

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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August 4, 2010

Advice Letter 4110

Rasha Prince, Director
Regulatory Affairs
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Subject: Establishment of the Advanced Metering Infrastructure Balancing Account (AMIBA), Update of the Revenue Requirement and Modification of Existing Tariffs to Implement D.10-04-027

Dear Ms. Prince:

Advice Letter 4110 is effective April 8, 2010.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



Rasha Prince
Director
Regulatory Affairs

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May 10, 2010

Advice No.4110
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of the Advanced Metering Infrastructure Balancing Account (AMIBA), Update of the Revenue Requirement and Modification of Existing Tariffs to Implement Decision (D.) 10-04-027

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

Purpose

In compliance with the California Public Utilities Commission (Commission) D.10-04-027, Ordering Paragraph (OP) 7, SoCalGas hereby establishes the Advanced Metering Infrastructure Balancing Account (AMIBA). In accordance with D.10-04-027, SoCalGas is also revising Rule No. 14 – Meter Reading to include language on bill estimates due to AMI meter installation and Rule No. 31 – Automated Meter Reading, to eliminate unnecessary provisions. In addition, this filing updates the AMI revenue requirement to reflect the total costs and benefits as adopted in D.10-04-027 which will be collected in rates beginning on January 1, 2012 through December 31, 2017.

Background

On April 8, 2010, the Commission issued D.10-04-027 approving SoCalGas' AMI Application (A.) 08-09-023 with modifications which authorizes \$1,050.7 million of capital and O&M expenditures for SoCalGas' AMI project over a proposed deployment period of 2009 through 2015. However, due to the delay in obtaining approval of SoCalGas' AMI project, the deployment period is revised to an estimated deployment period of April 2010 through April 2017 which is consistent with the seven-year deployment period as proposed in A.08-09-023 and is reflected in the revenue requirements as described herein. During this period SoCalGas will install six million gas AMI meter modules that would provide usage information to customers leading to energy conservation and resulting benefits.

Establishment of AMIBA

Pursuant to OP 7 of D.10-04-027, SoCalGas is establishing the AMIBA, effective April 8, 2010, to record O&M and capital-related costs associated with the authorized \$1,050.7 million in gas program costs.¹ The AMIBA will compare the actual O&M expenses and revenue requirement associated with capital expenditures against the corresponding revenue requirement recovered in rates.

Other Tariff Changes

Rule No. 14, Meter Reading – Special Condition C.4 has been added to Rule No. 14 to state that if SoCalGas is unable to gain access to install the AMI devices, the utility may bill the customer for estimated consumption consistent with Rule No. 14.

Rule No. 31, Automated Meter Reading – The following sections have been eliminated as the cost/benefit analysis adopted in D.10-04-027² does not include costs associated with obtaining a manual meter read once every three years or providing customers with copies of SoCalGas Tariff Rule No. 31:

A.4. The Utility may render bills based upon readings from the automated meter reading device, provided an actual meter reading is obtained at least once every three (3) years.

B.9. A copy of this Rule will be provided to the customer when the automated meter reading device is installed.

Updates to the Revenue Requirement

SoCalGas is updating the AMI revenue requirements to reflect the changes to the costs and benefits as authorized in D.10-04-027, which decreased the funding amount and delayed the initial start date of system and meter deployment. The deployment period was initially proposed for a seven-year period beginning in 2009. The shift in the deployment schedule has a material impact on the revenue requirement because both the expenditures and the realization of the benefits are postponed in the first year of deployment. As such, the revenue requirements, both costs and corresponding benefits, have been revised to reflect the shift of the deployment period to a seven-year period beginning in April 2010. In addition, the O&M benefits associated with working cash have been included in the revenue requirement through Year 2015 as future working cash benefits will be incorporated in the next General Rate Case (GRC) subsequent to SoCalGas' 2012 GRC.³ Also, to prevent rate volatility, SoCalGas is not changing rates to implement the AMI program at this time, but will rather revise rates January 1, 2012 to consolidate the impacts of the 2010 through 2012 authorized revenue requirements.⁴ The rate changes will be included in SoCalGas' annual consolidated gas transportation rate updates to be filed via advice letter in late December 2011 for rates effective January 1, 2012. The impacts of deferring until January 2012 the application of the 2010-2011 revenue requirements in rates

¹ OP 5 of D.10-04-027 states that SoCalGas can record \$1,100.7 million to the AMIBA, which represents the \$1,050.7 million, plus 50% of the \$100 million associated with the risk contingency and sharing mechanism described in the Preliminary Statement.

