Application of San Diego Gas & Electric Company (U 902 G) and Southern California Gas Company (U 904 G) Updating Firm Access Rights Service and Rates.

Application No. 10-03-_____
Exhibit No.: _____

PREPARED DIRECT TESTIMONY

OF ALLISON F. SMITH

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

AND SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

MARCH 29, 2010

#242391

PREPARED DIRECT TESTIMONY
OF ALLISON F. SMITH
ON BEHALF OF SDG&E AND SOCALGAS

I. QUALIFICATIONS

My name is Allison F. Smith. My business address is 555 West Fifth Street, Los Angeles, California 90013-1011.

I am employed by the Southern California Gas Company (SoCalGas) as the Gas Rates Manager in the Rates, Revenues, and Tariffs Department for SoCalGas and San Diego Gas & Electric Company (SDG&E). I hold a Bachelor of Science degree in Mechanical Engineering from the University of California at Berkeley. I have been employed by SoCalGas since 1990, and have held positions of increasing responsibilities in the Engineering, Customer Service, and Regulatory departments. I have been in my current role as Gas Rates Manager since March, 2002. In my current position, I am responsible for developing rate design policies and establishing gas rates for both utilities.

I have previously testified before the Commission.

A. Rate Design Testimony

The purpose of this testimony is to illustrate the impact of SDG&E/SoCalGas' proposals on end-use transportation rates[1] and to provide the new rates for Backbone Transmission Service (BTS), previously known as Firm Access Rights (FAR) service. In addition, this testimony will address changes to regulatory accounts that are required to implement these proposals.

As discussed in the testimony of Mr. Schwecke, SDG&E/SoCalGas support moving to a fully cost-based charge to recover all costs of the backbone transmission system of the combined utilities from customers of this BTS service. Once the backbone transmission system is fully

[1] End-use transportation rates refer to SDG&E and SoCalGas rates for its core and noncore customer classes, such as Residential, Commercial & Industrial, Electric Generation, etc.

unbundled from rates, SDG&E/SoCalGas propose to make certain changes to applicable regulatory accounts to ensure all costs of providing backbone transmission service and all revenues attributable to the service are likewise unbundled from end-use transportation rates. In addition, SDG&E/SoCalGas propose to unbundle the cost of company-use fuel for transmission from transportation rates and to create a new in-kind charge for fuel used to operate the compressor stations on the backbone transmission system.

II. BACKGROUND

Per Commission Decision (D.)06-12-031 and Resolution G-3407, SoCalGas unbundled a portion of its transmission costs from end-use transportation rates. The amount unbundled from transportation rates was established as 5¢/dth/day multiplied by the higher of its FAR open season result or SoCalGas' forecasted Cold Year Throughput forecast. As noted in Advice Letter (AL) 3895, SoCalGas' FAR implementation advice filing, SoCalGas used a capacity of 2,821 MMcf/day in determining the transmission dollars to be unbundled from end-use transportation rates. Based on these parameters, the amount currently unbundled from transportation rates is $52.3 million.[2]

The FAR revenue requirement is balanced against actual FAR revenues in the Firm Access Rights Balancing Account (FARBA)[3]. Any under- or over-collection in the FARBA is amortized the following year as an adjustment to the 5¢/dth/day FAR charge.[4]

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[2] $52.3 million is based on a btu factor of 1030 Mbtu/Mcf, which was adopted in D.09-11-006 (2009 BCAP decision).

[3] Originally, the FAR revenues were balanced in the ITBA-FAR subaccount. The name of the account, but not the function, was changed in SoCalGas' 2009 BCAP per D.09-11-006.

[4] Per AL 4025-A, the FAR charge for 2010 includes the amortization of a $7.5 million over-collection, which results in a rate of 4.284¢/dth/day.

III. UNBUNDLING BACKBONE TRANSMISSION COSTS

A. Embedded Cost of Backbone Transmission

As discussed in the testimony of Ms. Fung, SDG&E/SoCalGas propose to unbundle the total embedded cost of the combined backbone transmission system from end-use transportation rates.

This proposal will reduce the transmission system costs in current end-use transportation rates by an additional $67.5 million, for a total of $119.8 million.

B. Company Use Fuel for Transmission

Currently, SDG&E/SoCalGas recover the fuel costs for transmission compressors as part of end-use transportation rates. The estimated fuel costs are allocated on an equal-cent-per-therm (ECPT) basis to all end-use transportation customers of SDG&E and SoCalGas. The actual costs are balanced against these recorded costs in the Integrated Transmission Balancing Account (ITBA).

However, the compressors are really an integral part of the SDG&E/SoCalGas backbone transmission system. Therefore, the fuel costs associated with these compressors should be unbundled from rates to end-use transportation customers and should be part of the charges for Backbone Transmission Service.

This proposal will reduce the costs in current end-use transportation rates by $11.3 million.[5]

Table 1 reflects the impact on class average rates of these proposals (see attachment 1 for a complete set of rate tables for both SDG&E and SoCalGas):

[5] Per D. 09-11-006, the Company Use fuel for Transmission is $9.9 million and $1.4 million for SoCalGas and SDG&E, respectively.

TABLE 1		
Change in Transportation Rates Due to FAR Update $/therm except as noted		
	SCG	**SDGE**
Residential	($0.009)	($0.008)
Core C&I	($0.008)	($0.008)
NGV	($0.008)	($0.008)
Noncore C&I – Distribution	($0.008)	($0.008)
Electric Generation - Distribution	($0.008)	($0.008)
Transmission Level Service	($0.008)	($0.008)
SDGE	$0.00002	n/a
BTS/FAR charge $/dth/day	$0.050	n/a

C. Regulatory Account Modifications

SDG&E/SoCalGas propose to make changes to existing regulatory accounts to ensure all costs and revenues associated with the Backbone Transmission Service are removed from end-use transportation rates. Specifically, SDG&E/SoCalGas propose all future Information Technology (IT) costs associated with providing additional services on the Backbone Transmission system be allocated as a cost to the Backbone Transmission customers. Additionally, all revenue, including interruptible off-system delivery revenues, should be credited to the Backbone Transmission rate. To implement these changes, SDG&E/SoCalGas propose to rename the FARBA to the Backbone Transmission Balancing Account (BTBA) and record the activities as further described below.

