

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 6, 2014

Advice Letter: 4552-G

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

**SUBJECT: Update of Public Purpose Program Surcharge Rates Effective
January 1, 2014**

Dear Ms. Prince:

Advice Letter 4552-G is effective as of November 27, 2013, with associated rates 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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RPrince@semprautilities.com

October 28, 2013

Advice No. 4552
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Update of Public Purpose Program Surcharge Rates Effective
January 1, 2014**

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

Purpose

This Advice Letter submits updated Public Purpose Program (PPP) surcharge rates to be effective January 1, 2014. As described below, the PPP surcharge rates are based on the adopted volumes and allocation changes pursuant to Decision (D.) 09-11-006 on Phase 2 of SoCalGas' Biennial Cost Allocation Proceeding (BCAP) Application (A.) 08-02-001.

Background

This filing is being made in compliance with Ordering Paragraph (OP) 22 of D.04-08-010, in Rulemaking (R.) 02-10-001, to update on an annual basis SoCalGas' surcharge rates to fund PPP programs, as authorized by Assembly Bill (AB) 1002. AB 1002 directs the Commission to establish a gas surcharge annually to fund certain natural gas related public purpose programs: energy efficiency, low-income assistance programs such as California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA), and research and development (R&D). Revenues collected from the surcharge are remitted to the State Board of Equalization (BOE), and are ultimately appropriated back to the utilities or other entities designated by the Commission to administer public purpose programs.

The Commission issued D.04-08-010 that addressed both the Phase 1 surcharge implementation issues and Phase 2 administration of public purpose R&D. Pursuant to OP 10, SoCalGas is using the surcharge formula adopted in the decision for calculating the gas PPP surcharge rates. SoCalGas is using information provided by the Commission's Energy Division for calculating the gas surcharge rate as it relates to (1) the Commission and BOE administrative costs, (2) SoCalGas' portion of the statewide R&D budget, and (3) a three-year average of the interstate pipeline volumes from 2010 through 2012 to be used in computation of

the surcharge rates as directed in D.04-08-010. With the approval of Phase 2 of SoCalGas' BCAP, SoCalGas is using the adopted BCAP volumes in calculating 2014 surcharge rates for the customer classes as shown in the table below.

Billing Determinants	Non-CARE	
	Costs	CARE Costs
	Volumes (Mth)	
Residential	2,478,719	1,874,040
G10-Commercial and Industrial	936,942	933,374
Nonresidential Air Conditioning	1,210	1,210
Gas Engine	18,080	18,080
Subtotal Core	3,434,951	2,826,705
G30-Commercial and Industrial	1,430,373	1,430,373
Total	4,865,324	4,257,078

Also, with the approval of Phase 2 of the BCAP, SoCalGas has eliminated the allocation of R&D costs to customer classes that do not pay the G-PPPS rate and updated the Equal Percent Marginal Cost allocator to Equal Percent Authorized Margin.

Revised Schedule No. G-PPPS

Schedule No. G-PPPS, as shown in Attachment B, updates the PPP surcharge rates for the costs detailed in the table below. SoCalGas' projection of program costs for 2014 reflects the estimated 2014 CARE customer subsidy costs and funding authorized in D.12-08-044 for its ESA and CARE programs, excluding the request for budget augmentation¹.

The non-low income components of the PPP surcharge rates reflect the 2014 R&D budget of \$11.7 million, forecasted \$0.4 million R&D funding undercollection compared to the prior year's authorized budget level, and the 2014 energy efficiency funding as authorized in D.12-11-015 adjusted for a reduction related to SoCalREN's Multi-Family Loan Loss Reserve pilot funding that was denied in D.13-09-044.²

¹ Pursuant to OP 136 of D.12-08-044, SoCalGas filed a petition to modify the decision and requested a budget augmentation to the adopted ESA program funding. If approval is received prior to year-end, SoCalGas plans to file a supplemental advice letter to update rates to include additional funding.

² D.13-09-044 denied funding for SoCalREN's Multi-Family Loan Loss Reserve pilot that was included in the 2013-2014 EE program funding adopted in D.12-11-015. Pursuant to OP 23 of D.13-09-044, SoCalGas will refund \$0.2 million to ratepayers in 2014 rates.

