

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 24, 2019

Advice Letter 5381

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

SUBJECT: Modification of Rule No. 41 Pursuant to Resolution (Res.) G-3542

Dear Mr. van der Leeden:

Advice Letter 5381 is effective as of November 14, 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

November 14, 2018

Advice No. 5381
(U 904 G)

Public Utilities Commission of the State of California

Subject: Modification of Rule No. 41 Pursuant to Resolution (Res.) G-3542

Purpose

Southern California Gas Company (SoCalGas) hereby requests approval from the California Public Utilities Commission (Commission) to modify Rule No. 41, as shown in Attachment A.

Background

On October 25, 2018, the Commission adopted Res. G-3542 which approved, among other things, the costs associated with the procurement activities undertaken by SoCalGas in order to maintain Southern System reliability during the period of September 1, 2016, through August 31, 2017, as presented in Advice No. (AL) 5193. Res. G-3542 also found that the June 1, 2018, version of Rule No. 41, Section 17, incorrectly states "...purchases and sales other than those described in Sections 15 and 16." Res. G-3542 notes that this citation should instead refer to "Sections 14 and 15." SoCalGas was directed to correct this error and resubmit the tariff sheet containing the revised Rule No. 41, Section 17 as a Tier 1 AL.¹

In AL 5193, SoCalGas also proposed to modify Rule No. 41 to allow SoCalGas to file the Annual Compliance Report (ACR) annually on November 1st rather than October 1st, in order to fully reflect the entire summer baseload contracts, which end on September 30th. Res. G-3542 finds SoCalGas' request to change the ACR filing dates to be reasonable and grants the requested change.

¹ Res. G-3542, Ordering Paragraph (OP) 2, at p. 12.

Proposal

Pursuant to Res. G-3542, SoCalGas requests Commission approval to modify Rule No. 41 as follows:

- Section 17: Purchases and sales other than those described in Sections ~~145~~ and ~~156~~ above will not be deemed unreasonable but shall be subject to review and any requests for explanation by the CPUC Energy Division in conjunction with the Annual Compliance Report described in Section 26 below.
- Section 26: On ~~November~~ ~~October~~ 1 of each year, the Utility shall provide a report (“Annual Compliance Report”) demonstrating that the Operational Hub’s procurement activities during the preceding twelve months ending August 31 were in compliance with the standards, criteria and procedures described in Sections 10 through 20 above. The Annual Compliance Report shall be submitted to the Energy Division by Advice Letter and shall be subject to comment or protest. Upon Energy Division review and verification of the Annual Compliance Report and the CPUC Resolution approving the Annual Compliance Report, all the transactions entered into the SRMA balance for the year in question that are found reasonable by the Energy Division shall be amortized in customer transportation rates over the following year.

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 December 4, 2018. 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 e-mail to the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray 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 1 (effective pending disposition) pursuant to General Order (GO) 96-B. It is in compliance with OP 2 of Res. G-3542. Therefore, SoCalGas respectfully requests that this submittal be approved on November 14, 2018, which is the date submitted.

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.15-07-014. Address change requests to the GO 96-B service list should be directed via 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 via e-mail at Process_Office@cpuc.ca.gov.

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:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

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

ATTACHMENT A
Advice No. 5381

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 55650-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 6	Revised 55084-G
Revised 55651-G	Rule No. 41, UTILITY SYSTEM OPERATION, Sheet 9	Revised 55087-G
Revised 55652-G	TABLE OF CONTENTS	Revised 55221-G
Revised 55653-G	TABLE OF CONTENTS	Revised 55649-G

Rule No. 41

Sheet 6

UTILITY SYSTEM OPERATION

(Continued)

PURCHASES AND SALES TO MANAGE MINIMUM FLOW SUPPLIES (Continued)

15. Purchases or sales at prices that are outside the ranges specified in Section 14 (a) and (b) above shall nevertheless be deemed reasonable if the Operational Hub abides by the following procedure: When the Gas Control Department determines that spot purchases are necessary to meet minimum flow requirements, the Operational Hub shall monitor ICE and record the relevant price information, if available, for deliveries of gas at all relevant trading points. If volumes available on ICE meet or exceed the minimum flow requirements, transactions for the volumes offered through ICE shall be deemed reasonable. The Operational Hub may also post an offer/bid on ICE for volumes. When less than the required volumes are available on ICE, the Operational Hub shall contact gas suppliers (other than the Utility Gas Procurement Department or affiliates), request offers for the necessary supplies, and record their offers for gas delivered to the relevant trading points to ensure at least three offers from three different suppliers are available for comparison. The Operational Hub shall compare prices posted on ICE and, if applicable, prices quoted by its supplier contacts, and select the best prices available to meet the quantities required to meet minimum flow requirements. Verification that the Operational Hub has followed this procedure shall be provided to the CPUC in the Annual Compliance Report described in Section 26 below.
16. When the Gas Control Department determines that deliveries at Otay Mesa are necessary to meet minimum flow requirements, such requirements may be satisfied either through spot purchases at Otay Mesa or through the movement of supplies from El Paso S. Mainline / N. Baja Blythe to Otay Mesa. Standards and criteria for spot purchases are set forth above. Should it be necessary for the Operational Hub to move supplies from El Paso S. Mainline / N. Baja Blythe to Otay Mesa, the movement shall be deemed to be reasonable if (1) the cost of moving the supplies is less than or equal to the difference between the NGI Avg Index for the El Paso S. Mainline / N. Baja Blythe and the cost of spot gas available for purchase at Otay Mesa for the relevant flow date, or (2) if sufficient spot supplies are not available for purchase at Otay Mesa for the relevant flow date, and the movement fills some or all of the shortfall between supplies needed at Otay Mesa and supplies available for purchase at Otay Mesa.
17. Purchases and sales other than those described in Sections 14 and 15 above will not be deemed unreasonable but shall be subject to review and any requests for explanation by the CPUC Energy Division in conjunction with the Annual Compliance Report described in Section 26 below.
18. Standards, criteria and procedures set forth in Sections 14, 15, 16, and 17 apply to Operational Hub's purchases and sales as of April 1, 2009.