D. IT Costs

In D.06-12-031, the Commission established the Firm Access Rights Memorandum Account (FARMA), later replaced with the Firm Access and Storage Rights Memorandum

Account (FASRMA)[6], to recover the IT costs for establishing the FAR system. The costs to initially establish the system of firm, tradable rights have been recovered through this account. However, to the extent there are new IT updates required to enhance the Backbone Transmission Service, SDG&E/SoCalGas propose to recover those new costs from the customers benefiting from such enhancements. Therefore, SDG&E/SoCalGas propose to track and recover any new IT costs through a subaccount to the BTBA.

E. Off-system Revenues

Per D. 06-12-031, interruptible off-system revenues are recorded as a credit to end-use transportation rates through the ITBA. SDG&E/SoCalGas propose that with the full unbundling of Backbone Transmission costs, it would be appropriate to credit any interruptible off-system revenues to the Backbone Transmission rate. Therefore, SDG&E/SoCalGas propose to modify the ITBA and the BTBA (i.e., renamed FARBA) to record all future off-system revenues as a credit to the Backbone charge.

F. Company-use Fuel Costs

As discussed previously, SDG&E/SoCalGas propose to unbundle company-use fuel for transmission from transportation rates. Therefore, SDG&E and SoCalGas will update their ITBA to reflect this change.

By making these changes, SDG&E/SoCalGas will ensure all costs and revenues associated with Backbone Transmission Service are recorded to the BTBA and are part of the Backbone charge while all costs and revenues associated with Local Transmission service are recorded to the ITBA and are part of end-use transportation rates.

[6] Per D.07-12-019, the FARMA account was replaced by the FARSMA, which tracks IT costs for both the FAR system and trading system for storage capacities.

IV. CHARGES FOR BACKBONE TRANSMISSION SERVICE

Backbone Transmission Service will continue to be offered as a Firm or Interruptible service. There will be two charges for Backbone Transmission Service, a transportation charge and an in-kind fuel charge.

SDG&E/SoCalGas are proposing to retain the rate structure established in the FAR proceeding with the addition of the in-kind fuel charge. Firm service will be provided at a capacity reservation charge. While, Interruptible service will be provided at a volumetric rate up to the reservation charge at a 100% load factor. Both Firm and Interruptible service customers will pay the in-kind fuel charge.

In this application, we seek to update the BTS charge (formerly, the FAR charge) to reflect the full embedded cost of the backbone transmission system and revise the demand determinant used to calculate the BTS rate. The embedded cost of backbone transmission and the selection of the billing determinant for the reservation charge are addressed in the testimony of Ms. Fung. The following table presents the illustrative capacity rate for BTS service based on 2010 revenues.

Table 2
BTS Charge

	Current	**Proposed**	**Increase (decrease)**
BTS Costs	$52.3	$119.8	$67.5
FARBA	($7.5)	($7.5)	$0
Revenue Requirement	$44.8	$112.3	$67.5
Capacity MMcfd	2,821	3,232	411
Conversion	1.016	1.0302	
BTS Charge $/dth/day	$0.04284	$0.09242[7]	$0.04958

[7] This rate is based on the 2010 transmission revenues and reflects a $7.5 million over-collection in the balancing account. Without the balancing account over-collection, the rate would be $0.0986 per dth per day as shown in Ms. Fung's testimony.

The BTS reservation and interruptible charges will be updated annually to reflect changes in SDG&E/SoCalGas' authorized margin[8] and to reflect updates to SoCalGas' BTBA.

The second charge for BTS service will be an in-kind fuel charge to recover the cost of Company Use fuel for transmission. As discussed previously, this compressor fuel is associated with transporting gas from the receipt points to the market centers. Therefore, it is more reasonable to recover these costs from BTS customers than through end-use transportation rates.

SDG&E/SoCalGas propose to recover this charge through an in-kind fuel factor, rather than as a volumetric rate adder to the BTS charge. The use of an in-kind fuel factor is common on interstate pipelines and the PG&E backbone transmission system where transportation service is provided on a reservation charge basis. Therefore, the BTS customers should be familiar with in-kind fuel factors and should be able to adapt to this new rate structure.

As noted by Ms. Fung, actual compressor fuel use in 2009 indicates that the initial factor would be 0.22% and would be subject to periodic updates based on actual fuel use at the compressor stations on the backbone transmission system.

This concludes my testimony.

[8] The BCAP Phase II Settlement Agreement established the total embedded cost of transmission based on 2009 revenues. Provision 2.D. establishes that annual changes in base margin will be allocated based on System Average Percent Change ("SAPC") and applied to each functional category of the base margin.

