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January 31, 2006

Advice No. 3586
(U 904 G)

Public Utilities Commission of the State of California

Subject: January 2006 Buy-Back Rates

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 Buy-Back Rates in Schedule No. G-IMB for January 2006.

Background

As authorized in Schedule No. G-IMB - Transportation Imbalance Service, the Buy-Back Rates are established effective the last day of each month.

The Buy-Back Rates will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the 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.

Information

During the month of January, 50% of the Adjusted Core Procurement Charge, G-CPA, is lower than the lowest incremental cost of gas. Therefore, the Buy-Back Rates for January 2006 are being set accordingly. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

The new rates are reflected in the attached Schedule No. G-IMB tariff sheets.

Pursuant to Resolution G-3316, the January 2006 Standby Procurement Charges will be filed by separate advice letter at least one day prior to February 23, 2006.

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:

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 (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 believes that this filing is subject to Energy Division disposition and therefore respectfully requests that the tariff sheets filed herein be made effective January 31, 2006 to coincide with SoCalGas' Adjusted Core Procurement Charge filing in Advice No. 3574, dated December 30, 2005.

Notice

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

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY/ U 904 G**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Donna Shepherd

Phone #: (213) 244-3837

E-mail: dmshepherd@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3586

Subject of AL: Revised Retail and Wholesale Buy-Back Rates for January 2006

Keywords (choose from CPUC listing): Preliminary Statement, Core

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D89-11-060 & D90-09-089, et al.

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: 1/31/06 No. of tariff sheets: 5

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Table of Contents, Preliminary Statement Part II, Schedule G-IMB

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: AL 3573, AL 3574

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West Fifth Street, ML GT14D6

Los Angeles, CA 90013-4957

snewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3586

(See Attached Service List)

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ATTACHMENT B
Advice No. 3586

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 40151-G | PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 6 | Revised 40141-G |
| Revised 40152-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2 | Revised 40142-G |
| Revised 40153-G | Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3 | Revised 40060-G |
| Revised 40154-G | TABLE OF CONTENTS | Revised 40147-G |
| Revised 40155-G | TABLE OF CONTENTS | Revised 40148-G |

PRELIMINARY STATEMENT
 PART II
 SUMMARY OF RATES AND CHARGES

Sheet 6

(Continued)

WHOLESALE SERVICE (Continued)

Schedule GW-VRN (City of Vernon, GT-F10 & GT-I10)

| | |
|---------------------------|--------|
| Transmission Charge | 2.828¢ |
| ITCS-VRN..... | 0.395¢ |

PROCUREMENT CHARGE

Schedule G-CP

| | |
|--|---------|
| Non-Residential Core Procurement Charge, per therm | 93.253¢ |
| Non-Residential Cross-Over Rate, per therm | 94.798¢ |
| Residential Core Procurement Charge, per therm | 93.253¢ |
| Residential Cross-Over Rate, per therm | 94.798¢ |
| Adjusted Core Procurement Charge, per therm | 93.591¢ |

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

| | | |
|---------------------|----------|---|
| November 2005 | 209.001¢ | D |
| December 2005 | 209.001¢ | |
| January 2006..... | TBD* | T |

Noncore Retail Standby (SP-NR)

| | | |
|---------------------|----------|---|
| November 2005 | 209.066¢ | D |
| December 2005 | 209.066¢ | |
| January 2006..... | TBD* | T |

Wholesale Standby (SP-W)

| | | |
|---------------------|----------|---|
| November 2005 | 209.066¢ | D |
| December 2005 | 209.066¢ | |
| January 2006..... | TBD* | T |

Buy-Back Rate

Core and Noncore Retail (BR-R)

| | | |
|---------------------|---------|---|
| November 2005 | 40.000¢ | D |
| December 2005 | 45.228¢ | |
| January 2006..... | 46.796¢ | I |

Wholesale (BR-W)

| | | |
|---------------------|---------|---|
| November 2005 | 40.000¢ | D |
| December 2005 | 45.077¢ | |
| January 2006..... | 46.639¢ | I |

* To be determined (TBD). Pursuant to Resolution G-3316, the January Standby Procurement Charge will be filed by separate advice letter at least one day prior to February 23, 2006.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3586
 DECISION NO. 89-11-060 & 90-09-089
 6H7 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 31, 2006
 EFFECTIVE Jan 31, 2006
 RESOLUTION NO. _____

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:

SP-CR Standby Rate, per therm

| | | |
|---------------------|----------|---|
| November 2005 | 209.001¢ | D |
| December 2005 | 209.001¢ | |
| January 2006 | TBD* | T |

Noncore Retail Service:

SP-NR Standby Rate, per therm

| | | |
|---------------------|----------|---|
| November 2005 | 209.066¢ | D |
| December 2005 | 209.066¢ | |
| January 2006 | TBD* | T |

Wholesale Service:

SP-W Standby Rate per therm

| | | |
|---------------------|----------|---|
| November 2005 | 209.066¢ | D |
| December 2005 | 209.066¢ | |
| January 2006 | TBD* | T |

* To be determined (TBD). Pursuant to Resolution G-3316, the January Standby Procurement Charge will be filed by separate advice letter at least one day prior to February 23, 2006.

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.

