

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 1, 2008

Advice Letter 3835

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

Subject: Revisions to Storage Schedule Nos. G-LTS and G-BSS

Dear Mr. Newsom:

Advice Letter 3835 is effective March 27, 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

8330 Century Park Court CP32C  
San Diego, CA 92123-1548  
Tel: 858.654.1756  
Fax: 858.654.1788  
KDeremer@SempraUtilities.com

February 26, 2008

Advice No. 3835  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Revisions to Storage Schedule Nos. G-LTS and G-BSS**

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to Schedule Nos. G-LTS and G-BSS, as shown on Attachment B, to reflect changes discussed below.

**Purpose**

This filing modifies Schedule No. G-LTS, Long Term Storage Service, and Schedule No. G-BSS, Basic Storage Service, to eliminate a provision that is obsolete and unnecessarily burdensome for storage customers and SoCalGas. SoCalGas is proposing to discontinue its current practice of collecting a transmission charge on gas injected into storage and issuing a credit for such charge when the gas is withdrawn from storage.

**Background**

For G-LTS and G-BSS contracts, SoCalGas currently:

- 1) Assesses a transmission charge of 5.67 cents/therm on all gas injected into SoCalGas' storage. This charge is also applied to all gas injected through imbalance trading or transferred from another storage account.
- 2) Gives a transmission-charge credit of 5.67 cents/therm on all gas withdrawn from SoCalGas storage. This credit is also applied to all gas withdrawn through imbalance trading and gas transferred to another storage account.

These provisions were adopted in 1993 (D.93-02-013) to ensure the collection of transportation charges if gas going into storage were delivered off-system from a third-party storage field. The implementation of Firm Access Rights Decision (D.06-12-031), however, will now ensure that SoCalGas will collect applicable transmission charges even if the gas withdrawn from storage is delivered to an off-system facility. Also, the collection of charges upon storage injection and the subsequent refund of those charges upon storage

withdrawal make no practical sense in an environment where storage customers frequently cycle their gas into and out of storage.

Under the current Schedule No. G-TBS, Transaction Based Storage Service, SoCalGas can choose not to require this practice concerning transmission charges/credits by negotiating that provision away in individual TBS Service Agreements<sup>1</sup>. SoCalGas has proposed to eliminate this practice under its G-TBS service by deleting the Transmission Charges/Credits subsection of the G-TBS tariff as contained in Attachment B to Advice No. (AL) 3818, dated January 22, 2008. Once AL 3818 is approved, SoCalGas will refund all transmission charges that were previously collected (but not yet credited) under the G-TBS tariff to affected customers.

This Advice Letter would merely extend that change in practice to the small amount of storage transactions covered by grandfathered G-BSS and G-LTS tariffs. After this Advice Letter is approved, SoCalGas will refund all transmission charges that were previously collected (but not yet credited) under the G-BSS and G-LTS tariffs to affected customers.

### **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](mailto:mas@cpuc.ca.gov)) and to Honesto Gatchalian ([ijnj@cpuc.ca.gov](mailto:ijnj@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 that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved on March 27, 2008, which is 30 calendar

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<sup>1</sup> SoCalGas Schedule No. G-TBS subsection "Transmission Charges/Credits" at Sheet 3.

days after the date filed and that the proposed tariff revisions be made effective for service on and after April 1, 2008.

**Notice**

A copy of this advice letter is being sent to all parties listed in Attachment A, which includes the interested parties in the Omnibus proceeding (A.06-08-026).

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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) #: 3835

Subject of AL: Revision to Schedule G-BSS and G-LTS (Remove Transmission Charges)

Keywords (choose from CPUC listing): Storage, Transmission

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

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

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: 3/27/08

No. of tariff sheets: 130

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 II, Schedules G-BSS, G-LTS 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. 3835**

