



Ronald van der Leeden
Director
Rates, Revenues & Tariffs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.3201
rvanderleeden@semprautilities.com

February 10, 2010

Advice No. 4060-A
(U 904 G)

Public Utilities Commission of the State of California

Subject: Partial Supplement: Modification of Noncore Fixed Cost Account (NFCA) for Recovery of Assembly Bill (AB) 32 Administrative Fees

Southern California Gas Company (SoCalGas) hereby submits for approval with the California Public Utilities Commission (Commission) revisions to its Preliminary Statement Part V, Balancing Accounts, applicable throughout its service territory, as shown on Attachment B.

Purpose

This partial supplement responds to the protests filed by Indicated Producers (IP) and Southern California Generation Coalition (SCGC) and revises the NFCA as shown below.

Background

On January 15, 2010, SoCalGas filed Advice No. (AL) 4060 seeking approval to modify its Core Fixed Cost Account (CFCA) and NFCA to record AB 32 administrative fees paid to the California Air Resources Board (ARB) for cost recovery in future gas transportation rates. On February 4, 2010, IP and SCGC filed their protest to AL 4060. Both protests expressed concern over the language omitted in the NFCA which would ensure that double billing does not occur for certain customers. Specifically, they want the NFCA revised to include details on how credit adjustments are calculated and applied to wholesale, electric generation or other customer classes that will be directly billed by the ARB in order to prevent double billing.

On February 11, 2010, SoCalGas will file its reply to the protests, acknowledging that the NFCA will be revised accordingly.

Modification to the NFCA

In response to both IP and SCGC's concern, SoCalGas hereby proposes to further revise the NFCA as shown below (for reference only, the added language is shown below as bolded):

- e. A credit entry equal to the noncore revenues, ***which reflects the credit surcharge adjustment provided to wholesale, electric generation or other customer classes that will be directly billed by the ARB in order to prevent double billing***, to recover the costs associated with this subaccount;

Protests

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. Because of the limited nature of this partial supplement, the Energy Division is shortening the protest period to ten days after it is filed. The protest must be made in writing. 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@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 G 96-B. This filing is consistent with Resolution 09-36 on ARB Rulemaking on Administration Fees Regulation and the Energy Division's agreement that these costs should be recoverable from ratepayers and therefore, given the shortened protest period, SoCalGas respectfully requests that this filing be approved March 2, 2010, which is twenty (20) calendar days after the date filed or earlier at the discretion of the Energy Division.

Notice

A copy of this advice letter is being sent to all parties listed on Attachment A, which includes the parties on the service lists in A.06-12-010, TY 2008 GRC and A.08-02-001, 2008 BCAP.

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) #: 4060-A

Subject of AL: Partial Supplement: Modification of NFCA for Recovery of AB 32 Administrative Fees

Keywords (choose from CPUC listing): Balancing Account

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

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

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: 3/2/10

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: Schedule Nos. G-BSS, G-LTS, G-TBS, Rule No. 32 and TOCs

Service affected and changes proposed¹: NA

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. 4060-A

(See Attached Service Lists)

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

Alcantar & Kahl
Seema Srinivasan
sls@a-klaw.com

Alcantar & Kahl LLP
Annie Stange
sas@a-klaw.com

Alcantar & Kahl, LLP
Mike Cade
wmc@a-klaw.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
R. Mark Pocta
rmp@cpuc.ca.gov

CPUC - DRA
Jacqueline Greig
jnm@cpuc.ca.gov

CPUC - DRA
Galen Dunham
gsd@cpuc.ca.gov

California Energy Commission
Randy Roesser
rroesser@energy.state.ca.us

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
Dan Bergmann
dan@igservice.com

Commerce Energy
Catherine Sullivan
csullivan@commerceenergy.com

Commerce Energy
Blake Lazusso
blasuzzo@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
 Donald C. Liddell
 liddell@energyattorney.com

Douglass & Liddell
 Dan Douglass
 douglass@energyattorney.com

Downey, Brand, Seymour & Rohwer
 Dan Carroll
 dcarroll@downeybrand.com

Dynegy
 Mark Mickelson
 Mark.Mickelson@dynegy.com

Dynegy - West Generation
 Joseph M. Paul
 Joe.Paul@dynegy.com

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
 James D. Squeri
 jsqueri@gmssr.com

Goodin, MacBride, Squeri, Ritchie &
 Day, LLP
 J. H. Patrick
 hpatrick@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

