 2004
 RESOLUTION NO. G-3316

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

March, 2004	84.839¢
April, 2004	94.101¢
May, 2004	94.701¢*

Noncore Retail Service:

SP-NR Standby Rate, per therm

March, 2004	84.904¢
April, 2004	94.166¢
May, 2004	94.766¢*

Wholesale Service:

SP-W Standby Rate per therm

March, 2004	84.904¢
April, 2004	94.166¢
May, 2004	94.766¢*

* Pursuant to Resolution G-3316, the May 2004 Standby Procurement Charge will be filed by separate advice letter at least one day prior to June 25, 2004.

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 Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred.

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ATTACHMENT C

ADVICE NO. 3387

**RATE CALCULATION WORKPAPER
SCHEDULE NO. G-IMB STANDBY PROCUREMENT CHARGE FILING
EFFECTIVE MAY 2004**

G-IMB Standby Procurement Charge Calculation

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.”

The highest daily border price index for the period was on May 26, 2004.

5/26/04 NGI’s Daily Gas Price Index (NDGPI) = \$0.6300 per therm

5/26/04 Gas Daily’s Daily Price Survey (GDDPS) = \$0.6300 per therm

Highest Daily Border Price Index (HDBPI) = (NDGPI + GDDPS) / 2

HDBPI = \$0.63000 per therm

SP-CR (Core Retail) = 150% x HDBPI + Core Brokerage Fee

SP-CR = 150% x \$ 0.63000 + \$ 0.00201 = \$ 0.94701

SP-NR (Noncore Retail) = 150% x HDBPI + Noncore Brokerage Fee

SP-NR = 150% x \$ 0.63000 + \$ 0.00266 = \$ 0.94766

SP-W (Wholesale) = 150% x HDBPI + Noncore Brokerage Fee

SP-W = 150% x \$ 0.63000 + \$ 0.00266 = \$ 0.94766