

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

ENERGY DIVISION

RESOLUTION G-3388  
November 9, 2006

**R E S O L U T I O N**

**Resolution G-3388. The Southern California Gas Company (SoCalGas) requests authority to revise the language of Rule No. 12, Section F, Late Payment Charges. SoCalGas' request is denied.**

**By Advice Letter 3612 filed on March 23, 2006.**

---

**SUMMARY**

**This resolution denies SoCalGas' request, made in Advice Letter 3612, to revise its Rule 12, Section F, Late Payment Charges. SoCalGas requested changes that essentially would require receipt of payment from "non-State Agency" public sector customers that are provided with certain natural gas services by the Department of General Services Natural Gas Service (DGS) within 19 days, rather than the 45 days they are currently allowed. Late payment fees would then apply to payments received after the due date. SoCalGas shall retain its current Rule 12 language regarding late payment charges.**

The DGS protest is granted. A number of the entities that DGS serves also filed protests, but those protests simply supported the DGS protest.

**BACKGROUND**

**Since 1987, DGS has been operating a natural gas services program that provides full-requirements turn-key natural gas services. DGS now serves approximately 100 participants in SoCalGas' and SDG&E's service territory. Participants include virtually all state government agencies operating in the SoCalGas and SDG&E service territory, plus a number of local government agencies and certain public sector entities such as colleges and hospitals.**

**SoCalGas Advice Letter (AL) 3515-A, effective January 1, 2006, established a late payment charge for non-residential customers. The tariff language included with that**

**AL addressed the concerns of DGS regarding the application of late payment charges to the various customers DGS serves.**

The following language was included to apply to customers served by DGS:

“If an account is served by or serves a State Agency and payment is not received within the time limits specified pursuant to the California Prompt Payment Act, Government Code 927 et seq., then a penalty for late payment shall be imposed upon the State in accordance with the provisions of the California Prompt Payment Act. For purposes of determining the applicability of this section, the phrase “is served by or serves a State Agency”, shall include governmental entities where a portion of utility service is provided or arranged for by a State Agency and collection and payment of the particular utility bills is handled by that State Agency. It is the intent of this section not to exceed the requirements and limitations specified by the California Prompt Act.”

**SoCalGas now finds this approved language problematic because it extends “State Agency” status to “non-State Agency” account holders and desires to revise the above language of Rule No. 12 to avoid the difficulty in applying late payment charges to non-State Agencies.**

SoCalGas said that DGS is a State Agency that pays bills for not only State Agencies but also certain other entities that are not listed in the State Agency Index available on the State of California’s website. SoCalGas believes that the State Agency Index on the State’s website should be used in determining State Agency status. SoCalGas proposes to modify its Rule No. 12, Payment of Bills, to replace the above quoted text with the following:

“Where an account serves a State Agency and payment is not received within 45 calendar days after the date of electronic transfer or the date mailed as indicated on the bill, the late payment charge applicable to that account will be at a rate of one percent above the rate accrued on June 30<sup>th</sup> of the prior year by the Pooled Money investment Account, but not to exceed 15 percent, all as set forth in Government Code 927.6(b). Such rate shall be applied to and accrue on a State Agency account only after 45 days from the date mailed as indicated on the bill.

The State of California shall notify the Utility as to which accounts serve State Agencies. The provisions of the above paragraph shall apply after such notification, except where the Utility has previously identified the account as one belonging to the State Agency.”

SoCalGas points out that the above language for assessing a late payment charge on a State Agency is essentially identical to the authorized language in San Diego Gas & Electric’s (SDG&E) Rule 9, Rendering and Payment of Bills.

SoCalGas contacted the Department of General Services manager responsible for the administration of the California Prompt Payment Act (PPA)<sup>1</sup> who provided information clarifying the eligibility under the Act of defined State Agencies. SoCalGas asserts that its proposed revision to its Rule No. 12 will not violate the provisions of the Act.

## **NOTICE**

Notice of AL 3612 was made by publication in the Commission’s Daily Calendar. SoCalGas states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-A.

## **PROTESTS**

### **DGS Protest**

**DGS protests that SoCalGas’ proposal in AL 3612 violates the PPA, is contrary to the language approved by the Commission in AL 3515-A, and will result in increased costs for ratepayers and taxpayers. DGS recommends that the Commission reject SoCalGas’ proposal and retain the status quo as represented in AL 3515-A.**

First, DGS submits that the change to Rule 12 adopted by this Commission last year when it approved AL 3515-A does what is legal and appropriate, is far superior to what SoCalGas now proposes, saves ratepayers money, and does not need to be changed.

---

<sup>1</sup> The California Prompt Payment Act requires State Agencies to make payments on undisputed invoices within 45 days.

