



**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

November 1, 2004

Advice No. 3423  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Update of Public Purpose Program Surcharge Rates effective  
January 1, 2005**

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 to be effective January 1, 2005.

**Background**

This filing is being made in compliance with Ordering Paragraph (OP) 22 of Decision No. (D.) 04-08-010, in Rulemaking (R.) 02-10-001, to update SoCalGas' surcharge rates to fund PPP programs, as authorized by Assembly Bill (AB) 1002. 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 (R&D). Revenues collected from the surcharge are remitted to the State Board of Equalization (BOE), and are ultimately appropriated back to utilities or other entities designated by the Commission to administer public purpose programs.

On August 19, 2004, the Commission issued D.04-08-010 that addressed both the Phase 1 implementation issues on the gas surcharge rulemaking and Phase 2 administration of public purpose R&D. Pursuant to OP 10, SoCalGas is using the surcharge formula adopted in the decision for calculating the gas PPP surcharge rates. In addition, gas surcharge rates do not include franchise fees and uncollectibles (F&U). SoCalGas is using information provided by the Commission's Energy Division for calculating the gas surcharge rate as it relates to (1) the Commission and BOE administrative costs, (2) SoCalGas' portion of the \$12 million statewide R&D budget, and (3) the interstate pipeline volumes from 2001 through the first 2 quarters of 2004 to be used in computation of the surcharge rates as directed in D. 04-08-010. Furthermore, since SoCalGas' BCAP is more than three-years old, SoCalGas is using

the three-year average for its available billed gas volumes in calculating the gas surcharge rates for the customer classes.

Revised Schedule No. G-PPPS, as shown in Attachment B, updates the PPP surcharge rates to reflect SoCalGas' projection of the California Alternate Rates For Energy Account (CAREA) as of December 31, 2004, CARE customer consumption, and CARE administration expenses adopted in D.02-09-021. PPP surcharge rates also reflect SoCalGas' Low Income Energy Efficiency (LIEE) budget of \$34.5 million, adopted in D.03-11-020 on November 13, 2003<sup>1</sup>. The non-low income components reflect the 2005 R&D budget of \$6.0 million and the energy efficiency (EE) budget of \$27.0 million, adopted in D.03-12-060 and D.04-02-059.

The PPP rates are listed for CARE and Non-CARE customers by major customer class, and reflect changes to the CARE and R&D components of the gas PPP surcharge. The 2005 PPP surcharge revenue requirement is higher by \$7.2 million (or 4.9 percent) compared to 2004, which is primarily caused by increased forecasted CARE subsidy costs and approved R&D budget for 2005. The impact of the updated PPP surcharge rates, by major customer class, is shown on Attachment C.

### **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](mailto:jjr@cpuc.ca.gov)) and Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto: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](mailto:snewsom@semprautilities.com)

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<sup>1</sup> OP 2 of D.03-11-020 in R.01-08-027 continued the LIEE funding adopted in D.02-12-019, dated December 5, 2002, and remains in effect until further Commission order.

**Effective Date**

SoCalGas respectfully requests that the revised tariffs proposed herein be approved effective January 1, 2005.

**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. Workpapers have been provided to the Energy Division pursuant to D.04-08-010. Copies of the workpapers can be made available to other parties upon request by contacting the address in the Protest section above.

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J. STEVE RAHON  
Director  
Tariffs and Regulatory Accounts

Attachments

**ATTACHMENT A**

**Advice No. 3423**

**(See Attached Service Lists)**

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  
R. Mark Pocta  
rmp@cpuc.ca.gov

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

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

**Douglass & Liddell**  
 liddell@energyattorney.com

**Dan Douglass**  
 douglass@energyattorney.com

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

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

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

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

**Dynegy**  
**Joseph M. Paul**  
 jmpa@dynegy.com

**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 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

ORA  
 Galen Dunham  
 gsd@cpuc.ca.gov

PG&E  
 Anita Smith  
 aws4@pge.com

PG&E  
 Sue Shaw  
 sxs9@pge.com

PG&E  
 Todd Novak  
 tsn2@pge.com

PG&E  
 Sharon Tatai  
 skt2@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

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  
 Colin.Cushnie@SCE.com

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

Southern California Edison Co.  
 Kevin Cini  
 Kevin.Cini@SCE.com

Southern California Edison Company  
 Michael Alexander  
 Michael.Alexander@sce.com

Southwest Gas Corp.  
 John Hester  
 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

The Mehle Law Firm PLLC  
 Colette B. Mehle  
 cmehle@mehlelaw.com

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

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

Western Manufactured Housing  
 Communities Assoc.  
 Sheila Day  
 sheila@wma.org