² A.08-09-023, SoCalGas Exhibit 3, p. III-25.

³ The next GRC is anticipated to be in 2016, assuming the 2012 GRC is a four-year cycle.

⁴ As shown in Attachment C, the revenue requirements for 2010 and 2011 are negative as a result of the tax benefits associated with information technology (IT) costs.

will be reflected in the AMIBA, including accrued interest. Table MF-4 (Capital and O&M Costs/Benefits) from Chapter 7 of A.08-09-023 is updated in the corresponding table below to reflect the costs and benefits for the seven-year deployment period consistent with D.10-04-027. Also included is an update to the supporting tables which reflect the annual and monthly revenue requirement from Chapter 7, Attachment MF 15-1, provided as Attachment C to this advice letter.

**Southern California Gas Company
Advanced Metering Infrastructure
Final Decision - April 8, 2010
All Property and O&M - Total Costs and O&M Benefits
Annual Summary of Capital and O&M Costs- 2010-2017 (\$ in thousands)**

| | Total | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------------|---------------|---------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| 5 year IT assets | 54,652 | 4,858 | 5,898 | 6,939 | 7,980 | 8,819 | 9,659 | 10,499 | - |
| 5 year SD Software | 36,637 | 14,351 | 22,286 | - | - | - | - | - | - |
| 15 year capital - Network Infrastructure | 99,171 | - | - | 19,035 | 19,452 | 19,854 | 20,217 | 20,613 | - |
| 20 year capital - Gas Modules | 539,259 | 930 | 3,420 | 47,705 | 102,794 | 116,658 | 118,644 | 104,337 | 44,771 |
| 31 year capital - Gas Meters | 146,596 | 561 | 65 | 25,341 | 30,470 | 31,449 | 32,099 | 26,611 | - |
| Total Capital* | 876,314 | 20,699 | 31,669 | 99,019 | 160,696 | 176,780 | 180,620 | 162,060 | 44,771 |
| Total O&M Costs | 174,333 | 1,576 | 3,542 | 14,232 | 27,719 | 32,708 | 36,488 | 38,650 | 19,419 |
| Total Costs | 1,050,647 | 22,276 | 35,210 | 113,252 | 188,415 | 209,488 | 217,107 | 200,710 | 64,189 |
| Total O&M Benefits | (184,815) | - | - | (7) | (4,186) | (18,033) | (33,620) | (56,633) | (72,334) |

* Capital amounts exclude AFUDC

SoCalGas' Next GRC

The AMI business case analysis and revenue requirement were developed under the assumption that SoCalGas would complete its AMI deployment by 2015 and that changes to AMI revenue requirements associated with the deployment efforts will be incorporated in rates in connection with its annual consolidated gas transportation update filings until SoCalGas' next GRC. Due to the delay in obtaining approval of SoCalGas' AMI system, SoCalGas anticipates completion of its deployment in Year 2017. As such, SoCalGas seeks authority to continue to update the AMI revenue requirement via advice letter until the costs and benefits of the AMI system can be incorporated into the next GRC. If the final decision in SoCalGas' 2012 or subsequent GRC application changes the fixed overheads that have been used to develop the AMI costs and benefits, SoCalGas seeks authority to adjust its revenue requirement accordingly. In addition, to the extent that O&M benefits, including working cash benefits, associated with AMI project are included in SoCalGas' future GRC proceedings, the AMI revenue requirement will be adjusted accordingly along with the factor used in determining the actual O&M benefits recorded in the AMIBA.

This filing does not conflict with any rate schedules or any other rules, or cause the withdrawal of service.

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 of this Advice Letter which is May 30, 2010. 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 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 1 (effective pending staff approval) pursuant to G 96-B. SoCalGas respectfully requests that this filing be approved and the AMIBA be effective on April 8, 2010, the date of D.10-04-027.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A which includes parties to A.08-09-023.

