

PRELIMINARY STATEMENT
PART II
SUMMARY OF RATES AND CHARGES

Sheet 1

RESIDENTIAL CORE SALES SERVICE (1) (2)

Commodity Charge
(per therm)

Schedules GR, GS & GM

Baseline Usage	89.353¢	
Non-Baseline Usage	107.579¢	
Cross-Over Rate Baseline Usage.....	89.353¢	
Cross-Over Rate Non-Baseline Usage	107.579¢	
Customer Charge: 16.438¢/meter/day		

Schedule GMB

Baseline Usage	82.392¢	
Non-Baseline Usage	90.279¢	
Cross-Over Rate Baseline Usage.....	82.392¢	
Cross-Over Rate Non-Baseline Usage	90.279¢	
Customer Charge: \$9.589/meter/day		

Schedules GRL & GSL

Baseline Usage	71.482¢	
Non-Baseline Usage	86.063¢	
Cross-Over Rate Baseline Usage (GSL only)	71.482¢	
Cross-Over Rate Non-Baseline Usage (GSL only)	86.063¢	
Customer Charge: 13.151¢/meter/day		

RESIDENTIAL CORE AGGREGATION SERVICE

Transmission Charge
(per therm)

Schedules GT-R, GT-S & GT-M

Baseline Usage	27.615¢	
Non-Baseline Usage	45.841¢	
Customer Charge: 16.438¢/meter/day		

Schedule GT-MB

Baseline Usage	20.654¢	
Non-Baseline Usage	28.541¢	
Customer Charge: \$9.589/meter/day		

Schedules GT-RL & GT-SL

Baseline Usage	22.092¢	
Non-Baseline Usage	36.673¢	
Customer Charge: 13.151¢/meter/day		

- (1) The residential core procurement charge as set forth in Schedule No. G-CP is 61.454¢/therm which includes the core brokerage fee.
- (2) The residential cross-over rate as set forth in Schedule No. G-CP is 61.454¢/therm which includes the core brokerage fee.

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PRELIMINARY STATEMENT
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 SUMMARY OF RATES AND CHARGES

Sheet 2

(Continued)

NON-RESIDENTIAL CORE SALES SERVICE (1)(2) Commodity Charge
 (per therm)

Schedule GN-10 (3)

GN-10:	Tier I	105.380¢
	Tier II	85.678¢
	Tier III	72.695¢
GN-10C:	Tier I	105.380¢
	Tier II	85.678¢
	Tier III	72.695¢
GN-10V:	Tier I	105.380¢
	Tier II	82.171¢
	Tier III	72.695¢
GN-10VC:	Tier I	105.380¢
	Tier II	82.171¢
	Tier III	72.695¢

Customer Charge:

Annual usage of less than 1,000 therms per year:	32.877¢/meter/day
Annual usage of 1,000 therms per year or more:	49.315¢/meter/day

Schedule GN-10L

GN-10L:	Tier I	84.304¢
	Tier II	68.542¢
	Tier III	58.156¢

Customer Charge:

Annual usage of less than 1,000 therms per year:	26.301¢/meter/day
Annual usage of 1,000 therms per year or more:	39.452¢/meter/day

Schedule G-AC

G-AC:	rate per therm	72.838¢
G-ACC:	rate per therm	72.838¢
G-ACL:	rate per therm	58.270¢

Customer Charge: \$150/month

Schedule G-EN

G-EN:	rate per therm	78.524¢
G-ENC:	rate per therm	78.524¢

Customer Charge: \$50/month

- (1) The non-residential core procurement charge as set forth in Schedule No. G-CP is 61.454¢/therm which includes the core brokerage fee.
- (2) The non-residential cross over rate as set forth in Schedule No. G-CP is 61.454¢/therm which includes the core brokerage fee.
- (3) Schedule GL rates are set commensurate with Rate Schedule GN-10.