LA County Metro
 Julie Close
 closeJ@metro.net

LADWP
 Robert Pettinato
 Robert.Pettinato@ladwp.com

LADWP
 Nevenka Ubavich
 nevenka.ubavich@ladwp.com

Law Offices of Diane I. Fellman
 Diane Fellman
 diane_fellman@fpl.com

Law Offices of William H. Booth
 William Booth
 wbooth@booth-law.com

Megan Lawson
 MEHr@PGE.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
 23555 Meyer Drive,
 March Air Reserve Base, CA 92518-
 2038

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

Praxair Inc
Rick Noger
rick_noger@praxair.com

Regulatory & Cogen Services, Inc.
Donald W. Schoenbeck
900 Washington Street, #780
Vancouver, WA 98660

Safeway, Inc
Cathy Ikeuchi
cathy.ikeuchi@safeway.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 Av, 290, GO1
Rosemead, CA 91770

Southern California Edison Co
Karyn Gansecki
601 Van Ness Ave., #2040
San Francisco, CA 94102

Southern California Edison Co.
Kevin Cini
Kevin.Cini@SCE.com

Southern California Edison Co.
John Quinlan
john.quinlan@sce.com

Southern California Edison Co.
Colin E. Cushnie
Colin.Cushnie@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
Mike Florio
mflorio@turn.org

TURN
Marcel Hawiger
marcel@turn.org

The Mehle Law Firm PLLC
Colette B. Mehle
cmehle@mehlelaw.com

Western Manufactured Housing
Communities Assoc.
Sheila Day
sheila@wma.org

<p>CALIF PUBLIC UTILITIES COMMISSION Joyce Alfton alf@cpuc.ca.gov</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Donna-Fay Bower dfb@cpuc.ca.gov</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Truman L. Burns txb@cpuc.ca.gov</p>
<p>HILL, FARRER & BURRILL, LLP ARTHUR B. COOK acook@hillfarrer.com</p>	<p>THE UTILITY REFORM NETWORK ROBERT FINKELSTEIN bfinkelstein@turn.org</p>	<p>FEDERAL EXECUTIVE AGENCIES NORMAN J. FURUTA norman.furuta@navy.mil</p>
<p>PACIFIC GAS AND ELECTRIC COMPANY PATRICK G. GOLDEN pgg4@pge.com</p>	<p>S.C. DIST. COUNCIL OF LABORERS ORG DEPT. HUMBERTO GOMEZ hmgomez@lcof.net</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Belinda Gatti beg@cpuc.ca.gov</p>
<p>CALIF PUBLIC UTILITIES COMMISSION Maryam Ghadessi mmg@cpuc.ca.gov</p>	<p>ELLISON, SCHNEIDER & HARRIS JEFFERY D. HARRIS jdh@eslawfirm.com</p>	<p>DISABILITY RIGHTS ADVOCATES ROGER HELLER pucservice@dralegal.org</p>
<p>CALIF PUBLIC UTILITIES COMMISSION Gregory Heiden gxh@cpuc.ca.gov</p>	<p>DEPARTMENT OF THE NAVY SCOTT JOHANSEN scott.johansen@navy.mil</p>	<p>ADAMS, BROADWELL, JOSEPH & CARDOZO MARC D. JOSEPH mdjoseph@adamsbroadwell.com</p>
<p>DISABILITY RIGHTS ADVOCATES MELISSA W. KASNITZ pucservice@dralegal.org</p>	<p>INTERNATIONAL CHEMICAL WORKERS UNION JOHN LEWIS jlewis@icwuc.org</p>	<p>CALIFORNIA FARM BUREAU FEDERATION RONALD LIEBERT rliebert@cfbf.com</p>
<p>CALIF PUBLIC UTILITIES COMMISSION Donald J. Lafrenz dlaf@cpuc.ca.gov</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Douglas M. Long dug@cpuc.ca.gov</p>	<p>SOUTHERN CALIFORNIA EDISON COMPANY FRANCIS MCNULTY francis.mcnulty@sce.com</p>
<p>SEMPRA ENERGY KEITH W. MELVILLE kmelville@sempra.com</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Robert Mason rim@cpuc.ca.gov</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Richard A. Myers ram@cpuc.ca.gov</p>
<p>CITY OF SAN DIEGO FREDERICK M. ORTLIEB fortlieb@sandiego.gov</p>	<p>HANNA AND MORTON, LLP NORMAN A. PEDERSEN npedersen@hanmor.com</p>	<p>ANDERSON & POOLE EDWARD G. POOLE epoole@adplaw.com</p>
<p>CALIF PUBLIC UTILITIES COMMISSION Robert M. Pocta rmp@cpuc.ca.gov</p>	<p>ICWUC LOCAL 350 JOANN RIZZI local350@yahoo.com</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Rashid A. Rashid rhd@cpuc.ca.gov</p>
<p>UTILITY CONSUMERS ADVOCATE NETWORK MICHAEL SHAMES mshames@ucan.org</p>	<p>GOODIN, MACBRIDE, SQUERI, DAY & LAMPREY JAMES D. SQUERI jsqueri@gmssr.com</p>	<p>CALIF PUBLIC UTILITIES COMMISSION Lisa-Marie Salvacion lms@cpuc.ca.gov</p>

