

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 6, 2009

**Advice Letter 4022**

Ronald van der Leeden, Director  
Rates, Revenues and Tariffs  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Clean-Up Filing to Revise (1) Preliminary Statement – Part XI,  
Performance Based Regulation; (2) Rule No. 2 – Description of  
Service; and (3) Form No. 6597-13, Pooling Service Agreement**

Dear Mr. van der Leeden:

Advice Letter 4022 is effective October 30, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Ronald van der Leeden**  
Director  
Rates, Revenues & Tariffs

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*rvanderleeden@semprautilities.com*

September 30, 2009

Advice No. 4022  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Clean-Up Filing to Revise (1) Preliminary Statement – Part XI, Performance Based Regulation; (2) Rule No. 2 - Description of Service; and (3) Form No. 6597-13, Pooling Service Agreement**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revision to its tariffs, applicable throughout its service territory, as shown on Attachment B.

### **Purpose**

This clean up filing corrects an inadvertent omission in the definition of Z Factor contained in Sheet 2 of the current and effective Preliminary Statement Part XI (PS XI); updates the second paragraph of Section K of Rule No. 2; and corrects the wrong references to the section numbers in the Pooling Service Agreement (Form No. 6597-13).

### **Background**

One of the eight criteria applicable to the current SoCalGas Z-factor mechanism is that *the costs are not a normal part of doing business*. The description of Z-factor criteria in D.05-03-023 omits the word “not” from this criterion. SoCalGas views this as an inadvertent clerical error since the Commission was merely attempting to describe the existing criteria, and neither the settling parties nor the Commission propose or describe any change to the existing Z-factor criteria other than the elimination of criterion No. 6 set forth in the Settlement Agreement. As a result of this inadvertent error in D.05-03-023, the same omission was also inadvertently carried forward into SoCalGas’ Preliminary Statement describing the Z-factor mechanism.

The second paragraph in Section K of Rule No. 2 states that the Utility may apply appropriate district daily heating values rather than the monthly average heating value in determining the customer’s bill. SoCalGas now wishes to update the language to reflect current practice of applying hourly heating values. This clarifies that SoCalGas may use daily, hourly or more frequent heating value data in combination with volume measurements in the same increments for more accurate energy measurement. SoCalGas is taking advantage of

current technology which supplies measurement of heating value and volume in smaller time increments.

The Pooling Service Agreement (Form No. 6597-13) sets forth the terms and conditions under which SoCalGas will provide end-use customers, customer agents, contracted marketers, core aggregators, its own Gas Acquisition, and any other legal entity seeking to conduct business on the SoCalGas system pooling service on the SoCalGas system.

### **Requested Tariff Revisions**

**PS XI:** The word “not” is inserted after the phrase “costs which are” in the second sentence of the definition of Z factor. The revised sentence now reads:

Additionally, Z factors include costs which are not a normal part of doing business, the costs and event are not reflected in the rate update mechanism, and the cost impact must be measurable and incurred reasonably.

**Rule No. 2:** The second paragraph under Section K now reads:

Where the Utility has a meter device that automatically gathers and records daily or more frequent consumption information, the Utility may apply appropriate district daily or more frequent heating values in determining the customer’s bill, rather than a monthly average heating value.

**Form No. 6597-13:** The reference to Section 7 in Section 2(B)(1) should be corrected to read Section 6 and the reference to Section 9 in the last sentence of Section 6(A) should be corrected to read “Section 2 and Section 8 of this Agreement.”

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **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](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto: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](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes this Advice Letter 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 the tariff sheets filed herein be effective on October 30, 2009, which is 30 calendar days from the date filed.

**Notice**

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

---

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) #: 4022

Subject of AL: Cleanup: PS XI to Correct Z Factor Definition, Update Rule No. 2, and Revise Pooling Service Agreement (Form No. 6597-13)

Keywords (choose from CPUC listing): Preliminary Statement, Rules, Sample Forms

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

None

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 10/30/09

No. of tariff sheets: 7

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

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

Tariff schedules affected: PS XI, Rules, Sample Forms and TOCs

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

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

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Southern California Gas Company**

**Attention: Sid Newsom**

**555 West 5<sup>th</sup> Street, GT14D6**

**Los Angeles, CA 90013-1011**

**SNewsom@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4022**

**(See Attached Service List)**

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ATTACHMENT B  
Advice No. 4022

