

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 16, 2010

Advice Letter 4167

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

**Subject: Revision of the California Solar Initiative Thermal Program
Memorandum Account (CSITPMA)**

Dear Ms. Prince:

Advice Letter 4167 is effective November 12, 2010.

Sincerely,

A handwritten signature in blue ink that reads "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

November 12, 2010

Advice No. 4167
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revision of the California Solar Initiative Thermal Program Memorandum Account (CSITPMA)

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

Purpose

In compliance with Ordering Paragraph (OP) 16 of Decision (D.) 10-01-022 and Public Utilities (PU) Code Section 2863(b)(4), this filing revises the CSITPMA to clarify customer exemptions in the funding for the California Solar Initiative (CSI) Thermal program.

Background

In D.10-01-022, the Commission established the CSI Thermal program to promote the installation of Solar Water Heating systems in the territories of the four major California utilities.¹ The CSI Thermal program is effective January 21, 2010, the date of the decision, through December 31, 2017.

Pursuant to D.10-01-022, on April 16, 2010, SoCalGas filed Advice No. (AL) 4102, approved August 20, 2010 and effective January 21, 2010, to establish the CSITPMA to record expenses related to CSI Thermal program. Consistent with OP 16, SoCalGas requested that on January 1 of each year beginning in January 2011, SoCalGas will recover the CSITPMA balance in transportation rates in connection with its annual October regulatory account balance update filing. The balance in the CSITPMA will be amortized in transportation rates on an Equal Cents Per Therm (ECPT) basis from all customers excluding customers who participate in the California Alternate Rates for Energy (CARE) program and any customers who are currently exempt from funding the Self-Generation Incentive Program (SGIP).

¹ Four major California utilities are Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and SoCalGas.

However, neither D.10-01-022 nor AL 4102 specifically addressed the following requirement of PU Code Section 2863(b)(4):

“Any surcharge imposed to fund the CSI Thermal program designed and implemented pursuant to this article shall not be imposed upon the portion of any gas customer’s procurement of natural gas that is used or employed for a purpose that Section 896 excludes from being categorized as the consumption of natural gas.”²

Therefore, in addition to customers who participate in the CARE program and any customers who are currently exempt from funding the SGIP, the following are also exempt from funding the CSI Thermal program: (1) electric generation, enhanced oil recovery, and wholesale service customers; and (2) consumption of natural gas which California is prohibited from taxing under the United States Constitution or the State of California Constitution.

SoCalGas is unable to implement changes to its billing system by year-end to properly exclude all exempt customers from being charged for the CSI Thermal program’s costs in rates effective January 1, 2011. Accordingly, in connection with SoCalGas’ annual regulatory account balance update filing, SoCalGas removed its projected CSITPMA year-end undercollected balance for recovery of these costs in 2011 rates.³ Once appropriate changes have been made to the billing system to properly exclude exempt customers from being charged these costs (which is anticipated to be complete by the 3rd quarter of 2011), SoCalGas will incorporate the CSITPMA 2010 year-end undercollected balance, including projected 2011 program costs, in rates effective January 1, 2012 in connection with its next regulatory account balance update filing.

Tariff Revisions

In order to comply with Section 2863(b)(4), SoCalGas proposes to revise the CSITPMA by adding the following language and footnote (emphasis added in bold):

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize in rates the projected year-end CSITPMA balance effective January 1 of the following year. The projected yearend balance will be allocated on an Equal Cents Per Therm (ECPT) basis to all gas customers excluding customers who participate in the California Alternate Rates for Energy program, customers who are currently exempt from funding the Self-Generation Incentive Program, **and customers exempt pursuant to the Public Utilities Code Section 2863(b)(4).**

Protests

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

² Section 896 states "Consumption means the use or employment of natural gas. Consumption does not include the use or employment of natural gas to generate power for sale, the sale or purchase of natural gas for resale to end users, the sale or use of gas for enhanced oil recovery, natural gas utilized in cogeneration technology projects to produce electricity, or natural gas that is produced in California and transported on a proprietary pipeline. Consumption does not include the consumption of natural gas which this state is prohibited from taxing under the United States Constitution or the California Constitution."