CALIF PUBLIC UTILITIES COMMISSION
Mitchell Shapson
sha@cpuc.ca.gov

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

CALIF PUBLIC UTILITIES COMMISSION
Clayton K. Tang
ckt@cpuc.ca.gov

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

**SOCAL GAS AND SAN DIEGO GAS &
ELECTRIC**
RONALD VAN DER LEEDEN
rvanderleeden@semprautilities.com

AGLET CONSUMER ALLIANCE
JAMES WEIL
jweil@aglet.org

ELLISON, SCHNEIDER & HARRIS, LLP
GREGGORY L. WHEATLAND
glw@eslawfirm.com

**UTILITY WORKERS UNION OF
AMERICA**
CARL WOOD
carlwwood@verizon.net

DON WOOD
dwood8@cox.net

GOODIN MACBRIDE SQUERI DAY & RITCHIE
JEANNE B. ARMSTRONG
 jarmstrong@goodinmacbride.com

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

CROSBORDER ENERGY
R. THOMAS BEACH
 tomb@crossborderenergy.com

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

ELLISON SCHNEIDER & HARRIS, LLP
 (1359)
ANDREW B. BROWN
 abb@eslawfirm.com

COGENERATION CONTRACT SERVICES
MARSHALL D. CLARK
 Marshall.Clark@dgs.ca.gov

GOODIN, MACBRIDE, SQUERI, DAY & LAMPREY
BRIAN T. CRAGG
 bcragg@goodinmacbride.com

CALIF PUBLIC UTILITIES COMMISSION
 Franz Cheng
 fcc@cpuc.ca.gov

THE UTILITY REFORM NETWORK
MICHEL PETER FLORIO
 mflorio@turn.org

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

SOUTHERN CALIFORNIA GAS COMPANY
DAVID J. GILMORE
 dgilmore@sempra.com

CALIF PUBLIC UTILITIES COMMISSION
 Jacqueline Greig
 jnm@cpuc.ca.gov

THE UTILITY REFORM NETWORK
MARCEL HAWIGER
 marcel@turn.org

SOUTHERN CALIFORNIA EDISON COMPANY
GLORIA M. ING
 Gloria.ing@sce.com

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

UTILITY COST MANAGEMENT LLC
DARA KERKORIAN
 dk@utilitycostmanagement.com

PACIFIC GAS & ELECTRIC COMPANY
ANN KIM
 ahk4@pge.com

SOUTHWEST GAS CORPORATION
KEITH A. LAYTON
 keith.layton@swgas.com

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

JBS ENERGY, INC.
WILLIAM MARCUS
 bill@jbsenergy.com

SUTHERLAND ASBILL & BRENNAN LLP
KEITH R. MCCREA
 keith.mccrea@sutherland.com

EL PASO CORPORATION-WESTERN PIPELINES
MARK A. MINICH
 mark.minich@elpaso.com

CALIF PUBLIC UTILITIES COMMISSION
 Harvey Y. Morris
 hym@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Scott Mosbaugh
 rsm@cpuc.ca.gov

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

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

DAVIS WRIGHT TREMAINE LLP
EDWARD W. O'NEILL
 edwardoneill@dwt.com

HANNA & MORTON LLP
NORMAN A. PEDERSEN, ESQ.
 npedersen@hanmor.com

SEMPRA ENERGY
CARLOS F. PENA
 cfpena@sempra.com

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

CALIF PUBLIC UTILITIES COMMISSION
Marion Peleo
map@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Paul S. Phillips
psp@cpuc.ca.gov

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

SEMPRA LNG
WILLIAM D. RAPP
wrapp@sempra.com

EXXON MOBIL CORPORATION
DOUGLAS W. RASCH
douglas.w.rasch@exxonmobil.com

CALIF PUBLIC UTILITIES COMMISSION
Ramesh Ramchandani
rxr@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Rashid A. Rashid
rhd@cpuc.ca.gov