**(See Attached Service Lists)**

Aglet Consumer Alliance  
James Weil  
jweil@aglet.org

Alcantar & Kahl  
Elizabeth Westby  
egw@a-klaw.com

Alcantar & Kahl  
Kari Harteloo  
klc@a-klaw.com

Ancillary Services Coalition  
Jo Maxwell  
jomaxwell@ascoalition.com

Ancillary Services Coalition  
Nick Planson  
nplanson@ascoalition.com

Ancillary Services Coalition  
Terry Rich  
TRich@ascoalition.com

BP Amoco, Reg. Affairs  
Marianne Jones  
501 West Lake Park Blvd.  
Houston, TX 77079

Barkovich & Yap  
Catherine E. Yap  
ceyap@earthlink.net

Beta Consulting  
John Burkholder  
burkee@cts.com

CPUC  
Consumer Affairs Branch  
505 Van Ness Ave., #2003  
San Francisco, CA 94102

CPUC  
Pearlie Sabino  
pzs@cpuc.ca.gov

CPUC  
Energy Rate Design & Econ.  
505 Van Ness Ave., Rm. 4002  
San Francisco, CA 94102

CPUC - DRA  
Galen Dunham  
gsd@cpuc.ca.gov

CPUC - DRA  
R. Mark Pocta  
rmp@cpuc.ca.gov

CPUC - DRA  
Jacqueline Greig  
jnm@cpuc.ca.gov

California Energy Market  
Lulu Weinzimer  
luluw@newsdata.com

Calpine Corp  
Avis Clark  
aclark@calpine.com

City of Anaheim  
Ben Nakayama  
Public Utilities Dept.  
P. O. Box 3222  
Anaheim, CA 92803

City of Azusa  
Light & Power Dept.  
215 E. Foothill Blvd.  
Azusa, CA 91702

City of Banning  
Paul Toor  
P. O. Box 998  
Banning, CA 92220

City of Burbank  
Fred Fletcher/Ronald Davis  
164 West Magnolia Blvd., Box 631  
Burbank, CA 91503-0631

City of Colton  
Thomas K. Clarke  
650 N. La Cadena Drive  
Colton, CA 92324

City of Long Beach, Gas & Oil Dept.  
Chris Garner  
2400 East Spring Street  
Long Beach, CA 90806

City of Los Angeles  
City Attorney  
200 North Main Street, 800  
Los Angeles, CA 90012

City of Pasadena - Water and Power  
Dept.  
G Bawa  
GBawa@cityofpasadena.net

City of Riverside  
Joanne Snowden  
jsnowden@riversideca.gov

City of Vernon  
Daniel Garcia  
dgarcia@ci.vernon.ca.us

Commerce Energy  
Brian Patrick  
BPatrick@commerceenergy.com

Commerce Energy  
Tony Cusati  
TCusati@commerceenergy.com

Commerce Energy  
Glenn Kinser  
gkinser@commerceenergy.com

Commerce Energy  
Lynelle Lund  
llund@commerceenergy.com

County of Los Angeles  
Stephen Crouch  
1100 N. Eastern Ave., Room 300  
Los Angeles, CA 90063

Crossborder Energy  
Tom Beach  
tomb@crossborderenergy.com

Culver City Utilities  
Heustace Lewis  
Heustace.Lewis@culvercity.org

DGS  
Henry Nanjo  
Henry.Nanjo@dgs.ca.gov

Davis Wright Tremaine, LLP  
Edward W. O'Neill  
505 Montgomery Street, Ste 800  
San Francisco, CA 94111

Davis, Wright, Tremaine  
Judy Pau  
judypau@dwt.com

Dept. of General Services  
Celia Torres  
celia.torres@dgs.ca.gov

Douglass & Liddell  
Dan Douglass  
douglass@energyattorney.com

Douglass & Liddell  
Donald C. Liddell  
liddell@energyattorney.com

Downey, Brand, Seymour & Rohwer  
Ann Trowbridge  
atrowbridge@downeybrand.com

Downey, Brand, Seymour & Rohwer  
Dan Carroll  
dcarroll@downeybrand.com

Dynegy  
Joseph M. Paul  
jmpa@dynegy.com

Gas Purchasing  
BC Gas Utility Ltd.  
16705 Fraser Highway  
Surrey, British Columbia, V3S 2X7

Gas Transmission Northwest  
Corporation  
Bevin Hong  
Bevin\_Hong@transcanada.com