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45064-G	PRELIMINARY STATEMENT, PART XI, PERFORMANCE BASED REGULATION, Sheet 2	Revised 43902-G
Revised 45065-G	Rule No. 02, DESCRIPTION OF SERVICE, Sheet 5	Revised 42762-G
Revised 45066-G	MASTER SERVICES CONTRACT - SCHEDULE K , POOLING SERVICE AGREEMENT, Form No. 6597-13 (09/2009)	Original 42316-G
Revised 45067-G	TABLE OF CONTENTS	Revised 43402-G**
Revised 45068-G	TABLE OF CONTENTS	Revised 44340-G
Revised 45069-G	TABLE OF CONTENTS	Revised 45021-G
Revised 45070-G	TABLE OF CONTENTS	Revised 44760-G

PRELIMINARY STATEMENT  
PART XI  
PERFORMANCE BASED REGULATION

Sheet 2

(Continued)

B. EFFECTIVE DATE/DURATION

The PBR mechanism shall be effective January 1, 2008 through the end of 2011. Pursuant to D.08-07-046, the performance incentive shall be effective from 2008 onwards until modified or terminated by further action of the Commission. SoCalGas shall file a Test Year 2012 general rate case application.

C. AUTHORIZED BASE MARGIN

The 2008 authorized base margin for SoCalGas is \$1,610,510,000. For the attrition years of 2009-2011 the authorized base margin revenue requirement will increase by a fixed amount each year. The attrition year amounts, excluding FF&U, are:

\$52,000,000 in 2009,  
\$51,000,000 in 2010, and  
\$53,000,000 in 2011.

There will be no true-up or after-the-fact modification to any attrition year revenue requirement increase. Revenue requirement and rate base changes outside the scope of D.08-07-046 (e.g. cost of capital, Catastrophic Event Memorandum Account, etc) are incremental to the fixed attrition amounts. The attrition adjustment will be incorporated in rates in connection with SoCalGas' consolidated rate update filing for rates effective January 1 of the following year.

D. REVENUE ADJUSTMENT MECHANISM

On a monthly basis, actual base margin revenues are recorded to the Core Fixed Cost Account (CFCA), Enhanced Oil Recovery Account (EORA), Integrated Transmission Balancing Account (ITBA), and the Noncore Fixed Cost Account (NFCA) and balanced against the monthly portion of the authorized base margin revenue requirement. The CFCA, NFCA, ITBA, and EORA balance the costs and revenues associated with serving the core, noncore, and Enhanced Oil Recovery customer classes as is further described in Preliminary Statement, Part V, Regulatory Accounts – Balancing.

E. Z FACTOR

1. Definition

Z Factors are exogenous events, unforeseen at the implementation of PBR, largely uncontrollable by management, having a material and disproportionate impact on SoCalGas as described below. Additionally, Z factors include costs which are not a normal part of doing business, the costs and event are not reflected in the rate update mechanism, and the cost impact must be measurable and incurred reasonably. Potential Z Factors shall include, but are not limited to the items set forth below:

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4022  
DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Sep 30, 2009  
EFFECTIVE Oct 30, 2009  
RESOLUTION NO. \_\_\_\_\_

DESCRIPTION OF SERVICE

(Continued)

K. Conversion of Metered Volumes to Therms for Billing Other Than Utility Electric Generation and Wholesale Customers (Continued)

The Btu factor for each Btu district will be determined monthly by dividing the average heating value of deliveries to that Btu district by 1,000. The average heating value in the Btu district is based upon the 4-week period ending on the second Tuesday of a 4-Tuesday month, or the 5-week period ending on the third Tuesday of a 5-Tuesday month. This Btu factor shall be used for all billing cycles of the next revenue month.

Where the Utility has a meter device that automatically gathers and records daily or more frequent consumption information, the Utility may apply appropriate district daily or more frequent heating values in determining the customer's bill, rather than a monthly average heating value.

N  
N

L. Conversion of Metered Volumes for Billing of Utility Electric Generation and Wholesale Customers

The number of therms to be billed shall be the product of the metered volume in Mcf delivered during each billing period for each service location times the conversion factor. The conversion factor will be determined monthly by dividing the average heating value in Btu per cubic foot (dry basis) for each service location by 100. The metered Mcf of gas delivered during each billing period is determined in accordance with other provisions of Rule 2.

M. The Utility reserves the right to refuse gas service to:

1. Any customer whose fuel requirements impose demands only at times which are coincidental with the period of extreme seasonal peak demands on the Utility's system.
2. Any premises for standby purposes. Utility will notify the Commission whenever a denial of service is contemplated.

N. Special Facilities

1. Request for Special Facilities. Utility will normally install only those permanent facilities needed to provide standard service pursuant to Rule No. 20, Gas Main Extensions and/or Rule No. 21, Gas Service Extensions. An Applicant for new permanent service or a customer receiving permanent service may request Utility to install special facilities that result in additional cost to Utility over normally installed permanent facilities. If Utility agrees to such installation, Applicant will pay to Utility all costs above Utility's estimated site-specific cost to install, own, maintain, operate and replace permanent, standard facilities, in addition to any other applicable charges pursuant to Utility's tariffs.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4022  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Sep 30, 2009  
 EFFECTIVE Oct 30, 2009  
 RESOLUTION NO. \_\_\_\_\_

MASTER SERVICES CONTRACT - SCHEDULE K  
POOLING SERVICE AGREEMENT  
Form No. 6597-13 (09/2009)

T

(See Attached Form)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO.    4022  
DECISION NO.

