



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

July 31, 2006

Advice No. 3648
(U 904 G)

Public Utilities Commission of the State of California

Subject: Extension of Blythe Operational Flow Requirement Memorandum Account

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

Purpose

This filing revises Preliminary Statement Part VI, Description of Regulatory Accounts – Memorandum, Blythe Operational Flow Requirement Memorandum Account (BOFRMA). SoCalGas hereby requests that the Commission approve the extension of the BOFRMA as described herein. The purpose of the BOFRMA is to record certain charges associated with SoCalGas' Gas Acquisition Department purchasing and delivering gas to sustain operational flows at Blythe.

Background

SoCalGas must receive certain minimum quantities of gas at Blythe¹ to ensure that adequate gas is available to maintain deliveries to customers connected to the southern portion of its system. SoCalGas' System Operator² determines these minimums based on its forecast of system needs. When shippers' anticipated deliveries of gas are not expected to meet the required Blythe minimum flow levels, SoCalGas' Gas Acquisition Department is called upon to purchase additional quantities of gas to provide the necessary support to the SoCalGas system. These deliveries are outside of the purchases Gas Acquisition would otherwise make to meet the supply needs of SoCalGas' Core procurement (Core) customers. Depending upon market conditions, these system support purchases by Gas Acquisition can result in significant additional procurement costs for SoCalGas' Core customers.

¹ Blythe is the southernmost of the two SoCalGas points of interconnection with the El Paso Natural Gas Company (EPNG) pipeline.

² The SoCalGas System Operator refers to the function performed by SoCalGas' Gas Operations Department.

As a result on August 26, 2003, SoCalGas filed Advice No. (AL) 3286 seeking authority to establish the BOFRMA to record any charges SoCalGas' Gas Acquisition Department incurs to sustain operational flows at Blythe. AL 3286 was approved by the Commission effective October 5, 2003.

SoCalGas has already recorded costs in the BOFRMA relating to activity in January 2005. At the time these costs were incurred SoCalGas conferred with the Division of Ratepayer Advocates (DRA) to ensure the full costs to the Core were recorded. DRA supported the costs recorded to the BOFRMA but requested that before the BOFRMA is further extended that SoCalGas further examine the calculation of costs absorbed by the Core to sustain operational flows at Blythe. In July 2006, Gas Acquisition incurred additional costs to sustain operational flows at Blythe. SoCalGas plans to record these additional costs in the BOFRMA once the exact amount of the costs can be determined and SoCalGas has had an opportunity to consult with DRA regarding the costs.

Issue

As SoCalGas' Preliminary Statement is currently written, SoCalGas only has the ability to record costs to the BOFRMA through August 31, 2006 – the expiration date of SoCalGas' current transportation agreements with El Paso. The Preliminary Statement also contemplates entries to this account terminating when and if the Commission establishes a new procedure for supporting Blythe minimum flow requirements, but the Commission has not done so.

SoCalGas has entered into new transportation agreements with El Paso that will take effect after August 31, 2006.³ As a result SoCalGas' core may be required to sustain operational flows at Blythe after that date. Accordingly, SoCalGas requests an extension of the BOFRMA.

SoCalGas has also recently entered into a settlement agreement with Southern California Edison Company (SCE) that proposes shifting the responsibility for system minimum flow requirements to the system operator from Gas Acquisition and its Core customers and eliminating the BOFRMA. SoCalGas is proposing at this time a 12-month extension of the BOFRMA, which should be enough time for the Commission to consider this proposal in the settlement with SCE. The Preliminary Statement will still retain the provision that entries to the BOFRMA will be eliminated as soon as a new procedure for supporting the Blythe minimum flow requirements is implemented by the Commission.

SoCalGas therefore requests to extend the BOFRMA for one year. Continuation of the BOFRMA on this interim basis will ensure that costs incurred by SoCalGas' core customers to support the Blythe minimum flow requirements will continue to be tracked for further consideration by the Commission.

SoCalGas is authorized to represent that DRA supports this request to extend the BOFRMA for a one year period, pending the Commission's consideration of SoCalGas' settlement agreement with SCE. If the BOFRMA is not eliminated within the 12-month period, SoCalGas must confer with DRA prior to recommending any further extension of the BOFRMA.

³ SoCalGas' new transportation agreements with EPNG were approved by the Commission in AL 3443. They have an initial step down on August 31, 2009, and run in part through August 31, 2011.

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 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:

Energy Division - IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
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 respectfully requests that this advice letter be approved on August 30, 2006, which is thirty (30) days after the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the parties in SoCalGas' GCIM Year 11 Application No. (A.) 05-06-030.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachment

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: Sid Newsom

Phone #: (213) 244-2846

E-mail: snewsom@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) #: 3648

Subject of AL: Extension of Blythe Operational Flow Requirement Memorandum Account

Keywords (choose from CPUC listing): Memorandum Account, Natural Gas, Procurement

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 AL¹: _____

Resolution Required? Yes No

Requested effective date: 8/30/06 No. of tariff sheets: 2

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: Preliminary Statement Part VI, Table of Contents - General

