

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 12, 2016

Advice Letter 5038-G

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

**SUBJECT: Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue
Estimates (2017)**

Dear Mr. van der Leeden:

Advice Letter 5038-G is effective as of October 30, 2016.

Sincerely,

A handwritten signature in black ink 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 30, 2016

Advice No. 5038

(U 904 G)

Public Utilities Commission of the State of California

Subject: Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2017)

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) the following estimates for Natural Gas Vehicle (NGV) Low Carbon Fuel Standard (LCFS) credits and revenues for 2017.

Purpose

In accordance with Decision (D.) 14-12-083 Ordering Paragraph (OP) 5, this filing provides estimates of LCFS credits and revenues for 2017.

Background

On May 19, 2014, the Commission issued D.14-05-021, in which OP 1 authorized SoCalGas to sell LCFS credits according to the parameters and restrictions set forth in Appendix A. OP 7 of D.14-05-021 authorized the utilities to establish balancing accounts to track LCFS credit revenue, while OP 6 authorized recovery of costs associated with administering the sale of LCFS credits upon their approval in an implementation Advice Letter (AL).

On December 23, 2014, the Commission issued D.14-12-083, in which OP 2 authorized SoCalGas to return to customers revenue from the sale of natural gas LCFS credits as either a reduction in the fuel price at the point-of-sale at utility-owned compressed natural gas (CNG) refueling stations or a reduction in the volumetric energy rate levied on natural gas used for refueling natural gas vehicles for customers. OP 3 included the list of items that SoCalGas was directed to comprehensively address in its Implementation Plan. The Implementation Plan was directed to also include any information required by D.14-05-021. Appendix A of

D.14-12-083 provided a comprehensive listing of the items to be included in the Implementation Plan. SoCalGas filed its Implementation Plan for Commission approval by AL 4779 on March 18, 2105, which was approved by the Commission on August 5, 2015, and made effective July 30, 2015.

2017 Credit and Revenue Estimates

SoCalGas hereby provides the non-confidential 2017 credit and revenue estimates requested by the Commission in D.14-12-083.

The cost of administering the LCFS credit program in 2017, including customer outreach expenses

SoCalGas' estimated administrative costs for 2017 are \$38 thousand. The administrative cost for a contractor to manage the generation of credits for all utility-owned CNG stations is estimated to be \$10 thousand. Brokerage costs are estimated to be about \$3 thousand. Finally, SoCalGas expects continued implementation costs of around \$25 thousand. These costs include further modifications of its IT system to handle deal tracking, confirmations, billing and accounting processes, incremental costs for negotiating and administering contracts for the sale of LCFS credits, and settlement and accounting of the sale of the LCFS credits.

Confidentiality

Due to the confidential nature of the remaining 2017 credit and revenue estimates requested by the Commission in D.14-12-083, the following information is being provided to Energy Division in a Confidential Attachment A, pursuant to General Order (GO) 66-C, Section 583 of the Public Utilities Code, and D.16-08-024. A declaration requesting confidential treatment is being provided to the Commission concurrently with this Advice Letter, pursuant to D.16-08-024.

- The number of credits SoCalGas expects to generate in 2017
- The amount of revenue SoCalGas expects to generate from the sale of LCFS credits
- The balance that will be in SoCalGas' LCFsBA on January 1, 2017
- The amount of revenue that will be distributed to customers in 2017
- The number of drivers to whom credits will be distributed and the value that will be distributed to each driver

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 October 20, 2016. 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 5 of D.14-12-083, this filing is subject to Energy Division disposition and is classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this filing be approved on October 30, 2016, which is 30 calendar days from the date filed.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list for R.11-03-012. 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) #: 5038

Subject of AL: Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2017)

Keywords (choose from CPUC listing): Balancing Account, Credit

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.14-12-083 and D.14-05-021

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: See Declaration of Confidentiality

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 10/30/16

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: None

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**

ATTACHMENT A

Advice No. 5038

2017 Credit and Revenue Estimates

**CONFIDENTIAL – PROVIDED ONLY TO THE ENERGY DIVISION
UNDER THE PROVISIONS OF GENERAL ORDER 66-C AND SECTION 583
OF THE PUBLIC UTILITIES CODE**

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION OF LISA ALEXANDER
REGARDING CONFIDENTIALITY OF CERTAIN DATA
PURSUANT TO DECISION (D.) 16-08-024**

I, Lisa Alexander, do declare as follows:

1. I am the Vice President of Customer Solutions & Communications for Southern California Gas Company (“SoCalGas”). I have reviewed Confidential Attachment A to Advice No. 5038, Low-Carbon Fuel Standard (LCFS) Program Annual Credit and Revenue Estimates (2017), submitted concurrently herewith (AL 5038 Confidential Attachment A). I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or belief.

