

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 15, 2020

Advice Letter 5529-G

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

SUBJECT: Officer Compensation Information Pursuant to Decision (D.) 19-09-051.

Dear Mr. van der Leeden:

Advice Letter 5529-G is effective as of October 14, 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
Fax: 213.244.4957
RvanderLeeden@socalgas.com

October 14, 2019

Advice No. 5529
(U 904 G)

Public Utilities Commission of the State of California

Subject: Officer Compensation Information Pursuant to Decision (D.) 19-09-051

Purpose

Southern California Gas Company (SoCalGas) hereby submits this Tier 1 Advice Letter (AL) to provide additional information regarding Officer Compensation pursuant to the California Public Utilities Commission (Commission or CPUC) Decision (D.) 19-09-051.

Background

Pursuant to Senate Bill (SB) 901, signed into law September 21, 2018, Public Utilities (PU) Code Section 706 was amended to prohibit certain investor owned utilities (IOUs), including SoCalGas, from recovering from ratepayers any annual salary, bonus, benefits, or other consideration of any value (compensation and benefits), paid to an officer and requires that compensation instead be funded solely by shareholders.

The pertinent portion of the revised Section 706 reads as follows:

(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.

The revision to Section 706 became effective on January 1, 2019, which is also the first day of the Test Year 2019 (TY 2019) period for SoCalGas. Pursuant to the above, the Commission issued Resolution E-4963 requiring SoCalGas to establish an Officer Compensation Memorandum Account (OCMA) to track compensation paid to an officer pursuant to the revised Section 706. Resolution E-4963 also sets forth definitions of the terms “compensation” and “officer” and establishes accounting procedures for the

OCMA. The OCMA was effective beginning January 1, 2019, until closed at the direction of the Commission.¹

On September 26, 2019, the Commission approved D.19-09-051 in SoCalGas' TY 2019 General Rate Case (GRC). D.19-09-051 found that, because changes to Section 706 occurred after evidentiary hearings had already concluded, San Diego Gas & Electric Company (SDG&E) and SoCalGas would be required to perform an OCMA true-up to refund any embedded Section 706 officer compensation costs that were otherwise approved in the TY 2019 GRC:

SDG&E and SoCalGas shall comply with Resolution E-4963 and track these costs through their respective OCMA's. These amounts shall then be trued-up and refunded to ratepayers as part of SDG&E's and SoCalGas' respective year-end annual regulatory account balance update Advice Letter filings for 2019.²

D.19-09-051 further required SoCalGas to include a list of the officer positions and the corresponding amounts for each position (included as Attachment A - Confidential):

SDG&E and SoCalGas shall include a list of the officer positions and the corresponding amounts for each position. This list will be granted confidential treatment and submitted under seal.³

Subsequent to and separate from this AL, as stated above, SoCalGas will do the following:

- Continue to comply with Resolution E-4963 and track relevant costs in its OCMA, pursuant to Ordering Paragraphs (OPs) 9 and 10 of D.19-09-051;
- True-up its OCMA balance in its year-end adjustment submittal for 2019 and the amounts will be refunded to ratepayers, consistent with OP 11 of D.19-09-051; and
- Exclude officer salaries, bonuses, and benefits from the revenue requirements for Post-Test Years 2020 and 2021, in accordance with OP 12 of D.19-09-051.

¹ See AL 5399, *Establishment of the Officer Compensation Memorandum Account 2019 (OCMA2019) Pursuant to Resolution E-4963*, submitted on December 21, 2018, effective January 1, 2019, and approved on January 29, 2019.

² D.19-09-051 at 26.

³ *Id.*

Confidential Treatment

In support of this AL, SoCalGas includes Attachment A, Listing of Officer Positions and Amounts, which is submitted under seal and subject to confidential treatment pursuant to D.19-09-051. A confidential Attachment A is being provided to Energy Division pursuant to General Order (GO) 66-D, Section 583 of the PU Code, and D.17-09-023. A declaration requesting confidential treatment is being provided to the Commission concurrently with this AL, pursuant to D.17-09-023.

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 on this Advice Letter, which is November 3, 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

A copy 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@socalgas.com

Effective Date

SoCalGas believes this submittal is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. SoCalGas respectfully requests that it become effective on October 14, 2019, which is the date submitted.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service lists in A.17-10-007 and A.17-10-008. Address change requests to the GO 96-B 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:

ATTACHMENT A

Advice No. 5529

**Southern California Gas Company
List of Officer Positions and Compensation**

**Confidential and Protected Materials Pursuant to Public
Utilities Code Section 583, General Order 66-D,
Decision (D.) 17-09-023, and D.19-09-051**

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION OF MIA L. DEMONTIGNY
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.17-09-023 AND D.19-09-051**

I, Mia L. DeMontigny, do declare as follows:

1. I am Vice President, Chief Financial Officer, Controller, Chief Accounting Officer and Treasurer for Southern California Gas Company (“SoCalGas”). I have reviewed the List of Officer Positions and Compensation submitted concurrently herewith. I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or belief.

2. I hereby provide this Declaration in accordance with Decision (“D.”) 17-09-023 and General Order (“GO”) 66-D Revision 1¹ to demonstrate that the confidential information (“Protected Information”) provided in the List of Officer Positions and Compensation is within the scope of data protected as confidential under applicable law. D.19-09-051 recognizes that the list of officer positions and corresponding compensation for each position is confidential and should be protected.²

3. In accordance with the narrative justification described herein, the Protected Information should be protected from public disclosure.

¹ GO 66-D was modified by D. 19-01-028 to create GO 66-D Revision 1 which became effective February 1, 2019.

² D.19-09-051, p. 26 (“SDG&E and SoCalGas shall include a list of the officer positions and the corresponding amounts for each position. This list will be granted confidential treatment and submitted under seal.”).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 14th day of October, 2019, at Los Angeles.



Mia L. DeMontigny
Vice President, Chief Financial Officer, Controller, Chief
Accounting Officer and Treasurer