

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



Southwest Gas Corporation
GAS (Corp ID 905)
Status of Advice Letter 1257G
As of June 1, 2023

Subject: Request for Authorization to Provide Non-Tariffed Products and Services at the National Army Training Center at Fort Irwin, California.

Division Assigned: Energy

Date Filed: 04-27-2023

Date to Calendar: 05-03-2023

Authorizing Documents: D9808035

Disposition:	Accepted
Effective Date:	04-28-2023

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Valerie J. Ontiveroz

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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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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

April 27, 2023

Advice Letter No. 1257-G

(U 905 G)

Public Utilities Commission of the State of California

Subject: Request for Authorization to Provide Non-Tariffed Products and Services at the National Training Center, Fort Irwin, California.

Purpose

The purpose of this Advice Letter is to request authorization for Southwest Gas Corporation (Southwest Gas) to provide energy conservation measures (ECMs) on a non-tariffed basis at the United States (U.S.) Army National Training (NTC) Center in Fort Irwin, California. This Advice Letter is submitted in compliance with Rule VII.E of the Affiliate Transaction Rules. There are no tariff sheets being modified because of this submission.

Background

On September 30, 2022, Southwest Gas executed a Utility Energy Service Contract (UESC) with the U.S Army Engineering and Support Center, through the Federal Energy Management Program's (FEMP) Utility Program.

Brief Description of the FEMP Utility Program

The FEMP Utility Program fosters collaboration among federal agencies and their serving utilities (Partnership). The Utility Program helps federal agencies leverage their utility budgets to meet energy and water efficiency, renewable-energy, and energy-resilience objectives. To help establish and enhance federal agency-utility working relationships, the Utility Program convenes stakeholder meetings to discuss best practices and lessons learned, the state of the industry, and the latest approaches to cost-effective energy management at federal sites. The Utility Program allows the Partnership to identify and implement ECMs to meet the federal agency's energy and water objectives.

The ECMs are implemented under a task order commonly referred to as a UESC. The UESC may encompass a broad range of ECMs, including system upgrades and recommissioning, deep retrofit projects, renewable energy, cogeneration plans and microgrids, to help federal agencies achieve their objectives. Under a UESC contract, a selected local natural gas, electric or water utility assesses the energy saving opportunities, determines the ECMs and designs and installs the ECMS at a federal agency installation. The selected utility assumes the capital costs and is paid back over



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time (revenues) from the resulting savings achieved through the installation of the ECMs. The UESC contract awarded to Southwest Gas is for ECMs identified to be implemented at NTC.

Southwest Gas UESC Contract with the U.S. Army

Southwest Gas' UESC contract consists of ECMs installed upon the extension of natural gas service to the NTC and ECMs provided on a non-tariffed basis. Southwest Gas is currently awaiting approval of its Application for a Certificate of Public Convenience and Necessity to extend natural gas service to the NTC.¹ Upon approval, Southwest Gas will install boilers at the NTC. The ECMs to be installed at the NTC on a non-tariffed basis (NT-ECMs) and the subject of this Advice Letter are as follows:

- Solar Photovoltaic
- Battery Energy Storage System
- Utility Monitoring and Control System
- Heating Ventilation and Air Conditioning Upgrades
- Lighting
- Transformers
- Water Conservation

Southwest Gas intends to contract with Ameresco, Inc. (Ameresco), a non-affiliated third-party entity, to install the NT-ECMs at NTC. Ameresco is a publicly traded energy asset developer, owner and operator. Ameresco has successfully completed energy saving, environmentally responsible projects with Federal, state and local governments, healthcare and educational institutions, housing authorities, and commercial and industrial customers. They have completed \$13 billion in energy solution projects for 8,000+ customers and will be a valuable partner to help deliver the NT-ECMs. Finally, the above NT-ECMs will only be offered to one customer, NTC, in furtherance of its goals for energy independence and resiliency.

Pursuant to Rule VII.E of California Public Utilities Commission (Commission) Affiliate Transaction Rules, energy utilities are required to submit an Advice Letter describing any new non-tariffed products and services it plans to offer. This Advice Letter complies with all requirements of Rule VII as further described below.

