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October 29, 2004

Advice No. 3420  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: October 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 October 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 incurred.

**Information**

During the month of October 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 October 2004 are being set accordingly. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

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

Pursuant to Resolution G-3316, the October 2004 Standby Procurement Charges will be filed by separate advice letter at least one day prior to November 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, 4<sup>th</sup> 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](mailto:jjr@cpuc.ca.gov)) and to Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto: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  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-mail: [snewsom@SempraUtilities.com](mailto:snewsom@SempraUtilities.com)

**Effective Date**

It is requested that the tariff sheets filed herein be made effective October 31, 2004 to coincide with SoCalGas' Adjusted Core Procurement Charge filing in Advice No. 3412, dated September 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.

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J. STEVE RAHON  
Director  
Tariffs and Regulatory Accounts

Attachments

**ATTACHMENT A**

**Advice No. 3420**

**(See Attached Service List)**

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ATTACHMENT B  
Advice No. 3420

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 38346-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6	Revised 38342-G
Revised 38347-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 38343-G
Revised 38348-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3	Revised 38272-G
Revised 38349-G	TABLE OF CONTENTS	Revised 38344-G
Revised 38350-G	TABLE OF CONTENTS	Revised 38345-G

PRELIMINARY STATEMENT  
PART II  
SUMMARY OF RATES AND CHARGES

Sheet 6

(Continued)

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

August, 2004 .....	89.151¢	D
September, 2004 .....	84.389¢	T
October, 2004 .....	TBD*	D

Noncore Retail Standby (SP-NR)

August, 2004 .....	89.216¢	T
September, 2004 .....	84.454¢	D
October, 2004 .....	TBD*	T

Wholesale Standby (SP-W)

August, 2004 .....	89.216¢	D
September, 2004 .....	84.454¢	T
October, 2004 .....	TBD*	D

Buy-Back Rate

Core and Noncore Retail (BR-R)

August, 2004 .....	27.816¢	D
September, 2004 .....	23.931¢	I
October, 2004 .....	24.554¢	D

Wholesale (BR-W)

August, 2004 .....	27.681¢	I
September, 2004 .....	23.815¢	D
October, 2004 .....	24.435¢	I

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

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3420  
 DECISION NO. 89-11-060 & 90-09-089

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Oct 29, 2004  
 EFFECTIVE Oct 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)

August, 2004 .....	89.151¢	D
September, 2004 .....	84.389¢	
October, 2004 .....	TBD*	T

Noncore Retail Service:

SP-NR Standby Rate, per therm

August, 2004 .....	89.216¢	D
September, 2004 .....	84.454¢	
October, 2004 .....	TBD*	T

Wholesale Service:

SP-W Standby Rate per therm

August, 2004 .....	89.216¢	D
September, 2004 .....	84.454¢	
October, 2004 .....	TBD*	T

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

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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

August, 2004 .....	27.816¢
September, 2004 .....	23.931¢
October, 2004 .....	24.554¢

Wholesale Service:

BR-W Buy-Back Rate, per therm

August, 2004 .....	27.681¢
September, 2004 .....	23.815¢
October, 2004 .....	24.435¢

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)

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

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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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**ATTACHMENT C**

**ADVICE NO. 3420**

**RATE CALCULATION WORKPAPER  
BASED ON ADVICE NO. 3412  
ADJUSTED CORE PROCUREMENT CHARGE FILING  
EFFECTIVE OCTOBER 1, 2004**

**Adjusted Core Procurement Charge:**

**Retail G-CPA: 49.107¢** per therm  
(WACOG: 48.144¢ + Franchise and Uncollectibles:  
0.963¢ or [2.0012% \* 48.144¢])

**Wholesale G-CPA: 48.869¢** per therm  
(WACOG: 48.144¢ + Franchise:  
0.725¢ or [1.5051% \* 48.144¢])

**G-IMB Buy-Back Rates:**

**BR-R = 50% of Retail G-CPA:**  
50% \* 49.107 cents/therm = **24.554** cents/therm

**BR-W = 50% of Wholesale G-CPA:**  
50% \* 48.869 cents/therm = **24.435** cents/therm