

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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October 6, 2008

Advice Letter 3896

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

Subject: Revision to Purchased Gas Account (PGA)

Dear Mr. Deremer:

Advice Letter 3896 is effective October 1, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting Director
Energy Division



Ken Deremer
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August 29, 2008

Advice No. 3896
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revision to Purchased Gas Account (PGA)

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its tariffs, applicable throughout its service territory, as shown on Attachment B, to be effective October 1, 2008.

Purpose

This purpose of this filing is to “clean-up” Preliminary Statement - Part V – Balancing Accounts, PGA consistent with Decision (D.) 06-12-031 and Advice No. (AL) 3706-A as described below.

Background

On January 29, 2007, SoCalGas filed AL 3706 to establish and/or modify tariffs and regulatory accounts to implement the FAR system and services adopted in D. 06-12-031. On September 6, 2007, the Commission issued Resolution G-3407 which approved AL 3706 with modifications and ordered SoCalGas to file a supplemental AL within ten days to make the required modifications to tariff language as ordered in the Resolution.

SoCalGas filed supplemental AL 3706-A on September 17, 2007 to replace in its entirety AL 3706. Protests to AL 3706-A were received and SoCalGas agreed to make requested revisions to certain tariffs filed in AL 3706-A. Partial supplemental AL 3706-B was filed on November 2, 2007. The aforementioned ALs were approved by the Commission effective November 16, 2007. These ALs incorporated a revision to the PGA related to the balancing of transmission access rights; however, the revision was made on the PGA version that was in effect at the time which has been subsequently updated with the implementation of the Core Portfolio Combination (AL 3804).

Clean-Up

Preliminary Statement - Part V – Balancing Accounts, PGA is herein conformed to the current and effective version which was filed three months later than the PGA filed with AL 3706-A. The approved FAR language relating to “transmission access rights” is added to the current and

effective PGA to be effective October 1, 2008. For ease of review, please see Attachment C which shows the approved FAR language in yellow highlight and the redline of the current and effective PGA.

Protest

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 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 (inj@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@SemptraUtilities.com

Effective Date

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective upon staff's approval) pursuant to GO 96-B and requests that this be effective on October 1, 2008, which is more than 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 service lists in A. 04-12-004, Phase I, System Integration, and Phase II, Firm Access Rights and Off-System Gas Transportation Services.

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) #: 3896

Subject of AL: Revision to FAR PGA (Clean-Up per D06-12-031 and Res. G-3407)

Keywords (choose from CPUC listing): Compliance, Balancing Account

AL filing type: Monthly Quarterly Annual One-Time Other

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

D06-12-031 and Res. G-3407

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: Oct. 1, 2008

No. of tariff sheets: 2

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: Purchased Gas Account (PGA), TOC

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: _____

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness 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. 3896

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3896

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 43839-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PURCHASED GAS ACCOUNT (PGA), Sheet 1	Revised 42612-G Revised 42241-G
Revised 43840-G	TABLE OF CONTENTS	Revised 43790-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

The PGA is a balancing account. Effective April 1, 2008, the purpose of this account is to balance the recorded cost of gas bought for the Single Gas Portfolio to provide procurement service for both SoCalGas and SDG&E customers with the corresponding revenue from the sale of that gas. The Single Gas Portfolio, as adopted in Decision (D.) 07-12-019, is comprised of all gas purchases to serve the combined needs of SoCalGas and SDG&E as described in 1 below.

The Utility shall maintain the PGA by making entries at the end of each month as follows:

1. A debit entry equal to the recorded gas cost in the Single Gas Portfolio Account during the month, which includes all gas and transmission access rights purchased for SoCalGas and SDG&E's procurement customers. Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The Single Gas Portfolio also includes interstate/intrastate pipeline capacity costs, carrying cost of storage inventory and financial transactions, net of proceeds from secondary market transactions such as core parking, loaning, and transmission access rights activities. N
2. Credit entries equal to the procurement revenue, which includes recovery of transmission access rights, from the sale of gas delivered to SoCalGas and SDG&E customers, including revenues associated with noncore standby and buyback services during the month, excluding the allowance for F&U. N
3. An entry equal to amortization of the forecasted PGA balance, excluding the allowance for F&U. N
4. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U. N
5. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
6. A credit entry equal to the El Paso settlement proceeds received pursuant to the Master Settlement Agreement approved by the FERC and CPUC (D.03-10-087). The first payment received will be reduced by the estimated net present value of refunds due to core subscription and core aggregation transportation (CAT) customers.
7. A credit entry equal to the FERC settlement proceeds associated with the 2000-2001 energy crisis. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers.
8. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3896
 DECISION NO. 06-12-031

