

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 5, 2017

Advice Letter 5134-G

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

**SUBJECT: Extension of AMI Balancing Account (AMIBA) and Updates to the
Advanced Meter Infrastructure (AMI) Revenue Requirement**

Dear Mr. van der Leeden:

Advice Letter 5134-G is effective as of June 4, 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
Fax: 213.244.4957

RvanderLeeden@semprautilities.com

May 5, 2017

Advice No. 5134
(U 904 G)

Public Utilities Commission of the State of California

Subject: Extension of AMI Balancing Account (AMIBA) and Updates to the Advanced Meter Infrastructure (AMI) Revenue Requirement

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) revisions to the AMIBA Preliminary Statement - Part V and updates to the 2018 AMI revenue requirements, as shown on Attachments A and B, respectively.

Purpose

Pursuant to Ordering Paragraph (OP) 8 of Decision (D.) 16-06-054, SoCalGas revises the AMIBA Preliminary Statement to: 1) extend the mechanism at least one year beyond the seven-year deployment period (2010-2017) through 2018, or until the associated costs and benefits are incorporated in a subsequent General Rate Case (GRC); and 2) establish separate subaccounts in the AMIBA to record costs associated with the deployment and post-deployment periods of the AMI project as well as for on-going meter costs in areas where the AMI network is not constructed. For the post-deployment period, this filing also updates and extends the AMI revenue requirement to reflect the total costs and benefits which will be collected in rates beginning on January 1, 2018.¹

Background

On April 8, 2010, the Commission issued D.10-04-027 approving SoCalGas' AMI Application (A.) 08-09-023 with modifications. D.10-04-027 authorized \$1,050.7 million of capital and operating and maintenance (O&M) expenditures for SoCalGas' AMI project over a proposed deployment period of 2009 through 2015. However, due to the delay in obtaining approval of SoCalGas' AMI project, the Commission, in its approval of Advice No. (AL) 4110, revised the deployment period to an estimated deployment period of April 2010 through April 2017, which is consistent with the

¹ As authorized in D.16-06-054.

seven-year deployment period as proposed in A.08-09-023.² During this period, SoCalGas is installing nearly six million gas AMI meter modules. Pursuant to OP 8 of D.16-06-054, the Commission authorized the extension of the AMIBA until SoCalGas' next GRC.³

Proposed Changes to AMIBA and Revenue Requirement

Modification of the AMIBA

SoCalGas proposes to establish three separate subaccounts in the AMIBA to differentiate the costs/benefits associated with the deployment phase from the post-deployment phase of the AMI Project and to separately record costs associated with manually reading meters in areas where the AMI Network will not be deployed.⁴ Creation of these subaccounts will facilitate the balancing of costs/benefits for the extension of SoCalGas' AMIBA mechanism. The subaccounts are further described below and in the Preliminary Statement in Attachment A.

- **Deployment Phase Cost Subaccount** - The Deployment Phase Cost Subaccount is consistent with the AMIBA as originally filed in AL 4110. This subaccount will continue to record: 1) the difference between the actual ongoing capital-related costs (i.e., return, taxes, and depreciation) associated with AMI assets placed in service during the deployment phase of the AMI project and the corresponding authorized revenue requirement; as well as 2) any remaining costs related to the deployment phase that may be incurred beyond 2017.⁵ The AMI costs/benefits associated with the deployment phase

² SoCalGas' AMI revenue requirement for 2017 was approved in AL 5075.

³ SoCalGas will file its next GRC application with the CPUC on September 1, 2017 requesting a test year 2019 revenue requirement and a post-test year mechanism for years 2020 and 2021.

⁴ Due to select municipalities continuing to require SoCalGas to secure discretionary permits, refuting the CPUC's preemptory jurisdiction over utility facilities, SoCalGas has been unable to construct its AMI network in certain counties and cities ("Escalated Jurisdictions"). As discussed previously in SoCalGas' Advanced Meter Semiannual Report – February 2017, due to these challenges, approximately two percent of the AMI network is not expected to be completed by the end of the deployment period in 2017. For reference, please refer to pages 5 and 6 of February 2017 SoCalGas Advanced Meter Semiannual Report:

https://www.socalgas.com/regulatory/documents/a-08-09-023/SoCalGas_Advanced_Meter_Semi_Annual_Report_FEB2017.pdf

