

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

March 12, 2007

Advice Letter 3704

Mr. Sid Newsom
Regulatory Tariff Administration
Southern California Gas Company -- GT14D6
555 West Fifth Street
Los Angeles, CA 90013-4957

Subject: Establishment of the Firm Access Rights Memorandum Account (FARMA)

Dear Mr. Newsom:

Advice Letter 3704 is effective February 22, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division





J. Steve Rahon
Director
Tariffs & Regulatory Accounts

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January 23, 2007

Advice No. 3704
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of the Firm Access Rights Memorandum Account (FARMA)

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its Preliminary Statement, Part VI, Memorandum Accounts, as shown on Attachment B. A red-lined version of these changes compared to the exemplary tariffs filed on June 13, 2006 is also provided in Attachment C.

Purpose

This filing establishes the FARMA pursuant to Ordering Paragraph (OP) 5 of Decision (D.) 06-12-031. SoCalGas is filing a separate advice letter for other changes in its preliminary statements, tariffs and related services associated with D.06-04-033 and D.06-12-031.

Background

On December 14, 2006 the Commission issued D.06-12-031 adopting SDG&E and SoCalGas' firm access rights and off-system delivery proposals (with modifications including unbundling the five cents/decatherm/day firm access rights charge) and declining to place the utilities at risk.

Establishment of the FARMA

Pursuant to OP 5 of D.06-12-031, SoCalGas is establishing the FARMA to record costs to implement a firm, tradable access rights structure to provide customers with an opportunity to obtain firm access into the utility system at a specific receipt point throughout the year and off-system delivery and citygate pooling services. The costs to implement a citygate pooling service are limited to a maximum of \$0.5 million, to the extent the costs of pooling services are not included in SoCalGas' \$3.5 million estimate of the FAR system implementation costs. The disposition of the balance in the FARMA will be reviewed in SoCalGas/SDG&E's next Biennial Cost Allocation Proceeding (BCAP) or other appropriate proceeding.

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
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 Maria Salinas (mas@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 on February 22, 2007, 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 to this advice letter, which includes the service lists in Application 04-12-004, Phase II, Firm Access Rights and Off-System Gas Transportation Services.

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: Nena Maralit

Phone #: (213) 244-2822

E-mail: nmaralit@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) #: 3704

Subject of AL: Establishment of Firm Access Rights Memorandum Account (FARMA)

Keywords (choose from CPUC listing): Memorandum Account

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D06-12-031

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Resolution Required? Yes No

Requested effective date: 2/22/07 No. of tariff sheets: 4

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, Memorandum Account

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: _____

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

mas@cpuc.ca.gov and anj@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. 3704

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3704

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 41492-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS, Sheet 1	Revised 40892-G*
Original 41493-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNT, FIRM ACCESS RIGHTS MEMORANDUM ACCOUNT (FARMA), Sheet 1	
Revised 41494-G Revised 41495-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 41483-G Revised 41160-G*

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS

Sheet 1

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)
- Curtailed Violation Penalty Account (CVPA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Catastrophic Event Memorandum Account (CEMA)
- Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
- Vernon Rate Savings Memorandum Account (VRSMA)
- Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
- Research Royalty Memorandum Account (RRMA)
- NGV Research Development & Demonstration Memorandum Account (RDDNGV)
- Intervenor Award Memorandum Account (IAMA)
- Z Factor Account (ZFA)
- 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)
- 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)
- Affiliate Transfer Fee Account (ATFA)
- Firm Access Rights Memorandum Account (FARMA)

N

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3704
 DECISION NO. 06-12-031

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 23, 2007
 EFFECTIVE Feb 22, 2007
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNT
FIRM ACCESS RIGHTS MEMORANDUM ACCOUNT (FARMA)

Sheet 1

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The FARMA is an interest bearing memorandum account that is recorded on SoCalGas' financial statements. The FARMA shall record costs incurred by SoCalGas to implement a firm, tradable access rights structure to provide customers with an opportunity to obtain firm access into the utility system at a specific receipt point throughout the year and off-system and pooling services.

