

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 30, 2019

Advice Letter 5439-G

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

SUBJECT: Establishment of Bill Protection, Pursuant to Decision (D.) 18-12-015.

Dear Mr. van der Leeden:

Advice Letter 5439-G is effective as of December 19, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
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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March 18, 2019

Advice No. 5439
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of Bill Protection, Pursuant to Decision (D.) 18-12-015

Purpose

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission or CPUC) this Tier 2 Bill Protection Advice Letter (AL), pursuant to Ordering Paragraph (OP) 15 of D.18-12-015.

Background

On December 19, 2018, the Commission issued D.18-12-015 approving the San Joaquin Valley (SVJ) Disadvantaged Communities (DACs) pilot projects. OP 15 of D.18-12-015 directs Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), and SoCalGas to submit Tier 2 Bill Protection Advice Letters that: 1) address the issues identified in Section 11.2 of the decision within 45 days of a bill protection workshop; and 2) detail planned approaches to ensuring pilot participant's energy cost savings. A bill protection workshop was held in San Francisco on February 1, 2019.

Bill Protection Approach

Based on the available propane data gathered by PG&E, SCE and SoCalGas from the pilot communities during the proceeding, the cost difference on an annual basis between natural gas and propane demonstrates there is a very low probability of natural gas bills being higher than propane. Therefore, SoCalGas did not propose a specific bill protection plan in its revised pilot proposals. However, SoCalGas recognizes that bill protection may help protect DACs households that are converted to natural gas from a

potential “rebound effect” that may occur after the shift from the propane appliances that customers are familiar with to new natural gas appliances. Additionally, bill protection may help reduce the bill impact households may experience as they learn to monitor and adjust usage in colder periods. The bill impact that occurs “after-the-fact” for both of these scenarios will further be mitigated by promoting regular monitoring of usage online and enrollment in usage alerts.

As such, SoCalGas proposes the following three-year bill protection bill credit approach for pilot participants receiving natural gas service. This proposal is based on the Commission’s approved bill protection budget of \$500 over a period of three years. Given that natural gas usage varies by season and therefore winter bills can be significantly higher than summer bills, the allocation of the bill credit will occur in winter months to provide the greatest protection and maximum reductions in bill variance. The credit amount is designed to still provide some signaling to customers that winter bills are increased by lower temperatures and the duration will give households three years to familiarize themselves with the online tools available to monitor usage and receive usage alerts. It will be important that customers experience three years of slight bill increases in the winter to understand the relationship between weather and bill amounts prior to elimination of the bill credit in year four.

- First Year Total: \$160
- Second Year Total: \$160
- Third Year Total: \$160

The analysis below is used to support this approach by showing how bill protections help to reduce the variance in the bill amounts.

SoCalGas reviewed the average bills of households with natural gas service, system-wide, to identify months with peak usage. Historically, the months of December and January have the highest monthly bills each year. Table 1 below shows the average bill by calendar month before and after the bill protection credit is applied.

Table 1. Average Bill before and after bill protection

| Month | Avg. Bill | Year 1, 2 & 3 | |
|-------|-----------|---------------|----------|
| | | Credit Amt | New Bill |
| Jan | \$98.12 | \$50.00 | \$48.12 |
| Feb | \$71.71 | \$30.00 | \$41.71 |
| Mar | \$49.84 | \$20.00 | \$29.84 |
| Apr | \$35.53 | \$10.00 | \$25.53 |
| May | \$32.37 | \$10.00 | \$22.37 |
| Jun | \$26.99 | \$0.00 | \$26.99 |
| Jul | \$22.99 | \$0.00 | \$22.99 |
| Aug | \$21.05 | \$0.00 | \$21.05 |
| Sep | \$22.16 | \$0.00 | \$22.16 |
| Oct | \$23.54 | \$0.00 | \$23.54 |
| Nov | \$33.12 | \$10.00 | \$23.12 |
| Dec | \$63.57 | \$30.00 | \$33.57 |
| Total | \$500.99 | \$160.00 | \$340.99 |

Compliance with Bill Protection Requirements

Table 2 below identifies the items on page 79 of D.18-12-015 and SoCalGas' proposed approach for each item.

Table 2. Bill Protection Approach Requirements

| Decision Requirements | SoCalGas' Proposed Approach |
|---|--|
| Should incorporate monthly bill protection, and, as appropriate, annual true-up, mechanisms and must aim to avoid any monthly "bill shock" for participants | Credits will be applied to the winter monthly bills and will be sized based on seasonal variation. Credit amount and timing are intended to reduce potential bills in the months with the highest expected increase. |
| Should consider all pre- and post- pilot implementation energy costs (propane, wood, as feasible; and, as appropriate, natural gas and electricity costs) | To the greatest extent feasible, SoCalGas will collect pre-pilot energy costs from pilot participants for any customer level energy cost impact analysis. |
| May consider a higher baseline allowance and/or a waiver of the Super User Electric Surcharge | SoCalGas does not propose a change to the current baseline allowances. SoCalGas does not have Super User Electric Surcharge. |
| Must be standardized across PG&E and SCE, who must collaborate and propose the same approach and present this in nearly identical advice letters | Not applicable. |

| | |
|---|---|
| Will not require presentation of individual customer propane and/or wood bills as an eligibility criteria, but rather will be based on modeled customer costs and generalized assumptions, which may be reviewed and updated periodically to adjust the approach, as needed | Bill protection approach does not require presentation of individual customer propane and/or wood bills as an eligibility criteria. Annual bill credit amounts can be changed as needed. |
| Will be offered for an initial period of three years to each household receiving appliance upgrades, with a cost of \$500 per household as a starting point; | Bill protection approach will provide \$490 to pilot customers over the course of three years. |
| Will consider likely rebound effects and comfort needs, particularly amongst the poorest households that may have severely curtailed propane usage for water and/or space heating due to high costs | Bill protection approach includes some increase in colder months in order to allow customers to adjust to the seasonality of natural gas costs and familiarize themselves with bill management tools. |

Protests

Anyone may protest this AL 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 AL, which is April 7, 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 shall 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 asserts this AL is subject to Energy Division disposition and should be classified as a Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. It is submitted in accordance with OP 15 of D.18-12-015. Accordingly, SoCalGas respectfully requests that this AL be approved on April 17, 2019, which is 30 calendar days after the date submitted.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.15-03-010. 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: 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: