

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 9, 2014

Advice Letter 4612

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

**Subject: Revision of Non-Residential Gas Line Extension
Allowances in Rule No. 20 – Gas Main Extensions**

Dear Ms. Prince:

Advice Letter 4612 is effective March 30, 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

February 28, 2014

Advice No. 4612
(U 904 G)

Public Utilities Commission of the State of California

Subject: Revision of Non-Residential Gas Line Extension Allowances in Rule No. 20 – Gas Main Extensions

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its Rule No. 20, Gas Main Extensions, applicable throughout its service territory, as shown in Attachment B.

Purpose

This Advice Letter proposes to revise the Non-Residential Allowance Net Revenue Multiplier described in Rule No. 20.

Background

Section H.2, in Rule No. 20 states that the Utility will periodically review the factors it uses to determine non-residential allowances. If such review results in a change of more than five percent (5%) in the allowance, the Utility will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision.

SoCalGas used the methodology authorized by the Commission in Decision (D.) 07-07-019, and recently used in Advice No. (AL) 4528 for residential allowances, as the basis for calculating the Non-Residential Allowance Net Revenue Multiplier. The last revision to the Non-Residential Allowance Net Revenue Multiplier was filed on May 1, 1998, by AL 2708, and made effective July 1, 1998.

Discussion

In January 2014, SoCalGas concluded a review of the factors it uses to determine its non-residential allowance. This review revealed that updated factors produced changes in the allowance beyond the 5% threshold. Therefore, the Non-Residential Allowance Net Revenue Multiplier should change as shown below:

Non-Residential Allowance	Current	Revised	Percent Chg. (%)
Net Revenue Multiplier	3.31	5.4	63%

Attachment C illustrates the methodology underlying the calculations of the updated non-residential allowance.

Additionally, Gas Rule 20, Section I (definition of cost of service factor) is revised to clarify that both the residential and non-residential methodologies use the cost of service factor. Section I is revised by deleting the residential reference, as indicated below:

COST-OF-SERVICE FACTOR. The Cost-of-Service (COS) factor is divided into the Net Revenue to determine the Utility's line extension allowance. The COS factor includes depreciation, authorized return, income taxes, property taxes, Operation and Maintenance (O&M) expense, Administrative and General (A&G) expense, Franchise Fees and Uncollectibles (FF&U), property insurance, and replacement of facilities, if needed, for 60 years at no additional cost to customer. For the purpose of calculating ~~residential~~ allowances, a COS factor of 14.11% will be used.

This filing will not create any deviations from SoCalGas' tariffs, cause withdrawal of service from any present customers, or impose any more restrictive conditions than currently exist.

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 impacts, 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 20, 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 GO 96-B. SoCalGas respectfully requests that this filing be approved on March 30, 2014, which is 30 calendar days from the date filed.

Notice

A copy of this AL is being sent to the parties listed on Attachment A, which includes the interested parties in SoCalGas' TY 2012 General Rate Case, 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 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) #: 4612

Subject of AL: Revision of Non-Residential Gas Line Extension Allowances in Rule No. 20 – Gas Main Extensions

Keywords (choose from CPUC listing): Preliminary Statement; Procurement

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: 3/30/14

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: Rule No. 20 and TOCs

Service affected and changes proposed¹: 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

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. 4612

(See Attached Service List)

ATTACHMENT B
Advice No. 4612

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 50096-G Revised 50097-G	Rule No. 20, GAS MAIN EXTENSIONS, Sheet 4 Rule No. 20, GAS MAIN EXTENSIONS, Sheet 12	Revised 49481-G Revised 49482-G
Revised 50098-G	TABLE OF CONTENTS	Revised 49743-G
Revised 50099-G	TABLE OF CONTENTS	Revised 50092-G

Rule No. 20
GAS MAIN EXTENSIONS

Sheet 4

(Continued)

C. EXTENSION ALLOWANCES (Continued)

3. RESIDENTIAL ALLOWANCES. The allowance for Distribution Main Extensions, Service Extensions, or a combination thereof for Permanent Residential Service on a per-unit basis is as follows:

WATER HEATING	\$546
SPACE HEATING	\$623
COOKTOP & OVEN	\$ 96
DRYER STUB	\$133
SPACE COOLING	\$758

4. NON-RESIDENTIAL ALLOWANCES. The total allowance for both gas Main and Service extensions for Permanent Non-Residential service is determined by the Utility using the formula in Section C.2. Utility, at its election, may apply a Non-Residential Allowance Net Revenue Multiplier of five point four (5.4) as defined in Section I, when it serves as a reasonable proxy for the formula in section C.2.

