

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 18, 2017

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

Advice Letter 5202

**Subject: Annual Regulatory Gas Account Balance Update for Rates
Effective January 1, 2018**

Dear Mr. van der Leeden:

Southern California Gas Company (SoCalGas) Advice Letter (AL) 5202 is approved as of the date of this letter for rates effective January 1, 2018. Pursuant to recommendations by the California State Auditor, Energy Division staff continues to conduct in-depth reviews of Southern California Gas Company gas balancing accounts. Balances in all accounts authorized for recovery are subject to audit, verification and adjustment.

Background

As authorized in Decision (D.) 16-10-004 (Triennial Cost Allocation Proceeding), SoCalGas filed Advice Letter 5202 on October 16, 2017 to incorporate the projected 2017 year-end regulatory account balances in transportation rates effective January 1, 2018. The revenue requirement related to the regulatory account balances are amortized in rates over 12 months beginning January 1, 2018. The filing also revises the Backbone Transmission Service (BTS) rate in compliance with D.11-04-032 and the revenue requirement for Company-Use Fuel and Unaccounted for Gas costs based on the updated Gas Price forecast in compliance with D.16-10-004.

Furthermore, the filing includes tables detailing information on, among other things, the forecasted revenue requirement for Greenhouse Gas (GHG) costs and the GHG allowance proceeds as required by D.15-10-032. SoCalGas is not requesting to place GHG costs and allowance proceeds in rates at this time.

Advice Letter 5202 includes the greenhouse gas compliance costs and allowance proceeds as informational forecasts and does not request to recover them in rates. These costs and proceeds are not sought for approval and should not be incorporated into rates at this time.

Protests and Reply

On November 3, 2017, the California Air Resources Board (CARB) filed a timely protest to AL 5202. CARB states that language from D.15-10-032, Section 95893 of the California Code of

Regulations (Title 17), and Rulemaking (R.) 14-03-003 indicate that GHG administrative costs are limited (e.g., they must be "reasonable," are "small in amount," and are separate from GHG compliance costs). CARB also argues that the Advice Letter does not provide detail regarding how these costs constitute relevant administrative and outreach costs and why they have been spent before the completion of R.14-03-003. Though CARB acknowledges that the Advice Letter identifies subcategories of GHG outreach, acquisition, billing, and program management, CARB recommends the CPUC investigate past recorded expenses and not approve forecast expenses without substantial justification as to how they represent a necessary and acceptable usage of the allowance proceeds pursuant to the requirements of Section 95893 and the CPUC's decisions in R.14-03-003.

In its November 13, 2017 reply to the protest, SoCalGas includes the following responses to CARB's argument. SoCalGas argues that D.15-10-032 required the utilities to include the administrative costs related to the Cap-and-Trade program in the Annual Regulatory Gas Account Balance Update Advice Letter filing. SoCalGas also states that regardless of the procedural status of R.14-03-003, SoCalGas' compliance obligation as a natural gas supplier under the Cap-and-Trade regulations began in 2015 with a memorandum account authorized in D.14-12-040. SoCalGas also argues that CARB makes a qualitative observation on the amount of the administrative costs without quantifying what would constitute as reasonable (SoCalGas' GHG outreach and administrative expenses of \$5.6 million¹ for 2015-2018 compared to allowance proceeds for 2015-2017 totaling \$357.9 million).

Discussion

With regard to advice letters that are subject to Industry Division disposition, Commission General Order 96-B, Section 7.6.1 states that "[n]otwithstanding a timely protest, the reviewing Industry Division may approve an advice letter that is subject to disposition under this rule and is otherwise proper if the protest either (1) is not made on proper grounds as set forth in General Order Rule 7.4.2, (2) may be rejected on a technical basis as discussed in this rule, or (3) is clearly erroneous." That section also states that "[i]f the Industry Division rejects an Advice Letter or grants a protested advice letter, the Industry Division's disposition will state the basis for rejecting the advice letter or the protest."

After review and analysis, Energy Division staff has verified that the memorandum account to track the administrative costs incurred by SoCalGas' outreach program was authorized in D.14-12-040.² Furthermore, in D.15-10-032, the Commission approved SoCalGas' Climate Credit Education Campaign and states that SoCalGas may track and record outreach costs in its

¹ SoCalGas' recorded GHG outreach and administrative expenses were \$1.3 million, \$0.9 million and \$0.6 million for 2015, 2016, and 2017, respectively, and SoCalGas' 2018 forecast is \$2.8 million.

² D.14-12-040, Ordering Paragraph 6: Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas & Electric Company, and Southwest Gas Company shall each file a Tier 1 Advice Letter within 30 days of this decision to establish: a) two-way balancing account to track and record costs incurred to comply with the Air Resource Board's (ARB) natural gas supplier Cap-and-Trade costs and company gas compressor station greenhouse gas compliance costs, as well as the revenues received from consignment of natural gas supplier allowances for auction under the ARB program; and b) new memorandum accounts to track the administrative costs incurred to comply with the ARB's natural gas supplier Cap-and-Trade program.

Ronald van der Leeden

December 18, 2017

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greenhouse gas memorandum account.³ In addition, given that SoCalGas is not requesting to place GHG costs and allowance proceeds into rates by this Advice Letter, it is not appropriate to reject Advice Letter 5202 based on CARB's protest. Energy Division staff does not validate the GHG outreach and administrative expenses provided in this Advice Letter at this time. These costs will be reviewed and approved when the utilities are allowed to incorporate the costs into rates. CARB's protest regarding the reasonableness of SoCalGas' GHG outreach costs would be more appropriately addressed in R.14-03-003. Therefore, CARB's protest is rejected.

Sincerely,

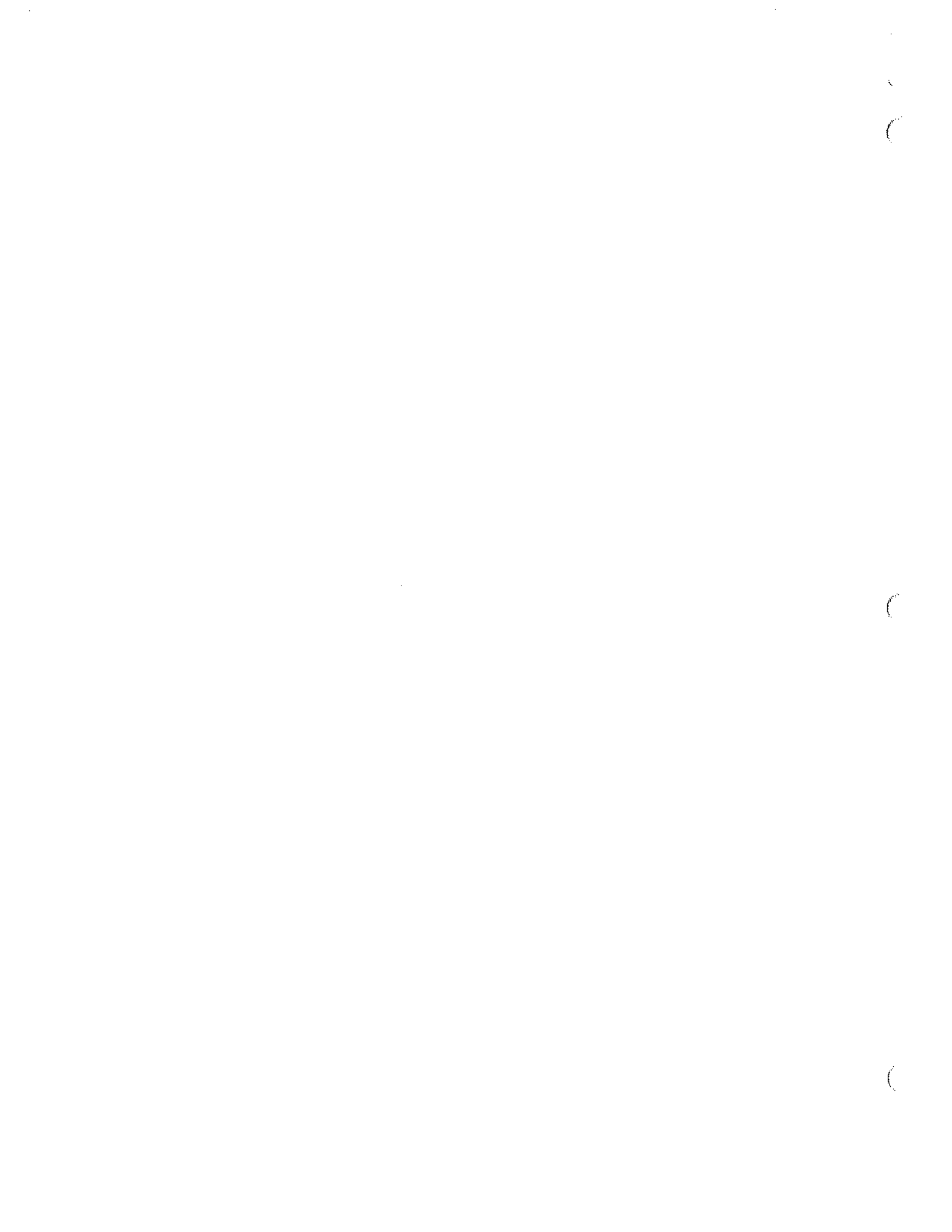


FOR

Edward Randolph
Director, Energy Division

cc: Ray Ortiz, ROrtiz@semprautilities.com
Jason R. Gray, Chief, Climate Change Program Evaluation Branch, CARB
Mary Jane Coombs, Manager, Program Development Section, CARB

³ D.15-10-032, Ordering Paragraph 16: The supplemental customer education and outreach plan, referred to as the "Climate Credit Education Campaign," proposed by Southern California Gas Company is approved. Southern California Gas may track and record outreach costs in its greenhouse gas memorandum account.