General Services Administration  
Facilities Management (9PM-FT)  
450 Golden Gate Ave.  
San Francisco, CA 94102-3611

Goodin, MacBride, Squeri, Ritchie &  
Day, LLP  
J. H. Patrick  
hpatrick@gmssr.com

Goodin, MacBride, Squeri, Ritchie &  
Day, LLP  
James D. Squeri  
jsqueri@gmssr.com

Hanna & Morton  
Norman A. Pedersen, Esq.  
npedersen@hanmor.com

Imperial Irrigation District  
K. S. Noller  
P. O. Box 937  
Imperial, CA 92251

JBS Energy  
Jeff Nahigian  
jeff@jbsenergy.com

Jeffer, Mangels, Butler & Marmaro  
2 Embarcaero Center, 5th Floor  
San Francisco, CA 94111

Kern River Gas Transmission Company  
Janie Nielsen  
Janie.Nielsen@KernRiverGas.com

LADWP  
Nevenka Ubavich  
nevenka.ubavich@ladwp.com

LADWP  
Randy Howard  
P. O. Box 51111, Rm. 956  
Los Angeles, CA 90051-0100

Law Offices of Diane I. Fellman  
Diane Fellman  
diane\_fellman@fpl.com

Law Offices of William H. Booth  
William Booth  
wbooth@booth-law.com

Luce, Forward, Hamilton & Scripps  
John Leslie  
jleslie@luce.com

MRW & Associates  
Robert Weisenmiller  
mrw@mrwassoc.com

Manatt Phelps Phillips  
Randy Keen  
rkeen@manatt.com



Manatt, Phelps & Phillips, LLP  
David Huard  
dhuard@manatt.com

March Joint Powers Authority  
Lori Stone  
PO Box 7480,  
Moreno Valley, CA 92552

Matthew Brady & Associates  
Matthew Brady  
matt@bradylawus.com

Julie Morris  
Julie.Morris@PPMEnergy.com

National Utility Service, Inc.  
Jim Boyle  
One Maynard Drive, P. O. Box 712  
Park Ridge, NJ 07656-0712

Navigant Consulting, Inc.  
Ray Welch  
ray.welch@navigantconsulting.com

PG&E Tariffs  
Pacific Gas and Electric  
PGETariffs@pge.com

Pacific Gas & Electric Co.  
John Clarke  
jpc2@pge.com

Praxair Inc  
Rick Noger  
rick\_noger@praxair.com

Questar Southern Trails  
Lenard Wright  
Lenard.Wright@Questar.com

R. W. Beck, Inc.  
Catherine Elder  
celder@rwbeck.com

Regulatory & Cogen Services, Inc.  
Donald W. Schoenbeck  
900 Washington Street, #780  
Vancouver, WA 98660

Richard Hairston & Co.  
Richard Hairston  
hairstonco@aol.com

Sempra Global  
William Tobin  
wtobin@sempraglobal.com

Sierra Pacific Company  
Christopher A. Hilén  
chilen@sppc.com

Southern California Edison Co  
Fileroom Supervisor  
2244 Walnut Grove Ave., Rm 290, G01  
Rosemead, CA 91770

Southern California Edison Co  
Karyn Gansecki  
601 Van Ness Ave., #2040  
San Francisco, CA 94102

Southern California Edison Co.  
Colin E. Cushnie  
Colin.Cushnie@SCE.com

Southern California Edison Co.  
Kevin Cini  
Kevin.Cini@SCE.com

Southern California Edison Co.  
John Quinlan  
john.quinlan@sce.com

Southern California Edison Company  
Michael Alexander  
Michael.Alexander@sce.com

Southwest Gas Corp.  
John Hester  
P. O. Box 98510  
Las Vegas, NV 89193-8510

Suburban Water System  
Bob Kelly  
1211 E. Center Court Drive  
Covina, CA 91724

