



J. Steve Rahon
Director
Tariffs & Regulatory Accounts

8315 Century Park Ct.
San Diego, CA 92123-1550
Tel: 858.654.1773
Fax 858.654.1788
srahon@SempraUtilities.com

April 1, 2005

Advice No. 3485
(U 904 G)

Public Utilities Commission of the State of California

Subject: Core Pricing Flexibility and Noncore Load Growth Opportunity Programs Filing

Southern California Gas Company (SoCalGas) hereby submits for filing with the Public Utilities Commission (Commission) its Core Pricing Flexibility and Noncore Load Growth Opportunity Program information for 2004. This filing is made in compliance with Decision (D.) No. 97-07-054, SoCalGas' Performance Based Regulation (PBR), dated July 16, 1997, and D.00-04-060, SoCalGas' 1999 Biennial Cost Allocation Proceeding, dated April 25, 2000.

Core Pricing Flexibility

D.97-07-054 and D.98-01-040 authorize a core pricing flexibility program for SoCalGas as detailed in Section K.2 of Advice No. 2687-A. Under this arrangement, SoCalGas shareholders are responsible for any reduction in core revenues that may occur due to discounting, while revenue gains will be shared between ratepayers and shareholders in accordance with the PBR sharing mechanism.¹ The Commission has authorized a Core Fixed Cost Account (CFCA) adjustment mechanism to adjust the CFCA by revenue gains to be shared between ratepayers and shareholders.

The Core Pricing Flexibility program recorded 2004 incremental net revenues of \$1,211,981.

Noncore Competitive Load Growth Opportunities

D.00-04-060 authorizes SoCalGas' revenue treatment for new negotiated contracts that are part of a California Red Team economic development effort and contracts where Rule 38 shareholder funding has been used. Under this arrangement, SoCalGas shareholders are responsible for any reduction in noncore revenues that may occur due to discounting, while revenue gains will be shared between ratepayers and shareholders in accordance with the PBR sharing mechanism.¹ The Commission has authorized a Noncore Fixed

¹ Pursuant to D.05-03-023, there is no PBR earnings sharing for 2004.

Cost Account (NFCA) adjustment mechanism to adjust the NFCA by revenue gains to be shared between ratepayers and shareholders.

The Noncore Competitive Load Growth Opportunities program recorded 2004 incremental net revenues of \$486,278.

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 (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

Effective Date

SoCalGas respectfully requests that this advice letter be approved effective May 11, 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 to this Advice Letter which includes the parties on the service list in SoCalGas' COS A.02-12-027.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachments

ATTACHMENT A

Advice No. 3485

(See Attached Service Lists)

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

BP Amoco, Reg. Affairs
Marianne Jones
501 West Lake Park Blvd.
Houston, TX 77079

BP EnergyCo.
J. M. Zaiantz
Zaiantj@bp.com

Barkovich & Yap
Catherine E. Yap
ceyap@earthlink.net

Beta Consulting
John Burkholder
burkee@cts.com

CPUC
Consumer Affairs Branch
505 Van Ness Ave., #2003
San Francisco, CA 94102

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

CPUC
R. Mark Pocta
rmp@cpuc.ca.gov

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 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
200 North Main Street, 800
Los Angeles, CA 90012

City of Pasadena
Manuel A. Robledo
150 S. Los Robles Ave., #200
Pasadena, CA 91101

City of Riverside
Joanne Snowden
jsnowden@riversideca.gov

City of Vernon
Daniel Garcia
dgarcia@ci.vernon.ca.us

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 Hilten
chrishilten@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

Douglass & Liddell
liddell@energyattorney.com

Dan Douglass
douglass@energyattorney.com

Downey, Brand, Seymour & Rohwer
Ann Trowbridge
atrowbridge@downeybrand.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
nevenka.ubavich@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

March Joint Powers Authority
Lori Stone
PO Box 7480,
Moreno Valley, CA 92552

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

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 Houseing
Communities Assoc.
Sheila Day
sheila@wma.org

ADAMS ELECTRICAL SAFETY
CONSULTING
WILLIAM P. ADAMS
716 BRETT AVENUE
ROHNERT PARK, CA 94928-4012

ALCANTAR & KAHL LLP
MICHAEL ALCANTAR
mpa@a-klaw.com

ENDEMAN, LINCOLN, TUREK &
HEATER LLP
JAMES C. ALLEN
jallen@elthlaw.com

CALIF PUBLIC UTILITIES COMMISSION
Joyce Alfton
alf@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Paul Angelopulo
pfa@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Bernard Ayanruoh
ben@cpuc.ca.gov

