

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 2, 2013

Advice Letter 4533-G

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

**Subject: Schedule No. GT-SWGX – Exchange Wholesale Natural Gas
Service – Pisgah Meter Station charge True-up and Exchange Rate Revision**

Dear Ms. Prince:

Advice Letter 4533-G is effective September 1, 2013.

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
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August 29, 2013

Advice No. 4533
(U 904 G)

Public Utilities Commission of the State of California

Subject: Schedule No. GT-SWGX – Exchange Wholesale Natural Gas Service – Pisgah Meter Station Charge True-up and Exchange Rate Revision

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to its Schedule No. GT-SWGX, Exchange Wholesale Natural Gas Service (GT-SWGX) applicable to Southwest Gas Corporation (Southwest), as shown on Attachment B.

Purpose

In accordance with Decision (D.) 09-10-036 and pursuant to GT-SWGX, this filing revises 1) the rate (Pisgah Meter Station Charge) SoCalGas charges Southwest to recover the costs associated with the Pisgah meter station upgrade and monthly maintenance of the meter, and 2) the exchange rate SoCalGas charges Southwest for exchange transportation service (Exchange Rate). The Exchange Rate recovers certain exchange fees charged by Pacific Gas and Electric Company (PG&E) to SoCalGas plus SoCalGas' system balancing costs, and applies only to gas quantities delivered to Southwest through delivery points served by PG&E.

Background

Pisgah Upgrades

In D.09-10-036, the Commission adopted an exchange contract between SoCalGas and PG&E (2008 SEGDA) and a transportation contract between SoCalGas and Southwest (2008 Agreement). These contracts govern SoCalGas' Southwest service and rates. The 2008 SEGDA requires SoCalGas to build and maintain a second point to exchange gas with PG&E when displacement capability at Kern River Station is limited or unavailable.¹ As the Commission explained in D.09-10-036:

¹ D.09-10-036, mimeo., Attachment C (2008 Southwest Exchange Gas Delivery Agreement (SEGDA) between PG&E and SoCalGas) at 3 (Section 3.3).

Findings of Fact

1. The upgrades to Pisgah Meter Station will render Pisgah capable of serving as an alternate redelivery point, in addition to the Kern River Station normally used for deliveries between SoCalGas and PG&E.
2. An alternate delivery point to Kern River is needed due to volatilities of demand and price for natural gas and, as a result, the Pisgah Meter Station upgrades are reasonable.
3. The Pisgah Meter Station capital improvements will be placed into SoCalGas' rate base as part of SoCalGas' 2012 general rate case and SoCalGas will recover these costs through payments by Southwest governed by the 2008 agreement.
4. The cost recovery proposal by Applicants for the Pisgah Meter Station is reasonable.

....

Conclusions of Law

1. It is reasonable to adopt the rate recovery proposal in the 2008 agreement between SoCalGas and PG&E for the Pisgah Meter Station, as modified by the June 25, 2009 Settlement.

....

Ordering Paragraphs

4. The capital improvements, estimated to costs [sic] \$1.3 million, to Southern California Gas Company's Pisgah Meter Station and the related capital charges, operation and maintenance charges, and rate base treatment of these capital improvements, as described in Attachment B hereto and modified by Attachment A, are approved.²

Pursuant to the ratemaking treatment approved in D.09-10-036, Southwest is to be billed a monthly Pisgah Meter Station Charge consisting of a charge to recover the cost associated with the upgrades (Upgrade Charge), plus an operations and maintenance charge (O&M Charge) beginning the first full month following the Pisgah in-service date.³ SoCalGas was granted approval to charge an initial Upgrade Charge of \$16,892 based on the initial estimated capital

² D.09-10-036, mimeo., at 16 (Findings of Fact Nos. 1-4), 19 (Conclusions of Law No. 1), and 20 (Ordering Paragraph No. 4).

