

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 29, 2019

Advice Letter 1089-G

Justin Lee Brown
Vice-President/Regulatory Affairs
Southwest Gas Corporation
PO Box 98510
Las Vegas, NV 89193-8510

SUBJECT: To Establish the Officer Compensation Memo Account to Track Compensation Paid to Investor-Owned Utilities Pursuant to O.P.'s 1 & 2 in Res. E-4963 Implementing CPU Code 706, as Enacted by SB 901 (2018, Dodd).

Dear Mr. Brown:

Advice Letter 1089-G is effective as of January 1, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Director, Energy Division



SOUTHWEST GAS CORPORATION

January 7, 2019

ATTN: Tariff Unit, Energy Division
edtariffunit@cpuc.ca.gov
California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 1089 – Substitute Sheet

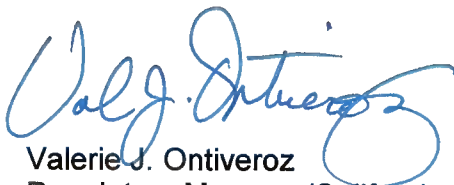
Enclosed is an original and one (1) copy of Southwest Gas Corporation's (Southwest Gas) Gas Tariff Sheet No. 45.14 included in Advice Letter No. (AL) 1089. AL 1089, submitted on December 20, 2018, requests authorization to establish the Officer Compensation Memorandum Account to track compensation paid to investor-owned utilities pursuant to Ordering Paragraphs (OP) 1 and 2 in Resolution E-4963 implementing California Public Utilities (PU) Code §706, as enacted by Senate Bill (SB) 901 (2018, Dodd).

The purpose of this transmittal is to correct a typographical error in the revision number on Sheet No. 45.14, which incorrectly notes the revision as 1st Revised, instead of Original.

Southwest Gas respectfully requests that the enclosed substitute sheet replace the originally submitted sheet in AL 1089.

In accordance with General Order 96-B, General Rule 7.5.1, Southwest Gas is serving copies of this substitute sheet filing to the utilities and interested parties shown on the attached list.

Sincerely,



Valerie J. Ontiveroz
Regulatory Manager/California

VJO:jjp

Enclosures

DISTRIBUTION LIST

Advice Letter No. 1089

In Conformance with GO 96-B, General Rule 4.3

The following individuals or entities have been served by electronic mail:

Elizabeth Echols, Director
Public Advocates Office
elizabeth.echols@cpuc.ca.gov

Pacific Gas & Electric Company
PGETariffs@pge.com

Southern California Gas Company
ROrtiz@SempraUtilities.com

San Diego Gas & Electric Company
SDG&ETariffs@SempraUtilities.com

Belinda Gatti
Energy Division
California Public Utilities Commission
belinda.gatti@cpuc.ca.gov

Robert M. Pocta
Office of Ratepayer Advocates
California Public Utilities Commission
robert.pocta@cpuc.ca.gov

Nathaniel Skinner
Office of Ratepayer Advocates
California Public Utilities Commission
nathaniel.skinner@cpuc.ca.gov

Pearlie Sabino
Office of Ratepayer Advocates
California Public Utilities Commission
pearlie.sabino@cpuc.ca.gov

PRELIMINARY STATEMENT
(Continued)

32. DAIRY BIOMETHANE PILOT PROJECT SOLICITATION DEVELOPMENT
MEMORANDUM ACCOUNT (DBPPSDMA)

32A. PURPOSE

The purpose of the DBPPSDMA is to track the Company's solicitation development expenditures related to the implementation of Health & Safety Code Section 39730.7(d)(2), which directs gas corporations to implement not less than five dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system, in accordance with the implementation and selection criteria framework adopted in Decision (D.) 17-12-004. The Company is authorized to establish the DBPPSDMA pursuant to D.17-12-004.

32B. TRACKING PROCEDURES

The Company shall maintain the DBPPSDMA by tracking the expenditures for solicitation development associated with the Dairy Biomethane Pilot Projects. Separate accounts will be maintained for each of the Company's three California rate jurisdictions. Interest on the tracked balance will be calculated as set forth in Section 12B of the Preliminary Statement.