Sutherland, Asbill & Brennan  
Keith McCrea  
kmccrea@sablaw.com

TURN  
Marcel Hawiger  
marcel@turn.org

TURN  
Mike Florio  
mflorio@turn.org

The Mehle Law Firm PLLC  
Colette B. Mehle  
cmehle@mehlelaw.com

Western Manufactured Housing  
Communities Assoc.  
Sheila Day  
sheila@wma.org

**SOUTHWEST GAS CORPORATION**  
**FRANCISCO V. AGUILAR**  
 francisco.aguilars@swgas.com

**GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP**  
**JEANNE B. ARMSTRONG**  
 jarmstrong@gmssr.com

**CALIF PUBLIC UTILITIES COMMISSION**  
**Joyce Alfton**  
 alf@cpuc.ca.gov

**BAKER, BURTON & LUNDY**  
**BRAD N. BAKER**  
 brad@bbisurflaw.com

**CROSBORDER ENERGY**  
**R. THOMAS BEACH**  
 tomb@crossborderenergy.com

**SOUTHWEST GAS CORPORATION**  
**KEITH A. BROWN**  
 keith.brown@swgas.com

**BETA CONSULTING**  
**JOHN BURKHOLDER**  
 burkee@cts.com

**THE UTILITY REFORM NETWORK (TURN)**  
**MICHAEL P. FLORIO**  
 mflorio@turn.org

**THE UTILITY REFORM NETWORK**  
**MARCEL HAWIGER**  
 marcel@turn.org

**MANATT, PHELPS & PHILLIPS, LLP**  
**DAVID L. HUARD**  
 dhuard@manatt.com

**ALCANTAR & KAHL, LLP**  
**EVELYN KAHL**  
 ek@a-klaw.com

**DOUGLASS & LIDDELL**  
**GREGORY KLATT**  
 klatt@energyattorney.com

**DOUGLASS & LIDDELL**  
**GREGORY S. G. KLATT**  
 klatt@energyattorney.com

**ENGSTROM LIPSCOMB & LACK**  
**WALTER J. LACK**  
 wlack@ellaw.com

**LUCE, FORWARD, HAMILTON & SCRIPPS**  
**JOHN LESLIE**  
 jleslie@luce.com

**CALIF PUBLIC UTILITIES COMMISSION**  
**Diana L. Lee**  
 dil@cpuc.ca.gov

**SUTHERLAND, ASBILL & BRENNAN**  
**KEITH MCCREA**  
 kmccrea@sablaw.com

**PACIFIC GAS AND ELECTRIC COMPANY**  
**ROBERT B. MCLENNAN**  
 rbm4@pge.com

**LAW OFFICES OF M. BRIAN MCMAHON**  
**M. BRIAN MCMAHON**  
 626 WILSHIRE BLVD STE 900  
 LOS ANGELES, CA 90017-3209

**CORAL ENERGY RESOURCES, LP**  
**MARCIE MILNER**  
 marcie.milner@shell.com

**CALIF PUBLIC UTILITIES COMMISSION**  
**Ed Moldavsky**  
 edm@cpuc.ca.gov

**SEMPRA GLOBAL**  
**STEVEN C. NELSON**  
 snelson@sempra.com

**DAVIS WRIGHT TREMAINE, LLP**  
**EDWARD W. O'NEILL**  
 edwardoneill@dwt.com

**HANNA & MORTON**  
**NORMAN A. PEDERSEN**  
 npedersen@hanmor.com

**SOUTHERN CALIFORNIA EDISON COMPANY**  
**DOUGLAS PORTER**  
 douglas.porter@sce.com

**CALIF PUBLIC UTILITIES COMMISSION**  
**Marion Peleo**  
 map@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
**Robert M. Pocta**  
 rmp@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
**Thomas R. Pulsifer**  
 trp@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
**Ramesh Ramchandani**  
 rxr@cpuc.ca.gov

