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April 7, 2006

Advice No. 3622
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revisions to Schedule Nos. GT-F, GT-I and Rule No. 23 Regarding Noncore Service Eligibility

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

Purpose

This filing revises SoCalGas Rate Schedule No. GT-F, Firm Intrastate Transmission Service, Rate Schedule No. GT-I, Interruptible Intrastate Transmission Service, and Rule No. 23, Continuity of Service and Interruption of Delivery, to eliminate the mandatory reclassification of noncore customers to core in the event their usage falls below the noncore size criteria currently stated in Rule No. 23. As proposed herein, noncore commercial and industrial customers whose usage falls below the noncore size threshold shall no longer automatically be reclassified as core, but shall remain noncore until such point in time when they elect core service.

Background

The definition of core and noncore service utilized by SoCalGas was first established by the Commission in Decision (D.) 87-12-039 which implemented the Commission's earlier decisions (D.86-12-009 and D.86-12-010) restructuring the natural gas industry and related regulation in California. The primary basis for noncore service eligibility at that time was a customer's alternate fuel capability, or the economic practicality of a customer installing equipment to have the capability of utilizing alternate fuels.

Noncore service eligibility requirements changed in 1993 with the elimination of alternate fuel capability (or the demonstration of economic practicality) as a requirement for noncore service (D.93-09-082). At that time, the Commission also ordered that customers who failed, at that particular time, to meet the then-established usage requirements for noncore service eligibility shall continue to retain their noncore service eligibility (D.93-09-082, Finding of Fact 6). Since then, SoCalGas has allowed these "grandfathered" customers to retain their noncore service

status, while other noncore customers whose usage fell below the adopted requirements for noncore service were involuntarily transferred to core service.

Some of SoCalGas' non-grandfathered noncore customers who have been involuntarily transferred to core because of the usage criterion have expressed displeasure with this provision. These smaller noncore service customers necessarily have contractual gas procurement agreements with marketers and agents that need to be terminated involuntarily upon the transfer to core service. Additionally, with the passage of time since grandfathered status was granted to certain customers in 1993, changes in customer business operations and ownership changes have made it increasingly difficult to keep track of grandfathered customers.

SoCalGas is also aware that in 2003, as a supplement to Pacific Gas & Electric (PG&E) Application 02-11-028, PG&E requested a revision to its noncore service to eliminate its mandatory reclassification of noncore customers to core service if they no longer met the usage criterion for noncore service. In its filing, PG&E expressed the concerns by its customers of this same constraining provision and was ultimately granted authority in D.03-12-008 to allow these customers to retain their noncore service status.

SoCalGas, therefore, respectfully requests to modify its authorized tariff to allow commercial and industrial customers, who are currently classified for noncore service, to continue to receive noncore service until such time when the customer elects core service. SoCalGas also requests other minor modifications be made at this time to remove out-dated references and provide clarification.

Proposed Tariff Changes

Schedule Nos. GT-F and GT-I

Schedule Nos. GT-F and GT-I both have the same Special Condition 7 that currently states:

“Customers receiving service under this schedule or other commercial/industrial noncore rate schedule as of September 29, 1993 may continue to receive service hereunder regardless of size consistent with the grandfathering of noncore customers established in D.93-09-082. Such customers who elect core service or close their facilities (excluding changes in name or ownership) will no longer be eligible for service under this schedule unless they meet the size requirements set forth for noncore customers under Rule No. 23.”

This Special Condition will be replaced with the following language that will allow small commercial and industrial customers that no longer meet the noncore size criteria to receive service under the schedule unless they elect core service or close their facilities for more than a year:

“Electric generation, refinery and enhanced oil recovery customers may elect service under this schedule regardless of size. Commercial and non-refinery industrial customers currently meeting the size requirements set forth for Priority 2A customers under Rule No. 23 may elect service under this schedule. Commercial and non-refinery industrial customers who either (1) elect core service or (2) close their facilities for a period of a year or more (excluding changes in name or ownership) will no longer be eligible for service under this schedule unless they meet the size requirements set forth for Priority 2A customers under Rule No. 23.”

Rule No.23

1) The following obsolete statement will be deleted:

“The provisions of this Rule shall not apply to service until the date of full implementation of the CPUC’s Capacity Brokering Rules set forth in Decision Nos. 91-11-025 and 92-07-025 and Resolution Nos. G-3023, G-3033 and G-3043.”

