

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



Southern California Gas Company
GAS (Corp ID 904)
Status of Advice Letter 5965G
As of May 27, 2022

Subject: Establishment of the Biomethane Procurement and Pilot Costs Balancing Account (BPPCBA) in Compliance with Decision (D.) 22-02-025

Division Assigned: Energy

Date Filed: 04-11-2022

Date to Calendar: 04-13-2022

Authorizing Documents: D2202025

Disposition:	Accepted
Effective Date:	05-11-2022

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Gary Lenart

(213) 244-2424

GLenart@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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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



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

April 11, 2022

Advice No. 5965
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Establishment of the Biomethane Procurement and Pilot Costs
Balancing Account (BPPCBA) in Compliance with Decision (D.) 22-
02-025**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission or CPUC) revisions to its Preliminary Statement Part V, Balancing Accounts, applicable throughout its service territory, as shown on Attachment A.

Purpose

This submittal establishes the BPPCBA in compliance with Ordering Paragraph (OP) 54 of D.22-02-025, *Decision Implementing Senate Bill 1440 Biomethane Procurement Program*, which provides:

Southern California Gas Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southwest Gas Corporation shall each file a Tier 2 advice letter within 45 days of the effective date of this decision to establish a new balancing account with subaccounts to record above-market commodity biomethane costs and program administrative costs to support biomethane procurement and pilots. The recovery of the balancing account costs shall be done through their respective Annual Gas True-Up filings.¹

Background

On February 25, 2022, the Commission issued D.22-02-025, which implements Senate Bill (SB) 1440 by setting biomethane (renewable natural gas (RNG) and/or bio-synthetic

¹ D.22-02-025, OP 54.

natural gas (bio-SNG) procurement targets for the gas utilities' core customers to reduce short-lived climate pollutant emissions and adopts provisions to achieve additional co-benefits and timetables for each investor-owned utility providing gas service in California, while also setting forth requirements for the development of pilot projects that can convert woody biomass into bio-SNG in future application submissions. This decision directs, among other items, SoCalGas, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southwest Gas Corporation each to establish a new balancing account with subaccounts to record above-market commodity biomethane costs and program administrative costs to support biomethane procurement and pilots.²

Establishment of the BPPCBA

Pursuant to OP 54 of D.22-02-025, SoCalGas establishes the BPPCBA. The BPPCBA shall consist of two subaccounts, to record (1) above-market commodity biomethane costs, and (2) program administrative costs necessary to support both general biomethane procurement and the specific pilot projects authorized within D.22-02-025.³

- Biomethane Commodity Cost Subaccount – The purpose of Biomethane Commodity Cost Subaccount is to record 1) the above-market Biomethane commodity cost and 2) the corresponding revenues from the sale of the biomethane commodity gas. The above-market Biomethane commodity cost is defined as the difference in the cost of Biomethane purchases (including the cost of any renewable attributes or credits that are bundled with the purchased Biomethane supply) and the monthly weighted average cost of traditional natural gas purchases.
- Program Administrative Cost Subaccount – The purpose of the Program Administrative Cost Subaccount is to record program administrative costs to support both the biomethane procurement program and the biomass gasification pilot projects.

SoCalGas will amortize the balance in the BPPCBA in customers' gas transportation rates in connection with its annual regulatory account balance update advice letter submittal. The Biomethane Commodity Cost Subaccount will be recovered from bundled core customers using the Equal Cents Per Therm (ECPT) allocation methodology.⁴ The Program Administrative Costs Subaccount will be recovered from all customers using the Equal Percent of Authorized Margin (EPAM) allocation methodology, which is consistent with the allocation of balances in several accounts, such as the Dairy Biomethane Project Balancing Account pursuant to D.17-12-004.

² *Id.*

³ *Id.*, at 28.

⁴ See *Id.*, the CPUC will establish a separate new ratesetting proceeding to address the topic of noncore cost sharing of biomethane procurement costs.

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 submitted electronically and must be received within 20 days after the date of this advice letter, which is May 1, 2022. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this advice letter should also be sent electronically to the attention of:

Attn: Gary Lenart
Regulatory Tariff Manager
E-mail: GLenart@socalgas.com
E-mail: Tariffs@socalgas.com

Effective Date

SoCalGas believes this advice letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to OP 54 of D.22-02-025. SoCalGas respectfully requests that this submittal be approved on May 11, 2022, which is 30 calendar days after the date submitted.