Attachment 1

TABLE 1

Natural Gas Transportation Rate Revenues

Southern California Gas Company

2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SCG FAR Upd v3-2-2010

		Present Rates			Proposed Rates			Changes		
		2/1/2010 Volumes Mth A	Average Rate $/therm B	2/1/2010 Revenues $000's C	BCAP Volumes Mth D	Proposed Rate $/therm E	Proposed Revenues $000's F	Revenue Change $000's G	Rate Change $/therm H	% Rate change % I
1	CORE									
2	Residential	2,483,989	$0.50882	$1,263,906	2,483,989	$0.49995	$1,241,867	($22,039)	($0.00887)	-1.7%
3	Commercial & Industrial	970,519	$0.30605	$297,023	970,519	$0.29760	$288,828	($8,195)	($0.00844)	-2.8%
4										
5	NGV - Pre SempraWide (1)	117,231	$0.07934	$9,302	117,231	$0.07150	$8,382	($920)	($0.00785)	-9.9%
6	SempraWide Adjustment	117,231	$0.00323	$379	117,231	$0.00319	$374	($5)	($0.00004)	-1.3%
7	NGV - Post SempraWide (1)	117,231	$0.08258	$9,680	117,231	$0.07469	$8,756	($925)	($0.00789)	-9.6%
8										
9	Gas A/C	1,210	$0.07200	$87	1,210	$0.06448	$78	($9)	($0.00752)	-10.5%
10	Gas Engine	18,080	$0.09197	$1,663	18,080	$0.08468	$1,531	($132)	($0.00730)	-7.9%
11	Total Core	3,591,030	$0.43786	$1,572,360	3,591,030	$0.42914	$1,541,060	($31,300)	($0.00872)	-2.0%
12										
13	NONCORE COMMERCIAL & INDUSTRIAL									
14	Distribution Level Service	982,465	$0.06822	$67,028	982,465	$0.06032	$59,260	($7,768)	($0.00791)	-11.6%
15	Transmission Level Service (2)	457,697	$0.02206	$10,096	457,697	$0.01412	$6,462	($3,635)	($0.00794)	-36.0%
16	Total Noncore C&I	1,440,163	$0.05355	$77,124	1,440,163	$0.04563	$65,721	($11,403)	($0.00792)	-14.8%
17										
18	NONCORE ELECTRIC GENERATION									
19	Distribution Level Service									
20	Pre Sempra Wide	353,995	$0.03329	$11,785	353,995	$0.02546	$9,012	($2,772)	($0.00783)	-23.5%
21	Sempra Wide Adjustment	353,995	$0.00067	$239	353,995	$0.00055	$193	($45)	($0.00013)	-18.9%
22	Post Sempra Wide	353,995	$0.03396	$12,023	353,995	$0.02601	$9,206	($2,817)	($0.00796)	-23.4%
23	Transmission Level Service (2)	2,472,969	$0.02206	$54,551	2,472,969	$0.01412	$34,912	($19,638)	($0.00794)	-36.0%
24	Total Electric Generation	2,826,964	$0.02355	$66,574	2,826,964	$0.01561	$44,118	($22,456)	($0.00794)	-33.7%
25										
26	TOTAL RETAIL NONCORE	4,267,127	$0.03368	$143,698	4,267,127	$0.02574	$109,840	($33,859)	($0.00793)	-23.6%
27										
28	WHOLESALE & INTERNATIONAL									
29	Wholesale Long Beach (2)	117,093	$0.02206	$2,583	117,093	$0.01412	$1,653	($930)	($0.00794)	-36.0%
30	SDGE Wholesale	1,230,285	$0.00574	$7,063	1,230,285	$0.00576	$7,084	$21	$0.00002	0.3%
31	Wholesale SWG (2)	81,737	$0.02206	$1,803	81,737	$0.01412	$1,154	($649)	($0.00794)	-36.0%
32	Wholesale Vernon (2)	116,135	$0.02206	$2,562	116,135	$0.01412	$1,640	($922)	($0.00794)	-36.0%
33	International (2)	53,990	$0.02206	$1,191	53,990	$0.01412	$762	($429)	($0.00794)	-36.0%
34	Total Wholesale & International	1,599,240	$0.00951	$15,202	1,599,240	$0.00769	$12,293	($2,909)	($0.00182)	-19.1%
35										
36	TOTAL NONCORE	5,866,366	$0.02709	$158,900	5,866,366	$0.02082	$122,133	($36,768)	($0.00627)	-23.1%
37										
38	Unbundled Storage			$25,615			$25,615	$0		
39										
40	**Total (excluding BBT)**	**9,457,396**	**$0.18577**	**$1,756,875**	**9,457,396**	**$0.17857**	**$1,688,807**	**($68,068)**	**($0.00720)**	**-3.9%**
41										
42	BBT Amount (3)	2,866	$0.04284	$44,819	3,330	$0.09242	$112,318	$67,499	$0.04958	115.7%
43	SYSTEM TOTALw/SI,BBT,TLS,SW	9,457,396	$0.19051	$1,801,694	9,457,396	$0.19045	$1,801,125	($569)	($0.00006)	0.0%
44										
45	EOR Revenues	156,187	$0.02822	$4,408	156,187	$0.02027	$3,166	($1,242)	($0.00795)	-28.2%
46	Total Throughput w/EOR Mth/yr	9,613,583			9,613,583					

1) Under present rates, NGV is not directly allocated costs and is not calculated on Sempra-Wide basis.
Amounts for NGV under present rates are not included in total. See Table 3 for Present NGV Rate detail.
2) These proposed costs and rates for Transmission Level Service customers represents the average transmission rate.
See Table 5 for actual transmission level service rates.
3) FAR charge is proposed as a separate rate. Core will pay through procurement rate, noncore as a separate charge.
See Table 5 for actual FAR charge.
4) Composite rate changed in 2009BCAP to include gas costs.

	Whole Sale & International (excl SDGE)	368,955	$0.02206	$8,139	368,955	$0.01412	$5,209	($2,930)	($0.00794)	-36.0%