Ronald van der Leeden
Director
Regulatory Affairs

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Los Angeles, CA 90013-1011
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Fax: 213.244.4957

RvanderLeeden@semprautilities.com

October 16, 2017

Advice No. 5202
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Annual Regulatory Account Balance Update for Rates Effective
January 1, 2018**

Southern California Gas Company (SoCalGas) hereby submits for approval with the California Public Utilities Commission (Commission) revisions to its revenue requirement and rates effective January 1, 2018.

Purpose

This filing, made each year on or before October 15th,¹ complies with the longstanding practice of updating SoCalGas' revenue requirement for projected year-end regulatory account balances as authorized in Decision (D.) 16-10-004, SoCalGas' Triennial Cost Allocation Proceeding (TCAP). This filing revises SoCalGas' rates to incorporate the projected 2017 year-end regulatory account balances in transportation rates effective January 1, 2018. In compliance with D.11-04-032, this filing also revises the Backbone Transportation Service rate effective January 1, 2018.

In addition, in compliance with D.16-10-004, this filing revises SoCalGas' 2018 revenue requirement for Company-Use (CU) Fuel and Unaccounted For (UAF) Gas costs based on the updated Gas Price forecast as shown in Attachment C.

Furthermore, as required by D.15-10-032, Attachments H and I include the requested tables detailing information on among other things the forecasted revenue requirement for Greenhouse Gas (GHG) costs and the GHG allowance proceeds. However, as explained below, SoCalGas is not requesting to place these revenue requirements in rates at this time.

¹ October 15, 2017 falls on a Sunday, so the filing date is moved to Monday, October 16, 2017.

Background

The revenue requirement related to the regulatory account balances are amortized in rates over 12 months beginning each January 1st. It should be noted that the revenue requirement herein does not include other revenue requirement adjustments² expected to be authorized by the Commission for implementation in transportation rates effective January 1, 2018. SoCalGas will file an advice letter consolidating all Commission-authorized changes in its revenue requirement, and the related changes to its rates, at least three days prior to the January 1, 2018 effective date of such rates.

Customer Rate Impact – Regulatory Account Balances

Total

SoCalGas' transportation revenue requirement will increase by \$100.8 million. The core and noncore customer revenue requirements will increase by \$82.4 million and \$18.4 million, respectively, as a result of the regulatory account balance update.

Attachment A in this filing shows the Natural Gas Transportation Rate Revenue table summarizing the change in the regulatory account balances and authorized CU Fuel and UAF Gas, the demand determinate for the BTS rate, and corresponding present and proposed rates. Attachment B shows a Summary of Present and Proposed Regulatory Account Balances while Attachments D and E show the calculation of the Pension Balancing Account (PBA) and Post-Retirement Benefits Other than Pensions Balancing Account (PBOPBA) balances to be included in 2018 rates. Attachments F and G show the supporting calculations of the minimum contributions made to the Pension/PBOP Trusts for 2017.

Core Customers

An \$82.4 million increase in the core transportation revenue requirement reflects the amortization of the projected year-end 2017 regulatory account balances. The increase is primarily due to increases in the undercollected balances in the Core Fixed Cost Account (CFCA) and Safety Enhancement Capital Cost Balancing Account (SECCBA) and decreases in the overcollected balances in the PBA and Deductible Tax Repairs Benefit Memorandum Account (DTRBMA) partially offset by a decrease in undercollected balance General Rate Case Memorandum Account 2016 (GRCMA2016) as described below.

CFCA – Pursuant to Advice No. (AL) 5054, SoCalGas was authorized to amortize in 2017 rates a CFCA undercollection of \$86.2 million. The projected CFCA balance for amortization in 2018 rates is \$137.1 million undercollected, representing a revenue requirement increase of \$50.9 million.

² For example, see SoCalGas Advice No. 5182 - Energy Efficiency Incentive Award for Program Years (PY) 2015 and 2016.

SECCBA – Pursuant to AL 5075, SoCalGas was authorized to amortize in 2017 rates \$17.9 million of the SECCBA undercollection of which \$11.7 million was allocated to transportation rates (\$6.2 million of the SECCBA undercollection was included in Backbone Transportation Service (BTS) rates). Pursuant to D.16-08-003, SoCalGas is authorized interim rate recovery of 50% of the SECCBA balance. Based on recorded data through September 2017, amortization of the SECCBA in 2018 rates is \$63.7 million undercollected of which \$51.2 million is allocated to transportation rates (\$12.5 million in included in BTS rates). The transportation revenue requirement will increase by \$39.5 million of which the core revenue requirement allocation is \$30.7 million.

PBA – Pursuant to AL 5054, SoCalGas was authorized to amortize in 2017 rates a PBA overcollection of \$19.0 million. The projected PBA balance for amortization in 2018 rates is \$2.9 million overcollected, representing a revenue requirement increase of \$16.1 million. The core revenue requirement allocation is \$15.2 million.

DTRBMA – Pursuant to AL 5054, SoCalGas was authorized to amortize in 2017 rates a DTRBMA overcollection of \$32.0 million. SoCalGas projects to fully amortize the DTRBMA overcollection by December 31, 2017. As a result, the transportation revenue requirement will increase by \$32.0 million with the core's allocation being \$30.2 million.

GRCMA2016 – D.16-06-054, SoCalGas' 2016 General Rate Case (GRC), authorized SoCalGas to amortize the GRCMA2016 over a 17-month period beginning August 1, 2016 through December 31, 2017. Pursuant to AL 5054, SoCalGas was authorized to amortize in 2017 rates a GRCMA2016 undercollection of \$46.6 million. SoCalGas projects to fully amortize the GRCMA2016 undercollection by December 31, 2017 with any residual balance to be transferred to the CFCA and Noncore Fixed Cost Account (NFCA). As a result, the transportation revenue requirement will decrease by \$46.6 million with the core's allocation being \$44.1 million.

The major components of the core revenue requirement increase are as follows:³

³ Amounts shown include franchise fees and uncollectibles.

Description	Core Revenue Requirement Increase / (Decrease) (in millions of \$)
CFCA	50.9
SECCBA	30.7
PBA	15.2
DTRBMA	30.2
GRCMA 2016	(44.1)
Other Regulatory Accounts - net	(0.5)
Total Core Revenue Requirement	82.4

Noncore Customers

An \$18.4 million increase in the noncore transportation revenue requirement reflects the amortization of the projected year-end 2017 regulatory account balances. The increase is primarily due to an increase in the funding related to the Self-Generation Program Memorandum Account (SGPMA) and an increase in the undercollected balance in the SECCBA as described below.

SGPMA – Pursuant to D.14-12-033, SoCalGas was authorized to recover in 2017 rates \$8.0 million (\$8.1 million including FF&U) in annual funding for its Self-Generation Incentive Program (SGIP). Pursuant to D.17-04-017, the Commission approved an increase in SGIP funding (i.e., doubling of the annual funding) for the years 2017 through 2019. SoCalGas did not implement a mid-year rate change in 2017 to recover the additional \$8 million in funding for 2017, so the additional funding will be included in 2018. As a result, the SGIP funding for 2018 will be \$24.0 million (\$24.4 million including FF&U) based on \$16.0 million of funding for 2018 and the additional \$8.0 million of funding from 2017. This represents a revenue requirement increase of \$16.3 million. The noncore revenue requirement allocation is \$10.0 million.

SECCBA – As discussed above, the transportation revenue requirement of the SECCBA will increase by \$39.5 million with the noncore revenue requirement allocation is \$8.8 million.

