

AUG 05 1997

Decision 97-08-062 August 1, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Gas Company (U 940-G) for Authority to Revise its Rates Effective January 1, 1997, in its Biennial Cost Allocation Proceeding.

Application 96-03-031
(Filed March 15, 1996)

In the Matter of the Application of San Diego Gas & Electric Company (U 902-G) for Authority to Revise its Rates Effective January 1, 1997 in its Biennial Cost Allocation Proceeding.

Application 96-04-030
(Filed April 15, 1996)

ORIGINAL

ORDER MODIFYING DECISION 97-04-082

Summary

This decision grants, in part, Southern California Gas Company's (SoCalGas) Petition to Modify Decision (D.) 97-04-082, filed June 5, 1997, and lifts the partial stay that we ordered in D.97-05-099.

Background

On May 9, 1997, SoCalGas filed a "Motion for Partial Stay of D.97-04-002 Related to Rate Increases Adopted for Gas Engine and Gas Air Conditioning Customers." SoCalGas requested a partial stay of the Commission's decision on SoCalGas' and San Diego Gas & Electric Company's (SDG&E) Biennial Cost Allocation Proceeding (BCAP) applications, D.97-04-082, mailed May 5, 1997, because implementation of new BCAP rates on June 1, 1997 would result in unacceptably large rate increases for core agricultural gas engine (gas engine) and nonresidential gas air conditioning (gas air conditioning) customers.

At the May 21, 1997 Commission meeting, the Commissioners voted unanimously to consider SoCalGas' motion at a special meeting. On May 27, 1997, the Commission issued D.97-05-099, that (1) ordered a partial stay of D.97-04-082 until we could act on petitions for modification; (2) directed SoCalGas to record the revenue shortfall resulting from the partial stay in a memorandum account; (3) treated the response of The Utility Reform Network (TURN) to SoCalGas' motion as a petition for modification of D.97-04-082; and (4) set a procedural schedule for SoCalGas and any interested parties to file petitions for modification and responses.

Positions of Parties

In its May 23, 1997 filing, TURN states that an error was made in D.97-04-082 in implementing the allocation of marginal customer costs between core customer classes using the new customer only (NCO) methodology and that this error results in unjustifiably large rate increases for the gas engine and gas air conditioning classes. TURN recommends D.97-04-082 be modified to correctly reflect NCO methodology and presents three options for the rate adjustment, with a recommendation that the Commission adopt Option 1.

In its June 5, 1997 petition for modification, SoCalGas states that the significant rate increases adopted in D.97-04-082 for gas engine and gas air conditioning customers are the result of the Commission's adoption of the NCO method rather than the rental method for allocation of customer costs between core customer classes. SoCalGas asserts that the rental method is a preferable methodology, primarily because NCO artificially lowers the overall estimate of marginal customer costs. In addition, the NCO method shifts costs from customer classes with relatively low growth rates to customer classes with relatively high growth rates. SoCalGas states that this impact was noted as a hypothetical possibility that would occur only under "extreme and highly implausible conditions" in the Southern California Edison Company (Edison) case. (See D.96-04-050, slip op. at 69.) Further, SoCalGas states that there is no foundation in the record to support TURN's specific NCO rate adjustments.

On June 19, 1997, responses were filed by the California Farm Bureau Federation (Farm Bureau), Pacific Gas and Electric Company (PG&E), Edison, Southern California Utility Power Pool and Imperial Irrigation District (Edison/SCUPP), and TURN.

The Farm Bureau fully supports SoCalGas' petition. PG&E recommends the Commission not reject the NCO method for SoCalGas because of an anomalous result for two small, rapidly-growing customer classes; rather, PG&E recommends we adopt a generic policy that marginal cost revenues will be computed for each customer class based on the lower of the rental or the NCO method. Edison/SCUPP state that if the Commission modifies D.97-04-082, any revenue shortfall or reallocation of costs associated with the change should not result in increased rates to noncore customers. TURN states that SoCalGas is using its petition to attack the NCO method rather than to focus on how to correct the erroneously high rates adopted in D.97-04-082 for gas engine and gas air conditioning customers.

