

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 16, 2013

Advice Letter 4539-G

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

**Subject: Adjustment for Gain-on-Sale Amortization Revenue Requirement in Rates
Effective January 1, 2014**

Dear Ms. Prince:

Advice Letter 4539-G is effective January 1, 2014.

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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September 12, 2013

Advice No. 4539
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Adjustment for Gain-on-Sale Amortization Revenue Requirement
in Rates Effective January 1, 2014**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its revenue requirement and rates effective January 1, 2014.

Purpose

This Advice Letter removes the amortization of the gain on sales of non-depreciable property revenue requirement in gas transportation rates effective January 1, 2014. As described below, the amortization period ends on December 31, 2013 in accordance with the six-year amortization period adopted in SoCalGas' 2008 General Rate Case (GRC) Decision (D.) 08-07-046.

Background

Pursuant to D.08-07-046, SoCalGas was authorized to refund to ratepayers 100% of previously realized gain-on-sale of non-depreciable property (\$17.8 million) as an amortization to miscellaneous revenues over a six-year GRC cycle. In compliance with D.13-05-010 and as stated in testimony in connection with SoCalGas' 2012 GRC, SoCalGas plans to remove the currently authorized amortization from rates as proposed in the advice letter described herein.¹

Revenue Requirement Impact

SoCalGas plans to adjust its gas transportation rates to remove the gain-on-sale amortization embedded in authorized miscellaneous revenues, thereby increasing gas transportation revenue requirements by \$2.972 million plus franchise fees and uncollectibles (FF&U). This will continue until a new Revenue Requirement is authorized.

¹ As stated in the testimony of SoCalGas Miscellaneous Revenue Witness Todd J. Cahill (Exhibit SCG-32 of SoCalGas GRC Application 10-12-006), an advice letter will be filed prior to December 31, 2013 to adjust its base margin revenue requirement to reflect the removal of the gain-on-sale amortization from authorized miscellaneous revenues effective January 1, 2014.

It should be noted that the revenue requirement herein does not include other revenue requirement adjustments authorized or expected to be authorized by the Commission for implementation in transportation rates effective January 1, 2014. SoCalGas will file an advice letter consolidating all Commission-authorized changes in its revenue requirement, and the related changes to its rates, at least three days prior to the January 1, 2014 effective date of such rates.

Attachment B in this filing shows an Annual Gas Transportation Revenue table summarizing the revenue requirement changes at present and proposed rates.

Revenue Requirement Impact by Class of Service

<u>Class of Service</u>	<u>Applicable Rate Schedules</u>	<u>Net M\$ Increase/(Decrease)</u>
Core	GR, GS, GM, GO-AC, G-NGVR, GL, G-10, G-AC, G-EN, G-NGV	\$ 2.7
Noncore	GT-F, GT-I, GT-TLS	\$ 0.3
TOTAL		<u>\$3.0</u>

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 this advice letter was filed with the Commission which is October 2, 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
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 the Energy Division (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.

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 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. This filing is consistent with D.13-05-010 and therefore SoCalGas respectfully requests that this filing be approved on October 12, 2013, which is 30 days after the date filed, for implementation and inclusion in rates effective on January 1, 2014.

Notice

A copy of this advice letter is being sent to all parties listed on Attachment A, which includes the interested parties in SoCalGas' General Rate Case Application (A.) 10-12-006.

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) #: 4539

Subject of AL: Adjustment for Gain-on-Sale Amortization Revenue Requirement in Rates Effective January 1, 2014

Keywords (choose from CPUC listing): GRC, Gain on Sale

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: No

Resolution Required? Yes No Tier Designation: 1 2 3

Requested effective date: 10/12/13 No. of tariff sheets: 0

Estimated system annual revenue effect (%): .1%

Estimated system average rate effect (%): .1%

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: None

Service affected and changes proposed¹ See Advice Letter

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. 4539

(See Attached Service Lists)

ATTACHMENT B

Advice No. 4539

Summary of Annual Gas Transportation Revenues

TABLE 1
Natural Gas Transportation Rate Revenues
Southern California Gas Company
January 2014 Rates