32C. DISPOSITION

Costs recorded in the account may be recovered in rates only after request by the Company and approval by the Commission.



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:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:



SOUTHWEST GAS CORPORATION

December 20, 2018

ATTN: Tariff Unit, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 1089

Enclosed herewith is an original and one (1) copy of Southwest Gas Corporation's Advice Letter No. 1089, together with California Gas Tariff Sheet Nos. 2, 45.12 through 45.15.

Sincerely,

Valerie J. Ontiveroz
Regulatory Manager/California

VJO:jjp
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 1089

December 20, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest Gas or Company) (U 905 G) tenders herewith for submission the following tariff sheets:

Cal. P.U.C. Sheet No.	California Gas Tariff Title of Sheet	Canceling Cal. P.U.C. Sheet No.
9th Revised Sheet No. 2	Table of Contents	8th Revised Sheet No. 2
1st Revised Sheet No. 45.12	Officer Compensation Memorandum Account – 2019 (OCMA-2019)	Original Sheet No. 45.12
1st Revised Sheet No. 45.13	Officer Compensation Memorandum Account – 2019 (OCMA-2019)	Original Sheet No. 45.13
1st Revised Sheet No. 45.14	Dairy Biomethane Pilot Project Solicitation Development Memorandum Account (DBPPSDMA)	Original Sheet No. 45.14
Original Sheet No. 45.15	Emergency Customer Protections Memorandum Account (ECPMA)	

Purpose

The purpose of this submission is to establish the Officer Compensation Memorandum Account to track compensation paid to investor-owned utilities pursuant to Ordering Paragraphs (OP) 1 and 2 in Resolution E-4963 implementing California Public Utilities (PU) Code § 706, as enacted by Senate Bill (SB) 901 (2018, Dodd).

Background

On September 21, 2018, SB 901 was enacted. SB 901 repeals PU Code § 706,¹ and adds new language prohibiting an electrical or gas corporation from recovering from

¹ Assembly Bill (AB) 1266 was enacted on October 8, 2015 and added PU Code § 706, which states in pertinent part:

“(b) For a five-year period following a triggering event, no electrical corporation or gas corporation shall recover expenses for excess compensation from ratepayers unless the utility complies with the requirements of this section and obtains the approval of the commission pursuant to this section.

(c) Any time within a five-year period following a triggering event and prior to paying or seeking recovery of excess compensation, an electrical corporation or gas corporation



ratepayers any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of the electrical corporation or gas corporation, and requires that compensation instead be funded solely by shareholders of the utility. Revised PU Code § 706 states:

- (a) For purposes of this section, “compensation” means any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of an electrical corporation or gas corporation.
- (b) An electrical corporation or gas corporation shall not recover expenses for compensation from ratepayers. Compensation shall be paid solely by shareholders of the electrical corporation or gas corporation.

On December 13, 2018, the Commission approved Resolution E-4963. OP 1 in the Resolution states:

San Diego Gas & Electric Company, Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, Bear Valley Electric Services, PacifiCorp, Liberty Utilities, Southwest Gas, West Coast Gas Company, and Alpine Natural Gas Operating Company [IOUs] shall establish Officer Compensation Memorandum Accounts consistent with the language in Appendix A: Sample Preliminary Statement for Officer Compensation Memorandum Account (OCMA).²

Additionally, OP 2 in the Resolution states:

[The IOUs] shall file Tier 1 Advice Letters implementing their respective Officer Compensation Memorandum Accounts no later than 10 days from the date of this resolution.

- a. For each utility, the Advice Letter shall have an effective date of January 1, 2019.³

Establishment of the Officer Compensation Memorandum Account-2019

On June 15, 2017, the Commission adopted Decision (D.) 17-06-006, which approved Southwest Gas’ Petition for Modification of D.14-06-028, permitting the Company to file its next general rate case by September 1, 2019, with a 2021 test year.⁴ D.17-06-006 also directed Southwest Gas to establish the Officer Compensation Memorandum

shall file an application with the commission that, with respect to any officer to whom it seeks to pay excess compensation, includes all of the following:”

² Resolution at pg. 8.

³ Id at pgs. 8-9.