Discussion

In D.97-04-082, we clearly state a preference for the use of the NCO method to calculate customer marginal costs for SoCalGas and SDG&E. This language is consistent with our previous orders adopting the NCO method for PG&E in D.92-12-057 (electric), D.95-12-053 (gas), and Edison in D.96-04-050. However, our application of NCO for SoCalGas in D.97-04-082 is different from the way we applied it for SDG&E in the same decision and for PG&E and Edison in prior decisions.

SoCalGas is unique because of the terms of its Global Settlement, terms which are in effect through the end of this BCAP period. In D.97-04-082, based on the language contained in the Global Settlement, we retain the use of the rental method for interclass cost allocation for the BCAP period and use NCO only to allocate costs within the core class. (See D.97-04-082 slip op. at 59.) The proposal we adopt is a secondary recommendation of TURN's and is not supported in the record with specific marginal cost tables.

In reviewing the three rate options presented by TURN in its petition, we find that adoption of TURN's recommendation would result in unexplained overall rate decreases for the gas engine and gas air conditioning customers while other core customers experience rate increases as a result of D.97-04-082. The rental method recommended by SoCalGas in its petition provides a more consistent rate impact, as seen in the following comparison table:

**SOCALGAS CORE CUSTOMERS
CLASS AVERAGE TRANSPORTATION RATES
(cents/therm)**

	D.97-04-082 Rates	D.97-05-099 Rates	SoCalGas Proposal	TURN Proposals		
				Option 1	Option 2	Option 3
Residential	50.835	n/a	50.752	50.601	50.835	51.000
G-10	37.985	n/a	38.619	39.017	38.661	39.017
G-20	17.795	n/a	17.790	20.167	17.795	17.795
Gas A/C	22.241	20.532	20.309	15.532	10.245	15.532
Gas Engine	33.932	21.162	21.571	20.093	12.712	20.093

We find the record in this proceeding does not allow us to adequately analyze and address the rate impacts of applying the NCO method to SoCalGas in the manner adopted in D.97-04-082. For this reason, we should not adopt a generic change such as PG&E's but, rather, we should modify D.97-04-082 to address only the problems created by adopting a partial NCO method for SoCalGas in this specific case. This finding is consistent with our adoption in D.97-04-082 of the NCO method for SDG&E.

Therefore, we adopt SoCalGas' recommendation to use the rental method for allocation within its core class, its specific rate proposal, and its attached revised appendices but do not adopt SoCalGas' rationale or proposed language changes. On the effective date of SoCalGas' revised tariffs, we lift the partial stay granted in D.97-05-099. Collection of the memorandum account created in D.97-05-099 to record the revenue shortfall resulting from the stay should be addressed in SoCalGas' in an advice letter filing.

Findings of Fact

1. The significantly large rate increases adopted in D.97-04-082 for SoCalGas' gas engine and gas air conditioning customers are not reasonable.
2. While we prefer the NCO method, the record in this proceeding does not provide us with a reasonable NCO cost allocation for SoCalGas' gas engine and gas air conditioning customers.

Conclusion of Law

We should modify D.97-04-082 as specified in the ordering paragraphs.

O R D E R

IT IS ORDERED that:

1. Decision (D.) 97-04-082 is modified to adopt the rental method for cost allocation within Southern California Gas Company's (SoCalGas) core class and adopt the proposed rates and revised appendices in SoCalGas' June 5, 1997 Petition to Modify D.97-04-082. The revised appendices are attached here as Attachment A.
2. D.97-04-082 is modified to replace the last paragraph of Section III.B. on page 59 with the following text: "Therefore, based on the language contained in the Global Settlement, we retain the use of the rental method for interclass cost allocation for this BCAP period. We find however, that the NCO method is the preferred methodology

and we, therefore, should use it in this proceeding for evaluating core rate design proposals. We would prefer to use the NCO method for LRMC allocation within the core class. However, the record here does not provide us with a reasonable NCO cost allocation for gas engine and gas air conditioning customers. Therefore, we will retain the use of the rental method for cost allocation within the core class for this BCAP period."

3. D.97-04-082 is modified on page 172 to replace Finding of Fact 44 as follows: "44. The language in the Global Settlement classifies all marginal cost allocators as MDMs; therefore, in compliance with the terms of the Global Settlement, we should retain the use of the rental method for interclass cost allocation. As the record here does not provide us with a reasonable NCO cost allocation for gas engine and gas air conditioning customers, we should also retain the rental method for cost allocation within the core class."

