

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



Southern California Gas Company
GAS (Corp ID 904)
Status of Advice Letter 5980G
As of June 7, 2022

Subject: Establishment of a New Subaccount in the Self-Generation Program Memorandum Account (SGPMA) and Modification to the Greenhouse Gas Balancing Account (GHGBA) Pursuant to Decision (D.) 22-04-036

Division Assigned: Energy

Date Filed: 05-11-2022

Date to Calendar: 05-18-2022

Authorizing Documents: D2204036

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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

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May 11, 2022

Advice No. 5980
(U 904 G)

Public Utilities Commission of the State of California

Subject: Establishment of a New Subaccount in the Self-Generation Program Memorandum Account (SGPMA) and Modification to the Greenhouse Gas Balancing Account (GHGBA) Pursuant to Decision (D.) 22-04-036

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

Purpose

Pursuant to D.22-04-036, Ordering Paragraphs (OP) 8 and 9, SoCalGas hereby submits this Tier 1 advice letter formalizing a new subaccount in the existing Self-Generation Incentive Program (SGIP) balancing account to collect and track the disposition of SoCalGas's respective share of the \$40 million in 2023 gas Cap-and-Trade Program allowance proceeds as those funds become available. SoCalGas also submits for approval modifications to its GHGBA to record the transfer of these funds from the GHGBA's Consignment Revenues subaccount to the SGPMA's Heat Pump Water Heater (HPWH) Fund subaccount.

Background

In D.19-09-027, the Commission adopted HPWHs as an eligible SGIP technology and approved \$4 million for the SGIP HPWHs for equity budget customers.¹ Subsequently, D.20-01-021 established a budget allocation for general market HPWHs of

¹ D.19-09-027.

approximately \$40.7 million, which increased the total SGIP funds allocated to HPWHs to approximately \$44.7 million.²

On April 7, 2022, the Commission allocated an additional \$40 million of 2023 Cap-and-Trade Program allowance auction proceeds to HPWHs. In addition, the Commission directed SoCalGas to establish a new subaccount to track and collect Cap-and-Trade Program allowance auction proceeds, including any interest this memorandum account accrues.³

Discussion

Per D.22-04-036, OP 9, SoCalGas shall, within 30 days of the issuance of that decision, submit a Tier 1 advice letter formalizing a new subaccount in their existing SGPMA account to collect and track the disposition of their share of the \$40 million in 2023 gas Cap-and-Trade allowance auction proceeds and any interest. SoCalGas's share of these funds amounts to \$20,032,000.⁴ This amount is to be paid to Southern California Edison Company (SCE) in four equal installments on or before March 1, 2023, June 1, 2023, September 1, 2023, and December 1, 2023.⁵ Upon receipt of SoCalGas's quarterly installments, SCE (contract holder of vendor) will be responsible for coordinating the transfer of these funds to the SGIP HPWH Program Administrator/Program Implementor (PA/PI).⁶

In addition, pursuant to D.22-04-036, OP 5 (j)(i) and (ii), and OP 10, should SCE have unused SGIP funds in its balancing account as of March 1, 2026, SCE will remit to SoCalGas its share of the unused SGIP funds related to (1) SoCalGas's share of the \$44.7 million HPWH program funds authorized in D.19-09-027 and D.20-01-021 to be refunded to ratepayers, and (2) SoCalGas's share of any unallocated funds originating from 2023 Cap-and-Trade allowance proceeds as authorized in D.22-04-036 for returning to ratepayers as part of the 2026 or 2027 California Climate Credit.⁷

SoCalGas hereby confirms the establishment of the HPWH Fund Subaccount within the SGPMA to track and collect SoCalGas's share of the 2023 Cap-and-Trade Program allowance proceeds to be reserved for SGIP, and submits for approval, modifications to the Preliminary Statement, Part V, Balancing Accounts, for the GHGBA and Preliminary Statement, Part VI, Memorandum Accounts, for the SGPMA, as shown on Attachment A.

² D.20-01-021.

³ D.22-04-036.

⁴ *Id.* at OP 8.

⁵ *Id.* at OP 10.

⁶ *Id.* at 3.

⁷ *Id.* at OP 10.

Budget Allocations

D.22-04-036 also directs SoCalGas, Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E) to, no later than 60 days after the effective date of the advice letter that establishes SCE's SGIP HPWH PA/PI balancing account (or subaccount), provide to SCE its share of the \$44,670,000.⁸

However, D.22-04-036 mistakenly provides the allocation amounts attributed to each IOU. Specifically, for SoCalGas, \$3,660,000 is directed to be allocated to the General Market HPWH Budget. However, D.20-02-039 provided the authorized 2020-2024 incentive collection for SoCalGas of \$74,400,000, \$3,720,000 (5%) of which is allocated to the General Market HPWH Budget.⁹ Thus, SoCalGas's total share which it will provide to SCE no later than 60 days after the effective date of the advice letter that establishes SCE's SGIP HPWH PA/PI balancing account (or subaccount) is \$4,080,000 (\$360,000 for the Equity HPWH Budget plus \$3,720,000 for the General Market HPWH Budget).

