SAN DIEGO GAS AND ELECTRIC COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
2013 TRIENNIAL COST ALLOCATION PROCEEDING (A.11-11-002)
(1ST DATA REQUEST SOUTWEST GAS CORPORATION)

QUESTION 1:

Please state whether SoCalGas considers Line 235 a backbone or local transmission pipeline where Southwest Gas' delivery points interconnect with Line 235

RESPONSE 1:

SoCalGas considers Line 235 a backbone transmission pipeline where Southwest Gas' delivery points interconnect with Line 235.

QUESTION 2:

Please state whether SoCalGas considers Line 1185 a backbone or local transmission pipeline where Southwest Gas' delivery points interconnect with Line 1185

RESPONSE 2:

SoCalGas considers Line 1185 a backbone transmission pipeline where Southwest Gas' delivery points interconnect with Line 1185.

QUESTION 3:

Please state whether SoCalGas considers Line 4000 a backbone or local transmission pipeline where Southwest Gas' delivery points interconnect with Line 4000.

RESPONSE 3:

SoCalGas considers Line 4000 a backbone transmission pipeline where Southwest Gas' delivery points interconnect with Line 4000.

<u>QUESTION 4:</u>

Prepared Direct Testimony Jason Bonnett Direct Testimony, Table 8

Is the "BTS Adder for Direct Service" that is shown on line 53, column E of Table 8 the proposed backbone only transmission rate for qualifying new industrial and electric generating customers? If not, please provide the rate and reference in Mr. Bonnett's testimony or workpapers.

<u>RESPONSE 4:</u>

Yes, the new BTS customer will pay the "BTS Adder for Direct Service" ($0.00840). Additionally, the new BTS customer will pay the BTS rate ($0.16152) and any applicable surcharges/fees (e.g., PPPS surcharge).

QUESTION 5:

Prepared Direct Testimony of Steve Watson, Page 2, lines 8 through 13 -

> "The applicability for this rate is described in PG&E Rule 1. SDG&E/SoCalGas proposes the same type of rule with the definition of "new" being post-2012. This rule would not shift costs to existing users but it would create the incentive, where appropriate, for incremental load to be connected to the SDG&E/SoCalGas backbone system that would otherwise not materialize. This incremental load, in turn, would reduce backbone rates for existing backbone shippers."

Please explain when a new qualifying customer would no longer pay the backbone only service rate and begin paying the applicable C&I, EOR, or EG Transmission Level Service (TLS) rate?

RESPONSE 5:

SDG&E/SoCalGas envision keeping new qualifying customers on backbone-only rates as long as the current rate structure and service qualifications remain in place.

QUESTION 6:

Reference: Supplemental Direct Testimony of Steve Watson, Page 2, lines 9 through 14 –

"With regard to pipeline safety costs, SoCalGas and SDG&E are proposing that those costs be allocated to all end-users, not backbone rights holders, on an equal percent of allocated costs basis. If, however, those costs are eventually allocated to functional distribution and transmission costs, then the only portion of those costs that new customers would not pay would be that portion of pipeline safety costs allocated to local transmission costs. They would pay any costs allocated to backbone transmission under that scenario."

a. Assume a scenario where a Southwest Gas interconnect is not connected to a SoCalGas/SDG&E local transmission pipeline and pipeline safety costs are allocated to functional distribution and transmission costs. Under this scenario, would Southwest Gas' load associated with the interconnect be allocated a portion of pipeline safety costs that are allocated to local transmission costs?

b. If yes, please explain the reasonableness of Southwest Gas paying a portion of pipeline safety costs that are allocated to local transmission costs, while a new qualifying backbone only service rate customer avoids such costs.

RESPONSE 6:

a. Yes.

b. Although under the scenario Southwest Gas would be connected to the backbone system, Southwest Gas would not qualify as a new customer. SoCalGas' proposal is that pipeline safety costs be allocated on the basis of EPAM (equal percent of margin), not on the basis of functionalization.

QUESTION 7:

Reference: Supplemental Testimony of Gary Lenart, Page 4 line 18 through page 5 line 2 –

"At SoCalGas, the $3.125 million in adjustments made to the noncore EG-D Tier 1 and Tier 2 classes is offset by the $3.125 million adjustment to the TLS rate class; and, at SDG&E the $1.650 million in adjustments made to the noncore EG-D Tier 1 and Tier 2 classes is offset by the $1.650 million adjustment to the TLS rate class. Since the TLS rate is a Sempra-Wide rate, the total adjustment made to TLS customers is $4.775 million which is only a small portion of the total of $17 million in transition adjustments we are proposing."

a. Please state the portion of the $4.775 million transition adjustment amount to TLS customers that is attributable to distribution facility cost of service for non-core NCCI-D, EG-D Tier 2 and EG-D Tier 2 customers.

b. Please state the functional cost components embedded in the $4.775 million transition adjustment.

c. Please state the portion of the $4.775 million transition adjustment amount that is being allocated to Southwest Gas.

RESPONSE 7:

a.) The transition adjustments proposed by SoCalGas/SDG&E were not contemplated on a functional level. Instead, they were proposed as a tool to mitigate rate shock, and were determined with respect to each customer class' aggregate allocated base margin costs. For convenience and without prejudice, the transition adjustments were applied to the customer cost function. This is similar to how settlement agreement cost adjustments were applied in the 2009 BCAP.

b.) See Response 7.a.

c.) No transition adjustment costs are being directly allocated to Southwest Gas as a customer class. Inasmuch as the TLS rate is slightly higher due to the transition adjustments, the impact on Southwest Gas is that rate difference multiplied by Southwest Gas' throughput. However, even with the transition adjustments in place as proposed, Southwest Gas will still see an effective rate decrease from the cost allocation proposals in this application.

QUESTION 8:

Updated Direct Testimony of Gary Lenart, Page 34, Table 16

Please state the reason why the NCCI-D customer class located on SoCalGas' system is not being allocated a portion of the $3.0 million transition adjustment to mitigate rate shock to NCCI-D, EG-D Tier 2 and EG-D Tier 2 customers.

RESPONSE 8:

As stated in SoCalGas/SDG&E's response to the 4th Data Request from Southern California Edison, Q1.D, "since TLS is predominantly made up of electric generation customers, the offsetting adjustment was made to the TLS rate class."