DGS asserts that that AL 3612 arose when DGS objected to SDG&E imposing late payment charges on several DGS participants in the SDG&E service territory. SDG&E pointed to its tariffs and DGS pointed out that the SDG&E tariff also violated the limitations in the California Prompt Payment Act, Government Code 927 et seq. DGS said it also pointed out the revisions made in AL 3515-A and asked SDG&E to review the matter to make the two consistent and shortly thereafter SoCalGas AL 3612 was filed. DGS believes this to be a statewide issue.

Rather than changing SDG&E's late payment rule, DGS argues that SoCalGas now seeks to reverse the Commission's approval of AL 3515-A. DGS said it worked with SoCalGas to develop the language the Commission approved in AL 3515-A. SoCalGas is asking the Commission to reverse its prior decision. DGS said that what is in AL 3612 was in AL 3515 (the original filing) and suffers from the same maladies.

DGS said that the language in AL 3515-A addresses the Prompt Payment Act as well as the benefits that the DGS program provides to SoCalGas ratepayers and taxpayers of the State. DGS goes on to say that contrary to what SoCalGas now claims to be problematic, the language of AL 3515-A was specifically designed to allow DGS to serve as a single point of billing contact for all of the participants in the DGS Program. The language of AL 3515-A was planned and discussed to solve several problems.

DGS said that the language of AL 3515-A saves SoCalGas' ratepayers money. DGS explained that rather than having multiple layers and players asking questions and reconciling accounts, DGS served as the single point of contact. SoCalGas and SDG&E get one check for all of the participants in the DGS program and a professional staff of gas experts that provide a single point of interface between SoCalGas and the participants. DGS also deals with gas commodity, transportation and the mismatch between gas deliveries and takes and billing questions.

Second according to DGS, AL 3612 fails to comply with the PPA in numerous ways, including but not limited to the following:

- **Due date of payment.** Under SoCalGas' revision, payment must be received by SoCalGas within 45 calendar days after the date of electronic transfer or date a bill is mailed, as indicated on the bill. The PPA states that the state agency is not responsible for a penalty until 45 days after receipt of an undisputed invoice. SoCalGas' revision fails to take into account the time lost in mailing. In addition, it is sometimes necessary to resolve disputes over invoices - thus, imposition of a

penalty which does not take into account time to resolve disputes regarding the invoice violates Government Code Section 927.6(b).

- **Failure to include a waiver of late payment penalties under \$75.00.** Govt. Code 927.6(b) specifically provides for a waiver if the penalty is less than \$75.00. SoCalGas' revision does not include any provision for a waiver, and thus, again violates state law, the PPA.
- **Improperly requiring notice of relationship.** The PPA applies certain provisions to the State Agency and those entities which either are served by or serve a State Agency. The revisions proposed by SoCalGas require the State of California to notify the utility as to those accounts which it contends are State Agencies. Not only does this impose an additional requirement not set forth in the PPA, but presumably, if the "State of California" inadvertently fails to provide notice to the utility about one or more State Agencies, then according to this language, the utility would be permitted to apply penalties to State Agencies, which under the PPA it cannot do.

DGS asserts that it renders an invaluable service to SoCalGas and its participants by collecting, reviewing and working out any issues with billings, more efficiently than the customer service representatives of a utility, before any payment is made to the utilities. DGS said it makes a single payment to utilities for all of its participants thereby creating efficiencies in handling bills. DGS then states that the benefit for all of its participants and SoCalGas is only possible if DGS has more than 19 days to process all of its participants' billings, which DGS submits is permitted by the PPA.

DGS argues that the provisions of Rule 12 developed in AL 3515-A were drafted specifically to comply with the PPA and reduce costs to both SoCalGas' ratepayers and the taxpayers. That the current language of AL 3515-A extends State Agency status to non-State Agency account holders was intended and is not an inequitable result given the services provided.

DGS concludes that SoCalGas' ratepayers and taxpayers of California benefit from the efficiency of DGS' handling, adjusting and in some cases making payments for State Agencies and other non-State Agency customers. DGS contends that it is appropriate for the rule to be worded precisely as it currently stands to allow DGS to continue providing this service and improved efficiency.

## **Protests of Others**

**The San Diego Community College District, the County of Santa Barbara Public Works Department, the County Sanitation Districts of Los Angeles County, and the West Kern Water District, Mt. San Antonio College, all of who purchase natural gas through DGS, submitted protests that supported DGS' protest and said that the inability of DGS to serve as a single payment center would increase their costs.**

## **SoCalGas' Response to DGS' Protest**

**SoCalGas said it filed AL 3612 in order to specifically state in what manner, under a proper interpretation of the PPA, SoCalGas would implement the late payment charges (LPC) provision ordered by the Commission in its last cost of service proceeding.**

SoCalGas cites the PPA, Government Code 927(b):

“It is the intent of the Legislature that state agencies pay properly submitted, undisputed invoices within 45 days of receipt, or automatically calculate and pay the appropriate late payment penalties as specified in this chapter.”

