**QUESTION 1:**

At page 11 of the above subject, SoCalGas/SDG&E witness Ms. Fung states at lines 10-17:

“Table 3 shows SoCalGas’ transmission capital-related cost of $89.1 million. The backbone portion of capital-related cost is calculated from the transmission net book value and transmission depreciation expense of SoCalGas’ backbone facilities. The net book values of these backbone transmission lines and compressor stations represent 68% of SoCalGas’ transmission net book value. The depreciation expenses of these backbone lines and compressor stations represent 69% of SoCalGas’ transmission depreciation expense. These percentages result in a weighted average of backbone capital-related cost of 68.4% relative to SoCalGas’ total transmission capital-related cost, or $60.9 million.”

Please cite reference to Ms. Fung’s Revised Workpapers for the excel spreadsheet calculation of all the numbers in the above quoted statements, specifically,

(a) the $89.1 million;

(b) 68%;

(c) 69%;

(d) 68.4%; and

(e) $60.9 million and provide the Tab and cell references for items (a) through (e).

**RESPONSE 1:**



Please refer to the attached excel file, tab “BBT\_LT margin”:

1. Cell E11
2. Cells F7 and F9
3. Cell F5
4. Cell F11
5. Cell C11

**QUESTION 2:**

At page 12 of the above subject, SoCalGas/SDG&E witness Ms. Fung provides Table 18 captioned “Total Backbone Transmission Costs”. Please clarify what the percentages shown under column (B) represent and provide the cite reference to Ms.Fung’s Revised Workpapers, including the Tab and cell references for the source of the calculations of these percentages.

**RESPONSE 2:**

Please refer to the attached excel file, tab “BBT\_LT margin” in Response 1:

Column (B) shows the Backbone Transmission Capital-related Costs as a percentage of SoCalGas Transmission Capital-related Costs, shown in Cell F11.

Column (B) also shows the Backbone Transmission O&M, A&G expenses as a percentage of SoCalGas Transmission O&M, A&G Expenses, shown Cells F13 and F15.

**QUESTION 3:**

On pages 12-13 of the above subject, SoCalGas/SDG&E witness Ms. Fung states at lines 9-11 and continuing on to the next page at lines 1-20: “The proposed denominator of 2,818 MDth/d represents an estimated average BTS subscription/utilization31 from October 1, 2014, through September 30, 2015. This estimate is based on BTS firm SFV contracts, scheduled MFV, and interruptible throughput from October 1, 2014, through May 31, 2015, which are extrapolated for the remaining four months to September 30, 2015. This minor change in the method for determining the BTS denominator, which currently includes BTS MFV contract volumes rather than scheduled volumes, is appropriate because it safeguards that the BTS rates are designed to more closely recover allocated costs.” “Table 20 below shows a comparison of MFV throughput during an eight-month period within each of the last two subscription seasons. MFV throughput increased more than ten-fold while SFV reservations dropped by 67%. This is primarily due to the implementation of D.14-06-007,32

which reduced the 100% load factor MFV rate from 104% to 100% of the SFV reservation rate for BTS. An unintended consequence, however, is that it leads to an under recovery of costs if the capacity reservations for MFV contract volumes are used in the denominator for SFV and 6 MFV rates. Table 20 also shows that only 93% of MFV contract volumes were scheduled from October 2014 to May 2015. This 7% under-delivery relative to the contract volume is intended to recover 20% of the costs allocated to the MFV contracts. Therefore, in order to minimize undercollections caused by a considerably higher percentage of MFV contracts than in the past, SoCalGas and SDG&E propose that the denominator should include firm SFV contracts, scheduled MFV and interruptible throughput. Alternatively, the Commission could reverse D.14- 06-007 and once again set the MFV rate to be 104% of the SFV rate.”

