

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 5, 2018

Advice Letter 5284-G

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

SUBJECT: Proposed Revisions to SoCalGas' Schedule No. GO-BCUS.

Dear Mr. van der Leeden:

Advice Letter 5284-G is effective as of May 25, 2018.

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

April 25, 2018

Advice No. 5284
(U 904 G)

Public Utilities Commission of the State of California

Subject: Proposed Revisions to SoCalGas' Schedule No. GO-BCUS

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (CPUC or Commission), revisions to its Schedule No. GO-BCUS, Biogas Conditioning/Upgrading Services, as shown in Attachment A.

Purpose

The revised Schedule No. GO-BCUS would provide SoCalGas with additional flexibility when evaluating the creditworthiness requirements of potential Biogas Conditioning and Upgrading Services (BCS) Tariff customers and to remove the option of renewable surety bonds as a form of security deposit.

Background

Schedule No. GO-BCUS contains a creditworthiness section to provide potential BCS Tariff customers with a general set of conditions when SoCalGas evaluates the creditworthiness of a customer. As stated in Schedule No. GO-BCUS, SoCalGas will determine if a customer qualifies for a certain amount of unsecured credit based on a creditworthiness evaluation.

Schedule No. GO-BCUS states that the amount of credit required to establish or re-establish credit for biogas conditioning/upgrading services will be the full cost of the service, consisting of the summation of the monthly service fees for the duration of the term of the agreement.

SoCalGas proposes to modify this language to allow added flexibility and consideration of other project components (such as a long term off-take agreement) when determining the potential amount of credit required. SoCalGas also proposes to remove the option for renewable surety bonds as a form of security deposit as a method to reduce risk of the

project should the customer default. These modifications will not increase financial or creditworthiness risk to ratepayers because the Biogas Conditioning/Upgrading Services are shareholder funded.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Proposed Revisions to Schedule No. GO-BCUS

SoCalGas is proposing the following revisions to Schedule No. GO-BCUS, Definitions, Section 6 (Creditworthiness Requirements):

DEFINITIONS

6. CREDITWORTHINESS REQUIREMENTS. Biogas Producer shall provide adequate assurance acceptable to Utility to establish Biogas Producer's creditworthiness according to the amount to establish credit contained herein. Such adequate assurance shall **may** be supplemented from time to time thereafter during the term hereof to the extent requested by Utility. The amount of credit required to establish or re-establish credit for BC Services will **may** be **up to** the full cost¹ of the BC Services consisting of the summation of the monthly service fees for the duration of the term of the Agreement.

Biogas Producer shall be required to complete a credit application that includes financial and other relevant information needed to establish credit. Utility shall use financial and other relevant information, along with Biogas Producer's service request and any other available information, to determine the Biogas Producer's credit limit. If unsecured credit is granted based on the financial strength of a parental corporation, a parental guaranty will be required.

A guaranty in form, substance and in an amount reasonably acceptable to Utility may be provided by Biogas Producer from Biogas Producer's parent company or some other guarantor acceptable to Utility. Any guarantor must submit to a creditworthiness evaluation and provide necessary financial and other information as requested by Utility. Utility will provide acceptable guaranty forms and any amendments thereto and will allow reasonable modifications to the guaranty forms.

¹ Modification is consistent and/or similar to what's reflected in Schedule No. GO-DERS, Distributed Energy Resources Services, Definitions, Section 2 (Creditworthiness Requirements), which was approved under Resolution G-3523 on May 25, 2017.

<https://www.socalgas.com/regulatory/tariffs/tm2/pdf/GO-DERS.pdf>

To assure the continued validity of an established credit facility with Utility, Biogas Producer shall be required to furnish Utility with financial and other relevant information satisfactory to Utility during the term of the Agreement. In the event that Utility determines that a financial change has affected, or could adversely affect the creditworthiness of Biogas Producer, or if Biogas Producer does not provide the requested financial information, Utility may terminate the Agreement. Utility shall provide written notice to Biogas Producer with a commercially reasonable cure time not to be less than three (3) business days prior to termination.

In the event that Utility determines that Biogas Producer qualifies for unsecured credit, security may be required at a future date if Utility determines that a material change has occurred, or becomes aware of a material change in Biogas Producer's financial position, or if the provisions of this Rule are changed.

Biogas Producer may submit a security deposit in lieu of the creditworthiness evaluation to qualify for BC Services. The security deposit is due at Agreement execution and will secure Biogas Producer's obligations during both the construction period and the service period. The security deposit may be in the form of (a) cash; **or** (b) an irrevocable and automatic annually renewing standby letter of credit in form, substance and amount reasonably acceptable to Utility and issued by a major financial institution within the United States, acceptable to Utility, ~~or (c) renewable surety bond(s) in a form reasonably acceptable to Utility and issued by a major insurance company within the United States, acceptable to Utility.~~

Biogas Producer may be required to reestablish credit if in the reasonable determination of Utility, the conditions under which credit was originally established have changed, or if in the opinion of Utility a condition of high risk exists.

In the event Utility determines that a financial change has or could adversely affect the creditworthiness of Biogas Producer, or if Biogas Producer does not provide the requested financial information, Utility may terminate Biogas Producer's participation in the program with the sum of the remaining payments due immediately.