4. SoCalGas shall file, on or after the effective date of this order, and at least three days prior to their effective date, revised tariff schedules which implement the adopted changes. The revised tariff schedules shall comply with General Order 96-A and shall apply to service rendered on or after their effective date.

5. The partial stay granted in D.97-05-099 shall be lifted on the effective date of SoCalGas' revised tariff schedules.

6. SoCalGas' Petition to Modify D.97-04-082, filed on June 5, 1997, is granted to the extent indicated in this order.

7. The Petition of The Utility Reform Network to modify D.97-04-082, filed as a response to SoCalGas' motion for a partial stay of D.97-04-004, is denied.

8. SoCalGas shall file within 20 days an Advice Letter filing to collect the memorandum account created in D.97-05-099 to record the revenue shortfall resulting from the stay.

Dated August 1, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

ATTACHMENT A

APPENDIX B

Page 1

SCG Petition to Modify D.97-04-082
SOUTHERN CALIFORNIA GAS COMPANY

SUMMARY OF REVENUE CHANGES

	REVENUES AT PRESENT RATES (M\$) (A)	REVENUES AT PROPOSED RATES (M\$) (B)	INCREASE (DECREASE) (M\$) (C-B-A)	CHANGE (%) (D-C/A)
CORE SALES:				
RESIDENTIAL	1,766,427	1,800,780	34,353	1.945
G-10	390,823	374,449	(16,374)	(4.190)
G-20	15,397	16,083	686	4.452
GAS A/C	1,354	1,498	144	10.668
GAS ENGINE	6,306	6,935	629	9.967
TOTAL CORE SALES	2,180,307	2,199,745	19,438	0.892
CORE TRANSPORTATION:				
RESIDENTIAL	25,860	26,200	339	1.312
G-10	74,685	69,076	(5,610)	(7.511)
G-20	1,117	1,174	58	5.165
GAS A/C	0	0	0	0.000
GAS ENGINE	1,315	1,523	208	15.776
SUBTOTAL CORE TRANSPORTATION	102,978	97,973	(5,005)	(4.861)
TOTAL CORE	2,283,285	2,297,717	14,432	0.632
NONCORE:				
INDUSTRIAL	94,889	97,234	2,345	2.471
UEG	105,441	97,584	(7,858)	(7.452)
COGEN	43,718	40,460	(3,258)	(7.452)
NONCORE SUBTOTAL	244,048	235,277	(8,771)	(3.594)
WHOLESALE				
LONG BEACH	3,599	4,568	969	26.920
SAN DIEGO GAS & ELECTRIC	52,550	52,084	(466)	(0.886)
SOUTHWEST	4,774	5,536	761	15.947
TOTAL WHOLESALE	60,924	62,188	1,265	2.076
UNBUNDLED STORAGE				
ZONE RATE CREDIT	23,925	20,576	(3,349)	(13.997)
NET CARE REVENUES	(7,120)	(8,034)	(914)	12.836
SYSTEM TOTAL	879	879	0	0.000
TOTAL CARE REVENUES	2,605,941	2,608,604	2,663	0.102
TOTAL CARE REVENUES	30,646	51,543	20,897	68.189
FOR REVENUES	33,407	32,616	(791)	(2.369)

