

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Advice Letter: 5212

December 28, 2017

Southern California Gas Company
Attention: Ray B. Ortiz
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011

SUBJECT: 2018 Natural Gas Public Purpose Program Surcharges.

Dear Mr. Ortiz:

Advice Letter 5212 is approved as of December 28, 2017, for rates effective January 1, 2018. Pursuant to recommendations by the California State Auditor, Energy Division staff is currently conducting in-depth reviews of utility gas balancing accounts. Balances in all accounts authorized for recovery are subject to audit, verification and adjustment.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Randolph", followed by the initials "FOR" in a smaller font.

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

October 31, 2017

Advice No. 5212
(U 904 G)

Public Utilities Commission of the State of California

Subject: Update of Public Purpose Program Surcharge Rates Effective January 1, 2018

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission or CPUC) revisions to its tariff schedules, applicable throughout its service territory, as shown on Attachment A.

Purpose

This Advice Letter submits updated Public Purpose Program (PPP) surcharge rates to be effective January 1, 2018. As described below, the PPP surcharge rates are based on the adopted volumes and allocation changes pursuant to Decision (D.) 16-06-039 in SoCalGas' 2016 Triennial Cost Allocation Proceeding (TCAP).

Background

This filing is being made in compliance with Ordering Paragraph (OP) 22 of D.04-08-010, in Rulemaking (R.) 02-10-001, to update on an annual basis SoCalGas' surcharge rates to fund PPP programs, as authorized by Assembly Bill (AB) 1002. AB 1002 directs the Commission to establish a gas surcharge annually to fund certain natural gas related public purpose programs: energy efficiency, low-income assistance programs such as California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA), and research and development (R&D). Revenues collected from the surcharge are remitted to the State Board of Equalization (BOE), and are ultimately appropriated back to the utilities or other entities designated by the Commission to administer public purpose programs.

The Commission issued D.04-08-010 that addressed both the Phase 1 surcharge implementation issues and Phase 2 administration of public purpose R&D. Pursuant to OP 10, SoCalGas is using the surcharge formula adopted in the decision for calculating the gas PPP surcharge rates. SoCalGas is using information provided by the Commission's Energy Division for calculating the gas surcharge rate as it relates to; (1) the Commission and BOE administrative costs, (2) SoCalGas' portion of the statewide R&D budget, and (3) a three-year average of the interstate pipeline volumes from 2014 through 2016 to be used in computation of the surcharge rates as directed in D.04-08-010. With the approval of SoCalGas' TCAP, SoCalGas is using the adopted TCAP volumes in calculating 2018 surcharge rates for the customer classes as shown in the table below.

Billing Determinants	Volumes (Mth)	
	For Allocating CARE Costs	Non-For Allocating CARE Costs
Residential	2,431,255	1,834,474
G10-Commerical and Industrial	1,012,186	1,008,665
Nonresidential Air Conditioning	772	772
Gas Engine	20,699	20,699
Subtotal Core	3,464,912	2,864,610
G30-Commerical and Industrial	1,520,055	1,520,055
Total	4,984,967	4,384,665

Also, with D.09-11-006, SoCalGas eliminated the allocation of R&D costs to customer classes that do not pay the G-PPPS rate and updated the Equal Percent Marginal Cost allocator to Equal Percent Authorized Margin.

Revised Schedule No. G-PPPS

Schedule No. G-PPPS, as shown in Attachment A, updates the PPP surcharge rates for the costs detailed in the table below. SoCalGas' projection of low-income program costs for 2018 reflects the estimated 2018 CARE customer subsidy costs and funding authorized in D.16-11-022, Approval of Low-Income Assistance Programs and Budgets for Program Years 2015-2020.

The non-low income components of the PPP surcharge rates reflect the 2018 R&D budget of \$11.9 million, forecasted \$951 thousand R&D funding undercollection compared to the prior year's authorized budget level, and the 2018 energy efficiency funding as authorized in D.15-01-23 and D.16-09-020.

