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October 31, 2006

Advice No. 3671
(U 904 G)

Public Utilities Commission of the State of California

Subject: October 2006 Buy-Back Rates

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 Buy-Back Rates in Schedule No. G-IMB for October 2006.

Background

As authorized in Schedule No. G-IMB - Transportation Imbalance Service, the Buy-Back Rates are established effective the last day of each month.

The Buy-Back Rates will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the 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.

Information

During the month of October, 50% of the Adjusted Core Procurement Charge, G-CPA, is lower than the lowest incremental cost of gas. Therefore, the Buy-Back Rates for October 2006 are being set accordingly. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

The new rates are reflected in the attached Schedule No. G-IMB tariff sheets.

Pursuant to Resolution G-3316, the October 2006 Standby Procurement Charges will be filed by separate advice letter at least one day prior to November 25, 2006.

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. 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 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 the tariff sheets filed herein be made effective October 31, 2006 to coincide with SoCalGas' Adjusted Core Procurement Charge filing in Advice No. 3665, dated September 29, 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: _____

Contact Person: Connie Christensen

ELC

GAS

Phone #: (213) 244-3837

PLC

HEAT

WATER

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) #: 3671

Subject of AL: Revised Retail and Wholesale Buy-Back Rates for October 2006

Keywords (choose from CPUC listing): Preliminary Statement, Core

AL filing type: Monthly Quarterly Annual One-Time Other

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

89-11-060 and 90-09-089, et al.

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: 10/31/06

No. of tariff sheets: 5

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 TOCs

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets: 3664, 3669

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. 3671

(See Attached Service List)

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jweil@aglet.org

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ATTACHMENT B
Advice No. 3671

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 41112-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 7	Revised 41108-G
Revised 41113-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 41109-G
Revised 41114-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3	Revised 41027-G
Revised 41115-G	TABLE OF CONTENTS	Revised 41110-G
Revised 41116-G	TABLE OF CONTENTS	Revised 41111-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	41.067¢
Non-Residential Cross-Over Rate, per therm	41.067¢
Residential Core Procurement Charge, per therm	41.067¢
Residential Cross-Over Rate, per therm	41.067¢
Adjusted Core Procurement Charge, per therm	40.866¢

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

August 2006	116.526¢	D
September 2006	96.351¢	
October 2006	TBD*	T

Noncore Retail Standby (SP-NR)

August 2006	116.591¢	D
September 2006	96.416¢	
October 2006	TBD*	T

Wholesale Standby (SP-W)

August 2006	116.591¢	D
September 2006	96.416¢	
October 2006	TBD*	T

Buy-Back Rate

Core and Noncore Retail (BR-R)

August 2006	29.856¢	D
September 2006	32.734¢	
October 2006	20.433¢	R

Wholesale (BR-W)

August 2006	29.756¢	D
September 2006	32.625¢	
October 2006	20.365¢	R

*To be determined (TBD). Pursuant to Resolution G-3316, the October Standby Procurement charge will be filed by separate advice letter at least one day prior to November 25, 2006.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3671
 DECISION NO. 89-11-060 & 90-09-089,
 748 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

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

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

August 2006	116.526¢	D
September 2006	96.351¢	T
October 2006	TBD*	T

Noncore Retail Service:

SP-NR Standby Rate, per therm

August 2006	116.591¢	D
September 2006	96.416¢	T
October 2006	TBD*	T

Wholesale Service:

SP-W Standby Rate per therm

August 2006	116.591¢	D
September 2006	96.416¢	T
October 2006	TBD*	T

*To be determined (TBD). Pursuant to Resolution G-3316, the October Standby Procurement charge will be filed by separate advice letter at least one day prior to November 25, 2006.