The major components of the noncore revenue requirement increase are as follows:³

Description	Noncore Revenue Requirement Increase / (Decrease) (in millions of \$)
SGPMA	10.0
SECCBA	8.8
Other Regulatory Accounts - net	(0.4)
Total Noncore Revenue Requirement	18.4

Revision to the BTS Rate

Pursuant to AL 5054, SoCalGas was authorized to amortize in 2017 rates a BTBA undercollection of \$9.0 million. As of December 31, 2017, the BTBA is projected to have an overcollected balance of \$9.1 million, representing a BTS revenue requirement decrease of \$18.1 million. Additionally, SoCalGas updated the BTS Demand pursuant to D.11-04-032. The calculation of the proposed BTS rate for 2018 is detailed below:

Update to BTS Rate

	Present	Proposed	increase (decrease)
Unbundled BTS Revenues w/FFU (\$000's)	\$217,993	\$217,993	\$0
PSRMA-BBT SCG w/o FFU \$000	\$22,921	\$2,976	(\$19,945)
PSRMA-BBT SDG&E w/o FFU \$000	\$42	\$42	\$0
SECCBA-BBT SCG w/o FFU \$000	\$6,119	\$12,290	\$6,171
SECCBA-BBT SDG&E w/o FFU \$000	\$23	\$23	\$0
SEEBBA-BBT SCG w/o FFU \$000	\$23,679	\$15,527	(\$8,152)
SEEBBA-BBT SDG&E w/o FFU \$000	\$17	\$17	\$0
TIMPBA-BBT w/o FFU \$000	\$0	\$0	\$0
BTBA w/o FFU (\$000's)	\$9,007	(\$9,143)	(\$18,150)
FFU Rate	1.0174	1.0174	0.0000
Balancing Accounts w/ FFU (\$000's)	\$62,882	\$22,109	(\$40,773)
BTS Revenue w/FFU (\$000's)	\$280,875	\$240,102	(\$40,773)
BTS Demand Dth/Day	2,515,423	2,689,863	174,440
BTS rate w/FFU \$/dth day	\$0.30592	\$0.24455	(\$0.06137)

Revenue Requirement Change in CU Fuel and UAF Gas costs

Pursuant to D.16-10-004, the Commission authorized SoCalGas to update the underlying gas price used in determining the authorized costs for Other CU Fuel and UAF Gas. On an annual basis, SoCalGas would update the underlying gas price in the October filing using a forecast of Southern California Citygate gas prices for the next year that is based on current futures prices.

As shown in Attachment C, SoCalGas forecasts the average gas price of \$3.12/MMBtu, a decrease of \$0.26/MMBtu from the \$3.38/MMBtu authorized for

rates effective January 1, 2017. Based on this updated gas price forecast, SoCalGas proposes to revise its authorized costs for Other CU Fuel and UAF Gas to \$27.5 million, a decrease of \$2.3 million compared to the present revenue requirement as shown in the calculation below:

Revenue Requirement Change for Gas Price Impact

	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
<u>Unaccounted For Gas (UAF):</u>			
System Volumes Mth/yr	9,648,574	9,648,574	
% UAF (as % of end use)	0.846%	0.846%	
UAF Volumes Mth/yr	81,648	81,648	
Gas Price \$/dth	\$3.38	\$3.12	
UAF (M\$)	\$27,622	\$25,514	(\$2,109)
<u>Company Use Gas: Storage Load Balancing</u>			
Volumes Mth/yr	2,564	2,564	
Gas Price \$/dth	\$3.38	\$3.12	
Company Use Gas: Storage Load Balancing (M\$)	\$867	\$801	(\$66)
<u>Company Use Other:</u>			
Annual Average Volumes (Mth/year)	3,661	3,661	
Gas Price \$/dth	\$3.38	\$3.12	
Co Use Other (M\$)	\$1,239	\$1,144	(\$95)
Total CU Fuel, UAF Gas Costs	\$29,728	\$27,459	(\$2,270)

Greenhouse Gas (GHG) Revenue Requirement and Reporting Requirements

D.15-10-032 addresses the procedures necessary for natural gas corporations to comply with the California Cap on GHG Emissions and Market-Based Compliance Mechanisms (Cap-and-Trade Program), provides a set of tables and requirements for SoCalGas to use to annually forecast compliance costs and allowance proceeds, and requires SoCalGas to include those tables and reasonable supporting information regarding methodologies and assumptions in this filing.

On April 7, 2016, the Commission adopted D.16-04-013, which granted limited rehearing of D.15-10-032 on the disbursement of natural gas GHG allowance proceeds to residential ratepayers. The decision also vacated certain Ordering Paragraphs which effectively put on hold the introduction of GHG costs into rates as well as the disbursement of any GHG proceeds.

As required by D.15-10-032, Attachment H to this filing includes four of the requested tables, including a brief description of each table. Also, as required by D.15-10-032, Attachment I to this filing includes Table B (Recorded GHG Costs) and SoCalGas' 2017 Compliance Instrument Procurement Limit. Per General (GO) 66-C, Section 583 of the Public Utilities Code, and D.15-10-032, Attachment I is provided confidentially to the Energy Division. The GHG revenue requirements and net allowance proceeds available for return are summarized in the table below.

\$ millions

Description	2015		2016		2017		2018	
	Forecast ^{1/}	Recorded ^{2/}	Forecast ^{3/}	Recorded ^{4/}	Forecast ^{5/}	Recorded ^{6/}	Forecast	Recorded
GHG Revenue Requirement	81.7	60.3	108.1	79.3	123.1	113.5	166.6	
GHG Allowance Proceeds:								
Allowance Proceeds	(71.8)	(68.4)	(85.3)	(82.8)	(97.3)	(79.4)	(129.2)	
Less: Outreach and Admin Exp	3.7	1.3	3.9	0.9	4.0	0.6	2.8	
Net Proceeds	(68.1)	(67.1)	(81.4)	(81.9)	(93.3)	(78.8)	(126.4)	

^{1/} 2015 Forecast Revenue Requirement from Preliminary Statement filed January 20, 2015 in Rulemaking 14-03-003.

^{2/} 2015 Recorded Compliance Instrument costs and Allowance Proceeds are updated from those provided in AL 4877-A to include actual expenses for the entire year.

^{3/} 2016 Forecast Revenue Requirement and Allowance Proceeds from AL 4877-A.

^{4/} 2016 Recorded Compliance Instrument costs and Allowance Proceeds are updated from those provided in AL 5054 to include actual expenses for the entire year.

^{5/} 2017 Forecast Revenue Requirement and Allowance Proceeds from AL 5054.

^{6/} 2017 Recorded Compliance Instrument costs and Allowance Proceeds include actual expenses for January through September.

Pursuant to D.16-04-013, SoCalGas is not requesting to place these revenues requirements in rates at this time pending further direction by the Commission.

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 must be received within 20 days of the date of this AL, which is November 5, 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
Attn: 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 2 (effective after staff approval) pursuant to GO 96-B. This filing is consistent with D.16-10-004 and therefore SoCalGas respectfully requests that this filing be approved November 15, 2017, which is thirty (30) calendar days after the date filed, for implementation and inclusion in rates effective January 1, 2018.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in A.14-11-014, TY 2016 GRC, A.14-12-017, Phase I of 2017 TCAP, A.15-07-014, Phase 2 of 2017 TCAP, and R.14-03-003. Address change requests to the GO 96-B service list 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

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) #: 5202

Subject of AL: Annual Regulatory Account Balance Update for Rates Effective January 1, 2018

Keywords (choose from CPUC listing): GRC, Balancing 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.11-04-032, D.15-10-032, and D.16-10-004

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No. N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: See the Declaration of Confidentiality.

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 11/15/17 AL; 1/1/18 Rates

No. of tariff sheets: 0

Estimated system annual revenue effect (%): 2.2%

Estimated system average rate effect (%): 2.2%

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

Service affected and changes proposed¹: See Advice Letter

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. 5202**

**Natural Gas Transportation Rate Revenues
Southern California Gas Company
SCG October Reg. Account Update**

	Present Rates			Proposed Rates			Changes			
	Aug-1-17	Average	Aug-1-17	Jan-1-18	Proposed	Jan-1-18	Revenue	Rate	% Rate	
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	Change	Change	change	
	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's	\$000's	\$/therm	%	
	A	B	C	D	E	F	G	H	I	
1	CORE									
2	Residential	2,435,160	\$0.72091	\$1,755,525	2,435,160	\$0.74554	\$1,815,515	\$59,990	\$0.02463	3.4%
3	Commercial & Industrial	1,023,186	\$0.29526	\$302,103	1,023,186	\$0.31738	\$324,742	\$22,640	\$0.02213	7.5%
4										
5	NGV - Pre SempraWide	157,095	\$0.13883	\$21,809	157,095	\$0.12453	\$19,563	(\$2,247)	(\$0.01430)	-10.3%
6	SempraWide Adjustment	157,095	\$0.01051	\$1,651	157,095	\$0.01258	\$1,977	\$326	\$0.00208	19.7%
7	NGV - Post SempraWide	157,095	\$0.14934	\$23,460	157,095	\$0.13711	\$21,540	(\$1,920)	(\$0.01222)	-8.2%
8										
9	Gas A/C	772	\$0.13074	\$101	772	\$0.14968	\$116	\$15	\$0.01894	14.5%
10	Gas Engine	20,699	\$0.16154	\$3,344	20,699	\$0.16154	\$3,344	\$0	\$0.00000	0.0%
11	Total Core	3,636,911	\$0.57316	\$2,084,533	3,636,911	\$0.59536	\$2,165,256	\$80,724	\$0.02220	3.9%
12	NONCORE COMMERCIAL & INDUSTRIAL									
13										
14	Distribution Level Service	865,102	\$0.06974	\$60,329	865,102	\$0.07384	\$63,882	\$3,553	\$0.00411	5.9%
15	Transmission Level Service (2)	660,238	\$0.01987	\$13,117	660,238	\$0.02160	\$14,258	\$1,141	\$0.00173	8.7%
16	Total Noncore C&I	1,525,339	\$0.04815	\$73,445	1,525,339	\$0.05123	\$78,140	\$4,694	\$0.00308	6.4%
17	NONCORE ELECTRIC GENERATION									
18										
19	Distribution Level Service									
20	Pre Sempra Wide	285,096	\$0.07343	\$20,935	285,096	\$0.07862	\$22,413	\$1,477	\$0.00518	7.1%
21	Sempra Wide Adjustment	285,096	(\$0.00928)	(\$2,644)	285,096	(\$0.00993)	(\$2,831)	(\$187)	(\$0.00065)	7.1%
22	Distribution Level Post Sempra Wide	285,096	\$0.06416	\$18,291	285,096	\$0.06868	\$19,582	\$1,291	\$0.00453	7.1%
23	Transmission Level Service (2)	2,392,699	\$0.01493	\$35,718	2,392,699	\$0.01783	\$42,651	\$6,933	\$0.00290	19.4%
24	Total Electric Generation	2,677,795	\$0.02017	\$54,009	2,677,795	\$0.02324	\$62,233	\$8,223	\$0.00307	15.2%
25										
26	TOTAL RETAIL NONCORE	4,203,134	\$0.03032	\$127,455	4,203,134	\$0.03340	\$140,373	\$12,918	\$0.00307	10.1%
27										
28	WHOLESALE & INTERNATIONAL (excluding SDG&E)	325,403	\$0.01469	\$4,779	325,403	\$0.01754	\$5,708	\$930	\$0.00286	19.5%
29										
30	OTHER SERVICES (SDG&E, UBS, & BTS)	1,251,556		\$312,541	1,251,556		\$274,702	(\$37,839)		
31	SYSTEM TOTAL w/BTS	9,417,004	\$0.26859	\$2,529,307	9,417,004	\$0.27461	\$2,586,039	\$56,732	\$0.00602	2.2%
32										
33	EOR Revenues	231,570	\$0.04409	\$10,209	231,570	\$0.04794	\$11,100	\$891	\$0.00385	8.7%
34	Total Throughput w/EOR Mth/yr	9,648,574			9,648,574					