(\$000)

	CARE Costs	Non-CARE Costs	Admin Costs	Total
<u>2014 Program Budgets</u>				
ESAP		120,506.2		120,506.2
CARE	125,153.0			125,153.0
EE		89,140.6		89,140.6
RDD		11,720.1		11,720.1
<u>Administration Costs</u>				
CARE	16,217.8			16,217.8
BOE			415.1	415.1
CPUC			-	-
<u>Balancing Account Amortization - (over) / under collection</u>				
DSMBA		(36,670.0)		(36,670.0)
DAPBA		-		-
CAREA	(38,955.0)			(38,955.0)
RDDGSA (excluding interest)		377.3		377.3
Total PPP Costs	102,415.9	185,074.2	415.1	287,905.1

The PPP rates are listed for CARE and Non-CARE customers by major customer class, and reflect changes to the CARE and R&D components of the gas PPP surcharge. The 2014 PPP surcharge revenue requirement is lower by \$31 million (or 10 percent) compared to the 2013 PPP surcharge revenue requirement, which is primarily due to an increase in the amortization of the California Alternate Rates for Energy Account (CAREA) overcollection balance and removal of the amortization of the Direct Assistance Program Balancing Account (DAPBA) undercollection balance, offset by a decrease in the amortization of the Demand Side Management Balancing Account (DSMBA) overcollection balance. The impact of the updated PPP surcharge rates, by major customer class, is shown on Attachment C.

The comparison of the current PPP revenue requirement to the proposed 2014 PPP revenue requirement as shown in the table above is detailed in Attachment D.

Below is the summary of the authorized allocation methods used for each of the programs:

<u>Program</u>	<u>Allocation Method</u>
Energy Efficiency	Direct Benefits Allocation
Calif. Alternative Rates for Energy (CARE)	Equal Cents Per Therm
Energy Savings Assistance (ESA)	Direct Benefits Allocation
Research and Development (R&D)	Equal Percent of Authorized Margin

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 November 17, 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 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 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.04-08-010 and, therefore, SoCalGas respectfully requests that this filing be approved on November 27, 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 the parties listed on Attachment A, which includes the interested parties in A.12-08-010, Statewide Marketing, Education and Outreach Program for Years 2013-2014; A.12-07-003, Natural Gas Energy Efficiency Program for Years 2013-2014; A.11-05-018, Low Income Assistance Programs and Budgets for PY 2012-2014; and A.11-11-002, 2013 TCAP.

Work papers have been provided to the Energy Division pursuant to D.04-08-010. Copies of the work papers can be made available to other parties upon request by contacting the address in the Protest section above.

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 904-G)**

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) #: 4552

Subject of AL: Update of Public Purpose Program Surcharge Rates Effective
January 1, 2014

Keywords (choose from CPUC listing): Preliminary Statement

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D04-08-010, D09-11-006

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: 1/1/14 (Tariffs) 11/27/13 (AL) 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: Schedule G-PPPS and TOCs

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 Fifth 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. 4552

(See Attached Service Lists)

ATTACHMENT B
Advice No. 4552

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49636-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 10	Revised 48566-G
Revised 49637-G	Schedule No. G-PPPS, PUBLIC PURPOSE PROGRAMS SURCHARGE, Sheet 1	Revised 48567-G
Revised 49638-G	TABLE OF CONTENTS	Revised 49424-G
Revised 49639-G	TABLE OF CONTENTS	Revised 49632-G

PRELIMINARY STATEMENT
 PART II
 SUMMARY OF RATES AND CHARGES

Sheet 10

(Continued)

TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

Schedule G-PPPS

<u>Customer Class</u>	<u>Tax Surcharge</u>	
	<u>For all service, per meter, per month</u>	
	<u>CARE Customer</u>	<u>Non-CARE Customer</u>
	<u>(¢/therm)</u>	<u>(¢/therm)</u>
Core		
Residential	6.098	8.504
Commercial/Industrial	3.102	5.508
Gas Air Conditioning	3.286	5.692
Gas Engine	N/A	5.366
Natural Gas Vehicle	N/A	2.406
Noncore		
Commercial/Industrial	N/A	2.734