SoCalGas explains that SDG&E has had an LPC provision in its tariff in place for a number of years. SoCalGas filed AL 3612 to bring its LPC tariff into conformance with that of SDG&E in response to apparent customer confusion concerning how SoCalGas' current LPC relates to qualifying State Agency accounts.

SoCalGas further explains that the PPA uses a “qualifying state agency” definition that is almost identical to the State's published State Agency Index relied upon by SDG&E in granting State Agencies more time (the extended 45 days) to pay their bills. The only difference between the two is that the State Agency Index published by the State includes the University of California system, the California State Universities, the Judicial Branch, and the Legislative Branch, while the PPA specifically *excludes* these agencies as “qualifying State Agencies.”

SoCalGas said that DGS can and does provide certain energy services to both “qualifying State Agency” accounts as well as to “non-qualifying State Agency accounts. SoCalGas indicated that the changes sought by its filing are simply to make it clear that only qualifying State Agency accounts served by DGS will receive the benefit of the PPA's extended payment time. SoCalGas contends that DGS cannot transform a statutory non-

qualifying State Agency into a qualifying State Agency simply by providing similar services to both.

SoCalGas said that it needs the ability to efficiently reconcile the remitted payment from DGS to the customer-specific invoices, and denies that DGS saves money for SoCalGas and DGS' clients by having the bills prepared by SoCalGas mailed to one location. SoCalGas said there is actually an increase in cost of processing payments remitted by DGS since DGS' combined payments must be handled by SoCalGas personnel utilizing a painstaking manual process to ensure the respective individual State Agency customer accounts are properly credited and that payment is being received in a timely way pursuant to tariff requirements. In addition, when remitting its single consolidated payment to SoCalGas, DGS does not regularly provide the minimum information needed to enable reconciliation to the particular customer account invoices for which DGS is rendering a consolidated payment.

SoCalGas denies that its proposed change in tariff fails to include a waiver of penalties under \$75 since the tariff language refers to Government Code 927.6(b) that provides expressly for a waiver if the penalty is less than \$75.

SoCalGas argues that simply because DGS may have obtained authorization from a non-qualifying State Agency to have its bills mailed by SoCalGas directly to the DGS does not somehow enable that entity to take advantage of benefits of the late payment provisions of the PPA.

SoCalGas recommends that the protest to AL 3612 be rejected.

**In a letter dated April 27, 2006 SoCalGas made additional brief comments on the seven additional protests.**

SoCalGas said that it is simply seeking clarification that customers who are not qualified state agencies, based on the State Agency Index, should not be provided an extended period of time to pay its bill pursuant to the PPA simply because they happen to be a client of DGS for certain gas marketer services. If such a privilege were granted, it is possible that there would be discrimination against other similarly situated customers who happen not to be clients of DGS.

## **DISCUSSION**

**DGS should continue to be allowed to pay the bills for its customers in 45 days before SoCalGas imposes a late payment charge. SoCalGas has not given adequate reasons for requiring DGS to pay the gas bills of its “non-State Agency” clients within 19 days.**

The issue here is the time allowed for “non-State Agency” customers who use DGS services to pay their bills and avoid a late payment fee. SoCalGas’ Rule 12 currently requires customers (other than those customers who are State Agencies or are served by a State Agency) to pay their bills 19 days after the date of mailing. The Prompt Payment Act allows State Agencies 45 calendar days following the date upon which an undisputed invoice is received by the State Agency. Should we approve AL 3612, DGS would have only 19 days to pay SoCalGas for non-State Agency bills.

Approval of AL 3612 would clearly result in cost and inconvenience to DGS. In order for DGS to make a single bill payment to SoCalGas for all of its accounts, it needs to receive all of the bills. DGS requires at least 40 days to collect the bills of all of its customers including gas procurement and transportation charges. In addition, DGS must have the bills from all of its customers before it can calculate not only the total bill due to SoCalGas, but also the correct bills for each customer. This is because, due to the way DGS procures gas supplies, it does not know the average commodity cost of gas until the total quantity of gas delivered is known.

The Energy Division asked SoCalGas to quantify the costs of additional work caused by DGS. SoCalGas responded:

“SDG&E and SoCalGas have not performed an analysis to assess this incremental cost. The difficulties in promptly reconciling DGS’ payments has been a gradual occurrence as DGS began to add more clients. SDG&E and SoCalGas must bear these increased costs to the extent they were not anticipated in the utilities’ base rates authorized by the Commission.”

SoCalGas may face some difficulties in processing DGS bill payments, but these do not appear to be significant or insurmountable, and the current framework appropriately allows DGS to provide natural gas services for its customers, a framework that was agreed to just a few months ago.

DGS informed the Energy Division that DGS does not simply return disputed bills to SoCalGas but tries to work out the proper bills with SoCalGas and makes payments



within the 45 day period currently allowed, even when disputed bills are outstanding. DGS also indicated that SoCalGas has never conveyed any problems it may have had with DGS' bill payments.

