

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 7, 2018

Advice Letter 5234-G

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

SUBJECT: Modification of the New Environmental Regulation Balancing Account (NERBA).

Dear Mr. Ortiz:

Advice Letter 5234-G is effective as of December 15, 2017.

Sincerely,

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

Edward Randolph
Director, Energy Division



Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.4957

RvanderLeeden@semprautilities.com

December 15, 2017

Advice No. 5234
(U 904G)

Public Utilities Commission of the State of California

Subject: Modification of the New Environmental Regulation Balancing Account (NERBA)

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

Purpose

This filing provides modifications to clarify SoCalGas' Preliminary Statement - Part V, Balancing Accounts, New Environmental Regulation Balance Account (NERBA). The NERBA Leak Detection and Repair (LDAR) Subaccount is revised to reflect its intent pursuant to SoCalGas' 2016 GRC and D.16-06-054.

Background

The NERBA LDAR Subaccount was established as a result of SoCalGas' 2016 General Rate Case (GRC) pursuant to Decision (D.)16-06-054. The purpose of the NERBA is to address anticipated new activities driven by emerging environmental requirements. The LDAR Subaccount is intended to be inclusive of the variety of LDAR work needed to mitigate fugitive emissions from gas operations including, but not limited to, work under Senate Bill (SB) 1371 related to the natural gas leak abatement program.

The California Air Resources Board (CARB) recently adopted the Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities (CARB Oil and Gas Rules).¹ The CARB Oil and Gas Rules impose a number of LDAR related work. As

¹ <https://www.arb.ca.gov/regact/2016/oilandgas2016/ogfro.pdf>

such, the LDAR related work associated with the CARB Oil and Gas Rules should be recorded in SoCalGas' NERBA LDAR Subaccount.

Proposed Modifications to the NERBA

The description of SoCalGas' NERBA LDAR Subaccount appears to be overly narrow and not in line with the purpose of the NERBA LDAR Subaccount pursuant to the GRC and D.16-06-054. To avoid confusion, SoCalGas proposes to revise the existing language for the NERBA LDAR Subaccount to clarify its purpose to more accurately reflect the intent of the NERBA LDAR Subaccount. The proposed modifications are made to the Purpose section in Sheet 1 of the NERBA, as shown in redline below and in Attachment A.

- 4) LDAR Subaccount records costs associated with compliance with the rules and procedures under Senate Bill 1371 ~~and other new emergent regulatory requirements governing gas leakage abatement for gas infrastructure. which governs the natural gas leakage abatement for commission-regulated gas pipeline facilities that are intrastate transmission and distribution lines in order to reduce emissions of natural gas pursuant to the California Global Warming Solutions Act of 2006.~~

Protests

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 of this Advice Letter, which is January 4, 2018.

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 shall 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 1 (effective pending staff approval) pursuant to General Order (GO) 96-B. Therefore, SoCalGas respectfully requests that this Advice Letter be made effective for service on December 15, 2017, which is the date filed.

Notice

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service lists in R.15-01-008 and A.14-11-004. 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) #: 5234

Subject of AL: Modification of the New Environmental Regulation Balancing Account (NERBA)

Keywords (choose from CPUC listing): Balancing Account

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.16-06-054

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 12/15/17

No. of tariff sheets: 3

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 – V – Balancing Accounts, New Environmental Regulation Balancing Account (NERBA) 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. 5234

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 54547-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA), Sheet 1	Revised 54131-G
Revised 54548-G Revised 54549-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 54540-G Revised 54517-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
NEW ENVIRONMENTAL REGULATION BALANCING ACCOUNT (NERBA)

Sheet 1

1. Purpose

The NERBA is an interest bearing two-way balancing account recorded on SoCalGas' financial statements. Pursuant to Decision (D.) 13-05-010, Test-Year (TY) 2012 General Rate Case (GRC), effective January 1, 2012, the NERBA will record the difference between actual costs and authorized costs in rates associated with new greenhouse gas (GHG) requirements. Per D.16-06-054, TY 2016 GRC, the NERBA is authorized for the three-year GRC period ending December 31, 2018 or until the effective implementation date of SoCalGas' next GRC. In addition, pursuant to D.16-06-054, the NERBA is expanded to include subaccounts to record costs associated with the Municipal Separate Storm Systems (MS4) compliance requirements and Leak Detection and Repair (LDAR) as detailed below. The NERBA is further expanded to establish the Natural Gas Leak Abatement Program (NGLAP) Subaccount to record the difference between actual incremental costs and corresponding authorized revenue requirement associated with the implementation of the Best Practices of the Natural Gas Leak Abatement Program approved in D.17-06-015.

The NERBA shall consist of five subaccounts:

- 1) AB 32 Admin Fees Subaccount records actual administrative fees paid to the California Air Resources Board (CARB) and the associated authorized cost in base rates;
- 2) Subpart W Subaccount records operating and maintenance (O&M) and capital-related costs associated with the monitoring and reporting requirements of Subpart W to the GHG Mandatory Reporting Rule issued by the US Environmental Protection Agency and the associated authorized costs in base rates;
- 3) MS4 Compliance Subaccount records costs associated with compliance with MS4 local ordinance requirements which addresses the cleanliness of SoCalGas' parking lots and potential storm water runoff and discharge from company facilities; and
- 4) LDAR Subaccount records costs associated with compliance with the rules and procedures under Senate Bill 1371 and other new emergent regulatory requirements governing gas leakage abatement for gas infrastructure.
- 5) NGLAP Subaccount records the costs associated with implementation of Best Practices of the Natural Gas Leak Abatement Program approved in D.17-06-015.

