

REVISED

STATE OF CALIFORNIA

GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 15, 2021

Advice Letter AL 5884-G, 5884-A, 5884-B

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

SUBJECT: Annual Regulatory Account Balance Update for Rates Effective January 1, 2022.

Dear Mr. van der Leeden:

Advice Letters 5884-G, 5884-A, 5884-B are effective as of January 1, 2022.

Sincerely,

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

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division



Joseph Mock
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.3718
Fax: 213.244.4957
JMock@socalgas.com

October 22, 2021

Advice No. 5884-A
(U 904 G)

Public Utilities Commission of the State of California

Subject: Partial Supplement - Annual Regulatory Account Balance Update for Rates Effective January 1, 2022

Southern California Gas Company (SoCalGas) hereby submits for approval with the California Public Utilities Commission (Commission or CPUC) revisions to its revenue requirement and rates effective January 1, 2022.

Purpose

Advice No. (AL) 5884, *Annual Regulatory Account Balance Update for Rates Effective January 1, 2022*, was submitted on October 15, 2021 to update SoCalGas' revenue requirement for projected year-end regulatory account balances.

This submittal, AL 5884-A, is a partial supplement and revises the table on page 7 of the advice letter and Attachment H, Table C, including a brief description of Table C, in AL 5884 to correct the inadvertent exclusion of the renewable natural Gas (RNG) incentive costs to be allocated from the greenhouse gas (GHG) allowance proceeds in compliance with Decision (D.) 20-12-031. Tables A, C, D, and E, including the revisions to Table C and the brief description of Table C, are shown on Attachment H in this submittal.

Background

AL 5884 was submitted to update SoCalGas' revenue requirement for projected year-end regulatory account balances as authorized in D.20-02-045, *Decision Addressing San Diego Gas & Electric Company and Southern California Gas Company' Triennial Cost Allocation Proceeding Application*. AL 5884 revises SoCalGas' rates to incorporate the projected 2021 year-end regulatory account balances in transportation rates effective January 1, 2022.

In compliance with D.11-04-032, AL 5884 also revises the Backbone Transportation Service (BTS) rate effective January 1, 2022.

Additionally, in compliance with D.16-10-004, AL 5884 revises SoCalGas' 2022 revenue requirement for Company-Use (CU) Fuel and Unaccounted For (UAF) Gas costs based on the updated Gas Price forecast as shown in Attachment C of AL 5884.

Furthermore, as required by D.15-10-032, Attachments H and I of AL 5884 include the requested tables detailing information on, among other things, the forecasted revenue requirement for Greenhouse Gas (GHG) costs and the GHG allowance proceeds for inclusion in rates effective January 1, 2022.

SoCalGas also includes in AL 5884 updates to the revenue requirement for the 2016 Pipeline Safety Enhancement Plan (PSEP) Reasonableness Review authorized in D.19-02-004, 2017 PSEP Forecasted Revenue Requirement authorized in D.19-03-025, and revenue requirement for the 2018 PSEP Reasonableness Review authorized in D.20-08-034.

SoCalGas will submit an advice letter consolidating all Commission-authorized changes in its revenue requirement and the related changes to its rates at least three days prior to the January 1, 2022 effective date of such rates.

GHG Revenue Requirement and Reporting Requirements

As required by D.15-10-032 and included in AL 5884, this submittal revises Attachment H, Table C and a brief description of Table C to include the RNG incentive costs in the GHG allowance proceeds. The Forecasted and Recorded data for 2020 and 2021 provided in the table is for reference. The GHG revenue requirements and revised net allowance proceeds available for return are summarized in the table below.

