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September 21, 2006

Advice No. 3663
(U 904 G)

Public Utilities Commission of the State of California

Subject: August 2006 Standby Procurement Charges

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment B.

Purpose

This routine monthly filing updates the Standby Procurement Charges in Schedule No. G-IMB for August 2006.

Background

Resolution G-3316, dated May 24, 2001, revised the Schedule No. G-IMB Standby Procurement Charge for negative monthly transportation imbalances that exceed the 10% tolerance band. The Standby Procurement Charges are:

1. Calculated at 150% of the highest daily border price index at the Southern California border for the period plus a Brokerage Fee of 0.266¢ per therm for noncore retail service and all wholesale service, and 0.201¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index - Southern California Border Average" and "Gas Daily's Daily Price Survey - SoCal gas, large pkgs Midpoint."
2. Calculated for a period that begins from the first day of the "flow month" (the month that the imbalance is incurred) and ends five days prior to the start of the imbalance trading period.
3. Posted at least one day in advance of the imbalance trading period.

Information

For the "flow month" of August 2006 (covering the period August 1, 2006 to September 20, 2006), the highest daily border price index at the Southern California border is **\$0.77550** per therm. The resultant Standby Procurement Charges, calculated in the manner set forth above, are **\$1.16591** per therm for noncore retail service and all

wholesale service, and **\$1.16526** per therm for core retail service. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

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 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 (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

Effective Date

SoCalGas believes this filing is subject to Energy Division disposition and therefore respectfully requests that the tariff sheets filed herein be made effective September 21, 2006, the date filed, in order to comply with the Resolution G-3316 requirement that the rates be posted at least one day in advance of the start of the imbalance trading period, which is September 25, 2006.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Connie Christensen

Phone #: (213) 244-3837

E-mail: cchristensen@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) #: 3663

Subject of AL: August 2006 Standby Procurement Charges

Keywords (choose from CPUC listing): Preliminary Statement; Procurement

AL filing type: Monthly Quarterly Annual One-Time Other

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

G-3316

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: 09/21/06 No. of tariff sheets: 4

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: Preliminary Statement Part II, Schedule G-IMB, and Tables of Contents

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: AL 3659

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. 3663

(See Attached Service List)

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ATTACHMENT B
Advice No. 3663

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 41021-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 7	Revised 40988-G
Revised 41022-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 40945-G
Revised 41023-G	TABLE OF CONTENTS	Revised 40947-G
Revised 41024-G	TABLE OF CONTENTS	Revised 40939-G

PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 7

(Continued)

WHOLESALE SERVICE (Continued)

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

Transmission Charge	2.828¢
ITCS-VRN	0.395¢

PROCUREMENT CHARGE

Schedule G-CP

Non-Residential Core Procurement Charge, per therm	65.668¢
Non-Residential Cross-Over Rate, per therm	65.668¢
Residential Core Procurement Charge, per therm	65.668¢
Residential Cross-Over Rate, per therm	65.668¢
Adjusted Core Procurement Charge, per therm	65.467¢

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

June 2006	94.551¢
July 2006	116.526¢
August 2006	116.526¢

Noncore Retail Standby (SP-NR)

June 2006	94.616¢
July 2006	116.591¢
August 2006	116.591¢

Wholesale Standby (SP-W)

June 2006	94.616¢
July 2006	116.591¢
August 2006	116.591¢

Buy-Back Rate

Core and Noncore Retail (BR-R)

June 2006	25.839¢
July 2006	27.150¢
August 2006	29.856¢

Wholesale (BR-W)

June 2006	25.752¢
July 2006	27.059¢
August 2006	29.756¢

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3663
 DECISION NO.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Sep 21, 2006
 EFFECTIVE Sep 21, 2006
 RESOLUTION NO. G-3316

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Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 2

(Continued)

RATES (Continued)

Standby Procurement Charge

This charge is applied to customer's cumulative negative transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Standby Procurement Charge is posted at least one day in advance of each corresponding imbalance trading period for noncore/wholesale and core transport agents (CTAs). It is calculated at 150% of the highest daily border price index at the Southern California border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period plus a Brokerage Fee of 0.266¢ per therm for noncore retail service and all wholesale service, and 0.201¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index – Southern California Border Average" and "Gas Daily's Daily Price Survey – SoCal gas, large pkgs Midpoint."

Core Retail Service:

SP-CR Standby Rate, per therm

June 2006	94.551¢
July 2006	116.526¢
August 2006	116.526¢

Noncore Retail Service:

SP-NR Standby Rate, per therm

June 2006	94.616¢
July 2006	116.591¢
August 2006	116.591¢

Wholesale Service:

SP-W Standby Rate per therm

June 2006	94.616¢
July 2006	116.591¢
August 2006	116.591¢

Buy-Back Rate

This rate is applied to customer's cumulative positive transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Buy-Back Rate is established effective the last day of each month and will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred.