2. I hereby provide this Declaration in accordance with D. 16-08-024 to demonstrate that the confidential information (“Protected Information”), provided in the AL 5038 Confidential Attachment A submitted concurrently herewith and as described in specificity in Attachment A of this declaration, is within the scope of data protected as confidential under applicable law, including, but not limited to, Public Utilities (“PUC”) Code § 583, Govt. Code § 6254(k), General Order (“GO”) 66-C, and other legal authority specifically described in Attachment A.

3. In accordance with the legal authority described herein, the Protected Information should be protected from public disclosure.

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 30th day of September, 2016, at Los Angeles, California.

A handwritten signature in black ink, appearing to read "Lisa Alex", with a horizontal line extending to the right from the end of the signature.

Lisa Alexander
Vice President – Customer Solutions
& Communications

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

ATTACHMENT A

SoCalGas Request for Confidentiality

The following table describes each piece of Protected Information being provided pursuant to Public Utilities Code Section 583 for which SoCalGas seeks confidential treatment.

Location of Data	Description of Data	Applicable Confidentiality Provisions	Basis for Confidentiality
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**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

Location of Data	Description of Data	Applicable Confidentiality Provisions	Basis for Confidentiality
AL 5038, Confidential Attachment A	Forecast of number of Low Carbon Fuel Standard ("LCFS") credits SoCalGas expects to generate in 2017 and methodology employed in making that forecast	<p>Material, market-sensitive trade secret information protected under Govt. Code Sections 6245(k) and 6254.7(d), and that the disclosure of this information would place SoCalGas at an unfair business disadvantage under General Order 66-C, Section 2.2(b). Evidence Code Section 1060 provides a privilege for trade secrets, which Civil Code Section 3426.1 defines, in pertinent part, as information that derives independent economic value from not being general known to the public or to other persons who could obtain value from its disclosure.</p> <p>The Protected Information is also similar to the type of market-sensitive electric procurement information that the CPUC has protected under D.06-06-066.</p>	Publicly releasing the Protected Information provides parties with insight into SoCalGas' sales strategy, which would unfairly undermine SoCalGas' bargaining power and potentially result in lower revenues to return to natural gas vehicle customers.

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

Location of Data	Description of Data	Applicable Confidentiality Provisions	Basis for Confidentiality
AL 5038, Confidential Attachment A	Forecast of the amount of revenue SoCalGas expects to generate from the sale of LCFS credits and methodology employed in making that forecast	Same as above	Same as above
AL 5038, Confidential Attachment A	The forecasted balance that will be in SoCalGas' LCFS Balancing Account ("LCFSBA") on January 1, 2017	Same as above	Publicly releasing the Protected Information would allow parties to derive SoCalGas' LCFS credit sales strategy, particularly between the date of this Advice filing and January 1, 2017, which would unfairly undermine SoCalGas' bargaining power and potentially result in lower revenues to return to natural gas vehicle customers.
AL 5038, Confidential Attachment A	Forecast of the amount of revenue that will be distributed to customers in 2017 and methodology employed in making that forecast	Same as above	Publicly releasing the Protected Information provides parties with insight into SoCalGas' sales strategy, which would unfairly undermine SoCalGas' bargaining power and potentially result in lower revenues to return to natural gas vehicle customers.

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

Location of Data	Description of Data	Applicable Confidentiality Provisions	Basis for Confidentiality
AL 5038, Confidential Attachment A	The forecasted number of drivers to whom credits will be distributed and the value that will be distributed to each driver	Same as above	Publicly releasing the Protected Information would put SoCalGas at an unfair business disadvantage because it provides two data points that could be combined to provide parties with insight into SoCalGas' sales strategy, which would unfairly undermine SoCalGas' bargaining power and potentially result in lower revenues to return to natural gas vehicle customers.