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April 20, 2012

Advice No. 4359  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Establishment of the Pipeline Safety and Reliability Memorandum Account (PSRMA) Pursuant to Decision (D.) 12-04-021**

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its Preliminary Statement Part VI, Memorandum Accounts, applicable throughout its service territory, as shown on Attachment B.

**Purpose**

Pursuant to Ordering Paragraph (OP) 3 of Decision (D.) 12-04-021, this filing seeks approval to establish the PSRMA as discussed below.

**Background**

On April 19, 2012, in D.12-04-021, the Commission, among other things, adopted the transfer of the reasonableness and ratemaking review of the Natural Gas Pipeline Safety Enhancement Plan (PSEP) proposed by San Diego Gas & Electric Company and SoCalGas from Rulemaking (R.) 11-02-019, to their pending Triennial Cost Allocation Proceeding (TCAP) Application (A.) 11-11-002, and authorizes the establishment of a memorandum account for both companies as described below.

**PSRMA**

Pursuant to OP 3 of D.12-04-021, SoCalGas is establishing the PSRMA to record for later Commission ratemaking consideration the total, fully loaded and escalated costs of implementing its PSEP and costs associated with the review of records and implementation of interim safety measures, as described in Attachments A and B, respectively, filed in its January 13, 2012 comments supporting the transfer of the PSEP to the TCAP and providing further detail on its proposed memorandum account. Specifically, the PSRMA will record actual revenue requirements associated with the total costs incurred during the first 12 months of implementing its PSEP and the costs associated with document review in compliance with Commission Resolution L-410 and interim safety measures. The disposition of the PSRMA balance will be addressed in SoCalGas' 2013 TCAP or other future Commission proceeding. SoCalGas anticipates implementing its PSEP beginning June 1, 2012.

**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 made in writing and must be received within 20 days of the date of this Advice Letter which is May 10, 2012. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-mail: [snewsom@SempraUtilities.com](mailto:snewsom@SempraUtilities.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). This is consistent with OP 3 of D.12-04-021 and, therefore, SoCalGas respectfully requests that this filing be approved and made effective on May 20, 2012, which is 30 calendar days after the date filed.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in the service lists for R.11-02-019 and A.11-11-002.

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Rasha Prince  
Director, Regulatory Affairs

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904-G)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: snewsom@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric                      GAS = Gas  
PLC = Pipeline                     HEAT = Heat    WATER = Water

(Date Filed / Received Stamp by CPUC)

Advice Letter (AL) #: 4359

Subject of AL: Establishment of the Pipeline Safety and Reliability Memorandum Account (PSRMA)  
pursuant to D.12-04-021

Keywords (choose from CPUC listing): Memorandum Account

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision / Resolution #:  
D.12-04-021

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: \_\_\_\_\_

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 5/20/12

No. of tariff sheets: 5

Estimated system annual revenue effect (%): None

Estimated system average rate effect (%): None

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: Preliminary Statement Part VI and TOC General

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

**Protests and all other correspondence regarding this AL are due no later than 10 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Ave.  
San Francisco, CA 94102  
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company  
Attention: Sid Newsom  
555 West Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
snewsom@semprautilities.com

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4359**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 4359

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 48110-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS, Sheet 1	Revised 47557-G*
Original 48111-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (PSRMA), Sheet 1	
Revised 48112-G	TABLE OF CONTENTS	Revised 48109-G
Revised 48113-G	TABLE OF CONTENTS	Revised 47560-G
Revised 48114-G	TABLE OF CONTENTS	Revised 47813-G

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS  
DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS

Sheet 1

A. GENERAL

Memorandum accounts are special accounts authorized by the Commission for the purpose of tracking certain costs and revenues. Please refer to each individual memorandum account description for the specific accounting treatment applicable to each account.

B. LISTING OF MEMORANDUM ACCOUNTS

- PCB Expense Account (PCBEA)
- Research Development and Demonstration Expense Account (RDDEA)
- Curtailement Violation Penalty Account (CVPA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Catastrophic Event Memorandum Account (CEMA)
- Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
- Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
- Research Royalty Memorandum Account (RRMA)
- Intervenor Award Memorandum Account (IAMA)
- Z Factor Account (ZFA)
- Self-Generation Program Memorandum Account (SGPMA)
- FERC Settlement Proceeds Memorandum Account (FSPMA)
- Gain/Loss On Sale Memorandum Account (GLOSMA)
- Affiliate Transfer Fee Account (ATFA)
- Firm Access and Storage Rights Memorandum Account (FASRMA)
- System Reliability Memorandum Account (SRMA)
- Fire Hazard Prevention Memorandum Account (FHPMA)
- Disconnect Memorandum Account (DMA)
- California Solar Initiative Thermal Program Memorandum Account (CSITPMA)
- Honor Rancho Storage Memorandum Account (HRSMA)
- Wildfire Expense Memorandum Account (WEMA)
- Environmental Fee Memorandum Account (EFMA)
- Natural Gas Appliance Testing Memorandum Account (NGATMA)
- Energy Savings Assistance Programs Memorandum Account (ESAPMA)
- General Rate Case Memorandum Account (GRCMA)
- Pipeline Safety and Reliability Memorandum Account (PSRMA)

N

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4359  
 DECISION NO. 12-04-021

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Apr 20, 2012  
 EFFECTIVE \_\_\_\_\_  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS  
PIPELINE SAFETY AND RELIABILITY MEMORANDUM ACCOUNT (PSRMA)

Sheet 1

N  
N

1. Purpose

The purpose of the PSRMA is to record the incremental costs associated with compliance with the Commission's directives in Rulemaking 11-02-019. In Decision (D.) 12-04-021, the Commission directs SoCalGas to file this advice letter to create a memorandum account to record the escalated direct and incremental overhead costs of implementing its proposed Pipeline Safety Enhancement Plan (PSEP) as well as the costs associated with the review of records and interim safety measures. Should cost estimates for implementing the PSEP and reviewing records increase by more than 10%, SoCalGas will file a Tier 1 advice letter notifying the Commission of such increased costs.

N

2. Applicability

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

3. Rates

See Disposition Section.

4. Accounting Procedures

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

- a) A debit entry equal to the actual incremental costs (i.e., O&M and capital-related costs such as depreciation, income taxes and return) associated with the PSEP costs incurred during the implementation of its PSEP;
- b) An entry equal to the incremental costs associated with the review of records performed in compliance with Commission Resolution L-410 and implementation of interim safety measures, pursuant to D.12-04-021;
- c) An entry equal to the amortization of the PSRMA balance as authorized by the Commission; and
- d) 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. Disposition

The disposition of this account will be addressed in a Commission decision in SoCalGas' 2013 Triennial Cost Allocation Proceeding (Application 11-11-002) or other future Commission decisions.

N

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4359  
DECISION NO. 12-04-021

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Apr 20, 2012  
EFFECTIVE \_\_\_\_\_  
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 ..... 48112-G,48113-G,48114-G  
 Table of Contents--Service Area Maps and Descriptions ..... 41970-G  
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