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PRELIMINARY STATEMENT
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Sheet 3

(Continued)

NON-RESIDENTIAL CORE SALES SERVICE (Continued) Commodity Charge
 (per therm)

Schedule G-NGV

G-NGU: rate per therm	72.740¢	I
G-NGUC: rate per therm	72.740¢	
G-NGU plus G-NGC Compression Surcharge	107.740¢	
G-NGUC plus G-NGC Compression Surcharge	107.740¢	I
P-1 Customer Charge: \$13/month		
P-2A Customer Charge: \$65/month		

NON-RESIDENTIAL CORE AGGREGATION SERVICE Transmission Charge
 (per therm)

Schedule GT-10

GT-10: Tier I	43.642¢	I
Tier II	23.940¢	R
Tier III	10.957¢	R
GT-10V: Tier I	43.642¢	I
Tier II	20.433¢	R
Tier III	10.957¢	R

Customer Charge:

Annual usage of less than 1,000 therms per year:	32.877¢/meter/day
Annual usage of 1,000 therms per year or more:	49.315¢/meter/day

Schedule GT-10L

GT-10L: Tier I	34.914¢	I
Tier II	19.152¢	R
Tier III	8.766¢	R

Customer Charge:

Annual usage of less than 1,000 therms per year:	26.301¢/meter/day
Annual usage of 1,000 therms per year or more:	39.452¢/meter/day

Schedule GT-10N

GT-10N: Tier I	40.075¢	I
Tier II	20.373¢	R
Tier III	7.390¢	R

Customer Charge: 49.315¢/meter/day

Schedule GT-AC

GT-AC: rate per therm	11.100¢	R
GT-ACL: rate per therm	8.880¢	R
Customer Charge: \$150/month		

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Sheet 4

(Continued)

NON-RESIDENTIAL CORE AGGREGATION SERVICE

Transmission Charge
 (per therm)

(Continued)

Schedule GT-EN

GT-EN: rate per therm 16.786¢
 Customer Charge: \$50/month

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Schedule GT-NGV

GT-NGU: rate per therm 11.002¢
 GT-NGC: rate per therm 46.002¢
 P-1 Customer Charge: \$13/month
 P-2A Customer Charge: \$65/month

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NONCORE RETAIL SERVICE

Schedules GT-F, & GT-I

Noncore Commercial/Industrial (GT-F3 & GT-I3)

Customer Charge:

GT-F3D/GT-I3D (Distribution Level):
 Per month \$350

GT-F3T/GT-I3T (Transmission Level):
 Per month \$700

Transmission Charges:

GT-F3D/GT-I3D (Distribution Level):
 Tier I 0 - 20,833 Therms 11.837¢
 Tier II 20,834 - 83,333 Therms 7.314¢
 Tier III 83,334 - 166,667 Therms 4.420¢
 Tier IV Over 166,667 Therms 2.353¢

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GT-F3T/GT-I3T (Transmission Level):
 Tier I 0 - 166,667 Therms 7.515¢
 Tier II Over 166,667 Therms 1.669¢

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Enhanced Oil Recovery (GT-F4 & GT-I4)

Transmission Charge 2.788¢
 Customer Charge: \$500/month

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Sheet 5

(Continued)

NONCORE RETAIL SERVICE (Continued)

Schedules GT-F, & GT-I (Continued)

Electric Generation (GT-F5 & GT-I5)

For customers using less than 3 million therms per year

Transmission Charge 4.479¢

Customer Charge: \$50

For customers using 3 million therms or more per year

Transmission Charge 2.756¢

Customer Charge: N/A

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WHOLESALE SERVICE

Schedule GW-LB (Long Beach, GT-F7 & GT-I7)

Volumetric Charge 2.664¢

ITCS-LB (0.223¢)

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Schedule GW-SD and GT-SD (San Diego Gas & Electric, GT-F8, GT-I8, GT-F11 & GT-I11)

Volumetric Charge 1.105¢

ITCS-SD (0.223¢)

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Schedule GW-SWG (Southwest Gas, GT-F9 & GT-I9)

