

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Southern  
California Gas Company (U 904 G) to  
Establish a Distributed Energy Resources  
Services Tariff

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)  
TO ESTABLISH A DISTRIBUTED ENERGY RESOURCES SERVICES TARIFF**

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**I.  
INTRODUCTION**

Pursuant to California Public Utilities Code (“P.U. Code”) Sections 399.11 *et seq.*, 454, 454.5 and 701, and the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Southern California Gas Company (“SoCalGas”) hereby submits this application (“Application”) to establish a tariff under which SoCalGas will be authorized to provide Distributed Energy Resources Services.

**II.  
DESCRIPTION OF DISTRIBUTED ENERGY RESOURCES SERVICES TARIFF**

SoCalGas requests California Public Utilities Commission (“CPUC” or “Commission”) approval of this Application to offer a fully elective, optional, and nondiscriminatory tariff service which would provide its customers the opportunity to employ Distributed Energy Resources Services. SoCalGas’ proposed Distributed Energy Resources Services Tariff helps to further expand the adoption and use of advanced energy systems including but not limited to combined heat and power (“CHP”), fuel cell, Waste Heat to Power (“WHP”), and mechanical drive technology applications thus providing greater opportunities for third party service provider participation. The tariff will help address issues commonly faced by potential tariff service customers, such as high upfront equipment costs, limited internal distributed energy resources energy management expertise, uncertain ongoing operation and maintenance (“O&M”)

expenses, and technology risk. SoCalGas developed the Distributed Energy Resources Services Tariff to meet the current and future needs of customers seeking to utilize advanced energy systems to meet their onsite energy needs.

For customers electing this tariff service, the language of which is provided in Appendix A, SoCalGas proposes to design, install, own, operate, and/or maintain advanced energy systems on or adjacent to the customer's premises pursuant to an agreement between SoCalGas and the customer. A standard form of service contract is attached in Appendix C. Customers electing service under the Distributed Energy Resources Services Tariff will be charged market-based pricing for the service. This service will be available to all customer classes.

The Distributed Energy Resources Services Tariff will be promoted on a competitively neutral basis through SoCalGas' website, the use of competitively neutral scripts, and customer certifications, the language of which is provided in Appendix D. Information on the SoCalGas website and other promotional materials will state that other providers may offer the same or similar services. SoCalGas will deliver periodic reports to provide the Commission with the information needed for ongoing oversight.

### **III. SUPPORTING TESTIMONY**

In support of the Application, SoCalGas attaches, and incorporates herein by reference, the testimony of the following witnesses:

- **Chapter 1 (Rodger Schwecke)** – This Chapter discusses the policy foundations for the proposed Distributed Energy Resources Services Tariff and describes how the proposed tariff is consistent with and supportive of state law and policy objectives.
- **Chapter 2 (Ron Goodman)** – This Chapter describes the proposed Distributed Energy Resources Services and how the services will be delivered to customers.
- **Chapter 3 (Johnny Huleis)** – This Chapter provides a description of the cost tracking procedures and regulatory treatment that will be put in place to ensure that

the costs of the Distributed Energy Resources Services are paid for by customers of the services.

**IV.  
STATUTORY AND PROCEDURAL REQUIREMENTS**

**A. Category, Need for Hearings, Issues, and Schedule - Rule 2(1)(c)**

**1. Category**

SoCalGas proposes that this proceeding be categorized as “ratesetting” within the meaning of Commission Rules 1.3(e) and 7.1.

**2. Need for Hearings**

SoCalGas believes that evidentiary hearings may be required.

**3. Issue to be Considered**

The issue to be considered in this proceeding is whether the Commission should approve SoCalGas’ proposed Distributed Energy Resources Services Tariff, which includes a request for authorization to create a standard pro-forma contract for Distributed Energy Resources Services.

**4. Proposed Schedule**

SoCalGas proposes the following schedule to achieve these goals:

<b><u>DATE</u></b>	<b><u>EVENT</u></b>
August 8, 2014	Application filing date
September 8, 2014	Protests Due
September 18, 2014	Replies to protests
October 2, 2014	Prehearing conference
November 3, 2014	Opening intervenor testimony
November 17, 2014	Concurrent rebuttal testimony
December 17, 2014	Evidentiary hearings (if needed)
January 16, 2015	Opening briefs
January 30, 2015	Reply briefs

March 30, 2015

CPUC issues Proposed Decision

April 30, 2015

CPUC issues Final Decision

**B. Authority - Rule 2.1**

This Application is filed in accordance with P.U. Code Sections 399.11 *et seq.*, 454, 454.5, 701, 1701, the Commission's Rules of Practice and Procedure and prior Commission decisions, orders and resolutions.

