

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 27, 2009

Advice Letter 3966

Ronald van der Leeden, Director
Rates, Revenues and Tariffs
8330 Century Park Court CP32C
San Diego, CA 92123-1548

**Subject: Clean-up Filing: Purchased Gas Account (PGA) and the
Noncore Fixed Cost Account (NFCA)**

Dear Mr. van der Leeden:

Advice Letter 3966 is effective April 1, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



Ronald van der Leeden
Director
Rates, Revenues & Tariffs

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Los Angeles, CA 90013-1011
Tel: 213.244.2009
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February 23, 2009

Advice No. 3966
(U 904 G)

Public Utilities Commission of the State of California

Subject: Clean-up Filing: Purchased Gas Account (PGA) and the Noncore Fixed Cost Account (NFCA)

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its PGA and NFCA, applicable throughout its service territory, as shown on Attachment B, to be effective April 1, 2009.

Purpose

The purpose of this filing is to “clean-up” Preliminary Statement - Part V – Balancing Accounts, PGA and NFCA consistent with Decision (D.) 07-12-019 and Advice No. (AL) 3818-A as described below.

Background

On January 22, 2008, SoCalGas filed AL 3818 to establish new and to modify existing tariffs associated with the implementation of the changes to the natural gas operations and service offerings as adopted in D.07-12-019. Protests were filed by Indicated Producers (IP) and Southern California Generation Coalition (SCGC).

SoCalGas filed supplemental AL 3818-A on May 12, 2008, replacing in its entirety AL 3818, in order to revise tariffs to resolve the protests received and to update the timeline for implementation. AL 3818-A was approved on June 18, 2008 with the tariffs becoming effective on several different dates, including future dates, to be communicated to the Energy Division within 20 days of the effective date. The PGA and the NFCA Preliminary Statements were two of the tariffs identified in AL 3818-A to become effective on a future date. The changes to these tariffs filed in AL 3818-A, however, were made to the Preliminary Statement language that was currently in effect at that time. Since AL 3818-A was approved on June 18, 2008, there have been subsequent changes to both the PGA and the NFCA through advice letters associated with the implementation of firm access rights.¹ In order to clarify the current versions of the

¹ AL 3896 filed on August 29, 2008 and made effective October 1, 2008 and AL 3706-A filed on September 17, 2007 and made effective October 1, 2008.

PGA and NFCA, SoCalGas is filing herein current versions of the PGA and NFCA to be implemented effective April 1, 2009.

Clean-Up

Both the PGA and the NFCA are herein conformed to the current and effective versions. The approved language relating to costs and revenues associated with the Utility System Operator is added to the current and effective PGA and NFCA to be effective April 1, 2009. For ease of review, please see Attachment C which shows the PGA and NFCA filed in AL 3818-A redlined with language from the current and effective version. The yellow highlights represent the language added in AL 3818-A previously approved by the Commission. All of the proposed changes herein are consistent with those previously adopted by the Commission in AL 3818-A.

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 (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@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 April 1, 2009, 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. 06-08-026.

Ronald van der Leeden
Director
Rates, Revenues & Tariffs

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) #: 3966

Subject of AL: Clean-Up: PGA and NFCA

Keywords (choose from CPUC listing): Preliminary Statement, Balancing Account

AL filing type: Monthly Quarterly Annual One-Time Other

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

N/A

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: 4/1/09

No. of tariff sheets: 3

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

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 V - PGA, NFCA and TOCs

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 5th Street, GT14D6

Los Angeles, CA 90013-1011

SNewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3966

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 3966

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 44460-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PURCHASED GAS ACCOUNT (PGA), Sheet 1	Revised 43839-G Revised 43304-G
Revised 44461-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 1	Revised 43305-G Revised 42243-G
Revised 44462-G	TABLE OF CONTENTS	Revised 44459-G

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 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.

