

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 29, 2015

Advice Letter 4857

Ronald van der Leeden
Director, Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

**Subject: Establishment of the Biomethane Cost Incentive Program
Balancing Account (BCIPBA) in Compliance with D.15-06-029**

Dear Mr. van der Leeden:

Advice Letter 4857 is effective June 11, 2015.

Sincerely,

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

Edward Randolph
Director, Energy Division



Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.4957
RvanderLeeden@semprautilities.com

September 8, 2015

Advice No. 4857
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of the Biomethane Cost Incentive Program Balancing Account (BCIPBA) in Compliance with D.15-06-029

Southern California Gas Company (SoCalGas) hereby submits revisions to its tariffs for approval, applicable throughout its service territory, as shown on Attachment A.

Purpose

This filing establishes the BCIPBA in compliance with Ordering Paragraph (OP) 4 of Decision (D.) 15-06-029, *Decision Regarding the Costs of Compliance with Decision 14-01-034 and Adoption of Biomethane Promotion Policies and Program*, which states the following:

Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southwest Gas Corporation, shall file, within 90 days from today's date, Tier 2 Advice Letters to establish their respective balancing accounts to track the costs associated with the monetary incentive program that a biomethane producer may receive if it successfully interconnects and operates a biomethane project with the gas utility, and to recover the monetary incentive amount in rates, plus interest, from its customers. Alternatively, these utilities may file a Tier 2 Advice Letter to modify its existing balancing accounts to record and separately track the costs associated with the monetary incentive program that a biomethane producer may receive.

Background

On June 11, 2015, the Commission issued D.15-06-029 which, among other things, adopts a policy and five-year monetary incentive program to encourage biomethane producers to design, construct, and to successfully operate biomethane projects that interconnect with the gas utilities' pipeline systems so as to inject biomethane that can be safely used at an end user's home or business. The monetary incentive program is a state-wide program that is

capped at \$40 million in which a biomethane producer can receive 50% of the project's interconnection costs, up to \$1.5 million, to help offset these costs upon successful interconnection and operation of the facility.

Establishment of the BCIPBA

Pursuant to OP 4 of D.15-06-029, SoCalGas establishes the BCIPBA. The BCIPBA shall record the incentive costs paid to a biomethane producer that successfully interconnects and operates a biomethane project with SoCalGas' pipeline system under the monetary incentive program adopted by D.15-06-029.

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 must be received within 20 days of the date of this AL, which is September 28, 2015. 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

Per OP 4 of D.15-06-029, this AL should be classified as Tier 2 (effective after staff approval), pursuant to GO 96-B. SoCalGas respectfully requests that this AL be approved on October 8, 2015, which is 30 days from the date filed, with the tariff sheets becoming effective on June 11, 2015, the date of D.15-06-029.

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.13-02-008. 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.

Ronald van der Leeden
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) #: 4857

Subject of AL: Establishment of the Biomethane Cost Incentive Program Balancing Account (BCIPBA) in Compliance with D.15-06-029

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: 6/11/15

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 V 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. 4857

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 51893-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DESCRIPTION AND LISTING OF BALANCING ACCOUNTS, Sheet 1	Revised 51363-G
Original 51894-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTSS, BIOMETHANE COST INCENTIVE PROGRAM, BALANCING ACCOUNT (BCIPBA), Sheet 1	
Revised 51895-G Revised 51896-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 51892-G Revised 51755-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)
- Safety Enhancement Capital Cost Balancing Account (SECCBA)
- Safety Enhancement Expense Balancing Account (SEEBA)
- Greenhouse Gas Balancing Account (GHGBA)
- Advanced Meter Opt-Out Program Balancing Account (AMOPBA)
- Low-Carbon Fuel Standard Balancing Account (LCFSBA)
- Biomethane Cost Incentive Program Balancing Account (BCIPBA)

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(TO BE INSERTED BY UTILITY)
 ADVISE LETTER NO. 4857
 DECISION NO. 15-06-029

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Sep 8, 2015
 EFFECTIVE Jun 11, 2015
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
BIOMETHANE COST INCENTIVE PROGRAM
BALANCING ACCOUNT (BCIPBA)

Sheet 1

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N
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1. Purpose

N

The BCIPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of the BCIPBA is to record the incentive costs paid to a biomethane producer that successfully interconnects and operates a biomethane project with SoCalGas' pipeline system under the monetary incentive program adopted by Commission Decision (D.) 15-06-029. The incentive program has a five-year duration with a total statewide cap of \$40 million in incentives.

A successful biomethane project is defined as one that:

- Complies with the standards and protocols adopted in D.14-01-034;
- Successfully interconnects with the utility's pipeline system; and
- Operates for a minimum of 30 days, with flow each day for 30 days.

The incentive is a one-time payment of 50% of the biomethane project's interconnection costs up to \$1.5 million, which is paid following the 30-day operational period and within 60 days after the 30-day operational period expires.

2. Applicability

This account shall apply to all gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

4. Accounting Procedures

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

- a) A debit entry equal to incentive payment to the biomethane producer;
- b) An entry equal to the amortization of the BCIPBA balance as authorized by the Commission; and
- c) 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 BCIPBA balance will be incorporated in gas rates in connection with SoCalGas' annual regulatory account balance update filing for rates effective January 1st of the following year. The BCIPBA will be allocated to gas customers on an equal cent per therm (ECPT) basis.

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(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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Table of Contents--List of Contracts and Deviations	50356-G
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Part III Cost Allocation and Revenue Requirement	51031-G,50447-G,50448-G
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Noncore Fixed Cost Account (NFCA)	51354-G,51355-G,51356-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
Research Development and Demonstration Surcharge Account (RDDGSA).....	40888-G
Demand Side Management Balancing Account (DSMBA).....	45194-G,41153-G
Direct Assistance Program Balancing Account (DAPBA)	40890-G
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(Continued)

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N

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(Continued)

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