Proposed 2018 PPP Revenue Requirement
\$000

	CARE Costs	Non-CARE Costs	Admin Costs	Total
<u>2018 Program Budgets</u>				
ESAP		\$ 129,251.7		\$ 129,251.7
CARE	\$ 128,990.3			\$ 128,990.3
EE		\$ 85,808.0		\$ 85,808.0
RDD		\$ 11,880.4		\$ 11,880.4
<u>Administration costs</u>				
CARE	\$ 8,978.7			\$ 8,978.7
BOE			\$ 462.3	\$ 462.3
CPUC			\$ -	\$ -
<u>Balancing Account Amortization - (Over) / under collection</u>				
DSMBA		\$ (11,281.1)		\$ (11,281.1)
DAPBA		\$ -		\$ -
CAREA	\$ (31,632.2)			\$ (31,632.2)
RDDGSA (excluding interest)		\$ 950.8		\$ 950.8
Total PPP Costs	\$ 106,336.8	\$ 216,609.8	\$ 462.3	\$ 323,408.9

The PPP rates are listed for CARE and Non-CARE customers by major customer class and reflect changes to the CARE and R&D components of the gas PPP surcharge. The 2018 PPP surcharge revenue requirement is lower by \$19.9 million (or -5.8 percent) compared to the 2017 PPP surcharge revenue requirement, which is primarily due to a reduction in funding for ESA and CARE program costs per D.16-11-022, decreased forecasted CARE subsidies, and the refund of \$11.3 million of unspent funds recorded in its Demand Side Management Balancing Account (DSMBA) per Advice No. 5023-A.

D.14-08-030 authorized recovery for the additional funding approved for the 2012-2014 program cycle for ESA and CARE of \$35 million and the recovery of the \$3 million carryback for the 2009-2011 ESA program cycle. In Advice No. 5111-A, we are proposing to forego the recovery of these past authorized funding as there are sufficient underspending recorded to SoCalGas' DAPBA to date to fund the program budgets.

The impact of the updated PPP surcharge rates, by major customer class, is shown on Attachment B.

The comparison of the current PPP revenue requirement to the proposed 2018 PPP revenue requirement as shown in the table above is detailed in Attachment C.

Summary of the authorized allocation methods used for each of the programs:

<u>Program</u>	<u>Allocation Method</u>
Energy Efficiency	Direct Benefits Allocation
CARE	Equal Cents Per Therm
ESA	Direct Benefits Allocation
R&D	Equal Percent of Authorized Margin

Protest

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the Commission which is November 20, 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: ROrtiznewsom@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) General Order 96-B. This filing is consistent with D.04-08-010 and, therefore, SoCalGas respectfully requests that this filing be approved on December 1, 2017, which is more than 30 days after the date filed, for implementation and inclusion in rates effective on January 1, 2018.

Notice

A copy of this advice letter is being sent to SoCalGas' GO-96-B service list and the Commission's service lists for A.12-08-010, A.12-07-003, A.11-05-018, A.08-07-022, A.08-05-025, and A.08-02-001. 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.

Work papers have been provided to the Energy Division pursuant to D.04-08-010. Copies of the workpapers can be made available to other parties upon request by contacting the address in the Protest section above.

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) #: 5212

Subject of AL: Update of Public Purpose Program Surcharge Rates Effective January 1, 2018

Keywords (choose from CPUC listing): Preliminary Statement

AL filing type: Monthly Quarterly Annual One-Time Other

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

D.04-08-010, D.09-11-006, D.15-01-023, D.16-06-039, D.16-09-020, and D.16-11-022

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

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

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 1/1/18 (Tariffs); 12/1/17 (AL)

No. of tariff sheets: 4

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: Preliminary Statement – Part II, Schedule No. G-PPPS, and TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

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

¹ Discuss in AL if more space is needed.

ATTACHMENT A
Advice No. 5212

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 54416-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 10	Revised 53561-G
Revised 54417-G	Schedule No. G-PPPS, PUBLIC PURPOSE PROGRAMS SURCHARGE, Sheet 1	Revised 53395-G
Revised 54418-G	TABLE OF CONTENTS	Revised 54352-G
Revised 54419-G	TABLE OF CONTENTS	Revised 54415-G

PRELIMINARY STATEMENT
 PART II
SUMMARY OF RATES AND CHARGES

Sheet 10

(Continued)

TAX SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

<u>Schedule G-PPPS</u>	<u>Tax Surcharge</u>	
	<u>For all service, per meter, per month</u>	
<u>Customer Served Under the Following Rate Schedules</u>	<u>CARE Customer***</u>	<u>Non-CARE Customer</u>
	<u>(¢/therm)</u>	<u>(¢/therm)</u>
Core		
Residential	6.977	9.402
Commercial/Industrial	3.990	6.416
Gas Air Conditioning	7.254	9.680
Gas Engine	N/A	6.150
Natural Gas Vehicle	N/A	2.425
Noncore		
Commercial/Industrial	N/A	2.834

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SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

