

**TRIENNIAL COST ALLOCATION PROCEEDING PHASE 1 APPLICATION
OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES EFFECTIVE JANUARY 1, 2016**

(A.14-12-017)

(DATA REQUEST ORA-TCAP-SCG-06)

QUESTION 1:

SCG and SDG&E's testimony (Watson testimony, pages 14-15) cites "the Montebello salvage operation and the Native Gas programs" as programs that utilize sharing mechanisms, stating "When shareholders share in a meaningful percentage of the gains, the company has a strong incentive to maximize salvage value or native gas production" (Watson testimony, page 15, lines 1-3).

- a) Is Sempra aware of any quantitative studies or analyses of the Montebello Salvage operation or Native Gas Programs to determine the effectiveness of the sharing mechanisms as far as "maximizing salvage value or native gas production?" If so, please provide.
- b) Is Sempra aware of any quantitative studies or analyses of the Montebello Salvage operation or Native Gas Programs regarding the design of the programs? If so, please provide. Examples of such studies may include, but not be limited to: whether a different sharing percentage would have been more or less effective or what the expected results of the program would have been if no sharing mechanism had been implemented.
- c) Please identify and quantify the benefits that Montebello Salvage Operation and the Native Gas Programs generate for shareholders and ratepayers.
- d) Please identify all factors under Sempra's control that enable Montebello Salvage Operation and the Native Gas Programs to generate the benefits for shareholders and ratepayers identified in response to question 1c.
- e) Of the benefits identified and quantified in response to question 1c, provide an estimate of the percentage that are generated based upon factors under Sempra's control that are provided in response to question d. Please provide the reasoning behind this estimated percentage.

RESPONSE 1:

- a) No such studies exist.
- b) There are no studies on whether a different sharing percentage would have been more or less effective.
- c) For Montebello, to date the net salvage value of the operations is \$11.3 M, to be shared equally shareholder and ratepayer. That value will increase once the salvage operations end and the land/field is sold. For Native Gas, work has been delayed due to permitting issues. Work there may begin in 2016.
- d) SoCalGas and SDG&E are unable to answer this question.

**TRIENNIAL COST ALLOCATION PROCEEDING PHASE 1 APPLICATION
OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES EFFECTIVE JANUARY 1, 2016**

(A.14-12-017)

(DATA REQUEST ORA-TCAP-SCG-06)

e) See Response 1d.

**TRIENNIAL COST ALLOCATION PROCEEDING PHASE 1 APPLICATION
OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES EFFECTIVE JANUARY 1, 2016**

(A.14-12-017)

(DATA REQUEST ORA-TCAP-SCG-06)

QUESTION 2:

SCG and SDG&E's testimony (Watson testimony, page 16, lines 19-22) states:

"Information system enhancements are required to be made to both SoCalGas Envoy and the Special Contract Billing System to implement high OFO requirements for SoCalGas customers. Much of the implementation can be leveraged off of the Low OFO implementation. The cost of these enhancements is estimated to be less than \$1.7 million."

- a) If implementation of the high OFO procedures are denied or deferred, will all of the "information system enhancements" still be necessary at this time? If so, please explain.
- b) If implementation of the high OFO procedures are denied or deferred, will certain "information system enhancements" still be necessary? If so, which ones? Please explain why these would still be necessary.
- c) If implementation of the high OFO procedures are denied or deferred and only certain of the "information system enhancements" are still necessary, what will be the cost of each of these changes?
- d) Has the Commission adopted SoCalGas's proposed Low OFO rules? If not, what are the milestones for implementing low OFO for the winter of 2015/16?

RESPONSE 2:

- A) None will be necessary. The \$1.7 million estimate is the incremental cost of implementing a high OFO in addition to the assumed pre-existing low OFO procedures.
- B) See Response 2a.
- C) See Response 2a.
- D) No. SoCalGas will be ready to implement low OFO within a month after the final decision.

**TRIENNIAL COST ALLOCATION PROCEEDING PHASE 1 APPLICATION
OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES EFFECTIVE JANUARY 1, 2016**

(A.14-12-017)

(DATA REQUEST ORA-TCAP-SCG-06)

QUESTION 3:

SCG and SDG&E's testimony (Watson testimony, page 16, lines 10-12) states "...the electricity costs associated with the Aliso Canyon Turbine Replacement Project should also be recovered from the storage in-kind fuel factor..."

In addition to written responses, please provide workpapers, documentation, and calculations/equations where available for the following questions:

- a) How much electricity has the Aliso Canyon Turbine Replacement Project used to date? Please provide the start and end dates for this figure.
- b) Approximately how much electricity will the Aliso Canyon Turbine Replacement Project use through completion? Please provide the start and end dates for this figure.
- c) If the Aliso Canyon Turbine Replacement Project's in-kind fuel mechanism is approved as discussed in Watson's testimony on page 16, at what time will the "Gas Daily S. Calif. Border price" be determined (i.e. time of use of the electricity, end of the Project, etc.)?
- d) What is the recorded cost of electricity used to date? If the "Gas Daily S. Calif. Border price" has not yet been determined, please provide cost estimates at forecasted gas prices. Please provide the calculation or equation/data used.
- e) What are the forecasted costs of electricity to be used through completion of the Aliso Canyon Turbine Replacement Project? If the "Gas Daily S. Calif. Border price" has not yet been determined, please provide cost estimates at forecasted gas prices.

RESPONSE 3:

- a) None. The project will not be completed until the end of 2016.
- b) See Response 3a.
- c) Daily gas prices will be used for daily electric consumption figures.
- d) See Response 3a.
- e) No electricity costs incurred during the completion of construction of the Aliso Canyon Turbine Replacement Project are will be included in the in-kind fuel rate. The electricity costs to be included in the in-kind fuel rate are those that will be incurred after the compressors are placed in service, which is expected to be in late 2016. With the installation of new electric-driven compressors, the fuel used for the current gas-driven storage compressor at Aliso Canyon will be reduced and be replaced with electricity costs. For the

**TRIENNIAL COST ALLOCATION PROCEEDING PHASE 1 APPLICATION
OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES EFFECTIVE JANUARY 1, 2016**

(A.14-12-017)

(DATA REQUEST ORA-TCAP-SCG-06)

purposes of calculating the in-kind fuel rate that is charged to customers who use storage injection, electricity costs will be converted to gas equivalents to determine the overall in-kind fuel rate after the electric motors are put in place. In determining the in-kind fuel rate, equivalent gas compressor fuel volumes (i.e., electricity costs divided by So. California Border gas prices = equivalent gas compressor fuel volume) will be added to actual gas compressor fuel used by SoCalGas' other compressors to develop the annually-adjusted total in-kind storage fuel factor. SoCalGas' system operator will sell this "equivalent gas" volume in the marketplace to pay for the electricity costs of the electric motors.