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(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5381
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Nov 14, 2018
 EFFECTIVE Nov 14, 2018
 RESOLUTION NO. G-3542

Rule No. 41

Sheet 9

UTILITY SYSTEM OPERATION

(Continued)

CPUC REPORTING REQUIREMENTS

- 25. The Utility shall file each post-Forum report resulting from the Forum with the CPUC by Advice Letter no later than 60 days after conclusion of the relevant Forum. The Utility shall also submit any tariff changes proposed in the Forum and agreed-to by the Utility for the CPUC approval by Advice Letter no later than 60 days after conclusion of each Forum.
- 26. On November 1 of each year, the Utility shall provide a report (“Annual Compliance Report”) demonstrating that the Operational Hub’s procurement activities during the preceding twelve months ending August 31 were in compliance with the standards, criteria and procedures described in Sections 10 through 20 above. The Annual Compliance Report shall be submitted to the Energy Division by Advice Letter and shall be subject to comment or protest. Upon Energy Division review and verification of the Annual Compliance Report and the CPUC Resolution approving the Annual Compliance Report, all the transactions entered into the SRMA balance for the year in question that are found reasonable by the Energy Division shall be amortized in customer transportation rates over the following year.

TEMPORARY SETTLEMENT TERM

- 27. The Sections of this Rule italicized and followed by an asterisk (*) are temporary and will end upon the expiration of the term in the settlement approved by D.16-12-015 and modified by D.17-11-021. Specifically, that settlement term will conclude upon the earlier of: (1) any superseding decision or order by the Commission, (2) return of Aliso Canyon to at least 450 MMcf/d of injection capacity and 1,395 MMcf/d of withdrawal capacity, or (3) November 30, 2018.

SPECIAL CONDITION

- 28. The Utility System Operator shall communicate with the California Independent System Operator (CAISO) and other Electric Grid Operators on an as-needed basis to help maintain the reliability of the Utility’s natural gas system and the electric grid. Such communications may result in operational changes by the Utility System Operator and changes in electric grid operations and electric generation dispatch order by CAISO and other grid operators. Such operational communications shall not be considered curtailments of natural gas service unless Utility expressly curtails service pursuant to Rule No. 23. SoCalGas and the Utility System Operator are not responsible for electric grid operations or reliability, but will take electric grid reliability into consideration, to the extent feasible, when making operational decisions.

(Continued)

(TO BE INSERTED BY UTILITY)
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Dan Skopec
 Vice President
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(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Nov 14, 2018
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 RESOLUTION NO. G-3542

TABLE OF CONTENTS

(Continued)

RULES (continued)

26	Consumer Responsible for Equipment for Receiving and Utilizing Gas	45843-G
27	Service Connections Made by Company's Employees	24657-G
28	Compensation to Company's Employees	24658-G
29	Change of Consumer's Apparatus or Equipment	24659-G
30	Transportation of Customer-Owned Gas	47193-G,51792-G,51793-G,51794-G 52899-G,53351-G,51797-G,51798-G,53527-G,47360-G 53352-G,52673-G,53528-G,52901-G,52902-G,52677-G 51658-G,51659-G,51660-G,51661-G,51662-G,51663-G 51664-G,51665-G,51666-G,51667-G,51668-G,53529-G, 54512-G
31	Automated Meter Reading	46062-G,46063-G
32	Core Aggregation Transportation	54822-G,54823-G,54824-G,54825-G 54826-G,54827-G,54828-G,54829-G,54830-G,54831-G 54832-G,54833-G,54834-G,54835-G,54836-G,54837-G 54838-G,54839-G,54840-G, 54841-G, 54842-G, 54843-G, 54844-G
33	Electronic Bulletin Board (EBB)	47202-G,43389-G,45392-G,47203-G 45394-G,45395-G,45396-G,45397-G,45398-G
34	Provision of Utility Right-of-Way Information	33298-G,33299-G,33300-G 33301-G,33302-G,33303-G
35	Contracted Marketer Transportation	27068-G,27069-G,27070-G,27071-G 36325-G,27073-G,36326-G,27075-G
36	Interstate Capacity Brokering	39590-G,39591-G
38	Commercial/Industrial Equipment Incentive Program	55216-G,55217-G,55218-G,55219-G,32749-G
39	Access to the SoCalGas Pipeline System	53711-G,-G,53712-G,53713-G,51965-G,51966-G
40	On-Bill Financing Program	44205-G,41155-G
41	Utility System Operation	55198-G,55080-G,55081-G,55082-G,55083-G 55650-G,55085-G,55086-G,55651-G,55088-G
42	Privacy and Security Protections for Energy Usage Data	50587-G,50588-G,50347-G,50348-G,50349-G 50350-G,50351-G,48636-G,48637-G,50352-G 50589-G,50590-G,50591-G,50592-G,50593-G
43	On-Bill Repayment (Pilot Programs)	51825-G,50796-G,50797-G,51826-G 51827-G,51828-G,51829-G,51830-G
44	Mobilehome Park Utility Upgrade Program	54374-G,50728-G,50729-G,50891-G 50892-G,50893-G,50894-G,50895-G,50896-G

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