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March 5, 2007

Advice No. 3684-A

(U 904 G)

Public Utilities Commission of the State of California

**Subject: Partial Supplemental - Gas OIR Phase 2 Compliance Filing**

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 partial supplemental filing is in compliance with Ordering Paragraph (OP) 2 of Resolution G-3396, effective March 1, 2007, which approves Advice No. (AL) 3684 with one modification and directs SoCalGas to:

“... file a supplemental advice letter within 5 days to insert the following language in Special Condition 34 of proposed Schedule GT-F: “In the event all requests for firm noncore capacity can be awarded without proration and the Utility does not plan to expand the local transmission system within the five-year contract period, the Utility will inform the Commission. Upon Commission agreement that there is no need to construct additional facilities within the five-year contract period, the Utility shall amend the five-year contracts to expire after two-years, consistent with the term for small customers.” This language shall also be inserted into other rate schedules, as applicable.”

AL 3684 was filed on November 22, 2006 in compliance with OP 9 of Decision No. (D.) 06-09-039, in Rulemaking (R.) 04-01-025, which directs SoCalGas to:

“... file an advice letter within 90 days of the adoption of this decision to implement its proposal to offer tradable capacity rights on its local transmission system, as well as revisions to its open season commitment period as described herein.”

The Commission issued D.06-09-039 on September 21, 2006 in Phase 2 of its Order Instituting Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California.

**Proposed Tariff Revisions**

In compliance with OP 2 of Resolution G-3396 Special Condition 34, Term, of proposed Schedule GT-F is revised by adding the requisite language as shown above. Additionally, comparable Special Condition 23, Term, of proposed Schedule GW-SD is similarly revised.

**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 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:

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 Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto: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.

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](mailto:snewsom@semprautilities.com)

**Effective Date**

This supplemental filing is in compliance with OP 2 of Resolution G-3396, and pursuant to OP 3 of Resolution G-3396 is to be effective on the effective date of Resolution G-3396, which is March 1, 2007.

**Notice**

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

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J. STEVE RAHON  
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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: 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) #: 3684-A

Subject of AL: Supplemental Gas OIR Phase 2 Implementation Compliance Filing to revise Contract Term Special Condition in GT-F and GW-SD per OP2 of Resolution G-3396

Keywords (choose from CPUC listing): Capacity, Compliance, Contracts, Core, Non-Core, Rules

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

OP 9 of D.06-09-039 and OP 2 of Resolution G-3396

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Resolution Required?  Yes  No

Requested effective date: 3/1/07

No. of tariff sheets: 6

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: GT-F, GW-SD and TOCs

Service affected and changes proposed<sup>1</sup>: Tradable Capacity Rights and Open Seasons in Potentially Constrained Areas

Pending advice letters that revise the same tariff sheets: AL 3684 and 3706

**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**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**  
**Advice No. 3684-A**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 3684-A

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 41716-G	Schedule No. GT-F, FIRM INTRASTATE TRANSMISSION SERVICE, Sheet 9	Revised 41252-G Revised 38163-G*
Original 41717-G	Schedule No. GW-SD, WHOLESale NATURAL GAS SERVICE, Sheet 5	Original 41258-G
Original 41718-G	Schedule No. GW-SD, WHOLESale NATURAL GAS SERVICE, Sheet 6	Original 41259-G
Revised 41719-G	TABLE OF CONTENTS	Revised 41263-G Revised 41202-G
Revised 41720-G	TABLE OF CONTENTS	Revised 41264-G Revised 41244-G
Revised 41721-G	TABLE OF CONTENTS	Revised 41267-G Revised 41245-G

Schedule No. GW-SD  
WHOLESALE NATURAL GAS SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued)

