

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 29, 2008

Advice Letter 3862

Ken Deremer
Director
Tariffs & Regulatory Accounts
8330 Century Park Court CP32C
San Diego, CA 92123-1548

Subject: 2007 PBR Shareable Earnings Filing

Dear Mr. Deremer:

Advice Letter 3862 is effective May 31, 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

May 1, 2008

Advice No. 3862
(U 904 G)

Public Utilities Commission of the State of California

Subject: 2007 PBR Shareable Earnings Filing

Southern California Gas Company (SoCalGas) hereby submits for approval with the California Public Utilities Commission (Commission) its shareable earnings filing. This filing is made in compliance with Decision No. (D.) 05-03-023, dated March 17, 2005, and Preliminary Statement Part XI, Performance Based Regulation (PBR), in Phase II of SoCalGas' Cost of Service (COS) Application No. (A.) 02-12-027.

Purpose

As reported in Attachment B, this filing consists of: 1) earnings to be shared with ratepayers under the existing PBR mechanism; 2) rewards or penalties for customer service and safety performance indicators; 3) SoCalGas' performance on customer service monitor-only indicators; and 4) the results of the Core Pricing Flexibility program and Noncore Competitive Load Growth Opportunity program as adopted in D.97-07-054 and D.00-04-060, respectively.

For the year ended December 31, 2007, SoCalGas' actual Rate of Return (ROR) on rate base was 10.32% as compared to the authorized ROR of 8.68% resulting in sharing of \$43,449,555 between ratepayers and shareholders. The ratepayers' allocation of earnings above authorized levels, grossed-up for taxes and franchise fees and uncollectible (FF&U) costs, is \$24,096,000. SoCalGas exceeded the PBR benchmark on all of its five customer service and safety performance indicators resulting in a total award of \$2,000,000.

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 must be 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) and to Honesto Gatchalian (jni@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 should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved May 31, 2008, which is thirty (30) calendar days after the date filed.

Notice

A copy of this advice letter is being sent to all parties listed on Attachment A, which includes the interested parties in A.02-12-027.

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) #: 3862

Subject of AL: 2007 Shareable Earnings

Keywords (choose from CPUC listing): PBR

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

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

D05-03-023

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

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 5/31/08

No. of tariff sheets: 0

Estimated system annual revenue effect (%): 1%

Estimated system average rate effect (%): 1%

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: _____

Service affected and changes proposed¹: 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

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3862

(See Attached Service Lists)

Aglet Consumer Alliance
James Weil
jweil@aglet.org

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

Alcantar & Kahl
Seema Srinivasan
sls@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

ADAMS ELECTRICAL SAFETY
CONSULTING
WILLIAM P. ADAMS
716 BRETT AVENUE
ROHNERT PARK, CA 94928-4012

ALCANTAR & KAHL, LLP
MICHAEL ALCANTAR
mpa@a-klaw.com

ENDEMAN, LINCOLN, TUREK &
HEATER LLP
JAMES C. ALLEN
jallen@elthlaw.com

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

CALIF PUBLIC UTILITIES COMMISSION
Paul Angelopulo
pfa@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Bernard Ayanruoh
ben@cpuc.ca.gov

BARKOVICH & YAP, INC.
BARBARA R. BARKOVICH
brbarkovich@earthlink.net

SAN LUIS OBISPO MOTHERS FOR
PEACE
ROCHELLE BECKER
rochelle489@charter.net

MC CARTHY & BERLIN, LLP
C. SUSIE BERLIN
sberlin@mccarthyllaw.com

BERLINER LAW PLLC
ROGER BERLINER
roger@berlinerlawpllc.com

SOUTHWEST GAS COMPANY
ANDREW WILSON BETTWY
andy.bettwy@swgas.com

LAW OFFICES OF WILLIAM H. BOOTH
WILLIAM H. BOOTH
wbooth@booth-law.com

ELLISON, SCHNEIDER & HARRIS, LLP
ANDREW B. BROWN
abb@eslawfirm.com

BRUBAKER & ASSOCIATES, INC.
MAURICE BRUBAKER
mbrubaker@consultbai.com

MCCRACKEN, BYERS & HAESLOOP,
LLP
DAVID J. BYERS, ESQ.
dbyers@landuselaw.com

CALIF PUBLIC UTILITIES COMMISSION
Valerie Beck
vjb@cpuc.ca.gov

NATURAL RESOURCES DEFENSE
COUNCIL
SHERYL CARTER
scarter@nrdc.org

LOS ANGELES UNIFIED SCHOOL
DISTRICT
ANDREW S. CHEUNG
andrew.cheung@lausd.net

CITY AND COUNTY OF SAN
FRANCISCO
JOSEPH PETER COMO
joe.como@sfgov.org

GOODIN MACBRIDE SQUERI RITCHIE
& DAY LLP
BRIAN T. CRAGG
bcragg@gmssr.com

CALIF PUBLIC UTILITIES COMMISSION
Laurence Chaset
lau@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Theresa Cho
tcx@cpuc.ca.gov