**Question 3(a)**

Please clarify whether SoCalGas/SDG&E proposes to use the denominator of 2,818

MDth/d for purposes of the BTS denominator. If so, please explain the reference to

“This minor change in the method…is appropriate” quoted in the above subject statements. Does SoCalGas/SDG&E propose a “minor” change to 2,818 MDth/d and explain in what terms it could be considered a “minor” change relative to what is currently adopted? If so, please fully explain the reasons for the proposed “minor”change, including how this proposed “minor” change “safeguards that the BTS rates are designed to more closely recover allocated costs.”

**Response 3(a)**

Yes, SoCalGas/SDG&E propose to use 2,818 MDth/d as the BTS denominator in this TCAP Phase 2 application. The minor change being proposed is to replace MFV contracted volumes with MFV scheduled volumes in the denominator. As explained in my testimony on page 13 the current use of the higher contracted volume figure results in an under-collection of BTS revenues. The proposed change mitigates this issue.

**Question 3(b)**

Please identify the SoCalGas/SDG&E proposed BTS denominator, if that proposed denominator is not 2,818 MDth/d. Does the BTS denominator of 2,818 MDth/d include firm SFV contracts, scheduled MFV and interruptible throughput, as SoCalGas/SDG&E proposes in the second to the last statement quoted above? If not, please explain.

**Response 3(b)**

SoCalGas/SDG&E propose a BTS denominator of 2,818 MDth/d which includes firm SFV contracts, scheduled MFV and interruptible throughput.

**Question 3(c)**

Please identify the SoCalGas/SDG&E proposed BTS rate.

**Response 3(c)**

$0.183/Dth/day.

**Question 3(d)**

Please provide the resulting BTS rate in Table 19 under a scenario that SoCalGas/SDG&E proposes which is “that the denominator should include firm SFV contracts, scheduled MFV and interruptible throughput are included.” Is the resulting BTS rate under the scenario described higher or lower than the SoCalGas/SDG&E proposed BTS rate in item (c) above? Provide the active excel spreadsheet to support the calculations requested herein.

**Response 3(d)**

It is the same BTS rate shown in Response 3(c).

**Question 3(e)**

Please fully explain the alternative SoCalGas/SDG&E proposal of reversing D.14-06-007 to the extent that it sets the MFV rate to be 104% of the SFV rate, including how this alternative “safeguards that the BTS rates are designed to more closely recover allocated costs.”

**Response 3(e)**

If the MFV rate were 104% of the SFV rate, we could probably eliminate the need to make upward revisions in future BTS rates via the BTBA account.

**Question 3(f)**

Please provide the resulting BTS rate in Table 19 under a scenario that SoCalGas/SDG&E proposes in the alternative where D.14-06-007 is reversed as described in item (e) above. Provide the active excel spreadsheet to support the calculations requested herein.

**Response 3(f)**

$0.173/Dth/day.



**Question 3(g)**

Please explain whether the sole purpose of the SoCalGas/SDG&E proposed “minor” change to the method for determining the BTS denominator is to ensure cost recovery by SoCalGas/SDG&E. If not, fully explain the underlying reasons and assumptions for the proposed “minor” change, including how does this proposed “minor” change could provide all customers of SoCalGas/SDG&E with any benefits.

**Response 3(g)**

Yes.

**QUESTION 4:**

At page 1 of the above subject, SoCalGas/SDG&E witness Ms. Fung states that “the starting point for these embedded cost studies is the total recorded costs for calendar year 2013. These costs are presented in SoCalGas’ and SDG&E’s 2013 Annual Report to the Commission (FERC Form 2).”

(a) Please confirm whether the total recorded costs for calendar year 2014 is already available and similarly, whether FERC Form 2 is also already available.

(b) Based on the response to item (a) above, please provide the results for the Backbone and local transmission costs if total recorded costs for calendar year 2014 were instead used.

Please provide the workpapers with the active excel spreadsheets for a run using 2014 numbers.

**RESPONSE 4:**

1. Yes.
2. SoCalGas and SDG&E object to this question on the basis that it is unduly burdensome. Such a study would require at least six months to complete.