

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 21, 2005

Advice No. 3551 (U 904 G)

Public Utilities Commission of the State of California

<u>Subject</u>: Establishment of Rule No. 40, On-Bill Financing Program in Compliance with Decision 05-09-043

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to SoCalGas' tariffs, applicable throughout its service territory, as shown on Attachment B.

Purpose

In compliance with Commission Decision (D.) 05-09-043, SoCalGas establishes a new Rule No. 40, On-Bill Financing (OBF) Program, including a new sample form called On-Bill Financing Loan Agreement (Form No. 7150) to be used in connection therewith. In addition, SoCalGas revises the Conservation Expense Account (CEA) section of its Preliminary Statement, Part V, Description of Regulatory Accounts – Balancing, to track the costs associated with the OBF Program.

By ALJ Gottstein's letter dated November 9, 2005, SoCalGas received a 30-day extension until November 21, 2005 to file this compliance advice letter.

Background/Program Description

On September 22, 2005, the Commission adopted D.05-09-043 addressing the utilities' Energy Efficiency Portfolio Plans and Program Funding Levels for 2006-2008. As part of this decision the Commission approved implementation of the utility's non-competitive bid programs, including the OBF Program presented in the testimony of Frank Spasaro and Athena Besa dated June 1, 2005.

The OBF Program is primarily designed to facilitate the purchase and installation of qualified energy efficiency measures by customers who might otherwise not be able to act given capital constraints or other barriers to participation. Approved customers will be offered a reduced rebate or incentive from applicable Utility energy efficiency programs as well as zero percent financing within program loan amount limits between \$5,000 and \$25,000 per meter. Monthly payment requirements on the loan will be billed as part of the participating

customer's monthly energy bill. Up to \$5 million of loan funds will be made available during 2006 and 2007 by SoCalGas from non-Public Purpose Program (PPP) funds.

SoCalGas' OBF Program targets existing core non-residential customers (including core government accounts) and owners of residential multi-family units who do not live on the premises. Applicant must have been a customer (with an active account) of the Utility for at least the 24 immediately preceding months, in the same business at the same address. Applicant must be in good credit standing with the Utility, with no more than three overdue notices, no disconnection notices (as set forth in Rule No. 9, Discontinuance of Service) in the past 12 months and no deposit pending or on hand with the Utility as required by Rule No. 7, Deposits.

The customer must also sign a separate On-Bill Financing Loan Agreement (Form No. 7150), identifying the customer's responsibility to repay the loan in accordance with the terms and conditions of the loan agreement. The monthly amounts due shall appear as a line item on the customer's monthly energy bill. If a customer has more than one loan, the line item will include all loan amounts due. A sample bill depicting the new line items is included as Attachment C.

The customer's loan obligation shall be subject to the provisions of Rule No. 9, Discontinuance of Service, Section C, Non-Payment of Bills.

The cost of capital on the average monthly balance of net funds loaned for the OBF program and actual program defaults will be recorded in SoCalGas' CEA.²

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 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:

CPUC Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Jerry Royer (ijr@cpuc.ca.gov) and Honesto Gatchalian (inj@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.

¹ Frank Spasaro's testimony on page 8 incorrectly states that the current amount due plus any past due amounts will appear on the line item. SoCalGas' billing system is not designed to include past due amounts on the line item. Past amounts will appear with other past due charges shown at the top of a customer's bill.

² As set forth on page 11 of Frank Spasaro's testimony, the OBF Program budget included a 2% default rate with the potential for an adjustment based on the actual defaults. To avoid the need for a true-up advice letter and improve efficiencies the actual defaults will be recorded to the applicable regulatory accounts.

Attn: Sid Newsom Regulatory 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 believes that this filing is subject to Energy Division disposition and therefore respectfully requests that this advice letter become effective January 1, 2006, which is more than 30 calendar days after the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the interested parties in Application 05-06-011.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLI	ETED BY UTILITY (At	tach additional pages as needed)
Company name/CPUC Utility No. S	OUTHERN CALIFO	RNIA GAS COMPANY/ U 904 G
Utility type:	Contact Person: N	ena Maralit
☐ ELC ☐ GAS	Phone #: (213) 2	44-2822_
☐ PLC ☐ HEAT ☐ WATER	E-mail: <u>nmaralit@</u>	semprautilities.com
EXPLANATION OF UTILITY T	YPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat	WATER = Water	
Advice Letter (AL) #: 3551	<u> </u>	
Subject of AL: On-Bill Financing Pro	ogram	
Keywords (choose from CPUC listing	g): <u>Rules, Energy E</u>	fficiency
AL filing type: \square Monthly \square Quarte	erly 🗌 Annual 🛛 C	ne-Time 🗌 Other 🔝
If AL filed in compliance with a Com	nmission order, indi	cate relevant Decision/Resolution #:
D05-09-043		
Does AL replace a withdrawn or reje	ected AL? If so, idea	ntify the prior AL
Summarize differences between the	AL and the prior wi	ithdrawn or rejected AL¹:
Resolution Required? \square Yes \boxtimes No		
Requested effective date: 1/1/06		No. of tariff sheets: <u>8</u>
Estimated system annual revenue e	ffect: (%):	
Estimated system average rate effec	t (%):	
When rates are affected by AL, incluctasses (residential, small commercial)		L showing average rate effects on customer ultural, lighting).
Tariff schedules affected:		
Service affected and changes propos	sed¹:	
Pending advice letters that revise th	e same tariff sheets	::
this filing, unless otherwise authoriz	ed by the Commissi	
CPUC, Energy Division Attention: Tariff Unit		outhern California Gas Company ttention: Sid Newsom
505 Van Ness Avenue		ttention: Sid Newsom 55 West Fifth Street, ML GT14D6
San Francisco, CA 94102		os Angeles, CA 90013-4957
jjr@cpuc.ca.gov and jnj@cpuc.ca.gov		newsom@semprautilities.com

