

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 23, 2013

Advice Letter 4387

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

Subject: Request for Approval of Waiver of Collection of Undercharges for Billing Errors Involving Transmission Level Service Rates, and Request for Deviation from Eligibility Criteria of GT-TLS Rate Schedule

Dear Ms. Prince:

In Southern California Gas Company (SoCalGas) Advice Letter 4387, SoCalGas requested approval of a waiver of billing undercharges for nine noncore customers. The Commission issued Resolution G-3479 on December 20, 2012, and approved SoCalGas Advice Letter 4387 only to the extent that any waived undercharges are paid by SoCalGas shareholders and not by ratepayers.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Rasha Prince
Director - Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.5141
Fax: 213.244.4957
RPrince@semprautilities.com

July 11, 2012

Advice No. 4387
(U 904 G)

Public Utilities Commission of the State of California

Subject: Request for Approval of Waiver of Collection of Undercharges for Billing Errors Involving Transmission Level Service Rates, and Request for Deviation from Eligibility Criteria of GT-TLS Rate Schedule

Purpose

Southern California Gas Company (SoCalGas) hereby requests that the California Public Utilities Commission (Commission) approve a one-time, non-precedential waiver of collection of undercharges from nine noncore customers that were incorrectly classified by SoCalGas as eligible for Transmission Level Service rates. SoCalGas also requests that the Commission approve a one-time, non-precedential deviation from the eligibility criteria of SoCalGas Rate Schedule No. GT-TLS, Intrastate Transportation Service for Transmission Level Customers (GT-TLS), in order to honor the contracts of seven of the nine customers for the balance of their initial three-year contract term, to February 1, 2013.

Background

In Decision (D.) 09-11-006, the Commission approved the settlement of the Phase Two issues in the 2009 Biennial Cost Allocation Proceeding (BCAP) submitted by SoCalGas, San Diego Gas & Electric Company (SDG&E), and a number of other parties in A.08-02-001. The settlement included the new GT-TLS rate schedule, which expanded the criteria for eligibility for transmission level rates from SoCalGas' Rate Schedules Nos. GT-F, Firm Intrastate Transmission Service (GT-F), and GT-I, Interruptible Intrastate Transmission Service (GT-I). The GT-TLS rates were approved effective February 1, 2010, and both the Class Average and the Reservation Service rate options require the customer's commitment to a minimum three-year contract term.

Under the "Applicability" section of the GT-TLS rate schedule and the former "Applicability" sections of GT-F and GT-I rate schedules, noncore customers that are served directly from the Utility's transmission system as established in the Utility's capital accounting records are eligible for transmission level rates. Other eligibility criteria stated in the GT-TLS rate schedule apply to noncore Electric Generation customers who are served directly from the Utility's high pressure distribution system and are located within five miles of the nearest Utility transmission line (and who meet a minimum average annual usage requirement), noncore customers who were previously classified by Commission decision as transmission service level customers, noncore

customers served from a combination of the Utility's transmission and distribution systems on a single premises, and bypass customers.

SoCalGas maintains a database for tracking the measurement device and service information that is used for billing. The database, created as the Meter and Regulator Records Control System (MARS) and currently maintained in SAP format as SAP-M&R, identifies the meter(s) at a customer's facility and assigns an account number for billing the volumes for each meter to the customer's account. The database includes a designation of the service line to a noncore customer's facility as "T" if the line is identified as being directly connected to SoCalGas' transmission system.¹

SoCalGas has relied on the MARS/SAP-M&R classification of a noncore customer's service line in determining the customer's eligibility for transmission level rates. However, the classification of the service line as "T" or Transmission was incorrect for nine customers who have been receiving service at transmission level rates under the GT-TLS rate schedule and, as to seven of the nine customers, who previously received service under the GT-F rate schedule.

A comprehensive review of the eligibility of all GT-TLS customers was recently conducted as a result of a supplemental data request served in SoCalGas' and SDG&E's pending Triennial Cost Allocation Proceeding (TCAP), A.11-11-002. The review indicates that there were two reasons for the incorrect classification. First, in four cases, the customer's line was reclassified as Distribution after the customer or its predecessor was originally and correctly determined to be eligible for transmission level rates, but the reclassification was not updated to the database. Second, in five cases, it appears that the customer's service line was incorrectly classified as Transmission in the database when the customer or its predecessor was first determined to be eligible for transmission level rates.