SoCalGas' current tariff language in Rule 12 was just revised earlier this year in Advice Letter 3515-A, after apparently working out that language with DGS. SoCalGas has not now provided adequate justification for requiring DGS to pay the bills for its "non-State Agency" clients within 19 days. The Company says it has difficulty handling DGS bill payments, but this seems to be mainly due to allegedly inadequate detail being provided by DGS. SoCalGas doesn't make any connection between the inadequate detail allegedly being provided by DGS and whether this is somehow associated with "non-State Agency" clients.

SoCalGas informed the Energy Division that some of the problems it encounters with DGS bill payments are due to DGS errors, such as: 1) mailing of bill payments to the wrong address, 2) failing to provide payment stubs, and 3) failing to provide the correct or complete account number. SoCalGas indicates that such problems occur virtually every month. DGS should work with SoCalGas and provide them with the information they need to efficiently process DGS's bill payments.

In response to a data request from the Energy Division, DGS says it similarly serves customers in Pacific Gas and Electric's (PG&E) and San Diego Gas and Electric's service territories, but has received no complaints from either of those utilities. It is unclear why SoCalGas has encountered a problem with DGS bill payments.

**All of DGS' clients are State Agencies or another type of public agency, so there is a public interest in allowing DGS up to 45 days to pay its clients' bills.**

Other marketers serving SoCalGas customers are able to deal with the complexities of serving multiple accounts and making the necessary bill payments within 19 days. Nevertheless, all of DGS's customers are either State Agencies, "non-qualifying State Agencies", or some other type of public sector agency. The Commission received protests from a number of these entities, which included a college, a water district, a county public works department, and a sanitation district. The PPA allows payments to be made by qualifying State Agencies to be made by 45 days after the receipt of an undisputed invoice. Although the PPA may not technically qualify all of these entities as "State Agencies", DGS performs a valuable service for its many public sector customers. DGS clients need to follow certain protocols to assure that funds are being appropriately

spent, and there is a public interest in enabling these agencies to procure natural gas supplies in an efficient, low-cost manner.

SoCalGas shall maintain the existing tariff language for its Rule 12.

## **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments. SoCalGas filed comments on the draft resolution on October 24, 2006, and DGS filed reply comments on October 31, 2006.

In its comments, SoCalGas argued that the Draft Resolution is in error because the PPA does not apply to non-State Agency payments by DGS, but applies only to qualifying State Agencies. SoCalGas also noted that other public sector utility customers who are clients of contracted marketers are not eligible for provisions of the PPA regardless of valuable services performed and Non-State Agency clients must receive the same services provided to all other similarly situated customers in a non-discriminatory way. SoCalGas believes that the draft resolution is inconsistent with the PPA and should be revised to recognize that AL 3612 was filed solely to eliminate the difficulty SoCalGas is encountering in implementing the provisions of the PPA. SoCalGas recommends approval of AL 3612.

In reply comments, DGS responded that:

- the PPA should apply to the DGS and the participants for which DGS is an agent,
- SoCalGas fails to recognize that that it is not the act of providing contracted marketing services but the fact that a qualified state agency is covered under the PPA,
- SoCalGas' issue with SDG&E is not a basis for a change in the timing of late fees, and
- equity and efficiency supports the adoption of Draft Resolution G-3388.

DGS supports the adoption of Draft Resolution G-3388.

In AL 3612, SoCalGas seeks changes to Rule 12 that would essentially replace the “state agency” provisions adopted through Advice Letter 3515-A with language similar to that proposed in AL 3515 and abandoned when that AL was withdrawn and replaced by AL 3515-A. Public sector customers whose accounts were serviced by DGS, but who did not fall within the PPA definition of a qualifying state agency would be required to pay bills within 19 days, or have DGS pay their bills within 19 days, as if they were non-public sector non-residential customers. SoCalGas claims this is necessary to avoid the discrimination that would result if public sector customers that were not “state agencies” under the PPA were able to benefit from the PPA’s extended billing cycle, while other non-residential customers faced a shorter billing cycle. SoCalGas also prefers its proposed approach because it would be consistent with the existing tariffs of its affiliate, SDG&E.

There are at least two major flaws in SoCalGas’ reasoning. While the utility is correct in noting that the PPA applies to some governmental entities whose natural gas needs are served by, and whose utility bills are paid by DGS - those that meet the definition of State Agency in the PPA - and not to other governmental served by DGS who do not fall within the PPA definition of a state agency, this fact is not especially relevant to the question whether SoCalGas’ current Rule 12 is unreasonable or inconsistent with the law. First, the late payment charge SoCalGas seeks to apply is a creature of a decision of this Commission, not of a statutory provision over which the utility and Commission have no control. The legality of the late payment charge tariff does not depend on the closeness of its match to the provisions of the PPA, but rather to the more basic question of whether the tariff is one this Commission has the authority to authorize.