 $^{^{\}mbox{\tiny 1}}$ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3551

(See Attached Service Lists)

Aglet Consumer Alliance James Weil jweil@aglet.org

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

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

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

Calpine Corp Avis Clark aclark@calpine.com

City of Banning Paul Toor P. O. Box 998 Banning, CA 92220

City of Long Beach, Gas Dept. Chris Garner 2400 East Spring Street Long Beach, CA 90806-2385

City of Riverside Joanne Snowden jsnowden@riversideca.gov

Commerce Energy Glenn Kinser gkinser@commerceenergy.com

Commerce Energy Tony Cusati TCusati@commerceenergy.com Alcantar & Kahl Elizabeth Westby egw@a-klaw.com

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

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

CPUC - ORA Jacqueline Greig jnm@cpuc.ca.gov

City of Anaheim Ben Nakayama Public Utilities Dept. P. O. Box 3222 Anaheim, CA 92803

City of Burbank Fred Fletcher/Ronald Davis 164 West Magnolia Blvd., Box 631 Burbank, CA 91503-0631

City of Los Angeles City Attorney 200 North Main Street, 800 Los Angeles, CA 90012

Daniel Garcia dgarcia@ci.vernon.ca.us

City of Vernon

Commerce Energy Lynelle Lund Ilund@commerceenergy.com

Commerce Energy Pat Darish pdarish@commerceenergy.com Alcantar & Kahl Kari Harteloo klc@a-klaw.com

Beta Consulting John Burkholder burkee@cts.com

CPUC - ORA Galen Dunham gsd@cpuc.ca.gov

California Energy Market Lulu Weinzimer Iuluw@newsdata.com

City of Azusa Light & Power Dept. 215 E. Foothill Blvd. Azusa, CA 91702

City of Colton Thomas K. Clarke 650 N. La Cadena Drive Colton, CA 92324

City of Pasadena - Water and Power Dept. Robert Sherick

Commerce Energy
Gary Morrow
GMorrow@commerceenergy.com

rsherick@cityofpasadena.net

Commerce Energy
Rommel Aganon
RAganon@commerceenergy.com

County of Los Angeles Stephen Crouch 1100 N. Eastern Ave., Room 300 Los Angeles, CA 90063

Manatt Phelps Phillips

rkeen@manatt.com

Randy Keen

Davis Wright Tremaine, LLP Davis Wright Tremaine, LLP Crossborder Energy Christopher Hilen Edward W. O'Neill Tom Beach tomb@crossborderenergy.com chrishilen@dwt.com One Embarcadero Center, #600 San Francisco, CA 94111-3834 Davis, Wright, Tremaine **Dept. of General Services** Douglass & Liddell Judy Pau **Celia Torres** Dan Douglass judypau@dwt.com celia.torres@dgs.ca.gov douglass@energyattorney.com Downey, Brand, Seymour & Rohwer Douglass & Liddell Downey, Brand, Seymour & Rohwer Donald C. Liddell **Ann Trowbridge** Dan Carroll liddell@energyattorney.com atrowbridge@downeybrand.com dcarroll@downeybrand.com **Duke Energy North America** Dynegy **Gas Purchasing Melanie Gillette** Joseph M. Paul BC Gas Utility Ltd. mlgillette@duke-energy.com jmpa@dynegy.com 16705 Fraser Highway Surrey, British Columbia, V3S 2X7 **General Services Administration** Goodin, MacBride, Squeri, Ritchie & Goodin, MacBride, Squeri, Ritchie & Day, LLP Day, LLP **Facilities Management (9PM-FT)** J. H. Patrick James D. Squeri 450 Golden Gate Ave. hpatrick@gmssr.com isqueri@gmssr.com San Francisco, CA 94102-3611 **Imperial Irrigation District Hanna & Morton** JBS Energy Norman A. Pedersen, Esq. K. S. Noller Jeff Nahigian npedersen@hanmor.com P. O. Box 937 jeff@jbsenergy.com Imperial, CA 92251 Jeffer, Mangels, Butler & Marmaro **Kern River Gas Transmission Company LADWP** 2 Embarcaero Center, 5th Floor Janie Nielsen Nevenka Ubavich San Francisco, CA 94111 Janie.Nielsen@KernRiverGas.com nevenka.ubavich@ladwp.com **LADWP** Law Offices of Diane I. Fellman Law Offices of William H. Booth Diane Fellman William Booth Randy Howard wbooth@booth-law.com P. O. Box 51111, Rm. 956 diane_fellman@fpl.com Los Angeles, CA 90051-0100 **MRW & Associates** Luce, Forward, Hamilton & Scripps **Manatt Phelps Phillips** John Leslie Robert Weisenmiller **Margaret Snow** ileslie@luce.com mrw@mrwassoc.com Msnow@manatt.com

Manatt, Phelps & Phillips, LLP

David Huard

dhuard@manatt.com

March Joint Powers Authority

Moreno Valley, CA 92552

Lori Stone

PO Box 7480,

Matthew Brady & Associates

Matthew Brady

Praxair Inc

Rick Noger

matt@bradylawus.com

rick_noger@praxair.com

National Utility Service, Inc.

