

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 2, 2014

Advice Letter 4608-G

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

Subject: Modification of SoCalGas' CFCA and NFCA to Recover Customer Data Privacy and Security Practices Audit Costs Consistent with D.12-08-045

Dear Ms. Prince:

Advice Letter 4608-G is rejected without prejudice.

Commission Decisions 11-07-056 and 12-08-045 ordered SoCalGas to submit annual privacy reports and conduct independent audits of privacy policies. In AL 4608-G, SoCalGas requests authorization to recover these independent audit costs by recording the costs in its Core Fixed Cost Account and Noncore Fixed Cost Account. Commission staff has reviewed SoCalGas' request in AL 4608-G and determined that it must be resolved in a formal proceeding. The request is beyond the scope of material appropriate for an advice letter and could result in a rate increase.

Rule 5.1 of General Order 96-B specifies that a utility must have the necessary authority to file an AL that results in a rate increase. Without such authority, SoCalGas must file its request by application per Rule 5.2 of G.O. 96-B. Rule 5.1 of G.O. 96-B specifies that a utility may request a rate increase by an AL if the following condition is met.

"A utility may seek a rate increase by means of an advice letter only if use of an advice letter for this purpose is authorized by statute or Commission order." (Rule 5.1 of G.O. 96-B)

Decisions 11-07-056 and 12-08-045 make no mention of additional advice letter filings for similar cost recovery programs, and AL 4608-G does not cite any other Commission order specifically authorizing such an AL filing. Thus, this advice letter is rejected without prejudice consistent with Rule 5.3 of G.O. 96-B:

"Whenever the reviewing Industry Division determines that the relief requested or the issues raised by an advice letter require an evidentiary hearing, or otherwise require review in a formal proceeding, the Industry Division will reject the advice letter without prejudice." (Rule 5.3 of G.O. 96-B).

SoCalGas may refile its request via application or other appropriate formal proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "ER", written over a horizontal line.

Edward 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

February 19, 2014

Advice No. 4608
(U 904 G)

Public Utilities Commission of the State of California

Subject: Modification of SoCalGas' CFCA and NFCA to Recover Customer Data Privacy and Security Practices Audit Costs Consistent with D.12-08-045

Consistent with the California Public Utilities Commission's (Commission) Decision (D.)12-08-045, Southern California Gas Company (SoCalGas) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets are listed on Attachment B and are attached hereto.

Purpose

This advice filing modifies SoCalGas' existing Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA) Preliminary Statements to allow for the recovery of SoCalGas' Customer Data Privacy and Security Practices audit costs consistent with D.12-08-045.

Background

On August 31, 2012, the Commission issued D.12-08-045 which adopted rules to protect the privacy and security of customer usage data generated by Advanced Metering Infrastructure for the SoCalGas customers. These rules were identical to the rules adopted in D.11-07-056 by the Commission to protect customer electricity usage data provided by Smart Meters deployed by Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E). Similar to D.11-07-056, D.12-08-045 also adopted reporting and audit requirements regarding the utilities' customer data privacy and security practices, third-party access to customer usage information, and any security breaches of customer usage information.

Pursuant to Ordering Paragraph (OP) 5 of D.12-08-045, SoCalGas will conduct independent audits of its data privacy and security practices commencing the next General Rate Case (GRC) filed after March 2014.¹ Subsequent privacy audits will be due in March of the year in which SoCalGas' GRC is being considered. The audit shall monitor compliance with data privacy and security commitments, and SoCalGas will report the findings to the Commission as part of its GRC filing.

¹ SoCalGas is currently preparing to file its 2016 GRC Notice of Intent in July 2014.

SoCalGas plans to retain the services of an independent auditor by March 2014. SoCalGas therefore requests authorization to recover its actual Customer Data Privacy and Security Practices independent audit costs incurred to administer the Customer Privacy Programs by recording the costs to its CFCA and NFCA based on the percentage of meters for core and noncore customers, respectively. Costs associated with the independent privacy audit, post-2014, will be accounted for in the next GRC filing.

Requested Tariff Changes

As discussed above, and consistent with OP 5 of D.12-08-045, SoCalGas herein revises its CFCA and NFCA Preliminary Statements to record the costs associated with the Customer Data Privacy and Security Practice independent audit for recovery from ratepayers.

