

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
06-01-12
04:59 PM

Application of Southern California Gas Company (U904G) to Establish a Biogas Conditioning & Upgrading Services Tariff.

Application 12-04-024
(Filed April 25, 2012)

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, The Division of Ratepayer Advocates (DRA) hereby files its Protest to the to Southern California Gas Company's (SoCalGas) application (Application) to establish a Biogas Conditioning & Upgrading Services Tariff (Biogas Tariff). The Application seeks authority for SoCalGas to provide biogas conditioning and upgrading services to future or existing customers that may need such services. Examples of customer end-use applications that can be served under the proposed tariff includes landfill diversion of organic waste, wastewater treatment, dairy/ranch operations, and food/green waste processing.

SoCalGas claims that ratepayers will be credited for any embedded costs expended to implement the service. It is unclear from SoCalGas' Testimony how this would occur. SoCalGas proposes to forecast and allocate the full cost of the service to tariff customers to essentially make ratepayers 'whole.' The Application deals with complex issues that require significant Commission scrutiny, in part, because the Application seeks authorization for unique issues. The relief sought deals with private enterprise, yet seems to be justified through the Commission's environmental goals. While DRA emphasizes that it supports the state's environmental goals, the Application should conform to other energy resource plans, such as costs measured against energy

saved. SoCalGas asks the Commission to re-review its consistent policy of encouraging competitive markets to the extent that they are unrelated to actual utility services for ratepayers or that are mandated by the Commission.

II. DISCUSSION

A. Burden of Proof

As the Applicant, SoCalGas must meet the burden of proving at the application is reasonable and it is entitled to the relief it is seeking.¹ SoCalGas therefore carries the burden to demonstrate the reasonableness of each aspect of SoCalGas' Application.

B. Issues Identified

DRA has identified preliminary questions and issues listed below. At this preliminary phase, DRA has not drawn any conclusions. DRA may identify more issues through discovery or further analysis prior to the Prehearing Conference. DRA's issues are material to the Commission's resolution of the Application.

It is evident that the scope of the Application is beyond creating a tariff, but includes, and is not limited to, using monopoly utility regulatory structure and ratepayer backing to provide the upfront costs to enter this line of business. As such, there are numerous issues and subissues that the Commission should question. While the answers may be unknown to DRA currently, they may lead to further questions.

A preliminary list of issues are:

1. Whether it is necessary for SoCalGas to provide biogas conditioning and upgrading services to landfill operators, wastewater treatment plants, dairy/ranch operations, and food/green waste processors. This would include determining whether there are currently available providers for biogas conditioning and upgrading services.

¹ Opinion on Southern California Edison Company's Test Year 2006 General Rate Case Increase Request (2006) D.06-05-016, p. 7.

2. Concerning the environmental benefits, the Application raises some questions that may establish that the request may not be as beneficial to the environment as stated.
 - a. The Application lacks measurements to determine the extent of any environmental benefits.
 - b. Given that the Commission has already established numerous programs to further environmental policies, would ratepayer money be more effectively spent by enhancing already established and known programs?
3. Are the proposed activities necessary to the business operations of utility services or cost of doing business to provide utility services?
4. Does the proposal violate the Commission's anti-competitive policies? A part of this issue concerns whether the Commission has the resources to provide mandated oversight?
5. Will competition increase or decrease?
6. What are the ratepayer benefits? What are SoCalGas shareholder benefits?
7. What are the ratepayer costs? What are SoCalGas shareholder costs?
8. What are the ratepayer risks? What are SoCalGas shareholder risks?
9. Is the ratepayer payback process open ended? When will the ratepayers' costs be paid back and made 'whole?' This would include interest on outstanding funds.
10. Given that the California Energy Commission has suspended the pre-certification of biomethane power plants for RPS eligibility,² should the instant Application be dismissed without prejudice as a result?
11. The Commission already rejected SoCalGas request to provide biogas conditioning in Advice Letter 4172, has SoCalGas remedied all concerns that led to the rejection of Advice Letter 4172?
12. SoCalGas already has a biogas conditioning program (Sustainable SoCal Program) before the Commission in the SDG&E and SoCalGas General Rate Case Test Year 2012 (A.10-12-005/006). What are the differences between these two biogas conditioning services and should the Commission approve two separate programs?

² SoCalGas Testimony Chapter 1, Footnote 7.

13. The instant Application and SoCalGas Application 11-11-011 (Natural Gas Compression Service Tariff) and SoCalGas Advice Letter 4337 (Compression Services Agreement with Los Angeles Unified School District)³ are related and should be considered consistently by the Commission. Both SoCalGas Applications and the SoCalGas Advice Letter propose the identical cost recovery mechanism. For regulatory efficiency and to ensure consistent results and outcomes the three SoCalGas filings should be coordinated.

III. CATEGORIZATION, HEARINGS, AND SCHEDULE

DRA does not object to SoCalGas' proposal that the proceeding be categorized as ratesetting.

DRA and SoCalGas agree that hearings are needed. DRA requests that the Commission set a schedule that provides adequate opportunity for discovery, analysis, preparation of testimony, and preparation for evidentiary hearings. SoCalGas and SDG&E have recently filed its TCAP application (A.11-11-002) with intervenor's testimony to be filed June 19, 2012 for Phase 1 and November 9, 2012 for Phase 2. Hearings are set to start on August 20, 2012 for Phase 1 and January 7, 2013 for Phase 2. In addition, SoCalGas has filed its Natural Gas Compression Service Tariff application (A.11-11-011) with Opening Briefs due on July 16 and Reply Briefs due on August 1, 2012. These efforts will require dedication of DRA staff resources. As such, DRA proposes that Intervenor Testimony in this proceeding be due no earlier than mid-September 2012. Clearly, the complex issues will take time and resources and SoCalGas should not hastily rush the application.

³ In DRA's protest to SoCalGas Advice 4337, DRA pointed out that SoCalGas had filed Application (A.) 11-11-011 for permission to create a new tariff for broad authority for natural gas compression services. DRA recommended the suspension of Advice 4337 until all relevant issues (including the cost recovery mechanism) are resolved during the proceeding of the application. The Energy Division notified parties on March 28, 2012 that Advice 4337 is suspended for up to 120 days.

Respectfully submitted,

/s/ MITCHELL SHAPSON

MITCHELL SHAPSON
Staff Counsel
Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-2727
Mitchell.Shapson@cpuc.ca.gov

June 1, 2012