Notice

A copy of this advice letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.13-02-008. 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: 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. 5965

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 59747-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, DESCRIPTION AND LISTING OF BALANCING ACCOUNTS, Sheet 2	Revised 59667-G
Original 59748-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, BIOMETHANE PROCUREMENT AND PILOT COSTS BALANCING ACCOUNT (BPPCBA), Sheet 1	
Original 59749-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, BIOMETHANE PROCUREMENT AND PILOT COSTS BALANCING ACCOUNT (BPPCBA), Sheet 2	
Revised 59750-G Revised 59751-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 59746-G Revised 59671-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
DESCRIPTION AND LISTING OF BALANCING ACCOUNTS

Sheet 2

(Continued)

B. LISTING OF BALANCING ACCOUNTS (Continued)

Distributed Energy Resources Services Balancing Account (DERSBA)
Storage Integrity Management Program Balancing Account (SIMPBA)
Natural Gas Leak Abatement Program Balancing Account (NGLAPBA)
Statewide Energy Efficiency Balancing Account (SWEEBA)
Dairy Biomethane Project Memorandum Account (DBPBA)
San Joaquin Valley Disadvantaged Communities Balancing Account (SJVDACBA)
Safety Enhancement Expense Balancing Account – Phase 2 (SEEBA-P2)
Safety Enhancement Capital Cost Balancing Account – Phase 2 (SECCBA-P2)
Liability Insurance Premium Balancing Account (LIPBA)
Residential Uncollectible Balancing Account (RUBA)
Percentage of Income Payment Plan Balancing Account (PIPPBA)
Renewable Natural Gas Tariff Balancing Account (RNGTBA)
Biomethane Procurement and Pilot Costs Balancing Account (BPPCBA)

N

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5965
DECISION NO. 22-02-025

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Apr 11, 2022
EFFECTIVE May 11, 2022
RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 1
BIOMETHANE PROCUREMENT AND PILOT COSTS BALANCING ACCOUNT (BPPCBA)

1. Purpose

The BPPCBA is an interest-bearing two-way balancing account recorded on SoCalGas' financial statements. Decision (D.) 22-02-025 authorizes the implementation of Senate Bill (SB) 1440 by establishing biomethane (i.e., renewable natural gas and/or bio-synthetic natural gas) procurement program targets to reduce short-lived climate pollution emissions. In addition, SoCalGas shall file an application no later than July 31, 2023 to propose woody biomass gasification pilot projects focused on methanation. The purpose of the pilot projects is to convert woody biomass into bio-synthetic natural gas (bio-SNG).

Ordering Paragraph (OP) 54 of D.22-02-025 authorizes SoCalGas to establish the BPPCBA which will consist of the following 2 subaccounts:

- Biomethane Commodity Cost Subaccount – The purpose of Biomethane Commodity Cost Subaccount is to record 1) the above-market Biomethane commodity cost and 2) the corresponding revenues from the sale of the biomethane commodity gas. The above-market Biomethane commodity cost is defined as the difference in the cost of Biomethane purchases (including the cost of any renewable attributes or credits that are bundled with the purchased Biomethane supply) and the monthly weighted average cost of traditional natural gas purchases.
- Program Administrative Cost Subaccount – The purpose of the Program Administrative Cost Subaccount is to record program administrative costs to support both the biomethane procurement program and the biomass gasification pilot projects.

2. Applicability

This account shall apply to all gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5965
DECISION NO. 22-02-025

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Apr 11, 2022
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS Sheet 2
BIOMETHANE PROCUREMENT AND PILOT COSTS BALANCING ACCOUNT (BPPCBA)

(Continued)

4. Accounting Procedures – Biomethane Commodity Cost Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a) A debit entry equal to the recorded above-market Biomethane commodity cost;
- b) An entry to amortize the Biomethane Commodity Cost Subaccount; and
- c) An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

5. Accounting Procedures – Program Administrative Costs Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a) A debit entry equal to the recorded program administrative costs for the biomethane procurement program and the biomass gasification pilot projects;
- b) An entry to amortize the Program Administrative Costs Subaccount; and
- c) An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

6. Disposition

SoCalGas will amortize the balance in the BPPCBA in customers' gas transportation rates in connection with its annual regulatory account balance update advice letter submittal. The Biomethane Commodity Cost Subaccount will be recovered from bundled core customers using the Equal Cents Per Therm (ECPT) allocation methodology. The Program Administrative Costs Subaccount will be recovered from all customers using the Equal Percent of Authorized Margin (EPAM) allocation methodology.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5965
DECISION NO. 22-02-025

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Apr 11, 2022
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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.

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(Continued)

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 ADVICE LETTER NO. 5965
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(Continued)

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 Residential Uncollectible Balancing Account (RUBA) 58881-G,58449-G
 Renewable Natural Gas Tariff Balancing Account (RNGTBA) 59668-G,59669-G
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(Continued)

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