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Aug 29, 2008
 EFFECTIVE Oct 1, 2008
 RESOLUTION NO. G-3407

TABLE OF CONTENTS

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

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PRELIMINARY STATEMENT

Part I General Service Information	37917-G,24332-G,24333-G,24334-G,24749-G
Part II Summary of Rates and Charges	43664-G,43665-G,43666-G,43667-G,43141-G,43300-G 43787-G,43301-G,43302-G,43303-G,43637-G,43638-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
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California Alternate Rates for Energy Account (CAREA)	40872-G,40873-G
Brokerage Fee Account (BFA)	40874-G
Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G,40877-G
Natural Gas Vehicle Account (NGVA)	40878-G,40879-G
El Paso Turned-Back Capacity Balancing Account (EPTCBA)	40880-G
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
Pension Balancing Account (PBA)	40882-G,40883-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3896
 DECISION NO. 06-12-031

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Aug 29, 2008
 EFFECTIVE Oct 1, 2008
 RESOLUTION NO. G-3407

ATTACHMENT C

Advice No. 3896

**FAR Approved PGA in AL 3706-A and Conformed and
Redline Current and Effective PGA**

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

Sheet 1

The PGA is a balancing account. The purpose of this account is to balance the recorded cost of gas bought for the Utility portfolio with revenue from the sale of that gas.

a. The PGA consists of six subaccounts. They are:

1. The Core Subaccount which tracks the cost of gas procured for core customers and revenues from the sale of that gas.
2. The Core-Subscription Subaccount which tracks the cost of gas procured for core-subscription customers and revenues from the sale of that gas.
3. The Noncore Standby Service Subaccount which tracks the cost of gas purchases and the revenues from the sale of gas procured to provide standby procurement service for noncore customers.
4. The Excess Core Supply Subaccount which tracks the cost of gas purchases and the revenues from the sale of excess core supplies.
5. The Firm Access Rights Subaccount which tracks the costs to core procurement customers for firm and interruptible access rights, net of any costs and revenues associated with the purchase or sale of firm access rights in the secondary market and the corresponding revenues to recover these costs.
6. The Take-or-Pay Subaccount which tracks revenue from take-or-pay charges that core-subscription customers incur.
7. The Core Brokerage Fee Subaccount which tracks revenues from the core brokerage fee and the authorized core brokerage fee.

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b. The Utility shall maintain the PGA by making entries at the end of each month as follows:

1. A debit entry equal to the recorded gas cost in the Utility Portfolio Account during the month, which includes all gas and transmission access rights purchased for procurement customers.
2. Credit entries equal to the procurement revenue, which includes recovery of transmission access rights, from the sale of gas delivered during the month and amortization of the forecasted revision date PGA balance, excluding the allowance for F&U.
3. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.
4. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3706-A
 DECISION NO. 06-12-031, 07-06-003

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Sep 17, 2007
 EFFECTIVE _____
 RESOLUTION NO. G-3407

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
PURCHASED GAS ACCOUNT (PGA)

Sheet 1

The PGA is a balancing account. Effective April 1, 2008, the purpose of this account is to balance the recorded cost of gas bought for the Single Gas Portfolio to provide procurement service for both SoCalGas and SDG&E customers with the corresponding revenue from the sale of that gas. The Single Gas Portfolio, as adopted in Decision (D.) 07-12-019, is comprised of all gas purchases to serve the combined needs of SoCalGas and SDG&E as described in 1 below.

The Utility shall maintain the PGA by making entries at the end of each month as follows:

1. A debit entry equal to the recorded gas cost in the Single Gas Portfolio Account during the month, which includes all gas and transmission access rights purchased for SoCalGas and SDG&E's procurement customers. Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The Single Gas Portfolio also includes interstate/intrastate pipeline capacity costs, carrying cost of storage inventory and financial transactions, net of proceeds from secondary market transactions such as core parking, and loaning, and transmission access rights activities.
2. Credit entries equal to the procurement revenue, which includes recovery of transmission access rights, from the sale of gas delivered to SoCalGas and SDG&E customers, including revenues associated with noncore standby and buyback services during the month, excluding the allowance for F&U.
3. An entry equal to amortization of the forecasted PGA balance, excluding the allowance for F&U.
4. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.
5. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
6. A credit entry equal to the El Paso settlement proceeds received pursuant to the Master Settlement Agreement approved by the FERC and CPUC (D.03-10-087). The first payment received will be reduced by the estimated net present value of refunds due to core subscription and core aggregation transportation (CAT) customers.
7. A credit entry equal to the FERC settlement proceeds associated with the 2000-2001 energy crisis. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers.
8. An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3804
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Lee Schavrien
Senior Vice President
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