

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 29, 2019

Advice Letter 5399

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

**SUBJECT: Establishment of the Officer Compensation Memorandum Account 2019
(OCMA2019) Pursuant to Resolution E-4963**

Dear Mr. van der Leeden:

Advice Letter 5399 is effective as of January 1, 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

Fax: 213.244.4957

RvanderLeeden@semprautilities.com

December 21, 2018

Advice No. 5399

(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of the Officer Compensation Memorandum Account 2019 (OCMA2019) Pursuant to Resolution E-4963

Southern California Gas Company (SoCalGas) hereby requests California Public Utilities Commission (Commission) approval of modifications to its Preliminary Statement, Part VI, Memorandum Accounts, applicable throughout its service territory, as shown on Attachment A.

Purpose

This submittal complies with Ordering Paragraphs (OPs) 1 and 2 of Commission Resolution (Res.) E-4963, which requires and grants SoCalGas the authority to establish the OCMA2019 described herein. The OCMA2019 is created as a tracking account and does not post to SoCalGas' financial statements.

Background

On September 21, 2018, the Governor approved Senate Bill (SB) 901, which repealed and replaced Section 706 of the Public Utilities Code (among other things). Newly enacted Section 706 (effective January 1, 2019) reads as follows:

706.

(a) For purposes of this section, "compensation" means any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of an electrical corporation or gas corporation.

(b) An electrical corporation or gas corporation shall not recover expenses for compensation from ratepayers. Compensation shall be paid solely by shareholders of the electrical corporation or gas corporation.

Res. E-4963, approved by the Commission on December 13, 2018, partially implements new Section 706 by requiring certain investor-owned utilities (IOUs), including SoCalGas, “to establish memorandum accounts to track officer compensation ... so that such amounts may be refunded to ratepayers through future proceedings.” (Res. E-4963, Finding 6.) For the purposes of the OCMA2019 and pursuant to Res. E-4963, the term “officer” means those employees in positions with titles of Vice President or above, consistent with Rule 240.3b-7 of the Securities Exchange Act.

Establishment of the OCMA2019

OP 2 of Res. E-4963 instructs IOUs (including SoCalGas) to submit a Tier 1 Advice Letter implementing their respective Memorandum Accounts no later than 10 days from the date of the resolution to establish an OCMA with an effective date of January 1, 2019. Therefore, SoCalGas is herein requesting Commission approval of its OCMA2019,¹ with an effective date of January 1, 2019, and consistent modifications to its Preliminary Statement, Part VI, Memorandum Accounts, as shown in Attachment A.

The amounts tracked in the OCMA2019 will be subject to review and refund to ratepayers in future GRC proceedings.

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 January 10, 2019. 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.

¹ SoCalGas’ existing tariffs include a memorandum account named “Officer Compensation Memorandum Account” or OCMA, which was established pursuant to D.16-06-054. E-4963 (p. 8) denies the closure of existing officer compensation memorandum accounts for all affected IOUs, which includes SoCalGas. Accordingly, SoCalGas’ “OCMA” established pursuant to D.16-06-054 remains open, and SoCalGas’ new memorandum account established pursuant to E-4963 is titled “OCMA2019.”

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

Pursuant to General Order (GO) 96-B and OP 2.a of Res. E-4963, SoCalGas is submitting this Tier 1 Advice Letter (effective pending disposition) subject to Energy Division disposition, for approval with an effective date of 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 list in A.17-10-007/-008 (cons.). 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. 5399

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 55754-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS, Sheet 2	Revised 55540-G
Original 55755-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, OFFICER COMPENSATION MEMORANDUM ACCOUNT 2019 (OCMA 2019), Sheet 1	
Original 55756-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, OFFICER COMPENSATION MEMORANDUM ACCOUNT 2019 (OCMA 2019), Sheet 2	
Revised 55757-G	TABLE OF CONTENTS	Revised 55753-G
Revised 55758-G	TABLE OF CONTENTS	Revised 55699-G*
Revised 55759-G	TABLE OF CONTENTS	Revised 55545-G
Revised 55760-G	TABLE OF CONTENTS	Revised 55583-G

