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April 3, 2020

Alice Stebbins  
Executive Director  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Subject: Request for Extension of Time to Comply with Ordering Paragraphs 10 and 23 of Triennial Cost Allocation Proceeding Decision 20-02-045 for Small Business Customers in Response to the COVID-19 Pandemic**

Dear Ms. Stebbins:

Pursuant to Rule 16.6 of the California Public Utilities Commission's (Commission's or CPUC's) Rules of Practice and Procedure, Southern California Gas Company (SoCalGas) requests an extension of time to comply with Ordering Paragraph (OP) 10 and OP 23 of Decision (D.) 20-02-045. Specifically, SoCalGas requests to defer the scheduled transportation rate increase for Schedule No. G-10, Core Commercial and Industrial Service, until the earlier of January 1, 2021, or separate direction from the Commission. Schedule No. G-10 is the rate schedule most commonly taken by small business customers in SoCalGas' service territory – customers likely to be more impacted by the governments' response to the COVID-19 pandemic. This request would not alter SoCalGas' planned rate decrease for all residential customers that would go into effect on May 1, 2020.

### **Background**

On February 27, 2020, the Commission adopted a final decision in SoCalGas' 2020 Triennial Cost Allocation Proceeding (TCAP), D.20-02-045. Among other things, D.20-02-045 adopted demand forecasts for core and noncore customers, embedded and Long Run Marginal Cost methodologies for use in allocating authorized costs across customer classes, 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, several requests related to regulatory accounts and other administrative processes, an extension of the Second Daily Balancing Settlement

through 2022, and a pathway to implement Senate Bill 711.<sup>1</sup> SoCalGas was ordered to submit a Tier 2 implementation Advice Letter (AL) no later than 30 days following the issuance of the decision,<sup>2</sup> with the transportation rates approved by the decision to be effective following approval of that AL.<sup>3</sup> In compliance with these orders, SoCalGas submitted AL 5609 on March 30, 2020, requesting the rates included therein to be effective on May 1, 2020.

### **Extension Request**

On March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency in California as a response to the outbreak of a novel coronavirus, COVID-19. The World Health Organization declared COVID-19 a global pandemic on March 11, 2020, and on March 13, President Donald Trump signed the Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease. Since that time, local, state and federal governments have imposed various strict social distancing measures. These measures include guidance to avoid large gatherings, school closures, and Governor Newsom's Stay at Home Executive Order, which remains in effect until further notice. While the federal government has recently extended its social distancing guidelines through April 30, 2020, it is unclear how long these measures, or Governor Newsom's Stay at Home Executive Order, will ultimately remain in effect. The situation has led to significant financial hardships being experienced throughout SoCalGas' service territory for both residents as well as many small businesses. To that end, the Governor has directed the Commission to monitor measures undertaken by public and private utility providers to implement customer service protections in response to COVID-19.<sup>4</sup>

As a recurring proceeding, the purpose of the TCAP is to update the allocation of previously approved costs to customer classes, as well as determine new demand forecasts, for use in setting transportation rates. The nature of a cost allocation proceeding means that when some customer classes experience rate decreases, other customer classes must experience rate increases, all else being equal. As shown in the following table of class average rate impacts resulting from D.20-02-045 which was included in AL 5609, while residential rates will be decreasing, non-residential rates will be increasing.

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<sup>1</sup> D.20-02-045, at 1.

<sup>2</sup> *Id.* at 107, OP 23.

<sup>3</sup> *Id.* at 104-105, OP 10.

<sup>4</sup> Executive Order N-28-20 (Mar. 16, 2020).

Attachment B  
Advice No. 5609  
 Natural Gas Transportation Rate Revenues  
Southern California Gas Company  
 TCAP Decision 05/01/2020

