

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 13, 2018

Advice Letter 5374

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

SUBJECT: Update of Public Purpose Program Surcharge Rates Effective January 1, 2019

Dear Mr. van der Leeden:

Advice Letter 5374 is effective as of January 1, 2019. All balances in the accounts authorized for recovery are subject to audit, verification and adjustment.

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

October 31, 2018

Advice No. 5374
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Update of Public Purpose Program Surcharge Rates Effective
January 1, 2019**

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, 2019. 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 submittal 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 California Department of Tax and Fee Administration (CDTFA), previously known as 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 CDTFA administrative costs, (2) SoCalGas' portion of the statewide R&D budget, and (3) a three-year average of the interstate pipeline volumes from 2015 through 2017 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 2019 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	2,433,035	1,830,638
G10-Commerical and Industrial	1,019,540	1,015,986
Nonresidential Air Conditioning	772	772
Gas Engine	20,699	20,699
Subtotal Core	3,474,046	2,868,095
G30-Commerical and Industrial	1,510,698	1,510,698
Total	4,984,745	4,378,793

Values may not add to total due to rounding.

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 2019 reflects the estimated 2019 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 2019 R&D budget of \$11.8 million, forecasted \$1.8 million R&D funding undercollection compared to the prior year's authorized budget level, and the 2019 energy efficiency funding as authorized in D.15-01-023, D.16-09-020, and D.18-05-041.

Proposed 2019 PPP Revenue Requirement
\$000

	CARE Costs	Non-CARE Costs	Admin Costs	Total
<u>2019 Program Budgets</u>				
ESAP		\$ 131,836.8		\$ 131,836.8
CARE	\$ 138,619.2			\$ 138,619.2
EE		\$ 104,965.9		\$ 104,965.9
RDD		\$ 11,769.8		\$ 11,769.8
<u>Administration costs</u>				
CARE	\$ 10,091.1			\$ 10,091.1
BOE			\$ 557.1	\$ 557.1
CPUC			\$ -	\$ -
<u>Balancing Account Amortization - (Over) / under collection</u>				
DSMBA		\$ (2,646.6)		\$ (2,646.6)
DAPBA		\$ -		\$ -
CAREA	\$ (39,125.3)			\$ (39,125.3)
RDDGSA (excluding interest)		\$ 1,809.2		\$ 1,809.2
Total PPP Costs	\$ 109,585.0	\$ 247,735.0	\$ 557.1	\$ 357,877.2

Values may not add to total due to rounding.

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 2019 PPP surcharge revenue requirement is higher by \$34.5 million (or 10.7 percent) compared to the 2018 PPP surcharge revenue requirement, which is primarily due to an increase in funding for Energy Efficiency, per D.18-05-041, ESA and CARE program costs, per D.16-11-022, increased forecasted CARE subsidies, and a reduction in the refund of unspent funds recorded in its Demand Side Management Balancing Account (DSMBA).

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 2019 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 submitted with the Commission, which is November 20, 2018. 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 that this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. This submittal is consistent with D.04-08-010 and, therefore, SoCalGas respectfully requests that this submittal be approved on November 30, 2018, which is 30 days after the date submitted, for implementation and inclusion in rates effective on January 1, 2019.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list and the Commission's service lists in 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 e-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 e-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



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

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

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

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ATTACHMENT A
Advice No. 5374

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 55584-G	PRELIMINARY STATEMENT, PART II, SUMMARY OF RATES AND CHARGES, Sheet 10	Revised 54550-G
Revised 55585-G	Schedule No. G-PPPS, PUBLIC PURPOSE PROGRAMS SURCHARGE, Sheet 1	Revised 54417-G
Revised 55586-G	TABLE OF CONTENTS	Revised 55516-G
Revised 55587-G	TABLE OF CONTENTS	Revised 55549-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	7.558	10.060
Commercial/Industrial	5.384	7.887
Gas Air Conditioning	9.938	12.441
Gas Engine	N/A	7.573
Natural Gas Vehicle	N/A	2.503
Noncore		
Commercial/Industrial	N/A	3.058

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SURCHARGE TO FUND PUC UTILITIES REIMBURSEMENT ACCOUNT

Schedule G-SRF

Surcharge, per therm 0.166¢

TRANSPORTED GAS MUNICIPAL SURCHARGE

Schedule G-MSUR

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. 5374
 DECISION NO. 04-08-010, 15-01-023,
 10H9 16-06-039, & 16-11-022

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Oct 31, 2018
 EFFECTIVE Jan 1, 2019
 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	7.558	10.060
Commercial/Industrial	5.384	7.887
Gas Air Conditioning	9.938	12.441
Gas Engine	N/A	7.573
Natural Gas Vehicle	N/A	2.503
Noncore		
Commercial/Industrial	N/A	3.058

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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	55585-G,39517-G,39518-G	T
G-SRF	Surcharge to Fund Public Utilities Commission		
	Utilities Reimbursement Account	54551-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,55329-G,49715-G,49716-G	
		49717-G,54240-G,55514-G,55515-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. 5374
 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)

SUBMITTED Oct 31, 2018
 EFFECTIVE Jan 1, 2019
 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.