TABLE 2

Core Transportation Rates

Southern California Gas Company

2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SCG FAR Upd v3-2-2010

		Present Rates			Proposed Rates			Changes		
		2/1/2010 Volumes Mth	2/1/2010 Rate $/th	2/1/2010 Revenue $000's	BCAP Volumes Mth	Rate $/th	Revenue $000's	Revenue Change $000's	Rate Change $/th	% Rate change %
		A	B	C	D	E	F	G	H	I
1	RESIDENTIAL SERVICE									
2	Customer Charge									
3	Single Family	3,676,464	$5.00	$220,588	3,676,464	$5.00	$220,588	$0	$0.00000	0.0%
4	Multi-Family	1,685,965	$5.00	$101,158	1,685,965	$5.00	$101,158	$0	$0.00000	0.0%
5	Small Master Meter	92,860	$5.00	$5,572	92,860	$5.00	$5,572	$0	$0.00000	0.0%
6	Submeter Credit-$/unit/day	149,095	($0.30805)	($16,764)	149,095	($0.30805)	($16,764)	$0	$0.00000	0.0%
7	Volumetric Transportation Rate									
8	Baseline Rate	1,703,882	$0.31040	$528,891	1,703,882	$0.30149	$513,702	($15,189)	($0.00891)	-2.9%
9	Non-Baseline Rate	768,363	$0.55040	$422,910	768,363	$0.54149	$416,060	($6,850)	($0.00891)	-1.6%
10		2,472,246	$0.51061	$1,262,355	2,472,246	$0.50170	$1,240,316	($22,039)	($0.00891)	-1.7%
11	NBL/BL Ratio:									
12	Composite Rate $/th		$1.00067			$0.99175				
13	Gas Rate $/th		$0.50800			$0.50800				
14	NBL/Composite rate ratio (4) =		1.06			1.06				
15										
16	Large Master Meter									
17	Customer Charge	61	$339.80	$249	61	$339.80	$249	$0	$0.00	0.0%
18	Baseline Rate	9,017	$0.09471	$854	9,017	$0.09429	$850	($4)	($0.00042)	-0.4%
19	Non-Baseline Rate	2,726	$0.16794	$458	2,726	$0.16934	$462	$4	$0.00140	0.8%
20		11,743	$0.13292	$1,561	11,743	$0.13292	$1,561	$0	$0.00000	0.0%
21	Core Aggregation Transport (CAT):									
22	CAT Adder to Volumetric Rate	13,319	($0.00069)	($9)	13,319	($0.00069)	($9)	$0	$0.00000	0%
23	Residential:									
24	BaseLine Rate		$0.30971			$0.30080			($0.00891)	-2.9%
25	NonBaseLine Rate		$0.54971			$0.54080			($0.00891)	-1.6%
26	Large Master Meter:									
27	BaseLine Rate		$0.09402			$0.09359			($0.00042)	-0.5%
28	NonBaseLine Rate		$0.16725			$0.16865			$0.00140	0.8%
29										
30	TOTAL RESIDENTIAL	2,483,989	$0.50882	$1,263,906	2,483,989	$0.49995	$1,241,867	($22,039)	($0.00887)	-1.7%
31										
32	CORE COMMERCIAL & INDUSTRIAL									
33	Customer Charge 1	127,666	$15.00	$22,980	127,666	$15.00	$22,980	$0	$0.00	0.0%
34	Customer Charge 2	87,620	$15.00	$15,772	87,620	$15.00	$15,772	$0	$0.00	0.0%
35	Volumetric Transportation Rate									
36	Tier 1 = 250th/mo	215,926	$0.51487	$111,174	215,926	$0.49924	$107,800	($3,374)	($0.01562)	-3.0%
37	Tier 2 = next 4167 th/mo	488,341	$0.25616	$125,093	488,341	$0.24800	$121,110	($3,983)	($0.00816)	-3.2%
38	Tier 3 = over 4167 th/mo	266,252	$0.08269	$22,018	266,252	$0.07955	$21,179	($838)	($0.00315)	-3.8%
39		970,519	$0.30606	$297,035	970,519	$0.29761	$288,840	($8,195)	($0.00844)	-2.8%
40	Core Aggregation Transport (CAT):									
41	CAT Adder to Volumetric Rate	17,488	($0.00069)	($12)	17,488	($0.00069)	($12)	$0	$0.00000	0%
42	Tier 1 = 250th/mo		$0.51418			$0.49855			($0.01562)	-3.0%
43	Tier 2 = next 4167 th/mo		$0.25547			$0.24731			($0.00816)	-3.2%
44	Tier 3 = over 4167 th/mo		$0.08200			$0.07885			($0.00315)	-3.8%
45										
46	TOTAL CORE C&I	970,519	$0.30605	$297,023	970,519	$0.29760	$288,828	($8,195)	($0.00844)	-2.8%

See footnotes Table 1

TABLE 3
Other Core Transportation Rates
Southern California Gas Company
2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SCG FAR Upd v3-2-2010

		Present Rates			Proposed Rates			Changes		
		2/1/2010 Volumes Mth	2/1/2010 Rate $/th	2/1/2010 Revenue $000's	BCAP Volumes Mth	Rate $/th	Revenue $000's	Revenue Change $000's	Rate Change $/th	% Rate change %
		A	B	C	D	E	F	G	H	I
1										
2	NATURAL GAS VEHICLES (Proposed Rate is a Sempra-Wide rate)									
3	Customer Charge, P-1	229	$13.00	$36	229	$13.00	$36	$0	$0.00000	0.0%
4	Customer Charge, P-2A	44	$65.00	$34	44	$65.00	$34	$0	$0.00000	0.0%
5	Uncompressed Rate	117,231	$0.07076	$8,295	117,231	$0.06287	$7,370	($925)	($0.00789)	-11.1%
6	Total Uncompressed NGV	117,231	$0.07135	$8,365	117,231	$0.06347	$7,440	($925)	($0.00789)	-11.1%
7	Compressed Rate Adder	1,484	$0.88637	$1,316	1,484	$0.88637	$1,316	$0	$0.00000	0.0%
8										
9	TOTAL NGV SERVICE	117,231	$0.08258	$9,680	117,231	$0.07469	$8,756	($925)	($0.00789)	-9.6%
10										
11	RESIDENTIAL NATURAL GAS VEHICLES (optional rate)									
12	Customer Charge	5,455	$10.00	$655	5,455	$10.00	$655	$0	$0.00000	0.0%
13	Uncompressed Rate	3,416	$0.15984	$546	3,416	$0.15229	$520	($26)	($0.00755)	-4.7%
		3,416	$0.35150	$1,201	3,416	$0.34396	$1,175	($26)	($0.00755)	-2.1%
14	Core Aggregation Transport (CAT):									
15	CAT Adder to Volumetric Rate	0	($0.00069)	$0	0	($0.00069)	$0	$0	$0.00000	0.0%
16	Gas A/C Rate		$0.15915			$0.15160		$0	($0.00755)	-4.7%
17										
14		3,416	$0.35150	$1,201	3,416	$0.34396	$1,175	($26)	($0.00755)	-2.1%
15										
16	NON-RESIDENTIAL GAS A/C									
17	Customer Charge	22	$150	$40	22	$150	$40	$0	$0.00000	0.0%
18	Volumetric Rate	1,210	$0.03928	$48	1,210	$0.03176	$38	($9)	($0.00752)	-19.2%
19		1,210	$0.07200	$87	1,210	$0.06448	$78	($9)	($0.00752)	-10.5%
20	Core Aggregation Transport (CAT):									
21	CAT Adder to Volumetric Rate	0	($0.00069)	$0	0	($0.00069)	$0	$0	$0.00000	0.0%
22	Gas A/C Rate		$0.03859			$0.03107		$0	($0.00752)	-19.5%
23										
24	TOTAL A/C SERVICE	1,210	$0.07200	$87	1,210	$0.06448	$78	($9)	($0.00752)	-10.5%
25										
26	GAS ENGINES									
27	Customer Charge	1,094	$50	$656	1,094	$50	$656	$0	$0.00000	0.0%
28	Volumetric	18,080	$0.05567	$1,006	18,080	$0.04837	$875	($132)	($0.00730)	-13.1%
29		18,080	$0.09197	$1,663	18,080	$0.08468	$1,531	($132)	($0.00730)	-7.9%
30	Core Aggregation Transport (CAT):									
31	CAT Adder to Volumetric Rate	0	($0.00069)	$0	0	($0.00069)	$0	$0	$0.00000	0.0%
32	Gas Engine Rate		$0.05497			$0.04768		$0	($0.00730)	-13.3%
33										
34	TOTAL GAS ENGINES	18,080	$0.09197	$1,663	18,080	$0.08468	$1,531	($132)	($0.00730)	-7.9%
35										
36	VERNON CORE COMMERCIAL & INDUSTRIAL									
37	Customer Charge 1		$15.00			$15.00			$0.00000	0.0%
38	Customer Charge 2		$15.00			$15.00			$0.00000	0.0%
39										
40	Volumetric Transportation Rate									
41	Tier 1 = 250th/mo		$0.51487			$0.49924			($0.01562)	-3.0%
42	Tier 2 = next 4167 th/mo		$0.20759			$0.19954			($0.00805)	-3.9%
43	Tier 3 = over 4167 th/mo		$0.08269			$0.07955			($0.00315)	-3.8%
44										
45	Core Aggregation Transport (CAT):									
46	CAT Adder to Volumetric Rate		($0.00069)			($0.00069)			$0.00000	0%
47	Tier 1 = 250th/mo		$0.51418			$0.49855			($0.01562)	-3.0%
48	Tier 2 = next 4167 th/mo		$0.20689			$0.19884			($0.00805)	-3.9%
49	Tier 3 = over 4167 th/mo		$0.08200			$0.07885			($0.00315)	-3.8%
50										
51	STREET & OUTDOOR LIGHTING (equals average Non-CAT CCI Rate)									
52	Street & Outdoor Lighting Base Rate		$0.30606			$0.29761			($0.00844)	-2.8%
53										