Rasha Prince
Director – Regulatory Affairs

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) #: 4110

Subject of AL: Establish AMIBA, Update Revenue Requirement, and Modify Existing Tariffs

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

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

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

D.10-04-027

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: 4/8/10

No. of tariff sheets: 11

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, Rule No. 14, Rule No. 31, 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. 4110

(See Attached Service Lists)

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ATTACHMENT B
Advice No. 4110

| Cal. P.U.C. Sheet No. | Title of Sheet | Cancelling Cal. P.U.C. Sheet No. |
|--------------------------|---|-------------------------------------|
| Revised 46057-G | PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DESCRIPTION AND LISTING OF BALANCING ACCOUNTS, Sheet 1 | Revised 45272-G* |
| Original 46058-G | PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 1 | |
| Original 46059-G | PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 2 | |
| Original 46060-G | PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 3 | |
| Revised 46061-G | Rule No. 14, METER READING, Sheet 2 | Original 42091-G |
| Revised 46062-G | Rule No. 31, AUTOMATED METER READING, Sheet 1 | Revised 24669-G |
| Revised 46063-G | Rule No. 31, AUTOMATED METER READING, Sheet 2 | Revised 24670-G |
| Revised 46064-G | TABLE OF CONTENTS | Revised 45844-G |
| Revised 46065-G | TABLE OF CONTENTS | Revised 45779-G |
| Revised 46066-G | TABLE OF CONTENTS | Revised 46056-G |
| Revised 46067-G | TABLE OF CONTENTS | Revised 45979-G |

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DESCRIPTION AND LISTING OF BALANCING ACCOUNTS

Sheet 1

A. GENERAL

Balancing accounts are those regulatory accounts where authorized expenses are compared with revenues from rates designed to recover those expenses. The resulting under or overcollection, plus interest calculated in the manner described in Preliminary Statement, Part I, is recorded on the Utility's financial statements as an asset or liability, which is owed from or due to the ratepayers. Balances in balancing accounts are to be amortized in rates.

B. LISTING OF BALANCING ACCOUNTS

- Purchased Gas Account (PGA)
- Core Fixed Cost Account (CFCA)
- Noncore Fixed Cost Account (NFCA)
- Enhanced Oil Recovery Account (EORA)
- Noncore Storage Balancing Account (NSBA)
- California Alternate Rates for Energy Account (CAREA)
- Hazardous Substance Cost Recovery Account (HSCRA)
- Gas Cost Rewards and Penalties Account (GCRPA)
- Pension Balancing Account (PBA)
- Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA)
- Conservation Expense Account (CEA)
- Research Development and Demonstration Gas Surcharge Account (RDDGSA)
- Demand Side Management Balancing Account (DSMBA)
- Direct Assistance Program Balancing Account (DAPBA)
- California Solar Initiative Balancing Account (CSIBA)
- Integrated Transmission Balancing Account (ITBA)
- Compressor Station Fuel and Power Balancing Account (CFPBA)
- Distribution Integrity Management Program Balancing Account (DIMPBA)
- Rewards and Penalties Balancing Account (RPBA)
- On-Bill Financing Balancing Account (OBFBA)
- Company Use Fuel for Load Balancing Account (CUFLBA)
- Firm Access Rights Balancing Account (FARBA)
- Advanced Metering Infrastructure Balancing Account (AMIBA)

N

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4110
 DECISION NO. 10-04-027

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 10, 2010
 EFFECTIVE Apr 8, 2010
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA)

Sheet 1

1. Purpose

The AMIBA is an interest bearing balancing account that is recorded on SoCalGas' financial statements. The purpose of the AMIBA is to record the costs and corresponding revenue requirement associated with the Advanced Metering Infrastructure (AMI) project, as outlined in Commission Decision (D.) 10-04-027 dated April 8, 2010. SoCalGas will deploy an AMI system by installing gas AMI meter modules and supporting communication network throughout its service territory. The total authorized gas program cost for SoCalGas is \$1,050.7 million for a seven-year deployment period beginning in 2010 subject to additional costs authorized as described in Section 5 below.

2. Applicability

The AMIBA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.

3. Rates

The AMI authorized revenue requirement will be included in gas transportation rates as approved by the Commission.

