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November 23, 2004

Advice No. 3429
(U 904 G)

Public Utilities Commission of the State of California

Subject: October 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 October 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 October 2004 (covering the period October 1, 2004 to November 20, 2004), the highest daily border price index at the Southern California border is **\$0.75050** per therm. The resultant Standby Procurement Charges, calculated in the

manner set forth above, are \$1.12841 per therm for noncore retail service and all wholesale service, and \$1.12776 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 November 23, 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 November 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. 3429

(See Attached Service List)

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ATTACHMENT B
Advice No. 3429

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 38434-G | PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6 | Revised 38346-G |
| Revised 38435-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2 | Revised 38347-G |
| Revised 38436-G | TABLE OF CONTENTS | Revised 38432-G |
| Revised 38437-G | TABLE OF CONTENTS | Revised 38433-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¢ |
| September, 2004 | 84.389¢ |
| October, 2004 | 112.776¢ |

Noncore Retail Standby (SP-NR)

| | |
|-----------------------|----------|
| August, 2004 | 89.216¢ |
| September, 2004 | 84.454¢ |
| October, 2004 | 112.841¢ |

Wholesale Standby (SP-W)

| | |
|-----------------------|----------|
| August, 2004 | 89.216¢ |
| September, 2004 | 84.454¢ |
| October, 2004 | 112.841¢ |

Buy-Back Rate

Core and Noncore Retail (BR-R)

| | |
|-----------------------|---------|
| August, 2004 | 27.816¢ |
| September, 2004 | 23.931¢ |
| October, 2004 | 24.554¢ |

Wholesale (BR-W)

| | |
|-----------------------|---------|
| August, 2004 | 27.681¢ |
| September, 2004 | 23.815¢ |
| October, 2004 | 24.435¢ |

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3429
 DECISION NO.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 23, 2004
 EFFECTIVE Nov 23, 2004
 RESOLUTION NO. G-3316

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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¢ |
| September, 2004 | 84.389¢ |
| October, 2004 | 112.776¢ |

Noncore Retail Service:

SP-NR Standby Rate, per therm

| | |
|-----------------------|----------|
| August, 2004 | 89.216¢ |
| September, 2004 | 84.454¢ |
| October, 2004 | 112.841¢ |

Wholesale Service:

SP-W Standby Rate per therm

| | |
|-----------------------|----------|
| August, 2004 | 89.216¢ |
| September, 2004 | 84.454¢ |
| October, 2004 | 112.841¢ |

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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| GW-LB | Wholesale Natural Gas Service | 37943-G,38061-G,38062-G 38063-G,38064-G |
| GW-SD | Wholesale Natural Gas Service | 37948-G,37949-G,37950-G 37951-G |
| GW-SWG | Wholesale Natural Gas Service | 37952-G,37953-G,37954-G,37955-G |
| GW-VRN | Wholesale Natural Gas Service | 37956-G,37957-G,37958-G 37959-G,37960-G |
| G-IMB | Transportation Imbalance Service | 36312-G,38435-G,38348-G,38430-G 38431-G,36313-G,33498-G |
| G-ITC | Interconnect Access Service | 32698-G,32699-G |
| G-BSS | Basic Storage Service | 32700-G,32701-G,32702-G,32703-G 37961-G,37962-G,37963-G,37964-G |
| G-AUC | Auction Storage Service | 32708-G,32709-G,32710-G,32711-G 32712-G,32713-G,36314-G,32715-G |
| G-LTS | Long-Term Storage Service | 32716-G,32717-G,32718-G,32719-G 32720-G,32721-G,37965-G,37966-G |
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| G-CBS | UDC Consolidated Billing Service | 34071-G,34072-G,34073-G,33095-G |
| G-PPPS | Tax Surcharge to Fund Public Purpose Programs | 37025-G,34262-G |
| G-SRF | Surcharge to Fund Public Utilities Commission Utilities Reimbursement Account | 37199-G |
| G-MHPS | Surcharge to Fund Public Utilities Commission Master Metered Mobile Home Park Gas Safety Inspection and Enforcement Program | 32828-G |
| G-MSUR | Transported Gas Municipal Surcharge | 36621-G,25006-G |
| GIT | Interruptible Interutility Transportation | 24567-G,24568-G |
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| G-LOAN | Hub Loaning | 37299-G |
| G-PRK | Hub Parking | 37300-G |
| G-WHL | Hub Wheeling | 37547-G |
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(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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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> | <u>Cal. P.U.C. Sheet No.</u> |
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| Title Page | 21888-G |
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| Table of Contents--Service Area Maps and Descriptions | 28516-G |
| Table of Contents--Rate Schedules | 38407-G,38408-G,38436-G |
| Table of Contents--List of Cities and Communities Served | 37398-G |
| Table of Contents--List of Contracts and Deviations | 37894-G |
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PRELIMINARY STATEMENT

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| Part II Summary of Rates and Charges | 38389-G,38390-G,38391-G,37918-G,38392-G,38434-G 32491-G,32492-G,37198-G,38355-G,38356-G,37495-G,37496-G |
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| Part IV Income Tax Component of Contributions and Advances | 36614-G,24354-G |
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| 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 |
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| Part X Global Settlement | 32530-G,32531-G,32532-G,32533-G |

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ATTACHMENT C

ADVICE NO. 3429

**RATE CALCULATION WORKPAPER
SCHEDULE NO. G-IMB STANDBY PROCUREMENT CHARGE FILING
EFFECTIVE OCTOBER 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 October 28, 2004.

10/28/04 NGI's Daily Gas Price Index (NDGPI) = \$0.7500 per therm

10/28/04 Gas Daily's Daily Price Survey (GDDPS) = \$0.7510 per therm

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

HDBPI = \$0.75050 per therm

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

SP-CR = 150% x \$ 0.75050 + \$ 0.00201 = \$ 1.12776

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

SP-NR = 150% x \$ 0.75050 + \$ 0.00266 = \$ 1.12841

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

SP-W = 150% x \$ 0.75050 + \$ 0.00266 = \$ 1.12841