Jim Boyle

One Maynard Drive, P. O. Box 712

Park Ridge, NJ 07656-0712

Questar Southern Trails

Lenard Wright

Lenard.Wright@Questar.com

Pacific Gas & Electric Co. John Clarke jpc2@pge.com

R. W. Beck, Inc.

Catherine Elder celder@rwbeck.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., Rm 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.

Kevin Cini

Kevin.Cini@SCE.com

Southern California Edison Co.

John Quinlan

john.quinlan@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

mflorio@turn.org

Sutherland, Asbill & Brennan

Keith McCrea

kmccrea@sablaw.com

TURN

Marcel Hawiger marcel@turn.org

TURN The Mehle Law Firm PLLC

Mike Florio Colette B. Mehle

cmehle@mehlelaw.com

Trans Canada Ben Johnson

Ben_Johnson@transcanada.com

Trans Canada John Roscher

john_roscher@transcanada.com

Western Manufactured Housing

Communities Assoc.

Sheila Day

sheila@wma.org

JerryL@abag.ca.gov

ECOLOGY ACTION, INC. PROCTOR ENGINEERING GROUP OPINION DYNAMICS MAHLON ALDRIDGE **PATTY AVERY** SHARYN BARATA sbarata@opiniondynamics.com emahlon@ecoact.org patty@proctoreng.com **CALIFORNIA ENERGY COMMISSION CALIFORNIANS FOR RENEWABLE CALIFORNIANS FOR RENEWABLE** ENERGY, INC. ENERGY, INC. **SYLVIA L. BENDER** MICHAEL E. BOYD LYNNE BROWN sbender@energy.state.ca.us michaeledwardboyd@sbcglobal.net I brown123@hotmail.com **NATURAL RESOURCES DEFENSE NAESCO** SOUTHERN CALIFORNIA EDISON COUNCIL DAVE CLARK LARRY R. COPE **AUDREY CHANG** davidclarkfamily@yahoo.com larry.cope@sce.com achang@nrdc.org **ECOS CONSULTING CALIF PUBLIC UTILITIES COMMISSION PACIFIC GAS AND ELECTRIC COMPANY RICHARD H. COUNIHAN Chervl Cox** FRANK DIAZ rcounihan@ecosconsulting.com cxc@cpuc.ca.gov fdd3@pge.com **CALIFORNIA PUBLIC UTILITIES CALIF PUBLIC UTILITIES COMMISSION UCONS, LLP** COMMISSION Tim G Drew **TOM ECKHART** LOS ANGELES DOCKET OFFICE zap@cpuc.ca.gov tom@ucons.com LAdocket@cpuc.ca.gov **WOMEN'S ENERGY MATTERS** SESCO, INC. **GABRIELLI LAW OFFICE RICHARD M. ESTEVES** JOHN C. GABRIELLI **GEORGE** sesco@optonline.net gumbrelli@cs.com wem@igc.org **ICF CONSULTING** NATIONAL ASSOCIATON OF ENERGY THE UTILITY REFORM NETWORK SERVICE **MICHAEL J. GIBBS HAYLEY GOODSON DONALD GILLIGAN** mgibbs@icfconsulting.com hayley@turn.org d.d.gilligan@worldnet.att.net **MEG GOTTSTEIN** JOHN GOULD CALIF PUBLIC UTILITIES COMMISSION meg@cpuc.ca.gov johnwgould@comcast.net Nora Y. Gatchalian nyg@cpuc.ca.gov **CALIF PUBLIC UTILITIES COMMISSION** LAW OFFICES OF STEPHAN C. CONSOL **VOLKER** MIKE HODGSON **Meg Gottstein JOSHUA HARRIS** meg@cpuc.ca.gov mhodgson@consol.ws jharris@volkerlaw.com VALLEY ENERGY EFFICEINCY CORP MANATT PHELPS & PHILLIPS, LLP BEVILACQUA-KNIGHT INC ROBERT L. KNIGHT MARSHALL B. HUNT **RANDALL W. KEEN** mhunt@cityofdavis.org pucservice@manatt.com rknight@bki.com **ABAG** JODY LONDON CONSULTING CALIF PUBLIC UTILITIES COMMISSION **GERALD L. LAHR** JODY S. LONDON Peter Lai