	Present Rates			Proposed Rates			Changes		
	Apr-1-20 Volumes Mth A	Average Rate \$/therm B	Apr-1-20 Revenues \$000's C	May-1-20 Volumes Mth D	Proposed Rate \$/therm E	May-1-20 Revenues \$000's F	Revenue Change \$000's G	Rate Change \$/therm H	% Rate change I
<b>CORE</b>									
Residential	2,435,160	\$1.03200	\$2,513,075	2,346,353	\$1.01536	\$2,382,399	(\$130,676)	(\$0.01663)	-1.6%
Commercial & Industrial	1,023,186	\$0.44870	\$459,101	992,706	\$0.53094	\$527,065	\$67,965	\$0.08224	18.3%
NGV - Pre SempraWide	157,095	\$0.25601	\$40,218	178,769	\$0.28106	\$50,244	\$10,026	\$0.02505	9.8%
SempraWide Adjustment	157,095	(\$0.00267)	(\$419)	178,769	\$0.00450	\$804	\$1,223	\$0.00717	-268.6%
NGV - Post SempraWide	157,095	\$0.25334	\$39,799	178,769	\$0.28555	\$51,048	\$11,250	\$0.03221	12.7%
Gas A/C	772	\$0.20903	\$161	416	\$0.21475	\$89	(\$72)	\$0.00571	2.7%
Gas Engine	20,699	\$0.22154	\$4,586	22,302	\$0.22482	\$5,014	\$428	\$0.00328	1.5%
<b>Total Core</b>	<b>3,636,911</b>	<b>\$0.82947</b>	<b>\$3,016,721</b>	<b>3,540,545</b>	<b>\$0.83762</b>	<b>\$2,965,616</b>	<b>(\$51,105)</b>	<b>\$0.00814</b>	<b>1.0%</b>
<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
Distribution Level Service	865,102	\$0.14660	\$126,827	919,735	\$0.16284	\$149,773	\$22,946	\$0.01624	11.1%
Transmission Level Service (2)	660,238	\$0.03361	\$22,188	626,080	\$0.04280	\$26,793	\$4,605	\$0.00919	27.3%
<b>Total Noncore C&amp;I</b>	<b>1,525,339</b>	<b>\$0.09769</b>	<b>\$149,015</b>	<b>1,545,814</b>	<b>\$0.11422</b>	<b>\$176,567</b>	<b>\$27,552</b>	<b>\$0.01653</b>	<b>16.9%</b>
<b>NONCORE ELECTRIC GENERATION</b>									
Distribution Level Service	285,096	\$0.13770	\$39,256	331,442	\$0.14005	\$46,417	\$7,161	\$0.00235	1.7%
Pre Sempra Wide	285,096	(\$0.00794)	(\$2,263)	331,442	(\$0.00106)	(\$351)	\$1,912	\$0.00688	-86.6%
Sempra Wide Adjustment	285,096	\$0.12976	\$36,993	331,442	\$0.13899	\$46,066	\$9,073	\$0.00923	7.1%
Distribution Level Post Sempra Wide	2,392,699	\$0.02749	\$65,765	2,246,336	\$0.03723	\$83,623	\$17,858	\$0.00974	35.4%
Transmission Level Service (2)	2,677,795	\$0.03837	\$102,758	2,577,778	\$0.05031	\$129,689	\$26,931	\$0.01194	31.1%
<b>Total Electric Generation</b>	<b>4,203,134</b>	<b>\$0.05990</b>	<b>\$251,773</b>	<b>4,123,593</b>	<b>\$0.07427</b>	<b>\$306,256</b>	<b>\$54,483</b>	<b>\$0.01437</b>	<b>24.0%</b>
<b>TOTAL RETAIL NONCORE</b>	<b>4,203,134</b>	<b>\$0.05990</b>	<b>\$251,773</b>	<b>4,123,593</b>	<b>\$0.07427</b>	<b>\$306,256</b>	<b>\$54,483</b>	<b>\$0.01437</b>	<b>24.0%</b>
WHOLESALE & INTERNATIONAL (excluding SDG&E)	325,403	\$0.02641	\$8,594	359,267	\$0.03298	\$11,850	\$3,256	\$0.00657	24.9%
OTHER SERVICES (SDG&E, UBS, & BTS)	1,251,556		\$348,766	1,118,614		\$353,958	\$5,192		
<b>SYSTEM TOTAL w/BTS</b>	<b>9,417,004</b>	<b>\$0.38503</b>	<b>\$3,625,853</b>	<b>9,142,019</b>	<b>\$0.39791</b>	<b>\$3,637,679</b>	<b>\$11,826</b>	<b>\$0.01288</b>	<b>3.3%</b>
EOR Revenues	231,570	\$0.07997	\$18,518	208,941	\$0.10032	\$20,961	\$2,443	\$0.02035	25.5%
<b>Total Throughput w/EOR Mth/yr</b>	<b>9,648,574</b>			<b>9,350,960</b>					

1) These rates are for Natural Gas Transportation Service from "Citygate to Meter." The BTS rate is for service from Receipt Point to Citygate.  
 2) All rates include Franchise Fees & Uncollectible charges.

SoCalGas has responded to the COVID-19 pandemic by implementing its Disaster Relief Program, which provides residential and non-residential customer protections for up to one year following Governor Newsom's emergency declaration.<sup>5</sup> The aforementioned rate reduction for residential customers resulting from AL 5609 will help, and there are many other operational changes included in D.20-02-045 (including allocations of storage capacities to the core class), that should be timely implemented. However, SoCalGas is concerned about increasing rates on small businesses while many are closing and/or laying off employees.

To mitigate this concern of a potential marked rate increase for small business customers, SoCalGas requests an extension of time to comply with OPs 10 and 23 by freezing the transportation rates in Schedule No. G-10 at pre-TCAP levels until January 1, 2021, or until directed otherwise. If granted, SoCalGas requests that the Energy Division issue a non-standard disposition letter by April 29 approving AL 5609, but directing SoCalGas to maintain the currently effective transportation rates for Schedule No. G-10. Finally, SoCalGas would include the corrected tariff sheet for Schedule No. G-10 in its month-end commodity rate update on April 30.

<sup>5</sup> See SoCalGas Advice No. 5604, submitted on March 19, 2020 pursuant to D.19-07-015.

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Importantly, while SoCalGas would be charging a reduced rate to small business customers, there would not be a change in the underlying authorized allocation of costs. Assuming core commercial and industrial usage aligns with the demand forecast used to set rates, an undercollection would accrue to SoCalGas' fixed cost balancing accounts. This undercollection would be collected from all core customers in a future period. Further, SoCalGas recognizes that other rate classes will be experiencing rate increases as a result of AL 5609. SoCalGas' recommendation to only freeze the rate increase for Schedule No. G-10 recognizes the unique hardship faced by small businesses during this pandemic.

Thank you for your consideration.

Sincerely,

/s/ Ronald van der Leeden  
Ronald van der Leeden  
Director - Regulatory Affairs

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SoCalGas' GO 96-B Service List  
Service List in A.18-07-024