

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 24, 2008

Advice Letter 3870

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

Subject: May 2008 Buy Back Rates

Dear Mr. Deremer:

Advice Letter 3870 is effective May 30, 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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May 30, 2008

Advice No. 3870
(U 904 G)

Public Utilities Commission of the State of California

Subject: May 2008 Buy-Back Rates

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment B.

Purpose

This routine monthly filing updates the Buy-Back Rates in Schedule No. G-IMB for May 2008.

Background

As authorized in Schedule No. G-IMB - Transportation Imbalance Service, the Buy-Back Rates are established effective the last day of each month.

The Buy-Back Rates will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred.

Information

During the month of May, 50% of the Adjusted Core Procurement Charge, G-CPA, is lower than the lowest incremental cost of gas. Therefore, the Buy-Back Rates for May 2008 are being set accordingly. The workpaper showing details of the calculation of these rates is incorporated herein as Attachment C.

The new rates are reflected in the attached Schedule No. G-IMB tariff sheets.

Pursuant to Resolution G-3316, the May 2008 Standby Procurement Charges will be filed by separate advice letter at least one day prior to June 25, 2008.

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
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (mas@cpuc.ca.gov) and to Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B and therefore respectfully requests that the tariff sheets filed herein be made effective May 30, 2008, to coincide with SoCalGas' Adjusted Core Procurement Charge filing in Advice No. 3861, dated April 30, 2008.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A.

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 904G)**

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) #: 3870

Subject of AL: May 2008 Buy Back Rates

Keywords (choose from CPUC listing): Preliminary Statement, Core, Compliance

AL filing type: Monthly Quarterly Annual One-Time Other

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

D89-11-060 and D90-09-089, et al.

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: May 30, 2008

No. of tariff sheets: 5

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement, Part II; Schedule G-IMB; and TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 3860 and 3866

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 5th Street, GT14D6
Los Angeles, CA 90013-1011**

SNewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3870

(See Attached Service List)

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ATTACHMENT B
Advice No. 3870

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 43460-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 7	Revised 43452-G
Revised 43461-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 2	Revised 43453-G
Revised 43462-G	Schedule No. G-IMB, TRANSPORTATION IMBALANCE SERVICE, Sheet 3	Revised 43265-G
Revised 43463-G	TABLE OF CONTENTS	Revised 43454-G
Revised 43464-G	TABLE OF CONTENTS	Revised 43455-G

PRELIMINARY STATEMENT
 PART II
 SUMMARY OF RATES AND CHARGES

Sheet 7

(Continued)

WHOLESALE SERVICE (Continued)

Schedule GW-VRN (City of Vernon, GT-F10 & GT-I10)

Transmission Charge	2.799¢
ITCS-VRN	(0.005¢)

PROCUREMENT CHARGE

Schedule G-CP

Non-Residential Core Procurement Charge, per therm	108.444¢
Non-Residential Cross-Over Rate, per therm	108.444¢
Residential Core Procurement Charge, per therm	108.444¢
Residential Cross-Over Rate, per therm	108.444¢
Adjusted Core Procurement Charge, per therm	108.256¢

IMBALANCE SERVICE

Standby Procurement Charge

Core Retail Standby (SP-CR)

March 2008	148.251¢	D
April 2008	162.526¢	
May 2008	TBD*	T

Noncore Retail Standby (SP-NR)

March 2008	148.316¢	D
April 2008	162.604¢	
May 2008	TBD*	T

Wholesale Standby (SP-W)

March 2008	148.316¢	D
April 2008	162.604¢	
May 2008	TBD*	T

*To be determined (TBD). Pursuant to Resolution G-3316, the May Standby Procurement Charge will be filed by a separate advice letter at least one day prior to June 25.

Buy-Back Rate

Core and Noncore Retail (BR-R)

March 2008	44.512¢	D
April 2008	47.780¢	
May 2008	54.128¢	I

Wholesale (BR-W)

March 2008	44.363¢	D
April 2008	47.620¢	
May 2008	53.947¢	I

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3870
 DECISION NO. 89-11-060 & 90-09-089,
 et al.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 30, 2008
 EFFECTIVE May 31, 2008
 RESOLUTION NO. _____

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 2

(Continued)

RATES (Continued)

Standby Procurement Charge

This charge is applied to customer's cumulative negative transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Standby Procurement Charge is posted at least one day in advance of each corresponding imbalance trading period for noncore/wholesale and core transport agents (CTAs). It is calculated at 150% of the highest daily border price index at the Southern California border beginning on the first day of the month that the imbalance is created to five days prior to the start of each corresponding imbalance trading period plus a Brokerage Fee of 0.266¢ per therm for noncore retail service and all wholesale service, and 0.188¢ per therm for core retail service. The highest daily border price index is an average of the highest prices from "NGI's Daily Gas Price Index – Southern California Border Average" and "Gas Daily's Daily Price Survey – SoCal gas, Midpoint."