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SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

Schedule G-SRF

Surcharge, per therm 0.068¢

TRANSPORTED GAS MUNICIPAL SURCHARGE

Schedule G-MSUR

Outside the City of Los Angeles 1.4593%
 Within the Cities of San Buenaventura (Ventura), Huntington Beach,
 and Visalia 2.4593%*
 Within the City of Los Angeles 2.0000%

* Includes 1% franchise fee surcharge for City of Ventura customers pursuant to D. 07-10-024, for City of Huntington Beach customers pursuant to Resolution G-3452, and City of Visalia pursuant to Advice No. 4418.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4552
 DECISION NO. 04-08-010, 09-11-006

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 28, 2013
 EFFECTIVE Jan 1, 2014
 RESOLUTION NO. _____

Schedule No. G-PPPS
PUBLIC PURPOSE PROGRAMS SURCHARGE

Sheet 1

APPLICABILITY

Applicable to all gas sales and transportation services rendered under all tariff rate schedules authorized by the Commission. Customers will have a gas public purpose program (PPP) surcharge as a separate line item on their bills unless they are exempt* (e.g. Electric Generation including cogeneration, Enhanced Oil Recovery, Wholesale service, and consumption of natural gas which California is prohibited from taxing under the United States Constitution or the California Constitution, as referenced in Section 896 of the Public Utilities Code. (See also the California Energy Resources Surcharge Regulation Sections 2315 and 2316 as identifying exempt customers.) California Alternate Rates for Energy (CARE) customers will receive the surcharge excluding CARE program costs along with applicable customers receiving sales for street lighting.

TERRITORY

This schedule is applicable within the entire territory served by Utility.

RATES

<u>Customer Class</u>	<u>PPP Surcharge**</u>	
	<u>For all service, per meter, per month</u>	
	<u>CARE Customer***</u> (¢/therm)	<u>Non-CARE Customer</u> (¢/therm)
Core		
Residential	6.098	8.504
Commercial/Industrial	3.102	5.508
Gas Air Conditioning	3.286	5.692
Gas Engine	N/A	5.366
Natural Gas Vehicle	N/A	2.406
Noncore		
Commercial/Industrial	N/A	2.734

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* Commission Resolution G-3303, dated December 21, 2000, references Sections 896, 897, and 898 of Assembly Bill (AB) 1002 regarding consumers of natural gas who are exempt from the tax surcharge. Section 896 states "Consumption means the use or employment of natural gas. Consumption does not include the use or employment of natural gas to generate power for sale or use of gas for enhanced oil recovery, natural gas utilized in cogeneration technology projects to produce electricity, or natural gas that is produced in California and transported on a proprietary pipeline. Consumption does not include the consumption of natural gas which this state is prohibited from taxing under the United States Constitution or the California Constitution." Section 897 states "Nothing in this article impairs the rights and obligations of parties to contracts approved by the Commission, as the rights and obligations were interpreted as of January 1, 1998." Section 898 is in reference to a municipality, district, or

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVISE LETTER NO. 4552
 DECISION NO. 04-08-010, 09-11-006

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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G-MHPS	Surcharge to Fund Public Utilities Commission	
	Master Metered Mobile Home Park Gas Safety	
	Inspection and Enforcement Program	32828-G
G-MSUR	Transported Gas Municipal Surcharge	49423-G,25006-G
G-PAL	Operational Hub Services	45363-G,45364-G,45365-G

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4552
 DECISION NO. 04-08-010, 09-11-006

ISSUED BY

Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED Oct 28, 2013
 EFFECTIVE Jan 1, 2014
 RESOLUTION NO. _____

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.

