

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 1, 2011

Advice Letter 4182

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

**Subject: Update of Schedule No. G-MSUR: Transported Gas Municipal
Surcharge Pursuant to Resolution G-3452**

Dear Ms. Prince:

Advice Letter 4182 is effective January 12, 2011.

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
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RPrince@semprautilities.com

December 13, 2010

Advice No. 4182
(U 904 G)

Public Utilities Commission of the State of California

Subject: Update of Schedule No. G-MSUR: Transported Gas Municipal Surcharge Pursuant to Resolution G-3452

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

Purpose

The purpose of this filing is to update SoCalGas' Schedule No. G-MSUR, Transported Gas Municipal surcharge pursuant to Resolution G-3452.

Background

In 1937, the California State Legislature passed "The Franchise Act of 1937" (the Act). Among other subjects, the Act established a formula whereby a utility would pay a fee to a general law city or general law county (hereinafter collectively referred to as "municipality") for the use of the streets and right-of-way in its jurisdiction.

The State Legislature attempted to establish what it believed was a fair and adequate compensation level for the use of the public right of way for general law municipalities. The Act sets out that, for gas franchises, municipalities will be compensated through a formula whereby they will receive two percent (2%) of gross annual receipts derived from the use, operation or possession of the franchise (also known as the Broughton Act formula), or a minimum of one percent (1%) of gross annual receipts from the sale, transmission, or distribution of gas within the limits of the municipality (otherwise known as the "2%/1%" formula). The 2%/1% formula or the Broughton Act formula is the only option provided to general law municipalities. Charter cities and counties are not limited to this formula by statutory law.

On May 3, 2010, the City of Huntington Beach officials and SoCalGas signed a new franchise agreement to replace the old franchise agreement that expired. In negotiations for the new franchise agreement, City officials proposed to retain the 2%/2% fee from the expiring franchise that had been held by SoCalGas that was higher than the statutory

2%/1% formula under the Act. SoCalGas and the City have agreed to continue the 2%/2% formula in the new franchise agreement once the Commission adopts an additional surcharge. City officials argued that, because it is a charter city, it should be able to retain its 2%/2% formula.

On May 17, 2010, the City passed Ordinance 3880 which officially adopted the new agreement. Pursuant to Section 3(a)2 of the agreement, the additional franchise fee surcharge is effective as of the first day of the quarter immediately following receipt of approval by the Commission.

On July 7, 2010, SoCalGas filed Advice No. 4134 requesting Commission approval to add a 1% surcharge on the bills of customers in the City of Huntington Beach which was approved by Resolution G-3452 on December 2, 2010. Pursuant to the new agreement as approved by Resolution G-3452, the effective date of the franchise fee surcharge is January 1, 2011.

Requested Revision to Schedule G-MSUR

Schedule No. G-MSUR sets forth the methodology by which the municipal surcharge is calculated pursuant to Chapter 2.5 of Division 3 (sections 6350, et al.) of the Public Utilities Code as enacted by Senate Bill 278/Beverly (municipal Surcharge Law), to be applied to all transportation volumes of gas on the Utility system to customers outside the City of Los Angeles, except for those listed under Special Condition No. 1, and to transportation volumes of gas delivered to customers within the City of Los Angeles pursuant to Section 6.1 of Los Angeles City Ordinance No. 168164. Pursuant to Public Utilities Code section 6353(d), the applicable municipal surcharge percentage is the sum of the franchise fee factor (currently 1.4620%) plus any franchise fee surcharge authorized for the energy transporter as approved by the Commission. Therefore, the municipal surcharge percentage applicable to customers within the City of Huntington Beach is increased by the 1% franchise fee surcharge approved by the Commission by Resolution G-3452 resulting in a total municipal surcharge percentage of 2.4620%. The Surcharge Percentages and footnote have been updated in the Rates section of Schedule No. G-MSUR to reflect the applicable municipal surcharge percentage for City of Huntington Beach customers.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter, which is January xx, 2011. 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 (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this advice letter be approved on January 12, 2011, for rates to become effective January 1, 2011, which is the effective date of the franchise fee surcharge in the agreement with the City of Huntington Beach approved by the Commission in Resolution G-3452. To comply with Public Utilities Code Section 6353(d), the municipal surcharge rate increase for Huntington Beach customers must be effective on the same date as the new franchise fee surcharge.