⁴ D.14-06-028 required Southwest Gas to file its next general rate case by September 1, 2017, with a 2019 test year.



Advice Letter No. 1089
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Account (OCMA) to implement the requirements of PU Code § 706 enacted by AB 1266. Although the Resolution requires the establishment of a second OCMA, it denies the closure of all utilities' OCMA's, "...as there may be a chance that those accounts will carry non-zero balances and would be closed prematurely."⁵ Therefore, using the sample tariff language provided in Appendix A to the Resolution, Southwest Gas seeks authorization to establish the OCMA-2019. Southwest Gas has not recorded any amounts in its OCMA implemented by AB 1266 and will address its closure in the Company's upcoming Test Year 2021 general rate case to be filed by September 1, 2019.

This Advice Letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any schedule or rule.

Effective Date

Pursuant to OP 2 in the Resolution, Southwest Gas respectfully requests that this Advice Letter be classified as Tier 1 (Effective Pending Disposition) and be made effective January 1, 2019.

Protest

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based with specificity. The protest must be sent no later than 20 days after the date of this advice submission, and shall be sent by letter via U.S. Mail, facsimile, or electronically. The address for mailing or delivering a protest to the Commission is:

Attention: Tariff Unit
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Email: edtariffunit@cpuc.ca.gov
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the same address above and mailed, emailed or faxed to:

Mr. Justin Lee Brown
Senior Vice President, General Counsel
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Email: justin.brown@swgas.com
Facsimile: 702-364-3452

⁵ Resolution at pgs. 7-8



Advice Letter No. 1089
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Notice

Southwest Gas is exempt from the notice requirements set forth in General Rule 4.2 of GO 96-B this Advice Letter is being submitted pursuant to OP 2 of the Resolution.

Service

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving this Advice Letter to the utilities and interested parties shown on the attached list.

Communications regarding this submission should be directed to:

Valerie J. Ontiveroz
Regulatory Manager/California
Southwest Gas Corporation
P.O Box 98510
Las Vegas, NV 89193-8510
Telephone: 702-876-7323
Email: valerie.ontiveroz@swgas.com

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By 
Justin Lee Brown

Attachments

DISTRIBUTION LIST

Advice Letter No. 1089

In Conformance with GO 96-B, General Rule 4.3

The following individuals or entities have been served by electronic mail:

Elizabeth Echols, Director
Public Advocates Office
elizabeth.echols@cpuc.ca.gov

Pacific Gas & Electric Company
PGETariffs@pge.com

Southern California Gas Company
ROrtiz@SempraUtilities.com

San Diego Gas & Electric Company
SDG&ETariffs@SempraUtilities.com

Belinda Gatti
Energy Division
California Public Utilities Commission
belinda.gatti@cpuc.ca.gov

Robert M. Pocta
Office of Ratepayer Advocates
California Public Utilities Commission
robert.pocta@cpuc.ca.gov

Nathaniel Skinner
Office of Ratepayer Advocates
California Public Utilities Commission
nathaniel.skinner@cpuc.ca.gov

Pearlie Sabino
Office of Ratepayer Advocates
California Public Utilities Commission
pearlie.sabino@cpuc.ca.gov



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 #:

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Summarize differences between the AL and the prior withdrawn or rejected AL:

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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:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

TABLE OF CONTENTS

The following listed sheets contain all the effective rates and rules affecting rates and service and information relating thereto in effect on and after the date indicated thereon.

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T/D

PRELIMINARY STATEMENT
(Continued)

31. OFFICER COMPENSATION MEMORANDUM ACCOUNT – 2019 (OCMA-2019)

31A. PURPOSE

The OCMA-2019 is a memorandum account established pursuant to Public Utilities Code Section 706, as enacted by Senate Bill 901 (2018, Dodd). Public Utilities Code Section 706 requires, among other things, that all forms of compensation for officers of electrical or gas corporations shall be paid solely by shareholders. The purpose of the OCMA-2019 is to track the California allocable difference between (1) compensation for officers of the utility that is authorized in General Rate Cases (GRCs) or resolutions and; (2) all compensation as defined by Public Utilities Code Section 706. The term “officer” shall be defined as those employees of the investor owned utilities in positions with titles of Vice President or above, consistent with Rule 240.3b-7 of the Securities Exchange Act.