**CALIF PUBLIC UTILITIES COMMISSION**  
**Pearlie Sabino**  
 pzs@cpuc.ca.gov

SAN DIEGO GAS & ELECTRIC  
CO./SOCAL GAS  
MICHAEL THORP  
mthorp@sempra.com

SEMPRA GLOBAL  
BILL TOBIN  
wtobin@sempraglobal.com

ELLISON, SCHNEIDER & HARRIS, LLP  
GREGGORY L. WHEATLAND  
glw@eslawfirm.com

ATTACHMENT B  
Advice No. 3835

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 43045-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 8	Revised 42781-G
Revised 43046-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 9	Revised 42782-G
Revised 43047-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 3	Revised 32702-G
Revised 43048-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 4	Revised 37961-G
Revised 43049-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 5	Revised 32703-G
Revised 43050-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 6	Revised 37961-G
Revised 43051-G	Schedule No. G-BSS, BASIC STORAGE SERVICE, Sheet 7	Revised 37962-G
Revised 43052-G	Schedule No. G-LTS, LONG-TERM STORAGE SERVICE, Sheet 4	Revised 37963-G
Revised 43053-G	Schedule No. G-LTS, LONG-TERM STORAGE SERVICE, Sheet 5	Revised 37964-G
Revised 43054-G	Schedule No. G-LTS, LONG-TERM STORAGE SERVICE, Sheet 6	Revised 32719-G
Revised 43055-G	Schedule No. G-LTS, LONG-TERM STORAGE SERVICE, Sheet 7	Revised 32720-G
Revised 43056-G	TABLE OF CONTENTS	Revised 32720-G
Revised 43057-G	TABLE OF CONTENTS	Revised 32721-G
		Revised 37965-G
		Revised 32721-G
		Revised 37965-G
		Revised 37966-G
		Revised 43034-G
		Revised 43035-G

PRELIMINARY STATEMENT  
PART II  
SUMMARY OF RATES AND CHARGES

Sheet 8

(Continued)

STORAGE SERVICE

Schedule G-BSS (Basic Storage Service)

Reservation Charges

Annual Inventory, per decatherm reserved ..... 21.400¢/year  
 Annual Withdrawal, per decatherm/day reserved ..... \$11.584/year  
 Daily Injection, per decatherm/day reserved ..... 9.425¢/day

Variable Injection Charges (April through November only)

In-Kind Energy Charge, percent reduction ..... 2.440%  
 Operating and Maintenance Charge  
 Rate, per therm of quantity injected (less In-Kind Energy) ..... 0.127¢

Variable Withdrawal Charges (November through March only)

Operating and Maintenance Charge  
 Rate, per therm of quantity withdrawn ..... 0.177¢

Schedule G-AUC (Auction Storage Service)

Reservation Charges

Annual Inventory, per decatherm reserved ..... (1)  
 Annual Withdrawal, per decatherm/day reserved ..... (1)  
 Daily Injection, per decatherm/day reserved ..... (1)

Variable Injection Charges (April through November only)

In-Kind Energy Charge, percent reduction ..... 2.440%  
 Operating and Maintenance Charge  
 Retail, per therm of quantity injected (less In-Kind Energy) ..... 0.127¢  
 Wholesale, per therm of quantity injected (less In-Kind Energy) ... 0.127¢

Variable Withdrawal Charges (November through March only)

Operating and Maintenance Charge  
 Retail, per therm of quantity withdrawn ..... 0.177¢  
 Wholesale, per therm of quantity withdrawn ..... 0.177¢

(1) Charge shall be equal to the awarded price bid by the customer.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3835  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Feb 26, 2008  
 EFFECTIVE Mar 27, 2008  
 RESOLUTION NO. \_\_\_\_\_

D

PRELIMINARY STATEMENT  
PART II  
SUMMARY OF RATES AND CHARGES

Sheet 9

(Continued)

STORAGE SERVICE (Continued)

Schedule G-AUC (Continued)

Transmission Charges

Transmission Charge for all quantities injected	
Rate, per therm .....	5.670¢
Transmission Credit for storage quantities withdrawn	
Rate, per therm .....	5.670¢

Schedule G-LTS (Long-Term Storage Service)

Reservation Charges

Annual Inventory, per decatherm reserved .....	21.400¢/year
Annual Withdrawal, per decatherm/day reserved .....	\$11.584/year
Daily Injection, per decatherm/day reserved .....	9.425¢/day

Variable Injection Charges (April through November only)

In-Kind Energy Charge, percent reduction .....	2.440%
Operating and Maintenance Charge	
Retail, per therm of quantity injected (less In-Kind Energy) .....	0.127¢
Wholesale, per therm of quantity injected (less In-Kind Energy) ...	0.127¢

