

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 6, 2010

**Advice Letter 4160**

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

**Subject: Disposition of Supplier Refunds**

Dear Ms. Prince:

Advice Letter 4160 is effective January 1, 2011.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



**Rasha Prince**  
Director - Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.5141  
Fax: 213.244.4957  
*RPrince@semprautilities.com*

October 28, 2010

Advice No. 4160  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Disposition of Supplier Refunds**

Southern California Gas Company (SoCalGas) hereby submits for approval by 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 Advice Letter proposes to refund certain supplier refunds through SoCalGas' Purchased Gas Account (PGA), Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA) versus addressing these refunds in connection with SoCalGas' next cost allocation proceeding.

**Background**

In SoCalGas' recent Biennial Cost Allocation Proceeding (BCAP), SoCalGas proposed a refund plan associated with supplier refunds that were recorded to its supplier refund liability account. The refund plan was adopted by the Commission in Decision (D.) 09-11-006. For these supplier refunds, the BCAP was the appropriate proceeding to address their disposition since these refunds related to interstate pipeline costs that were bundled in gas transportation rates in which a refund plan was necessary in order to properly allocate the refund between core and noncore customers.

However, pursuant to D.04-09-022 and approval of SoCalGas' Expedited Advice Letters (EAL) 3443 and 3462, interstate capacity costs under the new Transportation Service Agreements (TSAs) with El Paso Natural Gas Company (El Paso) and Transwestern Pipeline Company (Transwestern) are to be recovered from core procurement customers through the PGA. The interstate pipeline costs associated with the previous TSAs were unbundled from transportation rates and costs under the new TSAs are to be recovered through procurement rates effective November 1, 2005.<sup>1</sup> Noncore customers were responsible for obtaining their own interstate

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<sup>1</sup> Interstate capacity costs were removed from transportation rates pursuant to Advice No. (AL) 3531 (Transwestern) and AL 3644 (El Paso) effective November 1, 2005 and September 1, 2006, respectively. AL 3528 revised SoCalGas' Schedule No. G-CP, Gas Procurement for Core Customers, for recovering costs under the new Transwestern TSA first and later for costs under the El Paso TSA.

pipeline capacity to deliver their gas needs. As such, SoCalGas proposes that supplier refunds received in the future that are applicable to the period subsequent to the unbundling of interstate pipeline costs be directly credited to its PGA and amortized in core procurement rates in the month following the receipt of such funds. Listed below is a summary of supplier refunds that SoCalGas proposes to transfer from its supplier refund liability account to its PGA.

SoCalGas proposes to amortize supplier refunds received to date in core procurement rates in the month following the date this advice letter is approved, provided there is sufficient time to include in SoCalGas' monthly core procurement rate advice letter filing; otherwise, the amortization of the supplier refunds will be included in gas procurement rates in the subsequent month.

For the supplier refunds associated with claims prior to 2004 that are associated with El Paso's revenue sharing and risk surcharge program, SoCalGas proposes to allocate these costs between core (64.75%) and noncore (35.25%) customers, consistent with the allocation percentages for the supplier refund adopted in SoCalGas' recent BCAP decision and transfer the respective amounts from the supplier refund liability account to the CFCA and NFCA, respectively. The disposition of these supplier refunds will be amortized in *transportation* rates in connection with SoCalGas' consolidated rate update filing for rates effective in January 1, 2011.

Pipeline Company	Refund	Impacted Period	Cash Received	Proposed Disposition	Comments
Kern River Gas Transmission Company	1,110,973.89	Apr 2008 - Feb 2010	pending	PGA	2004 General Rate Case : Oxy contract #7980 released to SoCalGas
Kern River Gas Transmission Company	589,364.61	Apr 2008 - Feb 2010	9-Apr-10	PGA	2004 General Rate Case : SoCalGas contract #1773
El Paso Natural Gas	2,863,724.00	Oct 2009 - May 2010	17-Sep-10	PGA	Over-collected EP Shrink (LUAF and fuel)
El Paso Natural Gas	2,836,855.34	Jan 2009 - Apr 2010	30-Aug-10	PGA	Shipper refund
El Paso Natural Gas	3,482,816.78	claims prior to Jan 2004	30-Aug-10	CFCA (64.75%); NFCA (35.25%)	Enron bankruptcy estate proceeds
El Paso Natural Gas	98,535.05	Oct 2009 - Dec 2009	30-Aug-10	PGA	Cash-out revenue sharing
El Paso Natural Gas	396,000.00	Jan 2009 - Apr 2010	30-Apr-10	PGA	RP08-426 interim shipper refund
<b>Total</b>	<b>11,378,269.67</b>				

It should be noted that the revenue requirement herein does not include other revenue requirement adjustments authorized or expected to be authorized by the Commission, for implementation in transportation rates effective January 1, 2011. SoCalGas will file an advice letter consolidating all Commission-authorized changes in its revenue requirement, and the related changes to its transportation rates, at least three days prior to the January 1, 2011 effective date of such rates.

