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December 15, 2004

Advice No. 3437
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revised Gas Main and Service Extension Rule Nos. 20 and 21

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 filing updates the extension allowances provided in Rule Nos. 20, Gas Main Extensions and 21, Gas Service Extensions.

Background

On May 1, 1998 SoCalGas filed Advice No. 2708 in compliance with D.97-12-098 and D.97-12-099, among others, to revise Rule Nos. 20 and 21. On May 13, 1999, the California Public Utilities Commission (Commission) issued Resolution E-3576 approving Advice No. 2708 subject to certain modifications. To comply with Resolution E-3576, SoCalGas filed Advice No. 2708-A. On October 15, 1999, The Utility Reform Network (TURN) filed a protest to Advice No. 2708-A and on January 26, 2000 SoCalGas filed its response to TURN's protest. On March 29, 2000, the Energy Division, TURN, and SoCalGas met to discuss how best to resolve the issues of concern to all parties. In a May 1, 2000 letter, SoCalGas presented a joint recommendation between TURN and SoCalGas to finally resolve the matter. It was jointly recommended to implement Advice No. 2708-A as filed, conditioned upon SoCalGas updating its extension allowances within 120 days of the later of a decision in A98-10-012 BCAP and the Commission approval of Advice No. 2708-A as filed.

On August 25, 2004, the Commission approved Advice Letter 2708-A with an effective date of August 11, 1999.

Information

The total maximum revenue based allowance will be lowered from \$1715 to \$1615. The change is a result of a change in the Cost-Of-Service Factor. The revised allowances were determined by using the formula found in Rule No. 20, section C.2.c., **Net Revenue divided by Cost-Of-Service Factor**. The allowances tables in Rule Nos. 20 and 21 have been modified and combined to eliminate customer confusion and standardize the treatment of allowances for all customer classes. This is consistent with and conforms to the Commission's mandate to standardize the line extension tariffs. This change provides an allowance treatment that is consistent with the treatment by San Diego Gas & Electric, Pacific Gas and Electric, and Southern California Edison. The allowances table, now found in Rule No. 20, also applies to Rule No. 21 extensions. As a result, duplicative language regarding services and Meter Set Assemblies is deleted from section C.1.

Protest

Anyone may protest this Advice Letter to the 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 (inj@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

SoCalGas respectfully requests that this filing be made effective as of January 24, 2005, which is not less than forty (40) days regular statutory notice.

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 and to the parties in R.92-03-050.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachments

ATTACHMENT A

Advice No. 3437

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3437

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 38506-G	Rule No. 20, GAS MAIN EXTENSIONS, Sheet 3	Revised 31802-G
Revised 38507-G	Rule No. 20, GAS MAIN EXTENSIONS, Sheet 4	Revised 31803-G
Revised 38508-G	Rule No. 20, GAS MAIN EXTENSIONS, Sheet 7	Revised 31806-G
Revised 38509-G	Rule No. 20, GAS MAIN EXTENSIONS, Sheet 11	Revised 37769-G
Revised 38510-G	Rule No. 21, GAS SERVICE EXTENSIONS, Sheet 9	Revised 31821-G
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Revised 38512-G*	TABLE OF CONTENTS	Revised 38822-G

Rule No. 20
GAS MAIN EXTENSIONS

Sheet 3

(Continued)

B. INSTALLATION RESPONSIBILITIES (Continued)

3. INSTALLATION OPTIONS

- a. UTILITY-PERFORMED WORK. Where requested by Applicant and mutually agreed upon, the Utility may furnish and install the substructures and/or Protective Structures, provided Applicant pays the Utility its total estimated installed cost.
- b. APPLICANT-PERFORMED WORK. Applicant may elect to install that portion of the new extension normally installed by the Utility, in accordance with the Utility's design and specifications, using qualified contractors. (See Section G, Applicant Installation Option.)

