

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 16, 2012

Advice Letter 4412

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

**Subject: Request for Approval to Change One of the Indices Used
to Calculate Core Procurement Service Cross-Over Rate**

Dear Ms. Prince:

Advice Letter 4412 is effective November 14, 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: 213.244.5141
Fax: 213.244.4957
RPrince@semprautilities.com

October 15, 2012

Advice No. 4412
(U 904 G)

Public Utilities Commission of the State of California

Subject: Request for Approval to Change One of the Indices Used to Calculate Core Procurement Service Cross-Over Rate

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

Purpose

This filing requests Commission approval to revise Schedule No. G-CP, Core Procurement Service, and Rule No. 01, Definitions, by changing one of two Border Price indices used to calculate the Cross-Over Rate. Specifically, SoCalGas requests that the "Bid Week, California-South, Delivered to Pipeline" index from *Natural Gas Week* used in these calculations be changed to the corresponding index from *Inside FERC's Gas Market Report (Inside FERC)*, i.e., the "Southern California Gas Co., California" bid week index price.

Background

SoCalGas' Core Procurement Service (Schedule G-CP) provides for residential and non-residential Cross-Over Rates.¹ SoCalGas' Rule No. 01 also provides a definition of the Cross-Over Rate. Included in the calculation of these Cross-Over Rates is a Border Price, which is defined to be an average of two indices, one of which is "Bid Week, California-South, Delivered to Pipeline" index from *Natural Gas Week*.

Proposal

SoCalGas proposes to replace the "Bid Week, California-South, Delivered to Pipeline" index from *Natural Gas Week* with the "Southern California Gas Co., California" bid week index from *Inside FERC*. SoCalGas' annual subscription with *Natural Gas Week* will be expiring in the near future, and it will be more economical for SoCalGas to use *Inside FERC* for these Cross-Over Rate indices going forward. SoCalGas has compared the *Natural Gas Week* index to the *Inside FERC* index, over the past two and a half years, and the difference between the two indices was negligible.²

¹ These rates were authorized by the Commission in D.02-08-065.

² The average variance between these two indices from April 2010 through September 2012 was \$0.008, with the *Natural Gas Week* index being the slightly higher of the two.

SoCalGas has reviewed this proposed index change with the Division of Ratepayer Advocates (DRA), and DRA does not oppose the change. Attachment C provides single-page redlines showing the specific location of each of the three changes from *Natural Gas Week to Inside FERC*. Attachment B provides the revised tariff sheets in standard format.

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 5, 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. Therefore, SoCalGas respectfully requests that this filing become effective on November 14, 2012, which is 30 calendar days after the date filed.

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) #: 4412

Subject of AL: Request for Approval to Change One of the Indices Used to Calculate Core Procurement Service Cross-Over Rate

Keywords (choose from CPUC listing): Procurement

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

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

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: 11/14/12

No. of tariff sheets: 6

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: Schedule G-CP; Rule No. 1, TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: AL 4403 and 4405

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. 4412

(See Attached Service List)

ATTACHMENT B
Advice No. 4412

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 48487-G	Schedule No. G-CP, CORE PROCUREMENT SERVICE, Sheet 2	Revised 48428-G
Revised 48488-G	Schedule No. G-CP, CORE PROCUREMENT SERVICE, Sheet 3	Revised 48429-G
Revised 48489-G	Rule No. 01, DEFINITIONS, Sheet 4	Revised 47120-G
Revised 48490-G	TABLE OF CONTENTS	Revised 48485-G
Revised 48491-G	TABLE OF CONTENTS	Revised 47374-G*
Revised 48492-G	TABLE OF CONTENTS	Revised 48486-G

Schedule No. G-CP
CORE PROCUREMENT SERVICE

Sheet 2

(Continued)

RATES (Continued)

G-CPNR (Continued)

Cost of Gas, per therm	28.971¢
Brokerage Fee, per therm	<u>0.151¢</u>
Total Core Procurement Charge, per therm	29.122¢

G-CPNRC

This is the non-residential Cross-Over Rate authorized in D.02-08-065. This charge will be applicable for the first 12 months of service for: (1) customers who transfer from noncore service to core procurement service, except noncore customers who have been disqualified from noncore service and are required to return to core service; (2) non-residential core transportation customers who consumed over 50,000 therms in the last 12 months, unless such customer was returned to utility procurement because their gas supplier is no longer doing any business in California, or (3) non-residential core transportation customers with annual consumption over 50,000 therms who return to core procurement service and switch back to transportation only service within 90 days.