³ See page 6 and Attachment 2 to All-Party Settlement Agreement (Settlement) included in Attachment A to D.09-10-036.

costs of \$1.3 million.⁴ Adding in the O&M Charge of \$1,072, the initial Pisgah Meter Station Charge became \$17,964, effective August 1, 2011.

Upgrade Charge True Up

Pursuant to Section 4.(c)(1)ii of the amended 2008 Agreement, SoCalGas has the opportunity to true up the Upgrade Charge once the final total Pisgah upgrade construction costs are known.⁵ The final Pisgah upgrade cost was \$2,034,249, and SoCalGas is now seeking to true up the Upgrade Charge.

Exchange Rate Updates

Pursuant to D.09-10-036, whenever the Commission approves a change to either the PG&E exchange fee or SoCalGas' system balancing cost adder (SBCA), the Exchange Rate between SoCalGas and Southwest will also change.⁶ The Commission approved SoCalGas' most recent SBCA change on July 2, 2013.⁷ Accordingly, SoCalGas is also seeking to update the Exchange Rate.

Requested Relief

Upgrade Charge

As noted above, the final cost of the Pisgah upgrade was \$2,034,249.⁸ Pursuant to the settlement agreement adopted in D.09-10-036, the true up charge will be \$9,541/month.⁹ Accordingly, the new monthly Pisgah Meter Station Charge for Southwest will be \$27,505 – the existing charge of \$17,964 plus the new true up charge of \$9,541. This updated charge is reflected in the revisions to GT-SWGX set forth in Attachment B to this advice filing.¹⁰

The 2008 Agreement also requires Southwest to pay true up charges to SoCalGas for each month between the initial Pisgah In-Service date of August 2011 and the true up. Assuming that the true up is authorized in September of 2013, Southwest will be required to pay

⁴ See the Commission's approval letter for Advice No. 4261 dated September 4, 2011. This charge was calculated as an amortization of the \$1.3 million over 164 months, the number of months remaining in the initial term of the 2008 Agreement.

⁵ In accordance with Sections 3.2.2 and 3.2.3 of the Settlement, SoCalGas began charging Southwest for the Pisgah Upgrade based on estimated costs beginning the first month after Pisgah became operational, and SoCalGas was granted the opportunity to true up the difference between the estimated and final actual construction costs after the Pisgah Upgrade costs have been determined and reconciled. Over the term of the 2008 Agreement, Southwest will pay for these actual construction costs. See *Id.*

⁶ D.09-10-036, mimeo., Attachment B – Master Services Contract, Schedule A, Intrastate Transmission Service, Section 7.E.4.(b).

⁷ See the Commission's approval letter dated July 2, 2013 approving SoCalGas' 2012 GRC implementation Advice No. 4496.

⁸ In accordance with the Settlement, SoCalGas has sent a report itemizing these costs to the Division of Ratepayer Advocates, Southwest, and PG&E.

⁹ Pursuant to Section 4.(c)(1)ii of Attachment 2 to the Settlement, the true up charge is equal to \$16,892 (current Upgrade Charge) × (\$2,034,249 - \$1,300,000)/\$1,300,000.

SoCalGas a lump sum of \$238,523 ($\$9,541 \times 25$).¹¹ This lump sum charge is also reflected in the revisions to GT-SWGX set forth in Attachment B to this advice filing.

Exchange Rate

As noted above, the Commission approved SoCalGas' most recent SBCA change on July 2, 2013. SoCalGas requests a corresponding increase in the Exchange Rate in GT-SWGX from 5.235¢/therm to 5.243¢/therm, which is the sum of the current PG&E exchange fee of 5.113¢/therm and the newly calculated SoCalGas system balancing cost adder of 0.130¢/therm. Pursuant to the 2008 Agreement adopted in D.09-10-036, the new Exchange Rate will be charged to Southwest on the first day of the 2nd month following Commission approval of the underlying tariff change.¹² Since the tariff changes were approved on July 2, 2013, the new Exchange Rate will become effective on September 1, 2013. This updated Exchange Rate is reflected in the revisions to GT-SWGX set forth in Attachment B to this advice filing.