Second, the changes to Rule 12 that SoCalGas seeks now would in essence replace the current Rule 12 adopted pursuant to AL 3515-A with the version of Rule 12 that SoCalGas proposed in AL 3515 and then subsequently withdrew and replaced with the AL 3515-A version. SoCalGas is claiming that its own tariff language is discriminatory. While it laudable for a utility to recognize flaws in its existing tariffs, the “flaw” alleged here is one the utility crafted in response to DGS’ concerns about its earlier advice letter. It is no surprise that the DGS protests the latest effort to modify Rule 12 by replacing it with language from the earlier advice letter to which DGS previously objected. The public interest is not served when a utility proposes one tariff approach, withdraws it in the face of reasoned concerns expressed by interested parties, replaces it with a proposal addressing those concerns, and then, within a few months, proposes to replace the replacement version of the tariff with the initial language it previously withdrew.

The current non-residential late payment charge tariff language regarding state agencies was well within the Commission's authority to approve, and has a rational basis. No one disputes the Commission's authority to adopt in Decision (D.) 04-12-015 a settlement agreement adopting SoCalGas' proposal for a late payment charge for non-residential customers. When SoCalGas filed AL 3515 on July 14, 2005 to modify its Rule 12 to include the authorized late payment charge, DGS suggested modifications to clarify that its processing of bills for all agencies it provided with natural gas and billing services would be subject to the same billing cycle; SoCalGas agreed to these changes, withdrew AL 3515, and filed AL 3515-A with replacement language corresponding to the changes recommended by DGS. AL 3515-A was filed August 1, 2005. The Director of the Commission's Energy Division sent SoCalGas a letter notifying the utility that AL 3515-A would become effective January 1, 2006. The Commission's approval of AL 3515-A by permitting it to go into effect as filed and with the effective date requested was clearly within the Commission's authority under §§ 455, 701 and other provisions of the Public Utilities Code.

SoCalGas's current Rule 12 treats public sector customers of DGS who are not state agencies as defined in the PPA differently only in that DGS is permitted to process their bills on the same cycle it processes other public sector customers that are state agencies as defined in the PPA. The size of any late payment charge remains the same, whether a customer is served by DGS or not. Thus, the difference in treatment between non-state agency DGS customers and non-DGS customers is not all that significant.

DGS points out in its comments that it is itself a qualifying state agency under the PPA, entitled to the extended bill payment period under that Act, and that all of its activities as the bill payer for its public sector customers (whether they are qualifying state agencies under the PPA or not) are therefore covered by the PPA. DGS states that: "If the meter for the customer was in DGS' name, we would not be having this discussion. However, that involves more work for all and complicates matters significantly. The DGS is confirming what SCG and the Commission already did when it approved AL 3515-A; to recognize that what the DGS was doing was the economic equivalent of the transfer of the meter by agreement." We agree.

DGS further comments that the current approach is more economically efficient for all concerned, since it acts as a single point of contact for its participants in dealing with questions and reconciling accounts, pays with a single check that delineates in the transmittal what accounts are being paid and the amount that are being paid, saves SoCalGas the need to process multiple checks coming in at different times, and permits

the continuation of a workable status quo that appears to create no serious problems for the utility. Again, we agree.

Given the above, we deny AL 3612.

## **FINDINGS**

1. On March 23, 2006, SoCalGas filed AL 3612 to request a revision in its Rule 12 that would essentially reduce the amount of time that bill payment is due, from 45 days to 19 days, from public sector accounts served by DGS that are not "State Agencies" as defined by the Prompt Payment Act. Late payment fees would apply to bills paid after 19 days for such accounts.
2. AL 3612 proposed requiring the State of California to notify the utility as to which accounts served State Agencies as defined in the Prompt Payment Act.
3. DGS protested AL 3612 on the grounds that it violates the Prompt Payment Act, would inconvenience DGS customers, and would increase their costs.
4. Six non-State agencies protested AL 3612 on the basis that it would increase costs to them.
5. DGS serves State and non-State Agencies and renders valuable services to its public sector clients.
6. There could be a cost and inconvenience to DGS if AL 3612 were approved.
7. In its response to DGS's protest, SoCalGas said that DGS cannot transform a statutory non-qualifying State Agency into a qualifying State Agency simply by providing similar services to both.
8. SoCalGas said that processing payments remitted by DGS is burdensome to SoCalGas' personnel and at times DGS does not provide the minimum information needed.
9. SoCalGas has not adequately justified its request to essentially require DGS to pay the gas bills for its "non-State Agency" clients within 19 days.

10. There is a public interest in allowing DGS to pay the gas bills for its clients within 45 days rather than 19 days.
11. It is reasonable to order SoCalGas to allow DGS' customers to pay their bills within 45 calendar days following the date upon which an undisputed invoice is received by DGS' customers.