Service affected and changes proposed¹: None - Extension of BOFRMA

Pending advice letters that revise the same tariff sheets: None

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. 3648

(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

Ancillary Services Coalition
Jo Maxwell
jomaxwell@ascoalition.com

Ancillary Services Coalition
Terry Rich
TRich@ascoalition.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
Energy Rate Design & Econ.
505 Van Ness Ave., Rm. 4002
San Francisco, CA 94102

CPUC
Pearlie Sabino
pzs@cpuc.ca.gov

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

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

CPUC - DRA
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
Chet Parker
CParker@commerceenergy.com

Commerce Energy
Glenn Kinser
gkinser@commerceenergy.com

Commerce Energy
Lynelle Lund
llund@commerceenergy.com

Commerce Energy
Rommel Aganon
RAganon@commerceenergy.com

Commerce Energy
Tony Cusati
TCusati@commerceenergy.com

Commerce Energy
Pat Darish
pdarish@commerceenergy.com

Commerce Energy
Gary Morrow
GMorrow@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

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

LS Power (took over Duke Energy)
A Hartmann
AHartmann@LSPower.com

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

Western Manufactured Housing
Communities Assoc.
Sheila Day
sheila@wma.org

THE UTILITY REFORM NETWORK
MARCEL HAWIGER
marcel@turn.org

SOUTHERN CALIFORNIA EDISON
COMPANY
GLORIA ING
gloria.ing@sce.com

LUCE, FORWARD, HAMILTON &
SCRIPPS, LLP
JOHN W. LESLIE
jleslie@luce.com

CALIF PUBLIC UTILITIES COMMISSION
Jonathan Lakritz
jol@cpuc.ca.gov

CORAL ENERGY RESOURCES, LP
MARCIE MILNER
mmilner@coral-energy.com

HANNA AND MORTON, LLP
NORMAN A. PEDERSEN
npedersen@hanmor.com

CALIF PUBLIC UTILITIES COMMISSION
Ramesh Ramchandani
rxr@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Pearlie Sabino
pzs@cpuc.ca.gov

SOUTHERN CALIFORNIA GAS
COMPANY
MICHAEL R. THORP
mthorp@sempra.com

CALIFORNIA PUBLIC UTILITIES
COMMISSION
LAURA J. TUDISCO
ljt@cpuc.ca.gov

ATTACHMENT B
Advice No. 3648

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 40823-G	PRELIMINARY STATEMENT, PART VI, DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM, Sheet 15	Revised 38014-G
Revised 40824-G	TABLE OF CONTENTS	Revised 40822-G

PRELIMINARY STATEMENT

Sheet 15

PART VI
DESCRIPTION OF REGULATORY ACCOUNTS - MEMORANDUM

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

BASELINE MEMORANDUM ACCOUNT (BMA) (Continued)

- b. A debit entry equal to the administrative costs associated with the medical baseline program changes.
- c. An entry equal to the recorded revenue to amortize the account balance in rates upon Commission approval.
- d. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

The disposition of the BMA balance shall be determined in Phase 2 of R.01-05-047.

BLYTHE OPERATIONAL FLOW REQUIREMENT MEMORANDUM ACCOUNT (BOFRMA)

The BOFRMA is an interest bearing memorandum account that is not recorded on the Utility's financial statements. The purpose of this account is to track certain costs associated with SoCalGas' Gas Acquisition Department's purchase and delivery of gas to sustain operational flows at Blythe.

The BOFRMA will be effective through the earlier of September 2007, or the date a new procedure for supporting Blythe minimum flow requirements is established by the Commission.

Utility shall maintain the BOFRMA by making entries at the end of each month as follows:

- a. The BOFRMA shall be charged for volumes in excess of the Core's commitment of 355 MMcfd for deliveries at Blythe at a rate equal to the applicable daily basin index price, defined as the Permian Basin Area Midpoint indices as referenced in *Gas Daily*, plus the full transportation rate (including fuel) on EPNG delivered into SoCalGas less the Southern California bidweek border price, defined as the simple average of two published indices reported in *Natural Gas Week* and *Natural Gas Intelligence*, consistent with SoCalGas' Gas Cost Incentive Mechanism (GCIM). The charges will be made only when the System Operator requires Gas Acquisition to purchase supplies to sustain the minimum flow requirements at Blythe. The minimum flow order request by the SoCalGas System Operator in excess of 355 MMcfd will be posted and recorded per Remedial Measure 16.
- b. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

The disposition of the BOFRMA balance shall be determined in SoCalGas' Biennial Cost Allocation Proceeding (BCAP).

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3648
 DECISION NO.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 31, 2006
 EFFECTIVE Aug 30, 2006
 RESOLUTION NO. _____

D
 N
 N

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	40824-G,40054-G
Table of Contents--Service Area Maps and Descriptions	40434-G
Table of Contents--Rate Schedules	40820-G,40821-G,40786-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	40463-G,39865-G
Table of Contents--Sample Forms	40358-G,39748-G,39142-G,40576-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	40788-G,40789-G,40790-G,40791-G,40229-G,40230-G 40792-G,40232-G,40233-G,40234-G,40793-G,40794-G,40237-G,40238-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,40349-G,40350-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,40823-G,38521-G,40352-G,40353-G,40296-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

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3648
 DECISION NO.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jul 31, 2006
 EFFECTIVE Aug 30, 2006
 RESOLUTION NO. _____