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

**ATTACHMENT B
Advice No. 5202**

**SOUTHERN CALIFORNIA GAS COMPANY
SOCALGAS PRESENT AND PROPOSED REGULATORY ACCOUNT BALANCES (M\$)**

Account Name (1)	Authorized 09/01/2017 Amortization			Proposed 01/01/2018 Amortization			Proposed Change		
	Core (2)	Noncore (3)	Total System (4)	Core (5)	Noncore (6)	Total System (7)	Core (8)	Noncore (9)	Total System (10)
REGULATORY ACCOUNTS									
1. Affiliate Transfer Fee Account (ATFA)	\$52	\$3	\$55	(\$151)	(\$9)	(\$160)	(\$203)	(\$12)	(\$215)
2. Biogas Conditioning/Upgrading Services Balancing Account (BCSBA)	\$0	\$0	\$0	(\$34)	(\$2)	(\$36)	(\$34)	(\$2)	(\$36)
3. FERC Settlement Proceeds Memorandum Account (FSPMA)	\$53	\$0	\$53	\$283	\$0	\$283	\$230	\$0	\$230
4. General Rate Case Revenue Requirement Memorandum Account (GRCMA)	\$44,262	\$2,634	\$46,896	\$0	\$0	\$0	(\$44,262)	(\$2,634)	(\$46,896)
5. GRCRRMA Sub allocation for AB32 Admin Fees	(\$159)	(\$109)	(\$268)	\$0	\$0	\$0	\$159	\$109	\$268
6. Deductible Tax Repairs Benefit Memorandum Account (DTRBMA)	(\$30,191)	(\$1,796)	(\$31,987)	\$0	\$0	\$0	\$30,191	\$1,796	\$31,987
7. Distributed Energy Resources Svcs Bal Account (DERSBA)	\$0	\$0	\$0	(\$196)	(\$12)	(\$207)	(\$196)	(\$12)	(\$207)
8. Core Fixed Cost Account - non-NGV core subaccount	\$86,177	\$0	\$86,177	\$136,257	\$0	\$136,257	\$50,080	\$0	\$50,080
9. Core Fixed Cost Account - NGV subaccount	\$0	\$0	\$0	\$838	\$0	\$838	\$838	\$0	\$838
10. Economic Practicality Shortfall Memorandum Account (EPSMA)	\$0	\$637	\$637	\$0	\$745	\$745	\$0	\$108	\$108
11. California Solar Imitative Thermal Memorandum Account (CSITPMA)	\$13,047	\$6,596	\$19,643	\$9,207	\$4,655	\$13,862	(\$3,840)	(\$1,941)	(\$5,781)
12. Enhanced Oil Recovery Account (EORA)	(\$2,970)	(\$177)	(\$3,147)	(\$4,104)	(\$244)	(\$4,348)	(\$1,133)	(\$67)	(\$1,201)
13. Hazardous Substance Cost-Recovery Account (HSCRA)	\$1,206	\$1,915	\$3,121	\$539	\$856	\$1,396	(\$667)	(\$1,059)	(\$1,726)
14. Intervenor Award Memorandum Account (IAMA)	\$40	\$64	\$104	\$420	\$667	\$1,087	\$380	\$603	\$983
15. Gain / Loss on Sale Memorandum Account (GLOSMA)	(\$93)	(\$6)	(\$99)	\$212	\$13	\$224	\$305	\$18	\$323
16. Master Meter Balancing Account (MMBA)	\$592	\$35	\$627	\$5,129	\$305	\$5,435	\$4,537	\$270	\$4,807
17. New Environmental Regulation Balancing Account (NERBA) - Admin Fees Subaccount	\$537	\$367	\$904	\$902	\$617	\$1,519	\$365	\$250	\$615
18. New Environmental Regulation Balancing Account (NERBA) - Subpart W Subaccount	(\$370)	(\$22)	(\$392)	\$132	\$8	\$140	\$502	\$30	\$532
19. Noncore Fixed Cost Account (NFCA) Margin	\$0	(\$1,530)	(\$1,530)	\$0	(\$4,091)	(\$4,091)	\$0	(\$2,561)	(\$2,561)
20. Noncore Fixed Cost Account (NFCA) Nonmargin	\$0	(\$475)	(\$475)	\$0	\$864	\$864	\$0	\$1,339	\$1,339
21. Integrated Transmission Balancing Account (ITBA) 2/	(\$709)	(\$818)	(\$1,527)	\$999	\$1,151	\$2,150	\$1,708	\$1,969	\$3,677
22. Compressor Station Fuel and Power Balancing Account (CFPBA)	\$470	\$542	\$1,011	\$789	\$910	\$1,699	\$319	\$368	\$688
23. Compression Services Balancing Account (CSBA)	(\$34)	\$0	(\$34)	(\$23)	\$0	(\$23)	\$11	\$0	\$11
24. Company-Use Fuel for Load Balancing Account (CUFLBA)	(\$216)	(\$356)	(\$572)	(\$208)	(\$343)	(\$551)	\$8	\$13	\$21
25. System Reliability Memorandum Account (SRMA)	\$3,059	\$4,857	\$7,916	\$3,068	\$4,873	\$7,941	\$10	\$15	\$25
26. Noncore Storage Balancing Account (NSBA)	\$1,400	\$2,224	\$3,624	\$4,050	\$6,432	\$10,482	\$2,650	\$4,208	\$6,858
27. Pension Balancing Account (PBA)	(\$17,956)	(\$1,068)	(\$19,024)	(\$2,766)	(\$165)	(\$2,931)	\$15,190	\$904	\$16,093
28. PBOP Balancing Account (PBOPBA)	(\$1,646)	(\$98)	(\$1,744)	(\$1,592)	(\$95)	(\$1,687)	\$54	\$3	\$57
29. Pipeline Safety and Reliability Memo Acct (PSRMA) - Local Transmission	\$3,223	\$2,495	\$5,718	\$841	\$651	\$1,491	(\$2,382)	(\$1,844)	(\$4,227)
30. Pipeline Safety and Reliability Memo Acct (PSRMA) - Distribution	\$2,640	\$511	\$3,151	\$929	\$180	\$1,109	(\$1,711)	(\$331)	(\$2,042)
31. Safety Enhancement Capital Cost Balancing Account (SECCBA) - Local Transmission	\$1,137	\$881	\$2,018	\$6,197	\$4,797	\$10,994	\$5,059	\$3,917	\$8,976
32. Safety Enhancement Capital Cost Balancing Account (SECCBA) - Distribution	\$8,074	\$1,564	\$9,638	\$33,671	\$6,524	\$40,195	\$25,597	\$4,960	\$30,557
33. Safety Enhancement Expense Balancing Account (SEEBA) - Local Transmission	\$3,931	\$3,043	\$6,974	\$1,934	\$1,497	\$3,431	(\$1,997)	(\$1,546)	(\$3,543)
34. Safety Enhancement Expense Balancing Account (SEEBA) - Distribution	\$8,903	\$1,725	\$10,628	\$7,641	\$1,481	\$9,121	(\$1,262)	(\$245)	(\$1,507)
35. Research Development and Demonstration Expense Account (RDDEA)	(\$877)	(\$52)	(\$930)	\$0	\$0	\$0	\$877	\$52	\$930
36. Research Royalty Memorandum Account (RRMA)	\$0	\$0	\$0	(\$69)	(\$4)	(\$73)	(\$69)	(\$4)	(\$73)
37. Self-Generation Program Memorandum Account (SGPMA)	\$3,143	\$4,992	\$8,135	\$9,430	\$14,975	\$24,405	\$6,287	\$9,983	\$16,270
38. System Operator Gas Account (SOGA)	\$0	\$0	\$0	\$40	\$64	\$104	\$64	\$64	\$104
39. Natural Gas Appliance Testing Memo Account (NGATMA)	\$1,875	\$112	\$1,987	\$0	\$0	\$0	(\$1,875)	(\$112)	(\$1,987)
40. Rewards & Penalties Balancing Account (RPBA)	\$3,185	\$190	\$3,375	(\$217)	(\$13)	(\$230)	(\$3,402)	(\$202)	(\$3,605)
Total Regulatory Accounts	\$131,785	\$28,880	\$160,665	\$214,151	\$47,287	\$261,437	\$82,366	\$18,406	\$100,772

Notes:

- 1/ All amounts include FF&U.
2/ Forecasted SoCalGas ITBA December 31, 2017 balance is on a combined and re-allocated basis.

