

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Southern California Gas Company
GAS (Corp ID 904)
Status of Advice Letter 5680G
As of August 11, 2021

Subject: Proposed Credit Mechanism in Compliance with Decision (D.) 20-02-045

Division Assigned: Energy

Date Filed: 08-26-2020

Date to Calendar: 08-28-2020

Authorizing Documents: D2002045

Disposition:	Rejected
Effective Date:	None

Resolution Required: Yes

Resolution Number: G-3581

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Ray B Ortiz

(213) 244-3837

ROrtiz@socalgas.com

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov



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

August 26, 2020

Advice No. 5680-G
(Southern California Gas Company U 904 G)

Advice No. 2893-G
(San Diego Gas & Electric Company U 902 G)

Public Utilities Commission of the State of California

Subject: Proposed Credit Mechanism in Compliance with Decision (D.) 20-02-045

Pursuant to D.20-02-045, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) jointly submit for California Public Utilities Commission (Commission) approval revisions to SoCalGas' tariffs, applicable throughout SoCalGas' service territory, as shown on Attachment A.

Purpose

This Advice Letter (AL) complies with Ordering Paragraph (OP) 14 of D.20-02-045, Decision Addressing San Diego Gas & Electric Company and Southern California Gas Company Triennial Cost Allocation Proceeding Application (TCAP), which states:

San Diego Gas & Electric Company and Southern California Gas Company (Applicants) shall work with the Backbone Transmission Service (BTS) customers to finalize the specifics of the proposed credit mechanism. No later than 180 days from the issuance of this decision, Applicants shall submit a Tier 3 Advice Letter requesting approval for the final credit mechanism that compensates Backbone Transmission Service customers for services they pay for but do not receive, for reasons beyond the control of the customer.

Background

D.20-02-045 addresses SoCalGas' and SDG&E's TCAP, which was filed on July 31, 2018 as Application (A.) 18-07-024. The decision adopts, among other things: 1)

demand forecasts for core and noncore customers; 2) embedded costs for transmission and storage functions; 3) Long Run Marginal Costs (LRMC) for customer costs using the Rental Method; 4) a modified version of a proposal developed by the Commission's Energy Division to allocate storage capacity based on the shifting inventory capacity of the Aliso Canyon Storage Facility; 5) several requests related to regulatory accounts and other administrative processes; 6) extension of the Second Daily Balancing Settlement through 2022; and 7) SoCalGas' proposal to implement Senate Bill (SB) 711. The TCAP was implemented in rates effective May 1, 2020.

In addition to the standard rate updates, the TCAP decision required SoCalGas and SDG&E to submit a Tier 3 AL requesting approval for a credit mechanism that compensates Backbone Transmission Service customers for services they pay for but do not receive, for reasons beyond the control of the customer. SoCalGas and SDG&E did not propose the credit mechanism in the TCAP proceeding, rather it was proposed by an intervening party. The discussion on this topic in D.20-02-045 provides as follows:

Indicated Shippers recommend the Commission direct Applicants to provide a credit to firm Backbone Transmission Service charges during periods when a customer's BTS nominations are cut as a result of pipeline or storage outages. Indicated Shippers explain that despite paying a reservation fee to secure Backbone Transmission Service rights, these rights are restricted because of operational constraints from the Aliso incident and pipeline reductions and outages. Indicated Shippers, supported by TURN, maintain that customers should not pay for services they are not receiving because of system inadequacies caused by SoCalGas' actions or inactions and should be able to recover the reservation fee. Hence, Indicated Shippers recommend the Commission direct Applicants to develop a credit mechanism to compensate customers for the limitation of services.

Applicants contend that Indicated Shippers provide insufficient information to evaluate the workability or merits of their proposal. In addition, Applicants assert that Backbone Transmission Service customers have the option to nominate their capacity on an alternate firm basis when their primary capacity rights are not available.