	Current Rates			Proposed Rates w/Gain on Sale			Changes			
	Sept-1-13	Proposed	Sept-1-13	Jan-1-14	Proposed	Jan-1-14	Revenue	Rate	% Rate	
	Volumes Mth A	Rate \$/therm B	Revenues \$000's C	Volumes Mth D	Rate \$/therm E	Revenues \$000's F	Change \$000's G	Change \$/therm H	change % I	
1	CORE									
2	Residential	2,483,989	\$0.58742	\$1,459,148	2,483,989	\$0.58829	\$1,461,302	\$2,153	\$0.00087	0.1%
3	Commercial & Industrial	970,519	\$0.30675	\$297,708	970,519	\$0.30727	\$298,212	\$504	\$0.00052	0.2%
4										
5	NGV - Pre SempraWide	117,231	\$0.07508	\$8,802	117,231	\$0.07521	\$8,817	\$15	\$0.00013	0.2%
6	SempraWide Adjustment	117,231	\$0.00186	\$218	117,231	\$0.00185	\$217	(\$1)	(\$0.00001)	-0.6%
7	NGV - Post SempraWide	117,231	\$0.07694	\$9,020	117,231	\$0.07706	\$9,034	\$14	\$0.00012	0.2%
8										
9	Gas A/C	1,210	\$0.06756	\$82	1,210	\$0.06767	\$82	\$0	\$0.00012	0.2%
10	Gas Engine	18,080	\$0.09041	\$1,635	18,080	\$0.09056	\$1,637	\$3	\$0.00015	0.2%
11	Total Core	3,591,030	\$0.49222	\$1,767,592	3,591,030	\$0.49297	\$1,770,266	\$2,674	\$0.00074	0.2%
12										
13	NONCORE COMMERCIAL & INDUSTRIAL									
14	Distribution Level Service	982,465	\$0.07543	\$74,105	982,465	\$0.07554	\$74,219	\$114	\$0.00012	0.2%
15	Transmission Level Service (2)	457,697	\$0.02555	\$11,696	457,697	\$0.02559	\$11,711	\$15	\$0.00003	0.1%
16	Total Noncore C&I	1,440,163	\$0.05958	\$85,801	1,440,163	\$0.05967	\$85,930	\$129	\$0.00009	0.2%
17										
18	NONCORE ELECTRIC GENERATION									
19	Distribution Level Service									
20	Pre Sempra Wide	353,995	\$0.03554	\$12,580	353,995	\$0.03559	\$12,600	\$20	\$0.00006	0.2%
21	Sempra Wide Adjustment	353,995	\$0.00378	\$1,338	353,995	\$0.00377	\$1,335	(\$3)	(\$0.00001)	-0.2%
22	Distribution Level Post Sempra Wide	353,995	\$0.03932	\$13,918	353,995	\$0.03936	\$13,934	\$16	\$0.00005	0.1%
23	Transmission Level Service (2)	2,472,969	\$0.02133	\$52,744	2,472,969	\$0.02136	\$52,828	\$83	\$0.00003	0.2%
24	Total Electric Generation	2,826,964	\$0.02358	\$66,662	2,826,964	\$0.02362	\$66,762	\$100	\$0.00004	0.1%
25										
26	TOTAL RETAIL NONCORE	4,267,127	\$0.03573	\$152,463	4,267,127	\$0.03578	\$152,692	\$229	\$0.00005	0.2%
27										
28	WHOLESALE & INTERNATIONAL (excl. SDG&E)	368,955	\$0.02037	\$7,517	368,955	\$0.02041	\$7,529	\$12	\$0.00003	0.2%
29										
30	OTHER SERVICES (SDG&E, UBS, AND BTS)	1,230,285		\$194,444	1,230,285		\$194,503	\$59		
31										
32	SYSTEM TOTALw/SL,FAR,TLS,SW	9,457,396	\$0.22438	\$2,122,016	9,457,396	\$0.22469	\$2,124,990	\$2,974	\$0.00031	0.1%
33										
34	EOR Revenues	156,187	\$0.03018	\$4,714	156,187	\$0.03022	\$4,720	\$6	\$0.00004	0.1%
35	Total Throughput w/EOR Mth/yr	9,613,583			9,613,583					

- 1) These rates are for Natural Gas Transportation Service from "Citygate to Meter". The BTS rate is for service from Receipt Point to Citygate.
- 2) These Transmission Level Service "TLS" amounts represent the average transmission rate, see Table 5 or detail list of TLS rates.
- 3) All rates include Franchise Fees & Uncollectible charges