APPENDIX B

Page 2

SOUTHERN CALIFORNIA GAS COMPANY
PRESENT AND PROPOSED CORE SALES RATES

Core Customer Class (A)	Throughput (Mth) (B)	Present Rates		Proposed Rates	
		Rate (¢/th) (C)	Revenue (\$M) (D)	Rate (¢/th) (E)	Revenue (\$M) (F)
<u>SCG Petition to Modify D.97-04-082</u>					
CORE SALES RATES					
RESIDENTIAL					
Customer Charge		\$5.00	259,292	\$5.00	169,920
Single Family				\$5.00	86,759
Multi-family Family				\$5.00	2,760
Master Metered					
Subscriber Credit			(2,191)		(11,272)
Tier I Volumetric	1,739,265	0.50867	884,714	0.53134	924,133
Tier II Volumetric	876,171	0.68671	601,672	0.71730	628,480
Subtotal Residential	2,615,436	0.66664	1,743,548	0.68852	1,800,780
G-10					
Customer Charge	169,882	\$15.00	30,699	\$15.00	30,579
Tier I Volumetric *	135,062	0.77691	104,931	0.82566	111,516
Tier II Volumetric	404,705	0.49456	200,149	0.47235	191,152
Tier III Volumetric	120,406	0.49456	59,547	0.34211	41,192
Subtotal G-10	660,173	0.59882	395,328	0.56720	374,449
G-20					
Customer Charge	29	\$350.00	417	\$350.00	121
Tier I Volumetric	11,516	0.33791	3,891	0.39698	4,572
Tier II Volumetric	33,295	0.33791	11,251	0.34211	11,391
Subtotal G-20	44,811	0.34722	15,559	0.35891	16,083
NON-RES GAS A/C					
Customer Charge		\$150.00	119	\$150.00	121
Volumetric	3,900	0.31668	1,235	0.35318	1,377
Subtotal Non-Res Gas A/C	3,900	0.34707	1,354	0.38410	1,498
GAS ENGINES					
Customer Charge		\$50.00	457	\$50.00	456
Volumetric	17,480	0.33461	5,849	0.37062	6,479
Subtotal Gas Engines	17,480	0.36076	6,306	0.39671	6,935

* Tier I quantity equals first 250 therms per month in December - March, and first 100 therms per month in April - November.

NOTE: Bundled sales rates include a brokerage fee of 0.201 cents/therm

APPENDIX B

Page 2a

SOUTHERN CALIFORNIA GAS COMPANY
RESIDENTIAL MASTER-METER RATE SEGMENTATION

SCG Petition to Modify D.97-04-082

Core Customer Class (A)	Throughput (Mth) (B)	Present Rates		Proposed Rates	
		Rate (\$/th) (C)	Revenue (\$M) (D)	Rate (\$/th) (E)	Revenue (\$M) (F)
<u>SCG Petition to Modify D.97-04-062</u>					
CORE SALES RATES					
RESIDENTIAL					
Customer Charge		15.00	259,291	15.00	169,920
Single Family				15.00	86,759
Multi-Family Family				15.00	2,612
Master Metered					
Submeter Credit			(2,131)		(11,272)
Tier I Volumetric	1,731,459	0.50867	890,743	0.53203	921,180
Tier II Volumetric	870,316	0.68671	597,651	0.71823	625,091
Subtotal	2,601,774	0.66707	1,735,555	0.68964	1,794,290
LARGE MASTER-METER					
Customer Charge	21	15.00	1	582.81	149
Tier I Volumetric	7,807	0.50867	3,971	0.40367	3,151
Tier II Volumetric	5,655	0.68671	4,021	0.54495	3,191
Subtotal	13,662	0.58507	7,993	0.47508	6,491
CORE TRANSPORTATION RATES					
RESIDENTIAL					
Customer Charge		5.00	5,118		
Single Family				15.00	3,354
Multi-Family Family				15.00	1,712
Master Metered				15.00	52
Submeter Credit			(42)		(222)
Tier I Volumetric	34,176	0.33423	11,422	0.35102	11,996
Tier II Volumetric	17,178	0.51226	8,800	0.53723	9,229
Subtotal	51,354	0.49262	25,298	0.50664	26,120
LARGE MASTER-METER					
Customer Charge	0	15.00	0.03	582.81	2
Tier I Volumetric	154	0.33423	52	0.22267	34
Tier II Volumetric	116	0.51226	59	0.36395	42
Subtotal	270	0.41062	111	0.29226	79