NAVAL FACILITIES ENGINEERING
COMMAND-HQ
KAY DAVOODI
khojasteh.davoodi@navy.mil

CALIFORNIA PUBLIC UTILITIES
COMMISSION
REGINA M. DEANGELIS
rmd@cpuc.ca.gov

WESTERN MANUFACTURED HOUSING
COMMUNITIES
SHEILA DEY
sheila@wma.org

DOUGLASS & LIDDELL
DANIEL W. DOUGLASS
douglass@energyattorney.com

DOUGLASS & LIDDELL
DANIEL W. DOUGLASS
douglass@energyattorney.com

CALIF PUBLIC UTILITIES COMMISSION
Paul Douglas
psd@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Phillip Enis
pje@cpuc.ca.gov

FPL ENERGY, LLC
DIANE I. FELLMAN
diane_fellman@fpl.com

THE UTILITY REFORM NETWORK
 ROBERT FINKELSTEIN
 bfinkelstein@turn.org

REED SMITH LLP
 MARK FOGELMAN
 mfogelman@reedsmith.com

THE UTILITY REFORM NETWORK
 MATTHEW FREEDMAN
 freedman@turn.org

FEDERAL EXECUTIVE AGENCIES
 NORMAN J. FURUTA
 norman.furuta@navy.mil

CALIF PUBLIC UTILITIES COMMISSION
 Julie A. Fitch
 jf2@cpuc.ca.gov

LATINO ISSUES FORUM
 ENRIQUE GALLARDO
 enriqueg@lif.org

MANFRED F. GILDNER
 barontramp@aol.com

THE GREENLINING INSTITUTE
 ROBERT GNAIZDA
 robertg@greenlining.org

PACIFIC GAS AND ELECTRIC
 COMPANY
 PATRICK G. GOLDEN
 pgg4@pge.com

THE GREENLINING INSTITUTE
 THALIA N.C. GONZALEZ
 thaliag@greenlining.org

THE UTILITY REFORM NETWORK
 HAYLEY GOODSON
 hayley@turn.org

LOWE'S COMPANIES, INC.
 JEFFREY E. GRAY
 jeff.e.gray@lowes.com

CALIF PUBLIC UTILITIES COMMISSION
 Eric Greene
 eg1@cpuc.ca.gov

ARNOLD & PORTER
 JAMES I. HAM
 James_Ham@aporter.com

MORRISON & FOERSTER LLP
 PETER W. HANSCHEN
 phansch@mofo.com

UTIL. WORKERS UNION OF AMERICA,
 AFL-CIO
 MARTA HARRIS
 unionmarti@aol.com

THE UTILITY REFORM NETWORK
 MARCEL HAWIGER
 marcel@turn.org

ASSOCIATION OF CALIFORNIA
 WATER AGENCIES
 LON W. HOUSE
 lwhouse@innercite.com

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

CALIF PUBLIC UTILITIES COMMISSION
 Peter Hanson
 pgh@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Gregory Heiden
 gxh@cpuc.ca.gov

CATHOLIC HEALTHCARE WEST
 DAVID JONES
 djones2@chw.edu

ADAMS, BROADWELL, JOSEPH &
 CARDOZO
 MARC D. JOSEPH
 mdjoseph@adamsbroadwell.com

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

MANATT PHELPS & PHILLIPS, LLP
 RANDALL W. KEEN
 pucservice@manatt.com

MANATT, PHELPS & PHILLIPS, LLP
 RANDALL W. KEEN
 pucservice@manatt.com

ELLISON, SCHNEIDER & HARRIS, LLP
 DOUGLAS K. KERNER
 dkk@eslawfirm.com

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

CALIF PUBLIC UTILITIES COMMISSION
 Dexter E. Khoury
 bsl@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Laura L. Krannawitter
 llk@cpuc.ca.gov

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

CALIFORNIA FARM BUREAU
 FEDERATION
 RONALD LIEBERT
 rliebert@cfbf.com

CALIF PUBLIC UTILITIES COMMISSION
 Donald J. Lafrenz
 dlaf@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Douglas M. Long
 dug@cpuc.ca.gov

GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
 THOMAS J. MACBRIDE, JR.
 tmacbride@gmssr.com