<u>Schedule G-SRF</u>	
Surcharge, per therm	0.139¢

TRANSPORTED GAS MUNICIPAL SURCHARGE

<u>Schedule G-MSUR</u>	
Outside the City of Los Angeles	1.4136%
Within the Cities of San Buenaventura (Ventura), Huntington Beach, Visalia and Bakersfield	2.4136%*
Within the City of Los Angeles	2.0000%

* Includes 1% franchise fee surcharge for City of Ventura customers pursuant to D. 07-10-024, for City of Huntington Beach customers pursuant to Resolution G-3452, City of Visalia pursuant to Advice No. 4418, and City of Bakersfield pursuant to Advice No. 4569.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5212
 DECISION NO. 04-08-010, 15-01-023,
 10H8 16-06-039, & 16-11-022

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Oct 31, 2017
 EFFECTIVE Jan 1, 2018
 RESOLUTION NO. _____

Schedule No. G-PPPS
PUBLIC PURPOSE PROGRAMS SURCHARGE

Sheet 1

APPLICABILITY

Applicable to all gas sales and transportation services rendered under all tariff rate schedules authorized by the Commission. Customers will have a gas public purpose program (PPP) surcharge as a separate line item on their bills unless they are exempt* (e.g. Electric Generation including cogeneration, Enhanced Oil Recovery, Wholesale service, and consumption of natural gas which California is prohibited from taxing under the United States Constitution or the California Constitution, as referenced in Section 896 of the Public Utilities Code. (See also the California Energy Resources Surcharge Regulation Sections 2315 and 2316 as identifying exempt customers.) California Alternate Rates for Energy (CARE) customers will receive the surcharge excluding CARE program costs along with applicable customers receiving sales for street lighting.

TERRITORY

This schedule is applicable within the entire territory served by Utility.

RATES

Customer Served Under the Following Rate Schedules	PPP Surcharge** For all service, per meter, per month	
	CARE Customer*** (¢/therm)	Non-CARE Customer (¢/therm)
Core		
Residential	6.977	9.402
Commercial/Industrial	3.990	6.416
Gas Air Conditioning	7.254	9.680
Gas Engine	N/A	6.150
Natural Gas Vehicle	N/A	2.425
Noncore		
Commercial/Industrial	N/A	2.834

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* Commission Resolution G-3303, dated December 21, 2000, references Sections 896, 897, and 898 of Assembly Bill (AB) 1002 regarding consumers of natural gas who are exempt from the tax surcharge. Section 896 states "Consumption means the use or employment of natural gas. Consumption does not include the use or employment of natural gas to generate power for sale or use of gas for enhanced oil recovery, natural gas utilized in cogeneration technology projects to produce electricity, or natural gas that is produced in California and transported on a proprietary pipeline. Consumption does not include the consumption of natural gas which this state is prohibited from taxing under the United States Constitution or the California Constitution." Section 897 states "Nothing in this article impairs the rights and obligations of parties to contracts approved by the Commission, as the rights and obligations were interpreted as of January 1, 1998." Section 898 is in reference to a municipality, district, or

(Continued)

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G-PPPS	Public Purpose Programs Surcharge	54417-G,39517-G,39518-G	T
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	Utilities Reimbursement Account	53562-G	
G-MHPS	Surcharge to Fund Public Utilities Commission		
	Master Metered Mobile Home Park Gas Safety		
	Inspection and Enforcement Program	32828-G	
G-MSUR	Transported Gas Municipal Surcharge	52997-G,25006-G	
G-PAL	Operational Hub Services	45363-G,45364-G,45365-G	
G-CPS	California Producer Service	49713-G,51219-G,49715-G,49716-G	
		49717-G,54240-G,54350-G,54351-G,49721-G	
GO-DERS	Distributed Energy Resources Services	52279-G,52280-G,52281-G,52282-G	
		52283-G,52284-G,52285-G,52286-G	

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5212
 DECISION NO. 04-08-010, 15-01-023,
 16-06-039, & 16-11-022

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ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Oct 31, 2017
 EFFECTIVE Jan 1, 2018
 RESOLUTION NO. _____

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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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Table of Contents--List of Cities and Communities Served	52484-G	
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PRELIMINARY STATEMENT