T,I

Where the extension will serve a combination of residential and non-residential meters, residential allowances will be added to the non-residential allowances.

5. SEASONAL, INTERMITTENT, INSIGNIFICANT, AND EMERGENCY LOADS. When Applicant requests service that requires an extension to serve loads that are seasonal or intermittent, the allowance for such loads shall be determined using the formula in Section C.2. No allowance will be provided where service is used only for emergency purposes, or for Insignificant Loads.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4612
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 28, 2014
 EFFECTIVE Mar 30, 2014
 RESOLUTION NO. _____

Rule No. 20
GAS MAIN EXTENSIONS

Sheet 12

(Continued)

I. DEFINITIONS (Continued)

COST-OF-SERVICE FACTOR. The Cost-of-Service (COS) factor is divided into the Net Revenue to determine the Utility's line extension allowance. The COS factor includes depreciation, authorized return, income taxes, property taxes, Operation and Maintenance (O&M) expense, Administrative and General (A&G) expense, Franchise Fees and Uncollectibles (FF&U), property insurance, and replacement of facilities, if needed, for 60 years at no additional cost to customer. For the purpose of calculating allowances, a COS factor of 14.11% will be used.

DISTRIBUTION MAINS. Mains which are operated at distribution pressure, and supply two (2) or more services or run parallel to the property line in a public right-of-way.

EXCAVATION. All necessary trenching, backfilling, and other digging to install extension facilities, including furnishing of any imported backfill material and disposal of spoil as required, surface repair and replacement, and landscape repair and replacement.

FRANCHISE AREA. Public streets, roads, highways, and other public ways and places where Utility has a legal right to occupy under franchise agreements with governmental bodies having jurisdiction.

INSIGNIFICANT LOADS. Small operating loads such as log lighters, barbecues, outdoor lighting, etc.

INTERMITTENT LOADS. Loads which, in the opinion of the Utility, are subject to discontinuance for a time or at intervals.

JOINT TRENCH. Excavation that intentionally provides for more than one service, such as gas, electricity, cable television, or telephone, etc.

MAIN EXTENSION. The length of main and its related facilities required to transport gas from the existing distribution facilities to the point of connection with the service pipe.

A Main Extension consists of new distribution facilities of the Utility that are required to extend service into an open area not previously supplied to serve an Applicant. It is a continuation of, or branch from, the nearest available existing permanent Distribution Main, to the point of connection of the last service. The Utility's Main Extension includes any required Substructures and facilities for transmission taps but excludes service connections, services, and meters.

METER SET ASSEMBLY. Meter, service pressure regulator, and associated fittings.

NET REVENUE. That portion of the total rate that supports Utility's extension costs and excludes such items as fuel costs, transmission, storage, public purpose programs, and other energy adjustment costs that do not support the extension costs.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4612
DECISION NO.