Volumetric Charge 2.466¢

ITCS-SWG (0.223¢)

Storage Reservation Charge (per year) \$1,192,118

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Schedule GW-VRN (City of Vernon, GT-F10 & GT-I10)

Transmission Charge 2.196¢

ITCS-VRN..... (0.223¢)

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PROCUREMENT CHARGE

Schedule G-CP

Non-Residential Core Procurement Charge, per therm 61.454¢

Non-Residential Cross-Over Rate, per therm 61.454¢

Residential Core Procurement Charge, per therm 61.454¢

Residential Cross-Over Rate, per therm 61.454¢

Adjusted Core Procurement Charge, per therm 63.772¢

G-IMB Adjusted Core Procurement Charge, per therm 63.568¢

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SUMMARY OF RATES AND CHARGES

Sheet 10

(Continued)

RATE COMPONENT SUMMARY

CORE

Residential Sales Service

Charge
(per therm)

Base Margin (with Company Use Transmission Fuel)	41.278¢	T,R
Other Operating Costs and Revenues	0.837¢	R
Transition Costs	(0.006¢)	
Regulatory Account Amortization	(2.218¢)	T,R
Core Interstate Pipeline Demand Charges	3.567¢	T
Pipeline Demand Charges - Company Use Fuel Capacity	0.039¢	N
Integrated Transmission System Charges	1.634¢	N
Core Averaging / EG Parity Adjustment	(1.102¢)	T,R
Procurement Rate (with Access & In-Kind Fuel Charges)	61.253¢	T,I
Core Brokerage Fee	0.201¢	T
Procurement Carrying Cost of Storage Inventory	0.051¢	
San Juan Lateral Pipeline Demand Charge	0.233¢	

Total Costs	105.767¢	I

Non-Residential - Commercial/Industrial

Charge
(per therm)

Base Margin (with Company Use Transmission Fuel)	22.392¢	T,R
Other Operating Costs and Revenues	(0.038¢)	R
Transition Costs	(0.006¢)	
Regulatory Account Amortization	(1.914¢)	T,R
Core Interstate Pipeline Demand Charges	3.567¢	T
Pipeline Demand Charges - Company Use Fuel Capacity	0.039¢	N
Integrated Transmission System Charges	1.527¢	N
Core Averaging / EG Parity Adjustment	3.363¢	T,R
Procurement Rate (with Access & In-Kind Fuel Charges)	61.253¢	T,I
Core Brokerage Fee	0.201¢	T
Procurement Carrying Cost of Storage Inventory	0.051¢	
San Juan Lateral Pipeline Demand Charge	0.233¢	

Total Costs	90.667¢	I

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PRELIMINARY STATEMENT
PART II
SUMMARY OF RATES AND CHARGES

Sheet 11

(Continued)

RATE COMPONENT SUMMARY (Continued)

CORE (Continued)

Non-Residential - Air Conditioning

Charge
 (per therm)

Base Margin (with Company Use Transmission Fuel)	10.562¢	T,R
Other Operating Costs and Revenues	(0.081¢)	R
Transition Costs	(0.006¢)	
Regulatory Account Amortization	(1.722¢)	T,R
Core Interstate Pipeline Demand Charges	3.567¢	T
Pipeline Demand Charges - Company Use Fuel Capacity	0.039¢	N
Integrated Transmission System Charges	1.441¢	N
Procurement Rate (with Access & In-Kind Fuel Charges)	61.253¢	T,I
Core Brokerage Fee	0.201¢	T
Procurement Carrying Cost of Storage Inventory	0.051¢	
San Juan Lateral Pipeline Demand Charge	0.233¢	

Total Costs	75.538¢	I

Non-Residential - Gas Engine

Charge
 (per therm)