Attachment C in this filing shows an Annual Gas Transportation Revenue table summarizing the revenue requirement changes at present and proposed rates, including system integration and Sempra-wide adjustments associated with this change filed herein.

**Revenue Requirement Impact by Class of Service**

<u>Class of Service</u>	<u>Applicable Rate Schedules</u>	<u>Net M\$ Increase/(Decrease)</u>
Core	GR, GS, GM, GO-AC, G-NGVR, GL, G-10, G-AC, G-EN, G-NGV	\$(2,258)
Noncore	GT-F, GT-I, GT-TLS	\$(909)
Wholesale & International	GT-TLS	\$(340)
Unbundled Storage	G-BSS, G-LTS, G-AUC, G-TBS	\$0
TOTAL		<u>\$(3,507)</u>

**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 received within 20 days of the date this advice letter was filed with the Commission which is November 17, 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](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([jni@cpuc.ca.gov](mailto:jni@cpuc.ca.gov)) of the Energy Division. A copy of the protest shall 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 that this filing 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 that this filing be approved on November 27, 2010, which is 30 days after the date filed, for implementation and inclusion in establishing future core monthly procurement rates and transportation rates effective January 1, 2011.

**Notice**

A copy of this advice letter is being sent to all parties listed on Attachment A, which includes the interested parties in SoCalGas' BCAP Application (A.) 08-02-001.

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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) #: 4160

Subject of AL: Disposition of Supplier Refunds

Keywords (choose from CPUC listing): Refunds; Balancing Account

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

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

D.09-11-006; D.04-09-022

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: 11/27/10

No. of tariff sheets: 3

Estimated system annual revenue effect (%): -0.2%

Estimated system average rate effect (%): -0.2%

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, Balancing Account; TOC

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. 4160**

**(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

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  
Galen Dunham  
gsd@cpuc.ca.gov

CPUC - DRA  
R. Mark Pocta  
rmp@cpuc.ca.gov

CPUC - DRA  
Jacqueline Greig  
jnm@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 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  
Blake Lazusso  
blasuzzo@commerceenergy.com

Commerce Energy  
Catherine Sullivan  
csullivan@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

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

Dynergy  
Mark Mickelson  
Mark.Mickelson@dynergy.com

Dynergy - West Generation  
Joseph M. Paul  
Joe.Paul@dynergy.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

Iberdrola Renewables Energy Services  
Julie Morris  
Julie.Morris@iberdrolaren.com

Imperial Irrigation District  
K. S. Noller  
P. O. Box 937  
Imperial, CA 92251

JBS Energy  
Jeff Nahigian  
jeff@jbsenergy.com

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 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

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

RRI Energy  
John Rohrbach  
JRohrbach@rrienergy.com

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

SCE  
Karyn Gansecki  
karyn.gansecki@sce.com

Safeway, Inc  
Cathy Ikeuchi  
cathy.ikeuchi@safeway.com

Sierra Pacific Company  
Christopher A. Hilien  
chilen@sppc.com

Southern California Edison Co  
Fileroom Supervisor  
2244 Walnut Grove Av, 290, GO1  
Rosemead, CA 91770

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

**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@SempraUtilities.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, LLP**  
**JOHN W. LESLIE, ESQ.**  
 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@SempraUtilities.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@Sempraglobal.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. 4160

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 46487-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PURCHASED GAS ACCOUNT (PGA), Sheet 1	Revised 45754-G
Revised 46488-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, PURCHASED GAS ACCOUNT (PGA), Sheet 2	Revised 45755-G
Revised 46489-G	TABLE OF CONTENTS	Revised 46486-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. A credit entry for supplier refunds received that are associated with interstate capacity costs previously recovered through core procurement rates pursuant to D.04-09-022.
4. An entry equal to amortization of the forecasted PGA balance, excluding the allowance for F&U.
5. A credit entry equal to the brokerage fee charged to core customers less the allowance for F&U.
6. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
7. 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.