UTILITY WORKERS UNION OF AMERICA
 JAVIER MANZANO
 javier1@uwua132.org

JBS ENERGY
 BILL MARCUS
 bill@jbsenergy.com

DAVID MARCUS
 dmarcus2@sbcglobal.net

M. CUBED
 RICHARD MCCANN, PH.D
 rmccann@umich.edu

SUTHERLAND, ASBILL & BRENNAN
 KEITH MCCREA
 kmccrea@sablav.com

SOUTHERN CALIFORNIA EDISON COMPANY
 FRANK MCNULTY
 francis.mcnulty@sce.com

SEMPRA ENERGY
 KEITH W. MELVILLE
 kmelville@sempra.com

CALIFORNIA FARM BUREAU FEDERATION
 KAREN NORENE MILLS
 kmills@cfbf.com

WESTERN MANUFACTURED HOUSING COMM. SVCS.
 IRENE K. MOOSEN
 irene@igc.org

SAN FRANCISCO COMMUNITY POWER COOP
 STEVEN MOSS
 steven@moss.net

CALIF PUBLIC UTILITIES COMMISSION
 Laura A. Martin
 Ira@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Richard A. Myers
 ram@cpuc.ca.gov

CALIFORNIA LEAGUE OF FOOD PROCESSORS
 ROB NEENAN
 rob@clfp.com

PACIFIC GAS AND ELECTRIC COMPANY
 ANDREW L. NIVEN
 aln2@pge.com

SIERRA PACIFIC POWER CO.
 DAVID NORRIS
 dnorris@sppc.com

CA DISABLED VETS BUSNSS ENTERP ALLIANCE
 KEVIN K. O'CONNOR
 kevinlsi@gmail.com

CITY OF SAN DIEGO
 FRITZ ORTLIEB
 fortlieb@sandiego.gov

HANNA AND MORTON LLP
 NORMAN A. PEDERSEN
 npedersen@hanmor.com

ANDERSON & POOLE
 EDWARD G. POOLE
 epoole@adplaw.com

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

CALIF PUBLIC UTILITIES COMMISSION
 Anne W. Premo
 awp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Terrie D. Prosper
 tdp@cpuc.ca.gov

PACIFIC GAS AND ELECTRIC COMPANY
 MICHAEL REIDENBACH
 jmrb@pge.com

CALIFORNIA DVBE ALLIANCE
 DANIEL W. ROBERTS
 danielwroberts@hmpage.com

CALIFORNIA CABLE & TELECOMMUNICATIONS
 GLENN SEMOW
 grs@calcable.org

UTILITY CONSUMERS' ACTION NETWORK
 MICHAEL SHAMES
 mshames@ucan.org

ALCANTAR & ELSESSER
 NORA E. SHERIFF
 nes@a-klaw.com

GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
 JAMES D. SQUERI
 jsqueri@gmssr.com

**KERN RIVER GAS TRANSMISSION
COMPANY**
RICHARD N. STAPLER, JR.
richard.stapler@kernrivergas.com

SEMPRA ENERGY
GLEN J. SULLIVAN
gsullivan@sempra.com

CALIF PUBLIC UTILITIES COMMISSION
Danilo E. Sanchez
des@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Laura Lei Strain
lls@cpuc.ca.gov

DAY CARTER & MURPHY, LLP
ANN L. TROWBRIDGE
atrowbridge@daycartermurphy.com

CALIF PUBLIC UTILITIES COMMISSION
Pamela T. Thompson
ptt@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Laura J. Tudisco
ljt@cpuc.ca.gov

**CALIFORNIA DEPARTMENT OF
WATER RESOURCES**
ANDREW ULMER
aulmer@water.ca.gov

SEMPRA
RONALD VAN DER LEEDEN
rvanderleeden@semprautilities.com

**PACIFIC GAS AND ELECTRIC
COMPANY**
CHRISTOPHER J. WARNER
cjw5@pge.com

AGLET CONSUMER ALLIANCE
JAMES WEIL
jweil@aglet.org

ALCANTAR & KAHL, LLP
ELIZABETH WESTBY
egw@a-klaw.com

CALIFORNIA ENERGY COMMISSION
BILL WOOD
bwood@energy.state.ca.us

LOCAL 483 UTILITY WORKERS UNION
DENNIS ZUKOWSKI
dennis@local483.org

MODESTO IRRIGATION DISTRICT
PO BOX 4060
MODESTO, CA 95352

ATTACHMENT B

**SOUTHERN CALIFORNIA GAS COMPANY
(U 904 G)**

**COMPLIANCE WITH DECISION 05-03-023
PERFORMANCE-BASED RATEMAKING MECHANISM**

REPORT OF 2007 DATA

**Before the
Public Utilities Commission
of the
State of California**

May 1, 2008

TABLE OF CONTENTS

	<u>Page</u>
I. Executive Summary	1
II. Earning Sharing	
A. Background	2
B. Earnings Sharing Update	2
C. Tables	3
III. Performance Indicator Results	
A. Employee Safety	5
B. Customer Service	7
1. Phone/Office Contact Satisfaction	7
2. Field Visit Satisfaction	8
3. Call Center Responsiveness	10
4. Field Service Order Appointments Provided/Percent Made	11
C. Summary of Performance Indicator Results	13
D. Monitor-Only Indicators	14
IV. Other Programs	
A. Core Pricing Flexibility	15
B. Noncore Competitive Load Growth Opportunities	15

I. Executive Summary

The report constitutes an accumulation of annual reporting requirements pursuant to Decision (D.) 05-03-023, dated March 17, 2005, and Preliminary Statement Part XI, Performance Based Regulation (PBR), in Phase II of the Southern California Gas Company's (SoCalGas) Cost of Service (COS) Application No. 02-12-027. This decision adopted a PBR mechanism for SoCalGas with respect to the setting of the company's gas transportation rates. This report constitutes the summary of the final 2007 year-end results of operations under that mechanism, and includes a report on the earnings sharing and performance indicator results for the year ending December 31, 2007.

