

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 12, 2014

Advice Letter 4645-G

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

Subject: GCIM Mid-Season Storage Target

Dear Ms. Prince:

Advice Letter 4645-G is effective June 14, 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: 213.244.2009
Fax: 213.244.3201
rprince@semprautilities.com

May 15, 2014

Advice No. 4645
(U 904 G)

Public Utilities Commission of the State of California

Subject: GCIM Mid-Season Storage Target

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) a revision to its Preliminary Statement, Part VIII, Gas Cost Incentive Mechanism (GCIM), as shown on Attachment A.

Purpose

Pursuant to Decision (D.) 06-10-029, SoCalGas is filing a revision to its Preliminary Statement, Part VIII, GCIM, to reflect that the mid-season minimum core-purchased inventory target of 47 Bcf that was established for GCIM Year 20 will also apply to GCIM Year 21.

Information

SoCalGas filed Application (A.) 05-06-030 regarding Year 11 (2004-2005) of its GCIM in June of 2005. In D.06-10-029, the Commission approved A.05-06-030 along with a Joint Recommendation as negotiated by the Division of Ratepayer Advocates (DRA) now Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), and SoCalGas. As a part of this Joint Recommendation, SoCalGas is to obtain agreement from ORA and TURN for mid-season (July 31) core-purchased inventory targets. It was also recommended that each of these changes would be reflected in SoCalGas' GCIM Preliminary Statement. The Commission approved the Joint Recommendation in Ordering Paragraph 3 of D.06-10-029.

SoCalGas has obtained agreement from ORA for a 2014 mid-season minimum storage target of 47 Bcf. TURN was unable to participate in the review process for the mid-season storage target due to time constraints.

To reflect this 2014 agreed-upon target, the relevant portion of Section C.7 of SoCalGas' Preliminary Statement, Part VIII, GCIM would be revised as follows:

SoCalGas has obtained agreement from ODRRA for a mid-season storage target of 47 Bcf as of July 31, 2014~~3~~, which is a minimum storage level SoCalGas must meet unless otherwise agreed to by ODRRA and TURN. TURN was unable to participate in the review process for this most recent mid-season storage target due to time constraints.

This filing will not result in an increase or decrease in any rate or charge, conflict with any rate schedules or any 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 received within 20 days of the date of this Advice Letter, which is June 4, 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 shall 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 advice letter be approved on June 14, 2014, which is 30 calendar days after the date filed.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in A.12-06-005, SoCalGas' GCIM Year 18. 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) #: 4645

Subject of AL: GCIM Mid-Season Storage Target

Keywords (choose from CPUC listing): Storage

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.06-10-029

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: 6/14/14 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: Preliminary Statement Part VIII – GCIM and 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. 4645

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 50339-G	PRELIMINARY STATEMENT, PART VIII, GAS COST INCENTIVE MECHANISM, Sheet 5	Revised 49245-G*
Revised 50340-G	TABLE OF CONTENTS	Revised 50331-G
Revised 50341-G	TABLE OF CONTENTS	Revised 50173-G

PRELIMINARY STATEMENT
 PART VIII
GAS COST INCENTIVE MECHANISM

Sheet 5

(Continued)

C. GAS COST INCENTIVE MECHANISM (GCIM) METHODOLOGY (Continued)

- k. Pursuant to Preliminary Statement, Part VI, Description of Regulatory Accounts - Memorandum, the Blythe Operational Flow Requirement Memorandum Account (BOFRMA) will record charges associated with the Utility Gas Procurement Department's purchasing and delivery of gas to sustain operational flows at Blythe. GCIM actual cost will be adjusted for charges or credits to the BOFRMA. Entries to this account, except for interest and amortization, along with related GCIM adjustments, ceased on April 1, 2009, the date the responsibility for managing minimum flow requirements for system reliability was transferred from the Utility Gas Procurement Department to the System Operator pursuant to D.07-12-019.

- 7. The Annual Storage Inventory target on November 1 is 83 Bcf of the physical gas supply, with an accepted variance of +0/-2 Bcf. This target does not include any park or net loan positions. If the November 1 target is not attained, deliveries must be made to insure that a minimum of 69 Bcf of actual physical gas in the core's inventory is reached by December 1. The January, February and March minimum month-end targets (equivalent to peak day minimums necessary for serving the core) must be met. Any deviation from these storage targets should be explained in SoCalGas' annual GCIM filing. SoCalGas has obtained agreement from ORA for a mid-season storage target of 47 Bcf as of July 31, 2014, which is a minimum storage level SoCalGas must meet unless otherwise agreed to by ORA and TURN. TURN was unable to participate in the review process for this most recent mid-season storage target due to time constraints. This target may include net loan positions.

- 8. Tolerance. To determine GCIM rewards or penalties, tolerance bands above or below the benchmark budget are used. Tolerance bands are calculated as a percentage of the monthly gas commodity portion of the benchmark budget and is added to or subtracted from the benchmark budget as "upper tolerance band" or "lower tolerance band" (sharing bands), respectively. The specific percentages are approved by the CPUC and may be redetermined in subsequent CPUC decisions (See Section 9).

- 9. Calculation of Rewards and Penalties Under GCIM
 - a. On an annual basis, actual total purchased gas costs are compared to the annual benchmark budget to determine if a reward/savings or penalty applies.

 - b. If actual total purchased gas costs for the incentive year are less than the annual benchmark budget, the difference constitutes a savings incentive to be shared between ratepayers and shareholders as defined by the Sharing Bands as follows:

Sharing Band	Ratepayer	Shareholder
0.0% -1.00%	100%	0%
1.00% - 5.00%	75%	25%
5.00% & Above	90%	10%

The shareholder reward will be capped at 1.5% of the actual annual gas commodity costs.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4645
 DECISION NO. 06-10-029

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED May 15, 2014
 EFFECTIVE Jun 14, 2014
 RESOLUTION NO. _____

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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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(Continued)

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(TO BE INSERTED BY UTILITY)

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