¹ Application 22-11-019 - *Application of Southwest Gas Corporation (U 905 G) for a Certificate of Public Convenience and Necessity to Extend Its Service Area in Unincorporated Area of San Bernardino County, California to Provide Natural Gas Service to the National Training Center at Fort Irwin*, filed November 18, 2022. A copy of the Application may be found here: https://apps.cpuc.ca.gov/apex/f?p=401:56::::RP,57,RIR:P5_PROCEEDING_SELECT:A2211019.



Compliance with Rule VII of the Affiliate Transaction Rules

Rule VII.C.4

Rule VII.C.4 sets forth the following conditions a utility must meet to offer a non-tariffed product or service:

- a. The non-tariffed product or service utilizes a portion of a utility asset or capacity.
- b. Such asset or capacity has been acquired for the purpose of and is necessary and useful in providing tariffed utility services.
- c. The involved portion of such asset or capacity may be used to offer the product or service on a non-tariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services.
- d. The products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and
- e. The utility's offering of such non-tariffed product or service does not violate any law, regulation, or Commission policy regarding anticompetitive practices.

As noted above, Southwest Gas will provide the NT-ECMs at NTC through Ameresco, a non-affiliated third-party entity. Although Southwest Gas will not utilize existing utility assets to install the NT-ECMs, it will use existing capacity or employees to approve and oversee the facilitation and implementation of the NT-ECMs through Ameresco. For instance, Southwest Gas' Emerging Technology and Innovation (ET&I) department includes a staff of seven. The ET&I department was created in part to serve as a source to provide solutions to meet customer needs and requests for energy innovation and energy efficiency to satisfy load requirements, environmental targets, energy security measures, and other associated energy connected operational targets. Three employees in the ET&I department function to support UESC design and implementation. In addition to this function, these staff also facilitate tariffed utility services for Southwest Gas to provide safe, reliable, and efficient service. No other utility labor will be used to facilitate the NT-ECMs at the NTC, as such, Southwest Gas' cost, quality or reliability of tariffed utility products and services will not be adversely affected.

Given that the NT-ECMs will only be installed at the NTC per the UESC contract (i.e., a single customer at a single location), broad marketing of the NT-ECMs is not necessary. Southwest Gas does not foresee any new forms of significant liability or business risk as



a result of providing the NT-ECMs. Notwithstanding, through contractual indemnifications, insurance and business practices, Southwest Gas has mitigated the risks associated with the NT-ECMs. Additionally, Southwest Gas will separately track all costs and revenues associated with NT-ECMs in a specific account independent of any other utility accounts associated with Southwest Gas' tariffed products and services. This will ensure proper accounting procedures are met. Any revenues obtained through the savings achieved at the NTC will be used to offset costs incurred for the installation of the NT-ECMs. Any costs that exceed revenues will be assumed by Southwest Gas.

Southwest Gas' installation of the NT-ECMs at the NTC does not violate any law, regulation, or Commission policy regarding anticompetitive practices. Southwest Gas will not market the NT-ECMs to any other entity. Southwest Gas will utilize Ameresco, a non-affiliated third-party entity, to install the NT-ECMs specifically for this project.

Rule VII.D

Rule VII.D sets forth the following conditions a utility must meet before it may offer any new non-tariffed products and services. A utility may offer new non-tariffed products and services only if the Commission has adopted and the utility has established:

1. A mechanism or accounting standard for allocating costs to each new product or service to prevent cross-subsidization between services a utility would continue to provide on a tariffed basis and those it would provide on a non-tariffed basis.
2. A reasonable mechanism for treatment of benefits and revenues derived from offering such products and services, except that in the event the Commission has already approved a performance-based ratemaking mechanism for the utility and the utility seeks a different sharing mechanism, the utility should petition to modify the performance-based ratemaking decision if it wishes to alter the sharing mechanism, or clearly justify why this procedure is inappropriate, rather than doing so by application or other vehicle.
3. Periodic reporting requirements regarding pertinent information related to non-tariffed products and services; and
4. Periodic auditing of the costs allocated to, and the revenues derived from non-tariffed products and services.

As stated above, Southwest Gas will use an internal account established specifically for UESC projects to prevent cross subsidization of revenues and costs between tariffed and non-tariffed services. For added measure, ET&I's program management and oversight of the third-party installation of the NT-ECMs, including payments, will also ensure there is no cross-subsidization.



