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June 30, 2004

Advice No. 3389 (U 904 G)

Public Utilities Commission of the State of California

Subject: June 2004 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 June 2004.

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 Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred¹.

Information

During the month of June 2004, 50% of the Adjusted Core Procurement Charge, G-CPA, is lower than the lowest incremental cost of gas. Therefore, the Buy-Back Rates for June 2004 are being set accordingly. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

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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 Core subscription rates are no longer applicable and will not be updated effective December 1, 2003. Therefore, the Buy-Back Rate can no longer be calculated using the Core Subscription Procurement Charge. As of December 2003, the Buy-Back Rate will be calculated using the new Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, as approved in Advice No. 3268.

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

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

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 (<u>jir@cpuc.ca.gov</u>) and to Honesto Gatchalian (<u>jnj@cpuc.ca.gov</u>) of the Energy Division. A copy of the protest should also be sent via both e-mail <u>and</u> 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 June 30, 2004 to coincide with SoCalGas' Adjusted Core Procurement Charge filing in Advice No. 3382, dated May 28, 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. 3389

(See Attached Service List)

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Diane Fellman

Coral Energy County of Los Angeles Crossborder Energy Walter Cinibulk Stephen Crouch Tom Beach 1100 N. Eastern Ave., Room 300 wcinibulk@coral-energy.com tomb@crossborderenergy.com Los Angeles, CA 90063 Pat Darish Davis Wright Tremaine, LLP **Davis Wright Tremaine, LLP** pdarish@acninc.com Christopher Hilen Edward W. O'Neill chrishilen@dwt.com One Embarcadero Center, #600 San Francisco, CA 94111-3834 **Dept. of General Services Dept. of General Services** Davis, Wright, Tremaine Judy Pau **Celia Torres Deniese Earley** judypau@dwt.com celia.torres@dgs.ca.gov deniese.earley@dgs.ca.gov **Dan Douglass** Downey, Brand, Seymour & Rohwer Downey, Brand, Seymour & Rohwer douglass@energyattorney.com **Ann Trowbridge** Dan Carroll atrowbridge@dbsr.com dcarroll@downeybrand.com Downey, Brand, Seymour & Rohwer **Duke Energy North America** Dynegy Phil Stohr **Melanie Gillette** Joseph M. Paul pstohr@dbsr.com mlgillette@duke-energy.com jmpa@dynegy.com Gas Purchasing Enserch Gas Marketing, Inc. **General Services Administration Cathy Hawes** BC Gas Utility Ltd. Facilities Management (9PM-FT) 353 Sacramento, St., Suite 400 16705 Fraser Highway 450 Golden Gate Ave. San Francisco, CA 94111 Surrey, British Columbia, V3S 2X7 San Francisco, CA 94102-3611 Goodin, MacBride, Squeri, Ritchie & Goodin, MacBride, Squeri, Ritchie & Jacqueline Greig Day, LLP Day, LLP jnm@cpuc.ca.gov J. H. Patrick James D. Squeri hpatrick@gmssr.com jsqueri@gmssr.com **Hanna & Morton David Huard** Imperial Irrigation District dhuard@manatt.com K. S. Noller Norman A. Pedersen, Esq. npedersen@hanmor.com P. O. Box 937 Imperial, CA 92251 **JBS Energy** Jeffer, Mangels, Butler & Marmaro Kern River Gas Transmission Company 2 Embarcaero Center, 5th Floor Janie Nielsen Jeff Nahigian San Francisco, CA 94111 Janie.Nielsen@KernRiverGas.com jeff@jbsenergy.com **LADWP LADWP** Law Office of Andrew J. Skaff Nevenka Ubavich Randy Howard **Andrew Skaff** nubavi@ladwp.com P. O. Box 51111, Rm. 956 andy@skafflaw.com Los Angeles, CA 90051-0100

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ATTACHMENT B Advice No. 3389

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 38025-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6	Revised 37974-G
Revised 38026-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 37975-G
Revised 38027-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3	Revised 37859-G
Revised 38028-G	TABLE OF CONTENTS	Revised 37976-G
Revised 38029-G	TABLE OF CONTENTS	Revised 37977-G

38025-G 37974-G

Sheet 6

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PRELIMINARY STATEMENT
<u>PART II</u>
SUMMARY OF RATES AND CHARGES

(Continued)

PROCUREMENT CHARGE (Continued)

Schedule G-CS

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)

core return stando y (SI CR)	
April, 2004	. 94.101¢
May, 2004	
June, 2004	TBD**
Noncore Retail Standby (SP-NR)	
April, 2004	. 94.166¢
May, 2004	
June, 2004	TBD**
Wholesale Standby (SP-W)	
April, 2004	94.166¢
May, 2004	,
June, 2004	,

Buy-Back Rate

Core and Noncore Retail (BR-R)	
April, 2004	23.552¢
May, 2004	
June, 2004	31.383¢
Wholesale (BR-W)	
April, 2004	23.437¢
May, 2004	
June, 2004	

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

(Continued)

(TO BE INSERTED BY UTILITY) 3389 ADVICE LETTER NO. DECISION NO. 89-11-060 & 90-09-089 6H11 et al.

ISSUED BY Lee Schavrien Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Jun 30, 2004 DATE FILED Jun 30, 2004 **EFFECTIVE** RESOLUTION NO.

LOS ANGELES, CALIFORNIA CANCELING Revis

Revised Revised CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

38026-G 37975-G

Schedule No. G-IMB TRANSPORTATION IMBALANCE SERVICE

Sheet 2

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(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 0.266ϕ per therm for noncore retail service and all wholesale service, and 0.201ϕ 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."