Base Margin (with Company Use Transmission Fuel)	16.191¢	T,R
Other Operating Costs and Revenues	(0.032¢)	R
Transition Costs	(0.006¢)	
Regulatory Account Amortization	(1.803¢)	T,R
Core Interstate Pipeline Demand Charges	3.567¢	T
Pipeline Demand Charges - Company Use Fuel Capacity	0.039¢	N
Integrated Transmission System Charges	1.441¢	N
Procurement Rate (with Access & In-Kind Fuel Charges)	61.253¢	T,I
Core Brokerage Fee	0.201¢	T
Procurement Carrying Cost of Storage Inventory	0.051¢	
San Juan Lateral Pipeline Demand Charge	0.233¢	

Total Costs	81.135¢	I

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PRELIMINARY STATEMENT
PART II
SUMMARY OF RATES AND CHARGES

Sheet 12

(Continued)

RATE COMPONENT SUMMARY (Continued)

NON-CORE

Commercial/Industrial

Charge
 (per therm)

Base Margin (with Company Use Transmission Fuel)	3.588¢	R
Other Operating Costs and Revenues	0.091¢	
Transition Costs	(0.231¢)	
Regulatory Account Amortization	0.337¢	R
Integrated Transmission System Charges	1.453¢	N

Total Transportation Related Costs	5.239¢	R

Electric Generation

Charge
 (per therm)

Base Margin (with Company Use Transmission Fuel)	0.835¢	R
Other Operating Costs and Revenues	0.186¢	I
Transition Costs	(0.231¢)	
Regulatory Account Amortization	0.368¢	R
Integrated Transmission System Charges	1.441¢	N
Sempra-Wide Common Adjustment (EG Only)	(0.036¢)	R

Total Transportation Related Costs	2.563¢	R

Wholesale - City of Long Beach

Charge
 (per therm)

Base Margin (with Company Use Transmission Fuel)	0.594¢	R
Other Operating Costs and Revenues	0.204¢	I
Transition Costs	(0.229¢)	
Regulatory Account Amortization	0.332¢	R
Integrated Transmission System Charges	1.541¢	N

Total Transportation Related Costs	2.441¢	R

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PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 13

(Continued)

RATE COMPONENT SUMMARY (Continued)

NON-CORE (Continued)

Wholesale - San Diego Gas & Electric

Charge
(per therm)

Base Margin (with Company Use Transmission Fuel)	0.098¢	R
Other Operating Costs and Revenues	0.152¢	
Transition Costs	(0.229¢)	
Regulatory Account Amortization	0.861¢	I

Total Transportation Related Costs	0.882¢	R

Wholesale - Southwest Gas

Charge
(per therm)

Base Margin (with Company Use Transmission Fuel)	0.404¢	R
Other Operating Costs and Revenues	0.211¢	
Transition Costs	(0.229¢)	
Regulatory Account Amortization	0.343¢	R
Integrated Transmission System Charges	1.515¢	N

Total Transportation Related Costs	2.243¢	R

Wholesale - City of Vernon

Charge
(per therm)

Base Margin (with Company Use Transmission Fuel)	0.304¢	R
Other Operating Costs and Revenues	0.088¢	
Transition Costs	(0.229¢)	
Regulatory Account Amortization	0.368¢	R
Integrated Transmission System Charges	1.442¢	N

Total Transportation Related Costs	1.973¢	R

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PRELIMINARY STATEMENT
PART III
COST ALLOCATION AND REVENUE REQUIREMENT

Sheet 5

(Continued)

B. REVENUE REQUIREMENT: (Continued)

16. GAS MARGIN

This amount shall be the total annual base revenues authorized by the Commission. The authorized gas margin pursuant to SoCalGas Advice No. XXXX, effective XXXX, 200X, is \$1,368,133,000. Of the total revenues \$1,240,916,000 is allocated to the core market and \$113,509,000 is allocated to the noncore market. The allocated noncore margin includes EOR revenues of \$13,053,000, and an unbundled storage cost of \$21,000,000. Unallocated costs are \$13,708,000.

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17. COST AND REVENUE ALLOCATION FACTORS

These factors were determined pursuant to D.00-04-060, D.01-12-018, and SoCalGas Advice No. XXXX, effective XXXX, 200X, and are used to allocate costs and revenues to the core and noncore customer classes.

