

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 25, 2014

Advice Letter 4643-G

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

Subject: Establishment of the Master Meter Balancing Account (MMBA) Pursuant to D.14-03-021

Dear Ms. Prince:

Advice Letter 4643-G is effective June 8, 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

May 9, 2014

Advice No. 4643
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of the Master Meter Balancing Account (MMBA) Pursuant to Decision (D.) 14-03-021

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 in Attachment A.

Purpose

In compliance with Decision (D.) 14-03-021, this filing updates Preliminary Statement, Part V, Regulatory Accounts – Balancing, to establish the Master Meter Balancing Account (MMBA).

Background

On March 14, 2014, the Commission issued D.14-03-021 which adopted a three-year “living pilot” program (Program) to incentivize voluntary conversions of master-metered service at mobilehome parks (MHP) to direct utility service. The program directs SoCalGas to convert approximately 10% of the spaces within its service territory over the pilot’s three-year term. D.14-03-021 further authorizes the creation of a balancing account for recording actual MHP program costs.

Specifically, D.14-03-021 requires that:

Reasonable incremental expenses for program development and administration, not otherwise recovered in rates, should be entered as incurred for annual recovery in the utility’s pilot program balancing account.

Furthermore, D.14-03-021, in Finding of Fact (FOF) 36 and Ordering Paragraph (OP) 8, details how “to the meter” and “beyond the meter” costs are to be recovered by utilities as described below.

FOF 36:

All reasonable, actual construction costs, both “to the meter” and “beyond the meter,” should be capitalized. Because “to the meter” construction will result in used and useful additions to utility plant, recovery should be authorized on the basis of the then-current, full cost of service of each rate base addition (return on investment, taxes and depreciation). Review for reasonableness should occur in the GRC where “to the meter” costs are put into rate base. Because “beyond the meter” construction is necessary for the entire, new distribution system to function and provide ratepayer value, it will create a regulatory asset, and the associated, reasonably incurred construction costs should be amortized over ten years at the rate equivalent to the utility’s then-current authorized return on rate base. Review for reasonableness should occur in the first GRC after cut over.

OP 8:

Each electric and/or gas corporation is authorized to fully recover in distribution rates the costs of the conversion program approved in Ordering Paragraph 2, subject to reasonableness review. The following ratemaking is approved: actual, prudently incurred program costs shall be entered in a balancing account for recovery in the first year following cut over of service; “to the meter” construction costs must be capitalized based on actual (not forecast) expenditures at the utility’s then-current authorized return on rate base; “beyond the meter” construction costs must be capitalized based on actual (not forecast) expenditures and consistent with their status as a regulatory asset, these costs must be amortized over ten years at a rate equivalent to the utility’s then-current authorized return on rate base. Review for reasonableness of “to the meter” costs will occur in the general rate case where those costs are put into rate base. Review for reasonableness of “beyond the meter” costs will occur in the first general rate case after service cut over.

Establishment of the MMBA

Consistent with FOF 36 and OP 8 of D.14-03-021, SoCalGas is establishing the MMBA to record the incremental costs associated with the conversion of master-metered service. Incremental costs include the revenue requirement associated with “to the meter” costs capitalized and placed in service upon system cutover to direct utility service, including incremental O&M start-up costs such as customer outreach, administration and other ongoing costs to implement the three-year pilot program. The MMBA will also record the incremental revenue requirements for the amortization of the regulatory asset balance associated with “beyond the meter” costs which will be amortized in rates over a ten-year period at SoCalGas’ current authorized rate of return on ratebase.

Protest

Anyone may protest this advice letter (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 received within 20 days of the date of this AL, which is May 29, 2014. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is provided 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 June 8, 2014, which is 30 calendar days from the date filed, with the tariffs to become effective on March 13, 2014, the effective date of D.14-03-021.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.11-02-018, Transfer of MHP Systems to Utility. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213-244-3387. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

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) #: 4643

Subject of Establishment of the Master Meter Balancing Account (MMBA)

Keywords (choose from CPUC listing): Mobile Home Parks

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.14-03-021

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: AL 6/8/14; Tariffs 3/13/14 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: PS, Part V – Balancing Accounts, Master Meter Balancing Account (MMBA)

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. 4643

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 50335-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DESCRIPTION AND LISTING OF BALANCING ACCOUNTS, Sheet 1	Revised 49863-G
Original 50336-G	PRELIMINARY STATEMENT - PART V – BALANCING ACCOUNTS, MASTER METER BALANCING ACCOUNT (MMBA)	
Revised 50337-G Revised 50338-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 50331-G Revised 50172-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DESCRIPTION AND LISTING OF BALANCING ACCOUNTS

Sheet 1

A. GENERAL

Balancing accounts are those regulatory accounts where authorized expenses are compared with revenues from rates designed to recover those expenses. The resulting under or overcollection, plus interest calculated in the manner described in Preliminary Statement, Part I, is recorded on the Utility's financial statements as an asset or liability, which is owed from or due to the ratepayers. Balances in balancing accounts are to be amortized in rates.