⁵ In addition to the AMI network construction challenges in the escalated jurisdictions, approximately 22 thousand AMI communication modules in curb meter vaults will need to be replaced due to product deficiencies and manufacturing delays. Costs to replace these modules, as well as costs to manually read these meters until their modules are replaced, net of any product and labor credits provided by the vendor, will also be recorded in the Deployment Phase Cost Subaccount of the AMIBA. In addition, the installation of 20 thousand AMI communication modules in curb meter vaults are being delayed pending resolution of the product deficiencies and manufacturing delays. Costs associated with manually reading these meters until they are replaced will also be recorded in the Deployment Phase Cost

will be subject to a true up under the existing cost sharing mechanism adopted in D.10-04-027.

- Post-Deployment Phase Cost Subaccount - Due to the timing of SoCalGas' AMI deployment (2010 – 2017), AMI costs and O&M benefits were not incorporated into SoCalGas' 2016 GRC and will continue to be balanced until the following GRC application. The Post-Deployment Phase Subaccount will record the difference between the actual incremental O&M costs/benefits and capital-related costs associated with AMI assets placed in service during the post-deployment phase of the AMI project and the corresponding authorized revenue requirement. Actual costs and benefits associated with the post-deployment phase are not subject to cost sharing.
- Escalated Jurisdictions Cost Subaccount - The Escalated Jurisdictions Cost Subaccount will record meter reading costs associated with cities and counties where the AMI Network has not been deployed.

SoCalGas also proposes that the disposition and true up of balances in the Deployment Phase Cost and Post-Deployment Phase Cost Subaccounts be amortized in connection with SoCalGas' annual regulatory accounts update filing. The balance recorded in the Escalated Jurisdictions Cost Subaccount will be addressed in SoCalGas' next GRC.

Updates to the Revenue Requirement for Extension of AMIBA

In AL 4110, SoCalGas requested authority to continue to update the AMI revenue requirement, via advice letter, until such costs and benefits of the AMI system can be incorporated into the next GRC.⁶ In accordance with D.16-06-054, SoCalGas proposes herein to update its AMI revenue requirement for the post-deployment period until the costs and benefits of the AMI system can be incorporated in a subsequent GRC. The proposed 2018 revenues requirements are summarized as follows:

▪ Deployment Phase	\$ 118.4 million
▪ Post-Deployment Phase	20.8 million
▪ Less: O&M Benefits ⁷	<u>(103.8 million)</u>
Total Net Revenue Requirements	<u>\$ 35.4 million</u>

Subaccount of the AMIBA. For reference, please refer to page 6 of February 2017 SoCalGas' Advanced Meter Semiannual Report.

⁶ SoCalGas AL 4110, page 3.

⁷ Amount excludes capital cost benefits SoCalGas had previously estimated in D.10-04-027. Capital cost benefits will be provided to ratepayers in SoCalGas' subsequent GRC as a result of these costs being excluded from that GRC application, thereby reducing the GRC revenue requirement charged to ratepayers. Also excluded are meter reading O&M benefits of approximately \$537K; these benefits are avoided costs in 2018 which were never requested in prior GRCs.

The revenue requirement for 2018 is consistent with the AMI costs and benefits as identified in A.08-09-023, updated to reflect the lower return adopted in SoCalGas' Cost of Capital (see D.12-12-034), including the projected ongoing capital-related costs associated with the AMI deployment period. In addition, consistent with the AMI business case, O&M benefits are estimated to be approximately \$103.8 million which are comprised of the on-going annual O&M benefits associated with the deployment phase, as well as additional O&M benefits in the post-deployment phase beginning in 2018. Further detail of the revenue requirements is shown in Attachment B.

This filing does not conflict with any rate schedules or any other rules, or cause the withdrawal of service.

