

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 30, 2020

Advice Letter 1126-G

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

SUBJECT: Update to 2020 Greenhouse Gas Allowance Proceeds and California Climate Credit to Implement Senate Bill 1477 – Low Emissions Buildings and Sources of Heat Energy pursuant to Resolution G-3565

Dear Mr. Brown:

Advice Letter 1126-G is effective as of February 18, 2020.

Sincerely,

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

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division



SOUTHWEST GAS CORPORATION

March 20, 2020

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. 1126-G – Substitute Sheet

Enclosed is an original and one (1) copy of Southwest Gas Corporation's (Southwest Gas) "Table C: GHG Allowance Proceeds" (Table C), which was included in Advice Letter No. (AL) 1126-G. AL 1126-G, submitted on February 18, 2020, updated Southwest Gas' Greenhouse Gas (GHG) allowance proceeds available for customer return in 2020 by adjusting the amount for its respective share of the \$50 million funding obligation for the Building Initiative for Low emissions Development (BUILD) Program and the Technology and Equipment for Clean Heating (TECH) Initiative pursuant to Ordering Paragraphs (OP) 1 and 2 of Commission Resolution G-3565.

The purpose of this transmittal is to correct a labeling error on Line 6 in Table C, which states "Emissions Conversion Factor (MTCO₂e/MMcf)" when it should state "Previous Year's Revenue Balancing Subaccount Balance".

Southwest Gas respectfully requests that the enclosed substitute Table C replace the originally submitted Table C in AL 1126-G.

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.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: 
Valerie J. Ontiveroz

Attachment

c: Adam Banasiak, CPUC Energy Division

Distribution List

Advice Letter No. 1126-G

SUBSTITUTE SHEET

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

Robert M. Pocta
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Nathaniel Skinner
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Pearlie Sabino
Public Advocates Office
California Public Utilities Commission
pearlie.sabino@cpuc.ca.gov

SOUTHWEST GAS CORPORATION

Advice Letter No. 1126-G

D.15-10-032 - Appendix A

Table C: GHG Allowance Proceeds

Line	Description	2018		2019		2020	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
1	Proxy GHG Allowance Price (\$/MT) ^{1,2}	\$ 15.08		\$ 15.66		\$ 18.04	
2	Directly Allocated Allowances	685,378	685,378	670,714		656,821	
3		40%	40%	45%		50%	
4	Consigned Allowances	274,151	274,151	301,821		328,410	
	Total Supplied Gas (MMcf) (Line 3 + Line 4)						
5	Allowance Proceeds	\$ (4,134,197)	\$ (4,049,210)	\$ (4,726,522)		\$ (5,924,521)	
6	Previous Year's Revenue Balancing Subaccount Balance		\$ 602,049				
7	Interest		\$ 45,549				
8	Subtotal Allowance Proceeds (\$) (Line 5 + Line 6 + Line 7)	\$ (4,134,197)	\$ (3,401,612)	\$ (4,726,522)	\$ -	\$ (5,924,521)	\$ -
9	Outreach and Admin Expenses (\$) (from Table D)	\$ 11,220	\$ 3,527	\$ 64,260		\$ 1,530	\$ -
9B	SB 1477 Compliance Costs					\$ 815,000	
10	Net GHG Proceeds Available for Customer Returns (\$) (Line 8 + Line 9+Line 9b)	\$ (4,122,977)	\$ (3,398,085)	\$ (4,662,262)	\$ -	\$ (5,107,991)	\$ -
11	Number of Residential Households	184,203		187,558		192,481	
12	Per Household California Climate Credit (\$) (Line 10 / Line 11)	\$ 22.38		\$ 24.86		\$ 26.54	

Footnotes

1 The forecasted proxy price is the April 23, 2018, futures settlement price for vintage year 2018 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated April 23, 2018, Futures Daily Market Report for Physical Environmental, "CAW-California Carbon Allowance Future-Vintage 2018 - California Carbon Allowance Vintage 2018." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

2 The forecasted proxy price is the April 23, 2018, futures settlement price for vintage year 2018 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated April 23, 2018, Futures Daily Market Report for Physical Environmental, "CAX-California Carbon Allowance Future-Vintage 2019 - California Carbon Allowance Vintage 2019." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

3 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.



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

February 18, 2020

Advice Letter No. 1126-G

(U 905 G)

Public Utilities Commission of the State of California

Subject: Update to 2020 Greenhouse Gas Allowance Proceeds and California Climate Credit to Implement Senate Bill 1477 – Low Emissions Buildings and Sources of Heat Energy pursuant to Resolution G-3565.

Southwest Gas Corporation hereby submits this Advice Letter for approval to the California Public Utilities Commission (Commission). There are no tariff sheets associated with this submission.