At the time of termination, if Biogas Producer has not paid Utility billings, any security held on Biogas Producer's accounts shall be applied to recoup unpaid bills. In addition, if Biogas Producer is terminated and/or declares bankruptcy, Biogas Producer will be liable to Utility for any and all costs, expenses, and attorney's fees incurred by Utility as a result of such termination or bankruptcy. Payment by Biogas Producer of all such costs, expenses and attorney's fees will be a condition of re-entry into, or continuation of, BC Services.

Notwithstanding anything to the contrary set forth in this Schedule, upon the mutual agreement of Utility and Customer, such parties may modify the Creditworthiness Requirements of this Section 6 and reflect such modified requirements in the Agreement.²

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 must be received within 20 days of the date of this advice letter, which is May 15, 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 should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: rortiz@semprautilities.com

Effective Date

SoCalGas believes this advice letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this advice letter become effective on May 25, 2018, which is 30 days from the date filed.

² Modification is consistent and/or similar to what's reflected in Schedule No. GO-DERS, Distributed Energy Resources Services, Definitions, Section 2 (Creditworthiness Requirements), which was approved under Resolution G-3523 on May 25, 2017.
<https://www.socalgas.com/regulatory/tariffs/tm2/pdf/GO-DERS.pdf>

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list, the Commission's service list in R.04-01-025, Gas Market Rulemaking, and A.12-04-024, Agreement Granting SoCalGas' Application to Establish a Biogas Conditioning and Upgrading Services Tariff. 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) #: 5284

Subject of AL: Proposed Revisions to SoCalGas' Schedule No. GO-BCUS

Keywords (choose from CPUC listing): Credit and Deposits

AL filing type: Monthly Quarterly Annual One-Time Other

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

N/A

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: 5/25/18

No. of tariff sheets: 5

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: Schedule No. GO-BCUS, Biogas Conditioning/Upgrading Services and TOC's

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: None

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

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

EDTariffUnit@cpuc.ca.gov

Southern California Gas Company

Attention: Ray B. Ortiz

555 West 5th Street, GT14D6

Los Angeles, CA 90013-1011

ROrtiz@semprautilities.com

Tariffs@socalgas.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A
Advice No. 5284

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 54919-G	Schedule No. GO-BCUS, BIOGAS CONDITIONING/UPGRADING SERVICES, Sheet 7	Revised 51162-G
Revised 54920-G	Schedule No. GO-BCUS, BIOGAS CONDITIONING/UPGRADING SERVICES, Sheet 8	Revised 51163-G
Original 54921-G	Schedule No. GO-BCUS, BIOGAS CONDITIONING/UPGRADING SERVICES, Sheet 9	
Revised 54922-G	TABLE OF CONTENTS	Revised 54917-G
Revised 54923-G	TABLE OF CONTENTS	Revised 54918-G

Schedule No. GO-BCUS
BIOGAS CONDITIONING/UPGRADING SERVICES

Sheet 7

(Continued)

DEFINITIONS (Continued)

5. BCUS RECEIPT POINT. Physical point(s) of delivery to the Utility upstream of BC Facilities. Each BCUS Point of Receipt shall be clearly marked or tagged physically and identified in the Agreement.

- 6 CREDITWORTHINESS REQUIREMENTS. Biogas Producer shall provide adequate assurance acceptable to Utility to establish Biogas Producer’s creditworthiness according to the amount to establish credit contained herein. Such adequate assurance may be supplemented from time to time thereafter during the term hereof to the extent requested by Utility. The amount of credit required to establish or re-establish credit for BC Services may be up to the full cost of the BC Services consisting of the summation of the monthly service fees for the duration of the term of the Agreement.

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5284
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Apr 25, 2018
 EFFECTIVE May 25, 2018
 RESOLUTION NO. _____

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Schedule No. GO-BCUS
BIOGAS CONDITIONING/UPGRADING SERVICES

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DEFINITIONS (Continued)

6. CREDITWORTHINESS REQUIREMENTS (Continued)

Biogas Producer may submit a security deposit in lieu of the creditworthiness evaluation to qualify for BC Services. The security deposit is due at Agreement execution and will secure Biogas Producer's obligations during both the construction period and the service period. The security deposit may be in the form of (a) cash or (b) an irrevocable and automatic annually renewing standby letter of credit in form, substance and amount reasonably acceptable to Utility and issued by a major financial institution within the United States, acceptable to Utility.

Biogas Producer may be required to reestablish credit if in the reasonable determination of Utility, the conditions under which credit was originally established have changed, or if in the opinion of Utility a condition of high risk exists.

In the event Utility determines that a financial change has or could adversely affect the creditworthiness of Biogas Producer, or if Biogas Producer does not provide the requested financial information, Utility may terminate Biogas Producer's participation in the program with the sum of the remaining payments due immediately.

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Notwithstanding anything to the contrary set forth in this Schedule, upon the mutual agreement of Utility and Customer, such parties may modify the Creditworthiness Requirements of this Section 6 and reflect such modified requirements in the Agreement.

7. FEASIBILITY AGREEMENT. Feasibility Analysis Agreement between Biogas Producer and Utility providing a Feasibility Analysis to Biogas Producer, subject to this Schedule and all applicable tariff schedules as filed from time to time with the Commission.

8. FEASIBILITY ANALYSIS. All analyses as required by Utility to determine the scope and pricing for the Agreement.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5284
DECISION NO.

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Apr 25, 2018
EFFECTIVE May 25, 2018
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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5284
 DECISION NO.

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ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Apr 25, 2018
 EFFECTIVE May 25, 2018
 RESOLUTION NO. _____

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(Continued)

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ISSUED BY
Dan Skopec
 Vice President
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