4. Accounting Procedures

SoCalGas maintains this account by making monthly entries net of franchise fees and uncollectibles where applicable (except for entry "4.e." which is recorded upon completion of the AMI project) as follows:

- a) A debit entry equal to the AMI operating and maintenance (O&M) costs incurred by SoCalGas, including the costs of development, accounting, evaluation and administration;
- b) An entry equal to the AMI capital related costs incurred by SoCalGas for depreciation, property taxes, income taxes and return on investment;
- c) A credit entry equal to the monthly AMI authorized revenue requirement, net of benefits, that are recovered through rates;

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4110
DECISION NO. 10-04-027

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 10, 2010
EFFECTIVE Apr 8, 2010
RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA)

Sheet 2

(Continued)

- d) A credit entry equal to O&M benefits based on the cumulative number of AMI meters installed and in operation for at least five months multiplied by \$1.0304 which represents the average O&M benefit per meter per month as calculated in Exhibit SCG-7 of SoCalGas Application (A.) 08-09-023, Attachment MF-5, and adopted in D.10-04-027 (included in the authorized revenue requirement in 4.c.); the factor, as well as the corresponding O&M benefit embedded in the revenue requirement described in entry "c" above, is subject to revision to the extent O&M benefits associated with the AMI project are incorporated in future SoCalGas General Rate Case proceedings;
- e) Upon completion of the AMI project, a debit or credit entry for the shareholder allocation of any rewards for project cost underruns or penalties for project cost overruns, respectively, associated with the program funding limits described in Section 5.c. and 5.d. below;
- f) An entry for amortization of the AMIBA balance as authorized by the Commission; and
- g) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Program Funding Limit

The total authorized gas program cost for SoCalGas is \$1,050.7 million for the seven-year deployment period beginning in 2010 consistent with D.10-04-027. Any unused funding can be carried over from one year to the next up to the maximum limit of \$1,050.7 million during the deployment period. Consistent with Ordering Paragraph (OP) 1 and OP 2 of D.10-04-027, risk contingency and sharing mechanisms are described as follows:

- a) Expenditures up to the total project cost of \$1,050.7 million are deemed reasonable and will be recovered in rates without any after-the-fact reasonableness review.
- b) To the extent actual project costs exceed the total cost of \$1,050.7 million by up to \$100 million, then 50% of the costs that exceed \$1,050.7 million will be recovered in rates without any after-the-fact reasonableness review. The ratepayer portion of costs that exceed \$1,050.7 million will be recorded in and recovered through the AMIBA.
- c) To the extent actual project costs exceed the total cost of \$1,050.7 million by up to \$100 million, then 50% of the costs that exceed \$1,050.7 million will be borne by SoCalGas shareholders and will not be recovered in rates. The shareholder allocation of these costs will be removed from the AMIBA (i.e., reflected as a credit adjustment to the AMIBA for the revenue requirement associated with the cost overrun).

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4110
DECISION NO. 10-04-027

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 10, 2010
EFFECTIVE Apr 8, 2010
RESOLUTION NO. _____

Rule No. 14
METER READING

Sheet 2

(Continued)

C. Estimated Bills (Continued)

4. Advanced Metering Infrastructure (AMI) Meter Installation - If the Utility is unable to gain access to install an electronic meter reading device, the Utility may bill the customer for estimated consumption in accordance with C.1 and C.2.

D. Bills for Less Than 27 or More Than 33 Days

Except as otherwise provided in certain rate schedules and bills utilizing daily allowance billing, all bills, including opening and closing bills, for gas service rendered for a period of less than 27 days or more than 33 days will be computed in accordance with the applicable rate schedule and shall be prorated on the basis of the number of days service has been rendered to the number of days in an average month which shall be taken as 30 days. Proration will include the size of any rate blocks and recurring fixed monthly charges as stated in the rate schedule(s). Service establishment charges shall not be prorated.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4110
DECISION NO. 10-04-027

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 10, 2010
EFFECTIVE Apr 8, 2010
RESOLUTION NO. _____