**ATTACHMENT C
Advice No. 5202**

**SOUTHERN CALIFORNIA GAS COMPANY
GAS PRICE FORECAST- 2018**

Row labels	2018-01	2018-02	2018-03	2018-04	2018-05	2018-06	2018-07	2018-08	2018-09	2018-10	2018-11	2018-12	Total
8/18/17	3.21	3.13	2.97	2.49	2.42	2.47	2.71	2.72	2.54	2.51	2.73	3.08	2.75
8/21/17	3.25	3.16	3.01	2.52	2.45	2.49	2.73	2.74	2.56	2.53	2.75	3.09	2.77
8/22/17	3.22	3.13	2.98	2.53	2.46	2.50	2.75	2.76	2.58	2.55	2.74	3.08	2.77
8/23/17	3.23	3.14	2.98	2.54	2.46	2.50	2.75	2.76	2.58	2.55	2.74	3.09	2.77
8/24/17	3.24	3.14	3.00	2.54	2.47	2.51	2.75	2.76	2.58	2.55	2.74	3.09	2.78
8/25/17	3.19	3.10	2.95	2.52	2.45	2.49	2.74	2.74	2.57	2.53	2.73	3.07	2.76
8/28/17	3.22	3.13	2.98	2.54	2.46	2.51	2.75	2.76	2.58	2.55	2.74	3.09	2.78
8/29/17	3.24	3.14	2.99	2.54	2.46	2.51	2.75	2.76	2.58	2.55	2.75	3.10	2.78
8/30/17	3.23	3.14	3.00	2.54	2.47	2.52	2.76	2.77	2.59	2.56	2.74	3.10	2.79
8/31/17	3.31	3.22	3.07	2.57	2.50	2.54	2.78	2.79	2.61	2.58	2.76	3.12	2.82
9/1/17	3.35	3.26	3.11	2.59	2.52	2.56	2.79	2.80	2.62	2.59	2.77	3.13	2.84
9/5/17	3.27	3.17	3.02	2.56	2.49	2.53	2.77	2.78	2.60	2.57	2.74	3.10	2.80
9/6/17	3.31	3.19	3.01	2.57	2.50	2.55	2.79	2.80	2.62	2.58	2.76	3.13	2.82
9/7/17	3.30	3.17	3.00	2.59	2.52	2.57	2.79	2.81	2.63	2.57	2.79	3.14	2.82
9/8/17	3.23	3.10	2.94	2.56	2.51	2.55	2.77	2.79	2.63	2.58	2.77	3.13	2.80
9/11/17	3.28	3.16	2.99	2.60	2.54	2.59	2.79	2.82	2.66	2.61	2.80	3.16	2.83
9/12/17	3.33	3.20	3.02	2.62	2.55	2.60	2.79	2.83	2.67	2.63	2.81	3.17	2.85
9/13/17	3.36	3.24	3.06	2.61	2.55	2.60	2.78	2.88	2.72	2.61	2.81	3.17	2.87
9/14/17	3.36	3.23	3.05	2.61	2.56	2.60	2.79	2.88	2.72	2.61	2.81	3.17	2.87
9/15/17	3.34	3.21	3.04	2.60	2.56	2.60	2.77	2.88	2.72	2.61	2.81	3.17	2.86
9/18/17	3.41	3.29	3.11	2.62	2.57	2.62	2.79	2.88	2.74	2.63	2.82	3.19	2.89
9/19/17	3.39	3.26	3.08	2.61	2.57	2.62	2.79	2.88	2.74	2.63	2.80	3.18	2.88
9/20/17	3.36	3.25	3.06	2.60	2.56	2.61	2.77	2.86	2.72	2.61	2.79	3.18	2.86
9/21/17	3.26	3.16	2.96	2.55	2.53	2.58	2.74	2.83	2.69	2.58	2.77	3.14	2.82
9/22/17	3.27	3.15	2.95	2.56	2.54	2.59	2.74	2.83	2.69	2.58	2.77	3.17	2.82
9/25/17	3.24	3.13	2.92	2.54	2.52	2.57	2.72	2.81	2.67	2.55	2.75	3.14	2.80
9/26/17	3.23	3.11	2.90	2.54	2.52	2.57	2.72	2.81	2.67	2.55	2.73	3.13	2.79
9/27/17	3.29	3.17	2.95	2.56	2.53	2.58	2.74	2.83	2.68	2.57	2.75	3.15	2.82
9/28/17	3.25	3.13	2.92	2.55	2.52	2.57	2.73	2.82	2.67	2.56	2.75	3.14	2.80
9/29/17	3.25	3.14	2.92	2.53	2.51	2.56	2.72	2.81	2.67	2.55	2.74	3.13	2.79
10/2/17	3.16	3.06	2.84	2.49	2.48	2.53	2.69	2.78	2.64	2.53	2.70	3.10	2.75
Total	3.28	3.17	2.99	2.56	2.51	2.55	2.76	2.80	2.64	2.57	2.76	3.13	2.81

Note 1/ the projected gas price of \$2.81/Dth is increased by the projected backbone transmission rate and brokerage fee to project the Citygate gas price of \$3.12/Dth.

**ATTACHMENT D
Advice No. 5202**

**SOUTHERN CALIFORNIA GAS COMPANY
PENSION BALANCING ACCOUNT (PBA)
Year 2017**

(Over) / Under Collection M\$

Line		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
		actl	actl	actl	actl	actl	actl	actl	actl	fcst	fcst	fcst	fcst	
1	Beginning Balance	(18,539)	(22,616)	(26,697)	(18,864)	(23,334)	(27,368)	(31,406)	(23,622)	(27,615)	(31,611)	(12,932)	(16,825)	(18,539)
1a	Prior Period Adjustment	-	-	-	(364)	-	-	-	-	-	-	-	-	(364)
1b	Adjusted Beginning Balance	(18,539)	(22,616)	(26,697)	(19,229)	(23,334)	(27,368)	(31,406)	(23,622)	(27,615)	(31,611)	(12,932)	(16,825)	(18,903)
2	Recorded Cost	186	186	12,098	161	236	236	12,059	283	284	22,956	374	18,207	67,265
3	Authorized Cost	5,809	5,809	5,809	5,809	5,809	5,809	5,809	5,809	5,809	5,809	5,809	5,809	69,705
4	Net position (2-3):	(5,623)	(5,623)	6,289	(5,648)	(5,573)	(5,573)	6,251	(5,526)	(5,525)	17,147	(5,435)	12,398	(2,440)
5	Amortization	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(1,558)	(18,700)
6	Current Month Adjustment (4-5):	(4,065)	(4,065)	7,847	(4,089)	(4,014)	(4,014)	7,809	(3,968)	(3,966)	18,706	(3,877)	13,956	(21,140)
7	Current Month Interest**:	(13)	(16)	(15)	(16)	(19)	(23)	(25)	(25)	(30)	(26)	(17)	(11)	(237)
8	Total Current Month Activity (6+7):	(4,077)	(4,081)	7,833	(4,105)	(4,034)	(4,038)	7,784	(3,993)	(3,997)	18,680	(3,894)	13,945	16,022
9	Ending Balance (1b+8):	(22,616)	(26,697)	(18,864)	(23,334)	(27,368)	(31,406)	(23,622)	(27,615)	(31,611)	(12,932)	(16,825)	(2,881)	(2,881)

** Interest applied to average monthly balance as follows: $((\text{Beg. Bal.} + (\text{Beg. Bal.} + \text{Current Month Adjustment})) / 2) * (\text{Int. Rate} / 12)$

Interest Assumption:	0.74%	0.80%	0.77%	0.87%	0.92%	0.95%	1.10%	1.17%	1.23%	1.39%	1.39%	1.39%
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Supporting Calculation - 2017 Net Pension Revenue/Costs

	Authorized Cost	Recorded Cost
Gross Revenue/costs	84,962	92,229
Lees: Amount capitalized	(17,162)	(26,064)
Less: Billings to SDG&E/Unregulated Affiliates	(1,016)	(2,278)
Plus: Billings from SDG&E	1,932	0
Depreciation/Return 1/	989	3,378
Net Costs	<u>\$69,705</u>	<u>\$67,265</u>

1/ Reflects the depreciation and return differential associated with authorized/actual capitalization.

