

ccxc: Mayor, Councilmembers, City Manager, Finance Director



A Sempra Energy company

RECEIVED

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REDLANDS CITY CLERK

**David L. Steele**  
Principal Tax Advisor  
Tax Services

**Southern California  
Gas Company**  
101 Ash Street  
Mail Loc. HQ07  
San Diego, CA 92101-3017

Tel: 619-696-2246  
Fax: 619-696-3060  
dsteele@sempra.com

March 29, 2010

City Clerk  
City of Redlands  
P.O. Box 2090  
Redlands, CA 92373

Dear Sir or Madam:

Enclosed is the certified franchise statement of Southern California Gas Company showing an amount due pursuant to Ordinance No. 825 of \$219,987.76 for calendar year 2009. Also enclosed is a statement showing the municipal surcharge due of \$1,626,737.86 for calendar year 2009.

The total amount due of \$1,846,725.62 will be paid by Electronic Fund Transfer to be initiated on April 15, 2010, and will settle into the City's bank on the following business day.

The following banking information will be used to process your EFT payment:

Bank Name:	Bank of America
ABA Number:	121000358
Account No.:	0630180202

If your banking information is incorrect or has changed, please contact me at the above number.

This payment may be significantly lower than last year. This is primarily due to the decrease in natural gas prices in 2009 as compared to 2008. If you wish to discuss the decrease in your franchise payment, please contact Robert Visconti, your Gas Company Public Affairs representative, at (909) 335-7808.

Sincerely,

Enclosures

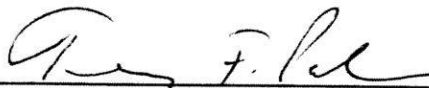
## **CERTIFICATION**

**I, the undersigned, say:**

**I am Director, Corporate Tax for Sempra Energy and its subsidiary Southern California Gas Company. I am duly authorized to prepare and file the foregoing statement on its behalf; and I hereby verify that the same is true and correct to the best of my knowledge and belief.**

**I certify (or declare) under penalty of perjury that the foregoing is true and correct.**

**Executed on March 30, 2010, at San Diego, California.**

A handwritten signature in black ink, appearing to read "Terry F. Palmer", is written over a horizontal line.

**Terry F. Palmer  
Director - Corporate Tax**

**If additional information is required, please address inquiries to:**

**Southern California Gas Company  
ATTN: Transactional Tax  
101 Ash Street / HQ07  
San Diego, CA 92101-3017**

**SOUTHERN CALIFORNIA GAS COMPANY**

**STATEMENT FOR THE CALENDAR YEAR 2009 PURSUANT TO THE FRANCHISE**

**GRANTED BY THE CITY OF Redlands BY ORDINANCE NO. 825**

**SECTION A**

Computation of payment equivalent to two percent (2%) of the gross receipts of the grantee for the above period arising from the use, operation or possession of the franchise computed in accordance with the decision of the Supreme Court of the State of California in the cases of County of Tulare vs. City of Dinuba, et al., 188 Cal. 664 and County of Los Angeles vs. Southern Counties Gas Company, 42 Cal. 2d 129.

A. Gross receipts applicable to Distributing Agencies in Highways of which this Franchise is a part			
Total Investment in Physical Properties .....	\$	8,430,485,820	
Investment in Distributing Agencies in:			
Public and Private Rights of Way .....	\$	3,961,868,123	
Public Highways only .....	\$	894,703,475	
Percent of Distributing Agencies to Total for:			
Public and Private Rights of Way .....		46.99454%	
Public Highways only .....		10.61272%	
Total Gross Receipts from Operations for Period:			
Gross Receipts .....	\$	3,020,766,788	
Less: Uncollectible Bills .....	\$	(14,037,599)	
Total Receipts .....	\$	3,006,729,189	
Gross Receipts applicable to Distributing Agencies in:			
Public and Private Rights of Way			
(46.99454% x \$3,006,729,189) .....	\$	1,412,998,551	
Public Highways only			
(10.61272% x \$3,006,729,189) .....	\$	319,095,750	
B. Mileage of Main in Pipeline System			
Total Mileage in Pipeline System .....		52,440.8301	mi.
Mileage in Highways .....		42,676.4433	mi.
Percent of Mileage in Highways to Total Mileage .....		81.38018%	
Gross Receipts applicable to Mileage to Highways for:			
Public and Private Rights of Way			
(81.38018% x \$1,412,998,551) .....	\$	1,149,900,764	
Public Highways only			
(100% x \$319,095,750) .....	\$	319,095,750	
Total .....	\$	1,468,996,514	
Total Mileage in Highways as above .....		42,676.4433	mi.
Mileage in Highways of this Franchise .....		246.2823	mi.
Percent of Mileage of this Franchise to Total Mileage in Highways .....		0.57709%	
C. Gross Receipts applicable to this Franchise			
(0.57709% x \$1,468,996,514) .....	\$	8,477,432	
D. Amount due based on 2% of the above applicable Gross Receipts .....			
	\$	169,548.64	