Core Retail Service:

SP-CR Standby Rate, per therm

March 2008	148.251¢	D
April 2008	162.526¢	T
May 2008	TBD*	T

Noncore Retail Service:

SP-NR Standby Rate, per therm

March 2008	148.316¢	D
April 2008	162.604¢	T
May 2008	TBD*	T

Wholesale Service:

SP-W Standby Rate per therm

March 2008	148.316¢	D
April 2008	162.604¢	T
May 2008	TBD*	T

*To be determined (TBD). Pursuant to Resolution G-3316, the May Standby Procurement Charge will be filed by a separate advice letter at least one day prior to June 25.

Buy-Back Rate

This rate is applied to customer's cumulative positive transportation imbalance (confirmed transportation deliveries less actual usage) exceeding the 10 percent tolerance band. The Buy-Back Rate is established effective the last day of each month and will be the lower of 1) the lowest incremental cost of gas purchased by Utility during the month the excess imbalance was incurred; or 2) 50% of the applicable Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP, during the month such excess imbalance was incurred.

(Continued)

Schedule No. G-IMB
TRANSPORTATION IMBALANCE SERVICE

Sheet 3

(Continued)

RATES (Continued)

Buy-Back Rate (Continued)

Retail Service:

BR-R Buy-Back Rate, per therm

March 2008	44.512¢	D
April 2008	47.780¢	I
May 2008	54.128¢	

Wholesale Service:

BR-W Buy-Back Rate, per therm

March 2008	44.363¢	D
April 2008	47.620¢	I
May 2008	53.947¢	

If the incremental cost of gas is the basis for the Standby or Buy-Back Rates, Utility will provide CPUC the necessary work papers for such cost. Such documentation will be provided under confidentiality pursuant to General Order 66-C and Section 583 of the Public Utilities Code.

Daily Balancing Standby Rates

During November through March customers are required to deliver (flowing supply and firm storage withdrawal) at a minimum of 50% of burn during a five-day period. Volumes not in compliance with the 50% five-day minimum delivery requirement are purchased at the daily standby rate. The daily balancing standby rate is calculated as 150% of the highest Southern California Border price during the five-day period as published in "NGI's *Daily Gas Price Index*" including authorized franchise fees and, for retail customers, uncollectible expenses (F&U), and an authorized brokerage fee.

When the Utility's total inventory in storage declines to the "peak day minimum + 20 Bcf trigger", the minimum daily delivery requirement increases to 70%. The five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 70% delivery requirement.

When the Utility's total inventory in storage declines to the "peak day minimum + 5 Bcf trigger", the minimum delivery requirement increases to 90% daily. Similar to the 70% regime, the five-day period no longer applies. The daily balancing standby rate is 150% of the highest Southern California Border price per NGI's *Daily Gas Price Index* for the day (including F&U and brokerage fee) and is applied to each day's deliveries which are less than the 90% delivery requirement.

(Continued)

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(Continued)

