

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



Southwest Gas Corporation
GAS (Corp ID 905)
Status of Advice Letter 1206G
As of March 10, 2022

Subject: Modification of 2022 California Climate Credit Pursuant to Decision (D.) 22-02-025

Division Assigned: Energy

Date Filed: 03-01-2022

Date to Calendar: 03-04-2022

Authorizing Documents: D2202025

| | |
|------------------------|-------------------|
| Disposition: | Accepted |
| Effective Date: | 03-01-2022 |

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Valerie Ontiveroz

702-876-7323

valerie.ontiveroz@swgas.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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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



SOUTHWEST GAS CORPORATION

March 1, 2022

Advice Letter No. 1206-G

(U 905 G)

Public Utilities Commission of the State of California

Subject: Modification of 2022 California Climate Credit Pursuant to Decision (D.) 22-02-025

Southwest Gas Corporation (Southwest Gas or Company) hereby submits for approval by the California Public Utilities Commission (Commission) a modification to its 2022 California Climate Credit. There are no tariff sheets being modified as a result of this submission.

Purpose

The purpose of this Advice Letter (or AL) is to modify Southwest Gas' 2022 California Climate Credit and applicable Table C – Greenhouse Gas (GHG) Allowance Proceeds pursuant to Ordering Paragraphs (OP) 44 and 45 in D.22-02-025.

Background

On November 24, 2021, Southwest Gas submitted AL 1192, its 2022 Annual Regulatory Balancing Account Update, and Transportation and Storage Rate Adjustments. Included in AL 1192 was Southwest Gas' update to its California GHG allowance proceeds available for return to residential customers as well as its proposed 2022 California Climate Credit of \$52.77. On December 16, 2021, Southwest Gas submitted partial supplement AL 1192-G-A, modifying Tables A, B and C of the Appendix A Tables adopted in D.15-10-032 to make various adjustments. On December 23, 2021, the Energy Division approved both AL 1192 and AL 1192-G-A effective January 1, 2022.

On February 24, 2022, the Commission approved D.22-02-025, implementing Senate Bill 1440 Biomethane Procurement Program by setting biomethane (renewable natural gas (RNG) and/or bio-synthetic natural gas (bio-SNG)) procurement targets to reduce short-lived climate pollutant emissions and adopts provisions to achieve additional co-benefits and timetables for each of the four natural gas investor-owned utilities – Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E) and Southwest Gas (collectively, the Joint Utilities). OP 43 in D.22-02-025 also requires SoCalGas and PG&E to each file an application no later than July 1, 2023, proposing at least one woody biomass gasification pilot project focused on conversion of woody biomass to biomethane. These pilot projects are to be funded by \$40 million in GHG allowance proceeds set aside by the Joint Utilities according to the following proportional shares:



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- SoCalGas: \$19,704,000 (49.26 percent of \$40 million)
- PG&E: \$16,936,000 (42.34 percent of \$40 million)
- SDG&E: \$2,708,000 (6.77 percent of \$40 million)
- Southwest Gas: \$652,000 (1.63 percent of \$40 million)¹

OPs 44 and 45, respectively state in pertinent part:

...[The Joint Utilities] shall file a Tier 1 Advice Letter revising their natural gas 2022 Climate Credit amount to reflect the reduction mandated by this decision. The Joint Utilities' advice letter filings shall modify the table format established by [D.]15-10-032 (*i.e.*, Table C of Appendix A of that decision, subsequently modified by D.20-03-027 and then D.20-12-031) to include below line 9c a new subaccount line numbered 9d and titled "Bio-SNG Pilot Costs." This line shall record each gas utility's share of the one-time \$40 million set-aside...

Line 10 of Table C of Appendix A of [D.]15-10-032 shall also be modified to equal the Subtotal Allowance Proceeds minus Outreach and Admin Expenses minus Senate Bill 1477 Compliance Costs minus Renewable Natural Gas Incentive Costs minus Bio-SNG Costs. To reflect this change, the Joint Utilities shall further modify the template for Table C by changing the description of Line 10 of Table C of Appendix A of D.15-10-032 to "Net GHG Proceeds Available for Customer Returns (\$)" (Line 8 + Line 9 + Line 9b + Line 9c + Line 9d)." This revised table format shall be used in all applicable future filings seeking approval of the natural gas Climate Credit amount for each of the Joint Utilities until or unless the Commission decides otherwise.