2) The current definition of Priority 1 Core Service in Section B. “Priority of Service” is being reworded to add that commercial and non-refinery industrial usage reclassified to noncore service pursuant to customer request is excluded from core service. The footnote on Sheet 1 defining the core/noncore size criteria is being reworded to eliminate the provision requiring small noncore customers to be classified as core (Priority 1) and to provide additional clarity.

This filing will not create any deviations from SoCalGas’ tariffs, cause withdrawal of service from any present customer, or impose more restrictive conditions.

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and therefore respectfully requests that this advice letter become effective May 7, 2006, which is not less than thirty (30) calendar days after the date filed.

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 (jjr@cpuc.ca.gov) and Honesto Gatchalian (jnj@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.

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Notice

A copy of this advice letter is being sent to the parties listed on Attachment A which includes interested parties in R.04-01-025.

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ATTACHMENT A

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ATTACHMENT B
Advice No. 3622

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 40458-G	Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 4	Revised 37935-G
Revised 40459-G	Schedule No. GT-I, INTERRUPTIBLE INTRASTATE TRANSMISSION SERVICE, Sheet 4	Revised 32671-G
Revised 40460-G	Rule No. 23, CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY, Sheet 1	Revised 36719-G
Revised 40461-G	Rule No. 23, CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY, Sheet 2	Revised 37968-G
Revised 40462-G	TABLE OF CONTENTS	Revised 40396-G
Revised 40463-G	TABLE OF CONTENTS	Revised 39475-G
Revised 40464-G	TABLE OF CONTENTS	Revised 40415-G

Schedule No. GT-F
FIRM INTRASTATE TRANSMISSION SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

SERVICE ELECTIONS

7. Electric generation, refinery and enhanced oil recovery customers may elect service under this schedule regardless of size. Commercial and non-refinery industrial customers currently meeting the size requirements set forth for Priority 2A customers under Rule No. 23 may elect service under this schedule. Commercial and non-refinery industrial customers who either (1) elect core service or (2) close their facilities for a period of a year or more (excluding changes in name or ownership) will no longer be eligible for service under this schedule unless they meet the size requirements set forth for Priority 2A customers under Rule No. 23.
8. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas under this schedule.
9. Customers having existing gas exchange agreements with the Utility must exchange the maximum amount of gas allowable under those agreements prior to the delivery of customer-owned gas for transportation under other service agreements, unless otherwise agreed to by the Utility.

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FULL REQUIREMENTS SERVICE

10. Customers may elect full requirements service under this schedule. Full requirements customers are not required to contract for a stated annual quantity.
11. Full requirements customers are prohibited from using alternate fuels or bypass pipeline service (1) except in the event of curtailment, (2) to test alternate fuel capability, or (3) where the Utility has provided prior written authorization for the use of alternate fuels or bypass for temporary periods.
12. In the event of any unauthorized alternate fuel use or bypass, customers must provide the Utility written notice thereof quantifying the extent to which alternate fuel or bypass use occurred. Such notice must be provided prior to the end of the month in which the usage took place. Any unauthorized alternate fuel or bypass use will be subject to a use-or-pay charge equal to 80% of the applicable transmission charge. No other use-or-pay charges are applicable to full requirements service.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3622
DECISION NO.

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Apr 7, 2006
EFFECTIVE May 7, 2006
RESOLUTION NO. _____

Schedule No. GT-I
INTERRUPTIBLE INTRASTATE TRANSMISSION SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS (Continued)

GENERAL (Continued)

6. (Continued)

usage following conditional reclassification is less than the required minimum, the customer shall be rebilled in accordance with the rate schedule otherwise applicable to its usage. The Utility reserves the right to accept or reject any such request.

7. Electric generation, refinery and enhanced oil recovery customers may elect service under this schedule regardless of size. Commercial and non-refinery industrial customers currently meeting the size requirements set forth for Priority 2A customers under Rule No. 23 may elect service under this schedule. Commercial and non-refinery industrial customers who either (1) elect core service or (2) close their facilities for a period of a year or more (excluding changes in name or ownership) will no longer be eligible for service under this schedule unless they meet the size requirements set forth for Priority 2A customers under Rule No. 23.

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8. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas under this schedule.

