

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



**Southern California Gas Company**  
**GAS (Corp ID 904)**  
**Status of Advice Letter 6083G**  
**As of February 14, 2023**

Subject: Update to the Cost of Capital Mechanism (CCM) to Reflect Decision (D.) 22-12-031

Division Assigned: Energy

Date Filed: 01-13-2023

Date to Calendar: 01-25-2023

Authorizing Documents: D2212031

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>02-12-2023</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Gary Lenart

(213) 244-2424

[GLenart@socalgas.com](mailto: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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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](mailto: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](mailto:JMock@socalgas.com)

January 13, 2023

Advice No. 6083  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Update to the Cost of Capital Mechanism (CCM) to Reflect Decision (D.) 22-12-031**

Southern California Gas Company (SoCalGas) hereby submits for California Public Utilities Commission (Commission or CPUC) approval updates to its Preliminary Statement, Part XIV, CCM, applicable throughout its service territory, as shown on Attachment A.

### **Purpose**

This submittal complies with Ordering Paragraph (OP) 6 of D.22-12-031, approved on December 15, 2022, for the CCM to continue to be in effect through the 2023 Cost of Capital cycle.

### **Background**

On April 20, 2022, concurrent with the other major energy utilities in California<sup>1</sup>, SoCalGas filed its Test Year (TY) 2023 Cost of Capital Application (A.) 22-04-011. The Commission subsequently consolidated the utilities' applications into one proceeding, A.22-04-008 (consolidated). On December 15, 2022, the Commission approved D.22-12-031, adopting a TY 2023 Cost of Capital for each utility, including SoCalGas, to be effective January 1, 2023 through December 31, 2025. D.22-12-031 also ordered continuation of the existing CCM through the 2023 Cost of Capital cycle<sup>2</sup>. SoCalGas hereby submits this Advice Letter (AL) to make the necessary updates to its CCM preliminary statement in accordance with D.22-12-031.

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<sup>1</sup> Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company also filed respective TY 2023 Cost of Capital Applications with the Commission on April 20, 2022.

<sup>2</sup> D.22-12-031, OP 6, at 42-43.

## **Proposed Revisions**

SoCalGas' requested revisions are clerical in nature:

1. updating the references to the most recent TY 2023 Cost of Capital, and
2. updating the CCM benchmark rate to 4.074%, which is the October 2021 through September 2022 monthly average of the Moody's A-rated utility bond index<sup>3</sup> in accordance with SoCalGas's current credit rating.

SoCalGas proposes to update its Preliminary Statement, Part XIV, CCM, as shown on Attachment A.

## **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 February 2, 2023. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: [EDTariffUnit@cpuc.ca.gov](mailto: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](mailto:GLenart@socalgas.com)  
E-mail: [Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

## **Effective Date**

SoCalGas asserts this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this submittal become effective February 12, 2023, which is 30 calendar days after the date submitted.

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<sup>3</sup> See D.17-07-005, at 4, "The CCM is based on: . . . (2) an index based on the average 12-month October through September period of Moody's A utility bonds (for utilities rated better than BBB+ and lower than AA-) and Moody's Baa utility bonds (for BBB+ credit-rated utilities and lower)..."

**Notice**

A copy of this Advice Letter is being sent to SoCalGas' General Order (GO) 96-B service list and the Commission's service list in A.22-04-008 (cons). Address change requests to the GO 96-B service list should be directed via e-mail to [Tariffs@socalgas.com](mailto: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](mailto: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 proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss 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](mailto: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. 6083

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 60430-G	PRELIMINARY STATEMENT, PART XIV, COST OF CAPITAL MECHANISM (CCM), Sheet 1	Revised 57471-G
Revised 60431-G Revised 60432-G	TABLE OF CONTENTS, Sheet 1 TABLE OF CONTENTS	Revised 60429-G Revised 60361-G



PRELIMINARY STATEMENT  
PART XIV  
COST OF CAPITAL MECHANISM (CCM)

Sheet 1

A. OVERVIEW

Pursuant to Decision (D.) 22-12-031, the Cost of Capital Mechanism (CCM) if triggered, provides for an adjustment to SoCalGas' authorized cost of long-term debt based on actual costs and an update to SoCalGas' authorized Return on Common Equity (ROE) up or down by one-half of the change in the applicable 12-month average Moody's utility bond index.

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B. EFFECTIVE DATE/DURATION

The CCM was established for SoCalGas by the Commission in D.13-03-015, reaffirmed in D.22-12-031, and shall be effective until modified or terminated by further action of the Commission.

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C. DESCRIPTION OF MECHANISM

In the year of a Cost of Capital (COC) filing, the CCM is not in effect because the COC proceeding will set new rates for the following year. The CCM applies in the years when SoCalGas does not file a COC application.

The CCM is triggered when the October through September 12-month average of the monthly averages of the applicable Moody's utility bond index is more than 100 basis points (1.00 percent) higher or lower than the benchmark. The index applicable to each utility is based on each utility's credit rating.

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Pursuant to D.13-03-015, Ordering Paragraph 7, applied in D.22-12-031 SoCalGas shall use Moody's long-term utility bond index in determining whether the CCM's 100-basis point dead band is triggered, based upon SoCalGas' credit rating. The currently established CCM benchmark rate is 4.074%, which is the average of the October 2021 through September 2022 monthly averages of the Moody's A-rated utility bond index.

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(Continued)

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 6083  
DECISION NO. 22-12-031

ISSUED BY

**Dan Skopec**  
Sr Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Jan 13, 2023  
EFFECTIVE Feb 12, 2023

RESOLUTION NO. \_\_\_\_\_

TABLE OF CONTENTS

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.

GENERAL

Cal. P.U.C. Sheet No.

Title Page .....	40864-G
Table of Contents--General and Preliminary Statement ...	60431-G,59839-G,60315-G,60316-G,60361-G
Table of Contents--Service Area Maps and Descriptions .....	53356-G
Table of Contents--Rate Schedules .....	60394-G,60395-G,60399-G
Table of Contents--List of Cities and Communities Served .....	59887-G
Table of Contents--List of Contracts and Deviations .....	59887-G
Table of Contents--Rules .....	59852-G,59004-G,58727-G
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Part III Cost Allocation and Revenue Requirement .....	59407-G,57355-G,59408-G
Part IV Income Tax Component of Contributions and Advances .....	55717-G,24354-G
Part V Balancing Accounts	
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California Alternate Rates for Energy Account (CARE) .....	45882-G,45883-G
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Direct Assistance Program Balancing Account (DAPBA) .....	52583-G,52584-G
Integrated Transmission Balancing Account (ITBA) .....	57979-G,57641-G

(Continued)

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 6083  
 DECISION NO. 22-12-031

ISSUED BY  
**Dan Skopec**  
 Sr Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 SUBMITTED Jan 13, 2023  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

TABLE OF CONTENTS

(Continued)

PRELIMINARY STATEMENT (Continued)

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Native Gas Tracking Account (NGTA) .....	42598-G
Compression Services Tracking Account (CSTA) .....	49857-G
Biogas Conditioning/Upgrading Services Tracking Account (BCSTA) .....	49866-G
Aliso Canyon True-Up Tracking Account (ACTTA) .....	56859-G,56860-G
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Part XIII Native Gas Program Mechanism (NGPM) .....	42599-G, 42600-G, 42601-G, 42602-G 47166-G, 42604-G, 42605-G
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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 6083  
 DECISION NO. 22-12-031

ISSUED BY

**Dan Skopec**  
 Sr Vice President Regulatory Affairs

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