Rule No. 31
AUTOMATED METER READING

Sheet 1

A. GENERAL

1. The Utility, at its sole discretion, may install an automated meter reading device which transmits readings from the meter to the Utility's facility via telephonic connection or other means.
2. The Utility shall notify the customer at least three days prior to the installation of an automated reading device.
3. No rent, fee or other charge whatsoever shall be assessed by the customer or any third party against the Utility for placing or maintaining an automated meter reading device upon a customer's premises.
4. The Utility shall own the automated meter reading device (and all rights to the data and information produced thereby) and neither customer nor any other party shall have any right to repair, replace, modify, change or interconnect other equipment or facilities with such device or provide third parties with information or data therefrom, without Utility's prior written consent.
5. No meter fixtures or devices, nor any automated meter reading device shall be installed on the Utility's meter without the Utility's prior written consent.
6. The Utility shall not be liable or responsible for the consequences of any utilization by customer or any other party of information or data obtained from the automated meter reading device, including without limitation, any liability for direct, indirect, consequential, punitive or special damages, in tort or in contract.
7. The Utility may, at its sole discretion, remove the automated meter reading device from the customer's premises.

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B. INSTALLATION OF METER READING DEVICE

1. When the automated meter reading device is installed for the convenience of the Utility, there shall be no charge to the customer. However, if the device is installed for the customer's convenience, the Utility may charge the customer for the unit and installation cost.
2. If the device is being installed for the customer's convenience, the customer shall permit the Utility to connect the automated meter reading device to a customer's existing telephone line and install associated hardware, if needed.
3. The Utility shall not require a customer to install or modify telephone lines or to subscribe to the local telephone company in order to obtain service.

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(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4110
DECISION NO. 10-04-027

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED May 10, 2010
EFFECTIVE Apr 8, 2010
RESOLUTION NO. _____

Rule No. 31
AUTOMATED METER READING

Sheet 2

(Continued)

B. INSTALLATION OF METER READING DEVICE (Continued)

4. If a customer of the Utility is billed by the local telephone company for any charges attributable to the Utility's automated meter reading device, the Utility shall reimburse the customer for such charges.
5. Any automated meter reading device installed by the Utility shall release control of the customer's telephone line whenever the customer's telephone equipment is otherwise in use. However, mechanical operation of the device can result in temporary interruption of telephone service if the telephone is picked up when the device is transmitting data to the Utility's computer.
6. All automated meter reading devices installed at customer premises shall be in locations acceptable to the Utility, and placed so as to be at all times accessible for inspecting, reading and testing by the Utility.
7. The customer shall exercise reasonable care to prevent the automated meter reading device from being damaged or destroyed and shall refrain from interfering with its operation. The customer shall notify the Utility if any defects are discovered in the automated meter reading device.
8. If the automated meter reading device is damaged by a customer, the Utility may charge the customer for replacing or repairing the device.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4110
DECISION NO. 10-04-027

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4110
 DECISION NO. 10-04-027

ISSUED BY
Lee Schavrien
 Senior Vice President
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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4110
 DECISION NO. 10-04-027

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ISSUED BY

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(TO BE INSERTED BY CAL. PUC)

DATE FILED May 10, 2010
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 ADVICE LETTER NO. 4110
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Lee Schavrien
 Senior Vice President
 Regulatory Affairs

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(TO BE INSERTED BY UTILITY)
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 DECISION NO. 10-04-027

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

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 DATE FILED May 10, 2010
 EFFECTIVE Apr 8, 2010
 RESOLUTION NO. _____

ATTACHMENT C

Advice No. 4110

Forecasted AMI Annual Revenue Requirement
Years 2010 - 2017

**Southern California Gas Company
Advanced Metering Infrastructure
Final Decision - April 8, 2010
All Property and O&M - Total Costs & Benefits**

Annual Summary of Monthly Revenue Requirement (For Rate Purposes) - 2012-2017 (\$ in thousands)

