

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 5, 2016

**Advice Letter: 4990-G/4990-G-A**

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

**SUBJECT: Test Year 2016 General Rate Case (GRC) Rate Implementation Filing,  
Effective August 1, 2016, and Other Applicable Rate Changes**

Dear Mr. Newsom:

Advice Letters 4990-G and 4990-G-A are effective as of August 1, 2016.

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*

July 13, 2016

Advice No. 4990-A  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Partial Supplement - Test Year 2016 General Rate Case (GRC) Rate Implementation Filing, Effective August 1, 2016, and Other Applicable Rate Changes**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) a partial supplemental filing to Advice No. (AL) 4990, filed on July 8, 2016 and to be effective August 1, 2016.

### **Background**

In compliance with Ordering Paragraph (OP) 2 of Decision (D.) 16-06-054, dated June 23, 2016, in SoCalGas' Test Year (TY) 2016 General Rate Case (GRC), Application No. (A.) 14-11-004, SoCalGas filed AL 4909 on July 8, 2016 revising SoCalGas rates effective August 1, 2016 to implement the base margin revenue requirement approved in D.16-06-054.<sup>1</sup> AL 4990 also amortizes the balance in the General Rate Case Memorandum Account 2016 (GRCMA2016) established in AL 4833 and the balance in the Deductible Tax Repairs Benefits Memorandum Account (DTRBMA) established in AL 4771. The overall rate change is an increase of \$102.6 million. AL 4990 filing also consolidates a reduction in the amortization of the Transmission Integrity Management Program Balancing Account (TIMPBA) under-collection effective August 1, 2016.<sup>2</sup>

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<sup>1</sup> See AL 4990 (pgs. 1 - 3) - <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/4990.pdf>.

<sup>2</sup> D.16-06-054 (OP 3) states "San Diego Gas & Electric Company, and Southern California Gas Company, shall each file a Tier 1 advice letter within 30 days of the effective date of this decision to flow-through to ratepayers the balance in the memorandum account, effective January 15, 2015, to track the differences associated with changes in the repairs deduction."

**Purpose**

Subsequent to the filing of AL 4990, it was noted that the text of D.16-06-054 (pg. 196) contained an additional requirement to include work papers showing how the balance of DTRMBA was calculated with the AL filing.<sup>3</sup> SoCalGas herein includes the work papers requested in the body of D.16-06-054. Please see Attachments A (Federal) and B (State).

**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 must be received within 20 days of the date of this Advice Letter, which is August 2, 2016. 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

A copy of the protest should be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto: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](mailto:snewsom@SempraUtilities.com)

**Effective Date**

Pursuant to OP 2, this filing is classified as Tier 1 (effective pending staff approval) pursuant to General Order (GO) 96-B. SoCalGas therefore respectfully requests that this Advice Letter become effective for service on and after August 1, 2016, concurrent with the August 2016 core monthly pricing Advice Letter.

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<sup>3</sup> D.16-06-054 (pg. 196) includes "The Applicants shall file a Tier 1 AL within 30 days of the issuance of this decision to flow-through the balance in the account to ratepayers and to include workpapers showing how the balance was calculated."

**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.14-11-004, SoCalGas' TY 2016 GRC. Address change requests to the GO 96-B should be directed by electronic mail to [tariffs@socalgas.com](mailto: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](mailto:Process_Office@cpuc.ca.gov).

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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) #: 4990-A

Subject of AL: Partial Supplement - Test Year 2016 General Rate Case (GRC) Rate Implementation Filing, Effective August 1, 2016, and Other Applicable Rate Changes

Keywords (choose from CPUC listing): GRC; Memorandum Account

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

D.16-06-054

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 AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 8/1/16

No. of tariff sheets: 0

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: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

**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 5<sup>th</sup> Street, GT14D6  
Los Angeles, CA 90013-1011  
SNewsom@semprautilities.com  
Tariffs@socalgas.com

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4990-A**

**Federal Tax Revenue Requirement Impact of  
Change in Accounting Method for Repairs**

**(2011 – 2015)**

**2015 Tax Memorandum Account**

SoCalGas  
**Federal Tax Revenue Requirement Impact of Change in Accounting Method for Repairs**  
**2012 - 2015**  
**2015 Tax Memorandum Account**

(\$ in thousands)