**ATTACHMENT E
Advice No. 5202**

**SOUTHERN CALIFORNIA GAS COMPANY
POST RETIREMENT BENEFITS OTHER THAN PENSION BALANCING ACCOUNT (PBOBPA)**

Year 2017

(Over) / Under Collection M\$

Line	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
	actl	actl	actl	actl	actl	actl	actl	actl	fcst	fcst	fcst	fcst		
1	(1,643)	(1,633)	(1,812)	(1,803)	(1,790)	(1,824)	(1,505)	(1,503)	(1,501)	(1,769)	(1,769)	(1,768)	(1,643)	
1a	-	-	-	1	-	-	-	-	-	-	-	-	1	
1b	(1,643)	(1,633)	(1,812)	(1,802)	(1,790)	(1,824)	(1,505)	(1,503)	(1,501)	(1,769)	(1,769)	(1,768)	(1,642)	
2	10	(180)	9	12	(34)	318	2	2	(267)	1	1	111	(16)	
3	141	141	141	141	141	141	141	141	141	141	141	141	1,696	
4	Net position (2-3):	(132)	(321)	(133)	(129)	(175)	177	(139)	(139)	(408)	(141)	(141)	(30)	(1,712)
5	Amortization	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(1,714)
6	Current Month Adjustment (4-5):	11	(179)	10	13	(32)	320	3	3	(266)	2	2	112	(3,426)
7	Current Month Interest**:	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(18)
8	Total Current Month Activity (6+7):	10	(180)	9	12	(34)	318	2	2	(267)	0	0	110	(16)
9	Ending Balance (1b+8):	(1,633)	(1,812)	(1,803)	(1,790)	(1,824)	(1,505)	(1,503)	(1,501)	(1,769)	(1,769)	(1,768)	(1,658)	(1,658)

** Interest applied to average monthly balance as follows: (((Beg. Bal.+(Beg. Bal.+Current Month Adjustment))/2)*(Int.Rate/12)

Interest Assumption:	0.74%	0.80%	0.77%	0.87%	0.92%	0.95%	1.10%	1.17%	1.23%	1.39%	1.39%	1.39%
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Supporting Calculation - 2017 Net PBOP Revenue/Costs

	Authorized Cost	Recorded Cost
Gross Revenue/costs	1,571	(360)
Lees: Amount capitalized	(318)	102
Less: Billings to SDG&E/Unregulated Affiliates	(162)	9
Plus: Billings from SDG&E	587	224
Depreciation/Return 1/	18	9
Net Costs	<u>\$1,696</u>	<u>(\$16)</u>

1/ Reflects the depreciation and return differential associated with authorized/actual capitalization.

**ATTACHMENT F
Advice No. 5202**

**Southern California Gas Company
Pension Plan
Based on 2017 Draft Actuarial Results
Development of 2017 Minimum Required Contribution**

1. 2017 Funding target liability	\$1,710,946,782	
[Net Effective Interest Rate]		5.94%
2. 2017 Plan Actuarial Value of Assets	\$1,600,045,125	
3. Funding shortfall [MAX [(1) - (2),0]]	\$110,901,657	
4. Excess assets [MAX [(2) - (1),0]]	\$0	
5. 2017 Plan Normal Cost		\$70,186,896
[includes estimated plan expenses of \$11,500,000]		
6. 2011 shortfall amortization charge (amortized through 2017) *		0
7. 2012 shortfall amortization charge (amortized through 2018) *		0
8. 2013 shortfall amortization charge (amortized through 2019) *		0
9. 2014 shortfall amortization charge (amortized through 2020) *		0
10. 2015 shortfall amortization charge (amortized through 2021) *		0
11. 2016 shortfall amortization charge (amortized through 2022) *		2,999,907
12. Funding shortfall base *		
(a) Present value of 2011 shortfall amortization charge	0	
[based on amortization over 1 years at 4.16%]		
(b) Present value of 2012 shortfall amortization charge	0	
[based on amortization over 2 years at 4.16%]		
(c) Present value of 2013 shortfall amortization charge	0	
[based on amortization over 3 years at 4.16%]		
(d) Present value of 2014 shortfall amortization charge	0	
[based on amortization over 4 years at 4.16%]		
(e) Present value of 2015 shortfall amortization charge	0	
[based on amortization over 5 years at 4.16%]		
(f) Present value of 2016 shortfall amortization charge	16,119,880	
[based on amortization over first 5 years at 4.16% and next year at 5.72%]		
(g) 2017 funding shortfall base		
[(3) - (12(a)) - (12(b)) - (12(c)) - (12(d)) - (12(e)) - (12(f))]	\$94,781,777	
13. 2017 Amortization factor		
[based on amortization of shortfall over 7 years, assuming		
a 4.16% rate for the first 5 years and 5.72% rate for the final 2 years]	0.16421197	
14. 2017 funding shortfall to be amortized in 2017 - 2023 [12(g) x (13)]		\$15,564,302
15. 2017 Minimum required contribution *		\$88,751,105
[(5) + (6) + (7) + (8) + (9) + (10) + (11) + (14) , amount as of 1/1/2017]		

Timing of 2017 Minimum Required Contribution

Funding

First quarterly contribution deposited on March 30, 2017	\$17,000,000
Second quarterly contribution deposited on July 3, 2017	\$17,000,000
Third quarterly contribution estimated to be deposited on October 2, 2017	\$32,600,000
Final 2017 contribution estimated to be deposited on December 15, 2017	\$25,641,975
Sum of payments made for the 2017 Plan Year	\$92,241,975

1/1/2017 Present value of 2017 Plan Year contributions

\$88,751,105

* If the plan does not have a funding shortfall, then prior shortfall amortization bases are deemed fully amortized and there is no new shortfall amortization base for the current year. In addition, the minimum funding requirement is equal to the target normal cost less the excess assets.

ATTACHMENT G
Advice No. 5202

Southern California Gas Company
Postretirement Welfare Plans
Development of 2017 Contribution
Based on Final Actuarial Results

1. 2017 APBO	\$680,320,711	
2. Discount rate	4.20%	
3. 2017 Fair Value of Assets	\$870,294,463	
4. 2017 Plan Service Cost		\$14,201,245
5. Interest cost		28,471,891
6. Expected return on assets [based on expected return of 7% on assets]		(52,793,384)
7. Transition obligation amortization		0
8. Prior service cost amortization		(2,511,059)
9. Unrecognized (gain)/loss amortization		(2,884,550)
10. Special Termination Benefits (VREP 2017)		15,500,000
11. Net periodic benefit cost		(\$15,857)

Timing of Estimated 2017 Contribution

Funding

Contributions through December 31 made primarily in quarterly installments **\$0**

**ATTACHMENT H
Advice No. 5202**

Table A: Forecast Revenue Requirement

Line	Description	2015		2016		2017		2018	
		Forecast ¹	Recorded ²	Forecast ³	Recorded ⁴	Forecast ⁵	Recorded ⁶	Forecast	Recorded
1	Gross Throughput (MMcf)	822,829		821,630		796,758		786,491	
2	Throughput to Covered Entities (MMcf)	(410,647)		(408,577)		(386,822)		(377,784)	
3	Net Throughput to End Users (MMcf) (Line 1 + Line 2)	412,182	N/A	413,053	N/A	409,937	N/A	408,707	N/A
4	Lost and Unaccounted for Gas (MMcf)			6,253		6,063		6,654	
5	Total Supplied Gas (MMcf) (Line 3 + Line 4)	412,182	N/A	419,306	N/A	416,000	N/A	415,361	N/A
6	Emissions Conversion Factor (MTCO ₂ e/MMcf)	54.43		54.64		54.64		54.64	
7	Compliance Obligation for End Users and LUAF (MTCO ₂ e) (Line 5 * Line 6)	22,435,190		22,912,713		22,732,064		22,697,124	
8	Compliance Obligation for Company Facilities (MTCO ₂ e)	200,674		214,065		199,466		197,000	
9	Gross Compliance Obligation (MTCO₂e) (Line 7 + Line 8)	22,635,864		23,126,778		22,931,530		22,894,124	
10	Directly Allocated Allowances	(21,988,508)		(21,545,943)		(21,126,670)		(20,684,105)	
11	Percentage Consigned to Auction	25%		30%		35%		40%	
12	Consigned Allowances (Line 10 * Line 11)	5,497,127		6,463,782		7,394,334		8,273,642	
13	Net Compliance Obligation (MTCO₂e) (Line 9 + Line 10+ Line 12)	6,144,483		8,044,617		9,199,194		10,483,661	
14	Proxy GHG Allowance Price	\$ 13.06		\$ 13.20		\$ 13.15		\$ 15.62	
15	Compliance Instrument Cost	\$ 80,246,950	\$ 59,223,936	\$ 106,188,942	\$ 77,541,518	\$ 121,006,199	\$ 110,460,889	\$ 163,712,846	
16	Interest	\$ -	\$ 31,088	\$ -	\$ 419,197	\$ -	\$ 1,059,329	\$ -	
17	Franchise Fees & Uncollectibles	\$ 1,415,556	\$ 1,045,259	\$ 1,873,173	\$ 1,354,213	\$ 2,101,933	\$ 1,937,157	\$ 2,843,767	
18	Revenue Requirement (Line 15 + Line 16 + Line 17)	\$ 81,662,507	\$ 60,300,283	\$ 108,062,115	\$ 79,314,928	\$ 123,108,132	\$ 113,457,375	\$ 166,556,612	N/A
19	Previous Year's Cost Balancing Subaccount Balance w/ FFU ⁷	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
20	Revenue Requirement to be Included in Rates (Line 18 + Line 19)	\$ 81,662,507		\$ 108,062,115		\$ 123,108,132		\$ 166,556,612	
21	Covered Entity Rate Impact (\$/therm) ⁷								
22	Non-Covered Entity Rate Impact (\$/therm) ⁷								