While we agree that the proposal put forth by Indicated Shippers is not complete, we find that such a credit mechanism should be developed. Accordingly, we direct Applicants to work with Backbone Transmission Service customers, including Indicated Shippers, to finalize the specifics of the proposed credit mechanism using the Indicated Shippers' proposal as a starting point. Applicants shall submit a Tier 3 Advice Letter no later than 180 days from the issuance of this decision, proposing a credit mechanism that compensates Backbone Transmission Service customers

for services they pay for, but do not receive, for reasons to be determined in the Advice Letter submission.¹

Customer Outreach

In compliance with OP 14, SoCalGas and SDG&E held several open meetings with customers, which were publicly noticed on the Electronic Bulletin Board, SoCalGas ENVOY®:

- SoCalGas provided a preliminary recommendation at its May 13, 2020 Customer Forum held in compliance with Rule No. 41
- SoCalGas held an initial BTS credit webinar on June 18, 2020
- SoCalGas posted a revised Draft BTS credit mechanism on July 1, 2020
- SoCalGas held a second BTS credit webinar on July 8, 2020
- SoCalGas held a third BTS credit webinar on August 5, 2020

At each webinar, SoCalGas and SDG&E provided a presentation with an updated credit mechanism proposal. Participants asked questions at the webinars and had an opportunity to provide written comments following the webinars. SoCalGas and SDG&E shared the comments received via a SoCalGas ENVOY® Critical Notice posting on August 6, 2020. The credit mechanism proposal included in this AL has been revised from the mechanism initially proposed by SoCalGas and SDG&E as a result of the feedback received from webinar participants.

Proposed Credit Mechanism

The proposed credit mechanism will apply to firm capacity under contract that is not available on a gas day due to scheduled or unscheduled pipeline maintenance or outages. A shipper's contract quantity at any affected receipt point will be prorated to determine the quantity subject to BTS credit for Cycle 5 of each applicable gas day. Maintenance prorations will be made and aggregated by contract at the receipt point, subzone, area zone, and transmission zone levels. Shippers will receive a BTS credit for the reduced capacity amount attributable to maintenance outage unless they can successfully schedule gas in excess of their prorated contract capacity. Shippers may nominate up to their full contracted capacity on a firm alternate basis. BTS credits will only be reduced to the extent that the Cycle 6 scheduled quantity for the contract exceeds the prorated contract capacity for the gas day.

Accounting Treatment

SoCalGas' Backbone Transmission Balancing Account (BTBA) consists of two subaccounts – the BTBA Subaccount and the IT Cost subaccount. The purpose of the BTBA Subaccount is to record the difference between the authorized BTS revenue

¹ D.20-02-045 at 65-66.

requirement and the actual BTS revenues from firm and interruptible access to SoCalGas' transmission system. The authorized BTS revenue requirement was established in D.20-02-045 and AL 5609 (TCAP Implementation). Actual revenues are those received from customers taking service under Schedule No. G-BTS.

Shippers assigned firm rights do not actually pay for those rights until they receive their monthly bill for each month following the month of flow. This is the same bill on which any BTS credits provided pursuant to the above-described mechanism would be applied. Accordingly, the mechanism is set up so that the shipper is never required to pay for any firm rights credited by this mechanism (i.e., the credit mechanism does not operate like a "refund" of actual payments). The credit mechanism as described is designed to make the shipper whole for firm BTS rights assigned for purchase but which are unable to be used for the reasons described. The shipper's procurement of firm BTS rights under its full allocation would have resulted in a credit to the BTBA. Therefore, the reduction of some or all of that purchase obligation through the provision of the BTS credit is appropriately recognized as a reduced credit to the BTBA. Accordingly, no changes are required to the accounting procedures in the BTBA.

For reference, SoCalGas prepared a "backcast" for 2018, 2019, 2020 (through July), and 2020 (extrapolated to full year based on seven month estimates) to estimate the dollar amount of credits that would have been applied under the proposed mechanism had it been in effect, and the illustrative level of impact to the BTS rate. Table 1 shows that in each period, the impact to the BTS rate is minimal, at approximately \$0.02/Dth to \$0.008/Dth.

Table 1

	Volume of Credit (Dth)	Value of Credit (\$000)	BTS Rev. Req. D.20-02-045 5/1/2020 (\$000)	BTS Rate Impact (\$/Dth)
2018	94,382,600	20,005	319,455	0.0215
2019	41,836,900	10,314	319,455	0.0106
2020 (7 months)	20,952,420	5,889	319,455	0.0056
2020 (extrapolated full year)	29,752,436	8,362	319,455	0.0084

Implementation Timeline

Programming SoCalGas ENVOY® and changes to the Noncore Billing system to implement the BTS credit mechanism will take approximately 10 months and will begin on the later of the CPUC approval date of this AL or January 2021. Accordingly, SoCalGas estimates the credit mechanism could be available as early as November 1, 2021, assuming timely approval of this AL. Programming and testing will cost an estimated \$1M, which will be included as a capital cost in SoCalGas' Test Year 2024 General Rate Case.