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	<u>Factor</u>	
<u>Cost Categories:</u>	<u>Core</u>	<u>Noncore (including wholesale)</u>
Transition Costs	0.015	0.985
Unaccounted-for Gas	0.721	0.279
Company Use Gas: Storage	0.657	0.343
NGV Balancing Account	0.422	0.578
Storage Transition and Bypass Account	0.358	0.642
Core Fixed Cost Account	1.000	0.000
Enhanced Oil Recovery Account	0.907	0.093
 <u>Revenue Categories:</u>		
Exchange and Interutility Transactions	0.381	0.619
Core Brokerage Fee Adjustment	1.000	0.000
Noncore Brokerage Fee Adjustment	0.000	1.000
Fuel Cell Equipment Revenues	0.942	0.058

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PRELIMINARY STATEMENT

Sheet 1

PART V
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

A. GENERAL

Balancing accounts are those regulatory accounts where authorized expenses are compared with revenues from rates designed to recover those expenses. The resulting under- or overcollection, plus interested calculated in the manner described in Preliminary Statement, Part I, is recorded on the Utility's financial statements as an asset or liability, which is owed from or due to the ratepayers. Balances in balancing accounts are to be amortized in rates.

B. LISTING OF BALANCING ACCOUNTS

- Purchased Gas Account (PGA)
- Core Fixed Cost Account (CFCA)
- Noncore Fixed Cost Account (NFCA)
- Enhanced Oil Recovery Account (EORA)
- Noncore Storage Balancing Account (NSBA)
- California Alternate Rates for Energy Account (CAREA)
- Brokerage Fee Account (BFA)
- Hazardous Substance Cost Recovery Account (HSCRA)
- Natural Gas Vehicle Account (NGVA)
- El Paso Turned-Back Capacity Balancing Account (EPTCBA)
- Gas Cost Rewards and Penalties Account (GCRPA)
- Integrated Transmission Balancing Account (ITBA)
- Off-System Revenues Balancing Account (OFFSRBA)

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PRELIMINARY STATEMENT

Sheet 2

PART V
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS

PURCHASED GAS ACCOUNT (PGA)

The PGA is a balancing account. The purpose of this account is to balance the recorded cost of gas bought for the Utility portfolio with revenue from the sale of that gas.

a. The PGA consists of six subaccounts. They are:

1. The Core Subaccount which tracks the cost of gas procured for core customers and revenues from the sale of that gas.
2. The Core-Subscription Subaccount which tracks the cost of gas procured for core-subscription customers and revenues from the sale of that gas.
3. The Noncore Standby Service Subaccount which tracks the cost of gas purchases and the revenues from the sale of gas procured to provide standby procurement service for noncore customers.
4. The Excess Core Supply Subaccount which tracks the cost of gas purchases and the revenues from the sale of excess core supplies.
5. The Firm Access Charge Subaccount which tracks the costs of core procurement customers' allocation of firm access rights, net of any costs and revenues associated with the purchase or sale of firm and interruptible access rights in the secondary and interruptible markets and the corresponding revenues to recover these costs.
6. The Take-or-Pay Subaccount which tracks revenue from take-or-pay charges that core-subscription customers incur.
7. The Core Brokerage Fee Subaccount which tracks revenues from the core brokerage fee and the authorized core brokerage fee.

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b. The Utility shall maintain the PGA by making entries at the end of each month as follows:

1. A debit entry equal to the recorded gas cost in the Utility Portfolio Account during the month, which includes all gas and access transmission rights purchased for procurement customers.
2. Credit entries equal to the procurement revenue, which includes recovery of access transmission rights, from the sale of gas delivered during the month and amortization of the forecasted revision date PGA balance, excluding the allowance for F&U.