20. Monthly Scheduled Quantity (MSQ): The MSQ under this rate schedule is equivalent to the summation of HSQs for the month.
21. Core Load: For its firm intrastate transmission service, Customer may elect full requirements service only for that portion of such usage serving its own core customer requirements, on an aggregate basis as set forth in the customer's contracts. The Customer must provide the Utility sufficient information to establish the usage requirements of its designated full requirements load.
22. Bidding: For its firm intrastate transmission service (excluding Customer's full requirements load), Customer must bid during the open season and contract for separate quantities of gas applicable to each hour of each month during the term of the contract ("partial requirements"). The scheduled quantities for partial requirements in the Addendum may not be changed during the term of the contract, with the exception of reductions made pursuant to Special Condition No. 23 and must be allocated by hour into HSQs for each contract year during the contract term.
23. Term: The term for firm service shall be the earlier of (a) two (2) years beyond the in-service date of facilities associated with the expansion of local transmission service or (b) five (5) years. Customer has the right to reduce HSQs in the event Customer's small noncore customer bids for firm service decline in subsequent open seasons. In the event all requests for firm noncore capacity can be awarded without proration and the Utility does not plan to expand the local transmission system within the five-year contract period, the Utility will inform the Commission. Upon Commission agreement that there is no need to construct additional facilities within the five-year contract period, the Utility shall amend the five-year contracts to expire after two-years, consistent with the term for small customers.
24. Use-or-Pay: At the end of each contract year Customer will provide a report to the Utility detailing aggregated noncore usage for each month of such contract year. If during any month of the contract year, Customer's firm noncore usage is less than 75% of Customer's firm noncore MSQ, Customer will be assessed use-or-pay charges equal to 80% of the transmission charges multiplied by the difference between 75% of Customer's firm noncore MSQ and Customer's firm noncore usage for that month.
25. Authorized Curtailment Quantity: The maximum hourly quantity (in therms) the customer is entitled to use during an interruptible service curtailment is equal to Customer's full requirements for its core end-use customers plus the specified and awarded partial requirements HSQ for the specific hour, day, month and year awarded. In the event interruptible service is only partially curtailed, Customer shall also be entitled to use the non-curtailed portion of their interruptible HSQ.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 3684-A  
DECISION NO. 06-09-039

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**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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Schedule No. GW-SD  
WHOLESALE NATURAL GAS SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued)

26. Availability of Daily and Hourly Data: In the event that daily usage data is not available, the recorded monthly volumes delivered to Customer shall be assumed to be delivered at a constant rate over the number of calendar days during the month. In the event that hourly usage data is not available, the recorded daily volumes delivered to Customer shall be assumed to be delivered at a constant rate over a 24-hour period.
27. Curtailed Violation Charges: Charges will apply hourly for any quantities consumed that exceed those authorized by hour at the following charges:  
  - \$1 per therm for hours 1 through 5 of the curtailment event;
  - \$3 per therm for hours 6 through 8 of the curtailment event; and
  - \$10 per therm for each hour after hour 8 through end of the curtailment event.
28. Awarding of Firm Noncore Capacity: For any period where the firm bids exceed firm capacity, all bids that exceed a customer's historic usage will be reduced to historic usage. The historic usage will be equal to the customer's peak day usage for that month within the most recent 12 months. Peak day usage will be divided by 24 to determine historic hourly usage. If firm capacity remains over-subscribed after customers' bids have been reduced to historic usage, the Utility shall first award available firm capacity pro-rata based on historic usage. If firm capacity is not over-subscribed after customers' bids have been awarded based on historic usage, quantities bid in excess of each customer's historic usage and quantities submitted by new customers will be awarded on a pro-rata basis. The Utility will use small customers' Year 2 bids as a factor in determining the firm service capacity awards for Years 3, 4, and 5 for large customers within the same constrained area. After, and to the extent, the Utility places into service facilities that can provide higher levels of firm service, all customers' awards will be increased by a pro-rated amount, up to their bid amounts, for the duration of their contracts. During the term of its contract, a large customer may not change its bids for firm service for any of the time periods in the Addendum. However, Customer may reduce its contract quantities for partial requirements pursuant to Special Condition No. 23.
29. Hourly Allocation of Bids when Oversubscribed: In the event that only certain hours are oversubscribed, then monthly bids will be converted to an hourly basis by dividing by the number of operating days in the month and then by 24 hours; the "converted hourly bid" will be pro-rated along with hourly bids for the oversubscribed hour(s); and then converted back into a monthly award by multiplying the pro-rated hour amount by 24 hours and then multiplying by the number of operating days in the month.
30. Firm Quantities Bid but Not Awarded: Such quantities shall be added to Customer's interruptible sequence.
31. Non-Bidding Customer: If Customer is offered an opportunity to bid for firm noncore service, but declines to bid, all noncore service shall be placed on an interruptible noncore rate schedule.

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FIRM INTRASTATE TRANSMISSION SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

FIRM NONCORE SERVICE IN POTENTIALLY CAPACITY-CONSTRAINED AREAS (Continued)