9. Customers having existing gas exchange agreements with the Utility must exchange the maximum amount of gas allowable under those agreements prior to the delivery of customer-owned gas for transportation under other service agreements, unless otherwise agreed to by the Utility.

ELECTRONIC METER-READING

10. Customers electing noncore status must have electronic meter-reading equipment installed at Customer's expense as a condition of noncore service.

NEGOTIABLE TRANSMISSION CHARGES

11. By mutual agreement, the Utility and the customer may negotiate interruptible intrastate transmission charges for a term of service of less than five years without CPUC approval. Any such negotiated transmission charges shall be set forth in the customer's service contract. All such service contracts must be submitted by letter to the CPUC and made available for public inspection. No other charges under this schedule shall be negotiable unless CPUC approval is first obtained.

12. All contracts for a term of service of five years or longer ("long-term") meeting the guidelines set forth in Decision No. 92-11-052 must be filed for prior CPUC approval under the CPUC's Expedited Application Docket (EAD) procedure adopted in Decision No. 92-11-052. All other long-term contracts must be filed by advice letter for prior CPUC approval.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3622
 DECISION NO.

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Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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 RESOLUTION NO. _____

Rule No. 23

Sheet 1

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

A. General

The Utility will exercise reasonable diligence and care to furnish and deliver service to its customers, and to avoid any interruption of same. The Utility shall not be liable for damages or otherwise for any failure to deliver gas or provide service to its customers, which failure in any way or manner results from breakage of its facilities, however caused, war, riots, acts of God, strikes, failure of or interruption in service, operating limitations or other conditions beyond its reasonable control.

B. Priority of Service

In the event of a curtailment, as defined in Rule No. 1, the Utility shall curtail gas service to customers as described in Section C, Curtailment of Service, herein. Customer usage will be assigned to appropriate end-use priority or service classifications as set forth below.

Core Service

Priority 1 All residential usage regardless of size. All commercial and non-refinery industrial usage less than 20,800 therms per active month*, excluding usage reclassified to noncore service pursuant to customer request. All electric generation, refinery and enhanced oil recovery (EOR) usage less than 20,800 therms per active month* electing core service.

Priority 2A All commercial and non-refinery industrial usage of 20,800 therms or greater per active month* who elect to remain core customers.

Noncore Service

Noncore Service includes: (1) commercial and industrial usage electing noncore service, (2) electric generation, enhanced oil recovery (EOR), and refinery usage less than 20,800 therms per active month* who have not elected core service, and (3) all electric generation, refinery and enhanced oil recovery (EOR) usage greater than 20,800 therms per active month*.

Firm Service All usage served through firm intrastate transmission service.

Interruptible All usage served through interruptible intrastate transmission service. Interutility deliveries shall be considered interruptible intrastate service.

* A customer shall be considered to meet the size criteria of 20,800 therms per active month when on an annualized basis, for any period of 12 contiguous months within the most recent 24 month period, the customer's active month consumption averages 20,800 therms. An active month is one in which consumption exceeds 1,000 therms.

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(TO BE INSERTED BY UTILITY)

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Lee Schavrien
 Vice President
 Regulatory Affairs

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Rule No. 23

Sheet 2

CONTINUITY OF SERVICE AND INTERRUPTION OF DELIVERY

(Continued)

C. Curtailement of Service

1. Effectuation of Curtailement

When in the judgment of the Utility, operating conditions require curtailement of service and/or the diversion of customer-owned gas, such curtailement shall be effectuated in the order and manner described below, unless otherwise specified in this rule.

- (1) All interruptible noncore Standby Procurement service.
- (2) All firm noncore Standby Procurement service.
- (3) All interutility service provided under Schedule No. GIT.
- (4) All as-available storage withdrawal service, provided under Schedule No. G-AUC, or portions thereof according to the as-available withdrawal reservation price paid with customers paying the lowest price curtailed first and customers paying the highest price curtailed last. Customers paying the same price will be curtailed on a pro rata basis with the exception that all UEG service shall be curtailed before cogeneration service.
- (5) All interruptible intrastate service according to the percentage of default rate paid, as defined in Rule No. 1, with customers paying the lowest percentage of default curtailed first. Customers paying the same percentage of default shall be curtailed on a pro rata basis (by equal percentage) with the exception that all UEG service shall be curtailed before cogeneration service where such service is at the same percentage of default.

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