BARKOVICH & YAP, INC.
BARBARA R. BARKOVICH
brbarkovich@earthlink.net

SAN LUIS OBISPO MOTHERS FOR
PEACE
ROCHELLE BECKER
rochelle489@charter.net

MC CARTHY & BERLIN, LLP
C. SUSIE BERLIN
sberlin@mccarthyllaw.com

MANATT, PHELPS & PHILLIPS, LLP
ROGER A. BERLINER
rberliner@manatt.com

THE GREENLINING INSTITUTE
ITZEL BERRIO
iberrio@greenlining.org

SOUTHWEST GAS COMPANY
ANDREW WILSON BETTWY
andy.bettwy@swgas.com

LAW OFFICE OF WILLIAM H. BOOTH
WILLIAM H. BOOTH
wbooth@booth-law.com

ELLISON, SCHNEIDER & HARRIS, LLP
ANDREW B. BROWN
abb@eslawfirm.com

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

MCCRACKEN, BYERS & HAESLOOP
DAVID J. BYERS, ESQ.
dbyers@landuselaw.com

CALIF PUBLIC UTILITIES COMMISSION
Valerie Beck
vjb@cpuc.ca.gov

NATURAL RESOURCES DEFENSE
COUNCIL
SHERYL CARTER
scarter@nrddc.org

LOS ANGELES UNIFIED SCHOOL
DISTRICT
ANDREW S. CHEUNG
andrew.cheung@lausd.net

CITY AND COUNTY OF SAN
FRANCISCO
JOSEPH PETER COMO
joe.como@sfgov.org

GOODIN MACBRIDE SQUERI RITCHIE
& DAY LLP
BRIAN T. CRAGG
bcragg@gmsr.com

CALIF PUBLIC UTILITIES COMMISSION
Michael S Campbell
msc@cpuc.ca.gov

WESTERN MANUFACTURED HOUSING
COMMUNITIES
SHEILA DEY
sheila@wma.org

DOUGLASS & LIDDELL
DANIEL W. DOUGLASS
douglass@energyattorney.com

CALIF PUBLIC UTILITIES COMMISSION
Paul Douglas
psd@cpuc.ca.gov

THE TUILITY REFORM NETWORK
DANIEL EDINGTON
dedington@turn.org

CALIF PUBLIC UTILITIES COMMISSION
Phillip Enis
pje@cpuc.ca.gov

LAW OFFICES OF DIANE I. FELLMAN
DIANE I. FELLMAN
difellman@fellmanlaw.com

THE UTILITY REFORM NETWORK
ROBERT FINKELSTEIN
bfinkelstein@turn.org

STEEFEL, LEVITT & WEISS, P.C.
MARK FOGELMAN
mfogelman@steefel.com

THE UTILITY REFORM NETWORK
MATTHEW FREEDMAN
freedman@turn.org

DEPARTMENT OF THE NAVY
NORMAN J. FURUTA
norman.furuta@navy.mil

CALIF PUBLIC UTILITIES COMMISSION
Julie A Fitch
jf2@cpuc.ca.gov

LATINO ISSUES FORUM
ENRIQUE GALLARDO
enriqueg@lif.org

MANFRED F. GILDNER
barontramp@aol.com

THE GREENLINING INSTITUTE
ROBERT GNAIZDA
robertg@greenlining.org

PACIFIC GAS AND ELECTRIC
COMPANY
PATRICK G. GOLDEN
pgg4@pge.com

THE UTILITY REFORM NETWORK
HAYLEY GOODSON
hayley@turn.org

LOWE'S COMPANIES, INC.
JEFFREY E. GRAY
jeff.e.gray@lowes.com

CALIF PUBLIC UTILITIES COMMISSION
Patrick L. Gileau
plg@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Eric Green
eg1@cpuc.ca.gov

ARNOLD & PORTER
JAMES I. HAM
James_Ham@aporter.com

MORRISON & FOERSTER LLP
PETER W. HANSCHEN
phansch@mofo.com

UTIL. WORKERS UNION OF AMERICA,
AFL-CIO
MARTA HARRIS
unionmarti@aol.com

THE UTILITY REFORM NETWORK
MARCEL HAWIGER
marcel@turn.org

ASSOCIATION OF CALIFORNIA
WATER AGENCIES
LON W. HOUSE
lwhouse@innercite.com

MANATT, PHELPS & PHILLIPS, LLP
DAVID L. HUARD
PUCservice@manatt.com

CALIF PUBLIC UTILITIES COMMISSION
Peter Hanson
pgh@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Maxine Harrison
omh@cpuc.ca.gov

CATHOLIC HEALTHCARE WEST
DAVID JONES
djones2@chw.edu

ADAMS BROADWELL JOSEPH &
CARDOZO
MARC D. JOSEPH
mdjoseph@adamsbroadwell.com

CALIF PUBLIC UTILITIES COMMISSION
William Julian li
bj2@cpuc.ca.gov

ALCANTAR & KAHL, LLP
EVELYN KAHL
ek@a-klaw.com

MANATT, PHELPS & PHILLIPS, LLP
RANDALL W. KEEN
pucservice@manatt.com

ELLISON, SCHNEIDER & HARRIS LLP
DOUGLAS K. KERNER
dkk@eslawfirm.com

DOUGLASS & LIDDELL
GREGORY S.G. KLATT
klatt@energyattorney.com

CALIF PUBLIC UTILITIES COMMISSION
Laura L. Krannawitter
llk@cpuc.ca.gov

LUCE, FORWARD, HAMILTON &
SCRIPPS, LLP
JOHN W. LESLIE
jleslie@luce.com

CALIFORNIA FARM BUREAU
FEDERATION
RONALD LIEBERT
rliebert@cfbf.com

CALIF PUBLIC UTILITIES COMMISSION
Donald J. Lafrenz
dlf@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Douglas M. Long
dug@cpuc.ca.gov