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Southwest Gas will use the same reporting criteria for its NT-ECMs as outlined in Affiliate Transaction Rule VII.H regarding non-tariffed products and services. Per the Rule, the report will include the category and product or service description, including the types and quantities of products and services contained within each category, the costs and revenues derived from each NT-ECM and current information on the proportion of relevant utility assets, if any, used to offer each category of NT-ECM. Southwest Gas proposes to submit its first report through the Tier 1 Advice Letter process one year after installation of the NT-ECMs are set to begin. Southwest Gas anticipates installation of the NT-ECMs to begin by June 1, 2023. Therefore, the first report would be submitted to the Energy Division by June 1, 2024.

Finally, to ensure compliance with Rule VII.D.4, Southwest Gas will incorporate its NT-ECMs at NTC into its annual independent audit as required by Affiliate Transaction Rule VI.C.

Rule VII.E

Per Rule VII.E, prior to offering a new category of non-tariffed products or services, a utility shall submit an Advice Letter demonstrating it meets the below requirements (as set forth in Rule VII.E.1):

- a. Demonstrate compliance with these rules.
- b. Address the amount of utility assets dedicated to the non-utility venture, in order to ensure that a given product or service does not threaten the provision of utility service and show that the new product or service will not result in a degradation of cost, quality, or reliability of tariffed goods and services.
- c. Demonstrate that the utility has not received competition transition charge (CTC) recovery in the Transition Cost Proceeding, A.96-08-001, or other related CTC Commission proceeding, for the portion of the utility asset dedicated to the non-utility venture; and
- d. Address the potential impact of the new product or service on competition in the relevant market, including but not limited to the degree in which the relevant market is already competitive in nature and the degree to which the new category of products or services is projected to affect that market.
- e. Be served on the service list of Rulemaking 97-04-011/Investigation 97-04-012, as well as on any other party appropriately designated by the rules governing the Commission's advice letter process.

Southwest Gas' installation of NT-ECMs at NTC complies with all applicable Affiliate Transaction Rules. As stated herein, Southwest Gas will utilize Ameresco, a non-affiliated



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third-party entity, to install the NT-ECMs. None of Southwest Gas' affiliates will participate in the installation of the NT-ECMs.

Additionally, no utility assets will be dedicated to the installation of the NT-ECMs and, as such, the subject installation will not threaten the provision of utility service or result in an increase in cost or degradation of quality or reliability of Southwest Gas' tariffed goods and services. As such, Rule E.1.c does not apply.

Finally, as stated herein, Southwest Gas' offering of NT-ECMs is only in fulfillment of its UESC contract awarded by the U.S. Army and will only be conducted at the NTC. Therefore, Southwest Gas believes there will be no potential impact on the competitiveness of the relevant market. Although these services are potentially offered by other market participants, the U.S. Army has already selected Southwest Gas to perform this function at the NTC.

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

Effective Date

Pursuant to Rule E.2 of the Affiliate Transaction Rules approved in Decision 98-08-035, for categories of non-tariffed products or services targeted and offered to less than 1% of the number of customers in Southwest Gas' customer base, Southwest Gas may commence offering the product or service 30 days after submission of this Advice Letter. Therefore, Southwest Gas believes this Advice Letter should be classified as Tier 1 (effective pending Energy Division disposition) pursuant to General Order (GO) 96-B. Southwest Gas respectfully requests that this Advice Letter be accepted effective April 28, 2023, which is the date submitted, so that implementation of the NT-ECMs may begin on June 1, 2023.

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



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Email: valerie.ontiveroz@swgas.com
regserve@swgas.com

Notice

Southwest Gas believes it is exempt from the notice requirements set forth in General Rule 4.2 of GO 96-B, since this Advice Letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule that are currently in effect.

Service

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving copies of this Advice Letter to the utilities and interested parties shown on the attached distribution list. In addition, and pursuant Rule VII.E.1.e of the Affiliate Transaction Rules, Southwest Gas is serving a copy of this Advice Letter on the service list for Rulemaking 97-04-011/Investigation 97-04-012.

Respectfully submitted,
SOUTHWEST GAS CORPORATION

By: 
Valerie J. Ontiveroz

Attachments

Distribution List

Advice Letter No. 1257-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
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Scott Blaising
blaising@braunlegal.com

Jim Mosher
copperbeechllc@gmail.com



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	