TABLE 4

Noncore Commercial & Industrial and Electric Generation Rates

Southern California Gas Company

2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SCG FAR Upd v3-2-2010

		Present Rates			Proposed Rates			Changes		
		2/1/2010 Volumes Mth	2/1/2010 Rate $/th	2/1/2010 Revenue $000's	BCAP Volumes Mth	Rate $/th	Revenue $000's	Revenue Change $000's	Rate Change $/th	% Rate change %
		A	B	C	D	E	F	G	H	I
1	NonCore Commercial & Industrial Distribution Level									
2	Customer Charge	670	$350.00	$2,816	670	$350.00	$2,816	$0	$0.00000	0.0%
3										
4	Volumetric Rates									
5	Tier 1 = 250kth/yr	147,174	$0.15533	$22,861	147,174	$0.13765	$20,258	($2,603)	($0.01768)	-11.4%
6	Tier 2 = 250k to 1000k	244,409	$0.09182	$22,440	244,409	$0.08088	$19,767	($2,673)	($0.01094)	-11.9%
7	Tier 3 = 1 to 2 million th/yr	130,163	$0.05050	$6,573	130,163	$0.04387	$5,711	($862)	($0.00662)	-13.1%
8	Tier 4 = over 2 million th/yr	460,719	$0.02678	$12,338	460,719	$0.02324	$10,708	($1,630)	($0.00354)	-13.2%
9	Volumetric totals (excl itcs)	982,465	$0.06536	$64,212	982,465	$0.05745	$56,444	($7,768)	($0.00791)	-12.1%
10	ITCS									
11	NCCI - DISTRIBUTION LEVEL	982,465	$0.06822	$67,028	982,465	$0.06032	$59,260	($7,768)	($0.00791)	-11.6%
12										
13	NonCore Commercial & Industrial Transmission Level (2)									
14	Customer Charge									
15	Volumetric Rates									
16	Tier 1 0-2,000,000 th/yr									
17	Tier 2 over 2,000,000 th/yr									
18	Volumetric totals (excl itcs)									
19	ITCS									
20	NCCI-TRANSMISSION LEVEL (2)	457,697	$0.02206	$10,096	457,697	$0.01412	$6,462	($3,635)	($0.00794)	-36.0%
21										
22	TOTAL NONCORE C&I	1,440,163	$0.05355	$77,124	1,440,163	$0.04563	$65,721	($11,403)	($0.00792)	-14.8%
23										
24	ELECTRIC GENERATION									
25										
26	Small EG (proposed rates are for Distribution Level only)									
27	Customer Charge	134	$50.00	$80	134	$50.00	$80	$0	$0.00000	0.0%
28	Volumetric Rate (excl ITCS)	60,420	$0.05619	$3,395	60,420	$0.04842	$2,925	($469)	($0.00777)	-13.8%
29	ITCS									
30	Total Volumetric Rate Tier 1	60,420	$0.05619	$3,395	60,420	$0.04842	$2,925	($469)	($0.00777)	-13.8%
31	EG Distribution Level Tier 1	60,420	$0.05752	$3,475	60,420	$0.04975	$3,006	($469)	($0.00777)	-13.5%
32										
33	Large EG (proposed rates are for Distribution Level only)									
34	Customer Charge	32	$0.00	$0	32	$0.00	$0	$0	$0.00000	
35	Volumetric Rate (excl ITCS)	293,575	$0.02912	$8,548	293,575	$0.02112	$6,200	($2,348)	($0.00800)	-27.5%
36	ITCS									
37	Total Volumetric Rate Tier 2	293,575	$0.02912	$8,548	293,575	$0.02112	$6,200	($2,348)	($0.00800)	-27.5%
38	EG Distribution Level Tier 2	293,575	$0.02912	$8,548	293,575	$0.02112	$6,200	($2,348)	($0.00800)	-27.5%
39	EG Distribution Level	353,995	$0.03396	$12,023	353,995	$0.02601	$9,206	($2,817)	($0.00796)	-23.4%
40										
41	EG Transmission Level (2)	2,472,969	$0.02206	$54,551	2,472,969	$0.01412	$34,912	($19,638)	($0.00794)	-36.0%
42										
43	TOTAL ELECTRIC GENERATION	2,826,964	$0.02355	$66,574	2,826,964	$0.01561	$44,118	($22,456)	($0.00794)	-33.7%
44										
45	EOR Rates & revenue:									
46	Distribution Level EOR:									
47	Customer Charge	14	$500.00	$84	14	$500.00	$84	$0	$0.00	0.0%
48	Volumetric Rate	80,880	$0.03293	$2,663	80,880	$0.02497	$2,019	($644)	($0.00796)	-24.2%
49	Distribution Level EOR	80,880	$0.03396	$2,747	80,880	$0.02601	$2,103	($644)	($0.00796)	-23.4%
50										
51	Transmission Level EOR	75,307	$0.02206	$1,661	75,307	$0.01412	$1,063	($598)	($0.00794)	-36.0%
52	Total EOR	156,187	$0.02822	$4,408	156,187	$0.02027	$3,166	($1,242)	($0.00795)	-28.2%