GENERAL

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Table of Contents--Service Area Maps and Descriptions	41970-G	
Table of Contents--Rate Schedules	49626-G,49631-G,49638-G	T
Table of Contents--List of Cities and Communities Served	49509-G	
Table of Contents--List of Contracts and Deviations	49509-G	
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PRELIMINARY STATEMENT

Part I General Service Information	45597-G,24332-G,24333-G,24334-G,48970-G	
Part II Summary of Rates and Charges	49610-G,49611-G,49612-G,49209-G,49210-G,49629-G 49576-G,46431-G,46432-G,49636-G,49585-G,49586-G,49587-G,49215-G	T
Part III Cost Allocation and Revenue Requirement	45267-G,45268-G,45269-G,49176-G,49216-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	
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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4552
 DECISION NO. 04-08-010, 09-11-006

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 28, 2013
 EFFECTIVE Jan 1, 2014
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Attachment C
Advice No. 4552

SUMMARY OF PPP SURCHARGE RATES
SOUTHERN CALIFORNIA GAS COMPANY
PPPS Update Filing for 1-1-2014 Rates

Customer Class	CARE Customers				Non-CARE Customers			
	1/1/2013	1/1/2014	\$/th Change	% Change	1/1/2013	1/1/2014	\$/th Change	% Change
(a)	\$/th (b)	\$/th (c)	\$/th (d)	% (e)	\$/th (f)	\$/th (g)	\$/th (h)	% (i)
<u>Core</u>								
1. Residential	\$0.06954	\$0.06098	(\$0.00856)	-12%	\$0.09777	\$0.08504	(\$0.01273)	-13%
2. Commercial/Industrial	\$0.02473	\$0.03102	\$0.00629	25%	\$0.05295	\$0.05508	\$0.00213	4%
3. Gas Air Conditioning	\$0.02673	\$0.03286	\$0.00613	23%	\$0.05495	\$0.05692	\$0.00197	4%
4. Gas Engine	N/A	N/A	N/A	N/A	\$0.05232	\$0.05366	\$0.00135	3%
5. Natural Gas Vehicle	N/A	N/A	N/A	N/A	\$0.02822	\$0.02406	(\$0.00417)	-15%
<u>Noncore</u>								
6. Commercial/Industrial	N/A	N/A	N/A	N/A	\$0.03092	\$0.02734	(\$0.00358)	-12%
	1/1/2013	1/1/2014	Rev Change	% Change				
	\$000	\$000	\$000	%				
7. Total PPP Revenue	\$319,252	\$287,905	(\$31,346)	(10%)				

Attachment D
Advice No. 4552

ESTIMATED REVENUE REQUIREMENT/RATE CHANGE
SOUTHERN CALIFONRIA GAS COMPANY
PPPS Update Filing for 1-1-2014 Rates

	Current M\$			Proposed M\$			Revenue Requirement Incr/(Decr) M\$		
	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>
<u>Revenue Requirement Change:</u>									
ESAP ^{1/}		117,560	117,560		120,506	120,506	-	2,946	2,946
CARE	124,574		124,574	125,153		125,153	579	-	579
EE ^{2/}		89,366	89,366		89,141	89,141	-	(225)	(225)
RDD		11,823	11,823		11,720	11,720	-	(103)	(103)
							-	-	
DSMBA ^{3/}	-	(46,748)	(46,748)	-	(36,670)	(36,670)	-	10,078	10,078
DAPBA		29,310	29,310		-	-	-	(29,310)	(29,310)
CAREA	(21,756)		(21,756)	(38,955)		(38,955)	(17,199)	-	(17,199)
RDDGSA		(1,215)	(1,215)		377	377	-	1,592	1,592
							-	-	
CARE Admin	15,977		15,977	16,218		16,218	240	-	240
BOE Admin		361	361		415	415	-	54	54
Total 1/1/14 Change	<u>118,795</u>	<u>200,456</u>	<u>319,252</u>	<u>102,416</u>	<u>185,489</u>	<u>287,905</u>	<u>(16,379)</u>	<u>(14,967)</u>	<u>(31,346)</u>

^{1/} 2014 ESAP revenue requirement pursuant to Decision (D.) 12-08-044.

^{2/} 2014 EE revenue requirement pursuant to D.12-11-015, excluding SoCalREN's Multi-Family LLR pilot funds denied pursuant to D.13-09-044.

^{3/} 2014 amortization pursuant to D.12-11-015.