

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 16, 2014

Advice Letter 4568

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

**Subject: Establishment of the Aliso Canyon Memorandum Account (ACMA)
and the Aliso Canyon True-Up Tracking Account (ACTTA) Pursuant
to D.13-11-023**

Dear Ms. Prince:

Advice Letter 4568 is effective December 26, 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
Fax: 213.244.4957
RPrince@semprautilities.com

November 26, 2013

Advice No. 4568
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of the Aliso Canyon Memorandum Account (ACMA) and the Aliso Canyon True-Up Tracking Account (ACTTA) Pursuant to Decision (D).13-11-023

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its Preliminary Statement Part VI, Memorandum Accounts, and Preliminary Statement Part VII, Tracking Accounts, applicable throughout its service territory, as shown on Attachment B.

Purpose

The purpose of this filing is to establish the ACMA and ACTTA pursuant to Ordering Paragraphs (OP) 9 and 13 of D.13-11-023.

Background

On November 14, 2013, the Commission, in D.13-11-023, granted SoCalGas' request to amend its Certificate of Public Convenience and Necessity for construction and operation of the Aliso Canyon Turbine Replacement Project (Project) at the Aliso Canyon Gas Storage Facility. The decision, among other things, approves SoCalGas' revenue requirement (subject to a maximum cost of \$200.9 million) and directs SoCalGas to establish the ACTTA to record benefits associated with the Project and the ACMA to record the incremental costs of the Project in excess of the cost cap approved by the Commission.

Establishment of the ACMA

Pursuant to OP 9 of D.13-11-023, SoCalGas establishes the ACMA to record the incremental costs associated with the Project that are in excess of the authorized \$200.9 million maximum total cost cap.

Establishment of the ACTTA

Consistent with OP 13 of D.13-11-023, SoCalGas establishes the ACTTA to record the benefits from the sale of Regional Clean Air Incentives Market (RECLAIM) Trading Credits (or RTCs) generated by the Project. The ACTTA will also record the difference between the Operating and Maintenance (O&M) and Capital benefits included in the Project's revenue requirement and the actual O&M and capital benefits realized from the Project. The balance in ACTTA will be

allocated to Core Storage, Load Balancing and the Unbundled Storage Program as detailed in the Preliminary Statement attached to this filing.

This filing does not conflict with any rate schedules or any other 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 must be received within 20 days of the date of this Advice Letter which is December 16, 2014. 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

Pursuant to OP 9 and 13 of D.13-11-023, this filing is classified as Tier 2 (effective after staff approval) and is subject to Energy Division disposition. SoCalGas respectfully requests that this filing be approved on December 26, 2013, which is 30 calendar days from the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in the service list for A.09-09-020.

Rasha Prince
Director, Regulatory Affairs

Attachment

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) #: 4568

Subject of AL: Establishment of the Aliso Canyon Memorandum Account (ACMA) and Aliso Canyon True-Up Tracking Account (ACTTA) Pursuant to D.13-11-023

Keywords (choose from CPUC listing): Memorandum Account

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

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

D.13-11-023

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: 12/26/13 No. of tariff sheets: 8

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 VI, Preliminary Statement Part VII, TOCs

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. 4568

(See Attached Service Lists)

ATTACHMENT B
Advice No. 4568

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49758-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS, Sheet 1	Revised 48110-G
Original 49759-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, ALISO CANYON MEMORANDUM ACCOUNT (ACMA)	
Revised 49760-G	PRELIMINARY STATEMENT - PART VII - TRACKING ACCOUNTS, DESCRIPTION AND LISTING OF TRACKING ACCOUNTS, Sheet 1	Revised 45286-G
Original 49761-G	PRELIMINARY STATEMENT - PART VII - TRACKING ACCOUNTS, ALISO CANYON TRUE-UP TRACKING ACCOUNT (ACTTA), Sheet 1	
Original 49762-G	PRELIMINARY STATEMENT - PART VII - TRACKING ACCOUNTS, ALISO CANYON TRUE-UP TRACKING ACCOUNT (ACTTA), Sheet 2	
Revised 49763-G Revised 49764-G Revised 49765-G	TABLE OF CONTENTS TABLE OF CONTENTS TABLE OF CONTENTS	Revised 49757-G Revised 49351-G Revised 49241-G

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
ALISO CANYON MEMORANDUM ACCOUNT (ACMA)

N
N

1. Purpose

The ACMA is an interest bearing memorandum account that is recorded on SoCalGas' financial statements. The purpose of the ACMA is to record the incremental costs associated with the Aliso Canyon Turbine Replacement Project that are in excess of the \$200.9 million maximum total cost approved in Decision (D.) 13-11-023.

N

2. Applicability

The ACMA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.

3. Rates

The amortization of the ACMA balance will be included in gas transportation rates as approved by the Commission.