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(TO BE INSERTED BY UTILITY)
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Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
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 EFFECTIVE Sep 21, 2006
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GW-LB	Wholesale Natural Gas Service	40043-G,38061-G,38062-G 38063-G,38064-G
GW-SD	Wholesale Natural Gas Service	40044-G,37949-G,37950-G 37951-G
GW-SWG	Wholesale Natural Gas Service	40045-G,37953-G,37954-G,37955-G
GW-VRN	Wholesale Natural Gas Service	40046-G,37957-G,37958-G 37959-G,37960-G
G-IMB	Transportation Imbalance Service	36312-G,41022-G,40946-G,40339-G 40346-G,36313-G,33498-G
G-ITC	Interconnect Access Service	32698-G,32699-G
G-BSS	Basic Storage Service	32700-G,32701-G,32702-G,32703-G 37961-G,37962-G,37963-G,37964-G
G-AUC	Auction Storage Service	32708-G,32709-G,32710-G,32711-G 32712-G,32713-G,36314-G,32715-G
G-LTS	Long-Term Storage Service	32716-G,32717-G,32718-G,32719-G 32720-G,32721-G,37965-G,37966-G
G-TBS	Transaction Based Storage Service	32724-G,32725-G,27374-G,27375-G 31929-G,36315-G,27378-G
G-CBS	UDC Consolidated Billing Service	34071-G,34072-G,34073-G,33095-G
G-PPPS	Public Purpose Programs Surcharge	39791-G,39517-G,39518-G
G-SRF	Surcharge to Fund Public Utilities Commission Utilities Reimbursement Account	40332-G
G-MHPS	Surcharge to Fund Public Utilities Commission Master Metered Mobile Home Park Gas Safety Inspection and Enforcement Program	32828-G
G-MSUR	Transported Gas Municipal Surcharge	38761-G,25006-G
GIT	Interruptible Interutility Transportation	24567-G,24568-G
GLT	Long-Term Transportation of Customer-Owned Natural Gas	24569-G,24570-G,24571-G
GLT-1	Transportation of Customer-Owned Natural Gas	24572-G,24573-G,24574-G 24575-G,24576-G,24577-G
GLT-2	Transportation of Customer-Owned Natural Gas	24578-G,24579-G,24580-G 24581-G,24582-G,24583-G
G-LOAN	Hub Loaning	40047-G
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G-WHL	Hub Wheeling	40049-G
G-FIG	Fiber Optic Cable in Gas Pipelines	37005-G,37006-G,37007-G,37008-G 37009-G,37010-G,37011-G,37012-G,37013-G

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3663
 DECISION NO.
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ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Sep 21, 2006
 EFFECTIVE Sep 21, 2006
 RESOLUTION NO. G-3316

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.

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Table of Contents--Service Area Maps and Descriptions	40434-G
Table of Contents--Rate Schedules	41005-G, 40938-G, 41023-G
Table of Contents--List of Cities and Communities Served	40149.1-G
Table of Contents--List of Contracts and Deviations	40149.1-G
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PRELIMINARY STATEMENT

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Part II Summary of Rates and Charges	40984-G, 40985-G, 40986-G, 40987-G, 40229-G, 40230-G 41021-G, 40232-G, 40233-G, 40234-G, 40954-G, 40955-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 Balancing Accounts	
Description and Listing of Balancing Accounts	40865-G
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Enhanced Oil Recovery Account (EORA)	40870-G
Noncore Storage Balancing Account (NSBA)	40871-G
California Alternate Rates for Energy Account (CAREA)	40872-G, 40873-G
Brokerage Fee Account (BFA)	40874-G
Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G, 40877-G
Natural Gas Vehicle Account (NGVA)	40878-G, 40879-G
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Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
Pension Balancing Account (PBA)	40882-G, 40883-G

(Continued)

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ADVICE NO. 3663

**RATE CALCULATION WORKPAPER
SCHEDULE NO. G-IMB STANDBY PROCUREMENT CHARGE FILING
EFFECTIVE AUGUST 2006**

G-IMB Standby Procurement Charge Calculation

The highest daily border price index is an average of the highest prices from “NGI’s Daily Gas Price Index - Southern California Border Average” and “Gas Daily’s Daily Price Survey - SoCal gas, large pkgs Midpoint.”

The highest daily border price index for the period was on August 2, 2006.

8/02/06 NGI’s Daily Gas Price Index (NDGPI) = \$0.7760 per therm

8/02/06 Gas Daily’s Daily Price Survey (GDDPS) = \$0.7750 per therm

Highest Daily Border Price Index (HDBPI) = (NDGPI + GDDPS) / 2

HDBPI = \$0.77550 per therm

SP-CR (Core Retail) = 150% x HDBPI + Core Brokerage Fee

SP-CR = 150% x \$0.77550 + \$0.00201 = \$ 1.16526

SP-NR (Noncore Retail) = 150% x HDBPI + Noncore Brokerage Fee

SP-NR = 150% x \$0.77550 + \$0.00266 = \$ 1.16591

SP-W (Wholesale) = 150% x HDBPI + Noncore Brokerage Fee

SP-W = 150% x \$0.77550 + \$0.00266 = \$ 1.16591