Pursuant to OPs 44 and 45, Southwest Gas modifies its Table C to provide an updated calculation of its GHG allowance proceeds available for return to residential customers taking into account Southwest Gas' proportional share (1.63 percent or \$652,000) of the \$40 million set aside to fund the pilot projects described above.

As shown in Attachment 1 (Table C), Southwest Gas' 2022 Net GHG Proceeds Available for Customer Returns is \$9,677,596, which, when spread over 195,762 residential customer households, results in a revised 2022 California Climate Credit of \$49.44.

Effective Date

Pursuant to OP 44 in D.22-02-025 and General Order (GO) 96-B, this Advice Letter is classified as Tier 1 (Effective Pending Disposition). Southwest Gas respectfully requests that this Advice Letter be made effective March 1, 2022, which is the date submitted.

¹ OP 44 in D.22-02-025, at p. 69.



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Protest

Anyone may protest this Advice Letter to the Commission's Energy Division. The protest must state the grounds upon which it is based with specificity and must be sent no later than 20 days after the date of this Advice Letter submission. Protests are to be submitted electronically to the Commission's Energy Division at:

Email: edtariffunit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this Advice Letter should be sent electronically to:

Ms. Valerie J. Ontiveroz
Regulatory Manager/California
Email: valerie.ontiveroz@swgas.com

Notice


Southwest Gas is exempt from the notice requirements set forth in General Rule 4.2 in GO 96-B since this Advice Letter is submitted in compliance with OP 44 in D.22-02-025 and will not result in higher rates or charges, or more restrictive terms or conditions, than those currently in effect.

Service

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving copies of this Advice Letter and related tariff sheets to the utilities and interested parties shown on the attached list and the official service list in R.13-02-008.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: 
Valerie J. Ontiveroz

Attachments

Distribution List

Advice Letter No. 1206-G

In conformance with GO 96-B, General Rule 4.3

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

Matt Baker, Director
Public Advocates Office
matt.baker@cpuc.ca.gov

Pacific Gas & Electric Company
PGETariffs@pge.com

Southern California Gas Company
GLenart@socalgas.com
Tariffs@socalgas.com

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

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

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

ATTACHMENT 1

SOUTHWEST GAS CORPORATION (U 905 G)

Advice Letter No. 1206

D.15-10-032 - Appendix A

Table C: GHG Allowance Proceeds

| Line | Description | 2020 | | 2021 | | 2022 | |
|------|--|-----------------------|-----------------------|-----------------------|-------------|------------------------|-------------|
| | | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded |
| 1 | Proxy GHG Allowance Price (\$/MT) ^{1,2,3} | \$ 18.04 | | \$ 18.14 | | \$ 29.43 | |
| 2 | Directly Allocated Allowances | 656,821 | | 630,579 | | 604,337 | |
| 3 | | 50% | | 55% | | 60% | |
| 4 | Consigned Allowances | 328,410 | | 346,818 | | 362,602 | |
| | Total Supplied Gas (MMcf) (Line 3 + Line 4) | | | | | | |
| 5 | Allowance Proceeds | \$ (5,924,521) | \$ (5,608,148) | \$ (6,291,282) | | \$ (10,671,383) | |
| 6 | Previous Year's Revenue Balancing Subaccount Balance ⁴ | | \$ 321,798 | \$ 118,022 | | \$ (802,218) | |
| 7 | Interest | | \$ (159) | \$ (213) | | 964.48 | |
| 8 | Subtotal Allowance Proceeds (\$) (Line 5 + Line 6 + Line 7) | \$ (5,924,521) | \$ (5,286,509) | \$ (6,173,473) | \$ - | \$ (11,472,636) | \$ - |
| 9 | Outreach and Admin Expenses (\$) (from Table D) | \$ 1,530 | \$ 8,849 | \$ 1,530 | \$ - | \$ 2,040 | \$ - |
| 9b | SB 1477 Compliance Costs⁵ | \$ 815,000 | \$ 1,222,500 | \$ 815,000 | \$ - | \$ 815,000 | \$ - |
| 9c | RNG Incentive Costs⁶ | | | | | \$ 326,000 | |
| 9d | Bio-SNG Pilot Costs⁷ | | | | | \$ 652,000 | |
| 10 | Net GHG Proceeds Available for Customer Returns (\$) (Line 8 + Line 9 + Line 9b+ Line 9c + Line 9d) | \$ (5,107,991) | \$ (4,055,160) | \$ (5,356,943) | \$ - | \$ (9,677,596) | \$ - |
| 11 | Number of Residential Households | 192,481 | | 194,298 | | 195,762 | |
| 12 | Per Household California Climate Credit (\$) (Line 10 / Line 11) | \$ 26.54 | | \$ 27.57 | | \$ 49.44 | |

