

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 17, 2017

Advice Letter 5165

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

Subject: SoCalGas Request for Approval of On-Bill Financing Changes

Dear Mr. van der Leeden:

Advice Letter 5165 is effective as of August 16, 2017.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Director, Energy Division



A  Sempra Energy utility

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

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July 17, 2017

Advice No. 5165
(U 904 G)

Public Utilities Commission of the State of California

Subject: Southern California Gas Company Request for Approval of On-Bill Financing Changes

Purpose

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) modifications to certain terms of the SCG3735 On-Bill Financing (OBF) program to help create additional opportunities to originate energy efficiency loans.

Background

SoCalGas' SCG3735 OBF Program offers loans to "business" or non-residential customers to implement qualifying energy efficiency (EE) projects.

SoCalGas' OBF program offers zero-percent interest loans to business customers, where the terms vary depending on the customer sub-segments:

1. Institutional customers currently receive up to ten-year loans and up to \$1 million per meter for State entities (\$250,000 per meter for other government);
2. Loans to non-institutional customers have a cap of five years and \$100,000 per meter.

On July 29, 2016, SoCalGas filed Advice Letter (AL) 5001, requesting authorization to increase loan terms to 15 years and increase the loan per meter cap to \$2 million for certain institutional customers on a temporary basis in response to the gas injection

moratorium at the Aliso Canyon storage facility.¹

Since the inception of the loan term modifications in 2016, SoCalGas received numerous inquiries from local governments and institutional customers. However, given the requirement to install by August 2017,² no projects have been developed to-date. Projects from the targeted customer base generally need longer than nine months to be developed, approved, and installed.

Changes to SoCalGas' On-Bill Financing Program

SoCalGas proposes to make permanent one of the temporary OBF program modifications:

1. **Permanently increase the maximum loan term from 10 years to 15 years for all Local Government and Institutional customers.** This permanent change will allow more projects to qualify for OBF given the longer payback periods that are typical for gas energy efficiency projects. SoCalGas will maintain the current requirement that the loan term be capped at the maximum effective useful life (EUL), as it maintains the savings payment stream that underpins OBF.

By making this change permanent, all local governments and institutional customers in the SoCalGas service territory will be able to take advantage of the enhanced loan term without the requirement to install by a specified date.

SoCalGas does not expect this change to require any fund shifts, as the current balancing account is adequately funded.

Protests

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 received within 20 days of the date of this AL, which is August 6, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

¹ AL 5001 was made effective December 7, 2016. A copy of AL 5001 is accessible at <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/5001.pdf>. Additional information on the OBF loan terms and design are provided in Attachment A of AL 5001, 2013-2014 Energy Efficiency Programs - Statewide Finance Program Implementation Plan (PIP). A subsequent PIP addendum completed for modifications to the OBF program resulting from Decision (D.) 16-11-022 can be found at <http://eestats.cpuc.ca.gov/Views/Documents.aspx?ReportType=PIP>.

² The proposed changes identified in AL 5001 were made available to customers for a limited nine-month application period, which commenced upon approval of AL 5001.

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to 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.09-09-047. Therefore, SoCalGas respectfully requests that this filing be approved on August 16, 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 R.13-11-005. 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

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) #: 5165

Subject of AL: Southern California Gas Company Request for Approval of On-Bill Financing Changes

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.09-09-047

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: 8/16/17

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 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.