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 must be received within 20 days of the date of this Advice Letter, which is September 18, 2013. 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
Attn: 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 the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should 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

Effective Date

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B, Section 7.3.1. SoCalGas respectfully requests the tariff sheets filed herein be effective on September 1, 2013.

¹¹ See Section 3.2.3 of the Settlement and Section 4.(c)(1)ii of Attachment 2 to the Settlement.

¹² D.09-10-036, mimeo., Attachment B – Master Services Contract, Schedule A, Intrastate Transmission Service, Section 7.E.4.(b).

Notice

A copy of this advice letter is being sent to the parties listed in Attachment A which includes parties in A.08-12-006, SoCalGas/PG&E/Southwest Wholesale Transportation and Exchange Agreements.

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) #: 4533

Subject of AL: Schedule No. GT-SWGX – Pisgah Meter Station Charge True-up and Exchange Rate
Revision

Keywords (choose from CPUC listing): Agreements; Contracts

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.09-10-036

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: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 9/1/13

No. of tariff sheets: 3

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: GT-SWGX, TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 4525

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. 4533

(See Attached Service Lists)

ATTACHMENT B
Advice No. 4533

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49518-G	Schedule No. GT-SWGX, EXCHANGE WHOLESALE NATURAL GAS SERVICE, Sheet 1	Revised 49446-G
Revised 49519-G	TABLE OF CONTENTS	Revised 49513-G
Revised 49520-G	TABLE OF CONTENTS	Revised 49514-G

Schedule No. GT-SWGX
EXCHANGE WHOLESALE NATURAL GAS SERVICE

Sheet 1

APPLICABILITY

Applicable for exchange transportation service exchange with Pacific Gas and Electric Company ("PG&E") in order to serve Southwest Gas Corporation's ("Customer") PG&E Points of Delivery located in Customer's service territory in southern California.

TERRITORY

Delivery points shall be as specified in the executed Master Services Contract, Schedule A, Intrastate Transmission Service, dated December 10, 2008 ("Contract").

RATES

Exchange Fee Charges

Exchange Rate, per therm 5.243¢

As specified in the Contract, the Exchange Rate recovers certain exchange fees charged by PG&E to Utility plus Utility's system balancing costs, and applies only to gas quantities delivered through Points of Delivery served by PG&E. Pursuant to the Contract, the Exchange Rate shall automatically change if the Commission approves modification to any of the tariffed components of the formula used to determine the exchange fee.

Pisgah Meter Station Charges

Pisgah Meter Station Charge, per month \$27,505

As specified in the Contract, Pisgah Meter Station Charges are monthly charges associated with the Pisgah Meter Station Upgrade.

One-Time Lump-Sum True Up Charge\$238,523

As specified in the Contract, a one-time lump-sum charge will be paid to enable SoCalGas to recover actual Pisgah Meter Station Upgrade costs during the months before the Pisgah Meter Station Charges are trued up. This charge will cover August 2011 through August 2013.

Billing Adjustments

Billing adjustments may be necessary to reflect changes in quantities used in developing prior periods' exchange charges.

Rates may be adjusted to reflect any applicable taxes, franchise or other fees, regulatory surcharges, and interstate or intrastate pipeline charges that may occur.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4533
 DECISION NO. 09-10-036

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Aug 29, 2013
 EFFECTIVE Sep 1, 2013
 RESOLUTION NO. _____

TABLE OF CONTENTS

(Continued)