For the year ending December 31, 2007, SoCalGas' actual rate of return (ROR) on rate base was 10.32 percent, as compared to a 2007 authorized ROR of 8.68 percent. As a result, SoCalGas' actual ROR is greater than its authorized ROR by 1.64 percent, resulting in sharing of \$43,449,555 between ratepayers and shareholders under the PBR earnings sharing mechanism. As shown on page 3, the ratepayers' portion of the sharing is \$24,096,000.

In addition, SoCalGas exceeded the PBR benchmarks on all of its five performance indicators for 2007. This resulted in a total reward of \$2,000,000. The 2007 performance indicators include incentives for employee safety, phone/office contact satisfaction, field visit satisfaction, call center responsiveness, and field service order appointments provided/percent made. This report also provides performance results for nine monitor-only indicators covering other areas of SoCalGas' customer service.

Finally, this report includes information on SoCalGas' net incremental revenues associated with its Core Pricing Flexibility and Noncore Competitive Load Growth Opportunities programs.

II. Earnings Sharing Results

A. Background

SoCalGas' PBR, as adopted in D.05-03-023, provides for a sharing of earnings between ratepayers and shareholders on a progressive basis as earnings exceed the authorized ROR. The PBR authorizes a mechanism by which earnings are shared within "bands" above a benchmark ROR on rate base. Shareholders will retain 100% of the earnings up to 50 basis points (0.50%) above the benchmark ROR. Between 51 basis points and 300 basis points above the benchmark are six bands with progressive sharing of earnings between shareholders and ratepayers. Within the bands, the ratepayer/shareholder portion of earnings is identified in the table below. If earnings exceed 300 basis points above the benchmark, the earnings sharing mechanism will automatically be suspended and the Commission will conduct a formal regulatory review to determine what, if any, changes in the ratemaking mechanism are required. Earnings below the authorized ROR are absorbed 100% by shareholders. Specifics of the sharing mechanism are detailed in Preliminary Statement Part XI, Performance Based Regulation.

The benchmark ROR was 8.68% for the year 2007 as last updated pursuant to Advice No. 3199-A, SoCalGas' Market Indexed Capital Adjustment Mechanism (MICAM) filing, and effective January 1, 2003.

The following table summarizes the shareholder/ratepayer sharing percentages within the various bands:

<u>Bands</u>	<u>Basis Points</u>	<u>Shareholder %</u>	<u>Ratepayer %</u>
Inner	00-50	100%	00%
1	51-100	25%	75%
2	101-125	35%	65%
3	126-150	45%	55%
4	151-175	55%	45%
5	176-200	65%	35%
6	201-300	75%	25%
Outer	301-above	Suspension	

B. Earnings Sharing Update

SoCalGas' 2007 net operating income (NOI) adjusted for PBR is \$272,755,539. The authorized return is \$229,305,983; therefore, PBR Shareable Earnings totaled \$43,449,555 for 2007. The shareholder portion is \$23,897,255 and the ratepayer portion before gross-up is \$19,552,300. Pursuant to SoCalGas' PBR, the ratepayer portion is "grossed-up" to achieve sharing of tax and FF&U benefits. The grossed-up portion distributed to ratepayers will be \$24,096,000.

The following table calculates the NOI subject to sharing between ratepayers and shareholders.

PBR Rate Base ROR Sharing Calculation		
Net Operating Income		\$262,031,578 (1)
Less: PBR Adjustments (pre-tax):		
2005 PBR Sharing Revenue	\$19,011,000	
Noncore Fixed Cost Account (NFCA)	761,507 (2)	
Noncore Storage Balancing Acct (NSBA)	(28,512,017)	
Enhanced Oil Recovery Incentives	(984,814)	
Natural Gas Vehicle Sharing	(868,612)	
Montebello Storage Facility	(2,014,660) (3)	
GCIM Award per GCRPA	(5,802,104) (4)	
Employee Safety Incentive	(933,000)	
HSCRA Insurance proceeds	(986,670) (5)	
Affiliate Compliance Audit Costs	103,190 (6)	
Legal Settlements	38,265,267 (7)	
Service Guarantee Billing Credits	60,425 (8)	
Total Pre-Tax Adjustment	<u>18,099,512</u>	
Less: Taxes	<u>40.75%</u> (7,375,551)	
PBR Adjustment (After Tax)		<u>10,723,961</u>
Total Net Operating Income	<u>10.32%</u>	<u>\$272,755,539</u>
Ratepayer portion - before gross-up (see page 4)		19,552,300
Shareholder Portion (see page 4)		23,897,255
Authorized Return	<u>8.68%</u>	<u>229,305,983</u>
Total		<u>\$272,755,539</u>
Ratepayer Portion Gross-up:		
Average Ratepayer Sharing percentage {r}	<u>45.00%</u>	
Combined FF&U and Income Tax factor {t}	<u>41.90%</u>	
Ratepayer Portion Grossed-up (ratepayer / (1 - r * t))		<u>\$24,096,000</u>