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.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3671
 DECISION NO. 89-11-060 & 90-09-089,
 2H7 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

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

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Buy-Back Rate (Continued)

Retail Service:

BR-R Buy-Back Rate, per therm

August 2006	29.856¢	D
September 2006	32.734¢	
October 2006	20.433¢	R

Wholesale Service:

BR-W Buy-Back Rate, per therm

August 2006	29.756¢	D
September 2006	32.625¢	
October 2006	20.365¢	R

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

During November through March customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn during a five-day period. Volumes not in compliance with the 50% five-day minimum delivery requirement are purchased at the daily standby rate. The daily balancing standby rate is calculated as 150% of the highest Southern California Border price during the five-day period as published in "NGI's *Daily Gas Price Index*" including authorized franchise fees and, for retail customers, uncollectible expenses (F&U), and an authorized brokerage fee.

When the Utility's total inventory in storage declines to the "peak day minimum + 20 Bcf trigger", the minimum daily delivery requirement increases to 70%. The five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 70% delivery requirement.

When the Utility's total inventory in storage declines to the "peak day minimum + 5 Bcf trigger", the minimum delivery requirement increases to 90% daily. Similar to the 70% regime, the five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 90% delivery requirement.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3671
 DECISION NO. 89-11-060 & 90-09-089,
 347 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 31, 2006
 EFFECTIVE Oct 31, 2006
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TABLE OF CONTENTS

(Continued)

GT-SD	Intrastate Transmission Service	40036-G,30593-G,30594-G,36311-G
GT-PS	Peaking Service	40037-G,40038-G,40039-G,40040-G 40041-G,40042-G,35955-G,35956-G,37942-G
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,41113-G,41114-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
G-PRK	Hub Parking	40048-G
G-WHL	Hub Wheeling	40049-G
G-FIG	Fiber Optic Cable in Gas Pipelines	40828-G,40829-G,40830-G,40831-G 40832-G,40833-G,40834-G,40835-G,40836-G,40837-G

T

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3671
 DECISION NO. 89-11-060 & 90-09-089,
 et al.

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 31, 2006
 EFFECTIVE Oct 31, 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.

GENERAL

Cal. P.U.C. Sheet No.

Title Page	40864-G	
Table of Contents--General and Preliminary Statement	41116-G,40929-G,41066-G	T
Table of Contents--Service Area Maps and Descriptions	40434-G	
Table of Contents--Rate Schedules	41101-G,41102-G,41115-G	T
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	40826-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	41080-G,41081-G,41082-G,41083-G,40730-G,40230-G 41112-G,40232-G,40233-G,40234-G,41035-G,41036-G,40237-G,40238-G	T
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	
Purchased Gas Account (PGA)	40866-G,40867-G	
Core Fixed Cost Account (CFCA)	40868-G	
Noncore Fixed Cost Account (NFCA)	40869-G	
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	
El Paso Turned-Back Capacity Balancing Account (EPTCBA)	40880-G	
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G	
Pension Balancing Account (PBA)	40882-G,40883-G	

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3671
 DECISION NO. 89-11-060 & 90-09-089,
 et al.
 1H8

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 31, 2006
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ATTACHMENT C

ADVICE NO. 3671

**RATE CALCULATION WORKPAPER
BASED ON ADVICE NO. 3665
ADJUSTED CORE PROCUREMENT CHARGE FILING
EFFECTIVE OCTOBER 1, 2006**

Adjusted Core Procurement Charge:

Retail G-CPA: 40.866¢ per therm
(WACOG: 40.097¢ + Franchise and Uncollectibles:
0.769¢ or [1.9187% * 40.097¢])

Wholesale G-CPA: 40.730¢ per therm
(WACOG: 40.097¢ + Franchise:
0.633¢ or [1.5779% * 40.097¢])

G-IMB Buy-Back Rates:

BR-R = 50% of Retail G-CPA:
50% * 40.866 cents/therm = **20.433** cents/therm

BR-W = 50% of Wholesale G-CPA:
50% * 40.730 cents/therm = **20.365** cents/therm