**CALIFORNIA ENERGY COMMISSION**  
**DAVID ABELSON**  
 dabelson@energy.state.ca.us

**CALIF PUBLIC UTILITIES COMMISSION**  
 Zaida Amaya-Pineda  
 zca@cpuc.ca.gov

**NATURAL RESOURCES DEFENSE COUNCIL**  
**DEVRA BACHRACH**  
 dbachrach@nrdc.org

**SEMPRA ENERGY**  
**GEORGETTA J. BAKER**  
 gbaker@sempra.com

**UC-CALIF. INST. FOR ENERGY EFFICIENCY**  
**CARL BLUMSTEIN**  
 blumstei@socrates.berkeley.edu

**LATINO ISSUES FORUM**  
**SUSAN E. BROWN**  
 lifcentral@lif.org

**WEST COAST GAS CO., INC.**  
**RAYMOND J. CZAHAR**  
 westgas@aol.com

**CALIF PUBLIC UTILITIES COMMISSION**  
 Eugene Cadenasso  
 cpe@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
 Sherrene Chew  
 spc@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
 Bruce DeBerry  
 bmd@cpuc.ca.gov

**SESCO, INC.**  
**RICHARD ESTEVES**  
 sesco@optonline.net

**HANNA AND MORTON LLP**  
**LARRY GUTTERRIDGE**  
 lgutteridge@hanmor.com

**THE UTILITY REFORM NETWORK**  
**MARCEL HAWIGER**  
 marcel@turn.org

**PACIFIC GAS AND ELECTRIC COMPANY**  
**EVELYN C. LEE**  
 ecl8@pge.com

**GRUENEICH RESOURCE ADVOCATES**  
**JODY LONDON**  
 jlondon@gralegal.com

**PACIFIC GAS AND ELECTRIC COMPANY**  
**ROBERT B. MCLENNAN**  
 rbm4@pge.com

**RESCUE**  
**DANIEL W. MEEK**  
 dan@meek.net

**AVISTA UTILITIES**  
**KATHY MITCHELL**  
 rateca@avistacorp.com

**CALIF PUBLIC UTILITIES COMMISSION**  
 Monica L. McCrary  
 mlm@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
 Barbara A. Morton  
 bam@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
 Richard A. Myers  
 ram@cpuc.ca.gov

**BOARD OF EQUALIZATION**  
**M. JUDITH NELSON**  
 judy.nelson@boe.ca.gov

**UC ENERGY INSTITUTE**  
**KAREN NOTSUND**  
 knotsund@uclink.berkeley.edu

**SEMPRA ENERGY**  
**STEVEN D. PATRICK**  
 spatrick@sempra.com

**CALIF PUBLIC UTILITIES COMMISSION**  
 Stephen J. Rutledge  
 sjr@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
 Maria E. Stevens  
 mer@cpuc.ca.gov

**CALIFORNIA ENERGY COMMISSION**  
**JENNIFER TACHERA**  
 jtachera@energy.state.ca.us

**CALIF PUBLIC UTILITIES COMMISSION**  
 Terrie J. Tannehill  
 tjt@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
 Thomas W. Thompson  
 ttt@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
 Donna L. Wagoner  
 dlw@cpuc.ca.gov



ATTACHMENT B  
Advice No. 3423

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 38385-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 9	Revised 37198-G*
Revised 38386-G	Schedule No. G-PPPS, PUBLIC PURPOSE PROGRAMS SURCHARGE, Sheet 1	Revised 38261-G
Revised 38387-G	TABLE OF CONTENTS	Revised 38349-G
Revised 38388-G	TABLE OF CONTENTS	Revised 38350-G

PRELIMINARY STATEMENT  
 PART II  
SUMMARY OF RATES AND CHARGES

Sheet 9

(Continued)

PUBLIC PURPOSE PROGRAM SURCHARGE

Schedule G-PPPS

Tax Surcharge  
For all service, per meter, per month

<u>Customer Class</u>	<u>CARE Customer</u> (¢/therm)	<u>Non-CARE Customer</u> (¢/therm)
Core		
Residential	2.003	3.802
Commercial/Industrial	1.642	3.440
Gas Air Conditioning	0.085	1.884
Gas Engine	N/A	2.115
Natural Gas Vehicle	N/A	1.779
Noncore		
Commercial/Industrial	N/A	1.828

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SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

Schedule G-SRF

Surcharge, per therm ..... 0.076¢

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%

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3423  
 DECISION NO. 04-08-010

