

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



July 14, 2011

**Advice Letter 4233**

Rasha Prince, Director  
Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: GCIM Mid-Season Storage Target**

Dear Ms. Prince:

Advice Letter 4233 is effective July 31, 2011.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



**Rasha Prince**  
Director  
Regulatory Affairs

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April 21, 2011

Advice No. 4233  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: GCIM Mid-Season Storage Target**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) a revision to its Preliminary Statement, Part VIII, Gas Cost Incentive Mechanism (GCIM), as shown on Attachment B.

**Purpose**

Pursuant to Decision (D.) 06-10-029, SoCalGas is filing a revision to its Preliminary Statement, Part VIII, GCIM, to reflect a mid-season minimum core-purchased inventory target for GCIM Year 18.

**Information**

SoCalGas filed Application (A.) 05-06-030 regarding Year 11 (2004-2005) of its GCIM on June 15, 2005. The Commission, in D.06-10-029, approved A.05-06-030 along with a Joint Recommendation as negotiated by the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), and SoCalGas to modify SoCalGas' management and use of gas storage capacity dedicated to core customers. As a part of this Joint Recommendation, SoCalGas must obtain agreement from DRA and TURN for mid-season core-purchased inventory targets which must be met unless otherwise agreed to by DRA and TURN. It was also ruled that each of these changes would be reflected in SoCalGas' GCIM tariff. The Commission approved the Joint Recommendation in Ordering Paragraph 3 of D.06-10-029.

D.06-10-029 established a minimum core-purchased inventory of 49 Bcf on July 31, 2006. For years beyond 2006, SoCalGas is required to "obtain agreement from DRA and TURN for mid-season core-purchased inventory targets which must be met unless otherwise agreed to by DRA and TURN. Each of these changes would be reflected in SoCalGas' GCIM tariff."<sup>1</sup>

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<sup>1</sup> D.06-10-029, p. 8.

SoCalGas has obtained agreement from DRA and TURN for a mid-season minimum storage target of 47 Bcf as of July 31, 2011. The following is reflected in the revised sentence in Section C.7 of Preliminary Statement, Part VIII, GCIM:

"SoCalGas has obtained agreement from DRA and TURN for a mid-season storage target of 47 Bcf as of July 31, 2011, which is a minimum storage level SoCalGas must meet unless otherwise agreed to by DRA and TURN."

This filing will not result in an increase or decrease in any rate or charge, conflict with any rate schedules or any rules, or cause the withdrawal of service.

### **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, which is May 11, 2011. 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 ([jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)) of the Energy Division. A copy 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. SoCalGas respectfully requests that this advice letter be approved May 21, 2011, which is 30 calendar days after the date filed. Additionally, SoCalGas respectfully requests that the tariff sheets as shown in Attachment B be effective for service on and after July 31, 2011, to be coincident with the date of the mid-season storage target set forth herein.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes the parties in A.10-06-006, SoCalGas Year 16 GCIM.

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Rasha Prince  
Director  
Regulatory Affairs

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) #: 4233

Subject of AL: GCIM Mid Season Storage Target

Keywords (choose from CPUC listing): Storage

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

D.06-10-029

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: 5/21/11 AL; 7/31/11 Tariffs

No. of tariff sheets: 3

Estimated system annual revenue effect (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

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 VIII - GCIM 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. 4233**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 4233

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 47069-G	PRELIMINARY STATEMENT, PART VIII, GAS COST INCENTIVE MECHANISM, Sheet 5	Revised 46094-G
Revised 47070-G Revised 47071-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 47068-G Revised 46829-G

PRELIMINARY STATEMENT  
PART VIII  
GAS COST INCENTIVE MECHANISM

Sheet 5

(Continued)

C. GAS COST INCENTIVE MECHANISM (GCIM) METHODOLOGY (Continued)

- k. Pursuant to Preliminary Statement, Part VI, Description of Regulatory Accounts - Memorandum, the Blythe Operational Flow Requirement Memorandum Account (BOFRMA) will record charges associated with the Utility Gas Procurement Department's purchasing and delivery of gas to sustain operational flows at Blythe. GCIM actual cost will be adjusted for charges or credits to the BOFRMA. Entries to this account, except for interest and amortization, along with related GCIM adjustments, ceased on April 1, 2009, the date the responsibility for managing minimum flow requirements for system reliability was transferred from the Utility Gas Procurement Department to the System Operator pursuant to D.07-12-019.
  
- 7. The Annual Storage Inventory target on November 1 is 79 Bcf of the physical gas supply, with an accepted variance of +5/-2 Bcf. This target does not include any park or net loan positions. If the November 1 target is not attained, deliveries must be made to insure that a minimum of 69 Bcf of actual physical gas in the core's inventory is reached by December 1. The January, February and March minimum month-end targets (equivalent to peak day minimums necessary for serving the core) must be met. Any deviation from these storage targets should be explained in SoCalGas' annual GCIM filing. SoCalGas has obtained agreement from DRA and TURN for a mid-season storage target of 47 Bcf as of July 31, 2011, which is a minimum storage level SoCalGas must meet unless otherwise agreed to by DRA and TURN. This target may include net loan positions.
  
- 8. Tolerance. To determine GCIM rewards or penalties, tolerance bands above or below the benchmark budget are used. Tolerance bands are calculated as a percentage of the monthly gas commodity portion of the benchmark budget and is added to or subtracted from the benchmark budget as "upper tolerance band" or "lower tolerance band" (sharing bands), respectively. The specific percentages are approved by the CPUC and may be redetermined in subsequent CPUC decisions (See Section 9).
  
- 9. Calculation of Rewards and Penalties Under GCIM
  - a. On an annual basis, actual total purchased gas costs are compared to the annual benchmark budget to determine if a reward/savings or penalty applies.
  
  - b. If actual total purchased gas costs for the incentive year are less than the annual benchmark budget, the difference constitutes a savings incentive to be shared between ratepayers and shareholders as defined by the Sharing Bands as follows:

Sharing Band	Ratepayer	Shareholder
0.0% -1.00%	100%	0%
1.00% - 5.00%	75%	25%
5.00% & Above	90%	10%

The shareholder reward will be capped at 1.5% of the actual annual gas commodity costs.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4233  
 DECISION NO. 06-10-029

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

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Apr 21, 2011  
 EFFECTIVE Jul 31, 2011  
 RESOLUTION NO. \_\_\_\_\_

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The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

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(Continued)

(TO BE INSERTED BY UTILITY)  
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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4233  
 DECISION NO. 06-10-029

3H10

ISSUED BY

**Lee Schavrien**  
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DATE FILED Apr 21, 2011  
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