APPENDIX B
Page 3

SOUTHERN CALIFORNIA GAS COMPANY
PRESENT AND PROPOSED CORE
TRANSPORTATION RATES

Core Customer Class (A)	Throughput (Mch) (B)	Present Rates		Proposed Rates	
		Rate (¢/th) (C)	Revenue (¢M) (D)	Rate (¢/th) (E)	Revenue (¢M) (F)
<u>SCG Petition to Modify D.97-04-082</u>					
CORE TRANSPORTATION RATES					
RESIDENTIAL					
Customer Charge		5.00	5,119		
Single Family				15.00	3,354
Multi-Family Family				15.00	1,712
Master Metered				15.00	54
Submeter Credit			(42)		(222)
Tier I Volumetric	34,330	0.33423	11,474	0.35033	12,027
Tier II Volumetric	17,294	0.51226	8,859	0.53630	9,275
Subtotal Residential	51,624	0.49219	25,409	0.50752	26,200
G-10					
Customer Charge	46,027	115.00	8,291	115.00	8,285
Tier I Volumetric	36,593	0.60247	22,046	0.64466	23,590
Tier II Volumetric	109,648	0.32011	35,100	0.29135	31,945
Tier III Volumetric	32,622	0.32011	10,443	0.16111	5,256
Subtotal G-10	178,862	0.42423	75,880	0.38619	69,076
G-20					
Customer Charge	4	1350.00	61	1350.00	18
Tier I Volumetric	1,696	0.16347	277	0.21598	366
Tier II Volumetric	4,905	0.16347	802	0.16111	790
Subtotal G-20	6,601	0.17278	1,141	0.17790	1,174
NON-RES GAS A/C					
Customer Charge		1150.00	0	1150.00	0
Volumetric	0	0.14224	0	0.17660	0
Subtotal Non-Res Gas A/C	0	0.17263	0	0.20309	0
GAS ENGINES					
Customer Charge		150.00	184	150.00	184
Volumetric	7,060	0.16017	1,131	0.18962	1,339
Subtotal Gas Engines	7,060	0.18631	1,315	0.21571	1,523
TOTAL CORE CARE SURCHARGE					
Previous BCAP	3,468,302	0.00884	30,646		
1996 BCAP	3,258,759			0.01150	37,470

* Tier I quantity equals first 250 therms per month in December - March, and first 100 therms per month in April - November.

APPENDIX D

Page 4

SOUTHERN CALIFORNIA GAS COMPANY

CORE REVENUE ALLOCATION

SCG Petition to Modify D.97-04-082

LINE #	MARGINAL COST COMPONENTS	L(RMC COST ALLOCATION (M\$); MARGINAL COST REVENUE					Total Core
		RESIDENTIAL	COMM				
			010	020	NonRes A/C	Gas Engines	
		(b)	(c)			(f)	
(1)	CUSTOMER RELATED						
(1)	NUMBER OF CUSTOMERS	4,406,809	216,909	33	67	1,067	4,623,815
(2)	MARGINAL CUSTOMER COST	0.19575	0.43889	3,11084	2,60193	1,87668	
(3)	MARGINAL CUSTOMER COST REVENUE	860,716	94,348	103	169	1,948	894,782
	COMMON DISTRIBUTION - MEDIUM PRESSURE						
(4)	MEDIUM PRESSURE PEAK DAY DEMAND (MMCFD)	2,416	661	26	1	1	2,903
(5)	MARGINAL DISTRIBUTION COST	86.9594	86.9594	86.9594	86.9594	86.9594	
(6)	MARGINAL DISTRIBUTION COST REVENUE	209,919	63,270	2,421	87	77	299,881
	COMMON DISTRIBUTION - HIGH PRESSURE						
(7)	HIGH PRESSURE PEAK MONTH DEMAND (MMCF)	45,683	10,486	698	31	38	56,836
(8)	MARGINAL DISTRIBUTION COST	0.6376	0.6376	0.6376	0.6376	0.6376	
(9)	MARGINAL DISTRIBUTION COST REVENUE	24,666	6,636	371	17	28	30,649
(10)	TOTAL COMMON DISTRIBUTION COST REVENUE	258,470	69,905	2,743	114	99	320,430
	TRANSMISSION						
(11)	COLD YEAR THROUGHPUT (MOTM)	296,867	89,764	6,379	390	2,464	394,830
(12)	MARGINAL TRANSMISSION COST	0.0917	0.0917	0.0917	0.0917	0.0917	
(13)	TOTAL TRANSMISSION COST REVENUE	27,216	8,236	493	38	228	36,208