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS

Sheet 2

(Continued)

B. LISTING OF MEMORANDUM ACCOUNTS (Continued)

Pipeline Safety Enhancement Plan – Phase 2 Memorandum Account (PSEP-P2MA)
Officer Compensation Memorandum Account (OCMA)
Tax Memorandum Account (TMA)
Winter Demand Response Memorandum Account (WDRMA)
System Operator Gas Account (SOGA)
Avoided Cost Calculator Update Memorandum Account (ACCUMA)
Injection Enhancement Cost Memorandum Account (IECMA)
Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA)
Otay Mesa Pipeline Capacity Memorandum Account (OMPCMA)
Dairy Biomethane Solicitation Development Memorandum Account (DBSDMA)
Wildfires Customer Protection Memorandum Account (WCPMA)
Line 1600 Records Audit Memorandum Account (L1600RAMA)
General Rate Case Memorandum Account 2019 (GRCMA2019)
Emergency Customer Protections Memorandum Account (ECPMA)
San Joaquin Valley Data Gathering Plan Memorandum Account (SJVDGPMA)
Officer Compensation Memorandum Account 2019 (OCMA2019)

N

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5399
DECISION NO.

2H8

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Dec 21, 2018
EFFECTIVE Jan 1, 2019
RESOLUTION NO. E-4963

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
OFFICER COMPENSATION MEMORANDUM ACCOUNT 2019 (OCMA2019)

Sheet 1

1. Purpose

The OCMA2019 is created as a tracking account and does not post to SoCalGas' financial statements. The OCMA2019 is established pursuant to Public Utilities Code Section 706, as enacted by Senate Bill 901 (2018, Dodd). Public Utilities Code Section 706 requires, among other things, that all forms of compensation for officers of electrical or gas corporations shall be paid solely by shareholders. The purpose of the OCMA2019 is to track the difference between (1) compensation for officers of the utility that is authorized in General Rate Cases (GRC) or resolutions and; (2) all compensation as defined by Public Utilities Code Section 706. The term "officer" shall be defined as those employees of the investor owned utilities in positions with titles of Vice President or above, consistent with Rule 240.3b-7 of the Securities Exchange Act. The OCMA2019 is effective January 1, 2019 until closed at the direction of the Commission.

The OCMA2019 consists of two sub-accounts:

- a. Authorized Compensation Sub-Account tracks GRC authorized salaries, bonuses, benefits, and all other consideration of any value paid to officers.
- b. Total Compensation Sub-Account tracks actual salaries, bonuses, benefits, and all other consideration of any value to officers.

2. Applicability

See Disposition section.

3. Accounting Procedures

SoCalGas shall maintain this account by making monthly entries (or annual entries where applicable and monthly data is not available) as follows:

- a. Authorized Compensation Sub-Account
 - 1. A credit entry equal to the GRC authorized salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to its officers as authorized in SoCalGas' 2019 GRC effective January 1, 2019.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5399
DECISION NO.

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Dec 21, 2018
EFFECTIVE Jan 1, 2019
RESOLUTION NO. E-4963

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
OFFICER COMPENSATION MEMORANDUM ACCOUNT 2019 (OCMA2019)

Sheet 2

(Continued)

3. Accounting Procedures (Continued)

b. Total Compensation Sub-Account

1. A debit entry equal to the actual salaries, bonuses, benefits, and all other consideration of any value paid to its officers.

Salaries: Payroll data for Executive Officer base salaries;

Bonuses: Variable Pay/Incentive Compensation Plan (ICP);

Benefits: Employer portion of health and welfare premiums;

Other Consideration: Executive perquisites in payroll data and/or invoices, 401(k) company match, deferred compensation company match.