Notes:

- (1) Net Operating Revenues as reported on SoCalGas SEC 10K report adjusted for contingent liabilities as required for financial reporting purposes under GAAP but not authorized by the CPUC for ratemaking purposes.
- (2) Represents prior period adjustments subject to NFCA sharing mechanism per D.00-04-060.
- (3) Represents shareholder allocation of net proceeds per D.01-04-081.
- (4) Represents calculated GCIM award recorded in Gas Cost Rewards and Penalties Account (GCRPA) per D.02-06-023.
- (5) Represents shareholder portion of insurance proceeds recognized in 2007.
- (6) Represents shareholder affiliate compliance costs per D.97-12-088.
- (7) Represents costs related to the Continental Forge Settlement.
- (8) Represents shareholder costs for missed customer service appointment commitments.

The tables below detail the shareholder and ratepayer allocations by the sharing bands:

PBR ROR Sharing Calculation

Bands	Basis Points		Operating Income	
	Beg	End	Beg	End
Inner	0	50	\$229,305,983	\$242,514,853
1	51	100	242,514,853	255,723,723
2	101	125	255,723,723	262,328,158
3	126	150	262,328,158	268,932,593
4	151	175	268,932,593	275,537,028
5	176	200	275,537,028	282,141,463
6	201	300	282,141,463	308,559,203
Outer	301	above	308,559,203	

Bands	Shareholder		Ratepayer		Avg RP %	Total
	%	Amount	%	Amount		
Inner	100%	\$13,208,870	0%	\$0	0.00%	\$13,208,870
1	25%	3,302,217	75%	9,906,652	37.50%	13,208,870
2	35%	2,311,552	65%	4,292,883	43.00%	6,604,435
3	45%	2,971,996	55%	3,632,439	45.00%	6,604,435
4	55%	2,102,620	45%	1,720,325	45.00%	3,822,945
5	65%		35%			
6	75%		25%			
Outer	Suspension					
Total		\$23,897,255		\$19,552,300	45.00%	\$43,449,555

Adjusted Recorded Net Operating Income	\$272,755,539
Weighted Average Rate Base	2,641,774,000
Authorized ROR	8.68%
Recorded ROR	10.32%
Differential	1.64%

III. Performance Indicator Results

A. Employee Safety

Rewards or penalties for employee safety are determined based on the Federal Occupational Safety and Health Administration (OSHA) frequency standard, measuring the regulated utility's OSHA recordable lost-time and non-lost-time injuries and illnesses against total utility working hours. For the year ending December 31, 2007, SoCalGas experienced 362 lost time and non-lost time incidents. The 362 total OSHA recordable incidents result in a frequency of 5.72.

The calculation of the OSHA Frequency is as follows:

Employee Safety		2007
Total OSHA Recordable Cases		362
x 100 employees at 2,000 hours / year		200,000
= Total OSHA Recordable Hours		72,400,000
/ Total utility year-to-date work hours		12,654,961
= Total OSHA Frequency		5.72

For 2007, rewards and penalties for Employee Safety Performance Indicator are based on the following parameters:

Benchmark:	6.19
Deadband:	6.02 – 6.36
Liveband:	+/- 2.0
Unit of Change:	0.01
Incentive per unit:	\$25,000 / 0.01 outside of deadband
Maximum incentive:	+/- \$5,000,000

For 2007, SoCalGas' performance for the Employee Safety Performance Indicator resulted in a \$750,000 reward calculated as follows:

Benchmark	6.19
Result Achieved	5.72

	0.47
Less deadband	0.17

Units above Benchmark	0.30
	÷
Unit of change	0.1

Units per change	30
	X
Incentive per unit	\$25,000

Reward	\$750,000

During 2007, SoCalGas continued to focus on employee safety issues including helping employees focus on personal safety and the safety of their co-workers. One of the strategies used to increase ownership was the encouragement for Near Miss/Close call reporting. This type of near-incident reporting increased during 2007 which allowed supervisors and employees to work together on reducing injury/incident exposure.