jody_london_consulting@earthlink.net

ppl@cpuc.ca.gov

MARZIA ZAFAR

mzafar@semprautilities.com

CALIF PUBLIC UTILITIES COMMISSION CALIFORNIA ENERGY COMMISSION RESCUE MICHAEL MESSENGER Diana L. Lee **DANIEL W. MEEK** dil@cpuc.ca.gov dan@meek.net Mmesseng@energy.state.ca.us **ENERGY ECONOMICS, INC. CALIF PUBLIC UTILITIES COMMISSION EFFICIENCY PARTNERSHIP NICOLE NASSER CYNTHIA MITCHELL** Ariana Merlino ckmitchell1@sbcglobal.net ru4@cpuc.ca.gov nnasser@fypower.org **PACIFIC GAS AND ELECTRIC CALIF PUBLIC UTILITIES COMMISSION POWERS ENGINEERING COMPANY Noel Obiora WILLIAM E. POWERS CHONDA J. NWAMU** nao@cpuc.ca.gov bpowers@powersengineering.com cin3@pge.com **CALIF PUBLIC UTILITIES COMMISSION CENTER FOR SMALL BUSINESS CALIFORNIANS FOR RENEWABLE** ENERGY, INC. **Brian C Prusnek** HANK RYAN **ROBERT SARVEY** bcp@cpuc.ca.gov hankryan2003@yahoo.com sarveybob@aol.com **AMERICAN SYNERGY CORPORATION** SHAWN SMALLWOOD, PH.D. CITY AND COUNTY OF SAN **FRANCISCO** STEVEN R. SHALLENBERGER puma@davis.com JEANNE SOLE shallenbgr@aol.com jeanne.sole@sfgov.org **CALIF PUBLIC UTILITIES COMMISSION SAN DIEGO GAS & ELECTRIC PACIFIC GAS AND ELECTRIC COMPANY COMPANY** Jeorge S Tagnipes **VICKI L. THOMPSON JAMES TURNURE** jst@cpuc.ca.gov vthompson@sempra.com jtt8@pge.com **CALIF PUBLIC UTILITIES COMMISSION CALIF PUBLIC UTILITIES COMMISSION CALIF PUBLIC UTILITIES COMMISSION Christine S Tam** Zenaida G. Tapawan-Conway Laura J. Tudisco tam@cpuc.ca.gov ztc@cpuc.ca.gov ljt@cpuc.ca.gov **NATURAL RESOURCES DEFENSE PACIFIC GAS AND ELECTRIC SAN DIEGO GAS & ELECTRIC** COUNCIL **COMPANY COMPANY DEVRA WANG JOSEPHINE WU** JOY C. YAMAGATA jyamagata@semprautilities.com dwang@nrdc.org iwwd@pge.com **SOUTHERN CALIFORNIA GAS CALIFORNIA FOR RENEWABLE COMPANY** ENERGY, INC.

RESIDENT, BAYVIEW HUNTERS POINT

24 HARBOR ROAD

SAN FRANCISCO, CA 94124

ATTACHMENT B Advice No. 3551

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 39860-G	PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY	Original 39511-G
Revised 39861-G	ACCOUNTS - BALANCING, Sheet 18 PRELIMINARY STATEMENT, PART V, DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING, Sheet 19	Original 39512-G
Original 39862-G	Rule No. 40, ON-BILL FINANCING PROGRAM, Sheet 1	
Original 39863-G	Rule No. 40, ON-BILL FINANCING PROGRAM, Sheet 2	
Original 39864-G	SAMPLE FORMS: CONTRACTS, On-Bill Financing Loan Agreement, Form No. 7150	
Revised 39865-G	TABLE OF CONTENTS	Revised 39744-G
Revised 39866-G	TABLE OF CONTENTS	Revised 39745-G
Revised 39867-G	TABLE OF CONTENTS	Revised 39851-G

LOS ANGELES, CALIFORNIA CANCELING Orig

Revised CAL. P.U.C. SHEET NO. Original CAL. P.U.C. SHEET NO.

39860-G 39511-G

PRELIMINARY STATEMENT $\underline{PART\ V}$ DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

Sheet 18

(Continued)

C. <u>DESCRIPTION OF ACCOUNTS</u> (Continued)

CONSERVATION EXPENSE ACCOUNT (CEA)

The CEA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track the difference between gas surcharge funds reimbursed from the State and actual energy efficiency program costs. The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by utilities pursuant to the Natural Gas Surcharge Decision (D.) 04-08-010. The CEA covers non-low-income (i.e., "Demand Side Management" or DSM) and low-income (i.e., "Direct Assistance Program" or DAP) energy efficiency programs. The CEA also tracks the costs associated with the On-Bill Financing (OBF) Program adopted in Decision 05-09-043.

SoCalGas maintains this account by making monthly entries as follows:

- a. A debit entry equal to actual DSM and DAP costs (e.g., conservation costs, low-income weatherization costs, and other marketing program costs);
- b. A debit entry equal to the cost of funds calculated at the utilities' authorized weighted average cost of capital rate (8.43%) on the average monthly balance of net funds loaned for the OBF Program;
- c. A debit entry equal to the actual cost of defaults associated with the OBF Program;
- d. A credit entry equal to the surcharge for the energy efficiency programs from the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs;
- e. A debit entry equal to the surcharge for the energy efficiency programs from the gas PPP surcharge funds, net of any refunds to exempt customers, remitted to the State Board of Equalization (BOE) pursuant to Assembly Bill 1002;
- f. A debit entry equal to surcharge for the energy efficiency programs related to the refunds to customers that are exempt from the PPP surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- g. A credit entry equal to the surcharge for the energy efficiency programs from the reimbursement of the gas PPP surcharge funds, which may include surcharge funds from interstate non-exempt pipeline customers, including actual interest earned in the Gas Consumption Surcharge Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the BOE/Commission to offset their administration costs, the R&D administrator funds, and any refunds paid by the BOE to customers that are exempt from the surcharge;