31B. APPLICABILITY

The OCMA-2019 is effective January 1, 2019 until closed at the direction of the Commission.

31C. ACCOUNTING PROCEDURE

The OCMA-2019 consists of two subaccounts:

The “Authorized Compensation Subaccount” tracks salaries, bonuses, benefits, and all other consideration of any value paid to officers in rates as authorized in D.14-06-28 and modified by D.17-06-006.

The “Total Compensation Subaccount” tracks salaries, bonuses, benefits, and all other consideration of any value paid to officers.

Salaries: Payroll data for Executive Officer base salaries.

Bonuses: Variable Pay/Incentive Compensation Plan (ICP).

Benefits: Employer portion of health and welfare premiums.

Other Consideration: Executive Officer perquisites in payroll data and/or invoices, deferred compensation company match.

PRELIMINARY STATEMENT
(Continued)

31. OFFICER COMPENSATION MEMORANDUM ACCOUNT – 2019 (OCMA-2019)

31C. ACCOUNTING PROCEDURE (Continued)

The Company shall maintain this account by making quarterly entries (or annual entries where applicable when quarterly data is not available) as follows:

1. Authorized Compensation Subaccount

A credit entry equal to the salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to its officers as authorized in D.14-06-28 and modified by D.17-06-006.

2. Total Compensation Subaccount

A debit entry equal to the salaries, bonuses, benefits, and all other consideration of any value paid to its officers.

31D. DISPOSITION

Amounts tracked in the OCMA-2019 may be addressed in the Company's next GRC or other appropriate Commission proceeding and may be refunded to customers in rates.

PRELIMINARY STATEMENT
(Continued)

32. DAIRY BIOMETHANE PILOT PROJECT SOLICITATION DEVELOPMENT
MEMORANDUM ACCOUNT (DBPPSDMA)

32A. PURPOSE

The purpose of the DBPPSDMA is to track the Company's solicitation development expenditures related to the implementation of Health & Safety Code Section 39730.7(d)(2), which directs gas corporations to implement not less than five dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system, in accordance with the implementation and selection criteria framework adopted in Decision (D.) 17-12-004. The Company is authorized to establish the DBPPSDMA pursuant to D.17-12-004.

32B. TRACKING PROCEDURES

The Company shall maintain the DBPPSDMA by tracking the expenditures for solicitation development associated with the Dairy Biomethane Pilot Projects. Separate accounts will be maintained for each of the Company's three California rate jurisdictions. Interest on the tracked balance will be calculated as set forth in Section 12B of the Preliminary Statement.

32C. DISPOSITION

Costs recorded in the account may be recovered in rates only after request by the Company and approval by the Commission.

PRELIMINARY STATEMENT
(Continued)

33. EMERGENCY CUSTOMER PROTECTIONS MEMORANDUM ACCOUNT (ECPMA)

33A. PURPOSE

Pursuant to Decision (D.) 18-08-004, the purpose of the Emergency Customer Protections Memorandum Account (ECPMA) is to record all incremental costs incurred by the Company associated with providing the residential and non-residential emergency customer protections set forth in D.18-08-004 for any disasters where the Governor of California has declared a State of Emergency that includes the Company's service territories and where the disaster has either: (1) resulted in the loss or disruption of the delivery or receipt of utility service; and/or (2) resulted in the degradation of the quality of utility service.

Should such a disaster occur, the Company shall file a Tier 1 Advice Letter within 15 days of the Governor's State of Emergency Proclamation reporting its compliance with D.18-08-004.

33B. TRACKING PROCEDURES

The Company shall track the incremental costs in the ECPMA at the end of each month, commencing with the month the disaster occurs. Entries to the ECPMA will be segregated by qualifying event. Interest on the tracked balance will be calculated as set forth in Section 12B of this Preliminary Statement.

33C. APPLICABILITY

The ECPMA balance will be recovered from all customer classes, unless specifically requested for exclusion by the Company.

33D. DISPOSITION

Costs recorded in the ECPMA may be recovered in rates only after a request by the Company and approval by the Commission.