See footnotes Table 1

TABLE 5
Transmission Level Service Transportation Rates
Southern California Gas Company
2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SCG FAR Upd v3-2-2010

		Present Rates			Proposed Rates		
		BCAP Volumes Mth A	Rate $/th B	Revenue @ BCAP Vols $000's C	BCAP Volumes Mth, Mdth D	Rate $/th E	Revenue $000's F
	Rate applicable to NonCore C&I, EOR & EG customer Classes:						
1							
2	Reservation Service Option (RS):						
3	Daily Reservation rate $/th/day		$0.01318			$0.00871	
4	Usage Charge for RS $/th		$0.00304			$0.00155	
5							
6	Class Average Volumetric Rate (CA)						
7	Volumetric Rate $/th		$0.01900			$0.01256	
8	Usage Charge for CA $/th		$0.00304			$0.00155	
9	Class Average Volumetric Rate (CA) $/th		$0.02204			$0.01410	
10							
11	120% CA (for NonBypass Volumetric NV) $/th		$0.02645			$0.01692	
12	135% CA (for Bypass Volumetric BV) $/th		$0.02976			$0.01904	
13							
14	Total Transmission Level Service (NCCI, EOR, EG)	2,930,667	$0.02206	$64,647	2,930,667	$0.01412	$41,374
15							
16	**Rate applicable to Wholesale & International customer Classes:**						
17							
18	Reservation Service Option (RS):						
19	Daily Reservation rate $/th/day		$0.01314			$0.00868	
20	Usage Charge for RS $/th		$0.00303			$0.00154	
21							
22	Class Average Volumetric Rate (CA)						
23	Volumetric Rate $/th		$0.01896			$0.01253	
24	Usage Charge for CA $/th		$0.00303			$0.00154	
25	Class Average Volumetric Rate (CA) $/th		$0.02199			$0.01407	
26							
27	120% CA (for NonBypass Volumetric NV) $/th		$0.02639			$0.01688	
28	135% CA (for Bypass Volumetric BV) $/th		$0.02968			$0.01900	
29							
30	Total Transmission Level Service (WS & Int'l)	368,955	$0.02206	$8,139	368,955	$0.01412	$5,209
31							
32	**Average Transmission Level Service**	**3,299,622**	**$0.02206**	**$72,786**	**3,299,622**	**$0.01412**	**$46,583**
33							
34							
35							
36							
37	**Backbone Transmission Charge BBT**						
38	BBT Reservation Charge $/dth/day	2,866	$0.04284	$44,819	3,330	$0.09242	$112,318
39							
40							
41	**Storage Rates:**						
42	Inventory BCF; rate = $/dth	133	$0.224	$30,727	133	$0.224	$30,727
43	Injection mmcfd; rate = $/dth/day	850	$28.752	$25,177	850	$28.752	$25,177
44	Withdrawl mmcfd; rate = $/dth/day	3,195	$9.469	$31,166	3,195	$9.469	$31,166
45				$87,071			$87,071
46							

See footnotes Table 1

TABLE 1
Natural Gas Transportation Rate Revenues
San Diego Gas & Electric
2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SDGE FAR Upd v3-2-2010

		At Present Rates			At Proposed Rates			Changes		
		Feb-1-10 Volumes mtherms A	Average Rate $/therm B	Feb-1-10 Revenues $000's C	BCAP Volumes mtherms D	Average Rate $/therm E	Proposed Revenues $000's F	Revenues $000's G	Rates $/therm H	Rate change % I
1	**CORE**									
2	Residential	326,003	$0.69983	$228,146	326,003	$0.69222	$225,667	($2,478)	($0.00760)	-1.1%
3	Comml & Industrial	158,725	$0.29838	$47,360	158,725	$0.29013	$46,051	($1,309)	($0.00825)	-2.8%
4										
5	NGV Pre SW	15,238	$0.10445	$1,592	15,238	$0.09616	$1,465	($126)	($0.00829)	-7.9%
6	SW Adjustment	15,238	($0.02500)	($381)	15,238	($0.02469)	($376)	$5	$0.00031	-1.3%
7	NGV Post SW	15,238	$0.07944	$1,211	15,238	$0.07147	$1,089	($121)	($0.00797)	-10.0%
8										
9	Total CORE	499,967	$0.55347	$276,716	499,967	$0.54565	$272,807	($3,908)	($0.00782)	-1.4%
10										
11	**NONCORE COMMERCIAL & INDUSTRIAI**									
12	Distribution Level Service	37,270	$0.10678	$3,980	37,270	$0.09867	$3,677	($302)	($0.00811)	-7.6%
13	Transmission Level Service (1)	3,193	$0.02206	$70	3,193	$0.01412	$45	($25)	($0.00794)	-36.0%
14	Total Noncore C&I	40,463	$0.10009	$4,050	40,463	$0.09199	$3,722	($328)	($0.00810)	-8.1%
15										
16	**NONCORE ELECTRIC GENERATION**									
17	Distribution Level Service									
18	Pre Sempra Wide	179,522	$0.03492	$6,269	179,522	$0.02666	$4,786	($1,483)	($0.00826)	-23.7%
19	Sempra Wide Adjustment	179,522	($0.00134)	($240)	179,522	($0.00108)	($195)	$45	$0.00025	-18.9%
20	Post Sempra Wide	179,522	$0.03358	$6,029	179,522	$0.02557	$4,591	($1,438)	($0.00801)	-23.8%
21	Transmission Level Service (1)	496,393	$0.02206	$10,950	496,393	$0.01412	$7,008	($3,942)	($0.00794)	-36.0%
22	Total Electric Generation	675,916	$0.02512	$16,979	675,916	$0.01716	$11,599	($5,380)	($0.00796)	-31.7%
23										
24	**TOTAL NONCORE**	716,379	$0.02935	$21,029	716,379	$0.02139	$15,322	($5,708)	($0.00797)	-27.1%
25										
26	Total (excluding BBT) (2)	1,216,345	$0.24479	$297,745	1,216,345	$0.23688	$288,129	($9,616)	($0.00791)	-3.2%
27										
28										
29										
30	**System Total**	**1,216,345**	**$0.24479**	**$297,745**	**1,216,345**	**$0.23688**	**$288,129**	**($9,616)**	**($0.00791)**	**-3.2%**

