

STATE OF CALIFORNIA

Edmund G. Brown Jr., *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 19, 2012

Advice Letter 4372-G

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

Subject: GGCIM Mild-Season Storage Target

Dear Ms. Prince:

Advice Letter 4372-G is effective June 28, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Rasha Prince
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.3201
rprince@semprautilities.com

May 29, 2012

Advice No. 4372
(U 904 G)

Public Utilities Commission of the State of California

Subject: GCIM Mid-Season Storage Target

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) a revision to its Preliminary Statement, Part VIII, Gas Cost Incentive Mechanism (GCIM), as shown on Attachment B.

Purpose

Pursuant to Decision (D.) 06-10-029, SoCalGas is filing a revision to its Preliminary Statement, Part VIII, GCIM, to reflect that the mid-season minimum core-purchased inventory target of 47 Bcf that was established for GCIM Year 18 will also apply to GCIM Year 19.

Information

SoCalGas filed Application (A.) 05-06-030 regarding Year 11 (2004-2005) of its GCIM on June 15, 2005. The Commission, in D.06-10-029, approved A.05-06-030 along with a Joint Recommendation as negotiated by the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), and SoCalGas to modify SoCalGas' management and use of gas storage capacity dedicated to core customers. As a part of this Joint Recommendation, SoCalGas must obtain agreement from DRA and TURN for mid-season core-purchased inventory targets which must be met unless otherwise agreed to by DRA and TURN. It was also ruled that each of these changes would be reflected in SoCalGas' GCIM tariff. The Commission approved the Joint Recommendation in Ordering Paragraph 3 of D.06-10-029.

D.06-10-029 established a minimum core-purchased inventory of 49 Bcf on July 31, 2006. For years beyond 2006, SoCalGas is required to "obtain agreement from DRA and TURN for mid-season core-purchased inventory targets which must be met unless otherwise agreed to by DRA and TURN. Each of these changes would be reflected in SoCalGas' GCIM tariff."¹

¹ D.06-10-029, p. 8.

SoCalGas has obtained agreement from DRA for a mid-season minimum storage target of 47 Bcf as of July 31, 2012. However, TURN was unable to participate in the review process for the mid-season storage target due to time constraints.

The relevant portion of Section C.7 of SoCalGas' Preliminary Statement, Part VIII, GCIM currently reads as follows:

SoCalGas has obtained agreement from DRA and TURN for a mid-season storage target of 47 Bcf as of July 31, 2011, which is a minimum storage level SoCalGas must meet unless otherwise agreed to by DRA and TURN.

To reflect both the updated storage target and the fact that TURN was unable to participate in the target development process this year, the quoted portion of Section C.7 would be revised to read as follows:

SoCalGas has obtained agreement from DRA for a mid-season storage target of 47 Bcf as of July 31, 2012, which is a minimum storage level SoCalGas must meet unless otherwise agreed to by DRA and TURN. TURN was unable to participate in the review process for this most recent mid-season storage target due to time constraints.

All other GCIM Preliminary Statement provisions would stay the same.

This filing will not result in an increase or decrease in any rate or charge, conflict with any rate schedules or any rules, or cause the withdrawal of service.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter, which is June 18, 2012. 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 the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). 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 this advice letter be approved June 28, 2012, which is 30 calendar days after the date filed. Additionally, SoCalGas respectfully requests that the tariff sheets as shown in Attachment B be effective for service on and after July 31, 2012, to be coincident with the date of the mid-season storage target set forth herein.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the parties in A.11-06-017, SoCalGas Year 17 GCIM.

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) #: 4372

Subject of AL: GCIM Mid Season Storage Target

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.06-10-029

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: 6/28/12 AL; 7/31/12 Tariffs No. of tariff sheets: 3

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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 VIII - GCIM 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

EDTariffUnit@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West 5th Street, GT14D6

Los Angeles, CA 90013-1011

SNewsom@semprautilities.com

tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4372

(See Attached Service Lists)

ATTACHMENT B
Advice No. 4372

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 48198-G	PRELIMINARY STATEMENT, PART VIII, GAS COST INCENTIVE MECHANISM, Sheet 5	Revised 47069-G
Revised 48199-G Revised 48200-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 48194-G Revised 48114-G

PRELIMINARY STATEMENT
PART VIII
GAS COST INCENTIVE MECHANISM

Sheet 5

(Continued)

C. GAS COST INCENTIVE MECHANISM (GCIM) METHODOLOGY (Continued)

- k. Pursuant to Preliminary Statement, Part VI, Description of Regulatory Accounts - Memorandum, the Blythe Operational Flow Requirement Memorandum Account (BOFRMA) will record charges associated with the Utility Gas Procurement Department's purchasing and delivery of gas to sustain operational flows at Blythe. GCIM actual cost will be adjusted for charges or credits to the BOFRMA. Entries to this account, except for interest and amortization, along with related GCIM adjustments, ceased on April 1, 2009, the date the responsibility for managing minimum flow requirements for system reliability was transferred from the Utility Gas Procurement Department to the System Operator pursuant to D.07-12-019.
7. The Annual Storage Inventory target on November 1 is 79 Bcf of the physical gas supply, with an accepted variance of +5/-2 Bcf. This target does not include any park or net loan positions. If the November 1 target is not attained, deliveries must be made to insure that a minimum of 69 Bcf of actual physical gas in the core's inventory is reached by December 1. The January, February and March minimum month-end targets (equivalent to peak day minimums necessary for serving the core) must be met. Any deviation from these storage targets should be explained in SoCalGas' annual GCIM filing. SoCalGas has obtained agreement from DRA for a mid-season storage target of 47 Bcf as of July 31, 2012, which is a minimum storage level SoCalGas must meet unless otherwise agreed to by DRA and TURN. TURN was unable to participate in the review process for this most recent mid-season storage target due to time constraints. This target may include net loan positions.
8. Tolerance. To determine GCIM rewards or penalties, tolerance bands above or below the benchmark budget are used. Tolerance bands are calculated as a percentage of the monthly gas commodity portion of the benchmark budget and is added to or subtracted from the benchmark budget as "upper tolerance band" or "lower tolerance band" (sharing bands), respectively. The specific percentages are approved by the CPUC and may be redetermined in subsequent CPUC decisions (See Section 9).
9. Calculation of Rewards and Penalties Under GCIM
- a. On an annual basis, actual total purchased gas costs are compared to the annual benchmark budget to determine if a reward/savings or penalty applies.
- b. If actual total purchased gas costs for the incentive year are less than the annual benchmark budget, the difference constitutes a savings incentive to be shared between ratepayers and shareholders as defined by the Sharing Bands as follows:

Sharing Band	Ratepayer	Shareholder
0.0% -1.00%	100%	0%
1.00% - 5.00%	75%	25%
5.00% & Above	90%	10%

The shareholder reward will be capped at 1.5% of the actual annual gas commodity costs.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4372
 DECISION NO. 06-10-029

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 29, 2012
 EFFECTIVE Jul 31, 2012
 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.

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Table of Contents--List of Contracts and Deviations	47970.1-G
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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4372
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ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 29, 2012
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PRELIMINARY STATEMENT (Continued)

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4372
 DECISION NO. 06-10-029

ISSUED BY

Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

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