**THEREFORE IT IS ORDERED THAT:**

1. SoCalGas' request in AL 3612 to revise tariff language in Rule No. 12 is denied.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on November 9, 2006, the following Commissioners voting favorably thereon:

\_\_\_\_\_  
STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY  
PRESIDENT  
GEOFFREY F. BROWN  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
Commissioners





**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

March 23, 2006

Advice No. 3612  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Rule No. 12, Payment of Bills - Revisions to Section F, Late Payment Charges**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to SoCalGas' Rule No. 12, Payment of Bills, applicable throughout its service territory, as shown on Attachment B.

**Purpose**

The purpose of this filing is to modify SoCalGas' Rule No. 12 to avoid the difficulty SoCalGas is experiencing in carrying out the language relating to the application of late payment charges to State Agencies.

**Background**

On August 24, 2005, SoCalGas received approval of its Advice No. (AL) 3515-A effective January 1, 2006. AL 3515-A addressed the concerns of the Department of General Services on the language regarding the application of late payment charges to State Agencies. SoCalGas is finding this approved language, duplicated below, problematic in that it inadvertently extends State Agency status to non-State Agency account holders.

If an account is served by or serves a State Agency and payment is not received within the time limits specified pursuant to the California Prompt Payment Act, Government Code Section 927 et seq., then a penalty for late payment shall be imposed upon the State in accordance with the provisions of the California Prompt Payment Act. For purposes of determining the applicability of this section, the phrase "is served by or serves a State Agency", shall include governmental entities where a portion of utility service is provided or arranged for by a State Agency and collection and payment of the particular utility bills is handled by that State Agency. It is the intent of this section not to exceed the requirements and limitations specified by the California Prompt Payment Act.

The Department of General Services (DGS) is a State agency that pays bills for not only State Agencies but also certain other entities that are not listed in the State Agency Index available on the State's website. SoCalGas believes that the State Agency Index on the



State's website [http://www.ca.gov/state/portal/myca\\_htmldisplay.jsp?](http://www.ca.gov/state/portal/myca_htmldisplay.jsp?) should be used in determining State Agency status. SoCalGas herein proposes to modify its Rule No. 12, Payment of Bills, to replace the above quoted text with the following:

Where an account serves a State Agency and payment is not received within 45 calendar days after the date of electronic transfer or the date mailed as indicated on the bill, the late payment charge applicable to that account will be at a rate of one (1) percent above the rate accrued on June 30th of the prior year by the Pooled Money Investment Account, but not to exceed 15 percent, all as set forth in Government Code Section 927.6 (b). Such rate shall be applied to and accrue on a State Agency account only after 45 days from the date mailed as indicated on the bill.

The State of California shall notify the Utility as to which accounts serve State Agencies. The provisions of the above paragraph shall apply after such notification, except where the Utility has previously identified the account as one belonging to the state agency.

It is noteworthy to point out that the above language for assessing a late payment charge on a State Agency is essentially identical to the authorized language in San Diego Gas & Electric's (SDG&E) Rule 9, Rendering and Payment of Bills. The proposed practice for SoCalGas of referring to the State Agency Index website to determine State Agency status is consistent with SDG&E's authorized Rule 9.

Moreover, SoCalGas has been in contact with the DGS manager responsible for the administration of the California Prompt Payment Act. The manager of the Act has provided information clarifying the eligibility under the Act of defined State Agencies. This proposed change to SoCalGas' Rule No. 12 will not violate the provisions of the Act

This filing will not result in a rate change or deviate from or conflict with any current rate schedule or rule. In addition, this filing will not cause the withdrawal of any service currently provided by SoCalGas.

### **Effective Date**

SoCalGas believes that this filing is subject to Energy Division disposition and therefore respectfully requests that this filing become effective on April 22, 2006, which is 30 calendar days after the date filed.

### **Protests**

Anyone may protest this advice letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the Commission. 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](mailto:jjr@cpuc.ca.gov)) and Honesto Gatchalian ([inj@cpuc.ca.gov](mailto: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.

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](mailto:snewsom@semprautilities.com)

**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 interested parties in A.02-12-027, SoCalGas' TY 2004 General Rate Case.

---

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: Nena Maralit

Phone #: (213) 244-2822

E-mail: nmaralit@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) #: 3612

Subject of AL: Rule No. 12, Payment of Bills - Revisions to Section F, Late Payment Charge

Keywords (choose from CPUC listing): Late Payment Charge

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

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 AL<sup>1</sup>: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: April 22, 2006

No. of tariff sheets: 3

Estimated system annual revenue effect (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

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: Rules, TOC - Rules, TOC - General

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

**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**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 3612**

**(See Attached Service Lists)**

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

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  
Pearlie Sabino  
pzs@cpuc.ca.gov

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

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

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

CPUC - ORA  
Jacqueline Greig  
jnm@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 Long Beach, Gas & Oil Dept.  
Chris Garner  
2400 East Spring Street  
Long Beach, CA 90806

