



Ronald van der Leeden  
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May 1, 2018

Advice No. 5288  
(U 904G)

Public Utilities Commission of the State of California

**Subject: Core Pricing Flexibility and Noncore Competitive Load Growth Opportunities Programs**

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) its Core Pricing Flexibility and Noncore Competitive Load Growth Opportunities Program information for 2017. This filing is made in compliance with Decision (D.) 97-07-054 (SoCalGas' Performance Based Regulation), D.00-04-060 (SoCalGas' 1999 Biennial Cost Allocation Proceeding), and Resolution G-3515 (Southern California Gas Company Report on Core Pricing Flexibility and Noncore Competitive Load Growth Opportunities Programs).

**Purpose**

Consistent with the prior year's filing,<sup>1</sup> the purpose of this filing is to report the 2017 results of the Core Pricing Flexibility Program and Noncore Competitive Load Growth Opportunities Program as adopted in D.97-07-054 and D.00-04-060, respectively, for informational purposes only.

Additionally, SoCalGas submits the confidential Attachment A and appendices referenced therein to this advice letter in compliance with Resolution G-3515, Ordering Paragraph 5:

In its 2017 Advice Letter filing, SoCalGas shall explain how new contracts improved energy efficiency.

- a. For the Core Pricing Flexibility Program, the report should include:  
customer name, technology installed, projected energy savings, whether

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<sup>1</sup> Advice No. (AL) 5133, filed on May 3, 2017 and effective on June 2, 2017, was approved on January 29, 2018.

the customer was existing or new, the baseload quantity, the minimum incremental quantity, the contract term, the tariff used, the set of qualifications each customer was required to meet to receive that tariff, whether the customer received a volumetric discount or an upfront billing credit, the value of that incentive or discount, and a copy of the contract.

- b. For the Noncore Competitive Load Growth Opportunities Program, the report should include: customer name, technology installed, projected energy savings, whether the customer was existing or new, contract type, minimum annual quantity, incentive(s), contract term, and a copy of the contract.<sup>2</sup>

### **Core Pricing Flexibility Program**

In D.97-07-054 and D.98-01-040, the Commission authorized a Core Pricing Flexibility program for SoCalGas as detailed in Section K.2 of AL 2687-A. This program remains unchanged with the approval of the 2013 Triennial Cost Allocation Proceeding (TCAP). Under this arrangement, SoCalGas' shareholders are responsible for any reduction in core revenues that may occur due to discounting, and likewise, receive the benefit of any resulting gains. The Commission has authorized SoCalGas to adjust its Core Fixed Cost Account to reflect this arrangement. The Core Pricing Flexibility Program produced incremental net revenues in the amount of \$783,012 for 2017.

### **Noncore Competitive Load Growth Opportunities Program**

In D.00-04-060, the Commission authorized SoCalGas' revenue treatment for new negotiated contracts that are part of a California Red Team economic development effort and contracts where Rule No. 38 shareholder funding has been used. This program remains unchanged with the approval of the 2013 TCAP. Under this arrangement, SoCalGas' shareholders are responsible for any reduction in noncore revenues that may occur due to discounting, and likewise, receive the benefit of any resulting gains. The Commission has authorized SoCalGas to adjust its Noncore Fixed Cost Account to reflect this arrangement. The Noncore Competitive Load Growth Opportunities Program produced incremental net revenues in the amount of \$451,346 for 2017.

### **Confidentiality**

Due to the confidential nature of Attachment A and the appendices referenced therein, a declaration requesting confidential treatment is included. Attachment A is only being provided to Energy Division under the confidentiality provisions of California Public Utilities Code § 583, General Order (GO) 66-D, and D.17-09-023.

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<sup>2</sup> There were no new contracts for the Noncore Competitive Load Growth Opportunities Program in 2017.

**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 of this advice letter, which is May 21, 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  
Attn: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via email to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest should also be sent via both e-mail and facsimile to the addresses 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](mailto:rortiz@semprautilities.com)

Attn: Shirley Arazi  
Regulatory Business Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No.: (213) 244-4957  
E-Mail: [sarazi@semprautilities.com](mailto:sarazi@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. SoCalGas respectfully requests that this filing become effective on May 31, 2018, which is 30 calendar days after 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 list in A.16-12-010. Address change requests to the GO 96-B service list should be directed by electronic mail to [tariffs@socalgas.com](mailto: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](mailto:Process_Office@cpuc.ca.gov).

