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April 26, 2006

Advice No. 3626
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of the Gain on Sale Memorandum Account (GOSMA)

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its Preliminary Statement, Part VI, Description of Regulatory Accounts – Memorandum as shown on Attachment B.

Purpose

This filing establishes the GOSMA pursuant to Decision (D.) 06-04-032, to record the gain-on-sale associated with the sale of the 36 lots at Playa del Rey (PdR) and Marina del Rey (MdR).

Background

On May 12, 1999, SoCalGas filed application (A.) 99-05-029, pursuant to Pub. Util. Code § 851, seeking authorization to value and sell 36 undeveloped lots in PdR and MdR and for approval of an additional 48 lots that had been sold between 1950 and 1998. On April 13, 2006 the Commission issued D.06-04-032 which authorizes SoCalGas to value and sell 36 lots at PdR and MdR and certifies the Final Environmental Impact Report (FEIR) for the proposed sale. The decision also provides Section 851 approval, on a prospective basis only, for the additional 48 lots that had already been sold.

Establishment of the GOSMA

Pursuant to Ordering Paragraph (OP) 4 of D.06-04-032, the Commission stated the following:

“SoCalGas shall book any gain-on-sale from the sale of the 36 lots into a Memorandum account pending a final Commission decision in Rulemaking 04-09-003, at which time, SoCalGas is to allocate the gain-on-sale in accordance with the final decision.”

As such, in accordance with Commission order, SoCalGas plans to establish the GOSMA to record any gain-on-sale associated with the sale of the PdR and MdR properties. The disposition of the balance in the GOSMA shall be determined pending the outcome of Gain-on-Sale Rulemaking (R.) 04-09-003.

Protests

Anyone may protest this Advice Letter to the 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 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
Attn: 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 this advice letter be approved May 26, 2006, which is 30 calendar days after the date filed.

Notice

A copy of this advice letter is being sent to all parties listed on Attachment A, which includes the interested parties in A.99-05-029.

J. STEVE RAHON
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Attachments

ATTACHMENT A

Advice No. 3626

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3626

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 40479-G | PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 1 | Revised 39472-G* |
| Original 40480-G | PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 20 | |
| Revised 40481-G | TABLE OF CONTENTS | Revised 40468-G |

PRELIMINARY STATEMENT

Sheet 1

PART VI
DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM

A. GENERAL

Memorandum accounts are special accounts authorized by the Commission for the purpose of tracking certain costs and revenues. Please refer to each individual memorandum account description for the specific accounting treatment applicable to each account.

B. LISTING OF MEMORANDUM ACCOUNTS

PCB Expense Account (PCBEA)
Research Development and Demonstration Expense Account (RDDEA)
Curtailement Violation Penalty Account (CVPA)
Economic Practicality Shortfall Memorandum Account (EPSMA)
Catastrophic Event Memorandum Account (CEMA)
Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
Interstate Capacity Step Down Account (ICSDA)
Vernon Rate Savings Memorandum Account (VRSMA)
Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
Earthquake Valve Installation Service Memorandum Account (EVISMA)
Research Royalty Memorandum Account (RRMA)
NGV Research Development & Demonstration Memorandum Account (RDDNGV)
Intervenor Award Memorandum Account (IAMA)
Z Factor Account (ZFA)
Tax Interest Account (TIA)
Energy Efficiency/DSM Memorandum Account (EEDSMMA)
Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)
Gas Industry Restructuring Memorandum Account (GIRMA)
Self-Generation Program Memorandum Account (SGPMA)
Baseline Memorandum Account (BMA)
Blythe Operational Flow Requirement Memorandum Account (BOFRMA)
Annual Earnings Assessment Proceeding Memorandum Account (AEAPMA)
Cost of Service Revenue Requirement Memorandum Account (COSRRMA)
FERC Settlement Proceeds Memorandum Account (FSPMA)
Interim Call Center Memorandum Account (ICCMA)
Late Payment Charge Memorandum Account (LPCMA)
San Diego Gas & Electric Storage Memorandum Account (SDGESMA)
Gain On Sale Memorandum Account (GOSMA)

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3626
DECISION NO. 06-04-032

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Apr 26, 2006
EFFECTIVE May 26, 2006
RESOLUTION NO. _____

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 |
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| Table of Contents--Service Area Maps and Descriptions | 28516-G |
| Table of Contents--Rate Schedules | 40455-G,40456-G,40467-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 | 39475-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 | 40436-G,40437-G,40438-G,39982-G,39983-G,40465-G 32491-G,32492-G,40331-G,40369-G,40370-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 | 40218-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,40219-G |
| Part VI Description of Regulatory Accounts-Memorandum | 40479-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,38521-G,38522-G,39829-G,39473-G,40480-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 |

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 Regulatory Affairs

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