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Sheet 3

PART V
DESCRIPTION OF REGULATORY ACCOUNTS - BALANCING

(Continued)

C. DESCRIPTION OF ACCOUNTS (Continued)

PURCHASED GAS ACCOUNT (PGA) (Continued)

b. (Continued)

3. A credit entry equal to the brokerage fee charged to core customers less the allowance for F & U.
4. A debit entry equal to 1/12 of the annual core brokerage fee revenue requirement.
5. A credit entry equal to the El Paso settlement proceeds received pursuant to the Master Settlement Agreement approved by the FERC and CPUC (D.03-10-087). The first payment received will be reduced by the estimated net present value of refunds due to core subscription and core aggregation customers.
6. An entry equal to the interest on the average of the balance in the account during the month, excluding the core-subscription subaccount, calculated in the manner described in Preliminary Statement, Part I, J.

CORE FIXED COST ACCOUNT (CFCA)

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between authorized margin (excluding transmission revenue requirements), transition, and other non-gas fixed costs allocated to the core market with revenues intended to recover these costs. Non-gas fixed costs exclude transmission company use fuel costs as these costs are recovered through an in-kind gas charge which is not subject to balancing account treatment, but will be trued-up through an adjustment of the following month's in-kind gas charge.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with the core portion of the following costs: gas margin costs, transition costs, and other non-gas operating costs.

SoCalGas credits this account with the core portion of the following 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. Pursuant to D.03-10-017, revenues also include core's allocation of the capital component of FIG (fiber optic cable in gas pipelines) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027).

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PRELIMINARY STATEMENT
 PART XI
PERFORMANCE BASED REGULATION

Sheet 19

(Continued)

K. CORE PRICING FLEXIBILITY (Continued)

2. Class Average Long Run Marginal Cost (LRMC) Floor Rates

a. D.98-01-040, Finding of Fact No. 5, allows SoCalGas the option to discount core transportation rates down to a LRMC floor rate; however, SoCalGas may not discount the cost of gas. For this program, the LRMC floor rate includes the following components: customer related, medium-pressure distribution, high-pressure distribution, transmission, seasonal storage, load balancing, company use transmission, unaccounted for gas, and interstate pipeline demand charges. In addition to these components, the full transportation rate includes the following components: non-marginal costs in base margin, ITCS, PITCO/POPCO transition costs, core averaging costs, and other exclusion costs.

b. The following table lists the full LRMC transportation rates authorized by D.97-04-082, and the class average LRMC floor rates authorized by D.98-01-040. LRMC Floor Rates were updated with new values established in D.00-04-060, D.01-12-018 and SoCalGas Advice No. XXXX, effective XXXX, 200X. Full Transportation Rates are updated with new values established in D.00-04-060, Resolution G-3303, D.01-12-018 and SoCalGas Advice No. XXXX, effective XXXX, 200X. The floor rates represent the lowest possible average annual rate by class under which SoCalGas can serve gas. These rates represent a starting point for the program and, pursuant to Commission order, may be modified in future rate proceedings.

<u>Class</u>	<u>Full Transportation Rate</u>	<u>LRMC Floor Rate</u>
Residential	44.0 cents/therm	27.9 cents/therm
G-10, 0 to 3 Mth	70.2 cents/therm	40.7 cents/therm
G-10, 3-50 Mth	26.9 cents/therm	15.2 cents/therm
G-10, 50-250 Mth	19.3 cents/therm	11.0 cents/therm
G-10, >250Mth	13.0 cents/therm	8.6 cents/therm
Gas A/C	13.8 cents/therm	10.2 cents/therm
Gas Engines	19.4 cents/therm	13.3 cents/therm

c. Optional tariffs or negotiated rate contracts that would result in average annual rates below class average LRMC will be subject to Commission approval through the Expedited Application Docket (EAD) process.

d. With prior Commission approval under the EAD process, SoCalGas may discount average annual rates to a floor of customer-specific LRMC that includes the full interstate pipeline reservation charges allocated to core customers (excluding ITCS).

(Continued)

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

ISSUED BY
Lee Schavrien
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED _____
 EFFECTIVE _____
 RESOLUTION NO. _____

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