ISSUED BY
Lee Schavrien
Senior Vice President

(TO BE INSERTED BY CAL. PUC)
DATE FILED Feb 28, 2014
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2	Description of Service	45832-G,45833-G,45834-G,45835-G 45836-G,45837-G,45838-G,49480-G,45840-G
3	Application for Service	35524-G,35525-G,35526-G
4	Contracts	35529-G,43366-G
5	Special Information Required on Forms	43456-G,43457-G
6	Establishment and Re-Establishment of Credit	41756-G,46344-G
7	Deposits	42168-G
9	Discontinuance of Service	41229-G,41230-G,41231-G,41232-G 41233-G,41234-G,41235-G
10	Service Charges	39813-G,38903-G,45987-G,49741-G,49742-G
11	Disputed Bills	39418-G,39419-G
12	Rendering and Payment of Bills	48628-G,42087-G,42088-G,42089-G
13	Meters and Equipment	45841-G,45842-G
14	Meter Reading	42614-G,46061-G
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20	Gas Main Extensions	47441-G,31801-G,38506-G,50096-G,32375-G,32376-G 42766-G,31807-G,37767-G,47442-G,37769-G,50097-G,49483-G
21	Gas Service Extensions	47443-G,31814-G,31815-G,31816-G,31817-G,31818-G 31819-G,31820-G,38510-G,31822-G,31823-G,31824-G,31825-G
22	Temporary Service	43783-G,43784-G
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24	Supply to Individual Premises and Resale of Gas	39422-G,39925-G,39926-G
25	Company's Right of Ingress to and Egress from the Consumer's Premises	24655-G

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(Continued)

(TO BE INSERTED BY UTILITY)
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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.

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Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G,40877-G
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Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) .	49311-G,49312-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4612
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ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
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ATTACHMENT C

Advice No. 4612

SoCalGas Allowances

Part 1: Calculation of Line Extension Rate by Class

Part 2: Calculation of Net Revenue

Part 3: Calculation of Allowance Multiplier

Attachment C part 1. SoCalGas Allowances Calculation of Line Extension Rate by Class

Line		Residential ¹	Core C&I	NGV	Gas A/C	Gas Engine	NonCore C&I Dis	EG-D Tier 1	EG-D Tier 2		
1	Allocated Base Margin in Transportation Rates	Source: 2012 General Rate Case, D.13-05-010, includes attrition adjustment for year 2014		\$1,367,398,536	\$268,305,209	\$10,007,045	\$95,025	\$1,820,867	\$73,895,777	\$4,018,680	\$9,447,582
2	Non-Base Margin Items in Transportation Rates	Source: for balancing account information, 1/1/2014 Consolidate Rate Update Advice Letter (Advice Letter 4586). AB32 Admin Fees from GRC Decision 13-05-010 & AMI Cost from Advice Letter #4110. All other information, 2009 BCAP Decision, D.08-12-		\$89,997,426	\$45,711,343	\$1,226,685	\$18,145	\$277,271	\$1,044,020	(\$711,570)	(\$2,461,622.22)
3	Revenue Requirement in Transportation Rates	Line 1 + Line 2		\$1,457,395,962	\$314,016,551	\$11,233,730	\$113,170	\$2,098,137	\$74,939,797	\$3,307,110	\$6,985,960
4	Items Not Used in Line Extension Rate	Items Not Used in Line Extension Rate Are:		\$191,326,527	\$73,148,382	\$3,328,974	\$37,892	\$566,590	\$18,925,186	\$326,471	\$2,744,824
		BBT Transmission Costs	\$32,788,328	\$12,608,473	\$1,452,295	\$14,995	\$223,982	\$12,224,226	\$748,498	\$3,636,903	
		Local Transmission Costs	\$25,908,235	\$7,324,046	\$631,482	\$4,718	\$54,381	\$5,656,941	\$289,543	\$1,569,543	
		Core Storage	\$42,632,538	\$7,504,520	\$18,511	\$34	\$10,956	\$0	\$0	\$0	
		Non-Base Margin items in Transport Rate	\$89,997,426	\$45,711,343	\$1,226,685	\$18,145	\$277,271	\$1,044,020	(\$711,570)	(\$2,461,622)	
5	Line Extension Basis	Line 3 - Line 4		\$1,266,069,435	\$240,868,169	\$7,904,756	\$75,278	\$1,531,547	\$56,014,611	\$2,980,639	\$4,241,136
6	Average Year Throughput Therms	Source: 2009 BCAP Decision D.08-12-020.		2,483,989,121	970,519,039	117,230,951	1,210,400	18,080,119	982,465,111	60,419,624	293,575,020
7	Therm)	Line 5 / Line 6		\$0.5097	\$0.2482	\$0.0674	\$0.0622	\$0.0847	\$0.0570	\$0.0493	\$0.0144