Some of the other focus areas which contributed to its success in Employee Safety were:

- Senior Leadership – The Executive Safety Council continues to provide leadership and support for many safety initiatives as well as conducting employee dialogue sessions to gain a deeper understanding of front-line safety issues and concerns.
- Job Observations – Individual job observations are performed to help define and reinforce safe behaviors. Through this process safe behaviors are defined, observed, and coached by both supervisors and peers, and the results are tracked to monitor process.
- Wellness – Wellness both on and off the job was given renewed focus during 2007 with health fairs, health screening, and stretching.
- Employee Involvement – Employee and management involvement opportunities included some of the following: Safety Action Committee, Safety Champions, regional safety committees, incident evaluations teams and a Safety Committee Congress.
- Safety-In-Motion – Thirty Customer Service Field supervisors were certified as Safety-In-Motion (SIM) trainers. SoCalGas has implemented STARR, an internal program which focuses on SIM and body positioning training, for Customer Service Field personnel.
- Office Ergonomics – In a continuing effort to reduce office ergonomic injuries, approximately 1600 employees actively participated in a web-based ergonomic self-assessment and training software program (OES Remedy). The Remedy software provides a proactive approach that educates and empowers employees to make ergonomic changes on their own.

B. Customer Service Performance Indicators

SoCalGas' performance on its four Customer Service Performance Indicators is measured to ensure appropriate service quality levels are maintained. Rewards or penalties are assessed on the performance of the four indicators as detailed below.

1. Phone/Office Contact Satisfaction

This Performance Indicator represents a composite measure of the customers' satisfaction with their overall experience with SoCalGas' Customer Contact Center (CCC) and Branch Offices. As noted in the table below, SoCalGas achieved an 88.7% customer satisfaction result for the year ended December 31, 2007.

Phone / Office Contact Satisfaction	2007
<u>Results:</u> (measured as percent of ratings 8-10 on 0-10 scale)	
1st quarter	88.0%
2nd quarter	88.7%
3rd quarter	88.8%
4th quarter	89.4%
Annual Result	88.7%

For 2007, rewards and penalties for the Phone/Office Contact Satisfaction Performance Indicator are based on the following parameters:

Benchmark:	83.4%
Deadband:	84.4% – 82.4%
Liveband:	+/- 5%
Unit of Change:	0.1
Incentive per unit:	\$10,000 / 0.1
Maximum incentive:	+/- \$500,000

For 2007, SoCalGas' performance for the Phone / Office Contact Satisfaction Performance Indicator resulted in a \$430,000 reward. The reward is calculated as follows:

Benchmark	83.4
Result Achieved	88.7

	5.3
Less deadband	1.0

Units above Benchmark	4.3
	÷
Unit of change	0.1

Units per change	43
	X
Incentive per unit	\$10,000

Reward	\$430,000

Activities to enhance and improve SoCalGas' performance in this area are similar to those for the Field Visit Satisfaction Performance Indicator. As such, refer to write-up below.

2. Field Visit Satisfaction

This Performance Indicator represents a measure of the customers' satisfaction with their overall experience with a field service visit. As noted in the table below, SoCalGas achieved a 95.5% customer satisfaction result for the year ended December 31, 2007.

Field Visit Satisfaction	2007
<u>Results:</u> (measured as percent of ratings 8-10 on 0-10 scale)	
1st quarter	94.3%
2nd quarter	95.1%
3rd quarter	96.8%
4th quarter	95.9%
Annual Result	95.5%

For 2007, rewards and penalties for the Field Visit Satisfaction Performance Indicator are based on the following parameters:

Benchmark:	94.1%
Deadband:	95.1% – 93.1%
Liveband:	+/- 5%
Unit of Change:	0.1
Incentive per unit:	\$10,000 / 0.1
Maximum incentive:	+/- \$500,000

For 2007, SoCalGas' performance for the Field Visit Satisfaction Performance Indicator resulted in a \$40,000 reward. The reward is calculated as follows:

Benchmark	94.1
Result Achieved	95.5

	1.4
Less deadband	1.0

Units above Benchmark	0.4
	÷
Unit of change	0.1

Units per change	4
	X
Incentive per unit	\$10,000

Reward	\$40,000

As the company continues to focus on improving and enhancing customer satisfaction performance in customer contact and field service visits, SoCalGas has undertaken various measures and activities including the following:

- Customer Satisfaction Survey Team - The Customer Satisfaction Team met twice during the year to review customer satisfaction survey results, discuss customer needs and expectations, and share ideas and recommendations for improving customer service.
- Focus on Key Drivers of Customer Satisfaction - Key drivers of customer satisfaction were identified through analysis of the previous year's results and were presented to appropriate operational groups. Training and improvement efforts focused on specific elements of service that were identified as most important to the customer.
- Review of Customer Surveys - On a weekly basis managers reviewed copies of completed surveys that showed customer ratings of SoCalGas' customer service. These surveys helped to identify specific problems as well as negative trends. Findings were used as a coaching tool and for training to improve customer service.
- Employee Recognition Program - In maintaining employee focus on customer service, SoCalGas continues to award superior customer service through its employee recognition program.