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 May 25, 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 B. 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 2 (effective after staff approval) pursuant to General Order (GO) 96-B. This filing is consistent with D.10-04-027 and D.16-06-054. Therefore, SoCalGas respectfully requests that this filing be approved on June 4, 2017, which is 30 days after 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 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 or call 213-244-2837. 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

Attachment

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) #: 5134

Subject of AL: Extension of AMI Balancing Account (AMIBA) and Updates to the Advanced Meter Infrastructure (AMI) Revenue Requirement

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.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 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: 6/4/17

No. of tariff sheets: 7

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: Part V Balancing Accounts – Advanced Metering Infrastructure Balancing Account (AMIBA) 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: 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. 5134

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 53971-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 1	Original 46058-G
Revised 53972-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 2	Original 46059-G
Revised 53973-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 3	Original 46060-G
Original 53974-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 4	
Original 53975-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA), Sheet 5	
Revised 53976-G	TABLE OF CONTENTS	Revised 53963-G
Revised 53977-G	TABLE OF CONTENTS	Revised 53844-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA)

(Continued)

4. Accounting Procedures – Deployment Phase Cost Subaccount L,N

SoCalGas maintains this account by making monthly entries net of franchise fees and uncollectibles where applicable (except for entry “4.e.” which is recorded upon completion of the deployment phase of the AMI project) as follows: L
L,N
L,N

- a) A debit entry equal to the AMI operating and maintenance (O&M) costs incurred by SoCalGas during the deployment period, including the costs of development, accounting, evaluation and administration; L
L,N
L
- b) An entry equal to the AMI capital related costs incurred during the deployment and post-deployment periods by SoCalGas for depreciation, property taxes, income taxes and return on investment associated with the AMI assets placed in service during the deployment period; L,N
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L,N
- c) A credit entry equal to the monthly AMI authorized revenue requirement, net of benefits, that are recovered through rates; L
L
- d) A credit entry equal to O&M benefits based on the cumulative number of AMI meters installed and in operation for at least five months multiplied by \$1.0304 which represents the average O&M benefit per meter per month as calculated in Exhibit SCG-7 of SoCalGas Application (A.) 08-09-023, Attachment MF-5, and adopted in D.10-04-027 (included in the authorized revenue requirement in 4.c.); the factor, as well as the corresponding O&M benefit embedded in the revenue requirement described in entry “c” above, is subject to revision to the extent O&M benefits associated with the AMI project are incorporated in future SoCalGas General Rate Case (GRC) proceedings; N
- e) Upon completion of the deployment phase of the AMI project, a debit or credit entry for the shareholder allocation of any rewards for project cost underruns or penalties for project cost overruns, respectively, associated with the program funding limits described in Section 7.c. and 7.d. below; N
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- f) An entry for amortization of the Deployment Phase Cost Subaccount of the AMIBA balance as authorized by the Commission; and N
- g) 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. L

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5134
 DECISION NO. 16-06-054

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 5, 2017
 EFFECTIVE Jun 4, 2017
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 3
ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA)

(Continued)

5. Accounting Procedures – Post-Deployment Cost Subaccount

SoCalGas maintains this account by making monthly entries net of franchise fees and uncollectibles where applicable as follows:

- a) A debit entry equal to the ongoing AMI operating and maintenance (O&M) costs incurred by SoCalGas during the post-deployment period that are consistent with D.10-04-027;
- b) An entry equal to the AMI capital related costs incurred by SoCalGas for depreciation, property taxes, income taxes and return on investment associated with the AMI assets placed in service during the post-deployment period;
- c) A credit entry equal to the monthly AMI authorized revenue requirement, net of benefits, that are recovered through rates;
- d) A credit entry equal to the actual O&M and any capital-related cost benefits realized during the post-deployment period;
- e) An entry for amortization of the Post Deployment Cost Subaccount balance as authorized by the Commission; and
- f) 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. Accounting Procedures – Escalated Jurisdictions Cost Subaccount

SoCalGas maintains this account by making monthly entries net of franchise fees and uncollectibles where applicable as follows:

- a) A debit entry equal to the costs associated with the manual meter reading of customer facilities in escalated jurisdictions;
- b) An entry for amortization of the Escalated Jurisdictions Cost Subaccount balance as authorized by the Commission; and
- c) 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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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5134
DECISION NO. 16-06-054

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Vice President
Regulatory Affairs

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA)

Sheet 4

(Continued)

7. Program Funding Limit

The total authorized gas program cost for SoCalGas is \$1,050.7 million for the seven-year deployment period beginning in 2010 consistent with D.10-04-027. Any unused funding can be carried over from one year to the next up to the maximum limit of \$1,050.7 million during the deployment period. Consistent with Ordering Paragraph (OP) 1 and OP 2 of D.10-04-027, risk contingency and sharing mechanisms are described as follows:

- a) Expenditures up to the total project cost of \$1,050.7 million are deemed reasonable and will be recovered in rates without any after-the-fact reasonableness review.
- b) To the extent actual project costs exceed the total cost of \$1,050.7 million by up to \$100 million, then 50% of the costs that exceed \$1,050.7 million will be recovered in rates without any after-the-fact reasonableness review. The ratepayer portion of costs that exceed \$1,050.7 million will be recorded in and recovered through the Deployment Phase Cost Subaccount of the AMIBA.
- c) To the extent actual project costs exceed the total cost of \$1,050.7 million by up to \$100 million, then 50% of the costs that exceed \$1,050.7 million will be borne by SoCalGas shareholders and will not be recovered in rates. The shareholder allocation of these costs will be removed from the Deployment Phase Cost Subaccount of the AMIBA (i.e., reflected as a credit adjustment to the subaccount balance for the revenue requirement associated with the cost overrun).
- d) To the extent actual project costs are below the total cost of \$1,050.7 million, then 10% of the difference between the \$1,050.7 million and the actual project costs will be awarded to SoCalGas shareholders. This sharing mechanism will be applied to no more than the first \$100 million of expenditures that fall below the total cost of \$1,050.7 million. The shareholder allocation of the cost savings will be recorded as an adjustment to the Deployment Phase Cost Subaccount of the AMIBA (i.e., reflected as a debit adjustment to the subaccount balance for the revenue requirement associated with the cost underrun).
- e) Project costs associated with the deployment phase that exceed \$1,150.7 million may be recoverable in rates to the extent approved by the Commission following a reasonableness review of the additional costs.

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
ADVANCED METERING INFRASTRUCTURE BALANCING ACCOUNT (AMIBA)

Sheet 5

(Continued)

8. Disposition

The disposition of the subaccount balances will be addressed as follows:

- Deployment Phase Cost Subaccount – Pursuant to D.10-04-027, SoCalGas will include in rates the authorized revenue requirement for the AMI project over the project period and through the interim period prior to incorporation of the AMI costs and benefits in SoCalGas’ next GRC pursuant to Advice No. 5134. The subaccount balance remaining, except the shareholder costs noted in Section 7, will be amortized in connection with SoCalGas’ Annual Regulatory Account Balance Update filed in October of each year. Project costs that exceed \$1,150.7 million will be included in rates after they are approved by the Commission following a reasonableness review.
- Post-Deployment Phase Cost Subaccount – The subaccount balance associated with the recording of the ongoing incremental O&M costs/benefits and capital-related costs associated with AMI assets placed in service during the post-deployment period will also be amortized in rates in connection with SoCalGas’ Annual Regulatory Account Balance Update filing until such costs/benefits are incorporated in SoCalGas’ next GRC.
- Escalated Jurisdictions Cost Subaccount – The subaccount balance will be addressed in connection with SoCalGas’ next GRC or other applicable proceeding designated by the Commission.

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Dan Skopec
Vice President
Regulatory Affairs

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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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PRELIMINARY STATEMENT (Continued)

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ATTACHMENT B

Advice No. 5134

Consolidated Annual Revenue Requirements

Southern California Gas Company
Advanced Metering Infrastructure
All Property and O&M - Total Costs & Benefits
Annual Revenue Requirement (For Rate Purposes) - 2012-2018 (\$ in thousands)

	2010 **	2011 **	2012	2013	2014	2015	2016	2017	2018
O&M Expenses	-	-	19,947	29,227	34,728	39,029	41,701	22,024	22,342
Depreciation	-	-	18,378	25,130	32,983	41,378	49,837	41,083	41,264
Taxes	-	-	(12,747)	15,655	22,110	29,405	36,572	32,417	28,625
Return	-	-	9,615	18,887	29,212	39,985	51,719	58,029	46,965
Revenue Requirement*	-	-	35,193	88,899	119,033	149,797	179,829	153,553	139,196
O&M Benefits	-	-	(7)	(4,186)	(18,033)	(33,620)	(56,633)	(72,334)	(103,778)
Net Revenue Requirement	-	-	35,186	84,713	101,000	116,177	123,196	81,219	35,418

* Revenue Requirement shown above is net of Working Cash benefits:

Revenue Requirement associated with WC Reduction	-	-	(148)	(779)	(1,982)	(2,673)	-	-	(6,690)
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** Revenue requirement included in 2012 for these years.

