

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Advice Letter: 4704

January 12, 2015

Southern California Gas Company
Attention: Sid Newsom
555 West Fifth Street, GT14D6
Los Angeles, CA 90013-1011

SUBJECT: 2015 NATURAL GAS PUBLIC PURPOSE PROGRAM SURCHARGES

Dear Mr. Newsom:

Advice Letter 4704 is approved as of January 12, 2015, for rates effective January 1, 2015. Pursuant to recommendations by the California State Auditor, Energy Division staff is currently conducting in-depth reviews of PG&E gas balancing accounts. Balances in all accounts authorized for recovery are subject to audit, verification and adjustment.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

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

October 31, 2014

Advice No. 4704
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Update of Public Purpose Program Surcharge Rates Effective
January 1, 2015**

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 on Attachment A.

Purpose

This Advice Letter submits updated Public Purpose Program (PPP) surcharge rates to be effective January 1, 2015. As described below, the PPP surcharge rates are based on the adopted volumes and allocation changes pursuant to Decision (D.) 14-06-007 in SoCalGas' 2013 Triennial Cost Allocation Proceeding (TCAP).

Background

This filing is being made in compliance with Ordering Paragraph (OP) 22 of D.04-08-010, in Rulemaking (R.) 02-10-001, to update on an annual basis SoCalGas' surcharge rates to fund PPP programs, as authorized by Assembly Bill (AB) 1002. AB 1002 directs the Commission to establish a gas surcharge annually to fund certain natural gas related public purpose programs: energy efficiency, low-income assistance programs such as California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA), and research and development (R&D). Revenues collected from the surcharge are remitted to the State Board of Equalization (BOE), and are ultimately appropriated back to the utilities or other entities designated by the Commission to administer public purpose programs.

The Commission issued D.04-08-010 that addressed both the Phase 1 surcharge implementation issues and Phase 2 administration of public purpose R&D. Pursuant to

OP 10, SoCalGas is using the surcharge formula adopted therein for calculating the gas PPP surcharge rates. SoCalGas is using information provided by the Commission's Energy Division for calculating the gas surcharge rate as it relates to: (1) the Commission and BOE administrative costs, (2) SoCalGas' portion of the statewide R&D budget, and (3) a three-year average of the interstate pipeline volumes from 2011 through 2013 to be used in computation of the surcharge rates as directed in D.04-08-010. With the approval of SoCalGas' TCAP, SoCalGas is using the adopted TCAP volumes in calculating 2015 surcharge rates for the customer classes as shown in the table below.

Billing Determinants	Non-CARE	
	Costs	CARE Costs
	Volumes (Mth)	
Residential	2,334,176	1,703,113
G10-Commercial and Industrial	972,878	969,155
Nonresidential Air Conditioning	825	825
Gas Engine	16,774	16,774
Subtotal Core	3,324,653	2,689,867
G30-Commercial and Industrial	1,535,839	1,535,839
Total	4,860,492	4,225,706

Also, with D.09-11-006, SoCalGas eliminated the allocation of R&D costs to customer classes that do not pay the G-PPPS rate and updated the Equal Percent Marginal Cost allocator to Equal Percent Authorized Margin.

Revised Schedule No. G-PPPS

Schedule No. G-PPPS, as shown in Attachment A, updates the PPP surcharge rates for the costs detailed in the table below. SoCalGas' projection of program costs for 2015 reflects the estimated 2015 CARE customer subsidy costs and funding authorized in D.14-08-030¹.

The non-low income components of the PPP surcharge rates reflect the 2015 R&D budget of \$11.7 million, forecasted \$1.5 million R&D funding undercollection compared to the prior year's authorized budget level, and the 2015 energy efficiency funding as authorized in D.14-10-046.

¹ D.14-08-030 is the Phase II decision approving the budget augmentation for the 2012-2014 program cycle for ESA and CARE. D.14-08-030 also approves 2015 bridge funding equal to the modified 2014 budget plus 2% adjustment for the "CHANGES" pilot program, and allows the carryover to 2015 of any unspent funds at the end of 2014.

