

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 13, 2011

Advice Letter 4217

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

Subject: Storage Adjustment Pursuant to BCAP Phase 1 D.08-12-020

Dear Ms. Prince:

Advice Letter 4217 is effective April 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

March 1, 2011

Advice No. 4217
(U 904 G)

Public Utilities Commission of the State of California

Subject: Storage Adjustment Pursuant to BCAP Phase 1 Decision (D.)08-12-020

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

Purpose

This filing seeks approval of the California Public Utilities Commission (Commission) to: 1) postpone an April 1, 2011 rate change to reflect changes in storage allocations pursuant to the 2009 BCAP D.08-12-020 until January 1, 2012, and 2) revise the Core Fixed Cost Account (CFCA) and Noncore Storage Balancing Account (NSBA) effective April 1, 2011.

Background

Pursuant to D.08-12-020, SoCalGas was authorized to adjust its overall storage inventory, core storage inventory and injection rights over a four-year period beginning in 2010. To avoid a minimal rate change on April 1, 2010, the rate change for the initial year's storage allocations were reflected in rates effective January 1, 2010 in connection with SoCalGas' consolidated advice letter filing. The January 2011 update, however, continued to assume total inventories of 133.1 Bcf, 80 Bcf of which belonged to the core. It also assumed 373.8 MMcfd of core injection rights. Pursuant to D.08-12-020, the core's storage in storage year 2011 is increased to 81 Bcf, out of a total system inventory of 134.1 Bcf, and there is a proportional increase in core's injection rights to 378.5 MMcfd.¹

In order to avoid a rate change involving miniscule rate impacts, SoCalGas proposes to reflect these new allocations in the next annual transportation rate change for rates effective January 1, 2012. In addition, to ensure that storage costs are allocated in a manner consistent with D.08-12-020, SoCalGas plans to record adjustments to its CFCA and NSBA in the interim period of April through December 2011. SoCalGas estimates the adjustment to be only about \$255,000 annually.

¹ Pursuant to D.08-12-020, Attachment A, paragraphs 5 and 7.

Requested Tariff Revisions**CFCA**

The CFCA is revised to include an adjustment for costs associated with increases in core storage inventory and corresponding storage injection rights consistent with D.08-12-020.

NSBA

The NSBA is revised to include an adjustment for costs associated with changes in storage inventory and injection rights allocated to SoCalGas' Unbundled Storage Program. These adjustments will be used in determining storage earnings subject to the NSBA sharing mechanism.

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	\$255
Noncore	GT-F, GT-I, GT-TLS	(\$6)
Wholesale and International	GT-TLS	(\$19)
Unbundled Storage	G-BSS, G-LTS, G-AUC, G-TBS	(\$230)
TOTAL		<u>\$0</u>

Included in this filing is Attachment C, Summary of Natural Gas Rate Transportation Revenues.

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 March 21, 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
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 (ijnj@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

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 it be made effective on or after April 1, 2011 which is more than 30 days after the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in the 2009 BCAP, A.08-02-001.

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) #: 4217

Subject of AL: Storage Adjustment Pursuant to BCAP Phase 1 D.08-12-020

Keywords (choose from CPUC listing): Storage

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.08-12-020

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: 4/1/11

No. of tariff sheets: 5

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: CFCA, NSBA and TOCs

Service affected and changes proposed¹: NA

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West 5th Street, GT14D6

Los Angeles, CA 90013-1011

SNewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4217

(See Attached Service Lists)

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

Alcantar & Kahl
Kari Harteloo
klc@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
Energy Rate Design & Econ.
505 Van Ness Ave., Rm. 4002
San Francisco, CA 94102

CPUC
Pearlie Sabino
pzs@cpuc.ca.gov

CPUC - DRA
R. Mark Pocta
rmp@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
Catherine Sullivan
csullivan@commerceenergy.com

Commerce Energy
Blake Lazusso
blasuzzo@commerceenergy.com

County of Los Angeles
Stephen Crouch
1100 N. Eastern Ave., Room 300
Los Angeles, CA 90063