Description	<i>S millions</i>					
	2020		2021		2022	
	Forecast 1/	Recorded 1/	Forecast 2/	Recorded 3/	Forecast	Recorded
GHG Revenue Requirement	276.6	183.9	184.1	117.2	460.3	
GHG Allowance Proceeds:						
Allowance Proceeds	(188.2)	(168.7)	(166.2)	(95.7)	(335.1)	
Less: Outreach and Admin costs						
Add: SB1477 Compliance costs	24.6	36.9	24.6	12.3	24.6	
Add: RNG Incentive costs					9.9	
Net Allowance Proceeds	(163.6)	(131.8)	(141.6)	(83.4)	(300.6)	

Notes

1/ 2020 Forecast GHG Revenue Requirement and Allowance Proceeds from AL 5530. 2020 Recorded data updated with actual for entire year.

2/ 2021 Forecast Revenue Requirement from AL 5712-A.

3/ 2021 Recorded GHG Revenue Requirement and Allowance Proceeds includes actual data for January through August.

SoCalGas is requesting to include the 2022 GHG revenue requirement in rates effective January 1, 2022. In addition, SoCalGas is requesting to refund the 2022 Allowance Proceeds in April 2022.

Protests

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 November 11, 2021. 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

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). Due to the COVID-19 pandemic and the shelter at home orders, SoCalGas is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter via e-mail to the addresses shown below on the same date it is mailed or e-mailed to the Commission.

Attn: Ray Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@socalgas.com
E-mail: Tariffs@socalgas.com

Effective Date

SoCalGas believes that this submittal 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.20-02-045. Therefore, SoCalGas respectfully requests that this submittal be approved on November 21, 2021, which is 30 calendar days from the date submitted, for implementation and inclusion in rates effective January 1, 2022.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list and the Commission's service lists in A.17-10-008, TY 2019 GRC and A.18-07-024, 2020 Triennial Cost Allocation Proceeding. 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/ Joseph Mock
Joseph Mock
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 H
Advice No. 5884-A

Table A: Forecast Revenue Requirement

Table A: Write Up

Table C: GHG Allowance Proceeds

Table C: Write Up

Table D: GHG Outreach and Administrative Expenses

Table E: Compliance Obligation Over Time

ATTACHMENT H
Advice No. 5884-A

Table A: Forecast Revenue Requirement

Line	Description	2020		2021		2022	
		Forecast	Recorded	Forecast 1/	Recorded 2/	Forecast	Recorded
1	Gross Throughput (MMcf)	780,808		752,680		756,758	
2	Throughput to Covered Entities (MMcf)	(388,733)		(353,076)		(363,737)	
3	Net Throughput to End Users (MMcf) (Line 1 + Line 2)	392,076		399,604		393,021	
4	Lost and Unaccounted for Gas (MMcf)	6,606		7,053		7,091	
5	Total Supplied Gas (MMcf) (Line 3 + Line 4)	398,681		406,656		400,112	
6	Emissions Conversion Factor (MTCO ₂ e/MMcf)	54.64		54.64		54.64	
7	Compliance Obligation for End Users and LUAF (MTCO ₂ e) (Line 5 * Line 6)	21,785,687		22,221,479		21,863,875	
8	Compliance Obligation for Company Facilities (MTCO ₂ e)	110,000		90,000		90,000	
9	Gross Compliance Obligation (MTCO₂e) (Line 7 + Line 8)	21,895,687		22,311,479		21,953,875	
10	Directly Allocated Allowances	(19,822,267)		(19,030,307)		(18,238,349)	
11	Percentage Consigned to Auction	50%		55%		60%	
12	Consigned Allowances (Line 10 * Line 11)	9,911,133		10,466,669		10,943,009	
13	Net Compliance Obligation (MTCO₂e) (Line 9 + Line 10+ Line 12)	11,984,553		13,747,841		14,658,535	
14	Proxy GHG Allowance Price	\$ 18.16		\$ 17.91		\$ 29.26	
15a	Compliance Instrument Cost	\$ 217,615,521	\$ 183,987,535	\$ 246,196,341	\$ 117,235,154	\$ 428,938,043	
15b	Compliance Instrument Cost (2018 Amortization) 3/	\$ 105,158,106		\$ -		\$ -	
16	Interest		\$ (137,324)		\$ (52,411)		
17	Franchise Fees & Uncollectibles	\$ 5,606,725		\$ 4,208,480		\$ 7,077,478	
18	Revenue Requirement (Line 15 + Line 16 + Line 17)	\$ 328,380,352	\$ 183,850,211	\$ 250,404,821	\$ 117,182,743	\$ 436,015,521	
19	Previous Year's Cost Balancing Subaccount Balance w/ FFU	\$ (51,772,715)		\$ (66,326,884)		\$ 24,282,795	
20	Revenue Requirement to be Included in Rates (Line 18 + Line 19)	\$ 276,607,638	\$ 183,850,211	\$ 184,077,937	\$ 117,182,743	\$ 460,298,316	
21	Covered Entity Rate Impact (\$/therm)	\$ 0.00104		\$ (0.00032)		\$ 0.00158	
22	Non-Covered Entity Rate Impact (\$/therm)	\$ 0.03999		\$ 0.04497		\$ 0.11066	