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(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4160  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Oct 28, 2010  
 EFFECTIVE Jan 1, 2011  
 RESOLUTION NO. \_\_\_\_\_

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

Sheet 2

(Continued)

- 8. A credit entry equal to the settlement proceeds associated with the Sempra Settlement (Pipeline Cases) and the Price Indexing Cases Settlement pursuant to D.10-01-024. The settlement proceeds received shall be reduced by the amount allocable to core subscription, CAT customers and SDG&E's noncore procurement customers
- 9. 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.
- 10. 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.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4160  
 DECISION NO.

ISSUED BY

**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Oct 28, 2010  
 EFFECTIVE Jan 1, 2011  
 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.

<u>GENERAL</u>	<u>Cal. P.U.C. Sheet No.</u>
Title Page .....	40864-G
Table of Contents--General and Preliminary Statement .....	46489-G,46224-G,46339-G
Table of Contents--Service Area Maps and Descriptions .....	41970-G
Table of Contents--Rate Schedules .....	46480-G, 46485-G,46460-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 .....	46345-G,46273-G
Table of Contents--Sample Forms .....	46083-G,45414-G,45144-G,46386-G,45145-G

PRELIMINARY STATEMENT

Part I General Service Information .....	45597-G,24332-G,24333-G,24334-G,24749-G
Part II Summary of Rates and Charges .....	46464-G,46465-G,46466-G,46427-G,46428-G,46483-G 46430-G,46431-G,46432-G,46433-G,46434-G,46435-G,46436-G,46437-G
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Part IV Income Tax Component of Contributions and Advances .....	46462-G,24354-G
Part V Balancing Accounts	
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Gas Cost Rewards and Penalties Account (GCRPA) .....	40881-G
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(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4160  
 DECISION NO.

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Oct 28, 2010  
 EFFECTIVE Jan 1, 2011  
 RESOLUTION NO. \_\_\_\_\_



**ATTACHMENT C**

**Advice No. 4160**

**TABLE 1**  
**Natural Gas Transportation Rate Revenues**  
**Southern California Gas Company**  
**2009 BIENNIAL COST ALLOCATION PROCEEDING**