(\$000)

	CARE Costs	Non-CARE Costs	Admin Costs	Total
<u>2015 Program Budgets</u>				
ESAP		\$132,417.2		\$132,417.2
CARE	\$146,419.2			\$146,419.2
EE		\$83,569.8		\$83,569.8
RDD		\$11,711.9		\$11,711.9
<u>Administration Costs</u>				
CARE	\$16,366.7			\$16,366.7
BOE			\$428.9	\$428.9
CPUC			\$24.5	\$24.5
<u>Balancing Account Amortization -</u>				
<u>(over) / under collection</u>				
DSMBA		(\$1,800.0)		(\$1,800.0)
DAPBA				
CAREA	(\$27,056.7)			(\$27,056.7)
RDDGSA (excluding interest)		\$1,506.7		\$1,506.7
Total PPP Costs	\$135,729.2	\$227,405.6	\$453.5	\$363,588.3

The PPP rates are listed for CARE and Non-CARE customers by major customer class, and reflect changes to the CARE and R&D components of the gas PPP surcharge. The 2015 PPP surcharge revenue requirement is higher by \$75.7 million (or 26.3 percent) compared to the 2014 PPP surcharge revenue requirement, which is primarily due to an increase in the authorized funding for the ESA program and CARE administrative costs, and decrease of the amortization of an overcollected balance for the Demand Side Management Balancing Account (DSMBA), offset by the lower revenue requirement for the energy efficiency program.

D.14-08-030 authorizes recovery for the additional funding approved for the 2012-2014 program cycle for ESA and CARE of \$35 million and the recovery of the \$3 million carryback for the 2009-2011 ESA program cycle. However, SoCalGas is not including the \$38 million additional funding in its revenue requirements for inclusion in 2015 PPP rates, but is deferring the recovery of this funding for inclusion in 2016 PPP rates to minimize the rate impact associated with the increased revenue requirement already proposed herein. The impact of the updated PPP surcharge rates, by major customer class, is shown on Attachment B.

The comparison of the current PPP revenue requirement to the proposed 2015 PPP revenue requirement as shown in the table above is detailed in Attachment C.

Summary of the authorized allocation methods used for each of the programs:

<u>Program</u>	<u>Allocation Method</u>
Energy Efficiency	Direct Benefits Allocation
CARE	Equal Cents Per Therm
ESA	Direct Benefits Allocation
R&D	Equal Percent of Authorized Margin

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 this advice letter was filed with the Commission which is November 20, 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 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. This filing is consistent with D.04-08-010 and, therefore, SoCalGas respectfully requests that this filing be approved on December 1, 2014, which is more than 30 days after the date filed, for implementation and inclusion in rates effective on January 1, 2015.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list and the Commission's service lists in A.11-11-002, 2013 TCAP, A.11-05-018, et al., PY 2012-2014 Low Income Assistance Program, R.13-11-005, Energy Efficiency Rolling Portfolios, Policies and Programs, and R.02-10-001, PPP Surcharge. 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

Work papers have been provided to the Energy Division pursuant to D.04-08-010. Copies of the workpapers can be made available to other parties upon request by contacting the address in the Protest section above.

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) #: 4704

Subject of AL: Update of Public Purpose Program Surcharge Rates Effective
January 1, 2015

Keywords (choose from CPUC listing): Preliminary Statement

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D04-08-010, D09-11-006

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: 1/1/15 (Tariffs) 11/30/14 (AL) 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: Preliminary Statement – Part II, Schedule G-PPPS 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 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. 4704

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 50855-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 10	Revised 50342-G
Revised 50856-G	Schedule No. G-PPPS, PUBLIC PURPOSE PROGRAMS SURCHARGE, Sheet 1	Revised 50344-G
Revised 50857-G	TABLE OF CONTENTS	Revised 50774-G
Revised 50858-G	TABLE OF CONTENTS	Revised 50854-G

PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 10

(Continued)

TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

<u>Schedule G-PPPS</u>	<u>Tax Surcharge</u>	
	<u>For all service, per meter, per month</u>	
<u>Customer Served Under the Following Rate Schedules</u>	<u>CARE Customer***</u>	<u>Non-CARE Customer</u>
	<u>(¢/therm)</u>	<u>(¢/therm)</u>
Core		
Residential	7.526	10.738
Commercial/Industrial	4.572	7.784
Gas Air Conditioning	7.449	10.661
Gas Engine	N/A	8.154
Natural Gas Vehicle	N/A	3.212
Noncore		
Commercial/Industrial	N/A	3.656

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SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

<u>Schedule G-SRF</u>	
Surcharge, per therm	0.068¢

TRANSPORTED GAS MUNICIPAL SURCHARGE

<u>Schedule G-MSUR</u>	
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.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4704
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 31, 2014
 EFFECTIVE Jan 1, 2015
 RESOLUTION NO. _____

Schedule No. G-PPPS
PUBLIC PURPOSE PROGRAMS SURCHARGE

Sheet 1

APPLICABILITY

Applicable to all gas sales and transportation services rendered under all tariff rate schedules authorized by the Commission. Customers will have a gas public purpose program (PPP) surcharge as a separate line item on their bills unless they are exempt* (e.g. Electric Generation including cogeneration, Enhanced Oil Recovery, Wholesale service, and consumption of natural gas which California is prohibited from taxing under the United States Constitution or the California Constitution, as referenced in Section 896 of the Public Utilities Code. (See also the California Energy Resources Surcharge Regulation Sections 2315 and 2316 as identifying exempt customers.) California Alternate Rates for Energy (CARE) customers will receive the surcharge excluding CARE program costs along with applicable customers receiving sales for street lighting.

TERRITORY

This schedule is applicable within the entire territory served by Utility.

RATES

Customer Served Under the Following Rate Schedules	PPP Surcharge**	
	For all service, per meter, per month	
	CARE Customer*** (¢/therm)	Non-CARE Customer (¢/therm)
Core		
Residential	7.526	10.738
Commercial/Industrial	4.572	7.784
Gas Air Conditioning	7.449	10.661
Gas Engine	N/A	8.154
Natural Gas Vehicle	N/A	3.212
Noncore		
Commercial/Industrial	N/A	3.656

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* Commission Resolution G-3303, dated December 21, 2000, references Sections 896, 897, and 898 of Assembly Bill (AB) 1002 regarding consumers of natural gas who are exempt from the tax surcharge. Section 896 states "Consumption means the use or employment of natural gas. Consumption does not include the use or employment of natural gas to generate power for sale or use of gas for enhanced oil recovery, natural gas utilized in cogeneration technology projects to produce electricity, or natural gas that is produced in California and transported on a proprietary pipeline. Consumption does not include the consumption of natural gas which this state is prohibited from taxing under the United States Constitution or the California Constitution." Section 897 states "Nothing in this article impairs the rights and obligations of parties to contracts approved by the Commission, as the rights and obligations were interpreted as of January 1, 1998." Section 898 is in reference to a municipality, district, or

(Continued)

(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

(Continued)

G-PPPS	Public Purpose Programs Surcharge	50856-G,39517-G,39518-G	T
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,51097-G,51098-G,49721-G	

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4704
 DECISION NO.

ISSUED BY

Lee Schavrien
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)

DATE FILED Oct 31, 2014
 EFFECTIVE Jan 1, 2015
 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.