1) These proposed costs and rates for Transmission Level Service customers represents the average transmission rate.
See Table 5 for actual transmission level service rates.
2) FAR charge is proposed as a separate rate. Core will pay through procurement rate, noncore as a separate charge.
See SCG Rate Table 5 for actual FAR charge.

TABLE 2
Core Gas Transportation Rates
San Diego Gas & Electric
2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SDGE FAR Upd v3-2-2010

		Present Rates			Proposed Rates			Changes		
		Feb-1-10 Volumes Mth	Feb-1-10 Rate $/th	Feb-1-10 Revenue $000's	BCAP Volumes Mth	Rates Proposed $/th	Revenue $000's	Revenues $000's	Rates $/th	Rate change %
		A	B	C	D	E	F	G	H	I
1	**Schedule GR,GM**									
2	Baseline $/therm	220,010	$0.65567	$144,254	220,010	$0.64844	$142,664	($1,591)	($0.00723)	-1.1%
3	Non-Baseline $/therm	105,993	$0.82299	$87,231	105,993	$0.81472	$86,354	($876)	($0.00827)	-1.0%
4	Average Rate $/therm	326,003	$0.71007	$231,485	326,003	$0.70250	$229,018	($2,467)	($0.00757)	-1.1%
5	NBL/BL Composite Ratio (incl G-PC)		1.14			1.14				
6	**Schedule GS,GT**									
7	GS Unit Discount $/day	6,004	($0.25493)	($559)	6,004	($0.25493)	($559)	$0	$0.00000	0.0%
8	GT Unit Discount $/day	27,745	($0.34064)	($3,450)	27,745	($0.34064)	($3,450)	$0	$0.00000	0.0%
9	**Other Adjustments :**									
10	Employee Discount			($459)			($459)			
11	SDFFD			$1,054			$1,042			
12	**Schedule GL-1**									
13	LNG Facility Charge, domestic use $/month	321	$14.79	$57	321	$14.79	$57	$0	$0.00000	0.0%
14	LNG Facility Charge, non-domestic use $/mth/mbtu		$0.05480			$0.05480			$0.00000	0.0%
15	LNG Volumetric Surcharge $/th	110	$0.16571	$18	110	$0.16571	$18	$0	$0.00000	0.0%
16				$75			$75			
17	**Schedule GTC & GTCA (transprt only SCG & SDGE systems)**									
18	CAT Adder to Volumetric Rate	247	($0.00403)	($1)	247	($0.00403)	($1)	$0	$0.00000	0%
19	Baseline $/therm		$0.65164			$0.64441			($0.00723)	-1.1%
20	Non-Baseline $/therm		$0.81896			$0.81069		$0	($0.00827)	-1.0%
21	Average Rate $/therm		$0.70604			$0.69847		$0	($0.00757)	-1.1%
22	**Schedule GTC-SD (transport only SDGE system)**									
23	GTC-SD Rate Adder									
24	Baseline $/therm									
25	Non-Baseline $/therm									
26	Average Rate $/therm									
27	**Total Residential**	326,003	$0.69983	$228,146	326,003	$0.69222	$225,667	($2,478)	($0.00760)	-1.1%
28										
29	**Other Core Rates $/therm**									
30	Schedule GPC - Procurement Price		$0.50800			$0.50800				
31										
32	**Schedule GN-3**									
33	Customer Charge $/month	29,831	$10.00	$3,580	29,831	$10.00	$3,580			
34	0 to 1,000 therms/month									
35	1,001 to 21,000 therms/month									
36	over 21,000 therms/month									
37										
38	Volumetric Charges $/therm - Winter Months									
39	Tier 1 = 0 to 1,000 therms/month	69,961	$0.35251	$24,662	69,961	$0.34085	$23,846	($816)	($0.01166)	-3.3%
40	Tier 2 = 1,001 to 21,000 therms/month	74,938	$0.21934	$16,437	74,938	$0.21361	$16,007	($430)	($0.00573)	-2.6%
41	Tier 3 = over 21,000 therms/month	13,826	$0.18172	$2,512	13,826	$0.17766	$2,456	($56)	($0.00406)	-2.2%
42										
43	Volumetric Charges $/therm - Summer Months									
44	Tier 1 = 0 to 1,000 therms/month									
45	Tier 2 = 1,001 to 21,000 therms/month									
46	Tier 3 = over 21,000 therms/month									
47										
48	**Schedule GTC & GTCA (transprt only SCG & SDGE systems)**									
49	CAT Adder to Volumetric Rate	23,606	($0.00403)	($95)	23,606	($0.00403)	($95)	$0	$0.00000	0.0%
50	Volumetric Charges $/therm - Winter Months									
51	Tier 1 = 0 to 1,000 therms/month		$0.34848			$0.33682				
52	Tier 2 = 1,001 to 21,000 therms/month		$0.21531			$0.20957				
53	Tier 3 = over 21,000 therms/month		$0.17769			$0.17363				
54										
55	Volumetric Charges $/therm - Summer Months									
56	Tier 1 = 0 to 1,000 therms/month									
57	Tier 2 = 1,001 to 21,000 therms/month									
58	Tier 3 = over 21,000 therms/month									
59										
60	Adjustment for SDFFD			$264			$256			
61	**Total Core C&I**	158,725	$0.29838	$47,360	158,725	$0.29013	$46,051	($1,309)	($0.00825)	-2.8%