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

City of Pasadena - Water and Power  
Dept.  
Robert Sherick  
rsherick@cityofpasadena.net

City of Riverside  
Joanne Snowden  
jsnowden@riversideca.gov

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

Commerce Energy  
Gary Morrow  
GMorrow@commerceenergy.com

Commerce Energy  
Glenn Kinser  
gkinser@commerceenergy.com

Commerce Energy  
Pat Darish  
pdarish@commerceenergy.com

Commerce Energy  
Lynelle Lund  
llund@commerceenergy.com

Commerce Energy  
Tony Cusati  
TCusati@commerceenergy.com

Commerce Energy  
Rommel Aganon  
RAganon@commerceenergy.com

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

Crossborder Energy  
 Tom Beach  
 tomb@crossborderenergy.com

Culver City Utilities  
 Heustace Lewis  
 Heustace.Lewis@culvercity.org

Davis Wright Tremaine, LLP  
 Christopher Hilen  
 chrishilen@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  
 Dan Douglass  
 douglass@energyattorney.com

Douglass & Liddell  
 Donald C. Liddell  
 liddell@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

Hanna & Morton  
 Norman A. Pedersen, Esq.  
 npedersen@hanmor.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  
 diane\_fellman@fpl.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

Manatt Phelps Phillips  
 Randy Keen  
 rkeen@manatt.com

Manatt, Phelps & Phillips, LLP  
 David Huard  
 dhuard@manatt.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

PG&E Tariffs  
Pacific Gas and Electric  
PGETariffs@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

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

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

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

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

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,  
LLP  
DAVID J. BYERS, ESQ.  
dbyers@landuselaw.com

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

NATURAL RESOURCES DEFENSE  
COUNCIL  
SHERYL CARTER  
scarter@nrdc.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

CALIFORNIA PUBLIC UTILITIES  
COMMISSION  
LOS ANGELES DOCKET OFFICE  
LAdocket@cpuc.ca.gov

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

FPL ENERGY, LLC  
DIANE I. FELLMAN  
diane\_fellman@fpl.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  
 dhuard@manatt.com

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

CATHOLIC HEALTHCARE WEST  
 DAVID JONES  
 djones2@chw.edu

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

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

MANATT, PHELPS & PHILLIPS, LLP  
 RANDALL W. KEEN  
 rkeen@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@gmsr.com

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

JBS ENERGY  
 BILL MARCUS  
 bill@jbsenergy.com

DAVID MARCUS  
 dmarcus2@sbcglobal.net

DAVID MARCUS  
dmarcus2@sbcglobal.net

SUTHERLAND, ASBILL & BRENNAN  
KEITH MCCREA  
keith.mccrea@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

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

SAN FRANCISCO COMMUNITY POWER  
COOP  
STEVEN MOSS  
steven@moss.net

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

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

CALIFORNIA LEAGUE OF FOOD  
PROCESSORS  
ROB NEENAN  
rob@clfp.com

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

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@gmssr.com

KERN RIVER GAS TRANSMISSION  
COMPANY  
RICHARD N. STAPLER, JR.  
richard.stapler@kernrivergas.com

SEMPRA ENERGY  
GLEN J. SULLIVAN  
gsullivan@sempra.com

CALIF PUBLIC UTILITIES COMMISSION  
Danilo E. Sanchez  
des@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

**CALIFORNIA DEPARTMENT OF  
WATER RESROURCE**  
ANDREW ULMER  
aulmer@water.ca.gov

**THE GREENLINING INSTITUTE**  
CHRIS VAETH  
chrisv@greenlining.org

**SEMPRA**  
RONALD VAN DER LEEDEN  
rvanderleeden@semprautilities.com

**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

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

**MODESTO IRRIGATION DISTRICT**  
PO BOX 4060  
MODESTO, CA 95352

ATTACHMENT B  
Advice No. 3612

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 40343-G	Rule No. 12, PAYMENT OF BILLS, Sheet 2	Revised 39474-G*
Revised 40344-G	TABLE OF CONTENTS	Revised 39475-G
Revised 40345-G	TABLE OF CONTENTS	Revised 40330-G

Rule No. 12  
PAYMENT OF BILLS

Sheet 2

(Continued)

D. LevelPay Payment Option (Continued)

- 6. For customers participating in this payment option,
  - a. Anticipated bills for a twelve-month period will be apportioned among twelve months, regardless of the actual consumption during that month; and
  - b. Customer accounts are periodically reviewed and adjusted as appropriate.

E. Electronic Payment Option

At the mutual option of the customer and the Utility, the customer may elect to receive, view and pay regular bills for service electronically and no longer receive the paper bills. All legal and mandated notices, and all charges that would have appeared on the paper bill, will be transmitted with the electronic bill transmittal. Even if the Utility allows bill payment using a bill aggregator or by credit/debit card, responsibility for handling complaints about the bill still resides with the Utility. All notices for termination of service for non-payment will be delivered by U.S. Mail. Either party may discontinue electronic billing upon 30-day's notice. The Utility will not release confidential information, including financial information, to a third party without the customer's consent. The customer's consent shall be provided either in writing or electronically.