Supporting Information:

FF&U %	1.737%	1.709%	1.650%
LUAF %	0.846%	0.937%	0.937%
System Throughput	9,417,004	9,142,019	9,142,019
Non-Covered Entity Throughput	4,103,500	4,128,641	4,087,740

Revenue Requirement to be Included in Rates w/FFU

End-User Revenue Requirement w/FFU	\$ 212,695,346	\$ 241,746,095	\$ 421,813,149
LUAF Revenue Requirement w/FFU	\$ 6,668,181	\$ 7,019,455	\$ 11,525,338
Company Facilities Revenue Requirement w/FFU	\$ 2,032,075	\$ 1,639,271	\$ 2,677,034
End-User Revenue Requirement w/FFU (2018 Amortization)	\$ 101,264,004	\$ -	\$ -
LUAF Revenue Requirement w/FFU (2018 Amortization)	\$ 3,710,380	\$ -	\$ -
Company Facilities Revenue Requirement w/FFU (2018 Amortization)	\$ 2,010,366	\$ -	\$ -
Total Revenue Requirement w/FFU	\$ 328,380,352	\$ 250,404,821	\$ 436,015,521

Cost Balancing Account Balances w/FFU

End-User w/ FFU	\$ (52,893,690)	\$ (54,741,918)	\$ 24,076,490
LUAF w/ FFU	\$ 2,200,938	\$ (9,398,484)	\$ 96,175
Company Facilities w/ FFU	\$ (1,079,962)	\$ (2,186,482)	\$ 110,131
Total Balancing Accounts w/FFU	\$ (51,772,715)	\$ (66,326,884)	\$ 24,282,795
Total GHG Costs in Rates w/ FFU	\$ 276,607,638	\$ 184,077,937	\$ 460,298,316

Revenue Requirement to be Included in Rates w/out FFU

End-User Revenue Requirement w/out FFU	\$ 209,063,812	\$ 237,683,140	\$ 414,966,206
LUAF Revenue Requirement w/out FFU	\$ 6,554,330	\$ 6,901,481	\$ 11,338,256
Company Facilities Revenue Requirement w/out FFU	\$ 1,997,380	\$ 1,611,720	\$ 2,633,580
End-User Revenue Requirement w/o FFU (2018 Amortization)	\$ 99,535,035	\$ -	\$ -
LUAF Revenue Requirement w/o FFU (2018 Amortization)	\$ 3,647,030	\$ -	\$ -
Company Facilities Revenue Requirement w/o FFU (2018 Amortization)	\$ 1,976,041	\$ -	\$ -
Total Revenue Requirement w/out FFU	\$ 322,773,627	\$ 246,196,341	\$ 428,938,043

Cost Balancing Account Balances w/o FFU

End-User w/o FFU	\$ (51,990,590)	\$ (53,821,886)	\$ 23,685,676
LUAF w/o FFU	\$ 2,163,359	\$ (9,240,526)	\$ 94,614
Company Facilities w/o FFU	\$ (1,061,523)	\$ (2,149,734)	\$ 108,343
Total Balancing Accounts w/o FFU	\$ (50,888,754)	\$ (65,212,147)	\$ 23,888,633
Total GHG Costs in Rates w/out FFU	\$ 271,884,873	\$ 180,984,194	\$ 452,826,676

Note 1/ 2021 Forecasted Revenue Requirement from AL 5712-A.