The monthly gas procurement charge is comprised of: (1) the higher of the Cost of Gas in the G-CPNR rate above, less authorized franchise fees and uncollectible expenses, or the Adjusted Border Price; (2) authorized franchise fees and uncollectible expenses; and (3) authorized core brokerage fee.

The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "Southern California Gas Co., California" index from Inside FERC. The Adjusted Border Price is equal to the Border Price, plus backbone transportation service charges as described in D.11-04-032.

Cost of Gas, (1) and (2) above, per therm	29.726¢
Brokerage Fee, per therm	<u>0.151¢</u>
Total Core Procurement Charge, per therm	29.877¢

G-CPR

This charge is for residential service. Pursuant to D.96-08-037, Utility was authorized to change the residential gas procurement charge monthly concurrent with its implementation of the 1996 BCAP Decision (D.97-04-082).

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4412
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 15, 2012
 EFFECTIVE Nov 14, 2012
 RESOLUTION NO. _____

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T

Schedule No. G-CP
CORE PROCUREMENT SERVICE

Sheet 3

(Continued)

RATES (Continued)

G-CPR (Continued)

The monthly residential gas procurement charge is comprised of: (1) the weighted average estimated cost of gas (WACOG) for the current month, derived in the manner set forth in D.98-07-068, including reservation charges associated with interstate pipeline capacity contracts entered into by the Utility pursuant to D.04-09-022 and D.02-06-023, and the carrying cost of storage inventory pursuant to D.07-12-019; (2) authorized franchise fees and uncollectible expenses; (3) authorized core brokerage fee; (4) any adjustments for over- or under- collection imbalance in the Core Purchased Gas Account (CPGA) imbalance band as defined and approved in D.98-07-068; (5) backbone transportation service charges as described in D.11-04-032; and (6) an adjustment for the Gas Cost Incentive Mechanism (GCIM) reward/penalty pursuant to D.02-06-023. The CPGA component is an adder in the case of an under-collection and a subtracter in the case of an over-collection.

Cost of Gas, per therm	28.971¢
Brokerage Fee, per therm	<u>0.151¢</u>
Total Core Procurement Charge, per therm	29.122¢

G-CPRC

This is the residential Cross-Over Rate authorized in D.02-08-065. This charge will be applicable for the first 12 months for: (1) residential core transportation customers who consumed over 50,000 therms in the last 12 months and who transfer to utility procurement, or (2) residential core transportation customers with annual consumption over 50,000 therms who return to core procurement service and switch back to transportation only service within 90 days.

The monthly gas procurement charge is comprised of: (1) the higher of the Cost of Gas in the G-CPR rate above, less authorized franchise fees and uncollectible expenses, or the Adjusted Border Price; (2) authorized franchise fees and uncollectible expenses; and (3) authorized core brokerage fee.

The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "Southern California Gas Co., California" index from Inside FERC. The Adjusted Border Price is equal to the Border Price, plus backbone transportation service charges as described in D.11-04-032.

Cost of Gas, (1) and (2) above, per therm	29.726¢
Brokerage Fee, per therm	<u>0.151¢</u>
Total Core Procurement Charge, per therm	29.877¢

The Border Price will be posted on the Utility's Internet web site at <http://www.socalgas.com>.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4412
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 15, 2012
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Rule No. 01
DEFINITIONS

Sheet 4

(Continued)

Core Subscription Service: Utility natural gas procurement service available to noncore customers. Core subscription service is subject to special conditions as identified in the customer's applicable rate schedule. Core subscription service has been discontinued pursuant to Decision 01-12-018 effective December 1, 2003.