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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](mailto: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) #: 5288

Subject of AL: Core Pricing Flexibility and Noncore Competitive Load Growth Opportunities Programs

Keywords (choose from CPUC listing): Core, Non-Core, GRC

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

D.97-07-054 and D.00-04-060

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 AL<sup>1</sup>: 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: 5/31/18

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: 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](mailto:EDTariffUnit@cpuc.ca.gov)

Southern California Gas Company  
Attention: Ray B. Ortiz  
555 West 5<sup>th</sup> Street, GT14D6  
Los Angeles, CA 90013-1011  
[ROrtiz@semprautilities.com](mailto:ROrtiz@semprautilities.com)  
[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 5288**

**Noncore and Core Agreements**

**Appendices A.1 and A.2**

**Confidential and Protected Materials Pursuant to Public Utilities  
Code Section 583, General Order 66-D, and D.17-09-023**

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

**DECLARATION OF RASHA PRINCE  
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.17-09-023**

I, Rasha Prince, do declare as follows:

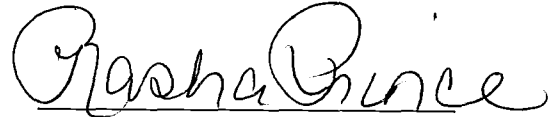
1. I am the Director of Commercial/Industrial Services for Southern California Gas Company (“SoCalGas”). I have been delegated authority to sign this declaration by Lisa M. Alexander, Vice President of Customer Solutions and Communications for SoCalGas. I have reviewed the Advice Letter (AL) 5288 and attachments referenced therein. 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.”) 17-09-023 and General Order (“GO”) 66-D to demonstrate that the confidential information (“Protected Information”) provided in AL 5288 and attachments submitted concurrently herewith, is within the scope of data protected as confidential under applicable law.

3. In accordance with the narrative justification described in Attachment A, 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 1<sup>st</sup> day of May, 2018, at Los Angeles, California.

A handwritten signature in black ink that reads "Rasha Prince". The signature is written in a cursive style with a large, prominent "P" at the end.

Rasha Prince  
Director of Commercial/Industrial  
Services  
Southern California Gas Company



# ATTACHMENT A

## SoCalGas Request for Confidentiality on the following Protected Information in AL 5288 and Attachments thereto

Location of Protected Information	Legal Citations	Narrative Justification
<p>Gray shaded portions in Attachment A and Appendix A of AL 5288</p>	<p>CPRA Exemption, Gov't Code § 6254(k) ("Records, the disclosure of which is exempted or prohibited pursuant to federal or state law"); Gov't Code § 6254.7(d) (Trade Secrets)</p> <p><i>See, e.g.,</i> D.11-01-036, 2011 WL 660568 (2011) (agreeing that confidential prices and contract terms specifically negotiated with a program vendor is proprietary and commercially sensitive and should remain confidential)</p> <p><i>Valley Bank of Nev. v. Superior Court</i>, 15 Cal.3d 652, 658 (1975) (financial information is protected – especially of non-parties)</p>	<p>Data is market sensitive information that, if revealed, would place customers at an unfair business disadvantage because it provides market sensitive information regarding customer gas usage, competitive data, customer and vendor proprietary information and contract terms.</p> <p>Contracts between the utility and third-party that contain customer and vendor proprietary information, are commercially sensitive, and are subject to non-disclosure or confidentiality agreements.</p>

Contains Confidential Information (Shaded in Gray) and is Provided Pursuant to California Public Utilities Code § 583, General Order (G.O.) 66-D, and D.17-09-023.

	Confidential	Confidential	Confidential		Confidential	Confidential	Confidential		Confidential			
#	Customer Name	Technology Installed	Projected Energy Savings (therms/yr)	Customer Type (Existing or New)	Baseload Quantity	Incremental Load	Contract Term	Tariff Used	Qualifications	Volumetric Discount or an Upfront Billing Credit	Value	Contract
1				New				GO-ET		Rate Discount	10%	See Appendix A.1
2				Existing				GO-ET		Rate Discount	10%	See Appendix A.2

Appendix A.1  
(Public)

**OPTIONAL RATE AGREEMENT AND AFFIDAVIT**  
**Core Commercial & Industrial**

This agreement is entered into as of [redacted] by and between Southern California Gas Company (SoCalGas) and [redacted] (Customer). This agreement shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California (CPUC) as said Commission may, from time to time, direct in the exercise of its jurisdiction.