<u>GENERAL</u>	<u>Cal. P.U.C. Sheet No.</u>
Title Page	40864-G
Table of Contents--General and Preliminary Statement	50858-G,50700-G,50549-G
Table of Contents--Service Area Maps and Descriptions	41970-G
Table of Contents--Rate Schedules	50852-G,50853-G,50857-G
Table of Contents--List of Cities and Communities Served	50356-G
Table of Contents--List of Contracts and Deviations	50356-G
Table of Contents--Rules	50546-G,50818-G
Table of Contents--Sample Forms	50307-G,49608-G,49402-G,50805-G,50598-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	50830-G,50831-G,50832-G,50439-G,50440-G,50833-G 50825-G,46431-G,46432-G,50855-G,50834-G,50835-G,50836-G,50445-G
Part III Cost Allocation and Revenue Requirement	50446-G,50447-G,50448-G
Part IV Income Tax Component of Contributions and Advances	49749-G,24354-G
Part V Balancing Accounts	
Description and Listing of Balancing Accounts	50523-G
Purchased Gas Account (PGA)	49671-G,49672-G
Core Fixed Cost Account (CFCA)	50449-G,49710-G
Noncore Fixed Cost Account (NFCA)	49711-G,49308-G
Enhanced Oil Recovery Account (EORA)	49712-G
Noncore Storage Balancing Account (NSBA)	50450-G,50451-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)
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Lee Schavrien
 Senior Vice President

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**Attachment B
Advice No. 4704**

**SUMMARY OF PPP SURCHARGE RATES
SOUTHERN CALIFORNIA GAS COMPANY
SCG PPPS Update Filing for 1-1-2015 Rates**

Customer Class	CARE Customers				Non-CARE Customers			
	1/1/2014	1/1/2015	\$/th Change	% Change	1/1/2014	1/1/2015	\$/th Change	% Change
(a)	\$/th (b)	\$/th (c)	\$/th (d)	% (e)	\$/th (f)	\$/th (g)	\$/th (h)	% (i)
Core								
1. Residential	\$0.06098	\$0.07526	\$0.01428	23%	\$0.08504	\$0.10738	\$0.02234	26%
2. Commercial/Industrial	\$0.03102	\$0.04572	\$0.01469	47%	\$0.05508	\$0.07784	\$0.02276	41%
3. Gas Air Conditioning	\$0.03286	\$0.07449	\$0.04163	127%	\$0.05692	\$0.10661	\$0.04969	87%
4. Gas Engine	N/A	N/A	N/A	N/A	\$0.05366	\$0.08154	\$0.02787	52%
5. Natural Gas Vehicle	N/A	N/A	N/A	N/A	\$0.02406	\$0.03212	\$0.00806	34%
Noncore								
6. Commercial/Industrial	N/A	N/A	N/A	N/A	\$0.02734	\$0.03656	\$0.00923	34%
	1/1/2014	1/1/2015	Rev Change	% Change				
	\$000	\$000	\$000	%				
7. Total PPP Revenue	\$287,905	\$363,588	\$75,683	26%				

**Attachment C
Advice No. 4704**

**ESTIMATED REVENUE REQUIREMENT/RATE CHANGE
SOUTHERN CALIFONRIA GAS COMPANY
SCG PPPS Update Filing for 1-1-2015 Rates**

	Current \$000			Proposed \$000			Revenue Requirement Incr/(Decr) \$000		
	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>
ESAP ^{1/}		120,506	120,506		132,417	132,417	-	11,911	11,911
CARE ^{1/}	125,153		125,153	146,419		146,419	21,266	-	21,266
EE ^{2/}		89,141	89,141		83,570	83,570	-	(5,571)	(5,571)
RDD		11,720	11,720		11,712	11,712	-	(8)	(8)
DSMBA ^{2/}		(36,670)	(36,670)		(1,800)	(1,800)	-	34,870	34,870
DAPBA			-		-	-	-	-	-
CAREA	(38,955)		(38,955)	(27,057)		(27,057)	11,898	-	11,898
RDDGSA		377	377		1,507	1,507	-	1,129	1,129
CARE Admin	16,218		16,218	16,367		16,367	149	-	149
BOE Admin		415	415		429	429	-	14	14
CPUC Admin					25	25	-	25	25
Total 1/1/15 Change	\$ 102,416	\$ 185,489	\$ 287,905	\$ 135,729	\$ 227,859	\$ 363,588	\$ 33,313	\$ 42,370	\$ 75,683

^{1/} 2014 ESAP and CARE revenue requirement pursuant to Decision (D.) 14-08-030.

^{2/} 2014 EE revenue requirement and amortization pursuant to D.14-10-046.