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 submitted electronically and must be received within 20 days after the date of this advice letter, which is May 31, 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

This submittal is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B and OP 8 of D.22-04-036. Therefore, SoCalGas respectfully requests that this submittal be approved and made effective May 11, 2022, the date submitted.

⁸ *Id.* at OP 6.

⁹ D.20-02-039 at 2.

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.20-05-012. 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. 5980

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 59832-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 2	Revised 59630-G
Revised 59833-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 3	Revised 59631-G
Revised 59834-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, GREENHOUSE GAS BALANCING ACCOUNT (GHGBA), Sheet 4	Revised 59632-G
Revised 59835-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, SELF- GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA), Sheet 1	Revised 57365-G
Revised 59836-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, SELF- GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA), Sheet 2	Original 57366-G
Original 59837-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, SELF- GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA), Sheet 3	
Revised 59838-G	TABLE OF CONTENTS	Revised 59811-G
Revised 59839-G	TABLE OF CONTENTS	Revised 59671-G
Revised 59840-G	TABLE OF CONTENTS	Revised 58992-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 2

(Continued)

1. Purpose (Continued)

Pursuant to OP 43 of D.22-02-025, effective February 24, 2022, SoCalGas shall file an application no later than July 1, 2023 proposing at least one woody biomass gasification project focused on conversion of woody biomass to methane. Consistent with OP 46 of D.22-02-025, SoCalGas modifies its GHGBA to establish the Biomass Project Fund Subaccount to record the Cap-and-Trade allowance proceeds that are set aside for its 49.26% share of the \$40 million, or \$19,704,000, to fund costs associated with this project. Funding will be recorded in quarterly installments no later than March 1, June 1, September 1, and December 1 of 2022. The first quarterly set aside may be delayed from March 1 to no later than June 1 to provide adequate time for the filing and approval of the newly created GHGBA subaccount. Lastly, OP 48 of D.22-02-025 states that any unspent Cap-and-Trade allowance proceeds shall be returned to ratepayers in the California Climate Credit by December 31, 2032 pursuant to Cap-and-Trade Regulation Section 95893 (d)(8).

Pursuant to OP 8 and OP 10 of D.22-04-036, SoCalGas modifies its Consignment Revenue Subaccount of its GHGBA to record the transfer of the 2023 Cap-and-Trade allowance proceeds to the Heat Pump Water Heater (HPWH) Fund Subaccount of the Self-Generation Program Memorandum Account (SGPMA) that are set aside for its share of the additional \$40 million, or \$20,032,000, made available to augment the Self-Generation Incentive Program's (SGIP) HPWH program. Funding will be recorded in four quarterly installments on or before March 1, June 1, September 1, and December 1 of 2023.

The GHGBA shall consist of five subaccounts:

- 1) End Users GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' natural gas deliveries to end users;
- 2) Company Facilities GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' covered facilities;
- 3) LUAF GHG Compliance Cost Subaccount records costs and corresponding revenues associated with emission allowances and/or offsets purchases for SoCalGas' LUAF gas; and
- 4) Consignment Revenues Subaccount records revenues received from consignment of natural gas supplier allowances for auction.
- 5) Biomass Project Fund Subaccount records the Cap-and-Trade allowance proceeds that are set aside for SoCalGas' 49.26% share of the \$40 million, or \$19,704,000 to fund costs associated with woody biomass gasification project(s).

2. Applicability

The GHGBA shall apply to gas customers except for those specifically excluded by the Commission.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5980
 DECISION NO. 22-04-036

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 11, 2022
 EFFECTIVE May 11, 2022
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 3

(Continued)

3. Rates

See Disposition Section.