(Continued)

 $\begin{array}{ll} \text{(TO BE INSERTED BY UTILITY)} \\ \text{ADVICE LETTER NO.} & 3551 \\ \text{DECISION NO.} & 05\text{-}09\text{-}043 \\ \end{array}$

18H12

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 21, 2005

EFFECTIVE Jan 1, 2006

RESOLUTION NO.

| | | | N

N

N

 $|_{\mathrm{T}}$

T

T

T

L

Sheet 19

T,L

T,L

L

PRELIMINARY STATEMENT PART V DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

CONSERVATION EXPENSE ACCOUNT (CEA) (Continued)

- h. A year-end credit entry, if necessary, equal to the excess of annual expenditures above annual authorized levels (including authorized carry-over funding); and
- i. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I.J.

Pursuant of Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances consistent with the Commission's prevailing policy on PPP accounting methods and the Commission's currently authorized program budget revenue requirements for the PPP. Program spending is limited and over-expenditures may not be recovered from ratepayers. Shareholders absorb the balance in the event that actual program expenses exceed authorized levels.

RESEARCH DEVELOPMENT AND DEMONSTRATION GAS SURCHARGE ACCOUNT (RDDGSA)

The RDDGSA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to track the gas surcharge collected from non-exempt customers effective January 1, 2005, that will be remitted to the State Board of Equalization (BOE) to fund programs administered by the California Energy Commission (CEC) or other non-utility entity designated by the Commission. This account also tracks SoCalGas' allocation of the annual BOE and the California Public Utilities Commission (CPUC) administrative costs authorized by the CPUC. The gas surcharge was established pursuant to Assembly Bill 1002 and implemented by the utilities pursuant to the Natural Gas Surcharge Decision (D.) 04-08-010.

SoCalGas maintains this account by making monthly entries as follows (entries are "memo" only and not recorded on the financial statements):

- a. A credit entry equal to the surcharge for the R&D program and the BOE and CPUC administrative costs from the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs and refunds to customers that are exempt from the surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- b. A debit entry equal to the 1/12 of the annual PPP R&D funding authorized by the CPUC;
- c. A debit entry equal to 1/12 of SoCalGas' allocation of the annual BOE and CPUC administrative costs authorized by the CPUC;

(Continued)

(TO BE INSERTED BY UTILITY) 3551 ADVICE LETTER NO. DECISION NO. 05-09-043

ISSUED BY Lee Schavrien Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Nov 21, 2005 DATE FILED Jan 1, 2006 **EFFECTIVE** RESOLUTION NO.

LOS ANGELES, CALIFORNIA CANCELING

39862-G

Rule No. 40 ON-BILL FINANCING PROGRAM

Sheet 1

N

N

N

N

A. APPLICABILITY

The terms and conditions of this Rule shall apply to the loans offered by the Utility to facilitate the purchase and installation of energy efficiency measures by its core commercial or industrial customers, as well as owners of residential multi-family units who do not live on the premises. In order to receive the on-bill financing, customer must complete an application to Utility's rebate/incentive programs and sign a separate loan contract (On-Bill Financing Loan Agreement, Form No. 7150). The customer must accept responsibility for purchasing and installing the energy efficiency measures.

B. PROGRAM DESCRIPTION

The On-Bill Financing (OBF) Program is primarily designed to facilitate the purchase and installation of qualified energy efficiency measures by customers who might otherwise not be able to act given capital constraints or other barriers to participation. Approved customers will be offered a reduced rebate or incentive from applicable Utility energy efficiency programs as well as zero percent financing within program loan amount limits between \$5,000 and \$25,000 per meter. Monthly payment requirements on the loan will be billed as part of the participating customer's energy bill. Up to \$5 million of loan funds will be made available during 2006 and 2007 by the Utility from non-PGC funds.

C. CUSTOMER ELIGIBILITY

- 1. All of the Utility's existing core non-residential customers (including core government accounts) and owners of residential multi-family units who do not live on the premises are eligible to participate in the OBF Program.
- 2. Applicant must have been a customer (with an active account) of the Utility for at least the 24 immediately preceding months, in the same business at the same address.
- 3. Applicant must be in good credit standing with the Utility, with no more than three overdue notices, no disconnection notices (as set forth in Rule No. 9, Discontinuance of Service) in the past 12 months, and no deposit pending or on hand with the Utility as required by Rule No. 7, Deposits.

D. LOAN AGREEMENT

Customer participation in the OBF Program requires customer to sign a loan agreement (On-Bill Financing Loan Agreement, Form No. 7150) which specifies loan repayment obligations.

(Continued)

 $\begin{array}{ll} \text{(TO BE INSERTED BY UTILITY)} \\ \text{ADVICE LETTER NO.} & 3551 \\ \text{DECISION NO.} & 05\text{-}09\text{-}043 \\ \end{array}$

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 21, 2005

EFFECTIVE Jan 1, 2006

RESOLUTION NO.

1H33

Original

CANCELING

CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO. 39863-G

Rule No. 40 ON-BILL FINANCING PROGRAM

Sheet 2

N N

(Continued)

E. BILLING AND COLLECTION

N

1. The customer will be responsible to repay loans in accordance with the terms and conditions of the contract (Form No. 7150). The monthly amounts due shall appear as a line item on the customer's monthly energy bill.

