

PUBLIC UTILITIES COMMISSION

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March 16, 2010

**Advice Letter 4004**

Ronald van der Leeden, Director  
Rates, Revenues and Tariffs  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Request to Establish a Natural Gas Appliance Testing (NGAT)  
Memorandum Account**

Dear Mr. van der Leeden:

Advice Letter 4004 is rejected per Resolution G-3441.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Ronald van der Leeden**  
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Rates, Revenues & Tariffs

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July 24, 2009

Advice No. 4004  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Request to Establish a Natural Gas Appliance Testing (NGAT) Memorandum Account**

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

**Purpose**

This filing requests authority from the Commission to establish a Natural Gas Appliance Testing Memorandum Account (NGATMA) to track costs associated with implementing Decision (D.) 08-11-031, the 2009-2011 Low Income Energy Efficiency (LIEE) and California Alternate Rates for Energy (CARE) Decision. The function of the NGATMA is to track the LIEE-related NGAT costs that are not currently in base rates until those costs are reviewed by the Commission and authorized for recovery through base rates in SoCalGas' next general rate case (GRC).

**Background**

In D.07-12-051, the Commission expanded its policy direction for the LIEE program by considering LIEE as an energy resource program. D.07-12-051 adopted a programmatic initiative to provide all eligible customers the opportunity to participate in the LIEE program and to offer those who wish to participate all cost-effective energy efficiency measures in their residences by 2020.

D.08-11-031 authorized SoCalGas' LIEE program plans and budget consistent with achieving the Commission's programmatic initiative. D.08-11-031 approved approximately \$1 billion in energy-related low income programs for the four investor-owned utilities (IOUs) for 2009-2011. The Commission, in the decision, reiterated its intent that the LIEE program "evolve into a resource program that garners significant energy savings in our state while providing an improved quality of life for California's low income population"<sup>1</sup>.

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<sup>1</sup> D.08-11-031 (p. 2)

In order to promote the strategic direction of the program, D.08-11-031 set aggressive LIEE goals to support its programmatic initiative. SoCalGas' GRC D.08-07-046 authorized SoCalGas \$1.6 million<sup>2</sup> a year for related NGAT expenses based on an assumption that 45,500<sup>3</sup> of the homes to be treated each year would receive NGAT. D.08-11-031, however, set aggressive goals for the number of homes to be treated through the LIEE program in order to meet the Commission's programmatic initiative and directed SoCalGas to treat an average of 133,400 homes<sup>4</sup> per year during the 2009-2011 program cycle. Based on historical averages, SoCalGas estimates that 90% of the low income households to be treated during 2009-2011 will receive NGAT. For SoCalGas, this represents an average of 120,000 homes (90% of 133,400) – an increase of over 160% per year over the homes authorized in SoCalGas' last GRC. As a result, at the estimated unit price of \$35/home, SoCalGas anticipates that costs will increase by an average of approximately \$2.6 million annually for 2009-2011 to support this initiative.

Further, D.08-11-031 reiterated the Commission's prior clarifications that NGAT is a basic utility service, since promoting customer safety is a general utility function. The Commission confirmed that NGAT is not an appropriate expenditure for LIEE funds and IOUs should be performing this vital safety testing using funding from general rates.

### **Tariff Changes**

In support of the Commission's programmatic initiative and in accordance with the orders and decisions noted above, SoCalGas is revising its Preliminary Statement to establish the Natural Gas Appliance Testing Memorandum Account (NGATMA). This account will track incremental NGAT expenses incurred as a result of the aggressive program goals imposed by D.08-11-031. Costs will be tracked in the NGATMA until those costs are reviewed by the Commission and authorized for recovery through base rates in SoCalGas' next GRC or in a separate proceeding initiated by a formal application.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **Protest**

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC - Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)) of the Energy Division. A copy

<sup>2</sup> A.06-12-009, Joint Settlement Comparison Exhibit, Exhibit SCG-302 (p.61-62); 45,500 homes at \$35/home

<sup>3</sup> A.06-12-009, See Prepared Direct Testimony of Phillip Baker (p. PEB-A1)

<http://www2.sdge.com/grc/dec082006/scg/testimonies/Exh.8P.BakerC.S.I.pdf>

<sup>4</sup> D.08-11-031, Attachment H (2009: 110,864; 2010: 143,540; 2011: 145,874)

of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-Mail: [snewsom@semprautilities.com](mailto:snewsom@semprautilities.com)

**Effective Date**

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore, SoCalGas respectfully requests that this advice letter become effective August 23, 2009, which is 30 calendar days after the date filed.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the parties in A.08-05-025, SoCalGas' Low-Income Assistance Programs and Budgets for Program Years 2009-2011.

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Ronald van der Leeden  
Director  
Rates, Revenues & Tariffs

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric                      GAS = Gas  
PLC = Pipeline                     HEAT = Heat    WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 4004

Subject of AL: Request to Establish a Natural Gas Appliance Testing (NGAT) Memorandum Account

Keywords (choose from CPUC listing): LIEE, Memorandum Account

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

D.08-11-031, D.07-12-051

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 8/23/09

No. of tariff sheets: 4

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement Part VI and TOCs

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Southern California Gas Company**

**Attention: Sid Newsom**

**555 West 5<sup>th</sup> Street, GT14D6**

**Los Angeles, CA 90013-1011**

**SNewsom@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4004**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 4004

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 44857-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS, Sheet 1	Revised 43307-G***
Original 44858-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, NATURAL GAS APPLIANCE TESTING MEMORANDUM ACCOUNT (NGATMA)	
Revised 44859-G Revised 44860-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 44856-G Revised 43408-G***

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS  
DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS

Sheet 1

A. GENERAL

Memorandum accounts are special accounts authorized by the Commission for the purpose of tracking certain costs and revenues. Please refer to each individual memorandum account description for the specific accounting treatment applicable to each account.

B. LISTING OF MEMORANDUM ACCOUNTS

- PCB Expense Account (PCBEA)
- Research Development and Demonstration Expense Account (RDDEA)
- Curtailed Violation Penalty Account (CVPA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Catastrophic Event Memorandum Account (CEMA)
- Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
- Vernon Rate Savings Memorandum Account (VRSMA)
- Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
- Research Royalty Memorandum Account (RRMA)
- NGV Research Development & Demonstration Memorandum Account (RDDNGV)
- Intervenor Award Memorandum Account (IAMA)
- Z Factor Account (ZFA)
- Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)
- Gas Industry Restructuring Memorandum Account (GIRMA)
- Self-Generation Program Memorandum Account (SGPMA)
- Baseline Memorandum Account (BMA)
- Blythe Operational Flow Requirement Memorandum Account (BOFRMA)
- Cost of Service Revenue Requirement Memorandum Account (COSRRMA)
- FERC Settlement Proceeds Memorandum Account (FSPMA)
- Late Payment Charge Memorandum Account (LPCMA)
- San Diego Gas & Electric Storage Memorandum Account (SDGESMA)
- Gain/Loss On Sale Memorandum Account (GLOSMA)
- Affiliate Transfer Fee Account (ATFA)
- Firm Access and Storage Rights Memorandum Account (FASRMA)
- Otay Mesa System Reliability Memorandum Account (OMSRMA)
- General Rate Case Revenue Requirements Memorandum Account (GRCRRMA)
- 2009-2011 Energy Efficiency Memorandum Account (EEMA)
- System Reliability Memorandum Account (SRMA)
- Natural Gas Appliance Testing Memorandum Account (NGATMA)

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 DECISION NO. 08-11-031

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

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