Footnotes

1 The forecasted proxy price is the November 6, 2019, futures settlement price for vintage year 2020 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated November 6, 2019, Futures Daily Market Report for Physical Environmental, "CAY-California Carbon Allowance Future-Vintage 2020." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

2 The forecasted proxy price is the October 19, 2020, futures settlement price for vintage year 2021 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated October 19, 2020, Futures Daily Market Report for Physical Environmental, "CAZ-California Carbon Allowance Vintage 2021 Future." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

3 The forecasted proxy price is the October 15, 2021, futures settlement price for vintage year 2022 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated October 15, 2021, Futures Daily Market Report for Physical Environmental, "CBO-California Carbon Allowance Vintage 2022 Future." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

4 Balance at September 30, 2021 (\$802,218), reflects compliance costs paid to date for SB 1477 (July 1, 2020 - \$815,000; and quarterly payments of \$203,750 made in 2020 on September 1 and December 1, and in 2021 on March 1, June 1 and September 1.)

5 Per D.20-03-027 and Resolution G-3565, Southwest Gas is required to allocate \$815,000 of its annual GHG Proceeds to help fund the BUILD program and TECH initiative. Revised 2020 Forecast costs to include SB 1477 funding per AL 1126.

6 Per D.20-12-031, Southwest Gas is required to allocate \$652,000 of its 2022-2023 GHG proceeds (\$326,000 annually) its portion to fund the additional \$40 million added to the Biomethane Monetary Incentive Program.

7 Per D.22-02-025, Southwest Gas is required to allocate \$652,000 of its 2022 GHG proceeds, its portion to fund BIO-SNG Pilot Projects.



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:

ENERGY Advice Letter Keywords

| | | |
|---------------------------|--|--------------------------------|
| Affiliate | Direct Access | Preliminary Statement |
| Agreements | Disconnect Service | Procurement |
| Agriculture | ECAC / Energy Cost Adjustment | Qualifying Facility |
| Avoided Cost | EOR / Enhanced Oil Recovery | Rebates |
| Balancing Account | Energy Charge | Refunds |
| Baseline | Energy Efficiency | Reliability |
| Bilingual | Establish Service | Re-MAT/Bio-MAT |
| Billings | Expand Service Area | Revenue Allocation |
| Bioenergy | Forms | Rule 21 |
| Brokerage Fees | Franchise Fee / User Tax | Rules |
| CARE | G.O. 131-D | Section 851 |
| CPUC Reimbursement Fee | GRC / General Rate Case | Self Generation |
| Capacity | Hazardous Waste | Service Area Map |
| Cogeneration | Increase Rates | Service Outage |
| Compliance | Interruptible Service | Solar |
| Conditions of Service | Interutility Transportation | Standby Service |
| Connection | LIEE / Low-Income Energy Efficiency | Storage |
| Conservation | LIRA / Low-Income Ratepayer Assistance | Street Lights |
| Consolidate Tariffs | Late Payment Charge | Surcharges |
| Contracts | Line Extensions | Tariffs |
| Core | Memorandum Account | Taxes |
| Credit | Metered Energy Efficiency | Text Changes |
| Curtable Service | Metering | Transformer |
| Customer Charge | Mobile Home Parks | Transition Cost |
| Customer Owned Generation | Name Change | Transmission Lines |
| Decrease Rates | Non-Core | Transportation Electrification |
| Demand Charge | Non-firm Service Contracts | Transportation Rates |
| Demand Side Fund | Nuclear | Undergrounding |
| Demand Side Management | Oil Pipelines | Voltage Discount |
| Demand Side Response | PBR / Performance Based Ratemaking | Wind Power |
| Deposits | Portfolio | Withdrawal of Service |
| Depreciation | Power Lines | |