C. EXTENSION ALLOWANCES

- 1. GENERAL. Utility will complete an extension without charge provided the Utility's total estimated installed cost does not exceed the allowances as determined, from permanent, bona-fide loads to be served by the extension within a reasonable time, as determined by the Utility. The allowance will first be applied to the Service Extension (including the Meter Set Assemblies), in accordance with Rule No. 21. Any excess allowance will be applied to the Distribution Main Extension to which the Service Extension is connected.
- 2. BASIS OF ALLOWANCES. Allowances shall be granted to an Applicant for Permanent Service; or to an Applicant for a subdivision or development under the following conditions:
 - a. Utility is provided evidence that construction will proceed promptly and financing is adequate; and,
 - b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s); or,
 - c. Where there is equivalent evidence of occupancy or gas usage satisfactory to the Utility.

The allowances in Section C.3 and C.4 are based on a revenue-supported methodology using the following formula:

$$\text{ALLOWANCE} = \frac{\text{NET REVENUE}}{\text{COST-OF-SERVICE FACTOR}}$$

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3437
DECISION NO.

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Dec 15, 2004
EFFECTIVE Feb 7, 2005
RESOLUTION NO. _____

Rule No. 20
GAS MAIN EXTENSIONS

Sheet 4

(Continued)

C. EXTENSION ALLOWANCES (Continued)

3. RESIDENTIAL ALLOWANCES. The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof for Permanent Residential Service on a per-unit basis is as follows:

WATER HEATING	\$514
SPACE HEATING	\$586
COOKTOP & OVEN	\$ 75
DRYER STUB	\$107
SPACE COOLING	\$333

4. NON-RESIDENTIAL ALLOWANCES. The total allowance for both gas Main and Service extensions for Permanent Non-Residential service is determined by the Utility using the formula in Section C.2. Utility, at its election, may apply a Non-Residential Allowance Net Revenue Multiplier of three point three one (3.31) as defined in Section I, when it serves as a reasonable proxy for the formula in section C.2.

Where the extension will serve a combination of residential and non-residential meters, residential allowances will be added to the non-residential allowances.

5. SEASONAL, INTERMITTENT, INSIGNIFICANT, AND EMERGENCY LOADS. When Applicant requests service that requires an extension to serve loads that are seasonal or intermittent, the allowance for such loads shall be determined using the formula in Section C.2. No allowance will be provided where service is used only for emergency purposes, or for Insignificant Loads.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3437
 DECISION NO.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 15, 2004
 EFFECTIVE Feb 7, 2005
 RESOLUTION NO. _____

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Rule No. 20
GAS MAIN EXTENSIONS

Sheet 7

(Continued)

E. REFUND BASIS (Continued)

4. RESIDENTIAL. Refunds will be made on the basis of a new customer's Permanent Load which produces additional revenues to the Utility. The refund will be deducted from the total refundable amount, and the remaining amount subject to refund represents that portion of the extension cost not supported by revenues. (See Section E.11 for series refund provisions.)
5. NON-RESIDENTIAL. Utility shall be responsible for reviewing Applicant's actual base annual revenue for the first three (3) years from the date the Utility is first ready to serve. Applicant shall be responsible for notifying the Utility if new, permanent load is added from the fourth (4th) through the tenth (10th) year from the date first ready to serve. Such review shall determine if the additional revenue supports any refunds to the Applicant. (See Section E.11 for series refund provisions.)
6. UNSUPPORTED EXTENSION COST. When any portion of a refundable amount has not qualified for a refund at the end of thirty-six (36) months from the date the Utility is first ready to serve, Applicant will pay to the Utility a monthly Ownership Charge on the remaining refundable balance. Ownership charges are in addition to the refundable amount, and will normally be accumulated and deducted from refunds due Applicant. The current monthly Ownership Charge is 0.68%. The monthly ownership charges to Applicant will automatically change in the event the rates set forth in this Rule change. This provision does not apply to individual residential Applicants.
7. REFUND TIMING. Refunds will be made without interest within ninety (90) days after the date of first service to new permanent loads, except that refunds may be accumulated to a fifty dollar (\$50) minimum, or the total refundable balance, if less than fifty dollars (\$50).
8. MAXIMUM REFUND. No refund shall be made in excess of the refundable amount nor after a period of ten (10) years from the date the Utility is first ready to serve. Any unrefunded amount remaining at the end of the ten (10) year period shall become the property of the Utility.
9. PREVIOUS RULES. Refundable amounts paid, contributed, or advanced under conditions of a rule previously in effect will be refunded in accordance with the provisions of such earlier rule.
10. JOINT APPLICANTS. When two (2) or more parties make joint Contributions or Advances on the same extension, refunds will be distributed to these parties in the same proportion as their individual Contributions or Advances bear to the total refundable amount, or as they may mutually agree.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3437
 DECISION NO.
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ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 15, 2004
 EFFECTIVE _____
 RESOLUTION NO. _____