Table A Notes:

- ¹2015 Forecast Revenue Requirement from Preliminary Statement filed January 20, 2015 in Rulemaking 14-03-003.
- ²2015 Recorded Compliance Instrument Costs from AL 5054.
- ³2016 Forecast Revenue Requirement from AL 4877-A.
- ⁴2016 Recorded Compliance Instrument Costs are updated from those provided in AL 5054 to include actual expenses for the entire year.
- ⁵2017 Forecast Revenue Requirement from AL 5054.
- ⁶2017 Recorded Compliance Instrument Costs includes actual expenses for January through September and forecasted expenses for October through December.
- ⁷Not included, pending Application for Rehearing

Supporting Information:

FF&U %	1.764%	1.764%	1.764%	1.737%	1.737%	1.737%	1.737%
LUAF %	0.761%	0.761%	0.761%	0.761%	0.761%	0.846%	0.846%
System Throughput	9,544,672		9,544,672		9,544,672		9,417,004
Non-Covered Entity Throughput	4,040,305		4,040,305		4,021,584		4,199,524

Revenue Requirement to be Included in Rates w/FFU

End-User Revenue Requirement w/FFU	\$ 78,995,473	\$ 100,597,014	\$ 116,004,800	\$ 157,650,407
LUAF Revenue Requirement w/FFU	\$ -	\$ 4,589,599	\$ 4,433,980	\$ 5,776,416
Company Facilities Revenue Requirement w/FFU	\$ 2,667,033	\$ 2,875,503	\$ 2,669,352	\$ 3,129,790
Total Revenue Requirement w/FFU	\$ 81,662,507	\$ 108,062,115	\$ 123,108,132	\$ 166,556,612

Cost Balancing Account Balances

End-User w/ FFU	\$ -	\$ -	\$ -	\$ -
LUAF w/ FFU	\$ -	\$ -	\$ -	\$ -
Company Facilities w/ FFU	\$ -	\$ -	\$ -	\$ -
Total Balancing Accounts w/FFU	\$ -	\$ -	\$ -	\$ -
Total GHG Costs in Rates w/ FFU	\$ 81,662,507	\$ 108,062,115	\$ 123,108,132	\$ 166,556,612

Revenue Requirement to be Included in Rates w/out FFU

End-User Revenue Requirement w/out FFU	\$ 77,626,148	\$ 98,853,243	\$ 114,024,149	\$ 154,958,703
LUAF Revenue Requirement w/out FFU	\$ -	\$ 4,510,041	\$ 4,358,274	\$ 5,677,790
Company Facilities Revenue Requirement w/out FFU	\$ 2,620,802	\$ 2,825,658	\$ 2,623,776	\$ 3,076,352
Total Revenue Requirement w/out FFU	\$ 80,246,950	\$ 106,188,942	\$ 121,006,199	\$ 163,712,846

Cost Balancing Account Balances

End-User w/o FFU	\$ -	\$ -	\$ -	\$ -
LUAF w/o FFU	\$ -	\$ -	\$ -	\$ -
Company Facilities w/o FFU	\$ -	\$ -	\$ -	\$ -
Total Balancing Accounts w/o FFU	\$ -	\$ -	\$ -	\$ -
Total GHG Costs in Rates w/out FFU	\$ 80,246,950	\$ 106,188,942	\$ 121,006,199	\$ 163,712,846

Attachment H - Table A

SoCalGas' Gross Compliance Obligation is calculated as the 2018 throughput forecast in the most recent California Gas Report *less* the throughput associated with covered entities *plus* an estimate for LUAF gas and a forecast of emissions for SoCalGas' applicable Covered Facilities. SoCalGas' directly allocated allowances are reduced by 40%, which is the minimum consignment percentage required for 2018 by the Cap-and-Trade Program regulations. The Proxy GHG Allowance Price is the 5-day average of forward prices for October 2-6 on the Intercontinental Exchange (ICE) for a California Carbon Allowance (CCA) with December delivery in 2018.

The resulting 2018 Forecast Revenue Requirement is \$166.6 million (including FF&U). This is composed of \$157.7 million for end-users, \$5.8 million for LUAF gas, and \$3.1 million for company facilities. To the extent that any of these revenue requirements are ultimately approved for inclusion in rates in 2018, they will be grossed-up to ensure full recovery over the remainder of 2018.

Note that Table A (Line 19) includes a Previous Year's Cost Balancing Subaccount Balance of \$0, even though the three GHGBA cost subaccounts are forecasted to be significantly undercollected as of December 31, 2017. This is because D.16-04-013 granted limited rehearing of D.15-10-032 and put on hold the introduction of GHG costs into rates as well as the disbursement of any GHG proceeds. However, SoCalGas' 2015, 2016, and 2017 revenue requirements, which total \$312.8 million, have also been approved but have yet to be included in rates. Should SoCalGas be authorized to eventually amortize these revenue requirements in rates, the undercollected balance in the GHGBA cost subaccounts would decrease, and any proposed amortization here would amount to "double counting" of those costs. Therefore, until the Commission provides further guidance in R.14-03-003 regarding the timing of the amortization of these revenue requirements, SoCalGas cannot estimate the appropriate Cost Balancing Subaccount Balance at this time. Also note that, for the same reason, Table A does not include rate impacts (Lines 21 and 22).

**ATTACHMENT H
Advice No. 5202**

Table C: GHG Allowance Proceeds

Line	Description	2015		2016		2017		2018	
		Forecast ¹	Recorded ²	Forecast ³	Recorded ⁴	Forecast ⁵	Recorded ⁶	Forecast	Recorded
1	Proxy GHG Allowance Price (\$/MT)	\$ 13.06	\$ 13.06	\$ 13.20	\$ 13.20	\$ 13.15	\$ 13.15	\$ 15.62	\$ 15.62
2	Directly Allocated Allowances	21,988,508		21,545,943		21,126,670		20,684,105	
3	Percentage Consigned to Auction	25%		30%		35%		40%	
4	Consigned Allowances	5,497,127		6,463,782		7,394,334		8,273,642	
5	Allowance Proceeds	\$ (71,792,479)	\$ (68,370,517)	\$ (85,321,922)	\$ (82,283,944)	\$ (97,265,069)	\$ (78,083,667)	\$ (129,201,193)	
6	Previous Year's Revenue Balancing Subaccount Balance ⁷	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Interest		\$ (47,130)		\$ (484,062)		\$ (1,280,751)		
8	Subtotal Allowance Proceeds (\$) (Line 5 + Line 6 + Line 7)	\$ (71,792,479)	\$ (68,417,647)	\$ (85,321,922)	\$ (82,768,006)	\$ (97,265,069)	\$ (79,364,418)	\$ (129,201,193)	N/A
9	Outreach and Admin Expenses (\$) (from Table D)	\$ 3,656,000	\$ 1,345,791	\$ 3,884,083	\$ 929,803	\$ 4,021,629	\$ 616,819	\$ 2,813,102	N/A
10	Net GHG Proceeds Available for Customer Returns (\$) (Line 8 + Line 9)	\$ (68,136,479)	\$ (67,071,856)	\$ (81,437,839)	\$ (81,838,203)	\$ (93,243,440)	N/A	\$ (126,388,091)	N/A
11	Number of Residential Households	5,432,358		5,948,156		6,128,113		6,184,841	
12	Per Household California Climate Credit (\$) (Line 10 / Line 11) ⁷								

Table C Notes:

¹2015 Forecast Allowance Proceeds from Preliminary Statement filed January 20, 2015 in Rulemaking 14-03-003.

²2015 Recorded Allowance Proceeds and interest from AL 5054.

³2016 Forecast Allowance Proceeds from AL 4877-A.

⁴2016 Recorded Allowance Proceeds and interest updated from that provided in AL 5054 to include actual expenses for the entire year.

⁵2017 Forecast Allowance Proceeds from AL 5054.

⁶2017 Recorded Allowance Proceeds and interest includes actual expenses for January through September.

⁷Not included, pending Application for Rehearing

Supporting Information:

Number of Residential Households	6,128,113	6,184,841
Number of Non-Residential Non-Covered Entities	208,980	209,199

Attachment H - Table C

The same Proxy GHG Allowance Price is used for the forecast of GHG Allowance Proceeds as for the Forecast Revenue Requirement discussed in Table A. Table C estimates the consigned allowances as 40% of SoCalGas' directly allocated allowances for 2018, consistent with Table A. 2018 Outreach and Administration Expenses are incorporated from Table D. In total, SoCalGas forecasts net 2018 GHG Allowance Proceeds of \$126.4 million.