Southern California Gas Company
Advanced Metering Infrastructure
All Property and O&M - Total Costs & Benefits
Annual Revenue Requirement (For Rate Purposes) - 2012-2018 (\$ in thousands)

Deployment

	2010 **	2011 **	2012	2013	2014	2015	2016	2017	2018
Franchise Fees & Uncollectibles	-	-	597	1,508	2,019	2,541	3,051	2,605	2,008
O&M expenses	-	-	19,350	27,719	32,708	36,488	38,650	19,419	-
Property Taxes	-	-	1,341	2,634	4,074	5,576	7,212	8,092	7,026
Preferred Equity Interest	-	-	342	672	1,039	1,422	1,840	2,064	839
Interest Expense	-	-	3,518	6,910	10,688	14,629	18,922	21,231	15,326
Depreciation Expense	-	-	18,378	25,130	32,983	41,378	49,837	41,083	41,132
Federal Tax Expense	-	-	(10,869)	10,695	14,767	18,855	22,743	19,077	16,843
State Tax Expense	-	-	(3,219)	2,327	3,270	4,974	6,616	5,247	4,617
Return on Equity	-	-	5,755	11,305	17,486	23,934	30,958	34,734	30,592
Revenue Requirement*	-	-	35,193	88,899	119,033	149,797	179,829	153,553	118,383

Post-Deployment

	2010 **	2011 **	2012	2013	2014	2015	2016	2017	2018
Franchise Fees & Uncollectibles	-	-	-	-	-	-	-	-	353
O&M expenses	-	-	-	-	-	-	-	-	19,981
Property Taxes	-	-	-	-	-	-	-	-	31
Preferred Equity Interest	-	-	-	-	-	-	-	-	4
Interest Expense	-	-	-	-	-	-	-	-	68
Depreciation Expense	-	-	-	-	-	-	-	-	132
Federal Tax Expense	-	-	-	-	-	-	-	-	87
State Tax Expense	-	-	-	-	-	-	-	-	21
Return on Equity	-	-	-	-	-	-	-	-	136
Revenue Requirement*	-	-	-	-	-	-	-	-	20,814

Total

	2010 **	2011 **	2012	2013	2014	2015	2016	2017	2018
Franchise Fees & Uncollectibles	-	-	597	1,508	2,019	2,541	3,051	2,605	2,361
O&M expenses	-	-	19,350	27,719	32,708	36,488	38,650	19,419	19,981
Property Taxes	-	-	1,341	2,634	4,074	5,576	7,212	8,092	7,057
Preferred Equity Interest	-	-	342	672	1,039	1,422	1,840	2,064	843
Interest Expense	-	-	3,518	6,910	10,688	14,629	18,922	21,231	15,394
Depreciation Expense	-	-	18,378	25,130	32,983	41,378	49,837	41,083	41,264
Federal Tax Expense	-	-	(10,869)	10,695	14,767	18,855	22,743	19,077	16,930
State Tax Expense	-	-	(3,219)	2,327	3,270	4,974	6,616	5,247	4,638
Return on Equity	-	-	5,755	11,305	17,486	23,934	30,958	34,734	30,729
Revenue Requirement*	-	-	35,193	88,899	119,033	149,797	179,829	153,553	139,196
O&M Benefits	-	-	(7)	(4,186)	(18,033)	(33,620)	(56,633)	(72,334)	(103,778)
Net Revenue Requirement	-	-	35,186	84,713	101,000	116,177	123,196	81,219	35,418

* Revenue Requirement shown above is net of Working Cash benefits:

Revenue Requirement associated with WC Reduction	-	-	(148)	(779)	(1,982)	(2,673)	-	-	(6,690)
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** Revenue requirement included in 2012 for these years.