3. Call Center Responsiveness

This Performance Indicator represents a measure of how quickly SoCalGas responds to customer calls. As noted in the table below, SoCalGas responded to 83.2% of calls within 60 seconds for the year ended December 31, 2007.

Call Center Responsiveness	2007
Calls Answered within 60 seconds	8,213,643
/ Total Calls Offered (including abandoned calls)	9,870,494
= Percent of Calls Accepted within 60 seconds	83.2%

For 2007, rewards and penalties for the Call Center Responsiveness performance indicator are based on the following parameters:

Benchmark:	80% within 60 seconds
Deadband:	82% – 78%
Liveband:	+/- 5%
Unit of Change:	0.1
Incentive per unit:	\$30,000 / 0.1
Maximum incentive:	+/- \$1,500,000

For 2007, SoCalGas' performance for the Call Center Responsiveness Performance Indicator resulted in a \$360,000 reward. The reward is calculated as follows:

Benchmark	80.0
Result Achieved	83.2

	3.2
Less deadband	2.0

Units above Benchmark	1.2
	÷
Unit of change	0.1

Units per change	12
	X
Incentive per unit	\$30,000

Reward	\$360,000

In an ongoing effort to improve call center responsiveness, SoCalGas' Customer Contact Center (CCC) placed considerable focus on adequate and well-trained Customer Service Representatives recognizing that optimal staffing is a key component to call center responsiveness. Along with staffing, SoCalGas' CCC emphasized effective and efficient call handling in an effort to minimize handle time, and, in turn, increase responsiveness.

Additional focus was given to the Interactive Voice Response (IVR) unit and On-line Customer Service Options. As IVR and on-line utilization increase, SoCalGas is moving forward with technology and programming enhancements that will improve customer's experience in both areas.

4. Field Service Order Appointments Provided/Percent Made

This Performance Indicator represents a measure of the frequency with which SoCalGas provides customers with service window appointments and the frequency with which SoCalGas meets those commitments. As noted in the table below, SoCalGas provided appointments for 57.87% of all eligible field service orders and met 99.51% of those appointments for the year ended December 31, 2007.

Field Service Order Appointments Provided / Percent Made		2007
Appointments Provided		645,999
/ Number of Eligible Orders		1,116,303
= Percent of Appointments Provided		57.87%
Percent of Appointments Met		99.51%

For 2007, there are seven bands by which the Field Service Order Appointments Provided is assessed in terms of Percentage of On-Time Arrivals (Percent Made). The maximum reward or penalty is +/- \$600,000 and is assessed in increments of \$12,000 per each 0.1% change in Percent On-Time Arrivals (Percent Made) within each of the seven Percent Appointments Provided bands. The parameters for targets, deadbands, and livebands for the seven bands are as follows:

Field Service Order Appointments Provided / Percent Made 2007				
Band	Target	Deadband	Liveband	
			Penalty	Reward
35% or Below	100.00%	none	95.01% - 100%	none
>35% - 40%	99.01%	99.01 - 100%	94.01% - 99%	none
>40% - 45%	99.01%	none	94.01% - 99%	99.01% - 100%
>45% - 50%	98.01%	none	93.01% - 98%	98.01% - 100%
>50% - 55%	97.01%	none	92.01% - 97%	97.01% - 100%
>55% - 60%	96.01%	none	91.01% - 96%	96.01% - 100%
>60%	95.01%	none	90.01% - 95%	95.01% - 100%

For 2007, SoCalGas' performance for the Field Service Order Appointments Provided/Percent Made Performance Indicator resulted in a reward of \$420,000. SoCalGas' 57.87% of appointments provided falls within the ">55% - 60%" band. Using the parameters of this band, the reward is calculated as follows:

Benchmark	96.01
Result Achieved	99.51

	3.50
Less deadband	0.00

Units above Benchmark	3.5
	÷
Unit of change	0.1

Units per change	35
	X
Incentive per unit	\$12,000

Reward	\$420,000

Through continued focus and monitoring by Dispatch and Customer Services Field Management Teams, SoCalGas was able to increase the percentage of customer order appointments offered, and at the same time, meet these scheduled appointments as well.

One way this task was accomplished was by increasing the percentage of AM and PM appointments provided by increasing the percentage of available employee AM and PM minutes in these appointment windows through Dispatch and Order Routing software.

C. Summary of Performance Indicator Results

The following table summarizes SoCalGas' Performance Indicator results for the year ended December 31, 2007.