**C. Corporate Information and Correspondence - Rules 2.1(a) and 2.1(b)**

Applicant's legal name is Southern California Gas Company. SoCalGas is a public utility corporation organized and existing under the laws of the State of California, with its principal place of business and mailing address at 555 West Fifth Street, Los Angeles, California, 90013.

All correspondence and communications to SoCalGas regarding this Application should be addressed to:

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**D. Organization and Qualification to Transact Business – Rule 2.2**

A copy of SoCalGas' Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on

October 1, 1998 in connection with SoCalGas' Application No. 98-10-012, and is incorporated herein by reference.

**E. Balance Sheet and Income Statement – Rule 3.2(a)(1)**

Attachment A to this Application is SoCalGas' Balance Sheet as of March 31, 2014. Attachment B to this Application is SoCalGas' Income Statement for the 3-month period ended March 31, 2014.

**F. Rates - Rules 3.2(a)(2) and 3.2(a)(3)**

No rate changes for SoCalGas will result from this Application.

**G. Property and Equipment - Rule 3.2(a)(4)**

A general description of SoCalGas' property and equipment was previously filed with the Commission on October 5, 2001, in connection with SoCalGas' Application No. 01-10-005 and is incorporated herein by reference. A statement of the original cost and depreciation reserve attributable thereto as of March 31, 2014 is Attachment C to this Application.

**H. Summary of Earnings - Rules 3.2(a)(5) and (6)**

Attachment D to this Application is a SoCalGas Summary of Earnings for the three months ended March 31, 2014.

**I. Depreciation - Rule 3.2(a)(7)**

For financial statement purposes, depreciation of utility plant for SoCalGas has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SoCalGas generally computes depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, "flow through accounting" has been adopted for such properties. For tax property additions in years 1981 through 1986, SoCalGas has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SoCalGas has computed its tax



depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

**J. Proxy Statement - Rule 3.2(a)(8)**

A copy of SoCalGas' most recent proxy statement, dated April 24, 2014, as sent to all shareholders of SoCalGas' parent company, Sempra Energy, was mailed to the Commission on May 12, 2014, and is incorporated herein by reference.

**K. Pass Through of Costs - Rule 3.2(a)(10)**

The new tariff SoCalGas seeks in this Application is forecasted to be rate neutral because tariff customers, not ratepayers, are funding the services to be provided.

**L. Service and Notice - Rule 1.9**

SoCalGas is serving this Application on all parties to the Commission's A.11-11-011, A.12-04-024 and R.13-02-008 service lists.

**V.  
RELIEF REQUESTED**

SoCalGas respectfully requests that the Commission approve this Application in all respects including:

1. Approval of SoCalGas' Distributed Energy Resources Services Tariff, including pro-forma contracts.
2. Approval of SoCalGas' ratemaking proposal.
3. Granting any other relief as necessary and proper.

**VI.  
CONCLUSION**

WHEREFORE, SoCalGas respectfully requests that the Commission approve this Application in its entirety.

Dated this 8<sup>th</sup> day of August, 2014, in Los Angeles, California.

Respectfully submitted,

*/s/ Patrick T. Lee*

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**PATRICK T. LEE**

*Senior Vice President –Customer Service Innovation &  
Business Strategy*

**SOUTHERN CALIFORNIA GAS COMPANY**

*/s/ Steven D. Patrick*

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**VERIFICATION**

I am an officer of Southern California Gas Company and am authorized to make this verification on its behalf. The matters stated in the foregoing Application are true to my own knowledge, except as to matters that are stated therein on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 8<sup>th</sup> day of August 2014, in Los Angeles, California.

*/s/ Patrick T. Lee*

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**PATRICK T. LEE**

*Senior Vice President –Customer Service Innovation &  
Business Strategy*

**SOUTHERN CALIFORNIA GAS COMPANY**