APPENDIX D

Page 5

SOUTHERN CALIFORNIA GAS COMPANY

CORE REVENUE ALLOCATION

SCC Petition to Modify D.97-04-082

LINC #	MARGINAL COST COMPONENTS	LPMC COST ALLOCATION (M\$): MARGINAL COST REVENUE					Total Core
		RESIDENTIAL	CORE				
			Q10	Q20	NonRes AG	Gas Engine	
	STORAGE						
	INVENTORY						
(14)	INVENTORY RESERVATION (MMCF)	59,224	10,000	672	0	0	70,000
(15)	MARGINAL INVENTORY COST	0.1827	0.1827	0.1827	0.1827	0.1827	
(16)	MARGINAL INVENTORY COST REVENUE	10,870	1,833	123	0	0	12,826
	INJECTION CAPACITY						
(17)	INJECTION RESERVATION (MMCF/D)	277	47	3	0	0	327
(18)	MARGINAL INJECTION COST	21,499	21,499	21,499	21,499	21,499	
(19)	MARGINAL INJECTION CAPACITY COST REVENUE	5,960	1,005	66	0	0	7,032
	VARIABLE INJECTION COST						
(20)	INJECTIONS (MOTH)	81,410	10,266	896	7	331	72,800
(21)	VARIABLE O&M COST	0.079	0.079	0.079	0.014	0.014	
(22)	TOTAL VARIABLE INJECTION COST REVENUE	1,775	239	20	0	5	2,039
	WITHDRAWAL CAPACITY						
(23)	WITHDRAWAL RESERVATION (MMCF/D)	1,802	285	17	1	1	1,886
(24)	MARGINAL WITHDRAWAL COST	13,087	13,087	13,087	13,087	13,087	
(25)	MARGINAL WITHDRAWAL CAP. COST REVENUE	20,930	4,775	217	9	7	26,930
	VARIABLE WITHDRAWAL COST						
(26)	WITHDRAWALS (MOTH)	81,410	10,266	896	7	331	72,800
(27)	VARIABLE O&M COST	0.072	0.072	0.072	0.011	0.011	
(28)	TOTAL VARIABLE WITHDRAWAL COST REVENUE	1,278	737	15	0	4	1,830
(29)	SUBTOTAL - SEASONAL STORAGE	40,813	8,145	443	9	15	49,525
	LOAD BALANCING COST						
(30)	MARGINAL LOAD BALANCING COST REVENUE	617	181	18	1	5	688
(31)	COMPANY USE GAS: TRANSMISSION	3,240	1,019	67	5	30	4,368
(32)	SYSTEM MARGINAL COST REVENUE	928,587	178,915	3,856	331	2,321	1,109,899
	SCALED LPMC REVENUE	1,879,934	188,777	4,483	385	2,699	1,998,278
(33)	MARKETING (including DSM)	63,870	25,193	407	3	106	79,579
(34)	ARCO Contract/Contract Pipeline Lease (C)	0	0	0	0	0	0
	SDG&F Market Credit (EPMC)	443	87	7	0	1	528
(35)	Zone Rate Credit Eligibility Adjustment (EPMC)	(1,918)	(779)	(81)	(11)	(41)	(1,805)
(36)	MARGINAL COST REVENUE W/ MKTG & ARCO	1,137,721	273,772	4,888	388	2,887	1,394,679
(37)	UNCOLLECTIBLES	5,369	1,061	73	7	13	6,488
(38)	TOTAL ALLOCATED MARGIN	1,138,188	274,833	4,969	398	2,916	1,371,047
(39)	AVERAGE YEAR THROUGHPUT, MOG	784,704	83,903	5,141	390	2,454	798,599