| | 2010 ** | 2011 ** | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------|---------|---------|------------|-----------|------------|------------|------------|------------|
| Franchise Fees & Uncollectibles | - | - | 597.1 | 1,508.2 | 2,019.4 | 2,541.3 | 3,050.8 | 2,605.1 |
| O&M expenses | - | - | 19,350.1 | 27,718.6 | 32,708.2 | 36,487.8 | 38,649.9 | 19,418.7 |
| Property Taxes | - | - | 1,340.9 | 2,633.9 | 4,073.8 | 5,576.1 | 7,212.5 | 8,092.4 |
| Preferred Equity Interest | - | - | 342.0 | 671.8 | 1,039.1 | 1,422.3 | 1,839.7 | 2,064.1 |
| Interest Expense | - | - | 3,517.8 | 6,910.0 | 10,687.6 | 14,629.0 | 18,922.1 | 21,230.6 |
| Depreciation Expense | - | - | 18,377.9 | 25,130.1 | 32,983.4 | 41,377.8 | 49,836.8 | 41,083.2 |
| Federal Tax Expense | - | - | (10,869.0) | 10,694.8 | 14,766.5 | 18,855.0 | 22,743.3 | 19,077.4 |
| State Tax Expense | - | - | (3,219.1) | 2,326.8 | 3,269.7 | 4,973.9 | 6,616.5 | 5,247.4 |
| Return on Equity | - | - | 5,755.3 | 11,305.2 | 17,485.6 | 23,934.0 | 30,957.6 | 34,734.5 |
| Revenue Requirement* | - | - | 35,192.9 | 88,899.4 | 119,033.3 | 149,797.2 | 179,829.1 | 153,553.3 |
| <u>O&M Benefits</u> | - | - | (7.3) | (4,186.4) | (18,033.0) | (33,620.4) | (56,633.4) | (72,334.2) |
| Net Revenue Requirement | - | - | 35,185.6 | 84,712.9 | 101,000.3 | 116,176.8 | 123,195.7 | 81,219.1 |

* Revenue Requirement shown above is net of Working Cash benefits:

| | | | | | | | | |
|--|---|---|---------|---------|-----------|-----------|---|---|
| Revenue Requirement associated with WC Reduction | - | - | (147.5) | (779.2) | (1,981.7) | (2,672.8) | - | - |
|--|---|---|---------|---------|-----------|-----------|---|---|

** Revenue requirement included in 2012 for these years.

Southern California Gas Company
Advanced Metering Infrastructure
Final Decision - April 8, 2010
All Property and O&M - Total Costs & Benefits
Annual Summary of Monthly Revenue Requirement - 2010-2017 (\$ in thousands)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------|------------------|-------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Franchise Fees & Uncollectibles | (165.0) | (204.5) | 966.6 | 1,508.2 | 2,019.4 | 2,541.3 | 3,050.8 | 2,605.1 |
| O&M expenses | 1,576.4 | 3,541.5 | 14,232.1 | 27,718.6 | 32,708.2 | 36,487.8 | 38,649.9 | 19,418.7 |
| Property Taxes | 4.4 | 37.8 | 1,298.7 | 2,633.9 | 4,073.8 | 5,576.1 | 7,212.5 | 8,092.4 |
| Preferred Equity Interest | 1.1 | 9.6 | 331.3 | 671.8 | 1,039.1 | 1,422.3 | 1,839.7 | 2,064.1 |
| Interest Expense | 11.6 | 99.1 | 3,407.1 | 6,910.0 | 10,687.6 | 14,629.0 | 18,922.1 | 21,230.6 |
| Depreciation Expense | 18.8 | 158.3 | 18,200.7 | 25,130.1 | 32,983.4 | 41,377.8 | 49,836.8 | 41,083.2 |
| Federal Tax Expense | (8,932.6) | (12,500.2) | 10,563.8 | 10,694.8 | 14,766.5 | 18,855.0 | 22,743.3 | 19,077.4 |
| State Tax Expense | (2,258.2) | (3,358.9) | 2,398.1 | 2,326.8 | 3,269.7 | 4,973.9 | 6,616.5 | 5,247.4 |
| Return on Equity | 19.0 | 162.1 | 5,574.2 | 11,305.2 | 17,485.6 | 23,934.0 | 30,957.6 | 34,734.5 |
| Revenue Requirement* | (9,724.3) | (12,055.3) | 56,972.5 | 88,899.4 | 119,033.3 | 149,797.2 | 179,829.1 | 153,553.3 |
| Benefits | - | - | (7.3) | (4,186.4) | (18,033.0) | (33,620.4) | (56,633.4) | (72,334.2) |
| Net Revenue Requirement | (9,724.3) | (12,055.3) | 56,965.2 | 84,712.9 | 101,000.3 | 116,176.8 | 123,195.7 | 81,219.1 |