³ SoCalGas AL 4156-A filed on October 29, 2010.

days of the date of this Advice Letter, which is December 2. 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 1 (effective pending disposition) pursuant to G 96-B. SoCalGas respectfully requests that this filing be approved and made effective on January 21, 2010, the date of D.10-01-022.

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 R.08-03-008.

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) #: 4167

Subject of AL: Revision of the California Solar Initiative Thermal Program Memorandum Account (CSITPMA)

Keywords (choose from CPUC listing): Memorandum Account

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.10-01-022

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 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: 1/21/10

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: Preliminary Statement - Part VI and TOC General

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. 4167

(See Attached Service List)

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

BIOENERGY SOLUTIONS, LLC
 DAVID ALBERS
 dalbers@americandairyparks.com

ZEROPEX A.S.
 SVEN L. ANDEN
 sa@zeropex.com

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

CALIFORNIA ENERGY COMMISSION
 PANAMA BARTHOLOMY
 pbarthol@energy.state.ca.us

CALIFORNIA ENERGY COMMISSION
 ROD BAYBAYAN
 rbaybayan@energy.state.ca.us

SUNPOWER CORPORATION
 JULIE BLUNDEN
 julie.blunden@sunpowercorp.com

BROBECK SOLAR ENERGY LLC
 BILL BROBECK
 bill@brobecksolarenergy.com

UTC POWER CORPORATION
 MICHAEL O. BROWN
 Michael.Brown@utcpower.com

A WORLD INSTITUTE FOR
 SUSTAINABLE HUMANI
 SUSAN E. BROWN
 sebesq@comcast.net

THE VOTE SOLAR INITIATIVE
 ADAM BROWNING
 abrowning@votesolar.org

CALIF PUBLIC UTILITIES COMMISSION
 Werner M. Blumer
 wmb@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Melicia Charles
 mvc@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Laurence Chaset
 lau@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Jeanne Clinton
 clin@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Michael Colvin
 mc3@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Joe Como
 joc@cpuc.ca.gov

GOODIN MACBRIDE SQUERI DAY &
 LAMPREY LLP
 MICHAEL B. DAY
 mday@goodinmacbride.com

DEBENHAM ENERGY LLC
 SCOTT DEBENHAM
 scott@debenhamenergy.com

PVT SOLAR, INC.,
 KAREN DZIENKOWSKI
 kdzienkowski@pvtsolar.com

CALIF PUBLIC UTILITIES COMMISSION
 Dorothy Duda
 dot@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Mona Dzvova
 mdd@cpuc.ca.gov

CALIFORNIA ENERGY COMMISSION
 DEVORAH EDEN
 deden@energy.state.ca.us

EMERSON ENVIRONMENTAL, LLC
 SUZANNE H. EMERSON
 susanne@emersonenvironmental.com

CALIF PUBLIC UTILITIES COMMISSION
 Maryam Ebke
 meb@cpuc.ca.gov

KEYES & FOX LLP
 KEVIN T. FOX
 kfox@keyesandfox.com

CALIF PUBLIC UTILITIES COMMISSION
 Julie A. Fitch
 jf2@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Damon A. Franz
 df1@cpuc.ca.gov

LATINO ISSUES FORUM
 ENRIQUE GALLARDO
 1918 UNIVERSITY AVENUE, STE. 3D
 BERKELEY, CA 94704-1051

ELLISON SCHNEIDER & HARRIS LLP
 JEDEDIAH J. GIBSON
 jjg@eslawfirm.com

SOUTHERN CALIFORNIA EDISON
 COMPANY
 ANNETTE GILLIAM
 annette.gilliam@sce.com

S.O.L.I.D. USA, INC.
 LORI A. GLOVER
 lglover@solidsolar.com

SUSTAINABLE SPACES, INC.
 MATT GOLDEN
 matt@sustainablespace.com

NATIONAL ENERGY SOLUTIONS, LLC
 EDRIC F. GUISE
 EGuise@NationalEnergySolutionsLLC.com