APPENDIX D

Page 6

SOUTHERN CALIFORNIA GAS COMPANY

CORE REVENUE ALLOCATION

<u>OTHER COST COMPONENTS</u>		<u>OTHER COSTS: ALLOCATION (MM)</u>					<u>Total Core Cost</u>
<u>Line</u>	<u>Forecast Period Costs</u>	<u>Residential Cost</u>	<u>0-10 Cost</u>	<u>0-20 Cost</u>	<u>NonRes A/C Cost</u>	<u>Gas Engine Cost</u>	
TRANSPORTATION REVENUE REQ.							
(40)	Subtotal - Margin - None	1,138,100	224,833	4,889	380	2,816	1,371,047
Other Operating Costs and Revenues							
(41)	Exchange Revenues & Interutility Transactions	(279)	(84)	(5)	(5)	(2)	(371)
(42)	Core Brokerage Fee Adjustment	(4,998)	(1,572)	(98)	(7)	(48)	(6,711)
(43)	Noncore Brokerage Fee Adjustment	N/A	N/A	N/A	N/A	N/A	N/A
(43a)	HLB Revenues Pre 1997	.	.	.	.	.	.
(44)	Fuel Cell Equipment Revenues	(318)	(64)	(1)	(5)	(2)	(376)
(45)	Company Use Cost - Storage	2,489	428	28	0	14	2,971
(46)	Other Company Use Cos.	265	80	5	0	2	343
(47)	Unaccounted For Cos.	15,842	875	(88)	2	14	16,880
(48)	Carrying Cost Storage Inv.; Load Balancing	.	.	.	.	.	.
(49)	Wall Investments & Surface Leaks	228	38	3	.	.	267
(50)	Pipe Plant PPSA & FAU	(70)	(22)	(1)	(5)	(1)	(94)
(51)	Subtotal Other Operating Costs and Revenues	13,163	(604)	(133)	(5)	(18)	12,492
Transition Costs:							
(52)	MPO Transition Cost Adjustment	18	5	0	0	0	21
(53)	Phase/Paper Transition Costs	31,774	8,896	612	46	292	42,721
(54)	Interstate Trans. Cost Surcharge Account (ITCS)	9,039	2,844	174	13	63	12,163
(55)	Subtotal Transition Costs	40,929	12,844	787	60	378	54,996

¹ Average Year Throughput, Core-10% of PL Demand Cap

APPENDIX D
Page 7

SOUTHERN CALIFORNIA GAS COMPANY

CORE REVENUE ALLOCATION

Line	OTHER COST COMPONENTS	OTHER COSTS - ALLOCATION (M)				Headq AC	Gas Expense	Total
		Residential	0-10	0-20	0-30			
	General Plant Costs							
	Relicensing and Utility Account:							
(56)	NY Account (NOVA)	4,417	1,290	95	6	41	6,509	
(57)	Revenue Storage Balancing Account (RSBA)	N/A	N/A	N/A	N/A	N/A	N/A	
(58)	Schedule Storage Revenue Account (SSRA)	4,240	1,285	84	6	40	6,325	
(59)	Storage Transfers and Pipeline Subaccount	(111)	(20)	(0)	(0)	(0)	(131)	
(60)	Zero Rate Credit Limitation Memo Acct (ZRLMA)	N/A	N/A	N/A	N/A	N/A	N/A	
(61)	NY Revenue Fee Deferring Account (NYRFA)	18	6	0	0	0	24	
(62)	Interest Free Rate Credit Account (IFRCA)	1,911	601	37	3	18	2,609	
(63)	Non-Utility Substation, Cost Recover Acct (NSUCA)	(39,407)	(19,531)	(1,007)		(63)	(59,945)	
(64)	Construction Expense Account (CEA)	(10,915)	(2,009)	445	(4)	(27)	(12,891)	
(65)	R.D. P.D. Expense Account (RDCEA)	117,326	38,847	2,286	171	1,078	157,608	
(66)	Cost Fuel Cost Account (CFCA)	N/A	N/A	N/A	N/A	N/A	N/A	
(67)	1993 RCLP Phase IV Settlement (RCLP)	8,414	1,549	26	3	21	10,022	
(68)	Enhanced Oil Recovery Account (EORA)	N/A	N/A	N/A	N/A	N/A	N/A	
(69)	Enhanced Oil Recovery Account (EORA)	N/A	N/A	N/A	N/A	N/A	N/A	
(70)	Minimum Purchase Obligation (MPO)	N/A	N/A	N/A	N/A	N/A	N/A	
(71)	Pipeline Debit Charge (PDC)	N/A	N/A	N/A	N/A	N/A	N/A	
(72)	Comping Cost of Storage (COS)	N/A	N/A	N/A	N/A	N/A	N/A	
(73)	Telcel-Pay (TOP)	N/A	N/A	N/A	N/A	N/A	N/A	
(74)	Non-Cost Fund Cost Account (NFC)	N/A	N/A	N/A	N/A	N/A	N/A	
(75)	Non-Cost Fund Revenue Memo Acct (NFCRMA)							
(75a)	Auditing Expense Account (AEA)							
(75b)	Insurance Compensation (RI)							
(76)	Revenue Royalty Memorandum Account (RRMA)	(460)	(95)	(7)	(0)	(1)	(648)	
(76a)	Environmental Fee Account (EFA)	(4,254)	(923)	(20)	(2)	(12)	(5,211)	
(76b)	Fuel Cell Process Memorandum Acct (FCPMA)	(381)	(70)	(7)	(0)	(3)	(461)	
(76c)	Subtotal Relicensing and Trading Accounts	81,304	20,148	1,478	184	1,093	102,866	
(76)	Subtotal Transportation Revenue Requirement	1,273,186	257,272	6,889	678	4,264	1,542,309	
(77)	Subtotal Transportation Revenue Requirement (SRR)	47,737	30,648	13,095	18,114	17,375	49,012	