See footnotes Table 1

TABLE 3
Other Core Gas Transportation Rates
San Diego Gas & Electric
2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SDGE FAR Upd v3-2-2010

		Present Rates			Proposed Rates			Changes		
		Feb-1-10 Volumes Mth A	Feb-1-10 Rate $/th B	Feb-1-10 Revenue $000's C	BCAP Volumes Mth D	Rates Proposed $/th E	Revenue $000's F	Revenues $000's G	Rates $/th H	Rate change % I
1	**Schedule G-NGV & GT-NGV**				*Sempra-Wide NGV Rates*					
2	Customer Charge									
3	P1 $/month	30	$13.00	$5	30	$13.00	$5	$0	$0.00	0.0%
4	P2A $/month	10	$65.00	$8	10	$65.00	$8	$0	$0.00	0.0%
5	Uncompressed Rate $/therm	15,238	$0.07116	$1,084	15,238	$0.06323	$964	($121)	($0.00793)	-11.1%
6	Co-funded Station $/therm									
7	Compressor Adder $/therm	119	$0.89145	$106	119	$0.89145	$106	$0	$0.00000	0.0%
8										
9	**Schedule GTC-SD**									
10	Customer Charge									
11	P1 $/month									
12	P2A $/month									
13	Uncompressed Rate $/therm									
14	Co-funded Station $/therm									
15	Compressor Adder $/therm									
16										
17	SDFFD			$7			$7			
18	Total NGV	15,238	$0.07944	$1,211	15,238	$0.07147	$1,089	($121)	($0.00797)	-10.0%

See footnotes Table 1

TABLE 4
NonCore Gas Transportation Rates
San Diego Gas & Electric
2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SDGE FAR Upd v3-2-2010

		Present Rates			Proposed Rates			Changes		
		Feb-1-10 Volumes Mth	Feb-1-10 Rate $/th	Feb-1-10 Revenue $000's	BCAP Volumes Mth	Rates Proposed $/th	Revenue $000's	Revenues $000's	Rates $/th	Rate change %
		A	B	C	D	E	F	G	H	I
1	NonCore Commercial & Industrial Distribution Level									
2	Volumetric Charges $/therm									
3	MPS - Winter	37,270	$0.10002	$3,728	37,270	$0.09190	$3,425	($302)	($0.00811)	-8.1%
4	MPS - Summer									
5										
6	HPS - Winter									
7	HPS - Summer									
8										
9	Customer Charges $/month									
10	0 to 3,000 therms/month	60	$350.00	$252	60	$350.00	$252	$0	$0.00000	0.0%
11	3,001 to 7,000									
12	7,001 to 21,000									
13	21,001 to 126,000									
14	126,001 to 1,000,000									
15	SDFFD									
16	NCCI-Distribution Total	37,270	$0.10678	$3,980	37,270	$0.09867	$3,677	($302)	($0.00811)	-7.6%
17										
18	NonCore Commercial & Industrial Transmission Level (1)									
19	Volumetric Charges $/therm									
20	Transmission - Winter									
21	Transmission - Summer									
22	Customer Charges $/month									
23	Over 1,000,000 therms/month									
24	SDFFD									
25	NCCI-Transmission Total (1)	3,193	$0.02206	$70	3,193	$0.01412	$45	($25)	($0.00794)	-36.0%
26										
27	AMR Charges									
28										
29	**Noncore C&I Total**	40,463	$0.10009	$4,050	40,463	$0.09199	$3,722	($328)	($0.00810)	-8.1%
30										
31	ELECTRIC GENERATION									
32										
33	Distribution Level Service Group A									
34	Customer Charge, $/month	57	$50.00	$34	57	$50.00	$34	$0	$0.00000	0.0%
35	Volumetric Rate (Incl ITCS) $/therm	27,097	$0.05651	$1,531	27,097	$0.04870	$1,320	($212)	($0.00781)	-13.8%
36	Distribution Level Service Group B									
37	Volumetric Rate (Incl ITCS) $/therm	152,425	$0.02928	$4,463	152,425	$0.02124	$3,237	($1,226)	($0.00804)	-27.5%
38	Total EG-Distribution	179,522	$0.03358	$6,029	179,522	$0.02557	$4,591	($1,438)	($0.00801)	-23.8%
39										
40	EG Transmission Level Service (1)	496,393	$0.02206	$10,950	496,393	$0.01412	$7,008	($3,942)	($0.00794)	-36.0%
41										
42	TOTAL ELECTRIC GENERATION	675,916	$0.02512	$16,979	675,916	$0.01716	$11,599	($5,380)	($0.00796)	-31.7%
43										
44										
45										

See footnotes Table 1

TABLE 5
Transmission Level Service Gas Transportation Rates
San Diego Gas & Electric
2009 BIENNIAL COST ALLOCATION PROCEEDING

2-1-2010 Rates SDGE FAR Upd v3-2-2010

		Present Rates			Proposed Rates		
		Feb-1-10 Volumes Mth A	Feb-1-10 Rate $/th B	Feb-1-10 Revenue $000's C	BCAP Volumes Mth D	Rates Proposed $/th E	Revenue $000's F
1							
2	Reservation Service Option (RS):						
3	Daily Reservation rate $/th/day		$0.01325			$0.00876	
4	Usage Charge for RS $/th		$0.00306			$0.00156	
5							
6							
7	Class Average Volumetric Rate (CA)						
8	Volumetric Rate $/th		$0.01911			$0.01263	
9	Usage Charge for CA $/th		$0.00306			$0.00156	
10	Class Average Volumetric Rate CA $/th		$0.02217			$0.01419	
11							
12	120% CA (for NonBypass Volumetric NV) $/th		$0.02660			$0.01702	
13	135% CA (for Bypass Volumetric BV) $/th		$0.02993			$0.01915	
14							
15							
16	**Average Transmission Level Service**	499,587	$0.02206	$11,020	499,587	$0.01412	$7,053
17							
18							
19							

See footnotes Table 1