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Part III Cost Allocation and Revenue Requirement	53582-G,50447-G,53583-G	
Part IV Income Tax Component of Contributions and Advances	52273-G,24354-G	
Part V Balancing Accounts		
Description and Listing of Balancing Accounts	52939-G,54130-G	
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Core Fixed Cost Account (CFCA)	53433-G,53434-G,53834-G,53436-G	
Noncore Fixed Cost Account (NFCA)	53255-G,53835-G,53836-G	
Enhanced Oil Recovery Account (EORA)	49712-G	
Noncore Storage Balancing Account (NSBA)	52886-G,52887-G	
California Alternate Rates for Energy Account (CAREA)	45882-G,45883-G	
Hazardous Substance Cost Recovery Account (HSCRA)	40875-G, 40876-G,40877-G	
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Pension Balancing Account (PBA)	52940-G,52941-G	
Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) .	52942-G,52943-G	
Research Development and Demonstration Surcharge Account (RDDGSA).....	40888-G	
Demand Side Management Balancing Account (DSMBA).....	45194-G,41153-G	
Direct Assistance Program Balancing Account (DAPBA)	52583-G,52584-G	
Integrated Transmission Balancing Account (ITBA)	49313-G	

(Continued)

Attachment B

Advice No. 5212

SUMMARY OF PPP SURCHARGE RATES

**SOUTHERN CALIFORNIA GAS COMPANY
SCG PPPS Update Filing for 1-1-2018 Rates**

Customer Class	CARE Customers				Non-CARE Customers			
	1/1/2017	1/1/2018	\$/th Change	% Change	1/1/2017	1/1/2018	\$/th Change	% Change
(a)	(c)	(c)	(d)	(e)	(g)	(g)	(h)	(i)
<u>Core</u>								
1. Residential	\$0.07268	\$0.06977	(\$0.00291)	-4%	\$0.09842	\$0.09402	(\$0.00440)	-4%
2. Commercial/Industrial	\$0.04560	\$0.03990	(\$0.00569)	-12%	\$0.07134	\$0.06416	(\$0.00718)	-10%
3. Gas Air Conditioning	\$0.08331	\$0.07254	(\$0.01077)	-13%	\$0.10906	\$0.09680	(\$0.01226)	-11%
4. Gas Engine	N/A	N/A	N/A	N/A	\$0.06834	\$0.06150	(\$0.00684)	-10%
5. Natural Gas Vehicle	N/A	N/A	N/A	N/A	\$0.02574	\$0.02425	(\$0.00149)	-6%
<u>Noncore</u>								
6. Commercial/Industrial	N/A	N/A	N/A	N/A	\$0.03042	\$0.02834	(\$0.00208)	-7%
	<u>1/1/2017</u>	<u>1/1/2018</u>	<u>Rev Change</u>	<u>% Change</u>				
	\$000	\$000	\$000	%				
7. Total PPP Revenue	\$343,321	\$323,409	(\$19,912)	(6%)				

Attachment C

Advice No. 5212

ESTIMATED REVENUE REQUIREMENT/RATE CHANGE

SOUTHERN CALIFORNIA GAS COMPANY SCG PPPS Update Filing for 1-1-2018 Rates

	Current \$000			Proposed \$000			Revenue Requirement Incr/(Decr) \$000		
	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>	<u>CARE</u>	<u>Non-CARE</u>	<u>Total</u>
ESAP ^{1/}		132,417	132,417		129,252	129,252	-	(3,165)	(3,165)
CARE ^{1/}	136,666		136,666	128,990		128,990	(7,675)	-	(7,675)
EE ^{2/}		85,705	85,705		85,808	85,808	-	103	103
RDD		11,699	11,699		11,880	11,880	-	182	182
DSMBA		-	-		(11,281)	(11,281)	-	(11,281)	(11,281)
DAPBA		(168)	(168)		-	-	-	168	168
CAREA	(40,792)		(40,792)	(31,632)		(31,632)	9,160	-	9,160
RDDGSA		784	784		951	951	-	167	167
CARE Admin ^{1/}	16,491		16,491	8,979		8,979	(7,513)	-	(7,513)
BOE Admin		520	520		462	462	-	(57)	(57)
CPUC Admin		-	-		-	-	-	-	-
Total 1/1/18 Change	\$ 112,365	\$ 230,956	\$ 343,321	\$ 106,337	\$ 217,072	\$ 323,409	\$ (6,028)	\$ (13,884)	\$ (19,912)

^{1/} SoCalGas' projection of program costs for 2018 reflects the estimated 2018 CARE customer subsidy costs and funding authorized in D.16-11-022, Approval of Low-Income Assistance Programs and Budgets for Program Years 2015-2020.

^{2/} 2018 EE revenue requirement pursuant to D.15-01-023, including Statewide Marketing, Education, and Outreach funding pursuant to AL 5074.