4. Disposition

The OCMA2019 balance may be addressed in SoCalGas' GRC or other appropriate Commission proceeding to determine whether the balance should be refunded to customers in rates.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5399
DECISION NO.

2C11

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Dec 21, 2018
EFFECTIVE Jan 1, 2019
RESOLUTION NO. E-4963

N
N
N
N
N

TABLE OF CONTENTS

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

Cal. P.U.C. Sheet No.

Title Page	40864-G
Table of Contents--General and Preliminary Statement	55757-G,55758-G,55759-G,55760-G
Table of Contents--Service Area Maps and Descriptions	53356-G
Table of Contents--Rate Schedules	55735-G,55752-G,55715-G
Table of Contents--List of Cities and Communities Served	55739-G
Table of Contents--List of Contracts and Deviations	55739-G
Table of Contents--Rules	54910-G,55697-G
Table of Contents--Sample Forms	54967-G,54383-G,51537-G,54745-G,54746-G,52292-G

PRELIMINARY STATEMENT

Part I General Service Information	45597-G,24332-G,54726-G,24334-G,48970-G
Part II Summary of Rates and Charges	55719-G,55720-G,55721-G,55556-G,55557-G,55750-G 55662-G,46431-G,46432-G,54550-G,55671-G,55672-G,55673-G,55562-G
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	
Description and Listing of Balancing Accounts	52939-G,54130-G
Purchased Gas Account (PGA)	55465-G,55466-G
Core Fixed Cost Account (CFCA)	53433-G,53434-G,55692-G,53436-G
Noncore Fixed Cost Account (NFCA)	53255-G,55693-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
Gas Cost Rewards and Penalties Account (GCRPA)	40881-G
Pension Balancing Account (PBA)	54544-G,52941-G
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)

(TO BE INSERTED BY UTILITY)
 ADVISE LETTER NO. 5399
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Dec 21, 2018
 EFFECTIVE Jan 1, 2019
 RESOLUTION NO. E-4963

TABLE OF CONTENTS

(Continued)

PRELIMINARY STATEMENT (Continued)

Part VI Memorandum Accounts (Continued)

Vernon Negotiated Core Contract Memorandum Account (VNCCMA)	40901-G
Research Royalty Memorandum Account (RRMA)	52954-G
Intervenor Award Memorandum Account (IAMA)	40904-G
Z Factor Account (ZFA)	40905-G
Self-Generation Program Memorandum Account (SGPMA)	41105-G
FERC Settlement Proceeds Memorandum Account (FSPMA)	45756-G
Gain/Loss on Sale Memorandum Account (GLOSMA)	42133-G
Affiliate Transfer Fee Account (ATFA)	40919-G
Firm Access and Storage Rights Memorandum Account (FASRMA)	49320-G,49321-G
System Reliability Memorandum Account (SRMA)	55467-G
Fire Hazard Prevention Memorandum Account (FHPMA)	49322-G
California Solar Initiative Thermal Project Memorandum Account (CSITPMA)	46549-G
Honor Rancho Storage Memorandum Account (HRSMA)	52889-G,52890-G
Wildfire Expense Memorandum Account (WEMA)	46336-G
Honor Rancho Cost Recovery Memorandum Account (HRCRMA)	47613-G
Natural Gas Appliance Testing Memorandum Account (NGATMA)	52955-G
Energy Savings Assistance Programs Memorandum Account (ESAPMA)	52735-G
General Rate Case Memorandum Account (GRCMA)	49325-G
Pipeline Safety and Reliability Memorandum Account (PSRMA)	50526-G,53090-G
Aliso Canyon Memorandum Account (ACMA)	49759-G
Advanced Meter Opt-Out Program Memorandum Account (AMOPMA)	50167-G
Energy Data Request Memorandum Account (EDRMA)	50422-G
Residential Disconnect Memorandum Account (RDMA)	50532-G
Greenhouse Gas Memorandum Account (GHGMA)	52054-G,51137-G
General Rate Case Memorandum Account 2016 (GRCMA2016)	52808-G
Operational Flow Cost Memorandum Account (OFCMA)	51753-G
Deductible Tax Repairs Benefits Memorandum Account (DTRBMA)	52809-G
Aliso Canyon Revenue and Cost Memorandum Account (ACRCMA)	52838-G,52839-G
Assembly Bill 802 Memorandum Account (AB802MA)	52429-G
Marketing, Education and Outreach Memorandum Account (MEOMA)	55550-G
Emergency Energy Savings Assistance Program Memorandum Account (EESAPMA)	52586-G
Pipeline Safety Enhancement Plan – Phase 2 Memorandum Account (PSEP-P2MA)	53091-G
Officer Compensation Memorandum Account (OCMA)	53020-G,53021-G
Tax Memorandum Account (TMA)	53178-G,53179-G
Winter Demand Response Memorandum Account (WDRMA)	55195-G,54473-G
System Operator Gas Account (SOGA)	53441-G
Avoided Cost Calculator Update Memorandum Account (ACCUMA)	53781-G,53782-G
Injection Enhancement Cost Memorandum Account (IECMA)	54886-G
Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA)	54136-G