4. End Users GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with SoCalGas' natural gas deliveries to end users to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for natural gas deliveries to end users;
- c) An entry to amortize the prior year's balance; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Company Facilities GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with SoCalGas' covered facilities to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs for SoCalGas' covered facilities;
- c) An entry to amortize the prior year's balance; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

6. LUAF GHG Compliance Cost Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A debit entry to record an allocation of the cost of Cap-and-Trade allowances and/or offsets purchases based on GHG emissions associated with LUAF gas to comply with the Cap-and-Trade Program requirements;
- b) A credit entry equal to actual GHG revenues billed to customers for recovery of Cap-and-Trade Program compliance costs associated with LUAF;
- c) An entry to amortize the prior year's balance; and
- d) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5980
 DECISION NO. 22-04-036

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 11, 2022
 EFFECTIVE May 11, 2022
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PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
GREENHOUSE GAS BALANCING ACCOUNT (GHGBA)

Sheet 4

(Continued)

7. Consignment Revenues Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) A credit entry equal to the revenues received from the consignment of natural gas supplier allowances for auction under the Cap-and-Trade Program;
- b) A debit entry equal to the quarterly transfer of Cap-and-Trade allowance proceeds that are set aside for SoCalGas' share of funding being made available for these projects to the:
 - i. Cap-and-Trade Funded Monetary Incentive Program Subaccount of the BCIPBA;
 - ii. Biomass Project Fund Subaccount within GHGBA; and
 - iii. HPWH Fund Subaccount of the SGPMA
- c) A credit entry equal to the transfer back of any remaining, unused Cap-and-Trade allowance proceeds from the:
 - i. Cap-and-Trade Funded Monetary Incentive Program Subaccount of the BCIPBA;
 - ii. Biomass Project Fund Subaccount within GHGBA; and
 - iii. HPWH Fund Subaccount of the SGPMA
- d) A debit entry equal to the quarterly transfer of Cap-and-Trade allowance proceeds to the Biomass Project Fund Subaccount that are set aside for SoCalGas' share of the \$40 million as approved in D.22-02-025;
- e) A credit entry equal to the transfer back from the Biomass Project Fund Subaccount for any remaining Cap-and-Trade allowance proceeds unused as of December 31, 2032;
- f) A debit entry equal to the portion of GHG revenues returned to customers;
- g) An annual debit entry to transfer allowance proceeds to the GHG Memorandum Account, as authorized by the Commission;
- h) An entry to transfer funding for the TECH and BUILD pilot programs to SCE (including a return from SCE of any unspent funds remaining at the end of the programs); and
- i) An entry equal to interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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8. Biomass Project Fund Subaccount - Accounting Procedures

SoCalGas maintains this subaccount by making monthly entries, net of applicable FF&U, as follows:

- a) a credit entry equal to the quarterly transfer of the Cap-and-Trade allowance proceeds from the Consignment Revenues Subaccount that are set aside for SoCalGas' share of the \$40 million as approved in D.22-02-025;
- b) a debit entry to the transfer back to the Consignment Revenues Subaccount for any remaining Cap-and-Trade allowance proceeds unused as of December 31, 2032; and
- c) an entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5980
 DECISION NO. 22-04-036

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 11, 2022
 EFFECTIVE May 11, 2022
 RESOLUTION NO. _____

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

Sheet 1

1. Purpose

The SGPMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of the SGPMA is to record the incremental costs associated with SoCalGas' Self-Generation Incentive Program (SGIP) as outlined in Commission Decision (D.) 02-02-026, dated February 7, 2002; D.01-09-012, dated September 6, 2001, D.01-07-028, dated July 12, 2001, D.01-03-073, dated March 27, 2001, and the California Solar Initiative (CSI) adopted in D.05-12-044 and D.06-01-024, dated December 15, 2005 and January 12, 2006, respectively, D.20-01-021 dated January 16, 2021, and D.22-04-036 dated April 7, 2022. Self-generation, as defined in D.01-03-073, refers to distributed generation technologies, such as microturbines, small gas turbines, wind turbines, photovoltaics, fuel cells, internal combustion engines, and combined heat and power (or cogeneration). Self-generation units, with a 1.5 MW maximum system size limit, are installed on the customer's side of the utility meter and provide electricity for all or a portion of that customer's electric load.

A separate accounting of costs and benefits, by customer class, will be accomplished.

The total authorized program cost for SoCalGas is \$17 million annually over a four-year period beginning on March 27, 2001, and extending through December 31, 2004 as specified in Ordering Paragraph 1 of D. 01-03-073. Any unused funding can be carried over from one year to the next up to a maximum limit of \$68 million for the four-year period. SoCalGas may request approval to borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year. The program was extended through December 31, 2007 in accordance with R.04-03-017. For 2006, an additional \$27 million is authorized for the CSI program. Since 2007, SGIP has been revised several times and most recently, SGIP was extended in its current R.20-05-012 authorizing program funding of \$16 million annually from 2020 to 2024 as specified in Ordering Paragraph 1 of D.20-01-021.

