

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 7, 2014

**Advice Letter 4592-G**

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

**Subject: Update of Schedule No. G-MSUR: Transported Gas Municipal Surcharge**

Dear Ms. Prince:

Advice Letter 4592-G is effective February 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  
Fax: 213.244.4957  
*RPrince@semprautilities.com*

January 10, 2014

Advice No. 4592  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Update of Schedule No. G-MSUR: Transported Gas Municipal Surcharge**

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment B.

**Purpose**

The purpose of this filing is to update SoCalGas' Schedule No. G-MSUR, Transported Gas Municipal Surcharge, as a consequence of the approval of SoCalGas' Advice No. (AL) 4569, 1% Franchise Surcharge for Gas Customers within the City of Bakersfield.

**Background**

In 1937, the California State Legislature passed "The Franchise Act of 1937" (the Act). Among other subjects, the Act established a formula whereby a utility would pay a fee to a general law city or general law county (hereinafter collectively referred to as "municipality") for the use of the streets and right-of-way in its jurisdiction.

The State Legislature attempted to establish what it believed was a fair and adequate compensation level for the use of the public right of way for general law municipalities. The Act sets out that, for gas franchises, municipalities will be compensated through a formula whereby they will receive two percent (2%) of gross annual receipts derived from the use, operation or possession of the franchise (also known as the Broughton Act formula), or a minimum of one percent (1%) of gross annual receipts from the sale, transmission, or distribution of gas within the limits of the municipality (otherwise known as the "2%/1%" formula). The 2%/1% formula or the Broughton Act formula is the only option provided to general law municipalities. Charter cities and counties are not limited to this formula by statutory law.

The City of Bakersfield (Bakersfield) officials proposed that, as a charter city, Bakersfield should get a 1% increase of the gross sales in addition to the statutory 2%1% formula. Agreement was reached on a 1% franchise fee surcharge that would be effective for the term of the new franchise agreement on the condition that, subject to prior Commission approval, SoCalGas would surcharge only its customers living within Bakersfield, rather

than spreading the additional franchise fee among all of SoCalGas' customers. The additional 1% surcharge would be applied to monthly billings for all Bakersfield customers and would appear as a separate line item on bills rendered to Bakersfield customers – with the exception of customers participating in SoCalGas' CARE Program or successor low-income assistance program. SoCalGas and Bakersfield reached agreement on the franchise terms and this franchise was unanimously adopted by the Bakersfield City Council on November 20, 2013. In addition, SoCalGas will notify customers prior to the first bill being rendered.

SoCalGas' AL4569, filed on November 26, 2013 and approved on December 26, 2013, requested a 1% franchise fee surcharge on the bills of customers in the City of Bakersfield. SoCalGas deemed that the surcharge is a reasonable way to cover increased franchise fees imposed by Bakersfield without unduly burdening other SoCalGas customers.

### **Requested Revision to Schedule No. G-MSUR**

Schedule No. G-MSUR sets forth the methodology by which the municipal surcharge is calculated pursuant to Chapter 2.5 of Division 3 (sections 6350, et al.) of the Public Utilities Code as enacted by Senate Bill 278/Beverly (municipal Surcharge Law), to be applied to all transportation volumes of gas on the Utility system to customers outside the City of Los Angeles, except for those listed under Special Condition No. 1, and to transportation volumes of gas delivered to customers within the City of Los Angeles pursuant to Section 6.1 of Los Angeles City Ordinance No. 168164. Pursuant to Public Utilities Code section 6353(d), the applicable municipal surcharge percentage is the sum of the franchise fee factor (currently 1.4593%) plus any franchise fee surcharge authorized for the energy transporter as approved by the Commission. Therefore, the municipal surcharge percentage applicable to customers within Bakersfield is increased by 1% resulting in a total municipal surcharge percentage of 2.4593%. A new Surcharge Percentage entry and footnote have been added to the Rates section of Schedule No. G-MSUR to reflect the applicable municipal surcharge percentage for the City of Bakersfield customers.

### **Protest**

Anyone may protest this Advice Letter to the California Public Utilities 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 this Advice Letter, which is January 30, 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

A copy of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto: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](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this advice letter be approved 30 days from the date filed, which is February 9, 2014. Rates are to become effective on February 1, 2014 which is 37 days after the December 26, 2013 approval of AL 4569.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A.