4. Accounting Procedures

SoCalGas maintains this account by making monthly entries net of franchise fees and uncollectibles where applicable as follows:

- a) A debit entry equal to the capital-related costs (such as depreciation, return on investment and related taxes) associated with the portion of assets in excess of the \$200.9 million cap and placed in service for the Aliso Canyon Turbine Replacement Project;
- b) An entry for amortization of the ACMA balance as authorized by the Commission; and
- c) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. Disposition

The balance in the ACMA will be addressed in SoCalGas' next General Rate Case or other applicable proceeding.

N

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4568
DECISION NO. 13-11-023

ISSUED BY
Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Nov 27, 2013
EFFECTIVE Dec 26, 2013
RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART VII - TRACKING ACCOUNTS
DESCRIPTION AND LISTING OF TRACKING ACCOUNTS

Sheet 1

A. GENERAL

Tracking accounts reconcile the difference between Commission-authorized forecasted costs and SoCalGas' recorded costs. Balances in the tracking accounts shall be reconciled in revenue requirement in SoCalGas' next BCAP or other appropriate rate proceeding.

B. LISTING OF TRACKING ACCOUNTS

Other Hazardous Substance Tracking Account (OHSTA)

Vernon Revenue Tracking Account (VRTA)

Montebello True-Up Tracking Account (MTTA)

Native Gas Tracking Account (NGTA)

Aliso Canyon True-Up Tracking Account (ACTTA)

N

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4568
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Lee Schavrien
Senior Vice President

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PRELIMINARY STATEMENT - PART VII – TRACKING ACCOUNTS
ALISO CANYON TRUE-UP TRACKING ACCOUNT (ACTTA)

Sheet 1

N
N

1. Purpose

The ACTTA is an interest bearing tracking account that is recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 13-11-023, the ACTTA consists of two subaccounts: the Regional Clean Air Incentives Market ("RECLAIM") Trading Credits (or "RTCs") Subaccount and the O&M/Capital Benefits Subaccount. The purpose of the RTC Subaccount is to record the benefits associated with the sale of RTCs generated by the Aliso Canyon Turbine Replacement Project ("Project"). The O&M/Capital Benefits Subaccount records the difference between the estimated benefits included in the Project revenue requirement and the actual O&M and capital benefits realized.

N

2. Applicability

The ACTTA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission.

3. Rates

The amortization of the ACTTA balance will be included in gas transportation rates as approved by the Commission.

4. Accounting Procedures – RTC Subaccount

SoCalGas maintains this account by making monthly entries net of franchise fees and uncollectibles where applicable as follows:

- a) A credit entry equal to the RTC benefits from the Project which is determined by the projected RTCs generated by the Project (i.e., 200 tons per year) times the market value of the RTCs. The market value of the RTCs will be determined based on the average price per ton that SoCalGas has either bought or sold in the marketplace during the year.
- b) An entry for amortization of the ACTTA - RTC Subaccount balance as authorized by the Commission; and
- c) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

N

(Continued)

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PRELIMINARY STATEMENT - PART VII – TRACKING ACCOUNTS
ALISO CANYON TRUE-UP TRACKING ACCOUNT (ACTTA)

Sheet 2

(Continued)

1. Accounting Procedures – O&M/Capital Benefits Subaccount

SoCalGas maintains this account by making monthly entries net of franchise fees and uncollectibles where applicable as follows:

- a) A debit entry equal to the estimated O&M and capital benefits (such as depreciation, return on investment and related taxes) included in the revenue requirement and rates for the Project;
- b) A credit entry equal to the actual O&M and capital benefits (such as depreciation, return on investment and related taxes) realized from the Project;
- c) An entry for amortization of the ACTTA – O&M/Capital Benefits Subaccount balance as authorized by the Commission; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. Disposition

At the end of each year, the balance in the ACTTA (combined balance of both subaccounts) will be allocated to Core Storage, Load Balancing and Unbundled Storage consistent with the “Post Replacement” injection capacity as shown in Table 3 of D.13-11-023. The portion allocated to the Unbundled Storage Program will be transferred to the Noncore Storage Balancing Account (NSBA) and be used to determine the allocation of net storage revenues between ratepayers and shareholders for the following year under the Commission-adopted sharing mechanism. The remaining balance in the ACTTA associated with core storage and load balancing will be recovered in the following year’s rates in connection with SoCalGas’ annual regulatory account balance update filing, subject to a \$200.9 million cap applicable to capital costs. Once the project is complete and the corresponding revenue requirements are incorporated in base rates in connection with SoCalGas’ General Rate Case, the ACTTA will be eliminated after the remaining balance in the ACTTA is amortized in rates.

(TO BE INSERTED BY UTILITY)

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Senior Vice President

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(Continued)

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PRELIMINARY STATEMENT (Continued)

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(TO BE INSERTED BY UTILITY)

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