2. Customer's loan obligation shall be subject to the provisions of Rule No. 9, Discontinuance of Service, Section C, Non-Payment of Bills.

N

3. OBF Program loan installments are not subject to the late payment charge provision of Rule No. 12, Payment of Bills.

(TO BE INSERTED BY UTILITY) 3551 ADVICE LETTER NO. 05-09-043 DECISION NO.

2H35

ISSUED BY Lee Schavrien Vice President

(TO BE INSERTED BY CAL. PUC) Nov 21, 2005 DATE FILED Jan 1, 2006 **EFFECTIVE**

RESOLUTION NO.

Regulatory Affairs

SOUTHERN CALIFORNIA GAS COMPANY

LOS ANGELES, CALIFORNIA CANCELING

Original CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

39864-G*

SAMPLE FORMS: CONTRACTS On-Bill Financing Loan Agreement Form No. 7150	N N
(See Attached Form)	N

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 3551 DECISION NO. 05-09-043

ISSUED BY
Lee Schavrien
Vice President

Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} & \underline{Nov~21,~2005} \\ \text{EFFECTIVE} & \underline{Jan~1,~2006} \\ \text{RESOLUTION NO.} \end{array}$



ON-BILL FINANCING LOAN AGREEMENT

The undersigned customer ("Customer") and the undersigned contractor ("Contractor") have contracted for the provision by Contractor to Customer of energy efficiency equipment and services (the "Work"). Southern California Gas Company ("SCG") shall loan to Customer an amount up to the "Maximum Loan Amount" set forth below (the "Loan") pursuant to the terms of this On-Bill Financing Loan Agreement ("Loan Agreement") and Rule No. 40 (the "Rule"). Contractor shall provide the Work as described in the On-Bill Financing and Rebate/Incentive Application ("Application") and any contract between Customer and Contractor, which shall be attached to the Application. Collectively the Application, this Loan Agreement and the Rule comprise the "Agreement". In the event of any conflict among the foregoing components of the Agreement, the following order of priority shall apply: 1. the Rule; 2. this Loan Agreement; 3. the Application. SCG shall have no liability in connection with, and makes no warranties, expressed or implied, regarding the Work. Customer and Contractor agree that the Customer and Contractor shall jointly and severally indemnify and hold harmless SCG, its affiliates, and their respective owners, officers, directors, employees and agents thereof, from and against all claims, demands, liabilities, damages, fines, settlements or judgments which directly arise from or are caused by (a) any breach of the Agreement (subject to the proviso regarding Contractor at the end of this sentence regarding obligations to repay the Loan Balance) or (b) the wrongful or negligent acts of omissions of any party in the conduct or performance of the Work or Contractor's or Customer's duties under the terms of this Agreement; provided, however, that in no event shall Contractor be deemed a co-obligor, surety or guarantor of Customer's obligations to repay the Loan Balance under this Agreement.

Customer represents and warrants that (a) Customer is receiving this Loan for Work obtained in connection with Customer's business, and not for personal, family or household purposes; (b) Customer, if not an individual, is duly organized, validly existing and in good standing under the laws of its state of formation, and has full power and authority to enter into this Agreement and to carry out the provisions of this Agreement. Customer is duly qualified and in good standing to do business in all jurisdictions where such qualification is required; (c) this Loan Agreement has been duly authorized by all necessary proceedings, has been duly executed and delivered by Customer and is a valid and legally binding agreement of Customer duly enforceable in accordance with its terms; (d) no consent, approval, authorization, order, registration or qualification of or with any court or regulatory authority or other governmental body having jurisdiction over Customer is required for, and the absence of which would adversely affect, the legal and valid execution and delivery of this Loan Agreement, and the performance of the transactions contemplated by this Loan Agreement; (e) the execution and delivery of this Loan Agreement by Customer hereunder and the compliance by Customer with all provisions of this Loan Agreement: (i) will not conflict with or violate any Applicable Law; and (ii) will not conflict with or result in a breach of or default under any of the terms or provisions of any loan agreement or other contract or agreement under which Customer is an obligor or by which its property is bound; (f) all factual information furnished by Customer to SCG is true and accurate; and (g) the On-Bill Financing Program ("Program") was a determining factor in its decision to have the Work performed.

The Application must include the Federal Tax Identification Number or Social Security Number of the party who will be the recipient of the check for the reduced rebate/incentive and the loan amount. Checks may be issued directly to the Customer or the Contractor, for the benefit of the Customer, as specified below. Customer and Contractor each understand that SCG will not be responsible for any tax liability imposed on the Customer or Contractor in connection with the transactions contemplated under the Agreement, whether by virtue of the Loan

Form No. 7150 (11/05) Page 1 of 3

contemplated under the Agreement, or otherwise, and Customer and Contractor shall jointly and severally indemnify SCG for any tax liability imposed upon SCG as a result of the transactions contemplated under the Agreement.