Notice

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

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) #: 4182

Subject of AL: Update of Schedule G-MSUR as a consequence of Res. G. 3452

Keywords (choose from CPUC listing): Franchise Fee/User Tax

AL filing type: Monthly Quarterly Annual One-Time Other

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

G-3452

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: 1/12/11

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: G-MSUR and 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. 4182

(See Attached Service List)

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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 J. H. Patrick hpatrick@gmssr.com
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ATTACHMENT B
Advice No. 4182

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 46682-G	Schedule No. G-MSUR, TRANSPORTED GAS MUNICIPAL SURCHARGE, Sheet 1	Revised 43777-G
Revised 46683-G	TABLE OF CONTENTS	Revised 46460-G
Revised 46684-G	TABLE OF CONTENTS	Revised 46676-G

PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 10

(Continued)

TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

<u>Schedule G-PPPS</u>	<u>Tax Surcharge</u>	
	<u>For all service, per meter, per month</u>	
<u>Customer Class</u>	<u>CARE Customer</u>	<u>Non-CARE Customer</u>
	<u>(¢/therm)</u>	<u>(¢/therm)</u>
Core		
Residential	4.611	7.687
Commercial/Industrial	3.734	6.809
Gas Air Conditioning	4.118	7.194
Gas Engine	N/A	6.781
Natural Gas Vehicle	N/A	3.076
Noncore		
Commercial/Industrial	N/A	3.476

SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

Schedule G-SRF

Surcharge, per therm 0.068¢

TRANSPORTED GAS MUNICIPAL SURCHARGE

Schedule G-MSUR

Outside the City of Los Angeles 1.4620%
 Within the Cities of San Buenaventura (Ventura) and Huntington Beach ... 2.4620%*
 Within the City of Los Angeles 2.0000%

* Includes 1% franchise fee surcharge for City of Ventura customers pursuant to D. 07-10-024 and for City of Huntington Beach customers pursuant to Resolution G-3452.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4182
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 13, 2010
 EFFECTIVE Jan 1, 2011
 RESOLUTION NO. G-3452

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Schedule No. G-MSUR
TRANSPORTED GAS MUNICIPAL SURCHARGE

Sheet 1

APPLICABILITY

Applicable pursuant to Chapter 2.5 of Division 3 (sections 6350, et al.) of the Public Utilities Code as enacted by Senate Bill 278/Beverly (municipal Surcharge Law), to all transportation volumes of gas on the Utility system to customers outside the City of Los Angeles, except for those listed under Special Condition No. 1, and to transportation volumes of gas delivered to customers within the City of Los Angeles pursuant to Section 6.1 of Los Angeles City Ordinance No. 168164.

TERRITORY

Applicable throughout the service territory.

RATES

Surcharge Percentage:

Outside the City of Los Angeles	1.4620%
Within the Cities of San Buenaventura (Ventura) and Huntington Beach .	2.4620%*
Within the City of Los Angeles	2.0000%

* Includes 1% franchise fee surcharge for City of Ventura customers pursuant to D. 07-10-024 and for City of Huntington Beach customers pursuant to Resolution G-3452.

The municipal surcharge is calculated as the product of the following:

- Applicable surcharge percentage,
- Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP,
- Imputed franchise fee factor of 98.5380% (to remove franchise fees included in rate G-CPA), and
- Terms of gas transported during the billing period.

SPECIAL CONDITIONS

1. The following customers located outside the City of Los Angeles are exempt from Schedule G-MSUR pursuant to the terms of SB 278:
 - a. The State of California or a political subdivision (county) thereof.
 - b. Interutility gas service, where gas is transported through the Utility service territory for consumption outside the Utility's service territory.

(Continued)

(TO BE INSERTED BY UTILITY)
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 Senior Vice President
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G-PAL	Operational Hub Services	45363-G,45364-G,45365-G

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4182
 DECISION NO.

348

ISSUED BY

Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Dec 13, 2010
 EFFECTIVE Jan 1, 2011
 RESOLUTION NO. G-3452

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.

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(Continued)

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