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. Costs associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department will be included concurrent with the Utility Gas Procurement Department being relieved of its responsibility for minimum flow requirements. Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The Single Gas Portfolio also includes interstate and PG&E 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.
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 under Schedule No. G-IMB 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.

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3966
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 23, 2009
 EFFECTIVE Apr 1, 2009
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

The NFCA is an interest-bearing balancing account. The purpose of this account is to balance the difference between authorized margin (excluding the transmission revenue requirements and firm access rights (FAR) revenue requirement upon implementation of system integrated rates and the FAR system, respectively), transition, and other non-gas fixed costs associated with the noncore market, including administrative costs and uncollectible deferred billings associated with the payment deferral plan pursuant to Resolution E-4065 with noncore revenues intended to recover these costs. Noncore revenues exclude Enhanced Oil Recovery (EOR) and unbundled storage revenues and revenues from (1) non-tariff contracts for service to DGN, (2) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding, and (3) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues. Pursuant to D.03-10-017, revenues also include noncore's allocation of the capital component of FIG (fiber optic cable in gas pipeline) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027). Pursuant to D.02-12-017, the Commission authorized 100% balancing account protection effective January 1, 2003 until the date the new BCAP rates go into effect.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with 100% of the seasonally forecasted noncore and wholesale revenues, including transition and certain non-gas costs allocated to the noncore market, incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan pursuant to Resolution E-4065, and excluding the transactions stated above less F&U.

SoCalGas credits this account with 100% of the actual noncore and wholesale revenues excluding the transactions stated above less F&U.

SoCalGas credits this account with 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department.

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3966
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 23, 2009
 EFFECTIVE Apr 1, 2009
 RESOLUTION NO. _____

TABLE OF CONTENTS

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

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PRELIMINARY STATEMENT

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3966
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 23, 2009
 EFFECTIVE Apr 1, 2009
 RESOLUTION NO. _____

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ATTACHMENT C

Advice No. 3966

Redlined PGA and NFCA as filed in AL 3818-A

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 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.

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. Costs associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department will be included concurrent with the Utility Gas Procurement Department being relieved of its responsibility for minimum flow requirements. Gas purchases are net of costs allocated to company use fuel and unaccounted for gas. The Single Gas Portfolio also includes interstate and PG&E 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 include 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 under Schedule No. G-IMB during the month, excluding the allowance for F&U.
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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.

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3818-A
 DECISION NO. 07-12-019

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 12, 2008
 EFFECTIVE _____
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

The NFCA is an interest-bearing balancing account. The purpose of this account is to balance the difference between ~~noncore costs~~ (authorized margin (excluding the transmission revenue requirements and firm access rights (FAR) revenue requirement upon implementation of system integrated rates and the FAR system, respectively), transition, and ~~otherractual~~ non-gas fixed costs associated with the noncore market), including administrative costs and uncollectible deferred billings associated with the payment deferral plan pursuant to Resolution E-4065 with and noncore revenues intended to recover these costs. Noncore revenues exclude EOR and unbundled storage revenues and revenues from (1) non-tariff contracts for service to DGN, (2) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding, and (3) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues. Pursuant to D.03-10-017, revenues also include noncore's allocation of the capital component of FIG (fiber optic cable in gas pipeline) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027). Pursuant to D.02-12-017, the Commission authorized 100% balancing account protection effective January 1, 2003 until the date the new BCAP rates go into effect. In the event that Gas Industry Restructuring D.01-12-018 is implemented prior to the next BCAP, 100% balancing account protection will be limited to noncore local transmission and distribution revenues.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with 100% of the seasonally forecasted noncore and wholesale revenues, including transition and certain non-gas costs allocated to the noncore market, excluding the transactions stated above less F&U and including the incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan pursuant to Resolution E-4065, and excluding the transactions stated above less F&U.

SoCalGas credits this account with 100% of the actual noncore and wholesale revenues excluding the transactions stated above less F&U.

SoCalGas credits this account with 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Procurement Department.

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances to reflect payment to, or recovery from, ratepayers.

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