Performance Indicator Results For Year Ended December 31, 2007	Reward / (Penalty)
Employee Safety	\$750,000
Phone / Office Contact Satisfaction	430,000
Field Visit Satisfaction	40,000
Call Center Responsiveness	360,000
Field Service Order Appointments Provided / Percent Made	420,000
Total Reward	\$2,000,000

D. Customer Service Monitor-Only Indicators

In addition to the Performance Indicators listed above, the Commission adopted nine additional indicators to measure service quality levels. The table below provides results on a quarterly basis for each of these monitor-only indicators for the year ended December 31, 2007.

Performance Indicator	2007	1st qtr	2nd qtr	3rd qtr	4th qtr
A Level of busy signals 1/	0.175%	0.390%	0.129%	0.127%	0.056%
B Estimated meter reads 2/	1.25%	1.24%	1.18%	1.22%	1.37%
C Leak response time 3/	94.62%	94.20%	94.92%	94.71%	94.65%
D Missed appointments 4/	1,601	585	273	250	493
E Problems resolved on first visit 5/	93.2%	93.1%	92.6%	93.6%	93.5%
F Elapsed time 6/	3.25	2.83	2.52	2.94	4.73
G Percentage of abandoned calls 7/	3.2%	6.0%	2.6%	1.5%	1.9%
H Shortest time to CSR 8/					
Leaks/downed lines/outages	64 seconds	64 sec	64 sec	64 sec	64 sec
Billing/Credit	198 seconds	198 sec	198 sec	198 sec	198 sec
Start/stop service	222 seconds	222 sec	222 sec	222 sec	222 sec
I Complaints 9/					
Credit & Collections	938	278	265	200	195
Customer Assistance	331	72	46	64	149
Customer Contact Centers	2,038	527	519	449	543
Marketing	158	14	40	41	63
Direct Access	399	88	106	119	86
Dispatch	89	12	19	17	41
Meter Reading	5,784	1,886	1,452	1,274	1,172
Other	251	59	79	51	62
Rates/Prices	7	5		1	1
Customer Field Services	7,149	1,714	1,648	1,679	2,108
Unsafe Driving (Northern)	67	11	26	16	14
Mass Marketing Billing	288	65	90	87	46
Total Complaints	17,499	4,731	4,290	3,998	4,480

Notes:

1/ Represents the combined total of busy signals and busy messages in the Call Center.

2/ Percentage of total meter reads that resulted in an estimated bill.

3/ Percentage of leak calls responded to within 30 minutes Monday through Saturday between 7 am. and 5 pm. and within 45 minutes during other times.

4/ Appointments missed subject to the service guarantee.

5/ Percentage of survey respondents indicating their problems were resolved on the first service call.

6/ Number of days from the time a customer requests a field service order to the time that SoCalGas arrives at the customer's premises.

7/ Any time a customer hangs up after making a menu selection and before speaking with a customer service representative or completing an automated transaction.

8/ The times indicated will only vary between quarters with menu changes.

 Shortest number of minutes (for a new caller) between the call connection to the first menu and the menu choice for the CSR.

9/ Number of complaints recorded in the SoCalGas Complaint Tracking System.

IV. Other PBR Programs

A. Core Pricing Flexibility Program

In D.97-07-054 and D.98-01-040, the Commission authorized a Core Pricing Flexibility program for SoCalGas as detailed in Section K.2 of AL 2687-A. This program remained unchanged with the approval of the 2004 COS proceeding. Under this arrangement, SoCalGas shareholders are responsible for any reduction in core revenues that may occur due to discounting, while revenue gains will be shared between ratepayers and shareholders in accordance with the PBR sharing mechanism. The Commission has authorized a Core Fixed Cost Account (CFCA) adjusting mechanism to adjust the CFCA by revenue gains to be shared between ratepayers and shareholders.

The Core Pricing Flexibility program produced incremental net revenues, which are included in SoCalGas' NOI, in the amount of \$407,732.¹

B. Noncore Competitive Load Growth Opportunities Program

In D.00-04-060, the Commission authorized SoCalGas' revenue treatment for new negotiated contracts that are part of a California Red Team economic development effort and contracts where Rule 38 shareholder funding has been used. This program remained unchanged with the approval of the 2004 COS proceeding. Under this arrangement, SoCalGas shareholders are responsible for any reduction in noncore revenues that may occur due to discounting, while revenue gains will be shared between ratepayers and shareholders in accordance with the PBR sharing mechanism. The Commission has authorized a Noncore Fixed Cost Account (NFCA) adjusting mechanism to adjust the NFCA by revenue gains to be shared between ratepayers and shareholders.

The Noncore Competitive Load Growth Opportunities program produced incremental net revenues, which are included in SoCalGas' NOI, in the amount of \$869,172.¹

¹ The data presented here is for information only per Preliminary Statement XI, items K and L. The incremental net revenues have been included in the Net Operating Income listed in the table in Section II. B. of this report and are subject to PBR sharing.