**Redlands****SECTION B**

Computation of payment of one percent (1%) of the gross receipts of the grantee for the period derived from the sale of gas within the limits of the city.

Gross Billings .....	\$	22,044,213.50
Less: Uncollectible Bills .....	\$	(45,437.30)
Gross Receipts .....	\$	21,998,776.20
Amount due based on (1%) of the above Gross Receipts . .	\$	219,987.76

**AMOUNT PAYABLE**

The Company is required to make payment on the basis of the larger of the two amounts shown above, namely, the amount due under Section B in the sum of \$219,987.76.

**SOUTHERN CALIFORNIA GAS COMPANY**

**MUNICIPAL PUBLIC LANDS USE SURCHARGE STATEMENT FOR CALENDAR YEAR 2009**

**MUNICIPAL SURCHARGE DUE TO THE CITY OF Redlands**

**SECTION A**

Computation of payment equivalent to two percent (2%) of the imputed revenue of transportation customers of the grantee for the above period in accordance California Public Utilities Code § 6354(b).

A. Imputed Revenue applicable to Distributing Agencies in Highways of which this Franchise is a part			
Total Investment in Physical Properties .....	\$	8,430,485,820	
Investment in Distributing Agencies in:			
Public and Private Rights of Way .....	\$	3,961,868,123	
Public Highways only .....	\$	894,703,475	
Percent of Distributing Agencies to Total for:			
Public and Private Rights of Way .....		46.99454%	
Public Highways only .....		10.61272%	
Total Imputed Revenue from Transportation Customers for Period:			
Imputed Revenue .....	\$	1,008,480,166	
Imputed Revenue applicable to Distributing Agencies in:			
Public and Private Rights of Way			
(46.99454% x \$1,008,480,166) .....	\$	473,930,615	
Public Highways only			
(10.61272% x \$1,008,480,166) .....	\$	107,027,176	
B. Mileage of Main in Pipeline System			
Total Mileage in Pipeline System .....		52,440.8301	mi.
Mileage in Highways .....		42,676.4433	mi.
Percent of Mileage in Highways to Total Mileage .....		81.38018%	
Imputed Revenue applicable to Mileage to Highways for:			
Public and Private Rights of Way			
(81.38018% x \$473,930,615) .....	\$	385,685,588	
Public Highways only			
(100% x \$107,027,176) .....	\$	107,027,176	
Total .....	\$	492,712,764	
Total Mileage in Highways as above .....		42,676.4433	mi.
Mileage in Highways of this Franchise		246.2823	mi.
Percent of Mileage of this Franchise to Total Mileage in Highways .....		0.57709%	
C. Imputed Revenue applicable to this Franchise			
(0.57709% x \$492,712,764) .....	\$	2,843,396	
D. Amount due based on 2% of the above applicable			
Imputed Revenue .....	\$	56,867.92	

**Redlands**

**SECTION B**

Computation of payment of one percent (1%) of the imputed revenue of the grantee for the period derived from the transportation of gas within the limits of the city.

Imputed Transportation Revenue within the city . . . . .	\$	162,984,082
Amount due based on (1%) of the above Imputed Revenue . . .	\$	1,629,840.82

**MUNICIPAL SURCHARGE AMOUNT PAYABLE PURSUANT TO CPUC § 6354(b)**

The amount due is the larger of the two amounts shown above, namely, the amount due under Section B of . . . . .	\$	1,629,840.82
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The total amounts calculated and collected pursuant to Public Utilities Code § 6353 were greater than the total amounts calculated pursuant to Public Utilities Code § 6354(b). Your share of this difference. . . . .	\$	(3,102.80)
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Total amount due . . . . .	\$	1,626,738.02
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Municipal Surcharge Bad Debts . . . . .	\$	( .16)
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Net amount due . . . . .	\$	1,626,737.86
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