1. **Services Provided:** SoCalGas shall provide Customer the services set forth in the appropriate Core Optional Rate Tariff Schedule in conjunction with the services set forth in the Otherwise Applicable Tariff Rate Schedule(s) indicated below as they are modified from time to time:

[redacted] GN-10	[redacted] GT-AC	[redacted]
[redacted] GT-10	[redacted] G-EN	
[redacted] G-AC	[redacted] GT-EN	

2. **Facility Served:** Such services shall be provided to the following:

Facility Name: \_\_\_\_\_

Existing Account Number (if applicable): \_\_\_\_\_

Address: \_\_\_\_\_

SIC Code: \_\_\_\_\_

3. **Rates:** The discounted rate for core gas service hereunder shall be:

Customer Charge: Same as Otherwise Applicable Tariff

Transmission Charge: [redacted] discount from Otherwise Applicable Tariff rate schedules transmission charges for usage above monthly baseline (See attachment A).

Up-Front Bill Credit: [redacted]

The Up Front Bill Credit is calculated as the net present value of the revenue based on the minimum annual consumption specified in Section 6.1 multiplied by the Otherwise Applicable Tariff Rate for the term of this agreement as specified in Section 4 using SoCalGas' Authorized Rate of Return.

This optional rate will vary with the Otherwise Applicable Tariff rate schedules. Periodically the Otherwise Applicable Tariff rate schedules shall be adjusted consistent with applicable rate adjustments and cost allocation procedures approved by the CPUC as set forth in SoCalGas' Tariffs from time to time. Such adjustments shall be referred to herein, both individually and cumulatively, as "CPUC Adjustments" OR,

[redacted] per therm, Tier I (for applicable Otherwise Applicable Tariff rate schedules)

[redacted] per therm, Tier II (for G-10 Otherwise Applicable Tariff rate schedule)

[redacted] per therm, Tier III (for G-10 Otherwise Applicable Tariff rate schedule)

[redacted] Up-Front Bill Credit

Special Charge: [redacted] per month or [redacted] per therm (fixed or consumption-related charge)

4. **Term:** This agreement shall be effective as of [redacted] and continue thereafter [redacted]

5. **Customer Affidavit:** The basis upon which the determination was made that the Customer could not use gas economically at the default tariff rate is as follows:



By signing this agreement and providing initials adjacent to the appropriate paragraph, the Customer certifies and declares under penalty of perjury under the laws of the State of California that the statement in the designated paragraph below in this subsection is true and correct:

5.1. Terms and conditions of the Optional Rate Tariff Schedule and this agreement are a material factor in the decision to become a new customer. (A new customer is a new meter measuring volumes not previously served, or a reconnected meter measuring load that has been off the system for at least 12 months.) OR,

5.2. Terms and conditions of the Optional Rate Tariff Schedule and this agreement are a material factor in the decision to add new or incremental usage. (For existing customers)

6. Special Conditions: The following special conditions apply to this agreement:

- 6.1 Customer's minimum annual consumption will be [redacted] Therms/year. This may include consumption for base and new or incremental usage.
- 6.2 If Transmission Charge option in Section 3 is selected, this agreement and the rights and obligations hereunder shall be terminated with any change in Customer, facility, or entity ownership, unless assigned pursuant to Section 6.5.
- 6.3 If the Up Front Bill Credit option in Section 3 is selected, this agreement and the rights and obligations hereunder may be assigned pursuant to Section 6.5 or terminated pursuant to Section 6.6.
- 6.4 If actual usage falls below the minimum load allocations as stated in Section 6.1, the Customer will be subject to an annual true-up not to exceed Otherwise Applicable Tariff rate schedule charges for the minimum annual quantity.
- 6.5 This agreement (or any rights or obligations related thereto) may be assigned with the prior written consent of the Utility, which consent shall not be withheld unreasonably (but the Utility may require that any assignee first establishes its "creditworthiness" to Utility's reasonable satisfaction and confirm in writing its assumption of the rights and obligations of its predecessor).
- 6.6 In the event Customer wishes to terminate this agreement and this agreement includes an Up Front Bill Credit, Customer shall promptly notify Utility of its desire to do so and Customer shall pay Utility liquidated damages upon the payment of which this agreement will be terminated. Liquidated Damages shall be calculated as the amount equal to the lesser of the original Up Front Bill Credit received by the Customer plus interest equal to the Utilities' Authorized Rate of Return from the start date of this agreement, or the Minimum Annual Consumption specified in Section 6.1 multiplied by the number of years (or fractions thereof) remaining on the contract multiplied by the applicable Tariff Rate.