(Continued)

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Buy-Back Rate (Continued)

Retail Service:

BR-R Buy-Back Rate, per therm

| | | |
|---------------------|---------|---|
| November 2005 | 40.000¢ | D |
| December 2005 | 45.228¢ | I |
| January 2006..... | 46.796¢ | |

Wholesale Service:

BR-W Buy-Back Rate, per therm

| | | |
|---------------------|---------|---|
| November 2005 | 40.000¢ | D |
| December 2005 | 45.077¢ | I |
| January 2006..... | 46.639¢ | |

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

During November through March customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn during a five-day period. Volumes not in compliance with the 50% five-day minimum delivery requirement are purchased at the daily standby rate. The daily balancing standby rate is calculated as 150% of the highest Southern California Border price during the five-day period as published in "NGI's *Daily Gas Price Index*" including authorized franchise fees and, for retail customers, uncollectible expenses (F&U), and an authorized brokerage fee.

When the Utility's total inventory in storage declines to the "peak day minimum + 20 Bcf trigger", the minimum daily delivery requirement increases to 70%. The five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 70% delivery requirement.

When the Utility's total inventory in storage declines to the "peak day minimum + 5 Bcf trigger", the minimum delivery requirement increases to 90% daily. Similar to the 70% regime, the five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 90% delivery requirement.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3586
 DECISION NO. 89-11-060 & 90-09-089
 347 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 31, 2006
 EFFECTIVE Jan 31, 2006
 RESOLUTION NO. _____

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| GT-PS | Peaking Service | 40037-G,40038-G,40039-G,40040-G 40041-G,40042-G,35955-G,35956-G,37942-G |
| GW-LB | Wholesale Natural Gas Service | 40043-G,38061-G,38062-G 38063-G,38064-G |
| GW-SD | Wholesale Natural Gas Service | 40044-G,37949-G,37950-G 37951-G |
| GW-SWG | Wholesale Natural Gas Service | 40045-G,37953-G,37954-G,37955-G |
| GW-VRN | Wholesale Natural Gas Service | 40046-G,37957-G,37958-G 37959-G,37960-G |
| G-IMB | Transportation Imbalance Service | 36312-G,40152-G,40153-G,40145-G 40146-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 |
| G-TBS | Transaction Based Storage Service | 32724-G,32725-G,27374-G,27375-G 31929-G,36315-G,27378-G |
| G-CBS | UDC Consolidated Billing Service | 34071-G,34072-G,34073-G,33095-G |
| G-PPPS | Public Purpose Programs Surcharge | 39791-G,39517-G,39518-G |
| G-SRF | Surcharge to Fund Public Utilities Commission Utilities Reimbursement Account | 38518-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 | 38761-G,25006-G |
| GIT | Interruptible Interutility Transportation | 24567-G,24568-G |
| GLT | Long-Term Transportation of Customer-Owned Natural Gas | 24569-G,24570-G,24571-G |
| GLT-1 | Transportation of Customer-Owned Natural Gas | 24572-G,24573-G,24574-G 24575-G,24576-G,24577-G |
| GLT-2 | Transportation of Customer-Owned Natural Gas | 24578-G,24579-G,24580-G 24581-G,24582-G,24583-G |
| G-LOAN | Hub Loaning | 40047-G |
| G-PRK | Hub Parking | 40048-G |
| G-WHL | Hub Wheeling | 40049-G |
| G-FIG | Fiber Optic Cable in Gas Pipelines | 37005-G,37006-G,37007-G,37008-G 37009-G,37010-G,37011-G,37012-G,37013-G |

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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 |
| Table of Contents--General and Preliminary Statement | 40155-G,40054-G |
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| Table of Contents--Rate Schedules | 40124-G,40125-G,40154-G |
| Table of Contents--List of Cities and Communities Served | 37398-G |
| Table of Contents--List of Contracts and Deviations | 37894-G |
| Table of Contents--Rules | 39475-G,39865-G |
| Table of Contents--Sample Forms | 39826-G,39748-G,39142-G,39866-G,36796-G |

PRELIMINARY STATEMENT

| | |
|--|---|
| Part I General Service Information | 37917-G,24332-G,24333-G,24334-G,24749-G |
| Part II Summary of Rates and Charges | 40106-G,40107-G,40108-G,39982-G,39983-G,40151-G 32491-G,32492-G,39790-G,40067-G,40068-G,39987-G,39988-G |
| Part III Cost Allocation and Revenue Requirement | 27024-G,37920-G,27026-G,27027-G,39989-G |
| Part IV Income Tax Component of Contributions and Advances | 36614-G,24354-G |
| Part V Description of Regulatory Accounts-Balancing | 38681-G,34820-G,39670-G 39671-G,34822-G,39506-G,39507-G,39508-G,39509-G,39510-G 39672-G,39673-G,35874-G,38684-G,38685-G,38686-G,38687-G,39860-G,39861-G,39513-G |
| Part VI Description of Regulatory Accounts-Memorandum | 39472-G,38688-G,38689-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,39473-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) | 39896-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. 3586
 DECISION NO. 89-11-060 & 90-09-089
 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 31, 2006
 EFFECTIVE Jan 31, 2006
 RESOLUTION NO. _____

ATTACHMENT C

ADVICE NO. 3586

**RATE CALCULATION WORKPAPER
BASED ON ADVICE NO. 3574
ADJUSTED CORE PROCUREMENT CHARGE FILING
EFFECTIVE JANUARY 1, 2006**

Adjusted Core Procurement Charge:

Retail G-CPA: 93.591¢ per therm
(WACOG: 91.829¢ + Franchise and Uncollectibles:
1.762¢ or [1.9187% * 91.829¢])

Wholesale G-CPA: 93.278¢ per therm
(WACOG: 91.829¢ + Franchise:
01.449¢ or [1.5779% * 91.829¢])

G-IMB Buy-Back Rates:

BR-R = 50% of Retail G-CPA:
50% * 93.591 cents/therm = **46.796** cents/therm

BR-W = 50% of Wholesale G-CPA:
50% * 93.278 cents/therm = **46.639** cents/therm