		2012	2013	2014	2015	Cumulative	2015
		Actual	Actual	Actual	Forecasted	Totals '12-'15	Memo Account
<b>Actual Repairs Deductions</b>		(140,492)	(127,290)	(135,563)	(153,222)		(153,222)
<b>Less: Fed FIN 48 Reserve (net of depr impact)</b>		13,523	11,237	11,191	12,051		12,051
<b>Total Gross Impact</b>	a	(126,969)	(116,053)	(124,372)	(141,171)	(508,565)	(141,171)
1st Yr Depreciation Offset	a x rate = b	3,990	3,615	3,532	4,009		4,009
2nd Yr Depreciation Offset	a x rate = c		3,990	3,615	3,532		3,532
3rd Yr Depreciation Offset	a x rate = d			3,990	3,615		3,615
4th Yr Depreciation Offset	a x rate = e				3,990		3,990
5th Yr Depreciation Offset	a x rate = f						
6th Yr Depreciation Offset	a x rate = g						
7th Yr Depreciation Offset	a x rate = h						
Total Annual Ratemaking Depreciation Offset to Repairs Deduction	sum of (b:h) = i	3,990	7,605	11,137	15,146	37,879	15,146
Net Repairs Tax Deduction- Gross	j = a + i	(122,979)	(108,448)	(113,235)	(126,024)	(470,686)	(126,024)
Attrition Percentage			2.65%	2.75%	2.75%		
<b>Forecasted Repairs Deduction Under PRA Method</b>	k	(15,293)	(15,699)	(16,130)	(16,574)		(16,574)
1st Yr Depreciation Offset	k x rate = l	434	446	458	471		471
2nd Yr Depreciation Offset	k x rate = m						
3rd Yr Depreciation Offset	k x rate = n						
4th Yr Depreciation Offset	k x rate = o						
5th Yr Depreciation Offset	k x rate = p						
6th Yr Depreciation Offset	k x rate = q						
7th Yr Depreciation Offset	k x rate = r						
Total Annual Ratemaking Depreciation Addback on PRA	sum of (l:r) = s	434	446	458	471	1,809	471
Net PRA Tax Deduction	t = k + s	(14,859)	(15,253)	(15,672)	(16,103)	(61,887)	(16,103)
Difference in Net Tax (Deduction)/Addback Between Repa	u = j - t						(109,921)
Federal Tax Rate	rate						35%
Federal Incremental Tax (Benefit)/Expense	v = u x rate						(38,472)
Fed (Benefit)/Expense of State Incremental Tax	w = State x (35%)						2,412
Total Federal Incremental Tax (Benefit)/Expense	x = v + w						(36,061)
Revenue Requirement Gross up Factor	factor						1.68746
Annual Incremental Revenue Requirement Impact of 2012-2015 Repairs Deductions	z = x x factor						(60,851)

2015 "Forecasted" will be updated to "actual" upon filing of the 2015 tax return in September 2016.  
 Depreciation is based on a 2.84% composite book depreciation rate.

**ATTACHMENT B**

**Advice No. 4990-A**

**State Tax Revenue Requirement Impact of  
Change in Accounting Method for Repairs**

**(2011 – 2015)**

**2015 Tax Memorandum Account**



SoCalGas  
**State Tax Revenue Requirement Impact of Change in Accounting Method for Repairs**  
**2012 - 2015**  
**2015 Tax Memorandum Account**

(\$ in thousands)

		2012	2013	2014	2015	Cumulative	2015
		Actual	Actual	Actual	Forecasted	Totals '12-'15	Memo Account
<b>Actual Repairs Deductions</b>		(140,492)	(127,290)	(135,563)	(153,222)	(556,567)	(153,222)
<b>Less: State FIN 48 Reserve (net of depr impact)</b>		13,647	11,586	11,727	12,772	49,732	12,772
<b>Total Gross Impact</b>	<b>a</b>	(126,845)	(115,704)	(123,836)	(140,449)	(506,834)	(140,449)
1st Yr Depreciation Offset	<b>a x rate = b</b>	3,990	3,615	3,850	4,351	15,806	4,351
2nd Yr Depreciation Offset	<b>a x rate = c</b>		3,990	3,615	3,850	11,455	3,850
3rd Yr Depreciation Offset	<b>a x rate = d</b>			3,990	3,615	7,605	3,615
4th Yr Depreciation Offset	<b>a x rate = e</b>				3,990	3,990	3,990
5th Yr Depreciation Offset	<b>a x rate = f</b>						
6th Yr Depreciation Offset	<b>a x rate = g</b>						
7th Yr Depreciation Offset	<b>a x rate = h</b>						
<b>Total Annual Ratemaking Depreciation Offset to Repairs Deduction</b>	<b>sum of (b:h) = i</b>	3,990	7,605	11,455	15,806	38,856	15,806
<b>Net Repairs Tax Deduction- Gross</b>	<b>j = a + i</b>	(122,855)	(108,099)	(112,381)	(124,643)	(467,978)	(124,643)
Attrition Percentage			2.65%	2.75%	2.75%		
<b>Forecasted Repairs Deduction Under PRA Method</b>	<b>k</b>	(44,347)	(45,523)	(46,775)	(48,061)	184,705	(48,061)
1st Yr Depreciation Offset	<b>k x rate = l</b>	1,259	1,293	1,328	1,365	(5,246)	1,365
2nd Yr Depreciation Offset	<b>k x rate = m</b>						
3rd Yr Depreciation Offset	<b>k x rate = n</b>						
4th Yr Depreciation Offset	<b>k x rate = o</b>						
5th Yr Depreciation Offset	<b>k x rate = p</b>						
6th Yr Depreciation Offset	<b>k x rate = q</b>						
7th Yr Depreciation Offset	<b>k x rate = r</b>						
<b>Total Annual Ratemaking Depreciation Addback on PRA</b>	<b>sum of (l:r) = s</b>	1,259	1,293	1,328	1,365	5,246	1,365
<b>Net PRA Tax Deduction</b>	<b>t = k + s</b>	(43,088)	(44,230)	(45,446)	(46,696)	(179,460)	(46,696)
Difference in Net Tax (Deduction)/Addback Between Repa	<b>u = j - t</b>						(77,947)
State Tax Rate	<b>rate</b>						8.84%
State Incremental Tax (Benefit)/Expense	<b>v = u x rate</b>						(6,891)
Revenue Requirement Gross up Factor	<b>factor</b>						1.68746
Annual Incremental Revenue Requirement Impact of 2012-2015 Repairs Deductions	<b>w = v x factor</b>						(11,627)
2015 "Forecasted" will be updated to "actual" upon filing of the 2015 tax return in September 2016.							
Depreciation is based on a 2.84% composite book depreciation rate.							