Core Transportation Aggregator (CTA): See Energy Service Provider (ESP).

Critical Customer: Customer facility where the interruption of natural gas service would cause a danger to human life, health or safety, and includes customers such as hospitals, other state-licensed health care facilities, medical research facilities, medical facilities at military installations and detention facilities, municipal water pumping plants and sanitation facilities.

Cross-Over Rate: Procurement rate authorized in D.02-08-065 that is comprised of: (1) the higher of the weighted average estimated cost of gas (WACOG) for the current month, derived in the manner set forth in D.98-07-068, plus any adjustments for over- or under-collection balance in the Core Purchased Gas Account (CPGA) as defined and approved in D.98-07-068, or the Adjusted Border Price; (2) authorized franchise fees and uncollectible expenses; and (3) authorized core brokerage fee. The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "Southern California Gas Co., California" index from Inside FERC. The Adjusted Border Price is equal to the Border Price, plus access charges as described in D.06-12-031.

Cubic Foot of Gas: The quantity of gas that, at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute, occupies one cubic foot.

Curtailement: Utility initiated suspension of natural gas service. Utility may temporarily reduce the quantity of gas it will transport or deliver or may terminate service entirely for certain service categories as needed for operational requirements.

Customer: Person or entity in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or in the absence of a signed instrument, by the receipt and payment of bills regularly issued in their name.

Customer-Owned Gas: Natural gas transported by the Utility for customer's own use where title to such natural gas is held by the Utility customer or third party and is not a part of the Utility-owned system supplies.

Daily Forecast Quantity: A forecast of core customer daily usage as provided by the Utility's Demand Forecasting Group (in the Regulatory Affairs department) using a consistent daily load forecast equation, and will be developed no sooner than two hours before the start of flow day. Weather forecasts input into the equation will be from an independent third party and the most current available as of 5:00 a.m. of flow day.

(Continued)

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Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4412
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 15, 2012
 EFFECTIVE Nov 14, 2012
 RESOLUTION NO. _____

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(Continued)

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ISSUED BY
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 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 15, 2012
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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)

(TO BE INSERTED BY UTILITY)
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 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 15, 2012
 EFFECTIVE Nov 14, 2012
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ATTACHMENT C

Advice No. 4412

**Redlined Version of the Affected Sheets from
Schedule No. G-CP and Rule No. 1**

Schedule No. G-CP
CORE PROCUREMENT SERVICE

Sheet 2

(Continued)

RATES (Continued)

G-CPNR (Continued)

Cost of Gas, per therm	31.391¢
Brokerage Fee, per therm	<u>0.151¢</u>
Total Core Procurement Charge, per therm	31.542¢

G-CPNRC

This is the non-residential Cross-Over Rate authorized in D.02-08-065. This charge will be applicable for the first 12 months of service for: (1) customers who transfer from noncore service to core procurement service, except noncore customers who have been disqualified from noncore service and are required to return to core service; (2) non-residential core transportation customers who consumed over 50,000 therms in the last 12 months, unless such customer was returned to utility procurement because their gas supplier is no longer doing any business in California, or (3) non-residential core transportation customers with annual consumption over 50,000 therms who return to core procurement service and switch back to transportation only service within 90 days.

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The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "~~Southern California Gas Co., California Bid Week, California South, Delivered to Pipeline~~" index from ~~Inside FERC Natural Gas Week~~. The Adjusted Border Price is equal to the Border Price, plus backbone transportation service charges as described in D.11-04-032.

Cost of Gas, (1) and (2) above, per therm	33.034¢
Brokerage Fee, per therm	<u>0.151¢</u>
Total Core Procurement Charge, per therm	33.185¢

G-CPR

This charge is for residential service. Pursuant to D.96-08-037, Utility was authorized to change the residential gas procurement charge monthly concurrent with its implementation of the 1996 BCAP Decision (D.97-04-082).