Ordering Paragraphs (OP) 8 and 9 of D.22-04-036 authorizes SoCalGas to establish a new subaccount. Effective May 11, 2022, SGPMA will consist of the following two subaccounts:

- SGIP Subaccount – The purpose of SGIP Subaccount is to continue to record incremental costs associated with SoCalGas' SGIP.
- Heat Pump Water Heater (HPWH) Fund Subaccount – The purpose of the HPWH Fund Subaccount is to track SoCalGas' share and disposition of the \$40 million of the 2023 Cap-and-Trade allowance auction proceeds, or \$20,032,000, to be used to augment the SGIP HPWH program.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5980
 DECISION NO. 22-04-036

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 11, 2022
 EFFECTIVE May 11, 2022
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

Sheet 2

(Continued)

Pursuant to OP 10 of D.22-04-036, SoCalGas will transfer its share from the Consignment Revenue Subaccount of its Greenhouse Gas Balancing Account (GHGBA) to its SGPMA's HPWH Fund Subaccount. These funds will be paid directly to Southern California Edison Company (SCE) on a quarterly basis in four equal installments. The quarterly remittances will be made on or before March 1, June 1, September 1, and December 1 of 2023. Should SCE have any unused funds as of March 1, 2026, SCE will remit to SoCalGas its share of these unused funds which SoCalGas will return to ratepayers as part of its 2026 or 2027 California Climate Credit.

In addition, pursuant to OP 6 and OP 5(f.) and 5(j.), within 60 days after the effective date of the advice letter that establishes SCE's HPWH program balancing account (or subaccount), SoCalGas will remit to SCE its share of the authorized \$44.7 million HPWH program budget and record the cost in its SGIP Subaccount. Should SCE have any unused funds as of March 1, 2026, SCE will remit to SoCalGas its share of these unused funds which SoCalGas will record in its SGIP Subaccount to be returned to ratepayers.

1. Applicability

The SGPMA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission. The SGPMA balance and current year's revenue requirement will be included in transportation rates annually.

2. Rates

See Disposition Section.

3. Accounting Procedures – SGIP 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 incremental O&M costs incurred by SoCalGas associated with this program, such as the costs of marketing, contract administration, regulatory reporting, program evaluation, and customer's incentives.
- b. A debit entry equal to the incremental capital costs incurred by SoCalGas associated with this program, such as depreciation, return on investment and related taxes.
- c. A credit entry related to one-twelfth of the authorized CSI revenue requirement (for 2006 only).
- d. A credit entry related to one-twelfth of the authorized SGIP revenue requirement.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5980
 DECISION NO. 22-04-036

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 11, 2022
 EFFECTIVE May 11, 2022
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

Sheet 3

(Continued)

4. Accounting Procedures – SGIP Subaccount (Continued)

- e. A credit entry equal to the revenues from amortization rates as authorized by the Commission.
- f. A debit entry equal to the payment remitted to SCE for SoCalGas' share of the authorized HPWH program budget as addressed in D.22-04-036.
- g. A credit entry for SoCalGas' share of unused funds associated with the authorized HPWH program budget remitted from SCE.
- h. A debit entry equal to the interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Accounting Procedures – HPWH Fund Subaccount

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

- a. A credit entry on a quarterly basis to transfer from the GHGBA Consignment Revenues Subaccount an amount equal to one fourth of SoCalGas' share of the 2023 Cap-and-Trade allowance auction proceeds to augment the SGIP HPWH program budget;
- b. A debit entry on a quarterly basis equal to the payment remitted to SCE for one fourth of SoCalGas' share of the 2023 Cap-and-Trade allowance auction proceeds to augment the SGIP HPWH program budget;
- c. A credit entry equal to SoCalGas' share of any unused funds received from SCE associated with its share of the 2023 Cap-and-Trade allowance auction proceeds;
- d. A debit entry to transfer to the GHGBA Consignment Revenue Subaccount the unused funds from entry c); and
- e. 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

Pursuant to D.20-02-045, SoCalGas' 2020 Triennial Cost Allocation Proceeding, amounts in the SGIP Subaccount of the SGPMA shall be amortized into SoCalGas' transportation rates based on the modified method by which SoCalGas allocates costs for the SGIP by: a) dividing the SGIP cost by two and allocating half of the costs to the host customer class and half to the receiving customer class, and b) ensuring that wholesale customers are not responsible for SGIP costs. SoCalGas will submit an advice letter to amortize these costs in its October Regulatory Account Balance update submittal each year with rates effective the following January 1st. Recovery of the undepreciated portion of the capital costs shall be authorized in the utility's next cost of service proceeding. Pursuant to D.05-12-044, SoCalGas may recover its share of the incremental amount authorized for the SGIP in the utility's next rate change following the effective date of D.05-12-044, subject to review of program costs at any time.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5980
DECISION NO. 22-04-036

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

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

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