Crossborder Energy
Tom Beach
tomb@crossborderenergy.com

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
judykau@dwt.com

Dept. of General Services
Celia Torres
celia.torres@dgs.ca.gov

Douglass & Liddell
Donald C. Liddell
liddell@energyattorney.com

Douglass & Liddell
Dan Douglass
douglass@energyattorney.com

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

Dynegy
Mark Mickelson
Mark.Mickelson@dynegy.com

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

Gas Transmission Northwest
Corporation
Bevin Hong
Bevin_Hong@transcanada.com

General Services Administration
Facilities Management (9PM-FT)
450 Golden Gate Ave.
San Francisco, CA 94102-3611

Genon
Greg Bockholt
Greg.Bockholt@Genon.com

Genon Energy, Inc.
Greg Bockholt
Greg.Bockholt@Genon.com

Goodin, MacBride, Squeri, Ritchie &
Day, LLP
James D. Squeri
jsqueri@gmsr.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
Nevenka Ubavich
nevenka.ubavich@ladwp.com

LADWP
Robert Pettinato
Robert.Pettinato@ladwp.com

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

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. 4217

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 46960-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 1	Revised 46677-G*
Revised 46961-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 2	Revised 46678-G*
Revised 46962-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE STORAGE BALANCING ACCOUNT (NSBA), Sheet 1	Revised 44191-G
Revised 46963-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE STORAGE BALANCING ACCOUNT (NSBA), Sheet 2	Original 44192-G
Revised 46964-G	TABLE OF CONTENTS	Revised 46959-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

1. Purpose

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin, (excluding the transmission revenue requirements and firm access rights (FAR) revenue requirement) and other non-gas costs as detailed below, including administrative costs and uncollectible deferred billings associated with the payment deferral plan pursuant to Resolution E-4065, funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168, and storage costs associated with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current rates, allocated to the core market with revenues intended to recover these costs. Pursuant to Resolution G-3452, the CFCA will be credited for the increased revenues from the 1% surcharge in franchise fees charged to core customers in the City of Huntington Beach until the system-wide franchise fee factor is updated in SoCalGas' next General Rate Case. Pursuant to Advice No. 3963, SoCalGas establishes a separate subaccount in the CFCA to track authorized funding by the CPUC and related funds actually used in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program.

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2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

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

4. Accounting Procedures

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

- a. A debit entry equal to one-twelfth of the authorized margin;
- b. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas;
- d. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks;
- e. A debit entry equal to incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan related to core customers;
- f. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program;
- g. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current transportation rates;

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4217
 DECISION NO. 08-12-020

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Mar 1, 2011
 EFFECTIVE Apr 1, 2011
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- h. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program, and other revenues that the Commission has directed SoCalGas to allocate to the core market;
- i. An entry to amortize the previous year's balance;
- j. A credit entry equal to the increased revenues from the 1% surcharge in franchise fees charged to core customers in the City of Huntington Beach; and
- k. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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

- a. A debit entry equal to actual funds provided to customers for paying their gas bills;
- b. A credit entry equal to funds to be used in providing customers with assistance in paying their gas bills; and
- c. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFCA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

For the GAF subaccount, the disposition of any unspent funds will be addressed in SoCalGas' next annual regulatory account update filing or other appropriate filing.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4217
 DECISION NO. 08-12-020

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Mar 1, 2011
 EFFECTIVE Apr 1, 2011
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE STORAGE BALANCING ACCOUNT (NSBA)

Sheet 1

1. Purpose

The NSBA is a balancing account. The purpose of this account is to balance the authorized embedded costs for unbundled storage service as authorized in SoCalGas' 2009 Biennial Cost Allocation Proceeding (BCAP) Phase 2 decision, revised for any subsequent changes adopted in each cost allocation proceeding during the term of the Settlement Agreement and the corresponding reservation revenues collected from customers who contract for storage service under the unbundled storage program, including any net revenues from any storage expansions undertaken during the settlement period that are allocated to the unbundled storage program. In addition, pursuant to the Settlement Agreement, the net revenues from hub services collected under SoCalGas' G-PAL (Operational Hub Services) tariff that was approved pursuant to D.07-12-019 are treated as unbundled storage revenues and subject to the sharing mechanism as described in the Accounting Procedures Section below.

2. Applicability

See Disposition Section.

3. Rates

The balance in the NSBA will be included in gas transportation rates upon Commission approval.