G-CP	Core Procurement Service	47480-G,49500-G,49501-G,49476-G,37933-G
GT-F	Firm Intrastate Transportation Service	49193-G,49426-G,49427-G,49428-G
	for Distribution Level Customers	49429-G,49430-G,45308-G,47167-G
		45310-G,45311-G,45312-G,45313-G
GT-I	Interruptible Intrastate Transportation Service	49195-G,49431-G,49432-G
	for Distribution Level Customers	45317-G,47168-G,45319-G,45320-G
GT-TLS	Intrastate Transportation Service for Transmission Level Customers	45321-G,49197-G,49198-G,49199-G,49433-G
		49434-G,49435-G,49436-G,45329-G,45330-G
		45331-G,45332-G,47170-G,45334-G,45335-G
		45336-G,45337-G,45338-G,45339-G
GT-SWGX	Wholesale Natural Gas Service	49518-G,45341-G
G-IMB	Transportation Imbalance Service	43318-G,49512-G,49452-G,48995-G
		49047-G,49048-G,43324-G,43325-G,47880-G
G-OSD	Off-System Delivery Service	47345-G*,47346-G,48315-G,47348-G
G-BTS	Backbone Transportation Service	48084-G,47349-G,49201-G,49242-G
		47176-G,47177-G**,47178-G,47179-G,47180-G,47181-G
		47182-G,47183-G,47184-G,47185-G,47186-G,47187-G
		43333-G,43334-G,43335-G,43336-G
G-POOL	Pooling Service	47188-G,47189-G,42278-G
G-BSS	Basic Storage Service	43337-G,48817-G,45767-G,45768-G
		45769-G,45770-G,43051-G
G-AUC	Auction Storage Service	43338-G,32709-G,32710-G,32711-G
		32712-G,32713-G,36314-G,32715-G
G-LTS	Long-Term Storage Service	32716-G,32717-G,48818-G,45771-G
		45772-G,45773-G,43055-G
G-TBS	Transaction Based Storage Service	45355-G,43340-G,48819-G,45775-G
		45776-G,44933-G
G-CBS	UDC Consolidated Billing Service	34071-G,34072-G,34073-G,33095-G
G-SMT	Secondary Market Transactions of Storage Rights	45359-G,45360-G,45361-G
G-TCA	Transportation Charge Adjustment	48734-G

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(Continued)

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TABLE OF CONTENTS

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.

<u>GENERAL</u>	<u>Cal. P.U.C. Sheet No.</u>
Title Page	40864-G
Table of Contents--General and Preliminary Statement	49520-G,49351-G,49343-G
Table of Contents--Service Area Maps and Descriptions	41970-G
Table of Contents--Rate Schedules	49502-G,49519-G,48618-G
Table of Contents--List of Cities and Communities Served	47970.1-G
Table of Contents--List of Contracts and Deviations	47970.1-G
Table of Contents--Rules	47374-G,48988-G
Table of Contents--Sample Forms	49157-G,48989-G,47377-G,48990-G,48991-G

PRELIMINARY STATEMENT

Part I General Service Information	45597-G,24332-G,24333-G,24334-G,48970-G
Part II Summary of Rates and Charges	49486-G,49487-G,49488-G,49169-G,49170-G,49511-G 49450-G,46431-G,46432-G,48566-G,49459-G,49460-G,49461-G,49175-G
Part III Cost Allocation and Revenue Requirement	45267-G,45268-G,45269-G,49176-G,49177-G
Part IV Income Tax Component of Contributions and Advances	48774-G,24354-G
Part V Balancing Accounts	
Description and Listing of Balancing Accounts	49344-G
Purchased Gas Account (PGA)	49089-G,49090-G
Core Fixed Cost Account (CFCA)	49305-G,49306-G
Noncore Fixed Cost Account (NFCA)	49307-G,49308-G
Enhanced Oil Recovery Account (EORA)	47160-G
Noncore Storage Balancing Account (NSBA)	46962-G,46963-G
California Alternate Rates for Energy Account (CAREA)	45882-G,45883-G
Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G,40877-G
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
Pension Balancing Account (PBA)	49309-G,49310-G
Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) .	49311-G,49312-G

(Continued)

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