Purpose

The purpose of this Advice Letter submission is to update Southwest Gas' Greenhouse Gas (GHG) allowance proceeds available for customer return in 2020 by adjusting the amount for its respective share of the \$50 million funding obligation for the Building Initiative for Low-emissions Development (BUILD) Program and the Technology and Equipment for Clean Heating (TECH) Initiative pursuant to Ordering Paragraphs (OP) 1 and 2 of Commission Resolution G-3565.¹

Background

In 2018, Senate Bill No. (SB) 1477 was signed into law and enacted Public Utilities Code Section 748.6, which states:

Beginning with the fiscal year commencing July 1, 2019, and ending with the fiscal year ending June 30, 2023, the commission shall annually allocate fifty million dollars (\$50,000,000) of the revenues, including any accrued interest, received by a gas corporation as a result of the direct allocation of greenhouse gas emissions allowances provided to gas corporations as part of a market-based compliance mechanism adopted pursuant to subdivision (c) of Section 38562 of the Health and Safety Code to fund the [BUILD] Program and [TECH] initiative.

¹ Resolution G-3565 – Directing investor-owned gas utilities that participate in California's Cap-and-Trade Program to ensure the availability of first year funding necessary to implement Senate Bill (SB) No. 1477 (Stern, 2018) – Low emissions building and sources of heat energy, approved by the Commission on February 6, 2020.



SB 1477 requires the Commission to develop and supervise the administration of the BUILD Program to require gas utilities to provide incentives to defined eligible applicants for the deployment of near-zero-emission building technologies to significantly reduce the emissions of GHGs from buildings. SB 1477 also requires the Commission to develop and supervise the TECH Initiative, a statewide market development initiative, to require gas utilities to advance California's market for low-emission space and water heating equipment for new and existing residential buildings.² Pursuant to Resolution G-3565, because the BUILD Program and TECH Initiative will use GHG allowance proceeds as their statutorily mandated funding source, the four participating gas utilities³ must adjust their annual forecast of funding available to customers through the California Climate Credit by deducting their respective share of the \$50 million funding obligation for BUILD and TECH.

In December 2019, the Commission approved Southwest Gas' Advice Letter Nos. 1118 and 1118-A, its annual balancing update for rates effective January 1, 2020, with the exception of Tables C and D of Attachment C, which pertain to GHG Allowance Proceeds and GHG Administrative and Outreach Expenses, respectively. Per the Energy Division, the Commission was to address GHG proceeds in a separate resolution (now Resolution G-3565).

Update to GHG Allowance Proceeds and California (CA) Climate Credit for Year 2020

Resolution G-3565 directs the four gas utilities to submit Tier 1 Advice Letters within ten (10) days of the effective date of the Resolution to include revised calculations of their Net GHG Proceeds Available for Customer Return less their proportional share of the \$50 million funding obligation and their revised 2020 CA Climate Credit amounts to be allocated to each residential customer. The Commission has allocated the \$50 million funding obligation for the BUILD Program and TECH Initiative across each of the four gas utilities proportional to each utility's share of total allocated allowances for customer return through the Cap-and-Trade Program as follows:

SoCalGas: \$24,630,000 (49.26%)
PG&E: \$21,170,000 (42.34%)
SDG&E: \$3,385,000 (6.77%)
Southwest Gas: \$815,000 (1.63%)
TOTAL: \$50,000,000 (100%)⁴

Additionally, Resolution G-3565 states that for the purposes of calculating the 2020 CA Climate Credit, the Commission approves the utilities' GHG Allowance Proceeds and GHG Outreach and Administrative Expenses included in their 2020 annual balancing account update.⁵ The utilities are further directed to revise their respective Table C's in their 2020

² *Id.*, at pg. 2.

³ Southern California Gas Company (SoCalGas), Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E) and Southwest Gas.

⁴ *Id.*, OP 1 at pg. 7.

⁵ *Id.*, at pg. 4.



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annual balancing account update Advice Letters pertaining to GHP Allowance Proceeds as specified in OP 3 of the Resolution and include revised tariff sheets that reflect the updated 2020 CA Climate Credit amount.

In accordance with Resolution G-3565, Southwest Gas has modified its Table C to update its GHG allowance proceeds amount available for return to residential customers in 2020 by also subtracting its allocated share (\$815,000) of the \$50 million funding obligation for the BUILD Program and TECH Initiative. Southwest Gas' updated 2020 CA Climate Credit to be distributed to residential customers is \$26.54. Southwest Gas' revised Table C demonstrating these calculations is included as Attachment A.⁶ Southwest Gas does not include the annual CA Climate Credit amount in its tariff, as such, there are no tariff sheets associated with this Advice Letter.