GENERAL

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Table of Contents--Service Area Maps and Descriptions	53356-G	
Table of Contents--Rate Schedules	55534-G,55548-G,55586-G	T
Table of Contents--List of Cities and Communities Served	54790-G	
Table of Contents--List of Contracts and Deviations	54790-G	
Table of Contents--Rules	54910-G,55221-G	
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PRELIMINARY STATEMENT

Part I General Service Information	45597-G,24332-G,54726-G,24334-G,48970-G	
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Part III Cost Allocation and Revenue Requirement	55141-G,50447-G,55142-G	
Part IV Income Tax Component of Contributions and Advances	52273-G,24354-G	
Part V Balancing Accounts		
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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	
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Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) ..	54545-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. 5374

**SUMMARY OF PPP SURCHARGE RATES
SOUTHERN CALIFORNIA GAS COMPANY
SCG PPPS Update for 1-1-2019 Rates**

<u>Customer Class</u>	<u>CARE Customers</u>				<u>Non-CARE Customers</u>			
	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>\$/th Change</u>	<u>% Change</u>	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>\$/th Change</u>	<u>% Change</u>
(a)	<u>\$/th</u>	<u>\$/th</u>	<u>\$/th</u>	<u>%</u>	<u>\$/th</u>	<u>\$/th</u>	<u>\$/th</u>	<u>%</u>
	(c)	(c)	(d)	(e)	(g)	(g)	(h)	(i)
<u>Core</u>								
1. Residential	\$0.06977	\$0.07558	\$0.00580	8%	\$0.09402	\$0.10060	\$0.00658	7%
2. Commercial/Industrial	\$0.03990	\$0.05384	\$0.01394	35%	\$0.06416	\$0.07887	\$0.01471	23%
3. Gas Air Conditioning	\$0.07254	\$0.09938	\$0.02684	37%	\$0.09680	\$0.12441	\$0.02761	29%
4. Gas Engine	N/A	N/A	N/A	N/A	\$0.06150	\$0.07573	\$0.01422	23%
5. Natural Gas Vehicle	N/A	N/A	N/A	N/A	\$0.02425	\$0.02503	\$0.00077	3%
<u>Noncore</u>								
6. Commercial/Industrial	N/A	N/A	N/A	N/A	\$0.02834	\$0.03058	\$0.00224	8%
	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>Rev Change</u>	<u>% Change</u>				
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>%</u>				
7. Total PPP Revenue	\$323,409	\$357,877	\$34,468	11%				

Attachment C
Advice No. 5374

ESTIMATED REVENUE REQUIREMENT/RATE CHANGE
SOUTHERN CALIFORNIA GAS COMPANY
SCG PPS Update Filing for 1-1-2019 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/}		129,252	129,252		131,837	131,837	-	2,585	2,585
CARE ^{1/}	128,990		128,990	138,619		138,619	9,629	-	9,629
EE ^{2/}		85,808	85,808		104,966	104,966	-	19,158	19,158
RDD		11,880	11,880		11,770	11,770	-	(111)	(111)
DSMBA		(11,281)	(11,281)		(2,647)	(2,647)	-	8,635	8,635
DAPBA		-	-		-	-	-	-	-
CAREA	(31,632)		(31,632)	(39,125)		(39,125)	(7,493)	-	(7,493)
RDDGSA		951	951		1,809	1,809	-	858	858
CARE Admin	8,979		8,979	10,091		10,091	1,112	-	1,112
BOE Admin		462	462		557	557	-	95	95
CPUC Admin		-	-		-	-	-	-	-
Total 1/1/19 Change	\$ 106,337	\$ 217,072	\$ 323,409	\$ 109,585	\$ 248,292	\$ 357,877	\$ 3,248	\$ 31,220	\$ 34,468

^{1/} SoCalGas' projection of program costs for 2019 reflects the estimated 2019 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/} 2019 EE revenue requirement pursuant to D.15-01-023 and D.18-05-041, including Statewide Marketing, Education, and Outreach funding pursuant to AL 5370.