- 31. Partial Requirements Service: All firm noncore deliveries will be under partial requirements service. Full requirements service is not available. T
- 32. Customer Size: For the purposes of bidding for firm capacity in potentially capacity-constrained areas, large noncore customers are defined as (1) commercial/industrial and enhanced oil recovery (EOR) customers with historical peak day usage of 20 million cubic feet per day (MMcfd) or more and (2) electric generation customers using three (3) million therms or more per year. Small noncore customers are defined as (1) commercial/industrial and EOR customers with historical peak day usage of less than 20 MMcfd and (2) electric generation customers using fewer than (3) million therms per year. N
- 33. Scheduled Quantity Addendum: The Master Services Contract Schedule A Intrastate Transmission Service Scheduled Quantity Addendum (Form No. 6900) (Addendum) shall be used to specify monthly or hourly scheduled quantities in conjunction with the standard Master Services Contract Schedule A, Intrastate Transmission Service (Form No. 6597-1). T
- 34. Term: For large noncore customers, the term for firm service shall be the earlier of (a) two (2) years beyond the in-service date of facilities associated with the expansion of local transmission service or (b) five (5) years. For small noncore customers, the term is two years. In the event all requests for firm noncore capacity can be awarded without proration and the Utility does not plan to expand the local transmission system within the five-year contract period, the Utility will inform the Commission. Upon Commission agreement that there is no need to construct additional facilities within the five-year contract period, the Utility shall amend the five-year contracts to expire after two-years, consistent with the term for small customers. N
- 35. Hourly Scheduled Quantity (HSQ): HSQ is the quantity awarded in an open season and to be delivered each hour as firm noncore service as specified in the Addendum under this rate schedule. T
- 36. Monthly Scheduled Quantity (MSQ): MSQ is the quantity awarded in an open season and to be delivered each month as firm noncore service as specified in the Addendum under this rate schedule. For customers bidding hourly, the MSQ under this rate schedule is equivalent to the summation of HSQs for the month. T
- 37. Use-or-Pay: If during any billing period, the customer's firm noncore usage is less than 75% of customer's firm noncore MSQ, the customer will be assessed use-or-pay charges equal to 80% of the transmission charges multiplied by the difference between 75% of the customer's firm noncore MSQ and the customer's firm noncore usage for that month. T

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TABLE OF CONTENTS

(Continued)

GL	Street and Outdoor Lighting Natural Gas Service .....	41136-G,31022-G
G-10	Core Commercial and Industrial Service (Includes GN-10, 10C, 10V, 10VC, 10L, GT-10, 10V, and 10L Rates) .....	41070-G,41194-G,41195-G,41073-G 41074-G,41075-G,41076-G,41246-G
G-AC	Core Air Conditioning Service for Commercial and Industrial .....	36674-G,41196-G,41143-G,36677-G,37928-G,36679-G 40556-G,41247-G
GT-AC	Core Transportation-only Air Conditioning Service for Commercial and Industrial .....	36682-G,40766-G,36683-G,36684-G 40557-G,39809-G,37929-G,41248-G
G-EN	Core Gas Engine Service for Agricultural Water Pumping .....	39640-G,41197-G,37931-G,41249-G
GT-EN	Core Transportation-only Gas Engine Service for Agricultural Water Pumping .....	40768-G,36694-G,41250-G
G-NGV	Natural Gas Service for Motor Vehicles .....	39643-G,41198-G,39148-G,36698-G
GT-NGV	Transportation of Customer-Owned Gas for Motor Vehicle Service .....	40770-G,40771-G,39149-G,36813-G
GO-ET	Emerging Technologies Optional Rate for Core Commercial and Industrial .....	30200-G,39647-G,30202-G
GTO-ET	Transportation-Only Emerging Technologies Optional Rate for Core Commercial and Industrial .....	30203-G,39648-G,30205-G
GO-IR	Incremental Rate for Existing Equipment for Core Commercial and Industrial .....	30206-G,39649-G,30208-G
GTO-IR	Transportation-Only Incremental Rate for Existing Equipment for Core Commercial and Industrial .....	30209-G,39650-G,30211-G
G-CP	Core Procurement Service .....	39578-G,41199-G,41200-G,41148-G,37933-G
GT-F	Firm Intrastate Transmission Service .....	40032-G,40033-G,36705-G,40458-G 32664-G,32665-G,34838-G,41251-G 41716-G,41253-G,41254-G,41255-G,41256-G
GT-I	Interruptible Intrastate Transmission Service .....	40034-G,40035-G,32670-G 40459-G,34839-G,36527-G

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(Continued)

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 RESOLUTION NO. G-3396



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 41257-G,41717-G,41718-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,41239-G,41114-G,41242-G 41243-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

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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 .....	41721-G,40929-G,41066-G	T
Table of Contents--Service Area Maps and Descriptions .....	40434-G	
Table of Contents--Rate Schedules .....	41201-G,41719-G,41720-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 .....	41265-G,39865-G	
Table of Contents--Sample Forms .....	40358-G,39748-G,41266-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 .....	41182-G,41183-G,41184-G,41185-G,41069-G,40230-G 41238-G,40232-G,40233-G,40234-G,41122-G,41123-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
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)

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