ENVIRONMENTAL POWER CORP.
DENNIS HAINES
haines@westnet.com

LAW OFFICES OF STEPHAN C.
VOLKER
JOSHUA HARRIS
jharris@volkerlaw.com

ELLISON, SCHNEIDER & HARRIS,
L.L.P.
LYNN M. HAUG
lmh@eslawfirm.com

THE UTILITY REFORM NETWORK
MARCEL HAWIGER
marcel@turn.org

TAS
GARY HILBERG
ghilberg@tas.com

PILLSBURY WINTHROP SHAW
PITTMAN LLP
MICHAEL S. HINDUS
michael.hindus@pillsburylaw.com

ASSOCIATION OF CALIFORNIA
COMMUNITY
JAMES L. HODGES
hodgesjl@surewest.net

MORGAN STANLEY CAPITAL GROUP
INC.
STEVEN HUHMAN
steven.huhman@morganstanley.com

HUNT CONSULTING
TAM HUNT
tam.hunt@gmail.com

CALIF PUBLIC UTILITIES COMMISSION
Karin M. Hieta
kar@cpuc.ca.gov

CALIFORNIA ENERGY COMMISSION
MELISSA JONES
1516 9TH STREET, MS-39
SACRAMENTO, CA 95814

WINSTON & STRAWN LLP
JOE KARP
jkarp@winston.com

CALIF. SOLAR ENERGY INDUSTRIES
ASSN.
SUE KATELEY
info@calseia.org

CAL. BLDG. PERFORMANCE
CONTRATORS ASSN.
ROBERT L. KNIGHT
rknight@bki.com

PYRAMID SOLAR INC.
MATTHEW KOBER
mkober@pyramidsolar.com

MICHAEL KYES
michaelkyes@sbcglobal.net

DAVIS ENERGY GROUP
ERIC LEE
elee@davisenergy.com

HARPIRIS ENERGY, LLC
ERIC LEE
eric@harpiris.com

WASTE HEAT SOLUTIONS
HANK M. LEIBOWITZ
hank@wasteheatsol.com

DOUGLASS & LIDDELL
DONALD C. LIDDELL
liddell@energyattorney.com

PACIFIC GAS AND ELECTRIC
COMPANY
RANDALL J. LITTENEKER
rjl9@pge.com

CALIF PUBLIC UTILITIES COMMISSION
Robert Levin
rl4@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
James Loewen
loe@cpuc.ca.gov

GRID ALTERNATIVES
ERICA MACKIE, P.E.
emackie@gridalternatives.org

TECOGEN INC. - WESTERN OFFICE
WILLIAM R. MARTINI
william.martini@tecogen.com

SOPOGY, INC
JIM MASKREY
jmaskrey@sopogy.com

BIOFUELS ENERGY LLC
FRANK J. MAZANEC
fmazanec@biofuelsenergyllc.com

CALIFORNIA CENTER FOR
SUSTAINABLE ENERGY
ANDREW MCALLISTER
andrew.mcallister@energycenter.org

CALIFORNIA ENERGY COMMISSION
SANDY MILLER
smiller@energy.state.ca.us

SOUTHERN CALIFORNIA EDISON
COMPANY
MICHAEL D. MONTOYA
mike.montoya@sce.com

GREEN POWER INSTITUTE
GREGG MORRIS
 gmorris@emf.net

CITY & COUNTY OF SAN FRANCISCO
STEPHEN A. S. MORRISON
 CITY HALL, SUITE 234
 1 DR CARLTON B. GOODLET PLACE
 SAN FRANCISCO, CA 94102-4682

CLEAN POWER SYSTEMS
KIRK MULLIGAN
 kirk@NoElectricBill.com

SARA STECK MYERS
 ssmyers@att.net

CALIF PUBLIC UTILITIES COMMISSION
 Candace Morey
 cjm@cpuc.ca.gov

CALIFORNIA ENERGY COMMISSION
PAYAM NARVAND
 pnarvand@energy.state.ca.us

CALIFORNIA ENERGY COMMISSION
FARAKH NASIM
 fnasim@energy.state.ca.us

SAN DIEGO GAS AND ELECTRIC COMPANY
STEVEN D. PATRICK
 SDPatrick@SempraUtilities.com