Tariff Modifications

SoCalGas submits illustrative modifications to its tariffs to implement this credit mechanism in Attachment A. SoCalGas requests authority to submit a Tier 1 AL before the implementation of the credit mechanism to place these tariffs into effect. SDG&E does not have tariff modifications to propose because Backbone Transportation Service is provided solely by SoCalGas for the integrated transmission system.

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 must be received within 20 days of the date of this AL, which is September 15, 2020. 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 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 e-mailed 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 and SDG&E believe that this submittal is subject to Energy Division disposition, and should be classified as Tier 3 (effective after submission) pursuant to General Order (GO) 96-B. Therefore, SoCalGas and SDG&E respectfully requests that this submittal be approved following Commission adoption of an approving resolution.

Notice

A copy of this AL is being sent to SoCalGas' and SDG&E's GO 96-B service list and the Commission's service list in A.18-07-024. 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.

/s/ Ronald van der Leeden
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. 5680, et al.

Illustrative Modifications to SoCalGas' Tariffs

Schedule No. G-BTS
BACKBONE TRANSPORTATION SERVICE

Sheet 17

(Continued)

SPECIAL CONDITIONS (Continued)

REMAINING FIRM BACKBONE TRANSPORTATION SERVICE CAPACITY (Continued)

4. The Utility may also post the availability of monthly Backbone Transportation Service capacity at a negotiated level below the G-BTS1 Reservation Rate or G-BTS2 Reservation Rate and will hold an open season for that capacity on its EBB. Participants may submit a bid for receipt point capacity at the negotiated rate. Should the Utility receive bids in excess of the posted receipt point access capacity at a particular Receipt Point or within a particular Transmission Zone, participant awards will be awarded such that the awarded receipt point access capacity does not exceed the available capacities. Awards will be allocated first to the highest price bids; among equal price bids awards will be allocated from the longest term to the shortest term. If necessary, awards will be prorated among like price and like term bids. Customers may signify that any of their specific receipt point bids is an all-or-nothing bid so that it will be rejected if any prorating is required.

INTERRUPTIBLE BACKBONE TRANSPORTATION SERVICE

1. The Utility will make available all unutilized firm Backbone Transportation Service capacity or operationally available capacity on an interruptible basis at the G-BTS4 rate and will schedule that capacity in accordance with Rule No. 30 for scheduling of interruptible capacity.
2. Customers taking interruptible service under the G-BTS4 rate will be required to execute at least one contract, which will provide service from all Receipt Points.
3. The Utility will contract with any creditworthy party for interruptible receipt point service under the G-BTS4 rate.
4. The Utility may also post daily interruptible volumetric charges at a level below the maximum G-BTS4 rate for all interruptible receipt point service or just for a particular Receipt Point. On any day in which the Utility posts a daily interruptible charge at a level below the maximum G-BTS4 rate, all interruptible service used by customers at the applicable particular Receipt Points during that day will be charged the reduced volumetric charge. No interruptible service shall be charged at a level below the maximum G-BTS4 rate without the rate first being posted.

BACKBONE TRANSPORTATION SERVICE CREDITS

1. BTS credits apply to firm capacity under contract that is not available on a gas day due to scheduled or unscheduled pipeline maintenance or outages.
2. A shipper's contract quantity at any affected Receipt Point will be prorated to determine the quantity subject to BTS credit for Intraday 3 (Cycle 5) of each applicable gas day.

N
↓
↓
↓
↓
↓
↓
↓
↓
↓
N

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5680, et al.
DECISION NO. 20-02-045

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED _____
EFFECTIVE _____
RESOLUTION NO. _____

Schedule No. G-BTS

Sheet 18

BACKBONE TRANSPORTATION SERVICE

(Continued)

SPECIAL CONDITIONS (Continued)

BACKBONE TRANSPORTATION SERVICE CREDITS (Continued)

- 3. Maintenance prorations will be made and aggregated by contract at the Receipt Point, Sub Zone, Area Zone, and Transmission Zone levels.
- 4. Shippers receive a BTS credit on their monthly invoice for the reduced capacity amount attributable to maintenance outage unless they can successfully schedule gas in excess of their prorated contract capacity.
- 5. Shippers may nominate up to their full contracted capacity on a firm alternate basis.
- 6. BTS credits will only be reduced to the extent that the Intraday 4 (Cycle 6) scheduled quantity for the contract exceeds the prorated contract capacity for the gas day.

N
↓
↓
↓
↓
↓
↓
↓
↓
↓
↓
↓
↓
↓
↓
↓
N

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5680, et al.
DECISION NO. 20-02-045

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED _____
EFFECTIVE _____
RESOLUTION NO. _____