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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

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

**ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGE'S
SCOPING MEMO AND RULING**

This Scoping Memo and Ruling (Scoping Ruling) sets forth the category, need for hearing, issues to be addressed and schedule of the proceeding, and designates the presiding officer pursuant to Rule 7.3.¹

1. Background

1.1. The Application

Southern California Gas Company (SoCalGas) has filed an application to establish a tariff to provide biogas conditioning and upgrading services. SoCalGas asserts that it needs a new Biogas Conditioning & Upgrading Services Tariff (tariff or tariff service) to meet the current and future needs of biogas producers seeking to upgrade their biogas for pipeline injection, onsite power generation, or compressed natural gas vehicle fueling stations. While SoCalGas claims that its proposed tariff is not limited to any particular group or end-use

¹ All references to Rules are to the Commission's Rules of Practice and Procedure.

application, SoCalGas asserts that the greatest initial potential demand for the tariff service will be from landfill diversion of organic waste, wastewater treatment, dairy-ranch operations, and food/green waste processing.

1.2. The Protest by Division of Ratepayer Advocates (DRA)

On June 1, 2012, DRA filed a protest to this Application, and alleged it is unclear from SoCalGas' testimony how ratepayers will be credited for any embedded costs expended to implement the service. DRA also identified 13 issues that it believes are material to the Commission's resolution of the Application, and some of these issues are listed in the Scope of Proceeding section of this Scoping Ruling.

1.3. The Response and Request for Clarification from Southern California Generation Coalition (SCGC)

On May 31, 2012, SCGC filed a response to SoCalGas' Application and sought clarification regarding how ratepayers will be credited for any embedded costs already included in general rates.

1.4. Agricultural Energy Consumers Association's (AECA) Motion for Party Status

The assigned Administrative Law Judge (ALJ) granted AECA's Motion for Party Status.

2. Scope of the Proceeding

Based on what is set forth in the parties' joint Prehearing Conference (PHC) statement, the factual and legal issues for resolution are identified as follows:

- Should the Commission grant approval to SoCalGas to establish a biogas conditioning and upgrading services tariff?
- Should an unregulated affiliate subject to the Commission's adopted affiliate transaction rule be approved to establish a biogas conditioning upgrading services tariff?
- How does SoCalGas' proposed tariff affect market competition?
- Is it beneficial and useful for SoCalGas to provide biogas conditioning and upgrading services to its customers?
- Are there any environmental benefits and environmental costs of the biogas conditioning and upgrading services?
- Are any of these environmental benefits unique to SoCalGas' offering?
- Will the biogas conditioning and upgrading services aid in obtaining California environmental goals, including its Renewables Portfolio Standard (RPS) goals?
- What will be the risks to ratepayers if the instant Application is granted?
- What will be the benefits to ratepayers if the instant Application is granted?
- What will be the risks to shareholders if the instant Application is granted?
- What will be the benefits to shareholders if the instant Application is granted?

Following the PHC, the parties were advised to address the impact, if any, of the September 27, 2012 passage of Assembly Bill (AB) 1900 (Gatto) (Stats. 2012, Ch 602) on this proceeding going forward. While the parties did both opine that

in their view AB 1900 was not an impediment to the instant Application proceeding to decision, it is the view of the assigned Commissioner and the assigned ALJ that the impact of AB 1900 will be part of the scope of this proceeding. Therefore, the parties should also address in testimony and/or briefs the impact of AB 1900 on this Application.

The following additional questions from DRA's protest are also within the scope of this proceeding:

- What is the impact on this Application of the Commission's alleged rejection of SoCalGas' request in Advice Letter (AL) 4172 to provide biogas conditioning?
- Are there any differences between the instant Application and the biogas conditioning program that SoCalGas has before the Commission in the San Diego Gas & Electric Company (SDG&E) and SoCalGas General Rate Case Test Year 2012 (Applications A.10-12-005/006)?
- Is the instant Application related to the SoCalGas Application 11-11-001 (Natural Gas Compression Service Tariff) and the SoCalGas AL 4337 (Compression Services Agreement with Los Angeles Unified School District)? If so, how will the decisions in these related cases affect the outcome of the instant Application?