GOODIN MACBRIDE SQUERI RITCHIE
& DAY LLP
THOMAS J. MACBRIDE, JR.
tmacbride@gmssr.com

UTILITY WORKERS UNION OF
AMERICA
JAVIER MANZANO
javier1@uwua132.org

JBS ENERGY
BILL MARCUS
bill@jbsenergy.com

DAVID MARCUS
dmarcus2@sbcglobal.net

SUTHERLAND, ASBILL & BRENNAN
KEITH MCCREA
kmccrea@sablaw.com

SOUTHERN CALIFORNIA EDISON
COMPANY
FRANK MCNULTY
francis.mcnulty@sce.com

SEMPRA ENERGY
KEITH W. MELVILLE
kmelville@sempra.com

CALIFORNIA FARM BUREAU
FEDERATION
KAREN NORENE MILLS
kmills@cfbf.com

KERN RIVER GAS TRANSMISSION
COMPANY
MARK C. MOENCH
mark.moench@kernrivergas.com

WESTERN MANUFACTURED HOUSING
COMM. SVCS.
IRENE K. MOOSEN
irene@igc.org

S. F. COMMUNITY POWER
COOPERATIVE
STEVEN MOSS
steven@moss.net

CALIF PUBLIC UTILITIES COMMISSION
Laura A. Martin
lra@cpuc.ca.gov

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

PACIFIC GAS AND ELECTRIC
COMPANY
ANDREW L. NIVEN
aln2@pge.com

SIERRA PACIFIC POWER CO.
DAVID NORRIS
dnorris@sppc.com

CA DISABLED VETS BUSNSS ENTERP
ALLIANCE
KEVIN K. O'CONNOR
kkolabs@earthlink.net

HANNA AND MORTON LLP
NORMAN A. PEDERSEN
npedersen@hanmor.com

ANDERSON & POOLE
EDWARD G. POOLE
epoole@adplaw.com

PATRICK J. POWER
pjpowerlaw@aol.com

CALIF PUBLIC UTILITIES COMMISSION
Robert M. Pocta
rmp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Anne W. Premo
awp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Nicolas B Procos
nbp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Terrie D Prosper
tdp@cpuc.ca.gov

PACIFIC GAS AND ELECTRIC
COMPANY
MICHAEL REIDENBACH
jmrb@pge.com

CALIFORNIA DVBE ALLIANCE
DANIEL W. ROBERTS
danielwroberts@hmpage.com

CALIFORNIA CABLE &
TELECOMMUNICATIONS
GLENN SEMOW
gsemow@calcable.org

UTILITY CONSUMERS' ACTION
NETWORK
MICHAEL SHAMES
mshames@ucan.org

ALCANTAR & ELSESSER
NORA E. SHERIFF
nes@a-klaw.com

GOODIN MACBRIDE SQUERI RITCHIE
& DAY LLP
JAMES D. SQUERI
jsqueri@gmsr.com

MODESTO IRRIGATION DISTRICT
SCOTT T. STEFFEN
scottst@mid.org

SEMPRA ENERGY
GLEN J. SULLIVAN
gsullivan@sempra.com

CALIF PUBLIC UTILITIES COMMISSION
Danilo E. Sanchez
des@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
James E. Scarff
jes@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Laura Lei Strain
lls@cpuc.ca.gov

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

DOWNEY, BRAND, SEYMOUR &
ROHWER
ANN L. TROWBRIDGE
atrowbridge@downeybrand.com

CALIF PUBLIC UTILITIES COMMISSION
Pamela T. Thompson
ptt@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Laura J. Tudisco
ljt@cpuc.ca.gov

SIMPSON PARTNERS LLP
ANDREW ULMER
andrew@simpsonpartners.com

SEMPRA
RONALD VAN DER LEEDEN
rvanderleeden@semprautilities.com

CALIF PUBLIC UTILITIES COMMISSION
Maria Vanko
mv1@cpuc.ca.gov

**PACIFIC GAS AND ELECTRIC
COMPANY**
CHRISTOPHER J. WARNER
cjw5@pge.com

AGLET CONSUMER ALLIANCE
JAMES WEIL
jweil@aglet.org

ALCANTAR & KAHL, LLP
ELIZABETH WESTBY
egw@a-klaw.com

CALIFORNIA ENERGY COMMISSION
BILL WOOD
bwood@energy.state.ca.us

**CALIFORNIA LEAGUE OF FOOD
PROCESSORS**
ED YATES
ed@clfp.com

LOCAL 483 UTILITY WORKERS UNION
DENNIS ZUKOWSKI
dennis@local483.org