As a result of this review, SoCalGas is revising its procedures for determining customer eligibility for transmission level rates to include additional processes and review by account representatives, pipeline operations personnel and plant accounting personnel before contracts are entered into at transmission level rates. Additionally, SoCalGas is revising its procedures for updating the classification of a customer's service line, for example, as a result of the installation of pressure regulation and de-rating of a line, to review continued customer eligibility for transmission level rates.

Requested Determinations

Under applicable law and under SoCalGas' Tariff Rule No. 16 governing billing errors, the period for re-billing and collection of undercharges to non-core customers is three years. A list of the nine customers, with a statement of the estimated rebilling amounts based on the difference between the transmission level rate paid by the customer and the amounts due under the corresponding distribution level rate for the three-year rebilling period, is submitted as a confidential Attachment B to this Advice Letter under the provisions of General Order 66-C and Public Utilities Code §583.

¹ The classification of individual customers' service lines in the MARS/SAP-M&R database is maintained separately from SoCalGas' Transmission Pipeline Summary, which is maintained for operational and safety purposes.

However, the Commission is authorized to establish such exceptions to compliance with a public utility's rate schedules as it may consider just and reasonable, and the Commission may approve rates and charges in excess of or less than those shown by the utility's rate schedules.²

Because the nine customers' contracts under which they received service at transmission level rates were entered into in the reasonable, if mistaken, belief that they were eligible for those rates, based on the MARS/SAP-M&R classification of their service line as "T" and, as to seven of the nine customers, based on their prior history of having received transmission level rates,³ SoCalGas is requesting by this Advice Letter that the Commission approve the one-time and non-precedential waiver of collection of the amounts of the undercharges. Further, SoCalGas is requesting a one-time and non-precedential deviation from the eligibility criteria of its GT-TLS rate schedule so that seven of the nine customers may be permitted to continue to take service at the current GT-TLS rates for the remainder of the initial three-year term of their contracts, to February 1, 2013.⁴ The requested deviation would give the affected customers the benefit of the GT-TLS rate they agreed to for the full primary contract term to which they committed when they entered into their GT-TLS rate contracts.

The total amounts of the undercharges for the nine customers are approximately \$1.7 million for the three-year rebilling period, and the estimated amount of the difference in revenues for the seven customers for the term ending February 1, 2013 is approximately \$420,000. In view of the significant impacts to the individual customers of collection of the undercharges and immediate transfer to the applicable Distribution level rate, in comparison to the minimal impact to other customers if the charges are waived and the deviation is approved, SoCalGas requests that the Commission authorize the requested waiver and deviation.

Protests

Anyone may protest this advice letter to the Commission. The protest must state the ground 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 this advice letter was filed with the Commission, which is Thursday July 31, 2012. 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 email to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). 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.

² See Public Utilities Code §§ 489 and 532.

³ Two customers received service under the GT-F rate schedule as Enhanced Oil Recovery and Electric Generation customers.

⁴ One of the nine customers entered into a month-to-month contract in February 2010 for service under the GT-TLS rate schedule NV rate option, which has a minimum term of one month. Another customer terminated its GT-TLS rate contract in connection with a change of ownership of the involved facility.

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

Effective Date

This is a Tier 3 advice letter and will become effective when the Commission adopts a resolution approving it. SoCalGas respectfully requests that a resolution approving this advice filing be adopted by the Commission at its September 13, 2012 business meeting.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in SoCalGas' 2009 BCAP, A.08-02-001 and in the pending 2013 TCAP, A.11-11-002.

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) #: 4387

Subject of AL: Request for Approval of Waiver of Collection of Undercharges for Transmission-level Rates Billing Errors, and Request for Deviation from Eligibility Criteria

Keywords (choose from CPUC listing): Transmission

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

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 AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: Yes, attachment listing customer names is confidential.

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 9/13/12

No. of tariff sheets: 0

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: N/A

Service affected and changes proposed¹: 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
EDTariffUnit@cpuc.ca.gov**

**Southern California Gas Company
Attention: Sid Newsom
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
SNewsom@semprautilities.com
tariffs@socalgas.com**

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 4387

(See Attached Service Lists)

Attachment B

Advice No. 4387

**List of Nine Customers and
Estimated Rebilling Amounts**

This Attachment is being provided only to the Energy Division and the Division of Ratepayer Advocates under the confidentiality provisions of General Order 66-C and Section 583 of the Public Utilities Code.