6.7 For the duration of this agreement, Customer understands that Customer will remain a customer under the Otherwise Applicable Tariff Rate schedule(s) selected in Section 1



7. Additional Charges: The following additional charges apply to this agreement:

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If additional space is necessary to adequately reply to Sections 5, 6 or 7, please attach supplemental sheets of paper to this Agreement.



Appendix A.2

(Public)

OPTIONAL RATE AGREEMENT AND AFFIDAVIT  
Core Commercial & Industrial

This agreement is entered into as of [redacted] by and between Southern California Gas Company (SoCalGas) and [redacted] (Customer). This agreement shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California (CPUC) as said Commission may, from time to time, direct in the exercise of its jurisdiction.

1. Services Provided: SoCalGas shall provide Customer the services set forth in the appropriate Core Optional Rate Tariff Schedule in conjunction with the services set forth in the Otherwise Applicable Tariff Rate Schedule(s) indicated below as they are modified from time to time:

[redacted] GN-10	[redacted] GT-AC	[redacted]
[redacted] GT-10	[redacted] G-EN	
[redacted] G-AC	[redacted] GT-EN	

2. Facility Served: Such services shall be provided to the following:

Facility Name: \_\_\_\_\_ [redacted] \_\_\_\_\_

Existing Account Number (if applicable): \_\_\_\_\_ [redacted] \_\_\_\_\_

Address: \_\_\_\_\_ [redacted] \_\_\_\_\_

SIC Code: \_\_\_\_\_ [redacted] \_\_\_\_\_

3. Rates: The discounted rate for core gas service hereunder shall be:

Customer Charge: Same as Otherwise Applicable Tariff

Transmission Charge: [redacted] discount from Otherwise Applicable Tariff rate schedules transmission charges for usage above monthly

Up-Front Bill Credit: [redacted] baseline (See attachment A).

The Up Front Bill Credit is calculated as the net present value of the revenue based on the minimum annual consumption specified in Section 6.1 multiplied by the Otherwise Applicable Tariff Rate for the term of this agreement as specified in Section 4 using SoCalGas' Authorized Rate of Return.

This optional rate will vary with the Otherwise Applicable Tariff rate schedules. Periodically the Otherwise Applicable Tariff rate schedules shall be adjusted consistent with applicable rate adjustments and cost allocation procedures approved by the CPUC as set forth in SoCalGas' Tariffs from time to time. Such adjustments shall be referred to herein, both individually and cumulatively, as "CPUC Adjustments" OR,

[redacted] per therm, Tier I (for applicable Otherwise Applicable Tariff rate schedules)

[redacted] per therm, Tier II (for G-10 Otherwise Applicable Tariff rate schedule)

[redacted] per therm, Tier III (for G-10 Otherwise Applicable Tariff rate schedule)

[redacted] Up-Front Bill Credit

Special Charges [redacted] per month or [redacted] per therm (fixed [redacted] consumption-related charge)

4. Term: This agreement shall be effective as of [redacted]

5. Customer Affidavit: The basis upon which the determination was made that the Customer could not use gas economically at the default tariff rate is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By signing this agreement and providing initials adjacent to the appropriate paragraph, the Customer certifies and declares under penalty of perjury under the laws of the State of California that the statement in the designated paragraph below in this subsection is true and correct:

- 5.1. Terms and conditions of the Optional Rate Tariff Schedule and this agreement are a material factor in the decision to become a new customer. (A new customer is a new meter measuring volumes not previously served, or a reconnected meter measuring load that has been off the system for at least 12 months.) OR,
- 5.2. Terms and conditions of the Optional Rate Tariff Schedule and this agreement are a material factor in the decision to add new or incremental usage. (For existing customers)
6. Special Conditions: The following special conditions apply to this agreement:
- 6.1 Customer's minimum annual consumption will be \_\_\_\_\_ Therms/year. This may include consumption for base and new or incremental usage. (initials)
- 6.2 If Transmission Charge option in Section 3 is selected, this agreement and the rights and obligations hereunder shall be terminated with any change in Customer, facility, or entity ownership, unless assigned pursuant to Section 6.5.
- 6.3 If the Up Front Bill Credit option in Section 3 is selected, this agreement and the rights and obligations hereunder may be assigned pursuant to Section 6.5 or terminated pursuant to Section 6.6.
- 6.4 If actual usage falls below the minimum load allocations as stated in Section 6.1, the Customer will be subject to an annual true-up not to exceed Otherwise Applicable Tariff rate schedule charges for the minimum annual quantity.
- 6.5 This agreement (or any rights or obligations related thereto) may be assigned with the prior written consent of the Utility, which consent shall not be withheld unreasonably (but the Utility may require that any assignee first establishes its "creditworthiness" to Utility's reasonable satisfaction and confirm in writing its assumption of the rights and obligations of its predecessor).
- 6.6 In the event Customer wishes to terminate this agreement and this agreement includes an Up Front Bill Credit, Customer shall promptly notify Utility of its desire to do so and Customer shall pay Utility liquidated damages upon the payment of which this agreement will be terminated. Liquidated Damages shall be calculated as the amount equal to the lesser of the original Up Front Bill Credit received by the Customer plus interest equal to the Utilities' Authorized Rate of Return from the start date of this agreement, or the Minimum Annual Consumption specified in Section 6.1 multiplied by the number of years (or fractions thereof) remaining on the contract multiplied by the applicable Tariff Rate.

6.7 For the duration of this agreement, Customer understands that Customer will remain customer under the Otherwise Applicable Tariff Rate schedule(s) selected in Section

*D*  
[Redacted]  
(Initials)

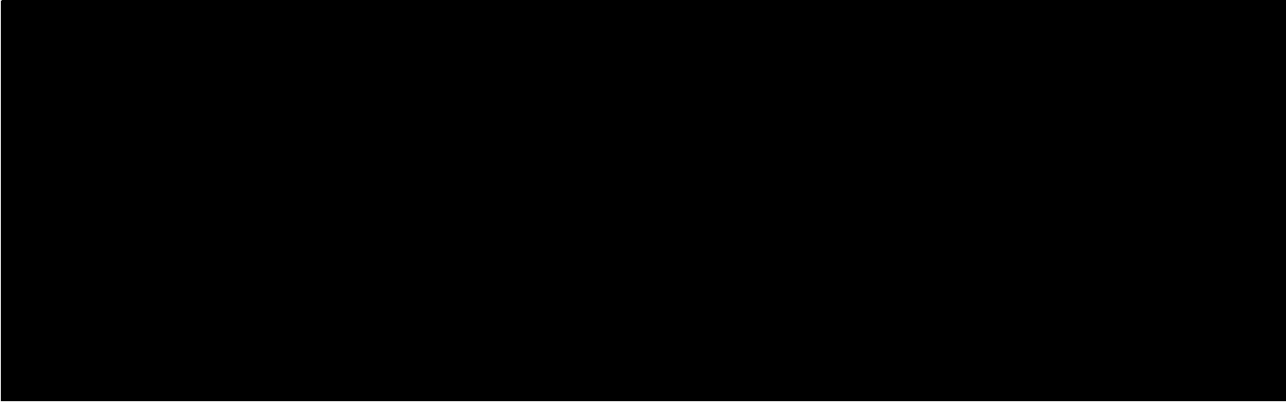
7. Additional Charges: The following additional charges apply to this agreement:

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If additional space is necessary to adequately reply to Sections 5, 6 or 7, please attach supplemental sheets of paper to this Agreement





ATTACHMENT A

Facility Monthly Baseline Consumption