UCAN
MICHAEL SHAMES
mshames@ucan.org

CALIF PUBLIC UTILITIES COMMISSION
Pearlie Sabino
pzs@cpuc.ca.gov

**CALIFORNIA COGENERATION
COUNCIL**
BETH VAUGHAN
beth@beth411.com

CALIF PUBLIC UTILITIES COMMISSION
John S. Wong
jsw@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
Marzia Zafar
zaf@cpuc.ca.gov

ATTACHMENT B
Advice No. 4060-A

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45746-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 1	Revised 45594-G Revised 45275-G
Revised 45747-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 2	Revised 45595-G Original 45276-G
Revised 45748-G	TABLE OF CONTENTS	Revised 45745-G

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

Sheet 1

1. Purpose

The NFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin (excluding the transmission revenue requirement and firm access rights (FAR) revenue requirement) and other non-gas costs as detailed below associated with the noncore market, including administrative costs and uncollectible deferred billings associated with the payment deferral plan pursuant to Resolution E-4065 and Assembly Bill (AB) 32 administrative fees paid to the California Air Resources Board (ARB) pursuant to Advice No. 4060-A with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to the BCAP Decision 09-11-006, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

The NFCA shall be divided into two subaccounts: a) authorized base margin and b) non-base margin costs and revenues.

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates.

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
- b. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;
- c. An entry to amortize the previous year's balance; and
- d. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4060-A
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 10, 2010
 EFFECTIVE _____
 RESOLUTION NO. _____

N
 N

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

Sheet 2

(Continued)

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the recorded cost for the noncore portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- b. A debit entry equal to the recorded cost for the noncore portion of unaccounted for gas;
- c. A debit entry equal to the recorded cost for the noncore portion of well incidents and surface leaks;
- d. A debit entry equal to incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan related to noncore customers;
- e. A credit entry equal to the noncore revenues, which reflects the credit surcharge adjustment provided to wholesale, electric generation or other customer classes that will be directly billed by the ARB in order to prevent double billing, to recover the costs associated with this subaccount;
- f. A debit entry equal to noncore’s allocation of AB 32 administrative fees paid to the ARB;
- g. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Acquisition Department;
- h. An entry to amortize the previous year’s balance; and
- i. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

N
|
N

N
T

T
T

6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis.

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4060-A
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 10, 2010
 EFFECTIVE _____
 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.

GENERAL

Cal. P.U.C. Sheet No.

Title Page 40864-G
 Table of Contents--General and Preliminary Statement 45748-G,45740-G,45513-G
 Table of Contents--Service Area Maps and Descriptions 41970-G
 Table of Contents--Rate Schedules 45697-G, 45698-G,45744-G
 Table of Contents--List of Cities and Communities Served 45168-G
 Table of Contents--List of Contracts and Deviations 45168-G
 Table of Contents--Rules 45412-G,45413-G
 Table of Contents--Sample Forms 44715-G,45414-G,45144-G,45415-G,45145-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 45668-G,45669-G,45670-G,45671-G,45701-G,45702-G
 45672-G,43595-G,43596-G,44041-G,45524-G,45673-G,45674-G,45674.1-G
 Part III Cost Allocation and Revenue Requirement 27024-G,37920-G,27026-G,27027-G,45470-G
 Part IV Income Tax Component of Contributions and Advances 45265-G,24354-G
 Part V Balancing Accounts
 Description and Listing of Balancing Accounts 45272-G*
 Purchased Gas Account (PGA) 44460-G
 Core Fixed Cost Account (CFCA) 45273-G,45274-G
 Noncore Fixed Cost Account (NFCA) 45746-G,45747-G
 Enhanced Oil Recovery Account (EORA) 45277-G
 Noncore Storage Balancing Account (NSBA) 44191-G,44192-G
 California Alternate Rates for Energy Account (CAREA) 40872-G,40873-G
 Hazardous Substance Cost Recovery Account (HSCRA) 40875-G, 40876-G,40877-G
 Gas Cost Rewards and Penalties Account (GCRPA) 40881-G
 Pension Balancing Account (PBA) 45013-G,45014-G
 Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) . 45015-G,45016-G
 Conservation Expense Account (CEA) 40886-G,40887-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4060-A
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 10, 2010
 EFFECTIVE _____
 RESOLUTION NO. _____