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('Ore	Retail	Service:
COLC	IXClan	DCI VICC.

SP-CR Standby Rate, per therm	
April, 2004	94.101¢
May, 2004	94.701¢
June, 2004	TBD*
Noncore Retail Service:	
SP-NR Standby Rate, per therm	
April, 2004	94.166¢
May, 2004	94.766¢
June, 2004	TBD*
Wholesale Service:	
SP-W Standby Rate per therm	
April, 2004	94.166¢
May, 2004	94.766¢
June, 2004	

^{*} To be determined (TBD). Pursuant to Resolution G-3316, the June 2004 Standby Procurement Charge will be filed by separate advice letter at least one day prior to July 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.

(Continued)

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3389 DECISION NO. 89-11-060 & 90-09-089 et al.

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jun 30, 2004

EFFECTIVE Jun 30, 2004

RESOLUTION NO.

Revised Revised

CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

38027-G 37859-G

Schedule No. G-IMB TRANSPORTATION IMBALANCE SERVICE

Sheet 3

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(Continued)

RATES (Continued)

Buy-Back Rate (Continued)

Retail Service:

BR-R Buy-Back Rate, per therm	
April, 2004	23.552¢
May, 2004	27.668¢
June 2004	31 383d

Wholesale Service:

BR-W Buy-Back Rate, per therm	
April, 2004	23.437¢
May, 2004	27.534¢
June, 2004	31.230¢

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)

ADVICE LETTER NO. 3389

DECISION NO. 89-11-060 & 90-09-089

et al.

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} & Jun \ 30, \ 2004 \\ \text{EFFECTIVE} & Jun \ 30, \ 2004 \\ \text{RESOLUTION NO.} \end{array}$

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GT-SD	Intrastate Transmission Service
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	32680-G,35958-G
GW-SD	Wholesale Natural Gas Service
	32685-G,35959-G
GW-SWG	Wholesale Natural Gas Service
	32690-G,35960-G
GW-VRN	Wholesale Natural Gas Service
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G-AUC	Auction Storage Service
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G-LTS	Long-Term Storage Service
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G-TBS	Transaction Based Storage Service
	31929-G,36315-G,27378-G
G-CBS	UDC Consolidated Billing Service
G-PPPS	Tax Surcharge to Fund Public Purpose Programs
G-SRF	Surcharge to Fund Public Utilities Commission
	Utilities Reimbursement Account
G-MHPS	Surcharge to Fund Public Utilities Commission
	Master Metered Mobile Home Park Gas Safety
	Inspection and Enforcement Program
G-MSUR	Transported Gas Municipal Surcharge
GIT	Interruptible Interutility Transportation
GLT	Long-Term Transportation of Customer-Owned
	Natural Gas
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	24575-G,24576-G,24577-G
GLT-2	Transportation of Customer-Owned Natural Gas 24578-G,24579-G,24580-G
a * 0 · · ·	24581-G,24582-G,24583-G
G-LOAN	Hub Loaning
G-PRK	Hub Parking
G-WHL	Hub Wheeling
G-FIG	Fiber Optic Cable in Gas Pipelines

(Continued)

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3389 DECISION NO. 89-11-060 & 90-09-089 et al. 3H11

ISSUED BY Lee Schavrien Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Jun 30, 2004 DATE FILED Jun 30, 2004 **EFFECTIVE** RESOLUTION NO.

37009-G,37010-G37011-G,37012-G,37013-G

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LOS ANGELES, CALIFORNIA CANCELING

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.

<u>GENERAL</u>	Cal. P.U.C. Sheet No.
Title Page	38029-G,37552-G
PRELIMINARY STATEMENT	10 0,37400 0,30770 0
Part I General Service Information	33-G,24334-G,24749-G
Part II Summary of Rates and Charges 37896-G,37897-G,37898-G,3749 32491-G,32492-G,37198-G,37866-G,3786	
Part III Cost Allocation and Revenue Requirement 27024-G,27025-G,2702	26-G,27027-G,37237-G
Part IV Income Tax Component of Contributions and Advances	36614-G,24354-G
Part V Description of Regulatory Accounts-Balancing	
Part VI Description of Regulatory Accounts-Memorandum	83-G,34684-G,34289-G
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Part X Global Settlement 32530-G,3253	31-G,32532-G,32533-G

(Continued)

(TO BE INSERTED BY UTILITY) 3389 ADVICE LETTER NO. DECISION NO. 89-11-060 & 90-09-089 et al. 1H11

ISSUED BY Lee Schavrien Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Jun 30, 2004 DATE FILED Jun 30, 2004 **EFFECTIVE** RESOLUTION NO.

ATTACHMENT C

ADVICE NO. 3389

RATE CALCULATION WORKPAPER BASED ON ADVICE NO. 3382 ADJUSTED CORE PROCUREMENT CHARGE FILING EFFECTIVE JUNE 1, 2004

Adjusted Core Procurement Charge:

Retail G-CPA: **62.765¢** per therm (WACOG: 61.534¢ + Franchise and Uncollectibles: 1.231¢ or [2.0012% * 61.534¢])

Wholesale G-CPA: 62.460¢ per therm (WACOG: 61.534¢ + Franchise: 0.926¢ or [1.5051% * 61.534¢])

G-IMB Buy-Back Rates:

BR-R = 50% of Retail G-CPA: 50% * 62.765 cents/therm = **31.383** cents/therm

BR-W = 50% of Wholesale G-CPA: 50% * 62.460 cents/therm = **31.230** cents/therm