Variable Withdrawal Charges (November through March only)

Operating and Maintenance Charge	
Retail, per therm of quantity withdrawn .....	0.177¢
Wholesale, per therm of quantity withdrawn .....	0.177¢

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3835  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Feb 26, 2008  
 EFFECTIVE Mar 27, 2008  
 RESOLUTION NO. \_\_\_\_\_

Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Variable Charges (Continued)

Withdrawal Service

Peak Season, November through March

O&M Withdrawal Charge for quantity withdrawn

Retail, per therm ..... 0.177¢

Off-Peak Season, April through October

Variable storage charges shall not be applied for off-peak storage withdrawal service provided under this schedule.

For the storage year beginning April 1, 1993, the above-listed variable storage charges shall be based on the Utility's embedded cost. Effective April 1, 1994, all variable storage charges shall be based on the Utility's long-run marginal cost. Variable storage charges shall be established in the Utility's cost allocation proceedings.

Billing Adjustments

Billing adjustments may be necessary to reflect changes in quantities applicable under this schedule or changes in costs used in prior period's storage charges.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3835  
 DECISION NO.

349

ISSUED BY

**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Feb 26, 2008  
 EFFECTIVE Mar 27, 2008  
 RESOLUTION NO. \_\_\_\_\_

D

Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 4

(Continued)

SPECIAL CONDITIONS

General

1. The definitions of the principal terms used in the Utility's tariff schedules are contained in Rule No. 1.
2. Storage service under this schedule shall be curtailed in accordance with the provisions of Rule No. 23.
3. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas in conjunction with the storage services provided under this schedule.
4. As a condition precedent to service under this schedule, an executed Master Services Contract, Schedule D, Basic Storage Service (Form Nos. 6597 and 6597-4) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. The contract term for service hereunder shall be one year and shall begin on either April 1 or October 1 and continue thereafter for a twelve month period. The twelve month period beginning April 1 shall be termed the Spring storage year, and the twelve month period beginning October 1 shall be termed the Fall storage year with the term "storage year" referring to either a Spring or Fall storage year as appropriate.
6. The storage year shall be comprised of seasonal periods as follows:

	<u>Peak Season</u>	<u>Off-Peak Season</u>
Injection:	April - November	December - March
Withdrawal:	November - March	April - October

7. For transportation customers served hereunder, any storage gas remaining in inventory at the conclusion of the customer's storage contract term shall be considered an imbalance subject to the provisions of Schedule No. G-IMB, unless such inventory is rolled-over by the customer into the next storage year under the provisions of Special Condition 20 herein.
8. In the event any customer's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract, the Utility may at its option immediately purchase any remaining inventory quantities from such customer at the applicable Buy-Back Rate stated in Schedule No. G-IMB. The Buy-Back purchase amount paid to the customer may be reduced by any outstanding amounts owed by the customer for any other services provided by the Utility.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 3835  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Feb 26, 2008  
 EFFECTIVE Mar 27, 2008  
 RESOLUTION NO. \_\_\_\_\_

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Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Nominations

9. Storage customers must provide the Utility with their monthly nominations for storage injections and/or withdrawals concurrently with their monthly nominations for transportation service made pursuant to Rule No. 30. During the month, storage customers may request changes to their storage nominations upon two days notice to the Utility. At its discretion and subject to its operational feasibility, the Utility may accept nominations for storage service withdrawals on less notice than set forth above.
10. Basic storage service customers may designate an agent to act on their behalf for the purpose of making storage nominations for their service under this schedule. Such agents may not aggregate the storage rights of the basic storage customer with the rights of any other storage customer.

