

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



REVISED

February 9, 2016

Advice Letter: 4894-G

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

**SUBJECT: Modification of the Greenhouse Gas Balancing Account Pursuant to
D.15-10-032**

Dear Mr. Newsom:

Advice Letter 4894-G is effective as of December 23, 2015, with tariffs effective as of October 22, 2015 to coincide with CPUC Decision 15-10-032.

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

November 23, 2015

Advice No. 4894

(U 904 G)

Public Utilities Commission of the State of California

Subject: Modification of the Greenhouse Gas Balancing Account Pursuant to D.15-10-032

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to its tariffs, applicable throughout its service territory, as shown in Attachment A.

Purpose

Per Decision (D.) 15-10-032, this Advice Letter (AL) provides modifications to the Greenhouse Gas Balancing Account (GHGBA) to include a new subaccount for tracking emissions expenses related to Lost and Unaccounted For (LUAF) gas and to update the Disposition section.

Background

On March 19, 2014, the Commission issued Rulemaking 14-03-003 to address issues related to cost and revenues resulting from the implementation of the California Cap on Greenhouse Gas (GHG) Emissions and Market Based Compliance Mechanisms (Cap-and-Trade program) for natural gas corporations. D.14-12-040 established balancing and memorandum accounts for recording and recovering Cap-and-Trade compliance and administrative costs.

On October 23, 2015, the Commission issued D.15-10-032, which adopted procedures necessary for natural gas corporations to comply with the Cap-and-Trade program. Ordering Paragraph (OP) 12 of D.15-10-032 provided that:

Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company and Southwest Gas Company shall

each file a Tier 2 advice letter within 30 days of the effective date of this decision to revise their Greenhouse Gas Balancing Accounts to record the portion of their natural gas supplier emissions costs associated with lost and unaccounted for gas in a new subaccount.

OP 15 further provided that:

Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company and Southwest Gas Company shall each file a Tier 2 Advice Letter within 30 days of the effective date of this decision to update their existing transportation tariffs to include GHG costs in transportation rates.

Modification of Greenhouse Gas Balancing Account (GHGBA)

Per OP 12, the GHGBA is modified to include a new subaccount to record the portion of natural gas supplier emissions costs associated with LUAF gas. Also, an accounting entry is added to the Consignment Revenues subaccount to allow for the transfer of allowance proceeds to the GHG Memorandum Account, as authorized by the Commission. Finally, the Disposition section has been modified, per OP 15, to note that GHG costs will be recovered in end-use transportation rates and GHG proceeds will be distributed to customers through the California Climate Credit. The modified GHGBA is included in Attachment A.

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 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 December 13, 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 12 and OP 15 of D.15-10-032, this filing is subject to Energy Division disposition and is classified as Tier 2 (effective after staff approval). SoCalGas respectfully requests that this filing be approved on December 23, 2015, which is 30 calendar days from the date filed, with the modifications made effective October 22, 2015, the effective date of D.15-10-032.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list for R.14-03-003. 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) #: 4894

Subject of AL: Modification of the Greenhouse Gas Balancing Account Pursuant to D.15-10-032

Keywords (choose from CPUC listing): Greenhouse Gas

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.15-10-032

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 12/23/15, Tariffs 10/22/15 No. of tariff sheets: 5

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 – Greenhouse Gas Balancing Account (GHGBA) and TOC's

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. 4894

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 52049-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 1	Original 51133-G
Revised 52050-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 2	Original 51134-G
Revised 52051-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 3	Original
Revised 52052-G Revised 52053-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 52048-G Revised 51896-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 1

1. Purpose

The GHGBA is an interest bearing two-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 14-12-040, the purpose of the GHGBA is to record costs incurred to comply with the California Cap and Greenhouse Gas (GHG) Emissions and Market-Based Compliance mechanisms (Cap-and-Trade Program) regulations imposed by the Air Resources Board (ARB). The GHGBA will record actual Cap-and-Trade Program costs incurred by SoCalGas as a regulated natural gas supplier that delivers gas to California end-users and as owners and operators of facilities that are classified as covered entities under the Cap-and-Trade Program regulations with the corresponding actual revenues billed to applicable customers to recover such costs as authorized by the Commission. In addition, the GHGBA will record revenues received from consignment of natural gas supplier allowances for auction. Pursuant to D.15-10-032, the GHGBA will also separately identify and record GHG compliance costs associated with Lost and Unaccounted For (LUAF) gas. The GHGBA is effective December 18, 2014, the effective date of D.14-12-040, and modified on October 22, 2015, the effective date of D.15-10-032.

The GHGBA shall consist of four subaccounts:

- 1) End Users GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' natural gas deliveries to end users;
- 2) Company Facilities GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' covered facilities;
- 3) LUAF GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' LUAF gas; and
- 4) Consignment Revenues Subaccount records revenues received from consignment of natural gas supplier allowances for auction.

2. Applicability

The GHGBA shall apply to gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

4. End Users GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with SoCalGas' natural gas deliveries to end users to comply with the Cap-and-Trade Program requirements;

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 4894
 DECISION NO. 15-10-032

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Nov 23, 2015
 EFFECTIVE Dec 23, 2015
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 2

(Continued)

4. End Users GHG Compliance Cost Subaccount - Accounting Procedures (Continued)

- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for natural gas deliveries to end users;
- c) An entry to amortize the prior year's balance; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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5. Company Facilities GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with SoCalGas' covered facilities to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for SoCalGas' covered facilities;
- c) A credit entry equal to one-twelfth of the cost related to SoCalGas' Cap-and-Trade Facilities Program authorized in rates pursuant to D.13-05-010, SoCalGas' 2012 General Rate Case proceeding;
- d) An entry to amortize the prior year's balance; and
- e) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. LUAUF GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with LUAUF gas to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs associated with LUAUF;
- c) An entry to amortize the prior year's balance; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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7. Consignment Revenues Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A credit entry equal to the revenues received from the consignment of natural gas supplier allowances for auction under the Cap-and-Trade Program;
- b) A debit entry equal to the portion of GHG revenues returned to customers;

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(TO BE INSERTED BY UTILITY)
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 3

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(Continued)

7. Consignment Revenues Subaccount - Accounting Procedures (Continued)

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- c) An annual debit entry to transfer allowance proceeds to the GHG Memorandum Account, as authorized by the Commission; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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8. Disposition

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In connection with the annual October regulatory account balance update filing, SoCalGas will incorporate the following year's forecast of compliance costs and consignment revenues, including amortization of the current year's projected year-end balances, in rates effective January 1 of the following year for GHG compliance costs, and as an annual natural gas California Climate Credit refunded to residential customers in April for consignment revenues. The forecast compliance cost and projected year-end balance in the End Users GHG Compliance Cost Subaccount will be allocated on an Equal Cents Per Therm (ECPT) basis excluding customers who are identified by the ARB as being Covered Entities in the Cap-and-Trade Program. The forecast compliance cost and projected year-end balance in the Company Facilities GHG Compliance Cost Subaccount will be allocated on an ECPT basis to all customers. The forecast compliance cost and projected year-end balance in the LUAF GHG Compliance Cost Subaccount will be allocated consistent with the allocation of LUAF expenses, as determined in SoCalGas' most recent Cost Allocation Proceeding.

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(Continued)

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