SUNFUND CORPORATION
JANIS PEPPER
 pepper@sunfundcorp.com

PROCTOR ENGINEERING GROUP
JOHN PROCTOR
 john@proctoreng.com

CALIF PUBLIC UTILITIES COMMISSION
 Karen P. Paull
 kpp@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Lisa Paulo
 lp1@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 David Peck
 dbp@cpuc.ca.gov

CAPSTONE TURBINE CORPORATION
JUSTIN RATHKE
 jrathke@capstoneturbine.com

ENERGY EFFICIENCY SOLAR
LISA ROSEN
 lrosen@eesolar.com

CALIF PUBLIC UTILITIES COMMISSION
 Amy Reardon
 arr@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Neal Reardon
 nmr@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Thomas Roberts
 tcr@cpuc.ca.gov

ALCANTAR & KAHL, LLP
NORA SHERIFF
 nes@a-klaw.com

JAS ENERGIES
JULIA A. SOUDER
 julia@jasenergies.com

LOCAL GOVERNMENT COMMISSION
G. PATRICK STONER
 pstoner@lgc.org

ECOPLEXUS LLC
ERIK STUEBE
 Eriks@ecoplexus.com

CALIF PUBLIC UTILITIES COMMISSION
 Andrew Schwartz
 as2@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Melissa Semcer
 unc@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Anne E. Simon
 aes@cpuc.ca.gov

CALIF PUBLIC UTILITIES COMMISSION
 Merideth Sterkel
 mts@cpuc.ca.gov

SANYO NORTH AMERICA CORPORATION
SHIN TANIMOTO
 stanimoto@sna.sanyo.com

ABENGOA SOLAR IST
PETER THOMPSON
 peter.thompson@solar.abengoa.com

DAY CARTER & MURPHY LLP
ANN L. TROWBRIDGE
 atrowbridge@daycartermurphy.com

CALIFORNIA ENERGY COMMISSION
DAVID VIDAVER
 dvidaver@energy.state.ca.us

ATTACHMENT B
Advice No. 4167

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 46549-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM, MEMORANDUM ACCOUNT (CSITPMA)	Original 45977-G
Revised 46550-G Revised 46551-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 46543-G Revised 46339-G

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
CALIFORNIA SOLAR INITIATIVE THERMAL PROGRAM
MEMORANDUM ACCOUNT (CSITPMA)

1. Purpose

The CSITPMA is an interest-bearing memorandum account recorded on SoCalGas' financial statements. The purpose of the CSITPMA is to record expenses associated with the CSI Thermal program pursuant to Commission Decision (D.) 10-01-022. In compliance with Assembly Bill 1470, the Commission established the CSI Thermal program to provide incentives to promote the installation of solar water heating systems in homes and businesses that displace the use of natural gas. The CSI Thermal program is effective January 21, 2010 through December 31, 2017.

2. Applicability

This account shall apply to all gas customers except those specifically excluded by the Commission.

3. Rates

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

4. Accounting Procedures

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

- a) A debit entry equal to the recorded expenses for incentive payments to customers or contractors for services rendered associated with the CSI Thermal program;
- b) A debit entry equal to the recorded expenses for Marketing and Outreach including training, consumer education, and other market facilitation costs associated with the CSI Thermal program;
- c) A debit entry equal to the recorded expenses for program Administration including application/incentive processing, general administration, and other costs associated with the CSI Thermal program;
- d) A credit entry equal to the recorded revenues from amortizing the previous year's balance; and
- e) 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.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize in rates the projected year-end CSITPMA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis to all gas customers excluding customers who participate in the California Alternate Rates for Energy program, customers who are currently exempt from funding the Self-Generation Incentive Program, and customers exempt pursuant to the Public Utilities Code Section 2863(b)(4).

N
N

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4167
 DECISION NO. 10-01-022

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Nov 12, 2010
 EFFECTIVE Nov 12, 2010
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