

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 12, 2017

Advice Letter 5070

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

**Subject: Pipeline Safety Enhancement Plan (PSEP) Pipeline Safety
and Reliability Memorandum Account (PSRMA) Proceeding
Revenue Requirement Implementation Pursuant to D.16-12-063**

Dear Mr. van der Leeden:

Advice Letter 5070 is effective as of January 1, 2017.

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
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December 20, 2016

Advice No. 5070
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Pipeline Safety Enhancement Plan (PSEP) Pipeline Safety and Reliability
Memorandum Account (PSRMA) Proceeding Revenue Requirement
Implementation Pursuant to Decision (D.) 16-12-063**

Southern California Gas Company (SoCalGas) hereby requests California Public Utilities Commission (Commission) approval of revenue requirements implementation approved by D.16-12-063.

Purpose

This filing complies with Ordering Paragraph (OP) 15 of D.16-12-063, Decision Authorizing SoCalGas to recover revenue requirements, including an update of the revenue requirements for adjustments of the on-going capital-related costs for PSEP capital projects approved and regulatory account interest through December 31, 2016, and reduction for net trailing cost credits associated with PSEP projects approved by this decision.

Background

On December 17, 2014, San Diego Gas and Electric Company (SDG&E) and SoCalGas filed a joint Application (A.) 14-12-016 requesting reasonableness review and recovery of costs recorded in the PSRMAs. Per D.12-04-021, SoCalGas and SDG&E created the PSRMAs to record PSEP-related Operations and Maintenance (O&M) and capital costs. Upon resolution of the SoCalGas and SDG&E PSEP application in D.14-06-007 – and subject to certain disallowances – SoCalGas and SDG&E were authorized to file this Application to justify and recover O&M costs recorded through June 12, 2014 (the effective date of D.14-06-007) and the capital-related costs associated with projects completed prior to the June 12, 2014. D.14-06-007 directs that the new costs of a safe system should be allocated exactly the same way the existing components to be repaired or replaced are allocated so high pressure distribution costs are allocated by using the marginal demand measure.

On December 15, 2016, the Commission issued D.16-12-063 – Decision Authorizing SoCalGas to file a Tier 1 Advice Letter to update the revenue requirements, including

memorandum account interest, authorized by this decision, and shall incorporate the updated revenue requirements into rates on January 1, 2017. The recovery of fully loaded costs of \$33.13M excludes the \$2.2 million of PSEP insurance disallowed without prejudice, in this decision.¹ The revenue requirement associated with these costs, adjusted for ongoing capital-related costs, net trailing cost credits, and regulatory account interest is \$27.8 million (without FF&U). D.16-12-063 states that the PSEP costs functionalized as high pressure distribution shall be allocated using the existing marginal demand measures for high pressure distribution costs, as initially proposed by the Applicants and consistent with D.14-06-007. Rate changes will be implemented in a SoCalGas advice letter filed to consolidate all Commission-authorized changes in its revenue requirements prior to the January 1, 2017 effective date of such rates.

Sempra-Wide Rate Adjustments and Transmission System Integration (w/FF&U)

The revenue requirement impacts below also include adjustments (with FF&U):

- 1) Sempra-wide NGV adjustment of \$0.01 million;
- 2) Sempra-wide EG adjustment of (\$0.06) million;
- 3) Transmission Level Service (TLS) adjustment of \$0.03 million; and
- 4) System Integration adjustment of (\$0.57) million.

The system integration adjustment ensures that customers of SoCalGas and SDG&E pay for the combined transmission costs of both utilities pursuant to D.06-04-033 and Advice No. 3771. All rate changes are filed to be effective concurrently with the SDG&E gas transportation rates to equalize the Sempra-wide NGV, EG, and TLS rates effective January 1, 2017.

Included with this filing, as Attachment A, is a summary of Natural Gas Transportation Rate Revenues.

Revenue Requirement Impact by Class of Service

<u>Class of Service</u>	<u>Applicable Rate Schedules</u>	<u>Net M\$ (with FF&U) Increase/(Decrease)</u>
Core	GR, GS, GM, GO-AC, G-NGVR, GL, G-10, G-AC, G-EN, G-NGV	\$0.9
Noncore	GT-NC, GT-TLS	\$4.9
BTS and other services	\$21.4
TOTAL		\$27.2

¹ SoCalGas will pursue recovery of PSEP insurance costs in future reasonableness review applications.

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 January 9, 2017. 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: Ray Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: ROrtiz@SempraUtilities.com

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition, and should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. This filing is in compliance with D.16-12-063, and therefore, SoCalGas respectfully requests that this Advice Letter become effective for service on and after January 1, 2017.