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4409
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 5, 2012
 EFFECTIVE Oct 10, 2012
 RESOLUTION NO. G-3351

Schedule No. G-CP
CORE PROCUREMENT SERVICE

Sheet 3

(Continued)

RATES (Continued)

G-CPR (Continued)

The monthly residential gas procurement charge is comprised of: (1) the weighted average estimated cost of gas (WACOG) for the current month, derived in the manner set forth in D.98-07-068, including reservation charges associated with interstate pipeline capacity contracts entered into by the Utility pursuant to D.04-09-022 and D.02-06-023, and the carrying cost of storage inventory pursuant to D.07-12-019; (2) authorized franchise fees and uncollectible expenses; (3) authorized core brokerage fee; (4) any adjustments for over- or under- collection imbalance in the Core Purchased Gas Account (CPGA) imbalance band as defined and approved in D.98-07-068; (5) backbone transportation service charges as described in D.11-04-032; and (6) an adjustment for the Gas Cost Incentive Mechanism (GCIM) reward/penalty pursuant to D.02-06-023. The CPGA component is an adder in the case of an under-collection and a subtracter in the case of an over-collection.

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The Border Price will be posted on the Utility's Internet web site at <http://www.socalgas.com>.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4409
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 5, 2012
 EFFECTIVE Oct 10, 2012
 RESOLUTION NO. G-3351

Rule No. 01
DEFINITIONS

Sheet 4

(Continued)

Core Subscription Service: Utility natural gas procurement service available to noncore customers. Core subscription service is subject to special conditions as identified in the customer's applicable rate schedule. Core subscription service has been discontinued pursuant to Decision 01-12-018 effective December 1, 2003.

Core Transportation Aggregator (CTA): See Energy Service Provider (ESP).

Critical Customer: Customer facility where the interruption of natural gas service would cause a danger to human life, health or safety, and includes customers such as hospitals, other state-licensed health care facilities, medical research facilities, medical facilities at military installations and detention facilities, municipal water pumping plants and sanitation facilities.

Cross-Over Rate: Procurement rate authorized in D.02-08-065 that is comprised of: (1) the higher of the weighted average estimated cost of gas (WACOG) for the current month, derived in the manner set forth in D.98-07-068, plus any adjustments for over- or under-collection balance in the Core Purchased Gas Account (CPGA) as defined and approved in D.98-07-068, or the Adjusted Border Price; (2) authorized franchise fees and uncollectible expenses; and (3) authorized core brokerage fee. The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "~~Southern California Gas Co., California Bid Week, California South, Delivered to Pipeline~~" index from ~~Inside FERC Natural Gas Week~~. The Adjusted Border Price is equal to the Border Price, plus access charges as described in D.06-12-031.

Cubic Foot of Gas: The quantity of gas that, at a temperature of sixty (60) degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute, occupies one cubic foot.

Curtailement: Utility initiated suspension of natural gas service. Utility may temporarily reduce the quantity of gas it will transport or deliver or may terminate service entirely for certain service categories as needed for operational requirements.

Customer: Person or entity in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or in the absence of a signed instrument, by the receipt and payment of bills regularly issued in their name.

Customer-Owned Gas: Natural gas transported by the Utility for customer's own use where title to such natural gas is held by the Utility customer or third party and is not a part of the Utility-owned system supplies.

Daily Forecast Quantity: A forecast of core customer daily usage as provided by the Utility's Demand Forecasting Group (in the Regulatory Affairs department) using a consistent daily load forecast equation, and will be developed no sooner than two hours before the start of flow day. Weather forecasts input into the equation will be from an independent third party and the most current available as of 5:00 a.m. of flow day.

(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4238

DECISION NO.

400

ISSUED BY

Lee Schavrien

Senior Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED May 4, 2011

EFFECTIVE Jun 3, 2011

RESOLUTION NO. _____