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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) #: 4592

Subject of AL: Update of Schedule G-MSUR: Transported Gas Municipal Surcharge

Keywords (choose from CPUC listing): Surcharge

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 AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation:    No \_\_\_\_\_

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 3/3/14

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: Schedule G-MSUR, TOCs

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

**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](mailto:EDTariffUnit@cpuc.ca.gov)

Southern California Gas Company  
Attention: Sid Newsom  
555 West 5<sup>th</sup> Street, GT14D6  
Los Angeles, CA 90013-1011  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)  
[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4592**

**(See Attached Service List)**

ATTACHMENT B  
Advice No. 4592

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 49989-G	Schedule No. G-MSUR, TRANSPORTED GAS MUNICIPAL SURCHARGE, Sheet 1	Revised 49423-G
Revised 49990-G	TABLE OF CONTENTS	Revised 49638-G
Revised 49991-G	TABLE OF CONTENTS	Revised 49960-G

Schedule No. G-MSUR  
TRANSPORTED GAS MUNICIPAL SURCHARGE

Sheet 1

APPLICABILITY

Applicable pursuant to Chapter 2.5 of Division 3 (sections 6350, et al.) of the Public Utilities Code as enacted by Senate Bill 278/Beverly (municipal Surcharge Law), to all transportation volumes of gas on the Utility system to customers outside the City of Los Angeles, except for those listed under Special Condition No. 1, and to transportation volumes of gas delivered to customers within the City of Los Angeles pursuant to Section 6.1 of Los Angeles City Ordinance No. 168164.

TERRITORY

Applicable throughout the service territory.

RATES

Surcharge Percentage:

Outside the City of Los Angeles .....	1.4593%
Within the Cities of San Buenaventura (Ventura), Huntington Beach, Visalia, and Bakersfield .....	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, City of Visalia pursuant to Advice No. 4418, and City of Bakersfield pursuant to Advice No. 4569.

The municipal surcharge is calculated as the product of the following:

Applicable surcharge percentage,  
 Adjusted Core Procurement Charge, G-CPA, set forth in Schedule No. G-CP,  
 Gross-to-net factor of 98.5407% (to remove franchise fees included in rate G-CPA), and  
 Terms of gas transported during the billing period.

SPECIAL CONDITIONS

1. The following customers located outside the City of Los Angeles are exempt from Schedule G-MSUR pursuant to the terms of SB 278:
  - a. The State of California or a political subdivision (county) thereof.
  - b. Interutility gas service, where gas is transported through the Utility service territory for consumption outside the Utility's service territory.

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4592  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Jan 10, 2014  
 EFFECTIVE Feb 1, 2014  
 RESOLUTION NO. \_\_\_\_\_



TABLE OF CONTENTS

(Continued)

G-PPPS	Public Purpose Programs Surcharge .....	49637-G,39517-G,39518-G
G-SRF	Surcharge to Fund Public Utilities Commission	
	Utilities Reimbursement Account .....	45362-G
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 .....	49989-G,25006-G
G-PAL	Operational Hub Services .....	45363-G,45364-G,45365-G
G-CPS	California Producer Service .....	49713-G,49714-G,49715-G,49716-G
		49717-G,49718-G,49719-G,49720-G,49721-G

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(TO BE INSERTED BY UTILITY)

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 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

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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.

GENERAL

Cal. P.U.C. Sheet No.

Title Page .....	40864-G	
Table of Contents--General and Preliminary Statement .....	49991-G,49675-G,49929-G	T
Table of Contents--Service Area Maps and Descriptions .....	41970-G	
Table of Contents--Rate Schedules .....	49958-G,49963-G,49990-G	T
Table of Contents--List of Cities and Communities Served .....	49509-G	
Table of Contents--List of Contracts and Deviations .....	49509-G	
Table of Contents--Rules .....	49743-G,49389-G	
Table of Contents--Sample Forms .....	49809-G,49608-G,47377-G,48990-G,49299-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 .....	49936-G,49937-G,49938-G,49893-G,49894-G,49939-G 49931-G,46431-G,46432-G,49636-G,49940-G,49941-G,49942-G,49899-G
Part III Cost Allocation and Revenue Requirement .....	45267-G,45268-G,45269-G,49900-G,49901-G
Part IV Income Tax Component of Contributions and Advances .....	49749-G,24354-G
Part V Balancing Accounts	
Description and Listing of Balancing Accounts .....	49344-G
Purchased Gas Account (PGA) .....	49671-G,49672-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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