G-IMB	Transportation Imbalance Service	36312-G,43461-G,43462-G,43133-G 43223-G,36313-G,33498-G
G-RPA	Receipt Point Access	42260-G,42261-G,42262-G,42263-G,42264-G,42265-G 42266-G,42267-G,42268-G,42269-G,42270-G,42271-G 42272-G,42273-G,42274-G,42275-G
G-BSS	Basic Storage Service	32700-G,32701-G,43047-G,43048-G 43049-G,43050-G,43051-G
G-AUC	Auction Storage Service	32708-G,32709-G,32710-G,32711-G 32712-G,32713-G,36314-G,32715-G
G-LTS	Long-Term Storage Service	32716-G,32717-G,32718-G,43052-G 43053-G,43054-G,43055-G
G-TBS	Transaction Based Storage Service	32724-G,32725-G,27374-G,27375-G 31929-G,36315-G,27378-G
G-CBS	UDC Consolidated Billing Service	34071-G,34072-G,34073-G,33095-G
G-PPPS	Public Purpose Programs Surcharge	42421-G,39517-G,39518-G
G-SRF	Surcharge to Fund Public Utilities Commission Utilities Reimbursement Account	42000-G
G-MHPS	Surcharge to Fund Public Utilities Commission Master Metered Mobile Home Park Gas Safety Inspection and Enforcement Program	32828-G
G-MSUR	Transported Gas Municipal Surcharge	42462-G,25006-G
GIT	Interruptible Interutility Transportation	24567-G,24568-G
GLT	Long-Term Transportation of Customer-Owned Natural Gas	24569-G,24570-G,42279-G
GLT-1	Transportation of Customer-Owned Natural Gas	24572-G,24573-G,24574-G 24575-G,24576-G,24577-G
GLT-2	Transportation of Customer-Owned Natural Gas	24578-G,24579-G,24580-G 24581-G,24582-G,24583-G
G-LOAN	Hub Loaning	42675-G
G-PRK	Hub Parking	42676-G
G-WHL	Hub Wheeling	42677-G
G-FIG	Fiber Optic Cable in Gas Pipelines	40828-G,40829-G,40830-G,40831-G 40832-G,40833-G,40834-G,40835-G,40836-G,40837-G

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TABLE OF CONTENTS

The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

<u>GENERAL</u>	<u>Cal. P.U.C. Sheet No.</u>
Title Page	40864-G
Table of Contents--General and Preliminary Statement	43464-G,42901-G,43180-G
Table of Contents--Service Area Maps and Descriptions	41970-G
Table of Contents--Rate Schedules	43433-G,43434-G,43463-G
Table of Contents--List of Cities and Communities Served	40149.1-G
Table of Contents--List of Contracts and Deviations	40149.1-G
Table of Contents--Rules	42770-G,41996-G
Table of Contents--Sample Forms	42354-G,42332-G,42490-G,43043-G,42503-G

PRELIMINARY STATEMENT

Part I General Service Information	37917-G,24332-G,24333-G,24334-G,24749-G
Part II Summary of Rates and Charges	43413-G,43414-G,43415-G,43416-G,43141-G,42631-G 43460-G,43045-G,43046-G,42420-G,43273-G,43274-G,42635-G,42636-G
Part III Cost Allocation and Revenue Requirement	27024-G,37920-G,27026-G,27027-G,42637-G
Part IV Income Tax Component of Contributions and Advances	43036-G,24354-G
Part V Balancing Accounts	
Description and Listing of Balancing Accounts	42240-G
Purchased Gas Account (PGA)	42612-G
Core Fixed Cost Account (CFCA)	41658-G
Noncore Fixed Cost Account (NFCA)	41659-G
Enhanced Oil Recovery Account (EORA)	40870-G
Noncore Storage Balancing Account (NSBA)	40871-G
California Alternate Rates for Energy Account (CAREA)	40872-G,40873-G
Brokerage Fee Account (BFA)	40874-G
Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G,40877-G
Natural Gas Vehicle Account (NGVA)	40878-G,40879-G
El Paso Turned-Back Capacity Balancing Account (EPTCBA)	40880-G
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
Pension Balancing Account (PBA)	40882-G,40883-G

(Continued)

ATTACHMENT C

ADVICE NO. 3870

**RATE CALCULATION WORKPAPER
BASED ON ADVICE NO. 3861
ADJUSTED CORE PROCUREMENT CHARGE FILING
EFFECTIVE MAY 1, 2008**

Adjusted Core Procurement Charge:

Retail G-CPA: 108.256 ¢ per therm
(WACOG: 106.218 ¢ + Franchise and Uncollectibles:
2.038 ¢ or [1.9187% * 106.218 ¢])

Wholesale G-CPA: 107.894 ¢ per therm
(WACOG: 106.218 ¢ + Franchise and Uncollectibles:
1.676 ¢ or [1.5779% * 106.218 ¢])

GIMB Buy-Back Rates

BR-R = 50% of Retail G-CPA:
50% * 108.256 cents/therm = **54.128** cents/therm

BR-W = 50% of Wholesale G-CPA:
50% * 107.894 cents/therm = **53.947** cents/therm