N

The Utility shall maintain the FARMA by making entries to the account at the end of each month, as follows:

- a. A debit entry to record incremental O&M (Operating and Maintenance) and capital-related costs (i.e., depreciation, return on investment and related taxes) associated with expenditures incurred that are directly related to implementing new or enhanced computer systems to allow customers or other persons to trade firm access rights on the Utility system and provide off-system delivery and pooling services.
- 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 costs for implementing a citygate pooling service is limited to a maximum \$0.5 million, to the extent the costs of pooling services are not included in SoCalGas' \$3.5 million estimate of the FAR system implementation costs. The disposition of the balance in the FARMA will be reviewed in SoCalGas/SDG&E's next Biennial Cost Allocation Proceeding (BCAP) or other appropriate proceeding.

N

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3704
DECISION NO. 06-12-031

1H12

ISSUED BY

Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Jan 23, 2007
EFFECTIVE Feb 22, 2007

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 41494-G,41495-G,41416-G
 Table of Contents--Service Area Maps and Descriptions 40434-G
 Table of Contents--Rate Schedules 41477-G,41478-G,41482-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 41236-G,41157-G
 Table of Contents--Sample Forms 40358-G,39748-G,39142-G,41158-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 41458-G,41459-G,41460-G,41461-G,41354-G,41355-G
 41462-G,40232-G,40233-G,41161-G,41427-G,41428-G,41359-G,41360-G
 Part III Cost Allocation and Revenue Requirement 27024-G,37920-G,27026-G,27027-G,41361-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. 3704
 DECISION NO. 06-12-031

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Jan 23, 2007
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 RESOLUTION NO. _____

TABLE OF CONTENTS

(Continued)

PRELIMINARY STATEMENT (Continued)

Part V Balancing Accounts (Continued)

Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA)	40884-G, 40885-G
Conservation Expense Account (CEA)	40886-G, 40887-G
Research Development and Demonstration Gas Surcharge Account (RDDGSA)	40888-G
Demand Side Management Balancing Account (DSMBA)	41152-G, 41153-G
Direct Assistance Program Balancing Account (DAPBA)	40890-G
California Solar Initiative Balancing Account (CSIBA)	41104-G

Part VI Memorandum Accounts

Description and Listing of Memorandum Accounts	41492-G
PCB Expense Account (PCBEA)	40893-G
Research Development and Demonstration Expense Account (RDDEA)	40894-G
Curtailed Violation Penalty Account (CVPA)	40895-G
Economic Practicality Shortfall Memorandum Account (EPSMA)	40896-G
Catastrophic Event Memorandum Account (CEMA)	40897-G, 40898-G
Vernon Avoided Distribution Cost Memorandum Account (VADCMA)	40899-G
Vernon Rate Savings Memorandum Account (VRSMA)	40900-G
Vernon Negotiated Core Contract Memorandum Account (VNCCMA)	40901-G
Research Royalty Memorandum Account (RRMA)	40902-G
NGV Research Development & Demonstration Memorandum Account (RDDNGV)	40903-G
Intervenor Award Memorandum Account (IAMA)	40904-G
Z Factor Account (ZFA)	40905-G
Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)	40906-G
Gas Industry Restructuring Memorandum Account (GIRMA)	40907-G, 40908-G, 40909-G
Self-Generation Program Memorandum Account (SGPMA)	41105-G
Baseline Memorandum Account (BMA)	40911-G
Blythe Operational Flow Requirement Memorandum Account (BOFRMA)	40912-G
Cost of Service Revenue Requirement Memorandum Account (COSRRMA)	40913-G
FERC Settlement Proceeds Memorandum Account (FSPMA)	40914-G
Interim Call Center Memorandum Account (ICCMA)	40915-G
Late Payment Charge Memorandum Account (LPCMA)	40916-G
San Diego Gas & Electric Storage Memorandum Account (SDGESMA)	40917-G
Gain on Sale Memorandum Account (GOSMA)	40918-G
Affiliate Transfer Fee Account (ATFA)	40919-G
Firm Access Rights Memorandum Account (FARMA)	41493-G

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(Continued)

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ATTACHMENT C

Advice No. 3704

**Red Lined Version of Tariff Changes Compared to
The Exemplary Tariffs Filed on June 13, 2006**

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)
- Firm Access Rights Memorandum Account (FARMA)

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