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.14-12-016, et al. 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: Ray B. Ortiz

Phone #: (213) 244-3837

E-mail: ROrtiz@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) #: 5070

Subject of AL: Pipeline Safety Enhancement Plan (PSEP) Pipeline Safety and Reliability Memorandum

Account (PSRMA) Proceeding Revenue Requirement Implementation Pursuant to Decision (D.)16-12-063

Keywords (choose from CPUC listing): Memorandum Account; Transportation Rates

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.16-12-063

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: 1/1/17

No. of tariff sheets: 0

Estimated system annual revenue effect (%): 1.0%

Estimated system average rate effect (%): 1.0%

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 proposed¹: 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: Ray B. Ortiz
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
ROrtiz@semprautilities.com
Tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 5070

Natural Gas Transportation Rate Revenues

Attachment A
Advice No. 5070
Natural Gas Transportation Rate Revenues
Southern California Gas Company
PSRMA filing

	Present Rates			Proposed Rates			Changes		
	Sep-1-16 Volumes Mth	Average Rate \$/therm	Sep-1-16 Revenues \$000's	Jan-1-17 Volumes Mth	Proposed Rate \$/therm	Jan-1-17 Revenues \$000's	Revenue Change \$000's	Rate Change \$/therm	% Rate change %
	A	B	C	D	E	F	G	H	I
1 CORE									
2 Residential	2,337,534	\$0.82577	\$1,930,262	2,337,534	\$0.82537	\$1,929,337	(\$925)	(\$0.00040)	0.0%
3 Commercial & Industrial	984,102	\$0.43695	\$430,002	984,102	\$0.43860	\$431,629	\$1,627	\$0.00165	0.4%
4									
5 NGV - Pre SempraWide	117,220	\$0.22351	\$26,200	117,220	\$0.22519	\$26,397	\$197	\$0.00168	0.8%
6 SempraWide Adjustment	117,220	\$0.00847	\$993	117,220	\$0.00853	\$1,000	\$7	\$0.00006	0.7%
7 NGV - Post SempraWide	117,220	\$0.23198	\$27,193	117,220	\$0.23372	\$27,396	\$204	\$0.00174	0.7%
8									
9 Gas A/C	825	\$0.23098	\$190	825	\$0.23233	\$192	\$1	\$0.00135	0.6%
10 Gas Engine	16,774	\$0.15232	\$2,555	16,774	\$0.15232	\$2,555	\$0	\$0.00000	0.0%
11 Total Core	3,456,455	\$0.69152	\$2,390,202	3,456,455	\$0.69178	\$2,391,109	\$906	\$0.00026	0.0%
12 NONCORE COMMERCIAL & INDUSTRIAL									
13 Distribution Level Service	893,164	\$0.07253	\$64,783	893,164	\$0.07514	\$67,109	\$2,327	\$0.00261	3.6%
14 Transmission Level Service (2)	654,456	\$0.01839	\$12,036	654,456	\$0.01872	\$12,249	\$213	\$0.00032	1.8%
15 Total Noncore C&I	1,547,620	\$0.04964	\$76,819	1,547,620	\$0.05128	\$79,358	\$2,539	\$0.00164	3.3%
16									
17 NONCORE ELECTRIC GENERATION									
18 Distribution Level Service									
19 Pre Sempra Wide	333,969	\$0.06483	\$21,651	333,969	\$0.06920	\$23,111	\$1,461	\$0.00437	6.7%
20 Sempra Wide Adjustment	333,969	(\$0.00804)	(\$2,687)	333,969	(\$0.00822)	(\$2,746)	(\$60)	(\$0.00018)	2.2%
21 Distribution Level Post Sempra Wide	333,969	\$0.05678	\$18,964	333,969	\$0.06098	\$20,365	\$1,401	\$0.00419	7.4%
22 Transmission Level Service (2)	2,641,080	\$0.01510	\$39,868	2,641,080	\$0.01542	\$40,726	\$858	\$0.00032	2.2%
23 Total Electric Generation	2,975,049	\$0.01978	\$58,832	2,975,049	\$0.02053	\$61,091	\$2,259	\$0.00076	3.8%
24									
25 TOTAL RETAIL NONCORE	4,522,669	\$0.02999	\$135,650	4,522,669	\$0.03105	\$140,449	\$4,798	\$0.00106	3.5%
26									
27 WHOLESALE & INTERNATIONAL (excluding SDG&E)	317,990	\$0.01489	\$4,736	317,990	\$0.01522	\$4,839	\$103	\$0.00032	2.2%
28									
29 OTHER SERVICES (SDG&E, UBS, & BTS)	1,247,558		\$230,820	1,247,558		\$252,254	\$21,434		
30									
31 SYSTEM TOTAL w/BTS	9,544,672	\$0.28931	\$2,761,408	9,544,672	\$0.29217	\$2,788,651	\$27,242	\$0.00285	1.0%
32									
33 EOR Revenues	203,920	\$0.03733	\$7,613	203,920	\$0.03973	\$8,102	\$489	\$0.00240	6.4%
34 Total Throughput w/EOR Mth/yr	9,748,592			9,748,592					

- 1) These rates are for Natural Gas Transportation Service from "Citygate to Meter". The BTS rate is for service from Receipt Point to Citygate.
2) All rates include Franchise Fees & Uncollectible charges