

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 25, 2008

Advice Letter 3811

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

Subject: Establishment of the General Rate Case (GRC)  
Revenue Requirement Memorandum Account

Dear Mr. Newsom:

Advice Letter 3811 is effective January 1, 2008.

Sincerely,

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

Sean H. Gallagher, Director  
Energy Division



Ken Deremer  
Director  
Tariffs & Regulatory Accounts

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December 31, 2007

Advice No. 3811  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Establishment of the General Rate Case (GRC) Revenue Requirement Memorandum Account**

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 filing revises Preliminary Statement, Part VI, Description of Regulatory Accounts – Memorandum, and establishes the GRC Revenue Requirement Memorandum Account (GRCRRMA). Pursuant to D.07-12-053, the purpose of GRCRRMA is to track the shortfall or overcollection resulting from the difference between the rates currently in effect and the final rates adopted in phase 1 of SoCalGas' GRC Application (A.) 06-12-010.

**Background**

SoCalGas filed its GRC application on December 8, 2006. The scope of the proceeding is broad, and includes the traditional review of current utility spending and related issues including investment planning, safety and reliability, customer service, and all aspects of utility operations. Recognizing that the schedule of the proceeding precludes its completion in time for rates to be effective on January 1, 2008, Commission Decision (D.) 07-12-053 issued on December 20, 2007, authorizes SoCalGas to establish a memorandum account, effective January 1, 2008, to track the shortfall or overcollection between the rates currently in effect and the final rates adopted in phase 1 of SoCalGas' GRC A.06-12-010. In addition, pursuant to Ordering Paragraph (OP) 3 and 4 of D.07-12-053, the effective date of the recording this rate differential is January 1, 2008, subject to final determination at a later time after parties have filed and served specific factual and legal argument to assist in this determination. The creation of a memorandum account is consistent with the Commission's objectives to leave both SoCalGas' customers and shareholders essentially indifferent to the precise date that a final decision is issued and GRC rates implemented. In addition, appropriate adjustments shall be made to SoCalGas' Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA) to ensure that the adopted GRC base margin revenue requirement is properly recovered through the regulatory accounts.

**Protests**

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 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  
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](mailto:mas@cpuc.ca.gov)) and to Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto: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](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. This filing is pursuant to OP 3 of D.07-12-053 and therefore SoCalGas requests the tariff sheets filed herein be effective for service on and after January 1, 2008.

**Notice**

A copy of this advice letter is being sent to all parties listed on Attachment A, which includes the interested parties in GRC A.06-12-010.

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Ken Deremer  
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: 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) #: 3811

Subject of AL: Establishment of the General Rate Case Revenue Requirement Memorandum Account

Keywords (choose from CPUC listing): General Rate Case, Preliminary Statement, Memorandum Account, Compliance

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

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

D.07-12-053

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 AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 1/1/08

No. of tariff sheets: 4

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

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: PS VI and TOCs

Service affected and changes proposed<sup>1</sup>: N/A

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 Ave.**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Southern California Gas Company**

**Attention: Sid Newsom**

**555 West Fifth Street, GT14D6**

**Los Angeles, CA 90013-1011**

**snewsom@semprautilities.com**

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

**ATTACHMENT A**

**Advice No. 3811**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 3811

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 42720-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS, Sheet 1	Revised 42132-G
Original 42721-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, GENERAL RATE CASE REVENUE REQUIREMENTS MEMORANDUM ACCOUNT, (GRCRRMA), Sheet 1	
Revised 42722-G Revised 42723-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 42625-G Revised 42140-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/Loss On Sale Memorandum Account (GLOSMA)
- Affiliate Transfer Fee Account (ATFA)
- Firm Access Rights Memorandum Account (FARMA)
- Otay Mesa System Reliability Memorandum Account (OMSRMA)
- General Rate Case Revenue Requirements Memorandum Account (GRCRRMA)

N

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVISE LETTER NO. 3811  
 DECISION NO. 07-12-053

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Dec 31, 2007  
 EFFECTIVE Jan 1, 2008  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS Sheet 1  
GENERAL RATE CASE REVENUE REQUIREMENTS MEMORANDUM ACCOUNT  
(GRCRRMA)

N  
N  
N

The GRCRRMA is an interest bearing memorandum account that is recorded on the Utility's financial statements. Pursuant to CPUC Decision 07-12-053, the purpose of this account is to record the shortfall or overcollection resulting from the difference between the rates currently in effect and the final 2008 rates adopted by the Commission in a Phase 1 decision for Application (A.) 06-12-010. The GRCRRMA is to be effective on January 1, 2008, subject to final determination at a later time.

N

Utility shall maintain the GRCRRMA by making the following entries:

- a. A debit entry equal to the pro rata allocation of SoCalGas' annual base margin revenue requirement (net of Franchise Fees and Uncollectible expenses) adopted in A.06-12-010 for the period January 1, 2008 until the effective date of rates adopted in a Phase 1 decision for A.06-12-010. This entry will be recorded once the decision is approved.
- b. A credit entry equal to the recorded revenues (net of Franchise Fees and Uncollectible expenses) under SoCalGas' base margin rates for each month beginning January 1, 2008 until the effective date of rates adopted in a Phase 1 decision for A.06-12-010. This entry will be recorded once the decision is approved.
- c. On a monthly basis, 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 GRCRRMA balance shall be addressed in SoCalGas' GRC proceeding (A.06-12-010) or in SoCalGas' next annual regulatory account update filing.

N

(TO BE INSERTED BY UTILITY)  
ADVISE LETTER NO. 3811  
DECISION NO. 07-12-053

ISSUED BY  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Dec 31, 2007  
EFFECTIVE Jan 1, 2008  
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.

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PRELIMINARY STATEMENT

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Part III Cost Allocation and Revenue Requirement .....	27024-G,37920-G,27026-G,27027-G,41361-G
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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. 3811  
 DECISION NO. 07-12-053

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
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ISSUED BY  
**Lee Schavrien**  
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