Finally, we note that SoCalGas does not appear to seek, nor does the Commission intend to approve, any authority to construct or build any physical facilities associated with or related to the new tariffed services requested herein. The Commission considers this application to be squarely within the bounds of a ratemaking proceeding to consider purely ratesetting and policy issues related to the request for authority to offer a new tariffed service to certain bio-gas producers. Proceedings that focus on ratesetting and policy issues are not considered "projects" pursuant to the California Environmental Quality Act

(CEQA), as any direct or indirect impacts to the physical environment are speculative at this time. Therefore the Commission will not conduct a CEQA review of this application. SoCalGas is put on notice that the future implementation of the tariffed services contemplated in A.12-04-024 may result in permit requirements at the state, federal or local level that are discretionary and may trigger environmental review pursuant to either CEQA or the National Environment Quality Act (NEPA).

3. Discovery

Discovery will be conducted according to Article 11 of the Rules. If the parties have discovery disputes they are unable to resolve by meeting and conferring, they shall raise these disputes under the Commission's Law and Motion procedure. (*See* Rule 11.3.)

4. Filing, Service and Service List

The official service list was discussed and agreed to at the October 8, 2012 PHC, and is now on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process office, the service list, and the judge. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's web site meets that definition.

Electronic service is now the standard under Rule 1.10. All parties to this proceeding shall serve documents and pleadings using e-mail, whenever possible, transmitted no later than 5:00 p.m. (Pacific Standard Time), on the date scheduled for service to occur. Parties are reminded that, when serving copies of documents, the document format must be consistent with the requirements set forth in Rule 1.10(a).

Rules 1.9 and 1.10 govern service of documents only and do not change the Rules regarding the tendering of documents for filing. All documents formally filed with the Commission's Docket Office must include the caption approved by the Docket Office and this caption must be accurate.

Other documents, including prepared testimony, are served on the service list but not filed with the Docket Office. We will follow the electronic service protocols adopted by the Commission in Rule 1.10, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the appearance or state service list member did not provide an e-mail address. If no e-mail address was provided, service should be made by U.S. mail. Additionally, parties shall serve paper copies of all filings on the presiding officer and assigned Commissioner.

5. Categorization, Need for Hearings, and Schedule

This Scoping Ruling confirms the Commission's preliminary categorization of this proceeding as ratesetting. This determination is appealable under the provisions of Rule 7.6. This Scoping Ruling also confirms that hearings are necessary and sets forth the schedule as follows:

DATE	ACTION
Wednesday, January 30, 2013	Opening Testimony served
Wednesday, February 13, 2013	Rebuttal Testimony served

March 21 - 22, 2013 from 10:00 a.m. to 4:30 p.m.	Evidentiary Hearing at the Commission Hearing Room, State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Friday, April 5, 2013	Opening Briefs filed
Friday, April 19, 2013	Reply Briefs filed and properly submitted

In any event, it is anticipated that this proceeding shall be resolved within 18-months of this Scoping Ruling pursuant to Pub. Util. Code § 1701.5.

6. Ex Parte Communications

As this is a ratesetting proceeding, *ex parte* communications are subject to the requirements set forth in Rule 8.3 (b).

7. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or who has questions about the electronic filing procedures should contact the Commission’s Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

8. Presiding Officer

Pursuant to Public Utilities Code Section 1701.3 and Rule 13.2, ALJ Robert M. Mason III is designated as the presiding officer.

IT IS RULED that:

1. The scope of this proceeding is as set forth above.
2. The schedule of this proceeding is as set forth above.
3. This proceeding is categorized as ratesetting.

4. The Commission's preliminary determination that hearings are necessary is confirmed.

5. The issues to be resolved in this proceeding are listed in Section 2 of this Scoping Memo and Ruling.

6. The procedural schedule is listed in Section 5 of this Scoping Memo and Ruling.

7. The prepared testimony in this proceeding shall be electronically served on the entire service list on the dates set forth in the adopted procedural schedule, and hard copies shall be provided to the assigned Commissioner and Administrative Law Judge (ALJ).

8. ALJ Robert M. Mason III is the assigned ALJ and is designated as the presiding officer.

9. Rule 8.3 of the Commission's Rules of Practice and Procedure regarding *ex parte* communications in ratesetting proceedings applies to this proceeding.

Dated December 28, 2012, at San Francisco, California.

/s/ ROBERT M. MASON III
Robert M. Mason III
Administrative Law Judge

/s/ MICHAEL R. PEEVEY
Michael R. Peevey
Assigned Commissioner