4. Accounting Procedures

The Utility shall maintain the NSBA by making entries at the end of the month as follows:

- a. A credit entry equal to 100% of the reservation and variable O&M charge revenues associated with the unbundled storage program and any net revenues from storage expansions undertaken during the settlement period that are allocated to the unbundled storage program, less the allowance for F&U on net revenue, as applicable;
- b. A credit entry equal to 100% of the net revenues from hub services provided under Schedule G-PAL less the allowance for F&U on net revenue, as applicable;
- c. A debit entry equal to one-twelfth of the authorized embedded costs allocated to unbundled storage service, less the allowance for F&U, as applicable;
- d. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current transportation rates and authorized storage margin as described in entry (c).

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(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4217
DECISION NO. 08-12-020

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Mar 1, 2011
EFFECTIVE Apr 1, 2011
RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE STORAGE BALANCING ACCOUNT (NSBA)

Sheet 2

(Continued)

- e. An entry to adjust for the shareholders' allocation of net revenues [i.e., entries (a) through (c)] from unbundled storage and hub services in accordance with sharing mechanism described below; T
- f. An entry equal to the amortization of the forecasted remaining balance less F&U; and T
- g. 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. T

5. Earnings Sharing Mechanism

The Settlement Agreement adopted in Decision 08-12-020 in Phase 1 of SoCalGas' 2009 BCAP provides a sharing mechanism between ratepayers and shareholders for the 2008 net revenues from the sales of unbundled storage and hub services and continues the sharing mechanism for the NSBA over a six-year period beginning on January 1, 2009. As such, the cumulative net revenues as recorded in entries (a) through (d) above will be allocated 90/10 for the first \$15 million, then 75/25 for the next \$15 million and 50/50 for net revenues above \$30 million between ratepayers and shareholders, respectively, subject to an annual shareholder earnings cap of \$20 million. T

6. Disposition

The balance of the NSBA shall be allocated in the Utility's cost allocation proceedings to all customers and incorporated in rates in connection with SoCalGas' Annual Regulatory Account Balance Update filing for rates effective January 1 of the following year.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4217
 DECISION NO. 08-12-020

2H10

ISSUED BY

Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Mar 1, 2011
 EFFECTIVE Apr 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	46959-G,45982-G,46758-G
Table of Contents--Service Area Maps and Descriptions	41970-G
Table of Contents--Rate Schedules	46953-G, 46954-G,46523-G
Table of Contents--List of Cities and Communities Served	46820-G
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Table of Contents--Rules	46716-G, 46412-G
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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4217
 DECISION NO. 08-12-020

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Mar 1, 2011
 EFFECTIVE Apr 1, 2011
 RESOLUTION NO. _____

ATTACHMENT C

Advice No. 4217

Summary of Natural Gas Rate Transportation Revenues

TABLE 1
Natural Gas Transportation Rate Revenues
Southern California Gas Company
January 2011 Rates