Effective Date

Pursuant to OP 2, this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) in accordance General Order (GO) 96-B. Southwest Gas respectfully requests that this Advice Letter be made effective February 18, 2020, which is the date submitted. The CA Climate Credit updated herein will be distributed to customers beginning with the first billing cycle in April 2020.

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 Letter 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:

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

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⁶ Table D has not been revised and is included for illustrative purposes only.



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Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the same address as 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, NV 89193-8510
Email: justin.brown@swgas.com
Facsimile: 702-364-3452

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 is submitted pursuant to Resolution G-3565.

Service

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is mailing copies of this Advice Letter and related tariff sheets to the utilities and interested parties shown on the attached distribution 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: 
Valerie J. Ontiveroz

Attachments

Distribution List

Advice Letter No. 1126-G

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

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

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

SOUTHWEST GAS CORPORATION

Advice Letter No. 1126-G

D.15-10-032 - Appendix A

Table C: GHG Allowance Proceeds

Line	Description	2018		2019		2020	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
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7	Interest		\$ 45,549				
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9B	SB 1477 Compliance Costs					\$ 815,000	
10	Net GHG Proceeds Available for Customer Returns (\$) (Line 8 + Line 9+Line 9b)	\$ (4,122,977)	\$ (3,398,085)	\$ (4,662,262)	\$ -	\$ (5,107,991)	\$ -
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12	Per Household California Climate Credit (\$) (Line 10 / Line 11)	\$ 22.38		\$ 24.86		\$ 26.54	

Footnotes

1 The forecasted proxy price is the April 23, 2018, futures settlement price for vintage year 2018 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated April 23, 2018, Futures Daily Market Report for Physical Environmental, "CAW-California Carbon Allowance Future-Vintage 2018 - California Carbon Allowance Vintage 2018." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

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SOUTHWEST GAS CORPORATION

Advice Letter No. 1126-G

D.15-10-032 - Appendix A

Table D: GHG Outreach and Administrative Expenses

Line	Description	2018		2019		2020	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
1	Outreach Expenses						
2	Detail of Outreach Activity (\$)						
3	Website Page	\$ 2,000					
4	E-Blasts	\$ 5,000	\$ 2,037	\$ 5,000	\$ 1,155	\$ 1,500	
5		\$ 3,000		\$ 3,000			
6	On-Bill Message	\$ -					
7	Total Supplied Gas (MMcf) (Line 3 + Line 4)	\$ 1,000					
8	Post Phone Survey	\$ -		\$ 55,000			
9	Subtotal Outreach (\$)	\$ 11,000	\$ 2,037	\$ 63,000	\$ 1,155	\$ 1,500	\$ -
10	Administrative Expenses						
11	Detail of Administrative Activity (\$)						
12	Programming	\$ -					
13	Testing	\$ -					
14	Subtotal Administrative (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Subtotal Outreach and Administrative (\$)	\$ 11,000	\$ 2,037	\$ 63,000	\$ 1,155	\$ 1,500	\$ -
16	Interest (\$)	\$ 220	\$ 12	\$ 1,260	\$ 23	\$ 30	\$ -
17	Total (\$)	\$ 11,220	\$ 2,049	\$ 64,260	\$ 1,178	\$ 1,530	\$ -



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

Company name/CPUC Utility No.: Southwest Gas Corporation (U 905 G)

Utility type:

☐ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Valerie J. Ontiveroz

Phone #: 702 876-7323

E-mail: valerie.ontiveroz@swgas.com

E-mail Disposition Notice to: valerie.ontiveroz@swgas.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 1126

Tier Designation: Tier 1

Subject of AL: Update to 2020 Greenhouse Gas Allowance Proceeds and California Climate Credit to Implement Senate Bill 1477 – Low Emissions Buildings and Sources of Heat Energy pursuant to Resolution G-3565.

Keywords (choose from CPUC listing): Balancing Account

AL Type: ☐ Monthly ☐ Quarterly ☒ Annual ☐ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution G-3565

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: Not applicable

Summarize differences between the AL and the prior withdrawn or rejected AL: Not Applicable

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: 2/18/20

No. of tariff sheets: Not applicable.

Estimated system annual revenue effect (%): Not applicable.

Estimated system average rate effect (%): Not applicable

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: Not applicable.

Service affected and changes proposed¹: See 'Subject of AL' above

Pending advice letters that revise the same tariff sheets: Not applicable.

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: Mr. Justin Lee Brown
Title: Senior Vice-President/General Counsel
Utility Name: Southwest Gas Corporation
Address: P. O. Box 98510
City: Las Vegas State: Nevada
Telephone (xxx) xxx-xxxx: 702-876-7183
Facsimile (xxx) xxx-xxxx: 702-364-3452
Email: justin.brown@swgas.com

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

Clear Form