F. Late Payment Charges

A monthly late payment charge, equal to SoCalGas' authorized return on rate base divided by 12 and rounded to the nearest one-tenth of one percent, may be assessed on non-residential accounts with billing in arrears if not received by the Utility, or by a duly authorized agent of the Utility, by the "late charge date" as shown on the bill. The "late charge date" will be at least 19 days from the date mailed as indicated on the bill.

Effective January 1, 2006, the Late Payment Charge is 0.7% (seven-tenths of one percent).

Where an account serves a State Agency and payment is not received within 45 calendar days after the date of electronic transfer or the date mailed as indicated on the bill, the late payment charge applicable to that account will be at a rate of one (1) percent above the rate accrued on June 30th of the prior year by the Pooled Money Investment Account, but not to exceed 15 percent, all as set forth in Government Code Section 927.6 (b). Such rate shall be applied to and accrue on a State Agency account only after 45 days from the date mailed as indicated on the bill.

The State of California shall notify the Utility as to which accounts serve State Agencies. The provisions of the above paragraph shall apply after such notification, except where the Utility has previously identified the account as one belonging to the state agency.

D  
N  
|  
|  
|  
|  
|  
|  
|  
|  
|  
|  
N

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3612  
 DECISION NO.  
 2R10

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Mar 23, 2006  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

TABLE OF CONTENTS

RULES

<u>Rule Number</u>	<u>Title of Sheet</u>	<u>Cal. P.U.C. Sheet No.</u>
1	Definitions .....	33478-G,39810-G,39584-G,36706-G,36916-G,36917-G 36918-G,36919-G,36711-G,36712-G,36713-G,36714-G 36715-G,36716-G,36717-G,36718-G
2	Description of Service .....	35722-G,36011-G,36012-G 36013-G,35726-G,35727-G,35728-G
3	Application for Service .....	35524-G,35525-G,35526-G
4	Contracts .....	35529-G,35530-G
5	Special Information Required on Forms .....	33292-G,24601-G
6	Establishment and Re-Establishment of Credit .....	28448-G,28449-G
7	Deposits .....	39811-G
8	Return of Deposit--Interest on Deposit .....	26214-G
9	Discontinuance of Service .....	33499-G,26950-G,33500-G,33501-G 26424-G,36035-G,39812-G
10	Service Charges .....	39813-G,38903-G,38904-G,38905-G,38906-G
11	Disputed Bills .....	39418-G,39419-G
12	Payment of Bills .....	39814-G,40343-G
13	Meters and Appliances .....	24618-G,38338-G
14	Meter Reading .....	24620-G
15	Meter Tests .....	36872-G
16	Adjustment of Bills .....	36873-G,36874-G,36875-G
17	Reading of Separate Meters Not Combined .....	24626-G
18	Notices .....	38239-G
19	Rates and Optional Rates .....	36016-G
20	Gas Main Extensions .....	31800-G,31801-G,38506-G,38507-G,32375-G,32376-G 31806-G,31807-G,37767-G,37768-G,37769-G,37770-G,37771-G
21	Gas Service Extensions .....	31813-G,31814-G,31815-G,31816-G,31817-G,31818-G 31819-G,31820-G,38510-G,31822-G,31823-G,31824-G,31825-G
22	Temporary Service .....	24640-G,30294-G
23	Continuity of Service and Interruption of Delivery .....	36719-G,37968-G,33041-G,33042-G,34021-G,33044-G 36622-G,33046-G,33047-G,36721-G,37969-G,33050-G
24	Supply to Individual Premises and Resale of Gas .....	39422-G,39925-G,39926-G
25	Company's Right of Ingress to and Egress from the Consumer's Premises .....	24655-G

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3612  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Mar 23, 2006  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

T

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>
Title Page .....	21888-G
Table of Contents--General and Preliminary Statement .....	40345-G,40054-G
Table of Contents--Service Area Maps and Descriptions .....	28516-G
Table of Contents--Rate Schedules .....	40320-G,40321-G,40329-G
Table of Contents--List of Cities and Communities Served .....	40149.1-G
Table of Contents--List of Contracts and Deviations .....	40149.1-G
Table of Contents--Rules .....	40344-G,39865-G
Table of Contents--Sample Forms .....	39826-G,39748-G,39142-G,40139-G,40128-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 .....	40301-G,40302-G,40303-G,39982-G,39983-G,40304-G 32491-G,32492-G,39790-G,40265-G,40266-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 .....	39964-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,39965-G,39861-G,39966-G,39967-G,39968-G,39969-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,40055-G,40056-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. 3612  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Mar 23, 2006  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_