106

ISSUED BY

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED    Sep 30, 2009  
EFFECTIVE    Oct 30, 2009  
RESOLUTION NO.    \_\_\_\_\_

**MASTER SERVICES CONTRACT**  
**SCHEDULE K**  
**POOLING SERVICE AGREEMENT**

**Pool ID No.** \_\_\_\_\_  
**Account Number** \_\_\_\_\_

This Pooling Service Agreement (“Agreement”) is entered into as of the \_\_\_\_ day of **Month**, **Year**, by and between Southern California Gas Company (“Utility”) and **Customer Name** (“Customer”), and is an independent Agreement incorporating by reference all of the terms and conditions of that certain Master Services Contract (“MSC”) executed by the Parties.

NOW THEREFORE, in consideration of the promises and mutual undertakings set forth below, the parties agree as follows:

**Section 1 – Services**

This Agreement sets forth the terms and conditions under which Utility will provide end-use customers, customer agents, contracted marketers, core aggregators, SoCalGas Gas Acquisition, and any other legal entity seeking to conduct business on the SoCalGas system, pooling service on the SoCalGas system.

**Section 2 – Effective Date/Term**

- (A) **Effective Date** - This Agreement shall be effective at 6:00 a.m. on the 1<sup>st</sup> day of **Month**, **Year** and shall continue month to month thereafter until terminated by either party on 30 days prior written notice.
- (B) **Early Termination** - This Agreement may be terminated by Utility immediately under the following circumstances:
  - (1) In the event of a failure by Customer to pay on a timely basis all amounts billed by Utility, as provided in Section 6 of this Agreement.
  - (2) In the event that Customer fails to establish Customer’s continued creditworthiness in accordance with SoCalGas’ then applicable credit rules.

**Section 3 - Rates**

This Agreement shall be subject to Utility's Tariff Rate Schedule **G-POOL** and other applicable Tariff Schedules, as in effect from time to time, including without limitation Utility's Tariff Schedule G-RPA.

**Section 4 – Operations**

All nominations, confirmations, and other operating procedures for transportation services shall be subject to Utility's Tariff Rate Schedule **G-POOL** and Tariff Rules, as in effect from time to time.

**Section 5 – Notices**

All notices and requests under this Agreement shall be deemed to have been duly given if sent by first-class postage prepaid U. S. mail, by courier service, or if sent on a business day by facsimile (fax) properly addressed, and with confirming original copy thereof being sent (the same business day) by first-class postage prepaid mail, properly addressed, as follows:

CUSTOMER:  
Company  
Street Address  
City, State, Zip  
Attn: \_\_\_\_\_

UTILITY:  
Southern California Gas Company  
555 W. 5<sup>th</sup> Street  
Los Angeles, CA 90013  
Attn: Capacity Products, M.L. 22E1

**Section 6 – Billing and Payment**

(A) Billing/Payment - During the term hereof, all charges billed by Utility to Customer for pooling service charges and/or any other applicable charges shall be billed by Utility and paid by Customer in accordance with the MSC and Rule No. 9. If full payment has not been so received, Utility may terminate this Agreement as provided in Section 2 and Section 8 of this Agreement.

(B) Disputes - In the event of a billing dispute, the Customer may use the dispute resolution provision available and deposit the amount of the bill with the Public Utilities Commission in accordance with Rule No. 11.

**Section 7 – Establishment of Credit**

Credit requirements to participate in pooling services are described in Tariff Rate Schedule G-POOL and SoCalGas' applicable credit rules.

**Section 8 – Termination**

Service may be terminated as provided in Tariff Rate Schedule G-POOL and Rule No. 9.

**Section 9 – Regulatory**

Tariff Schedules - This Agreement shall be subject to Utility's Tariff Rate Schedule G-POOL and other applicable Tariff Schedules and Rules as in effect from time to time, including without limitation Tariff Rule No. 1, No. 4 and No. 30.

**Section 10 – Miscellaneous Legal Provisions**

All of the terms and conditions of the MSC are incorporated herein by reference.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed two (2) duplicate original copies hereof as of the date written above.

**“UTILITY”**  
**Southern California Gas Company**

Signature: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**“CUSTOMER”**  
**Company**

Signature: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_



TABLE OF CONTENTS

RULES

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