APPENDIX D

Page 3

SOUTHERN CALIFORNIA GAS COMPANY

CORE REVENUE ALLOCATION

OTHER COST COMPONENTS		OTHER COSTS: ALLOCATION (MM Cost)					
		Residential	0-10	0-20	NonRes A/C	Gas Engine	Total
Line	Forecast Period Costs	Cost	Cost	Cost	Cost	Cost	Total
							Cost
(78)	Subtotal Transportation Revenue Requirement	1,273,198	257,322	8,988	828	4,294	1,542,389
(79)	Pipeline Demand Charges (PNTM) Trade-Care	111,898	35,201	2,187	164	1,020	150,447
(80)	UCG/Capexation Party-Adjustment	0	0	0	0	0	0
(81)	RDGAL LTK Remediation Account	0	0	0	0	0	0
	Transportation Revenue Req. w/o MC Rate Cap	1,285,096	292,524	9,148	792	5,283	1,592,837
(87)	TOTAL TRANS. REV. REQ. w/o Cap	1,285,096	292,524	9,148	792	5,283	1,592,837
<u>Tariffed Rates</u>							
(82)	Total Transportation Costs (Line 48) Less: EOR	1,285,096	292,524	9,148	792	5,283	1,592,837
(84)	Cost Averaging	(31,507)	31,507				
(85)	TOTAL TRANS. REV. REQ. w/o EOR	1,253,574	324,031	9,148	792	5,283	1,561,337
(86)	Average Year Throughput (M0H)	268,708	82,902	5,141	390	2,454	358,595
(87)	TARIFFED TRANSPORTATION RATES (4Hh)	58,762	38,819	17,788	28,389	21,871	47,288
	* Reflects Partial Core Deaveraging.						
(88)	ITCS Rate (4Hh)						
<u>Gas Purchases & Related Costs</u>							
(89)	WACOG	460,778	118,208	7,896	887	3,080	589,744
(90)	Core Debarage fee Adjustment	5,257	1,327	90	8	36	6,717
(91)	CPGA						
(92)	Carrying Cost (Storage Inv. Other (CCB))	1,679	399	77	7	11	2,018
(93)	Subtotal Purchased Gas Costs	467,812	119,932	8,012	897	3,126	597,479
(94)	Gas Purchases Costs Per Therms Basis	17,879	17,879	17,879	17,879	17,879	17,879
(95)	Core Pipeline Demand Charges (LJ Lateral)	5,793	1,482	99	9	39	7,402
(96)	Core Pipeline Demand Charges (4Hh)	8,221	8,221	8,221	8,221	8,221	8,221
(97)	TARIFFED SALES RATES (4Hh)						
(98)	Average Year Sales (M0H)	281,544	88,017	4,481	390	1,748	374,180
(99)	CORE SALES REVENUES (M\$)	1,888,788	374,448	18,893	1,498	8,925	2,189,746
(99a)	CPGA - Desert Refund	(82,829)	(15,861)	(1,077)	(84)	(420)	(89,791)
(99b)	Total Core Sales Revenues w/CPGA Refund (M\$)	1,737,941	358,588	18,898	1,484	8,515	2,119,454
(100)	Core Pipeline Demand Reserved for Transport (M\$)	198					198

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **PETITION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) TO MODIFY D.97-04-082** on all known interested parties of record in A.96-03-031 and A.96-04-030 by expedited service to the Administrative Law Judge and by mailing by first class mail a copy thereof properly addressed to all other parties included on the list appended to the original document filed with the Commission.

Dated at Los Angeles, California, this 5th day of June, 1997.

Becky Roberts

Becky Roberts

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(END OF ATTACHMENT A)