Within sixty (60) days of Customer's and Contractor's written confirmation sent to SCG On-Bill Financing Program Administrator at address listed below of completion of the Work, and SCG's post installation inspection and project verification, SCG will issue a check (the "Check") for all amounts SCG approves for payment in accordance with the Agreement, up to the Loan amount. The date of such issuance is the "Issuance Date". The Check shall be issued if the Work conforms to all requirements of the Agreement including, without limitation, the Application. If the Check is made payable to Customer, Customer shall be responsible to pay the amount thereof to Contractor. If the Check is less than the amount due from Customer to Contractor, Customer shall be responsible for the excess. Customer shall repay the Loan (or such lesser amount as may be reflected in the Check) (the "Loan Balance") to SCG as provided in this Loan Agreement irrespective of whether or when the Work is completed, or whether the Work is in any way defective or deficient.

The Customer agrees to repay to SCG the Loan Balance, in ____equal installments, by the due date set forth in each SCG utility bill rendered in connection with Customer's account (identified by the number set forth below) ("Account"), commencing with the bill which has a due date falling at least 30 days after the Issuance Date. Amounts due under this Loan Agreement shall be deemed to be amounts due under each bill to the Account, and a default under this Loan Agreement shall be treated as a default under the Account. Although a late payment fee may be assessed for delinquent payment of a utility bill, however, no late payment fee will be assessed for delinquent Loan repayment. If the Customer is unable to make a full payment in a given month, payment arrangements may be made at SCG's discretion. Any partial payments will be applied to energy charges before payment of the Loan Balance. Further payment details are set forth below. Any notice from SCG to Customer regarding the Program or the transactions contemplated under the Loan Agreement may be provided within any such bill, and any such notices may also be provided to Customer or Contractor at the addresses below or as elsewhere specified in the Loan Agreement, and shall be effective five (5) days after they have been mailed. The monthly payments will be included by SCG on the Account's regular energy service bills. The Loan Balance shall not bear interest. There are no pre-payment penalties; however, Customer agrees to notify the On-Bill Financing Program Staff of pre-payment amounts at the time of payment by calling the toll free phone number listed on the bill and by sending written notice to SCG On-Bill Financing Program Administrator at the address listed below. In the event the Account is closed or terminated for any reason, or Customer defaults under the Agreement, the Customer will be required to repay the entire then-unpaid Loan Balance within 30 days. Customer understands that without limiting any other remedy available to SCG against Contractor or Customer, failure to repay the Loan Balance in accordance with the terms of the Agreement could result in shut-off of utility energy service, adverse credit reporting, and collection procedures, including, without limitation, legal action.

\$	\$	\$	\$	Months	
Total Cost	Incentive	Loan Balance	Monthly Payment	Term	Number of Payments
Check Made Payal	ole to Contractor	□ Customer □			
Federal Tax ID or S	ocial Security #, Cust	comer	Federal Tax ID or S	Social Security #	, Contractor
Southern California	Gas Company Accou	 int #	Name, Contractor		
Account Name Cus	tomer		Contact Contractor		

Form No. 7150 (11/05) Page 2 of 3

Contact, Customer	Signature, Contractor	
Service Address, Customer	Address, Contractor	
(Customer's Signature)	(Date)	
ACCEPTED: Southern California Gas Company		
Ву		
SCG On-Bill Financing Program Administrator	(Date)	

Address: PO Box 513249, Los Angeles, CA 90051-1249

Form No. 7150 (11/05) Page 3 of 3

TABLE OF CONTENTS

(Continued)

l)
ľ

26	Consumer Responsible for Equipment for
	Receiving Gas
27	Service Connections Made by Company's
	Employees
28	Compensation to Company's Employees
29	Change of Consumer's Apparatus or Equipment
30	Transportation of Customer-Owned Gas 29531-G,36317-G,36318-G,32743-G
	36319-G,30588-G,30589-G,36320-G
	29787-G,29788-G,29789-G,29602-G
31	Automated Meter Reading
32	Core Aggregation Transportation
	30022-G,36723-G,36724-G,39585-G,39586-G,30027-G
	30028-G,30029-G,30030-G,30031-G,30032-G,30033-G
	39587-G,30035-G,39588-G,39589-G,36623-G,30039-G
33	Electronic Bulletin Board (EBB)
	39336-G,39337-G,39338-G
34	Provision of Utility Right-of-Way Information 33298-G,33299-G,33300-G
	33301-G,33302-G,33303-G
35	Contracted Marketer Transportation
	36325-G.27073-G.36326-G.27075-G
36	Interstate Capacity Brokering
37	Hub Service 26589-G,26590-G,26591-G,26592-G,26593-G,26594-G
38	Commercial/Industrial Equipment
	Incentive Program
39	Access to the SoCalGas
	Pipeline System
40	On-Bill Financing Program

N

N

LOS ANGELES, CALIFORNIA CANCELING Revised

TABLE OF CONTENTS

(Continued)

SAMPLE FORMS (continued)

Contracts (continued)

Special Facilities Contract (Form 6633, 6/05)	39322-G
Proposal and Agreement for Transfer of Ownership of Distribution Systems	
(Form 6660, 03/98)	29947-G
Optional Rate Agreement and Affidavit (Form 6662, 04/01)	33449-G
Continuous Service Agreement (Form 6558-D, 03/00)	39715-G
Consulting Services Agreement (Form 6400, 11/05)	39741-G
Confidentiality Agreement (Form 6410, 11/05)	39742-G
Collectible System Upgrade Agreement (Form 6420, 11/05)	39743-G
On-Bill Financing Loan Agreement (Form 7150, 11/05)	39864-G