The Commission will conduct its first review of SoCalGas' data privacy and security practices in conjunction with SoCalGas' 2016 GRC application, where the audit costs recorded in the CFCA and NFCA will also be reviewed.

Protest

Anyone may protest this AL 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 AL, which is March 11, 2014. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is given below.

CPUC Energy Division
Attention: 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). 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 General Order (GO) 96-B. SoCalGas respectfully requests that this filing be approved on March 21, 2014, 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 the interested parties in R.08-12-009.

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) #: 4608

Subject of AL: Modification of SoCalGas' CFCA and NFCA to Recover Customer Data Privacy and Security Practices Audit Costs Consistent with D.12-08-045

Keywords (choose from CPUC listing): Balancing Account

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

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

D.09-11-006

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: 3/21/14

No. of tariff sheets: 5

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: Preliminary Statement, 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 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. 4608

(See Attached Service List)

ATTACHMENT B
Advice No. 4608

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 50080-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 1	Revised 49709-G
Revised 50081-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 2	Revised 49710-G
Revised 50082-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 1	Revised 49711-G
Revised 50083-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NONCORE FIXED COST ACCOUNT (NFCA), Sheet 2	Revised 49308-G
Revised 50084-G	TABLE OF CONTENTS	Revised 50068-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

1. Purpose

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin, (excluding the transmission revenue requirements and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168, and storage costs associated with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current rates, allocated to the core market with revenues intended to recover these costs. Pursuant to Advice No. 3963, SoCalGas establishes a separate subaccount in the CFCA to track authorized funding by the CPUC and related funds actually used in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program.

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the CFCA will be credited for the core's allocation of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

Pursuant to Advice No. 4607, SoCalGas establishes a separate subaccount in the NFCA to track costs of SoCalGas' Customer Data Privacy and Security Practices audit costs consistent with D.12-08-045.

N
N

2. Applicability

The CFCA shall apply to all core gas customers.

3. Rates

The projected year-end CFCA balance will be applied to core gas transportation rates.

4. Accounting Procedures

SoCalGas shall maintain the CFCA by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to one-twelfth of the authorized margin;
- b. A debit entry equal to the recorded cost of the core portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- c. A debit entry equal to the recorded cost for the core portion of unaccounted for gas;
- d. A debit entry equal to the recorded cost for the core portion of well incidents and surface leaks;
- e. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program;

L

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4608
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 19, 2014
 EFFECTIVE _____
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 2

(Continued)

4. Accounting Procedures (Continued)

- a. A debit entry equal to the recorded cost for Customer Data Privacy and Security Practices independent audit;
- b. An adjustment to reflect storage costs consistent with the allocation of storage adopted in D.08-12-020 that are not currently reflected in current transportation rates;
- c. A credit entry equal to the core portion of the following recorded revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program, and other revenues that the Commission has directed SoCalGas to allocate to the core market;
- d. An entry to amortize the previous year's balance;
- e. A credit entry equal to the core's allocation of the SMF charged to California Producers; and
- f. An entry equal to interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

N
N
L,T
T
T
T

SoCalGas shall maintain the GAF subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to actual funds provided to customers for paying their gas bills;
- b. A credit entry equal to funds to be used in providing customers with assistance in paying their gas bills; and
- c. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end CFCA balance effective January 1 of the following year. The projected year-end balance will be allocated on an Equal Cents Per Therm (ECPT) basis.

For the GAF subaccount, the disposition of any unspent funds will be addressed in SoCalGas' next annual regulatory account update filing or other appropriate filing.

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4608
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 19, 2014
 EFFECTIVE _____
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 1

1. Purpose

The NFCA is an interest-bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between the authorized margin (excluding the transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs as detailed below associated with the noncore market, including funding of SoCalGas' Gas Assistance Fund (GAF) program pursuant to Advice No. 4168 with noncore revenues intended to recover these costs. The noncore market excludes the Unbundled Storage Program. Pursuant to the BCAP Decision 09-11-006, the Commission authorized the NFCA 100% balancing account treatment (i.e., balancing of 100% of noncore costs and revenues).