Rule No. 20
GAS MAIN EXTENSIONS

(Continued)

H. SPECIAL CONDITIONS (Continued)

2. PERIODIC REVIEW. Utility will periodically review the factors it uses to determine its residential allowances, non-refundable discount option percentage rate, Non-Residential Net Revenue Multiplier, Ownership Charge, and cost-of-service factor stated in this rule. If such review results in a change of more than five percent (5%), the Utility will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision.

Additionally, Utility shall review and submit proposed tariff revisions to implement relevant Commission decisions from other proceedings that affect this Rule.

3. EXCEPTIONAL CASES. When the application of this rule appears impractical or unjust to either party or the ratepayers, the Utility or Applicant may refer the matter to the Commission for a special ruling, or for the approval of special condition(s) which may be mutually agreed upon.

4. SERVICE FROM HIGH PRESSURE LINES. The Utility will not tap a gas transmission line except at its option when conditions in its opinion justify such a tap. Such taps are made in accordance with the provisions of this rule.

I. DEFINITIONS

ADVANCES. Cash payments made to the Utility prior to the initiation of any work done by the Utility which is not covered by allowances.

APPLICANT. A person or agency requesting Utility to supply gas service.

APPLICANT'S CONTRACT ANTICIPATED COST. The cost estimate provided by the Applicant's contractor to the Applicant for performing the applicable refundable work, as stated on the Applicant's cost statement form (Form 66602), or in the case where the work is performed by the Applicant, the Applicant's own cost estimate on the signed form.

BETTERMENTS. Facilities installed for the Utility's operating convenience such as, but not limited to, the following: to improve gas flow or correct poor pressure conditions, to increase line capacity available to an existing system, to permit pressure conversion of an area, or to install proportionally larger pipe than necessary to provide for future load growth, will be installed at the expense of the Utility.

CONTRIBUTION. In-kind services, and/or the value of all property conveyed to the Utility at any time during the Utility's work on an extension which is part of the Utility's total estimated installed cost of its facilities, or cash payments not covered by Applicant's allowances.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3437
DECISION NO.

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Dec 15, 2004
EFFECTIVE _____
RESOLUTION NO. _____

Rule No. 21
GAS SERVICE EXTENSIONS

Sheet 9

(Continued)

E. ALLOWANCES AND PAYMENTS BY APPLICANT

1. GENERAL. Utility will provide the Service Lateral extension without charge provided the Utility's total estimated installed cost (including Meter Set Assembly) does not exceed the allowances as determined from permanent, bona-fide loads to be served by the extension within a reasonable time as determined by the Utility.
2. ALLOWANCES. The allowances for Distribution Main Extensions, Service Extensions, or a combination thereof, for Permanent Residential and Non-Residential Services is determined by Utility using the formula in Rule No. 20, section C. The allowances will first be applied to the Service Extension (including the metering). Any excess allowance will be applied to the Distribution Main Extension, in accordance with Rule No. 20, to which the Service Extension is connected.
3. SEASONAL, INTERMITTENT, INSIGNIFICANT, AND EMERGENCY LOADS. When Applicant requests service that requires an extension to serve loads that are seasonal or intermittent, the allowance for such loads shall be determined by using the formula in section C.2. of Rule No. 20. No allowance will be provided where service is used only for emergency purposes, or for insignificant loads.
4. PAYMENTS. Applicant is responsible to pay Utility the following non-refundable costs, as applicable under this rule and in advance of Utility commencing its work:
 - a. EXCESS SERVICE. Utility estimated installed cost (including trenching and appurtenant facilities such as fittings, valves, etc.) for the excess service cost beyond the allowance.
 - b. TAX. Any payments or contribution of facilities by Applicant are taxable Contributions in Aid of Construction (CIAC) and shall include an Income Tax Component of Contribution and Advances (ITCCA) for state and federal tax at the rate provided in Utility's Preliminary Statement.

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