Bill Forms

Residential Sales Order (Form 5327-G, 03/00)	35710-G
General Service (Form 41-R, 06/05)	39325-G
Commercial/Industrial Service (Form 77-2, 06/05)	39326-G

Collection Notices

Past Due Payment Notice (Form 41.6, 08/02)	36786-G
Meter Closed for Nonpayment (Form 5101, 06/99)	36787-G
Unsatisfactory Remittance (Form 1512-H, 04/00)	36788-G
Urgent Notice Inaccessible Meter (Form 4515-C, 08/92)	36789-G
Notice to Tenants, Termination of Gas Service (Form 4636-D, 10/92)	36790-G
Important Notice (Form 5100-F, 05/96)	30083-G
Third Party Notification (Form 437.1C, 06/02)	36791-G
Consequences of Non-Payment (Form 9406-528)	26383-G
Disputed Account Declaration (Form 6619)	26529-G
Proof of Claim (Form 6620)	26530-G

(Continued)

(TO BE INSERTED BY UTILITY) 3551 ADVICE LETTER NO. DECISION NO. 05-09-043

ISSUED BY Lee Schavrien Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Nov 21, 2005 DATE FILED Jan 1, 2006 EFFECTIVE RESOLUTION NO.

4H10

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.

GENERAL Cal. P.U.C. Sheet No.	
Title Page	T T T T T T T T T T T T T T T T T T T
PRELIMINARY STATEMENT	
Part I General Service Information	ŕ
Part II Summary of Rates and Charges 39831-G,39832-G,39833-G,39669-G,39250-G,39834-G 32491-G,32492-G,38848-G,39763-G,39764-G,39058-G,39059-G	l l
Part III Cost Allocation and Revenue Requirement 27024-G,37920-G,27026-G,27027-G,39060-G	r
Part IV Income Tax Component of Contributions and Advances	ŕ
Part V Description of Regulatory Accounts-Balancing	;
Part VI Description of Regulatory Accounts-Memorandum	j
Part VII Description of Regulatory Accounts-Tracking	
Part VIII Gas Cost Incentive Mechanism (GCIM)	
Part IX Hazardous Substances Mechanism (HSM)	i
Part X Global Settlement	i

 $\begin{array}{ll} \text{(TO BE INSERTED BY UTILITY)} \\ \text{ADVICE LETTER NO.} & 3551 \\ \text{DECISION NO.} & 05\text{-}09\text{-}043 \\ \end{array}$

ISSUED BY

Lee Schavrien

Vice President

Regulatory Affairs

(Continued)

(TO BE INSERTED BY CAL. PUC)

DATE FILED Nov 21, 2005

EFFECTIVE Jan 1, 2006

RESOLUTION NO.

ATTACHMENT C

Advice No. 3551

Sample Bill

JOHN Q PUBLIC Suite 100 1801 S ATLANTIC BLVD MONTEREY PK CA 91754-0001 More Phone numbers And info on back of bill

24 Hour Service and Info: (800) 427-2000 (English) (800) 427-6029 (Espanol)



Rate	iled: APR 00	Climate Zone	Cycle		The Gas	Company Gas Co	ommodity	charge per Th	nerm S	\$1.56	311/Therm
GR		1	01								
	Billing Pe	riod Mete	er	Readings	S	Difference	Х	Billing F	acto	r	=Therms
From	То	Number	Prev	Pres	= CCF			_			
02/26/05	04/01/05	987654321	888918	888955	37	Χ	0	.944	=	35	
Novt Mot	er Reading	Date on or about:	May 01 2	005							

Next Meter Reading Date on or about: May 01, 2005			0.544		
Summary of Charges				ı	Amount
Customer Charge Baseline Over Baseline Gas Charges	29 Days 15 Therms 20 Therms	x x x	0.16438= 0.81533= 0.99500=	\$	4.76 12.23 19.90 50.00
State Regulatory Fee Public Purpose Surcharge Los Angeles City Users Tax Taxes & Fees on Gas Charges Total Gas Charges Including Tax and Fees On-Bill Financing Program Loan Installment Balance \$4800.00	35 Therms 35 Therms	x x	0.00076= 0.00121= 10%	\$	0.50 0.50 4.00 5.00 55.00 200.00
Total Other Charges					200.00
Thank you for your payment: Jan 26, 2006	Total Current Gas charges Total Other Charges			200.0	151.89 0
Amount of Last Payment: \$45.00	Previous	Balanc	e e		0.00
			tal Amount Due	if not paid	\$351.89 by ddmmyy

Energy Comparison	This Year Days	Therms	Daily Average	Last Year Days	Therms	Daily Average
Dec	29	35	1.86	29	66	2.28
Nov	30	18	2.50	32	00	3.09
Oct	32	102	3.19	30	58	1.93

Date Mailed Dec 12, 2005 Please bring entire bill if payment is made in person or return stub with your payment by mail

10 4911 0988

Total Amount Due \$ 351.89 Please Pay by ddmmyy

The Gas Company PO Box C Mont Pk CA 91756

081397BL:0025.006237 1 AC 0.230 **C03

#1 BILL SAMPLE With new LPP 6 month variance balancing

JOHN Q PUBLIC Suite 101

1801 S ATLANTIC BLVD MONTEREY PK CA 91754-0001

Your Account Number **012 345 6700 7**