Note 2/ 2021 Recorded Compliance Instrument Costs include actual expenses for January through August.

Note 3/ Pursuant to D.18-03-017 and Advice No. 5426, 2018 revenue requirement was amortized over 18-month period, from April 1, 2019 to September 30, 2020. Therefore, the amount is excluded from the Forecast 2022 Revenue Requirement.

Attachment H – Table A

SoCalGas Gross Compliance Obligation is calculated as the 2022 throughput forecast in the most recent California Gas Report less throughput associated with covered entities plus an estimate for Lost and Unaccounted-For (LUAF) gas and a forecast of emissions for SoCalGas' applicable covered Facilities. SoCalGas' directly allocated allowances are reduced by 60%, which is the minimum consigned percentage required for 2022 by the Cap-and-Trade Program regulations. The Proxy GHG Allowance price is the 5-day average of forward prices for September 29-30 and October 1, 4, and 5 on the Intercontinental Exchange (ICE) for a California Carbon Allowance (CCA) with December delivery in 2021.

The resulting 2022 Forecast Revenue Requirement is \$436.0 million (including FF&U). This is composed of \$421.8 million for end users, \$11.5 million for LUAF gas, and \$2.7 million for company facilities.

In addition, pursuant to Decision 18-03-017 and Advice No. 5426, the 2018 revenue requirement of \$107 million (including FF&U) was amortized over an 18-month period, from April 1, 2019 through September 30, 2020. Therefore, the amount is excluded from the Forecast 2022 Revenue Requirement.

SoCalGas also forecasts to amortize in 2022 rates a \$24.3 million GHGBA undercollected balance. As a result, the total impact is \$460.3 million (\$436.0 million + \$24.3 million).

ATTACHMENT H
Advice No. 5884-A

Table C: GHG Allowance Proceeds

Line	Description	2020		2021		2022	
		Forecast	Recorded	Forecast 1/	Recorded 2/	Forecast	Recorded
1	Proxy GHG Allowance Price (\$/MT)	\$ 18.16		\$ 17.91		\$ 29.26	
2	Directly Allocated Allowances	19,822,267		19,030,307		18,238,349	
3	Percentage Consigned to Auction	50%		55%		60%	
4	Consigned Allowances	9,911,133		10,466,669		10,943,009	
5	Allowance Proceeds	\$ (179,966,353)	\$ (168,885,706)	\$ (187,437,108)	\$ (95,770,013)	\$ (320,214,329)	
6	Previous Year's Revenue Balancing Subaccount Balance	\$ (8,282,334)		\$ 21,256,735		\$ (14,910,521)	
7	Interest		\$ 141,830		\$ 26,366		
8	Subtotal Allowance Proceeds (\$) (Line 5 + Line 6 + Line 7)	\$ (188,248,687)	\$ (168,743,876)	\$ (166,180,374)	\$ (95,743,647)	\$ (335,124,850)	
9	Outreach and Admin Expenses (\$) (from Table D)	\$ -	\$ -	\$ -	\$ -	\$ -	
9b	SB 1477 Compliance Costs 3/	\$ 24,630,000	\$ 36,945,000	\$ 24,630,000	\$ 12,315,000	\$ 24,630,000	
9c	RNG Incentive Costs 4/					\$ 9,852,000	
10	Net GHG Proceeds Available for Customer Returns (\$) (Line 8 + Line 9 + Line 9b + Line 9c)	\$ (163,618,687)	\$ (131,798,876)	\$ (141,550,374)	\$ (83,428,647)	\$ (300,642,850)	
11	Number of Residential Households	6,257,534		6,322,188		6,361,008	
12	Per Household California Climate Credit (\$) (Line 10 / Line 11)	\$ (26.15)		\$ (22.39)		\$ (47.26)	
Effects of Netting							
13	Net Revenue after Netting 2015-2017 Costs and Revenues						
14	Net GHG Proceeds Available for Customer Returns (\$) (Line 10 + Line 13)	\$ (163,618,687)		\$ (141,550,374)		\$ (300,642,850)	
15	Per Household California Climate Credit (\$) (Line 14 / Line 11)	\$ (26.15)		\$ (22.39)		\$ (47.26)	