B. LISTING OF BALANCING ACCOUNTS

- Purchased Gas Account (PGA)
- Core Fixed Cost Account (CFCA)
- Noncore Fixed Cost Account (NFCA)
- Enhanced Oil Recovery Account (EORA)
- Noncore Storage Balancing Account (NSBA)
- California Alternate Rates for Energy Account (CAREA)
- Hazardous Substance Cost Recovery Account (HSCRA)
- Gas Cost Rewards and Penalties Account (GCRPA)
- Pension Balancing Account (PBA)
- Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA)
- Research Development and Demonstration Gas Surcharge Account (RDDGSA)
- Demand Side Management Balancing Account (DSMBA)
- Direct Assistance Program Balancing Account (DAPBA)
- Integrated Transmission Balancing Account (ITBA)
- Compressor Station Fuel and Power Balancing Account (CFPBA)
- Distribution Integrity Management Program Balancing Account (DIMPBA)
- Rewards and Penalties Balancing Account (RPBA)
- On-Bill Financing Balancing Account (OBFBA)
- Company Use Fuel for Load Balancing Account (CUFLBA)
- Backbone Transmission Balancing Account (BTBA)
- Advanced Metering Infrastructure Balancing Account (AMIBA)
- New Environmental Regulation Balancing Account (NERBA)
- Transmission Integrity Management Program Balancing Account (TIMPBA)
- Post-2011 Distribution Integrity Management Program Balancing Account (POST-2011 DIMPBA)
- Compression Services Balancing Account (CSBA)
- Biogas Conditioning/Upgrading Services Balancing Account (BCSBA)
- Master Meter Balancing Account (MMBA)

N

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4643
 DECISION NO. 14-03-021

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 9, 2014
 EFFECTIVE Jun 8, 2014
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V – BALANCING ACCOUNTS
MASTER METER BALANCING ACCOUNT (MMBA)

1. Purpose

The MMBA is an interest bearing balancing account reflected on SoCalGas' financial statements. The purpose of the MMBA is to record the incremental costs associated with the conversion of master-metered service (i.e., Mobile Home Park Conversion Program) at mobile home parks and manufactured housing communities to direct utility service. The Mobile Home Park Conversion Program is a three-year pilot program as authorized in Decision (D.) 14-03-021.

2. Applicability

This account will be incorporated in gas distribution rates and apply to all gas distribution customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

4. Accounting Procedures

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

- a) A debit entry equal to the actual incremental revenue requirements (i.e., O&M and capital-related costs such as depreciation, taxes and return) associated with the "to the meter" Mobile Home Park conversion costs capitalized and placed in service upon system cutover to direct utility service, including incremental O&M start-up costs such as customer outreach, administration and other ongoing costs to implement the three-year pilot program;
- b) A debit entry equal to the actual incremental revenue requirements (i.e., amortization, income taxes and return), of the regulatory asset balance associated with "beyond the meter" Mobile Home Park conversion costs amortized in rates over a ten-year period at SoCalGas' current authorized rate of return on ratebase;
- c) An entry equal to amortization of the MMBA balance as authorized by the Commission; and
- d) An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

5. Disposition

The balance in the MMBA will be amortized in connection with SoCalGas' annual regulatory account balance for gas transportation rates effective January 1 of the following year until mobile home park "to the meter" conversion costs are rolled into base rates in connection with a General Rate Case (GRC) or other applicable proceeding and "beyond the meter" costs are fully amortized over a ten-year period.

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4643
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Senior Vice President

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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.

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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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(Continued)

PRELIMINARY STATEMENT (Continued)

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Integrated Transmission Balancing Account (ITBA)	49313-G
Compressor Station Fuel and Power Balancing Account (CFPBA)	43693-G
Distribution Integrity Management Program Balancing Account (DIMPBA)	49314-G
Rewards and Penalties Balancing Account (RPBA)	49315-G,49316-G
On-Bill Financing Balancing Account (OBFBA)	45195-G
Company Use Fuel for Load Balancing Account (CUFLBA)	45279-G
Backbone Transmission Balancing Account (BTBA)	47342-G,47163-G
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(Continued)

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