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August 31, 2004

Advice No. 3402
(U 904 G)

Public Utilities Commission of the State of California

Subject: August 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 August 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 August 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 August 2004 are being set accordingly. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

¹ 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 Core subscription rates are no longer applicable and will not be updated effective December 1, 2003.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 August 2004 Standby Procurement Charges will be filed by separate advice letter at least one day prior to September 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 (jjr@cpuc.ca.gov) and to Honesto Gatchalian (ijnj@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 August 31, 2004 to coincide with SoCalGas' Adjusted Core Procurement Charge filing in Advice No. 3396, dated July 30, 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. 3402

(See Attached Service List)

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ATTACHMENT B
Advice No. 3402

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 38173-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6	Revised 38169-G
Revised 38174-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 38170-G
Revised 38175-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3	Revised 38101-G
Revised 38176-G	TABLE OF CONTENTS	Revised 38171-G
Revised 38177-G	TABLE OF CONTENTS	Revised 38172-G

PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 6

(Continued)

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

June, 2004	94.214¢	D
July, 2004	90.989¢	T
August, 2004	TBD*	T

Noncore Retail Standby (SP-NR)

June, 2004	94.279¢	D
July, 2004	91.054¢	T
August, 2004	TBD*	T

Wholesale Standby (SP-W)

June, 2004	94.279¢	D
July, 2004	91.054¢	T
August, 2004	TBD*	T

Buy-Back Rate

Core and Noncore Retail (BR-R)

June, 2004	31.383¢	D
July, 2004	29.304¢	R
August, 2004	27.816¢	R

Wholesale (BR-W)

June, 2004	31.230¢	D
July, 2004	29.162¢	R
August, 2004	27.681¢	R

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

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3402
 DECISION NO. 89-11-060 & 90-09-089
 648 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Aug 31, 2004
 EFFECTIVE Aug 31, 2004
 RESOLUTION NO. _____

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:

Core Retail Standby (SP-CR)

June, 2004	94.214¢	D
July, 2004	90.989¢	T
August, 2004	TBD*	T

Noncore Retail Service:

SP-NR Standby Rate, per therm

June, 2004	94.279¢	D
July, 2004	91.054¢	T
August, 2004	TBD*	T

Wholesale Service:

SP-W Standby Rate per therm

June, 2004	94.279¢	D
July, 2004	91.054¢	T
August, 2004	TBD*	T

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

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

June, 2004	31.383¢
July, 2004	29.304¢
August, 2004	27.816¢

Wholesale Service:

BR-W Buy-Back Rate, per therm

June, 2004	31.230¢
July, 2004	29.162¢
August, 2004	27.681¢

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.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3402
 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 Aug 31, 2004
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G-SRF	Surcharge to Fund Public Utilities Commission Utilities Reimbursement Account	37199-G
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(TO BE INSERTED BY UTILITY)
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 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 Aug 31, 2004
 EFFECTIVE Aug 31, 2004
 RESOLUTION NO. _____

ATTACHMENT C

ADVICE NO. 3402

**RATE CALCULATION WORKPAPER
BASED ON ADVICE NO. 3396
ADJUSTED CORE PROCUREMENT CHARGE FILING
EFFECTIVE AUGUST 1, 2004**

Adjusted Core Procurement Charge:

Retail G-CPA: 55.631¢ per therm
(WACOG: 54.540¢ + Franchise and Uncollectibles:
1.091¢ or [2.0012% * 54.540¢])

Wholesale G-CPA: 55.361¢ per therm
(WACOG: 54.540¢ + Franchise:
0.821¢ or [1.5051% * 54.540¢])

G-IMB Buy-Back Rates:

BR-R = 50% of Retail G-CPA:
50% * 55.631 cents/therm = **27.816** cents/therm

BR-W = 50% of Wholesale G-CPA:
50% * 55.361 cents/therm = **27.681** cents/therm