In accordance with Advice No. 4177-A, filed pursuant to D.07-08-029, D.10-09-001, and Resolution G-3489, the NFCA will be credited for the noncore's allocation (excluding Enhanced Oil Recovery) of the System Modification Fee (SMF) charged to California Producers to offset the system modification costs which have been incorporated in base rates in connection with SoCalGas' 2012 General Rate Case.

Pursuant to Advice No. 4607, SoCalGas establishes a separate subaccount in the CFCA to track costs of SoCalGas' Customer Data Privacy and Security Practices audit costs consistent with D.12-08-045.

The NFCA shall be divided into two subaccounts: a) authorized base margin and b) non-base margin costs and revenues.

2. Applicability

The NFCA shall apply to all noncore gas customers excluding EOR.

3. Rates

The projected year-end NFCA balance will be applied to noncore gas transportation rates.

4. Accounting Procedures – Authorized Base Margin Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the seasonalized monthly amount of the authorized margin;
- b. A credit entry equal to the noncore revenues to recover the authorized margin excluding revenues from (1) future non-tariff contracts with Sempra Energy affiliates not subject to competitive bidding and (2) Competitive Load Growth Opportunities for noncore Rule No. 38 and Red Team incentive revenues;

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4608
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 19, 2014
 EFFECTIVE _____
 RESOLUTION NO. _____

N
 N

L

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NONCORE FIXED COST ACCOUNT (NFCA)

Sheet 2

(Continued)

4. Accounting Procedures – Authorized Base Margin Subaccount (Continued)

- a. An entry to amortize the previous year’s balance;
- b. A credit entry equal to the noncore’s allocation of the SMF charged to California Producers; and
- c. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Accounting Procedures – Non-Base Margin Costs and Revenues Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the recorded cost for the noncore portion of company-use fuel (excluding transmission and load balancing company-use fuel);
- b. A debit entry equal to the recorded cost for the noncore portion of unaccounted for gas;
- c. A debit entry equal to the recorded cost for the noncore portion of well incidents and surface leaks;
- d. A debit entry equal to the actual funds used, up to amounts authorized by the Commission, in providing eligible customers with assistance in paying their bills in connection with SoCalGas’ Gas Assistance Fund (GAF) program;
- e. A debit entry equal to the recorded cost for Customer Data Privacy and Security Practices independent audit;
- f. A credit entry equal to the noncore revenues to recover the costs associated with this subaccount;
- g. A credit entry equal to 100% of the net revenues associated with the Utility System Operator providing transportation imbalance services under Schedule No. G-IMB to the Utility Gas Acquisition Department;
- h. An entry to amortize the previous year’s balance; and
- i. An entry equal to interest on the average balance in the subaccount during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. Disposition

In each annual October regulatory account balance update filing, SoCalGas will amortize the projected year-end balance effective January 1 of the following year. For the first year subsequent to the BCAP decision, both the Authorized Base Margin Subaccount and Non-Base Margin Costs and Revenues Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis. Starting in the second year subsequent to the BCAP decision, the Authorized Base Margin Subaccount will be allocated on an Equal Percent of Authorized Margin (EPAM) basis. The Non-Base Margin Costs and Revenues Subaccount will continue to be allocated on an ECPT basis.

L
|
|
|
|
|
L

N
N
T

T

T
T

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4608
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 19, 2014
 EFFECTIVE _____
 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

Cal. P.U.C. Sheet No.

Title Page	40864-G
Table of Contents--General and Preliminary Statement	50084-G,49861-G, 49990-G
Table of Contents--Service Area Maps and Descriptions	41970-G
Table of Contents--Rate Schedules	50056-G,50067-G,49735-G
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,49859-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	50040-G,50041-G,50042-G,49893-G,49894-G,50043-G 50006-G,46431-G,46432-G,49636-G,50015-G,50016-G,50017-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	49855-G
Purchased Gas Account (PGA)	49671-G,49672-G
Core Fixed Cost Account (CFCA)	50080-G,50081-G
Noncore Fixed Cost Account (NFCA)	50082-G,50083-G
Enhanced Oil Recovery Account (EORA)	49712-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)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4608
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 19, 2014
 EFFECTIVE _____
 RESOLUTION NO. _____