Southern California Gas Company
Advanced Metering Infrastructure
All Property and O&M - Total O&M & Capital Costs
Annual Revenue Requirement - 2010-2018 (\$ in thousands)

Deployment

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Franchise Fees & Uncollectibles	(165)	(205)	969	1,521	2,053	2,587	3,051	2,605	2,122
O&M expenses	1,576	3,542	14,232	27,719	32,708	36,488	38,650	19,419	-
Property Taxes	4	38	1,311	2,700	4,242	5,807	7,212	8,092	7,639
Preferred Equity Interest	1	10	334	689	1,082	1,481	1,840	2,064	912
Interest Expense	12	99	3,440	7,083	11,130	15,234	18,922	21,231	16,660
Depreciation Expense	19	158	18,201	25,130	32,983	41,378	49,837	41,083	41,132
Federal Tax Expense	(8,933)	(12,500)	10,599	10,876	15,218	19,441	22,743	19,077	18,326
State Tax Expense	(2,258)	(3,359)	2,407	2,373	3,388	5,132	6,616	5,247	5,026
Return on Equity	19	162	5,627	11,588	18,210	24,923	30,958	34,734	33,256
Revenue Requirement	(9,724)	(12,055)	57,120	89,679	121,015	152,470	179,829	153,553	125,073

Post-Deployment

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Franchise Fees & Uncollectibles	-	-	-	-	-	-	-	-	353
O&M expenses	-	-	-	-	-	-	-	-	19,981
Property Taxes	-	-	-	-	-	-	-	-	31
Preferred Equity Interest	-	-	-	-	-	-	-	-	4
Interest Expense	-	-	-	-	-	-	-	-	68
Depreciation Expense	-	-	-	-	-	-	-	-	132
Federal Tax Expense	-	-	-	-	-	-	-	-	87
State Tax Expense	-	-	-	-	-	-	-	-	21
Return on Equity	-	-	-	-	-	-	-	-	136
Revenue Requirement	-	-	-	-	-	-	-	-	20,814

Total

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Franchise Fees & Uncollectibles	(165)	(205)	969	1,521	2,053	2,587	3,051	2,605	2,475
O&M expenses	1,576	3,542	14,232	27,719	32,708	36,488	38,650	19,419	19,981
Property Taxes	4	38	1,311	2,700	4,242	5,807	7,212	8,092	7,671
Preferred Equity Interest	1	10	334	689	1,082	1,481	1,840	2,064	916
Interest Expense	12	99	3,440	7,083	11,130	15,234	18,922	21,231	16,728
Depreciation Expense	19	158	18,201	25,130	32,983	41,378	49,837	41,083	41,264
Federal Tax Expense	(8,933)	(12,500)	10,599	10,876	15,218	19,441	22,743	19,077	18,413
State Tax Expense	(2,258)	(3,359)	2,407	2,373	3,388	5,132	6,616	5,247	5,047
Return on Equity	19	162	5,627	11,588	18,210	24,923	30,958	34,734	33,392
Revenue Requirement	(9,724)	(12,055)	57,120	89,679	121,015	152,470	179,829	153,553	145,887

Southern California Gas Company
Advanced Metering Infrastructure
Benefits Associated with Reduction in Working Cash Requirement
Annual Revenue Requirement - 2010-2018 (\$ in thousands)

<u>Working Cash Benefits</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018
Franchise Fees & Uncollectibles	-	-	(3)	(13)	(34)	(45)	-	-	(113)
O&M expenses	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	(12)	(66)	(169)	(230)	-	-	(614)
Preferred Equity Interest	-	-	(3)	(17)	(43)	(59)	-	-	(73)
Interest Expense	-	-	(32)	(173)	(443)	(605)	-	-	(1,334)
Depreciation Expense	-	-	-	-	-	-	-	-	-
Federal Tax Expense	-	-	(35)	(182)	(452)	(586)	-	-	(1,483)
State Tax Expense	-	-	(9)	(47)	(118)	(158)	-	-	(409)
Return on Equity	-	-	(53)	(283)	(724)	(989)	-	-	(2,663)
Revenue Requirement	-	-	(148)	(779)	(1,982)	(2,673)	-	-	(6,690)

Southern California Gas Company
Advanced Metering Infrastructure
Total O&M Benefits
O&M Benefits Giveback - 2012-2018 (\$ in Thousands)

	2010 - 2017 Total	2010	2011	2012	2013	2014	2015	2016	2017	2018
O&M Benefit Giveback	(184,814.7)	-	-	(7.3)	(4,186.4)	(18,033.0)	(33,620.4)	(56,633.4)	(72,334.2)	(103,778.0)