Note:

¹ Residential line extension is included as illustration. The residential line extension rate was approved per Advice Letter 4528

Attachment C part 2. SoCalGas Allowances - Calculation of Net Revenue

Residential per AL 4528 non-residential per rates effective 1/1/2014

Line			\$/therm
7b	Line Extension Rate (\$ per Therm) <i>see page 1 for details</i>	Residential	\$0.5097
		Non-Residential	
		Core C/I	\$0.2482
		NGV	\$0.0674
		Gas A/C	\$0.0622
		Gas Engine	\$0.0847
		Noncore C/I	\$0.0570
		EG Tier 1	\$0.0493
		EG Tier 2	\$0.0144

8 Average UEC per End-Use/Customer in Therms Source: SoCalGas and SDG&E Analysis of 2009 Residential Appliance Saturation Study & 2009BCAP Decision

	<u>therms/appliance</u>
Residential	
Water Heat	151
Space Heat	172
Cooktop & Oven	27
Dryer Stub	37
Space Cooling	210
Non-Residential	
	<u>therms/customer</u>
Core C/I	4,508
NGV	429,412
Gas A/C	77,260
Gas Engine	21,397
Noncore C/I	1,465,394
EG Tier 1	450,893
EG Tier 2	9,174,219

9 Average Net Revenue per Customer Type

	<u>Net revenue \$/appliance</u>
Residential	
Water Heat	\$77.09
Space Heat	\$87.92
Cooktop & Oven	\$13.52
Dryer Stub	\$18.79
Space Cooling	\$107.04
Non-Residential	
	<u>Net revenue \$/customer</u>
Core C/I	\$1,118.83
NGV	\$28,954.76
Gas A/C	\$4,804.95
Gas Engine	\$1,812.48
Noncore C/I	\$83,548.47
EG Tier 1	\$22,243.58
EG Tier 2	\$132,535.50

Attachment C part 3. SoCalGas Allowances - Calculation of Allowance Multiplier

Residential per AL 4528 non-residential per rates effective 1/1/2014

Line	Cost of Service Factor	Sources: Cost of Capital from CPUC D.12-12-034; Tax rates are statutory; Depreciation, O&M, A&G and FFU factors from TY 2012 General Rate Case	14.11%	per year
10			1.18%	per month

LACC factor reflects book depreciation, return on ratebase, income taxes, property taxes, and salvage.

LACC factor	10.734%
O&M factor	1.738%
A&G factor	1.030%
FFU factor	0.127%
60-year replacement multiplier	1.0355

11a Average Allowance per Customer Type Line 9 / Line 10.

Residential	Allowance \$/appliance
Water Heat	\$546
Space Heat	\$623
Cooktop & Oven	\$96
Dryer Stub	\$133
Space Cooling	\$758
Non-Residential	Allowance \$/customer
Core C/I	\$7,928
NGV	\$205,177
Gas A/C	\$34,048
Gas Engine	\$12,843
Noncore C/I	\$592,035
EG Tier 1	\$157,621
EG Tier 2	\$939,163

11b Non-Residential Multiplier	\$ Allowance/ Customer	Number of Customers/ rate class	Total Allowances/ rate class \$000s	Revenue Requirement in Transportation Rates/ rate class \$000s	Allowance Multiplier per rate class
	A = Line 11a	B	C = A * B	D = Line 3	E = C / D
Non-Residential					
Core C/I	\$7,928	215,286	\$1,706,821	\$314,017	5.4
NGV	\$205,177	273	\$56,014	\$11,234	5.0
Gas A/C	\$34,048	16	\$533	\$113	4.7
Gas Engine	\$12,843	845	\$10,853	\$2,098	5.2
Noncore C/I	\$592,035	670	\$396,926	\$74,940	5.3
EG Tier 1	\$157,621	134	\$21,121	\$3,307	6.4
EG Tier 2	\$939,163	32	\$30,053	\$6,986	4.3
Total Non-Residential		217,256	\$2,222,322	\$412,694	5.4