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Nov 1, 2004  
 EFFECTIVE Jan 1, 2005  
 RESOLUTION NO. \_\_\_\_\_

Schedule No. G-PPPS  
PUBLIC PURPOSE PROGRAMS SURCHARGE

Sheet 1

APPLICABILITY

Applicable to all gas sales and transportation services rendered under all tariff rate schedules authorized by the Commission. Customers will have a gas public purpose program (PPP) 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, as referenced in Section 896 of the Public Utilities Code. (See also the California Energy Resources Surcharge Regulation Sections 2315 and 2316 as identifying exempt customers.) California Alternate Rates for Energy (CARE) customers will receive the surcharge excluding CARE program costs along with applicable customers receiving sales for street lighting.

TERRITORY

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

RATES

<u>Customer Class</u>	<u>PPP Surcharge**</u>	
	<u>For all service, per meter, per month</u>	
	<u>CARE Customer***</u> (¢/therm)	<u>Non-CARE Customer</u> (¢/therm)
Core		
Residential	2.003	3.802
Commercial/Industrial	1.642	3.440
Gas Air Conditioning	0.085	1.884
Gas Engine	N/A	2.115
Natural Gas Vehicle	N/A	1.779
Noncore		
Commercial/Industrial	N/A	1.828

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

(TO BE INSERTED BY CAL. PUC)  
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(TO BE INSERTED BY UTILITY)  
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ISSUED BY  
**Lee Schavrien**  
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 Regulatory Affairs

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 RESOLUTION NO. \_\_\_\_\_

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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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Part III Cost Allocation and Revenue Requirement .....	27024-G,37920-G,27026-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 .....	35874-G,34820-G,37156-G 37004-G,34822-G,36082-G,36083-G,36084-G,36085-G,36086-G,34682-G,35770-G,35874-G
Part VI Description of Regulatory Accounts-Memorandum .....	38003-G,34279-G,34280-G 34281-G,38004-G,38005-G,38006-G,38007-G,38008-G,38009-G 38010-G,38011-G,38012-G,38013-G,38014-G,38015-G,38016-G
Part VII Description of Regulatory Accounts-Tracking .....	38017-G,38018-G,38019-G 38020-G,38021-G,38022-G,38023-G
Part VIII Gas Cost Incentive Mechanism (GCIM) .....	37921-G,35877-G,37922-G,36869-G 36870-G,35881-G
Part IX Hazardous Substances Mechanism (HSM) .....	26199-G,26200-G,26201-G
Part X Global Settlement .....	32530-G,32531-G,32532-G,32533-G

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3423  
 DECISION NO. 04-08-010

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Nov 1, 2004  
 EFFECTIVE Jan 1, 2005  
 RESOLUTION NO. \_\_\_\_\_

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**ATTACHMENT C**

**Advice No. 3467**

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

**As filed by Advice No. 3423**

**Attachment C**  
**SUMMARY OF PPP SURCHARGE RATES**  
**SOUTHERN CALIFORNIA GAS COMPANY**  
**PPP Surcharge Update for 1/1/2005**

Customer Class	CARE Customers			Non-CARE Customers		
	2004 <sup>1</sup> ¢/th (b)	2005 ¢/th (c)	% Change % (d)	2004 <sup>1</sup> ¢/th (e)	2005 ¢/th (f)	% Change % (g)
<b>Core</b>						
1. Residential	1.881	2.003	6%	3.700	3.802	3%
2. Commercial/Industrial	1.812	1.642	-9%	3.631	3.440	-5%
3. Gas Air Conditioning	0.073	0.085	18%	1.892	1.884	0%
4. Gas Engine	N/A	N/A	N/A	2.245	2.115	-6%
5. Natural Gas Vehicle	N/A	N/A	N/A	1.819	1.799	-1%
<b>Noncore</b>						
6. Commercial/Industrial	N/A	N/A	N/A	1.828	1.828	0%
	<b>2004</b>	<b>2005</b>	<b>Rev Change</b>	<b>% Change</b>		
	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>%</b>		
7. System Total Revenue <sup>2</sup>	144,947	152,111	7,164	4.9%		

<sup>1</sup> Present Rates reflect gas rates filed in AL 3304 and approved pursuant to PUC Resolution G-3361, effective January 1, 2004.

<sup>2</sup> Includes RD&D Funds Allocated To But Not Collected From PPP-Exempt Electric Generation, EOR and Wholesale Customer Classes. Unallocated "Common Good" RD&D for 2004 = \$31,987. Unallocated "Common Good" RD&D for 2005 = \$376,872.