Note 1/ 2021 Forecasted Allowance Proceeds from AL 5712-A.

Note 2/ 2021 Recorded Compliance Instrument Costs include actual expenses for January through August.

Note 3/ Per SB 1477, SoCalGas is required to allocate and fund \$24.63 million to pay for the BUILD program and TECH Initiative.

Note 4/ Per D.20-12-031, SoCalGas is authorized to allocate and fund \$19.704 million for RNG Incentive Costs. Total amount to be allocated in quarterly installments from March 1, 2022 and ending December 1, 2023.

Attachment H – Table C

The same Proxy GHG Allowance Price is used for the forecast of GHG Allowance Proceeds as for the Forecast Revenue Requirement discussed in Table A. Table C estimates the consigned allowances as 60% of SoCalGas' directly allocated allowances for 2022, consistent with Table A. As a result, SoCalGas calculates Allowance Proceeds of \$320.2 million. There are no forecasted 2022 Outreach and Administrative Expenses per Table D. However, SoCalGas forecasts an overcollected balance in the Consignment Revenues subaccount of the GHGBA totaling \$14.9 million. Additionally, SoCalGas deducts their proportional share of annual allowance proceeds for (1) the first \$50 million (\$24.630 million) for the Building Initiative for Low-Emissions Development (BUILD) and Technology and Equipment for Clean Heating (TECH) programs and (2) \$40 million (SoCalGas share is \$19.704 million allocated over the two-year period for 2022 and 2023, or \$9.852 million per year) for RNG Incentive Costs, from their calculations of the 2022 Climate Credit. So in total, SoCalGas forecasts 2022 GHG Allowance Proceeds of \$300.6 million. When distributed to 6.4 million residential households, SoCalGas' 2022 California Climate Credit will be \$47.26.

ATTACHMENT H
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Table D: GHG Outreach and Administrative Expenses

Line	Description	2020		2021		2022	
		Forecast	Recorded	Forecast	Recorded 1/	Forecast	Recorded
1	Outreach Expenses						
2	Detail of Outreach Activity (\$)	\$ -	\$ -	\$ -		\$ -	
3	Subtotal Outreach (\$)	\$ -	\$ -	\$ -		\$ -	
4	Administrative Expenses						
5	Acquisition (\$)	\$ -	\$ -	\$ -		\$ -	
6	Billing (\$)	\$ -	\$ -	\$ -		\$ -	
7	Program Management (\$)	\$ -	\$ -	\$ -		\$ -	
8	Subtotal Administrative (\$)	\$ -	\$ -	\$ -		\$ -	
9	Subtotal Outreach and Administrative (\$)	\$ -	\$ -	\$ -		\$ -	
10	Interest (\$)		\$ -				
11	Total (\$)	\$ -	\$ -	\$ -		\$ -	

Notes:

Note 1/ Recorded costs for 2021 represent actual expenses from January through August 2021.

ATTACHMENT H
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Table E: Compliance Obligation Over Time

	2016	2017	2018	2019	2020	2021
Natural Gas Fuel Supplier Compliance Obligation (MTCO₂e)	20,563,991	20,697,845	20,661,693	22,217,101	20,774,662	N/A
Company Facility Compliance Obligation (MTCO₂e)	86,710	114,690	74,824	77,450	81,362	N/A