D,N
N

2. Applicability

The NERBA shall apply to gas customers.

3. Rates

The balance in the NERBA will be included in gas transportation rates.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5234
 DECISION NO. D.16-06-054

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Dec 15, 2017
 EFFECTIVE Dec 15, 2017
 RESOLUTION NO. _____

TABLE OF CONTENTS

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.

<u>GENERAL</u>	<u>Cal. P.U.C. Sheet No.</u>
Title Page	40864-G
Table of Contents--General and Preliminary Statement	54548-G,54549-G,54139-G,54176-G
Table of Contents--Service Area Maps and Descriptions	53356-G
Table of Contents--Rate Schedules	54538-G,54539-G,54520-G
Table of Contents--List of Cities and Communities Served	52484-G
Table of Contents--List of Contracts and Deviations	52484-G
Table of Contents--Rules	53910-G,54515-G
Table of Contents--Sample Forms	53958-G,53707-G,51537-G,53998-G,54253-G,52292-G

PRELIMINARY STATEMENT

Part I General Service Information	45597-G,24332-G,24333-G,24334-G,48970-G
Part II Summary of Rates and Charges	54522-G,54523-G,54524-G,54148-G,54149-G,54525-G 54477-G,46431-G,46432-G,53561-G,54486-G,54487-G,54488-G,54154-G
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
Purchased Gas Account (PGA)	52769-G,53254-G
Core Fixed Cost Account (CFCA)	53433-G,53434-G,54507-G,53436-G
Noncore Fixed Cost Account (NFCA)	53255-G,54508-G,54509-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
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
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)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5234
 DECISION NO. D.16-06-054

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 15, 2017
 EFFECTIVE Dec 15, 2017
 RESOLUTION NO. _____

TABLE OF CONTENTS

(Continued)

PRELIMINARY STATEMENT (Continued)

Part V Balancing Accounts (Continued)

Compressor Station Fuel and Power Balancing Account (CFPBA)	52944-G
Distribution Integrity Management Program Balancing Account (DIMPBA)	49314-G
Rewards and Penalties Balancing Account (RPBA)	49315-G,49316-G
On-Bill Financing Balancing Account (OBFBA)	45195-G
Company Use Fuel for Load Balancing Account (CUFLBA)	45279-G
Backbone Transmission Balancing Account (BTBA)	54510-G,53438-G
Advanced Metering Infrastructure Balancing Account (AMIBA)	54429-G,53972-G,53973-G 53974-G,54430-G
New Environmental Regulation Balancing Account (NERBA))	54547-G,52946-G,54132-G
Transmission Integrity Management Program Balancing Account (TIMPBA)	52948-G
Post-2011 Distribution Integrity Management Program Balancing Account (Post-2011 DIMPBA)	52949-G
Compression Services Balancing Account (CSBA)	48857-G
Biogas Conditioning/Upgrading Services Balancing Account (BCSBA)	49864-G
Master Meter Balancing Account (MMBA)	54373-G,53816-G
Safety Enhancement Capital Cost Balancing Account (SECCBA)	52332-G, 53087-G
Safety Enhancement Expense Balancing Account (SEEBA)	53088-G
Greenhouse Gas Balancing Account (GHGBA)	52049-G,52950-G,52051-G
Advanced Meter Opt-Out Program Balancing Account (AMOPBA).....	51904-G,51905-G
Low-Carbon Fuel Standard Balancing Account (LCFSBA)	51364-G
Biomethane Cost Incentive Program Balancing Account (BCIPBA)	53709-G,53710-G
Distributed Energy Resources Services Balancing Account (DERSSBA)	51364-G
Storage Integrity Management Program Balancing Account (SIMPBA).....	52951-G
Natural Gas Leak Abatement Program Balancing Account (NGLAPBA).....	54133-G,54134-G

Part VI Memorandum Accounts

Description and Listing of Memorandum Accounts	53089-G,54452-G
PCB Expense Account (PCBEA)	49317-G
Research Development and Demonstration Expense Account (RDDEA)	52952-G,52953-G
Curtailed Violation Penalty Account (CVPA)	53440-G
Economic Practicality Shortfall Memorandum Account (EPSMA)	40896-G
Catastrophic Event Memorandum Account (CEMA)	40897-G,40898-G
Vernon Avoided Distribution Cost Memorandum Account (VADCMA)	40899-G
Vernon Negotiated Core Contract Memorandum Account (VNCCMA)	40901-G
Research Royalty Memorandum Account (RRMA)	52954-G
Intervenor Award Memorandum Account (IAMA)	40904-G
Z Factor Account (ZFA)	40905-G
Self-Generation Program Memorandum Account (SGPMA)	41105-G

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5234
 DECISION NO. D.16-06-054

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Dec 15, 2017
 EFFECTIVE Dec 15, 2017
 RESOLUTION NO. _____