	Present Rates			Proposed Rates			Changes		
	2/1/2010 Volumes Mth	2/1/2010 Rate \$/therm	2/1/2010 Revenues \$000's	Proposed Volumes Mth	Proposed Rate \$/therm	Proposed Revenues \$000's	Revenue Change \$000's	Rate Change \$/therm	% Rate change %
	A	B	C	D	E	F	G	H	I
1 <u>CORE</u>									
2 Residential	2,483,989	\$0.50882	\$1,263,906	2,483,989	\$0.50819	\$1,262,345	(\$1,561)	(\$0.00063)	-0.1%
3 Commercial & Industrial	970,519	\$0.30605	\$297,023	970,519	\$0.30541	\$296,408	(\$615)	(\$0.00063)	-0.2%
4									
5 NGV - Pre SempraWide (1)	117,231	\$0.07934	\$9,302	117,231	\$0.07871	\$9,227	(\$75)	(\$0.00064)	-0.8%
6 SempraWide Adjustment	117,231	\$0.00323	\$379	117,231	\$0.00328	\$385	\$6	\$0.00005	1.5%
7 NGV - Post SempraWide (1)	117,231	\$0.08258	\$9,680	117,231	\$0.08199	\$9,611	(\$69)	(\$0.00059)	-0.7%
8									
9 Gas A/C	1,210	\$0.07200	\$87	1,210	\$0.07136	\$86	(\$1)	(\$0.00064)	-0.9%
10 Gas Engine	18,080	\$0.09197	\$1,663	18,080	\$0.09133	\$1,651	(\$12)	(\$0.00064)	-0.7%
11 Total Core	3,591,030	\$0.43786	\$1,572,360	3,591,030	\$0.43723	\$1,570,102	(\$2,258)	(\$0.00063)	-0.1%
12									
13 <u>NONCORE COMMERCIAL &amp; INDUSTRIAL</u>									
14 Distribution Level Service	982,465	\$0.06822	\$67,028	982,465	\$0.06801	\$66,820	(\$208)	(\$0.00021)	-0.3%
15 Transmission Level Service (2)	457,697	\$0.02206	\$10,096	457,697	\$0.02185	\$9,999	(\$98)	(\$0.00021)	-1.0%
16 Total Noncore C&I	1,440,163	\$0.05355	\$77,124	1,440,163	\$0.05334	\$76,819	(\$306)	(\$0.00021)	-0.4%
17									
18 <u>NONCORE ELECTRIC GENERATION</u>									
19 Distribution Level Service									
20 Pre Sempra Wide	353,995	\$0.03329	\$11,785	353,995	\$0.03308	\$11,709	(\$75)	(\$0.00021)	-0.6%
21 Sempra Wide Adjustment	353,995	\$0.00067	\$239	353,995	\$0.00067	\$238	(\$1)	(\$0.00000)	-0.3%
22 Post Sempra Wide	353,995	\$0.03396	\$12,023	353,995	\$0.03375	\$11,947	(\$76)	(\$0.00021)	-0.6%
23 Transmission Level Service (2)	2,472,969	\$0.02206	\$54,551	2,472,969	\$0.02185	\$54,023	(\$528)	(\$0.00021)	-1.0%
24 Total Electric Generation	2,826,964	\$0.02355	\$66,574	2,826,964	\$0.02334	\$65,970	(\$604)	(\$0.00021)	-0.9%
25									
26 TOTAL RETAIL NONCORE	4,267,127	\$0.03368	\$143,698	4,267,127	\$0.03346	\$142,789	(\$909)	(\$0.00021)	-0.6%
27									
28 <u>WHOLESALE &amp; INTERNATIONAL</u>									
29 Wholesale Long Beach (2)	117,093	\$0.02206	\$2,583	117,093	\$0.02185	\$2,558	(\$25)	(\$0.00021)	-1.0%
30 SDGE Wholesale	1,230,285	\$0.00574	\$7,063	1,230,285	\$0.00553	\$6,802	(\$261)	(\$0.00021)	-3.7%
31 Wholesale SWG (2)	81,737	\$0.02206	\$1,803	81,737	\$0.02185	\$1,786	(\$17)	(\$0.00021)	-1.0%
32 Wholesale Vernon (2)	116,135	\$0.02206	\$2,562	116,135	\$0.02185	\$2,537	(\$25)	(\$0.00021)	-1.0%
33 International (2)	53,990	\$0.02206	\$1,191	53,990	\$0.02185	\$1,179	(\$12)	(\$0.00021)	-1.0%
34 Total Wholesale & International	1,599,240	\$0.00951	\$15,202	1,599,240	\$0.00929	\$14,862	(\$340)	(\$0.00021)	-2.2%
35									
36 TOTAL NONCORE	5,866,366	\$0.02709	\$158,900	5,866,366	\$0.02687	\$157,651	(\$1,249)	(\$0.00021)	-0.8%
37									
38 Unbundled Storage			\$25,615			\$25,615	\$0		
39									
40 Total (excluding FAR)	9,457,396	\$0.18577	\$1,756,875	9,457,396	\$0.18540	\$1,753,368	(\$3,507)	(\$0.00037)	-0.2%
41									
42 FAR Amount (3)	2,866	\$0.04284	\$44,819	2,866	\$0.04284	\$44,819	\$0	\$0.00000	0.0%
43 SYSTEM TOTALw/SI,FAR,ILS,SW	9,457,396	\$0.19051	\$1,801,694	9,457,396	\$0.19014	\$1,798,187	(\$3,507)	(\$0.00037)	-0.2%
44									
45 EOR Revenues	156,187	\$0.02822	\$4,408	156,187	\$0.02801	\$4,375			
46 Total Throughput w/EOR Mth/yr	9,613,583			9,613,583					

- 1) Under present rates, NGV is not directly allocated costs and is not calculated on Sempra-Wide basis. Amounts for NGV under present rates are not included in total.
- 2) These proposed costs and rates for Transmission Level Service customers represents the average transmission rate.
- 3) FAR charge is proposed as a separate rate. Core will pay through procurement rate, noncore as a separate charge.
- 4) Composite rate changed in 2009BCAP to include gas costs.

Whole Sale & International (excl SDGE)	368,955	\$0.02206	\$8,139	368,955	\$0.02185	\$8,060	(\$79)	(\$0.00021)	-1.0%
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