For the same reasons as described above for Table A, Table C (Line 6) includes a Previous Year's Revenue Balancing Subaccount Balance of \$0, even though the subaccount is forecasted to be significantly overcollected as of December 31, 2017. SoCalGas' 2015, 2016, and 2017 net GHG proceeds available for customer returns, which total \$242.8 million, have also been approved but have yet to be included in rates. Also, as with Table A, Table C does not include a proposed California Climate Credit (Line 12).

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Table D: GHG Outreach and Administrative Expenses

Line	Description	2015		2016		2017		2018	
		Forecast ¹	Recorded ²	Forecast ³	Recorded ⁴	Forecast ⁵	Recorded ⁶	Forecast ⁷	Recorded
1	Outreach Expenses								
2	Detail of Outreach Activity (\$)	\$ 2,000,000	\$ 646,548	\$ 2,000,000	\$ 12,144	\$ 2,000,000	\$ -	\$ 2,000,000	
3	Subtotal Outreach (\$)	\$ 2,000,000	\$ 646,548	\$ 2,000,000	\$ 12,144	\$ 2,000,000	\$ -	\$ 2,000,000	N/A
4	Administrative Expenses								
5	Acquisition (\$)	\$ 276,000	\$ 291,460	\$ 269,912	\$ 292,676	\$ 299,807	\$ 255,641	\$ 350,492	
6	Billing (\$)	\$ 573,000	\$ 3,848	\$ 783,578	\$ 160,300	\$ -	\$ 3,238	\$ -	
7	Program Management (\$)	\$ 807,000	\$ 403,339	\$ 830,593	\$ 455,467	\$ 1,721,822	\$ 339,499	\$ 462,610	
8	Subtotal Administrative (\$)	\$ 1,656,000	\$ 698,647	\$ 1,884,083	\$ 908,443	\$ 2,021,629	\$ 598,378	\$ 813,102	N/A
9	Subtotal Outreach and Administrative (\$)	\$ 3,656,000	\$ 1,345,195	\$ 3,884,083	\$ 920,587	\$ 4,021,629	\$ 598,378	\$ 2,813,102	
10	Interest (\$)		\$ 596		\$ 9,216		\$ 18,441		
11	Total (\$)	\$ 3,656,000	\$ 1,345,791	\$ 3,884,083	\$ 929,803	\$ 4,021,629	\$ 616,819	\$ 2,813,102	N/A

Notes:

¹2015 Forecast Acquisition and Program Management Expenses from Preliminary Statement filed January 20, 2015 in Rulemaking 14-03-003. 2015 Forecast Outreach and Billing expenses from Opening Comments filed February 27, 2015 in Rulemaking 14-03-003.

²2015 Recorded Expenses from AL 5054.

³2016 Forecast Expenses from AL 4877-A.

⁴2016 Recorded expenses are updated from those provided in AL 5054 to include actual expenses for the entire year.

⁵2017 Forecast Expenses from AL 5054.

⁶2017 Recorded expenses includes actual expenses for January through September.

⁷2018 Forecast Administrative Expenses for Acquisition and Program Management equal to actual expenses for the twelve-month period of October 1, 2016 through September 30, 2017.

Attachment H - Table D

D.15-10-032 approved SoCalGas' supplemental customer education and outreach plan, and authorized SoCalGas to track and record outreach costs in the GHG Memorandum Account (GHGMA).¹ However, this outreach plan was never put into place due the Commission's granting of rehearing. At this point, SoCalGas is including for 2018 the same \$2.0 million forecast for outreach costs as included in AL 5046 for 2017, pending the result of the rehearing. SoCalGas forecasts incremental administrative costs at \$0.8 million. These consist of program management and acquisition-related costs. SoCalGas will potentially have billing costs as a result of the rehearing, but cannot forecast those costs at this time.

Actual administrative costs for the twelve-month period of October 1, 2016 to September 30, 2017 include program management costs of \$463 thousand, acquisition-related costs of \$350 thousand, billing costs of \$3 thousand, and interest of \$22 thousand for a total of \$837,903.² These costs represent less than 1% of 2018 forecast allowance proceeds.

Pursuant to D.15-10-032, outreach and administrative expenses are to be recovered from GHG allowance proceeds. As discussed above, SoCalGas proposes to transfer \$837,903 in allowance proceeds from the Consignment Revenue Subaccount of the GHG Balancing Account (GHGBA) to the GHG Memorandum Account (GHGMA) to offset actual administrative expenses, including interest, recorded in the GHGMA as of September 30, 2017. This includes administrative costs for the twelve-month period of October 1, 2016 to September 30, 2017. As noted in AL 5046, subsequent annual transfers of allowance proceeds will be proposed to offset administrative costs recorded in the GHGMA for the following twelve-month period ending September 30th in connection with SoCalGas' next Annual Regulatory Account Balance Update filing.

¹ D.15-10-032 at p. 65, Ordering Paragraph 16.

² \$221 thousand for the last three months of 2016 (2016's total of \$930 thousand less \$709 thousand already approved by AL 5054 for the first nine months of 2016) plus \$617 thousand for the first nine months of 2017.

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Table E: Compliance Obligation Over Time

	2015	2016	2017	2018	2019	2020
Natural Gas Fuel Supplier Compliance Obligation (MTCO₂e)	20,441,116	20,488,908	N/A	N/A	N/A	N/A
Company Facility Compliance Obligation (MTCO₂e)	238,947	78,431	N/A	N/A	N/A	N/A

ATTACHMENT I

Advice No. 5202

**Net Natural Gas Compliance Obligation
Purchase Limits and Recorded GHG Costs**

**CONFIDENTIAL AND PROTECTED MATERIALS PROVIDED ONLY TO
THE ENERGY DIVISION PURSUANT TO SECTION 583 OF THE PUBLIC
UTILITIES CODE, GENERAL ORDER 66-C, AND DECISION 16-08-024**

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

**DECLARATION OF JAMES Y. NAKATA
REGARDING CONFIDENTIALITY OF CERTAIN DATA**

I, James Y. Nakata, do declare as follows:


1. I am the Manager – Finance and Administration, designated by Paul Goldstein, Officer and VP -Gas Acquisition in the Gas Acquisition Department for Southern California Gas Company (“SoCalGas”) to submit this declaration. I have reviewed the attached Appendix I to the Annual Regulatory Account Balance Update for Rates Effective January 1, 2018, submitted concurrently herewith (the “Appendix”). In addition, 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 Decision (“D.”) D-16-08-024 to demonstrate that the confidential information (“Protected Information”) provided in the Appendix submitted concurrently herewith and as described in specificity in Attachment A, is within the scope of data protected as confidential under applicable statutory provisions including, but not limited to, Public Utilities (“PUC”) Code § 583, Govt. Code § 6254(k), Evidence Code § 1060, PUC Decision D.15-10-032, 17 CCR §95914(c)(1), and/or specific provisions of General Order (“GO”) 66-C.

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

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 13th day of October, 2017, at Los Angeles, California.



James Y. Nakata
Manager – Finance and Administration

ATTACHMENT A

SoCalGas Request for Confidentiality on the following information in Appendix I of Advice Letter 5202

Location/Title of Protected Information	Legal Justification for Withholding	Basis for Confidentiality Treatment
Appendix I – Net Natural Gas Compliance Obligation Purchase Limits – highlighted items	<p>D.15-10-032, including Appendix B (Greenhouse Gas Information Confidentiality Protocols, Section 1.d)</p> <p>GO 66-C Section 2.2(b)</p> <p>Gov’t Code §§6254(k), 6254.7 (d), Evidence Code 1060, Civil Code §3426 et seq.</p>	<p>Commercially sensitive Cap-and-Trade information such as internal forecast of compliance obligation falls under the “Confidential” category included in the Confidentiality Protocols of D.15-10-032 (Appendix B). Disclosure of this information may place SoCalGas at a competitive disadvantage and result in higher Cap-and-Trade compliance costs for SoCalGas and its end-use ratepayers.</p> <p>SoCalGas derives economic value from this information being confidential, and it is subject to efforts by SoCalGas to maintain its confidentiality.</p>
Appendix I – Table B: Recorded GHG Costs	<p>17 CCR Section 95914(c)(1)</p> <p>D.15-10-032, including Appendix B (Greenhouse Gas Information Confidentiality Protocols Sections 1.a to 1.c.)</p> <p>GO 66-C Sections 2.2(b)</p> <p>Gov’t Code §§6254(k), 6254.7 (d), Evidence Code 1060, Civil Code §3426 et seq.</p>	<p>17 CCR Section 95914(c)(1) of the Cap-and-Trade regulations prohibits disclosure of any auction-related information, except when the release is made by a privately-owned utility to its regulatory agency pursuant to its rules, orders or decisions (Section 95914(c)(2)). Violation of Section 95914 may subject SoCalGas to penalties by the California Air Resources Board.</p> <p>In addition, Table B contains commercially sensitive information the disclosure of which would place SoCalGas at an unfair business disadvantage and results in higher Cap-and-Trade compliance costs for SoCalGas and its end-use ratepayers.</p> <p>SoCalGas derives economic value from this information being confidential, and it is subject to efforts by SoCalGas to maintain its confidentiality.</p>