Storage Imbalance Trading

11. Except during any period of system curtailment of transportation service, as described in Rule No. 23, storage customers may use their available storage inventory capacity and quantities to (1) offset the customer's own transportation imbalances, or (2) trade with other customers for their transportation imbalances, under the imbalance trading provisions set forth in Schedule No. G-IMB.
12. For storage injections and withdrawals performed through imbalance trading, the customer shall not be required to have storage injection or withdrawal rights but shall be assessed the variable charges set forth herein for such storage operations. For such storage trading activity, the storage transaction will be considered as occurring at the time the imbalance trade is completed by the Utility.
13. If gas is to be injected by the storage customer as a result of an imbalance trade, the customer must have sufficient available inventory space at the time the trade is completed by the Utility. If storage gas is to be withdrawn through an imbalance trade, the storage customer must have sufficient gas in inventory at the time the trade is completed.

Storage Inventory Transfers

14. Storage customers may mutually request to transfer gas in inventory from one customer's storage account to another. Such requests must be made by both parties to the inventory transfer and are limited to the inventory quantity available for transfer and the available inventory capacity of the receiving customer at the time the transfer is completed by the Utility. All transfers may be accepted or rejected, in whole or in part, by the Utility and shall not be deemed accepted until such time as the Utility notifies both customers of the completion of the transfer.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3835  
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**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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Schedule No. G-BSS  
BASIC STORAGE SERVICE

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

Year-to-Year Participation

20. At the end of each storage year, current basic storage customers will automatically have their contracted basic storage service rights rolled over to the following storage year, including any quantities in inventory at the end of the storage year. The amount of the customer's basic storage rights eligible to be rolled over to the next storage year shall be restricted to the limitations on capacity rights described above.
21. Also on or before March 1 of each year for the Spring storage year and September 1 of each year for the Fall storage year, customers not currently receiving basic storage service may request to receive such service for the following storage year. For such customers, service availability shall be limited to that reserved basic service capacity remaining after the requirements of current basic storage customers are met.
22. Once the Utility has initially established the basic storage service capacity to be awarded to both new and current basic service customers for the upcoming storage year, any unsubscribed annual firm withdrawal capacity, and the corresponding inventory and injection capacity rights, shall then be offered on a pro rata basis to all customers who were initially awarded withdrawal capacity in an amount less than their average winter daily usage. If accepted, the additional capacity award shall be reflected in the customer's storage contract.

Secondary Market

23. Basic storage customers may assign their contract storage rights in full to another noncore customer upon 90 days written notice to the Utility.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3835  
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7H11

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**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 4

(Continued)

RATES (Continued)

Billing Adjustments

Billing adjustments may be necessary to reflect changes in quantities applicable under this schedule or changes in costs used in prior period's storage charges.

SPECIAL CONDITIONS

General

1. The definitions of the principal terms used in the Utility's tariff schedules are contained in Rule No. 1.
2. Storage service under this schedule shall be curtailed in accordance with the provisions of Rule No. 23.
3. All terms and conditions of Rule No. 30 and Schedule No. G-IMB shall apply to the transportation of customer-owned gas in conjunction with the storage services provided under this schedule.
4. As a condition precedent to service under this schedule, an executed Master Services Contract, Schedule F, Long-Term Storage Service (Form Nos. 6597 and 6597-6) is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. The minimum contract term for service under this schedule shall be three years and the maximum contract term shall be fifteen years.
6. The storage year for long-term contract service shall begin on April 1 and continue thereafter for a twelve month period. Eligible customers may contract for long-term storage service anytime during this period but the annual reservation charges applicable for the initial storage year shall not be prorated unless otherwise agreed to by the Utility. The storage year shall be comprised of seasonal periods as follows:

	<u>Peak Season</u>	<u>Off-Peak Season</u>
Injection:	April - November	December - March
Withdrawal:	November - March	April - October

(Continued)

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Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 5

(Continued)

SPECIAL CONDITIONS (Continued)

7. For customers served under this schedule, any storage gas remaining in inventory at the conclusion of the customer's storage contract term shall be considered an imbalance subject to the provisions of Schedule No. G-IMB, unless the customer has obtained sufficient inventory capacity rights for the following storage year.
8. In the event the customer's storage contract is terminated, for whatever reason, prior to the completion of the term of such contract, the Utility may at its option immediately purchase any remaining inventory quantities from such customer at the applicable Buy-Back Rate stated in Schedule No. G-IMB. The Buy-Back purchase amount paid to the customer may be reduced by any outstanding amounts owed by the customer for any other services provided by the Utility.