L
|
|
|
|
L

L

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5399
 DECISION NO.

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED Dec 21, 2018
 EFFECTIVE Jan 1, 2019
 RESOLUTION NO. E-4963

TABLE OF CONTENTS

(Continued)

PRELIMINARY STATEMENT (Continued)

Part VI Memorandum Accounts (Continued)

Otay Mesa Pipeline Capacity Memorandum Account (OMPCMA)	54453-G
Dairy Biomethane Solicitation Development Memorandum Account (DBSDMA)	54635-G
Wildfires Customer Protections Memorandum Account (WCPMA)	54666-G
Line 1600 Records Audit Memorandum Account (L1600RAMA)	55319-G
Emergency Customer Protections Memorandum Account (ECPMA)	55442-G
San Joaquin Valley Data Gathering Plan Memorandum Account (SJVDGPMA).....	55541-G,55542-G
Officer Compensation Memorandum Account 2019 (OCMA2019)	55755-G,55756-G

Part VII Tracking Accounts

Description and Listing of Tracking Accounts	49865-G
Other Hazardous Substance Tracking Account (OHSTA)	40921-G
Vernon Revenue Tracking Account (VRTA)	40926-G
Montebello True-Up Tracking Account (MTTA)	40927-G
Native Gas Tracking Account (NGTA)	42598-G
Compression Services Tracking Account (CSTA)	49857-G
Biogas Conditioning/Upgrading Services Tracking Account (BCSTA).....	49866-G
Aliso Canyon True-Up Tracking Account (ACTTA)	49761-G,49762-G
Distributed Energy Resources Services Tracking Account (DERSTA)	52278-G

Part VIII Gas Cost Incentive Mechanism (GCIM)	45890-G,45891-G,42774-G,45892-G 55128-G,42777-G
---	--

Part IX Hazardous Substances Mechanism (HSM)	48973-G,26200-G,26201-G
--	-------------------------

Part XI Performance Based Regulation (PBR)	52810-G,52811-G,49328-G,49329-G 49330-G,55205-G,55206-G,55563-G,55208-G 55209-G,54732-G,55210-G,55211-G,54735-G,54736-G
--	---

Part XII Gain/Loss On Sale Mechanism	42134-G,42135-G,42136-G,42137-G,42138-G,42138.1-G
--	---

Part XIII Native Gas Program Mechanism (NGPM)	42599-G, 42600-G, 42601-G, 42602-G 47166-G, 42604-G, 42605-G
---	---

Part XIV Cost of Capital Mechanism (CCM)	49802-G
--	---------

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5399
 DECISION NO.

ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Dec 21, 2018
 EFFECTIVE Jan 1, 2019
 RESOLUTION NO. E-4963

L
|
|
|
|
|
|
L
N