* Revenue Requirement shown above is net of Working Cash benefits:

| | | | | | | | | |
|--|---|---|---------|---------|-----------|-----------|---|---|
| Revenue Requirement associated with WC Reduction | - | - | (147.5) | (779.2) | (1,981.7) | (2,672.8) | - | - |
|--|---|---|---------|---------|-----------|-----------|---|---|

Southern California Gas Company
Advanced Metering Infrastructure
Final Decision - April 8, 2010
All Property and O&M - Total O&M & Capital Costs
Annual Summary of Monthly Revenue Requirement - 2010-2017 (\$ in thousands)

| <u>Electric Meters & Gas Modules</u> | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------------------|-------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Franchise Fees & Uncollectibles | (165.0) | (204.5) | 969.1 | 1,521.4 | 2,053.0 | 2,586.7 | 3,050.8 | 2,605.1 |
| O&M expenses | 1,576.4 | 3,541.5 | 14,232.1 | 27,718.6 | 32,708.2 | 36,487.8 | 38,649.9 | 19,418.7 |
| Property Taxes | 4.4 | 37.8 | 1,311.0 | 2,699.7 | 4,242.5 | 5,806.6 | 7,212.5 | 8,092.4 |
| Preferred Equity Interest | 1.1 | 9.6 | 334.4 | 688.6 | 1,082.1 | 1,481.1 | 1,839.7 | 2,064.1 |
| Interest Expense | 11.6 | 99.1 | 3,439.5 | 7,082.7 | 11,130.2 | 15,233.6 | 18,922.1 | 21,230.6 |
| Depreciation Expense | 18.8 | 158.3 | 18,200.7 | 25,130.1 | 32,983.4 | 41,377.8 | 49,836.8 | 41,083.2 |
| Federal Tax Expense | (8,932.6) | (12,500.2) | 10,598.9 | 10,876.3 | 15,218.1 | 19,441.0 | 22,743.3 | 19,077.4 |
| State Tax Expense | (2,258.2) | (3,358.9) | 2,406.9 | 2,373.5 | 3,387.9 | 5,132.3 | 6,616.5 | 5,247.4 |
| Return on Equity | 19.0 | 162.1 | 5,627.3 | 11,587.7 | 18,209.6 | 24,923.2 | 30,957.6 | 34,734.5 |
| Revenue Requirement | (9,724.3) | (12,055.3) | 57,120.0 | 89,678.6 | 121,015.0 | 152,470.0 | 179,829.1 | 153,553.3 |

Southern California Gas Company
Advanced Metering Infrastructure
Final Decision - April 8, 2010
Benefits associated with Reduction in Working Cash Requirement
Annual Summary of Monthly Revenue Requirement - 2010-2017 (\$ in thousands)

| <u>Working Cash Benefits</u> | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------|------|------|---------|---------|-----------|-----------|------|------|
| Franchise Fees & Uncollectibles | - | - | (2.5) | (13.2) | (33.6) | (45.3) | - | - |
| O&M expenses | - | - | - | - | - | - | - | - |
| Property Taxes | - | - | (12.4) | (65.8) | (168.7) | (230.5) | - | - |
| Preferred Equity Interest | - | - | (3.2) | (16.8) | (43.0) | (58.8) | - | - |
| Interest Expense | - | - | (32.5) | (172.7) | (442.6) | (604.6) | - | - |
| Depreciation Expense | - | - | - | - | - | - | - | - |
| Federal Tax Expense | - | - | (35.1) | (181.5) | (451.6) | (586.0) | - | - |
| State Tax Expense | - | - | (8.9) | (46.6) | (118.2) | (158.4) | - | - |
| Return on Equity | - | - | (53.1) | (282.6) | (724.0) | (989.2) | - | - |
| Revenue Requirement | - | - | (147.5) | (779.2) | (1,981.7) | (2,672.8) | - | - |

**Southern California Gas Company
Advanced Metering Infrastructure
Final Decision - April 8, 2010**

Total O&M Benefits

O&M Benefits Giveback - Annual Summary (\$ in Thousands)

O&M Benefit Giveback

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------|------|-------|-----------|------------|------------|------------|------------|
| - | - | (7.3) | (4,186.4) | (18,033.0) | (33,620.4) | (56,633.4) | (72,334.2) |