Storage Nominations

9. Storage customers must provide the Utility with their monthly nominations for storage injections and/or withdrawals concurrently with their monthly nominations for transportation service made pursuant to Rule No. 30, or their targeted sales nominations made pursuant to Schedule No. G-TARG. During the month, storage customer may request changes to their storage nominations upon two days notice to the Utility.
10. Long-term storage service customers may designate an agent to act on their behalf for the purpose of making storage nominations for their service under this schedule.

Storage Imbalance Trading

11. Except during any period of system curtailment of transportation service, as described in Rule No. 23, storage customers may use their available storage inventory capacity and quantities to (1) offset the customer's own transportation imbalances, or (2) trade with other customers for their transportation imbalances, under the imbalance trading provisions set forth in Schedule No. G-IMB.
12. For storage injections and withdrawals performed through imbalance trading, the customer shall not be required to have storage injection or withdrawal rights but shall be assessed the variable charges set forth herein for such storage operations. For such storage trading activity, the storage transaction will be considered as occurring at the time the imbalance trade is completed by the Utility.

(Continued)

(TO BE INSERTED BY UTILITY)  
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Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 6

(Continued)

SPECIAL CONDITIONS (Continued)

Storage Imbalance Trading (Continued)

13. If gas is to be injected by the storage customer as a result on an imbalance trade, the customer must have sufficient available inventory space at the time the trade is completed by the Utility. If storage gas is to be withdrawn through an imbalance trade, the storage customer must have sufficient gas in inventory at the time the trade is completed.

Storage Inventory Transfers

14. Storage customers may mutually request to transfer gas in inventory from one customer's storage account to another. Such requests must be made by both parties to the inventory transfer and are limited to the inventory quantity available for transfer and the available inventory capacity of the receiving customer at the time the transfer is completed by the Utility. All transfers may be accepted or rejected, in whole or in part, by the Utility and shall not be deemed accepted until such time as the Utility notifies both customers of the completion of the transfer.

Contract Approval

15. All contracts for service under this schedule shall be filed by advice letter for CPUC approval. The Utility and the customer may negotiate special provisions for long-term storage service. Such provisions may include reservation charges other than those stated in this schedule. Any such special provisions or reservation charges shall be set forth in the customer's long-term storage contract filed with the CPUC.

Service Availability

16. Service under this schedule shall be subject to the availability of the Utility's existing unsubscribed firm storage capacity. The Utility shall not be obligated to provide firm long-term storage service in the event the Utility would have to expand its storage capacity in order to provide such service.
17. Customers may request the Utility to expand its firm storage capacity and thereby provide long-term firm storage service under this schedule. Any such expansion of the Utility's storage capacity shall be subject to the requesting customer providing sufficient financial guarantees, to the sole satisfaction of the Utility, for the recovery of any and all costs associated with the expansion of the Utility's storage facilities.

(Continued)

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Schedule No. G-LTS  
LONG-TERM STORAGE SERVICE

Sheet 7

(Continued)

SPECIAL CONDITIONS (Continued)

Advance Reservation Charges

18. Customers, other than end-use customers of the Utility, awarded service under this schedule shall be required to pay one-quarter (25%) of their total annual reservation charge in the first month of the storage year. The balance of the total annual reservation charge shall be billed in equal monthly installments over the remaining storage year.

Creditworthiness

19. For service under this schedule, the customer shall be required to undergo a creditworthiness check whereby the Utility shall establish the customer's credit limit. Customers shall be required to pay the Utility \$500 per year for an annual credit check to be performed by an agency of the Utility's choice. The credit review will establish a credit limit for the customer based upon the customer's expected annual participation for long-term storage service. If the customer's credit limit is less than the customer's obligations for service under this schedule, the Utility shall require the customer to advance a larger portion of the reservation charges hereunder to compensate for such credit deficiency.

Secondary Market

20. Long-term storage customers may assign their contract storage rights in full to another customer upon 90 days notice to the Utility. Such assignment shall be subject to the storage assignee meeting all of the Utility's creditworthiness requirements.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 3835  
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**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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