2011 SCG RD Model v1-1-11

	Present Rates			Proposed Rates			Changes		
	1/1/2011	Average	1/1/2011	Jan-1-11	Proposed	Jan-1-11	Revenue	Rate	% Rate
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	Change	Change	change
	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's	\$000's	\$/therm	%
	A	B	C	D	E	F	G	H	I
CORE									
Residential	2,483,989	\$0.53611	\$1,331,703	2,483,989	\$0.53620	\$1,331,917	\$213	\$0.00009	0.0%
Commercial & Industrial	970,519	\$0.31532	\$306,021	970,519	\$0.31536	\$306,062	\$42	\$0.00004	0.0%
NGV - Pre SempraWide	117,231	\$0.09109	\$10,678	117,231	\$0.09108	\$10,678	(\$0)	(\$0.00000)	0.0%
SempraWide Adjustment	117,231	(\$0.00215)	(\$252)	117,231	(\$0.00215)	(\$252)	(\$0)	(\$0.00000)	0.0%
NGV - Post SempraWide	117,231	\$0.08894	\$10,426	117,231	\$0.08894	\$10,426	(\$0)	(\$0.00000)	0.0%
Gas A/C	1,210	\$0.08353	\$101	1,210	\$0.08353	\$101	(\$0)	(\$0.00000)	0.0%
Gas Engine	18,080	\$0.10407	\$1,882	18,080	\$0.10407	\$1,882	(\$0)	(\$0.00000)	0.0%
Total Core	3,591,030	\$0.45952	\$1,650,133	3,591,030	\$0.45959	\$1,650,388	\$255	\$0.00007	0.0%
NONCORE COMMERCIAL & INDUSTRIAL									
Distribution Level Service	982,465	\$0.07408	\$72,776	982,465	\$0.07407	\$72,775	(\$1)	(\$0.00000)	0.0%
Transmission Level Service (2)	457,697	\$0.02517	\$11,520	457,697	\$0.02517	\$11,520	(\$1)	(\$0.00000)	0.0%
Total Noncore C&I	1,440,163	\$0.05853	\$84,297	1,440,163	\$0.05853	\$84,295	(\$2)	(\$0.00000)	0.0%
NONCORE ELECTRIC GENERATION									
Distribution Level Service									
Pre Sempra Wide	353,995	\$0.03674	\$13,006	353,995	\$0.03674	\$13,005	(\$0)	(\$0.00000)	0.0%
Sempra Wide Adjustment	353,995	\$0.00200	\$709	353,995	\$0.00200	\$709	(\$0)	(\$0.00000)	0.0%
Distribution Level Post Sempra Wide	353,995	\$0.03874	\$13,715	353,995	\$0.03874	\$13,714	(\$1)	(\$0.00000)	0.0%
Transmission Level Service (2)	2,472,969	\$0.02517	\$62,246	2,472,969	\$0.02517	\$62,242	(\$4)	(\$0.00000)	0.0%
Total Electric Generation	2,826,964	\$0.02687	\$75,961	2,826,964	\$0.02687	\$75,956	(\$4)	(\$0.00000)	0.0%
TOTAL RETAIL NONCORE	4,267,127	\$0.03756	\$160,257	4,267,127	\$0.03755	\$160,251	(\$6)	(\$0.00000)	0.0%
WHOLESALE & INTERNATIONAL									
Wholesale Long Beach (2)	117,093	\$0.02517	\$2,947	117,093	\$0.02517	\$2,947	(\$0)	(\$0.00000)	0.0%
SDGE Wholesale	1,230,285	\$0.00769	\$9,464	1,230,285	\$0.00768	\$9,445	(\$19)	(\$0.00002)	-0.2%
Wholesale SWG (2)	81,737	\$0.02517	\$2,057	81,737	\$0.02517	\$2,057	(\$0)	(\$0.00000)	0.0%
Wholesale Vernon (2)	116,135	\$0.02517	\$2,923	116,135	\$0.02517	\$2,923	(\$0)	(\$0.00000)	0.0%
International (2)	53,990	\$0.02517	\$1,359	53,990	\$0.02517	\$1,359	(\$0)	(\$0.00000)	0.0%
Total Wholesale & International & SDGE	1,599,240	\$0.01172	\$18,750	1,599,240	\$0.01171	\$18,731	(\$19)	(\$0.00001)	-0.1%
TOTAL NONCORE	5,866,366	\$0.03051	\$179,008	5,866,366	\$0.03051	\$178,982	(\$25)	(\$0.00000)	0.0%
Unbundled Storage			\$26,470			\$26,240	(\$230)		
Total (excluding FAR)	9,457,396	\$0.19621	\$1,855,611	9,457,396	\$0.19621	\$1,855,611	(\$0)	(\$0.00000)	0.0%
Firm Access Rights FAR \$/dth/day (3)	2,866	\$0.03802	\$39,773	2,866	\$0.03802	\$39,773	\$0	\$0.00000	0.0%
SYSTEM TOTALw/SI,FAR,TLS,SW	9,457,396	\$0.20041	\$1,895,384	9,457,396	\$0.20041	\$1,895,384	(\$0)	(\$0.00000)	0.0%
EOR Revenues	156,187	\$0.03220	\$5,029	156,187	\$0.03220	\$5,029	(\$0)	(\$0.00000)	0.0%
Total Throughput w/EOR Mth/yr	9,613,583			9,613,583					

- 1) These rates are for Natural Gas Transportation Service from "Citygate to Meter". The FAR rate is for service from Receipt Point to Citygate.
- 2) These Transmission Level Service "TLS" amounts represent the average transmission rate, see Table 5 or detail list of TLS rates.
- 3) FAR charge is as a separate rate. Core will pay through procurement rate, noncore as a separate charge. See Table 5 for actual FAR rates.

Whole Sale & International (excl SDGE)	368,955	\$0.02517	\$9,287	368,955	\$0.02517	\$9,286	(\$1)	(\$0.00000)	0.0%
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