

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 14, 2019

Advice Letter 5398-G and 5398-G-A

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

SUBJECT: Establishment of Balancing and Memorandum Accounts for SB 1383 Pilot Program Pursuant to D.17-12-004.

Dear Mr. van der Leeden:

Advice Letter 5398-G and 5398-G-A are effective as of January 14, 2019.

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
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January 28, 2019

Advice No. 5398-A
(U 904G)

Public Utilities Commission of the State of California

Subject: Partial Supplement - Balancing and Memorandum Accounts for Senate Bill (SB) 1383 Pilot Program Pursuant to Decision (D.) 17-12-004

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (CPUC or Commission) a supplement to its Advice No. (AL) 5398 to include its revenue requirement and updated costs, as included in Appendix A.

Purpose

In compliance with Ordering Paragraph (OP) 5 of D.17-12-004, SoCalGas includes its revenue requirement and updated costs for South Tulare: California Bioenergy, North Visalia: California Bioenergy, Buttonwillow: California Bioenergy, and Lakeside: Maas Energy Works, as shown in Appendix A.

Background

On June 15, 2017, the Commission issued Rulemaking (R.)17-06-015 to develop a framework which will direct gas corporations to implement not less than five dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system and allow for rate recovery of reasonable infrastructure costs pursuant to SB 1383. The proposed implementation framework covers four general categories: pilot selection (selection criteria); definition of infrastructure; cost recovery framework (how will reasonableness of the infrastructure be assessed, and cost cap/cost limitations); and data gathering (to support evaluation of the pilots). On December 14, 2017, the Commission adopted D.17-12-004 establishing implementation and selection framework to implement the dairy biomethane pilots required by SB 1383.

On December 3, 2018, the Commission, the California Air Resources Board (CARB) and the California Department of Food and Agriculture (CDFA) (collectively, the Selection Committee) announced the selection of six dairy pilot projects pursuant to the framework in D.17-12-004. Four of the six pilot projects awarded are in SoCalGas' service territory: three for California Bioenergy and one for Maas Energy.

On December 7, 2018, Energy Division instructed SoCalGas and Pacific Gas and Electric Company (PG&E) to provide any correction to the SB 1383 Dairy Biomethane Pilot Project Selection Committee Score Card Summary ("Score Card Summary") and to submit a revenue requirement for South Tulare: California Bioenergy, North Visalia: California Bioenergy, Buttonwillow: California Bioenergy, and Lakeside: Maas Energy Works. In recognition that SoCalGas and PG&E would not be able to complete and include the revenue requirement information for the pilot projects by the submittal date set forth in OP 5 of D.17-12-004, Energy Division instructed SoCalGas and PG&E to submit the requested information through a supplemental Tier 2 AL.

On December 13, 2018, SoCalGas submitted AL 5398 in compliance with OP 5 of D.17-12-004 to establish balancing and memorandum accounts for the SB 1383 pilot program.

SoCalGas Revenue Requirement and Updated Costs from Round Three

On December 3, 2018, the Selection Committee released the Score Card Summary pursuant to the framework in D.17-12-004.¹ On December 7, 2018, Energy Division instructed SoCalGas and PG&E to submit a supplemental Tier 2 AL to include corrections to the Score Card Summary and to submit revenue requirements for the approved projects in their respective service territory.

SoCalGas is providing the following corrections to the table on page 5 of the Score Card Summary. The projects listed represent the awarded projects located in SoCalGas' service territory only.

¹http://www.cpuc.ca.gov/uploadedFiles/CPUC_Website/Content/Utilities_and_Industries/Energy/Energy_Programs/Gas/Natural_Gas_Market/FinalSelectionComScoreCardSum.pdf

The table should be corrected as follows:

Scoring Rank (unchanged)	Project Name (unchanged)	Developer (unchanged)	Location (unchanged)	Anticipated Average Biomethane Production (MMBtu/day)		Ratepayer Funding Requested	
				Original	Revised	Original	Revised
1	South Tulare	CalBio	Tipton and Tulare County	3,813	1,586	Install Cost \$38,329,718 Annual O&M \$1,861,812	Install Cost \$38,329,718 Annual O&M \$177,244
2	North Visalia	CalBio	Visalia and Tulare County	772	927	Install Cost \$26,473,379 Annual O&M \$1,629,078	Install Cost \$26,473,379 Annual O&M \$415,368
3	Buttonwillow	CalBio	Kern County	206	961	Install Cost \$28,349,036 Annual O&M \$1,509,312	Install Cost \$28,349,036 Annual O&M \$177,244
5	Lakeside	Maas	Tulare and Kings County	1,064	1,448	Installed \$18,960,739 Annual O&M \$2,215,481	Install Cost \$19,516,460 Annual O&M \$367,945

The Anticipated Average Biomethane Production changes reflected above are based on the average biomethane flowrate listed in the Dairy Pilot Project applications submitted by the applicants.

The costs in the Ratepayer Funding Requested column have been modified to incorporate the following changes: 1) Annual O&M cost for the Biogas Treatment Facilities and Collection Lines are not funded by utility ratepayers and have been removed from the Annual O&M costs, and 2) adjustments were made to the applied utility loaders (from Transmission to Distribution) for a portion of one of the projects. The project revenue requirements are provided in Appendix A.

Protests

This AL is being submitted at the request of the Energy Division. Since no protests to AL 5398 were received, SoCalGas, pursuant to General Order (GO) 96-B, General Rule 7.5.1, requests to maintain the original protest and comment period designated in AL 5398 and not reopen the protest period. The CPUC Selection Committee has approved these costs as per se reasonable pursuant to the Score Card Summary.

Effective Date

SoCalGas believes that this AL is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. This submittal is consistent with D.17-12-004. Therefore, SoCalGas respectfully requests that this

submittal become effective for service on January 14, 2019, the date requested in AL 5398.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.15-01-008. 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:

APPENDIX A

Advice No. 5398-A

**SoCalGas - SB1383 Dairy Biomethane Pilots
Final Costs and Revenue Requirements by Site**

APPENDIX A

SoCalGas - SB1383 Dairy Biomethane Pilots Final Costs and Revenue Requirements by Site \$ in Millions

Site	Total Costs ¹	Revenue Requirement ²
South Tulare	\$ 48.108	\$ 67.021
North Visalia	\$ 38.144	\$ 54.407
Buttonwillow	\$ 38.021	\$ 54.203
Lakeside Cluster	\$ 30.141	\$ 49.494
SoCalGas Total	\$ 154.413	\$ 225.126

¹Total Costs included for Lanes 2, 4, 5, and 6 of Figure 1. Total Costs include fully loaded and escalated Capital Expenditures, O&M Expenditures, CWIP Property Tax, and AFUDC.

²Revenue Requirement included for Lanes 2, 4, 5 and 6 of Figure 1. Revenue Requirement includes the full capital revenue requirement and 20 years of O&M revenue requirement, as requested by the CPUC.

