

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY &  
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR  
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS EFFECTIVE  
JANUARY 1, 2020 IN THE TRIENNIAL COST ALLOCATION PROCEEDING**

**(A.18-07-024)**

**(DATA REQUEST CAL ADVOCATES-DR-008)**

**DATA RECEIVED: 10-22-18**

**DATE RESPONDED: 11-5-18**

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**QUESTION 1:**

At page 2 of Chapter 12 Testimony in A.18-07-024, the Applicants propose to increase the residential customer charge from \$5 to \$10 per customer per month for SoCalGas, while for SDG&E, Applicants propose to replace the current residential minimum bill of \$3 per customer per month, with a residential customer charge of \$10 per customer per month.

At Table 1 on page 3 of Chapter 12 Testimony in A.18-07-024, the Applicants provide the Class Average Transportation Rates (in \$/therm) proposed in 2020 for the different SoCalGas customer classes. In the first two columns with numerical values, Table 1 compares the present class average transportation rates as of 7-1-2018 against the proposed 2020 class average transportation rates on 1-1-2020, respectively. In the third and fourth columns, Table 1 shows for SoCalGas the amount of change in class average transportation rates (in \$/therm) between the two dates and corresponding percentage (%) change, respectively. For the Residential class, Table 1 shows a (\$0.005) negative change in the third column and a -0.7% negative change in the fourth column. Two other class categories show negative values, namely, the UBS and the BTS. Except for these, all other remaining SoCalGas customer classes show positive amounts of change in the third and fourth columns.

At Table 2 of the same testimony, the Applicants provide the Class Average Transportation Rates (in \$/therm) proposed in 2020 for the different SDG&E customer classes. The information presented in the four columns of Table 2 for SDG&E customers are similar to those described above for Table 1. Table 2 shows a \$0.010 positive change in the third column and a 1.1% positive change in the fourth column for the SDG&E Residential customer class. On the other hand, SDG&E's Non-Core Commercial & Industrial class at Distribution (NCCI-D) customer class shows negative values in the third and fourth columns. Except for the NCCI-D customer class, all other remaining SDG&E customer classes show positive amounts of change in the third and fourth columns.

- (a) Please confirm that as presented in Table 1, the Applicants project that the SoCalGas Residential class customer should expect to have decreases of (\$0.005) or approximately -0.7% of their class average in the 2020 class average transportation rates, which include the proposed increase to the residential customer charge described above. Please explain the reason for the projected decreases of (\$0.005), including the impact on the 2020 class average transportation rates of the proposed increase to the residential customer charge.
- (b) Please confirm that as presented in Table 1, the Applicants project increases in 2020 class average transportation rates for all other remaining SoCalGas customer classes except Residential). Please explain the reason for the projected increases in SoCalGas' 2020 class average transportation rates for all other remaining customer classes.
- (c) Please confirm that as presented in Table 2, the Applicants project increases in 2020 class average transportation rates for SDG&E Residential customer class to the extent of \$0.010/therm, or approximately 1.1% of 2020 class average rates. Please explain the for the projected increases of \$0.010/therm in class average transportation rates, including the impact on the 2020 Residential class average rates of the proposed replacement of the current residential minimum bill

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of \$3 per customer per month with a residential customer charge of \$10 per customer per month.

- (d) Please confirm that as presented in Table 2, the Applicants project decreases in the 2020 class average rates for the SDG&E NCCI-D customer class to the extent of (\$0.018)/therm, or approximately -15.4% of class average rates. Please explain the reason for the projected decreases of (\$0.018)/therm in class average rates.
- (e) Please confirm that, except the NCCI-D customer class in Table 2 which shows negative values, the Applicants project increases in class average rates for all other remaining SDG&E customer classes. Please explain the reason for the projected increases in 2020 class average rates for all other remaining SDG&E.
- (f) Please state whether UBS stands for Unbundled Storage, and if not, provide the meaning of the acronym, and explain what the (\$23,290)/therm and the -100% change shown in Table 1 at columns 3 and 4 for the UBS class category represent.
- (g) Please state whether BTS stands for Backbone Transmission Service, and if not, provide the meaning of the acronym, and explain what the (\$0.001)/therm and -0.4% change in Table 1 at columns 3 and 4 for the BTS category represent.

**RESPONSE 1:**

- (a) To be clear, as the title of section I.C of the Chapter 12 testimony states, the 2020 TCAP proposed rates are illustrative rates only. To isolate and present the impacts of 2020 TCAP proposals (updated cost studies, updated demand forecasts and cost allocation and rate design proposals) on rates, all else equal, SoCalGas has kept the 2020 TCAP revenue requirement components (including regulatory account balances) to be recovered in rates at the same levels underlying the 7/1/2018 rates. The revenue requirement components (base margin, regulatory account balances, etc.) to be recovered in 2020 rates are expected to be different than those underlying the 7/1/2018 rates. Therefore, the actual 2020 rates are expected to be different from the illustrative rates shown in Table 1 in Chapter 12 testimony.

With that important clarification, the reasons for the projected residential rate decrease of \$0.005 are lower costs allocated to residential customers from the following 2020 TCAP proposals (relative to the existing TCAP): (i) Self Generation Incentive Program (SGIP) costs, discussed in Chapter 12 (Chaudhury), pages 26-27; and (ii) updated transmission and storage embedded cost allocations shown in Chapter 12 workpapers (see "2020 TCAP SCG RD Model", tabs: Cost Alloc, Cost Allocation, and Reconcile, which shows the difference between the proposed Cost Alloc and Current Cost Alloc. The transmission and storage embedded cost studies are discussed in Chapter 8 (Fung), Table 20, page 15, and Table 23, page 19. Core storage allocation is shown in Chapter 5 (Guo), Table 14, page 17; (iii) Updated allocation of customer-related and distribution costs, shown in Chapter 9 (Schmidt-Pines) Table 5, page 28.

The rates in Table 1 are class average rates, which are derived by dividing class-specific revenue requirements by respective class-specific gas usage. A class average rate is invariant as to what portion of the class-specific revenue

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---

requirement is recovered in customer charge or volumetric charge. Thus, there is no impact on the 2020 class average transportation rates because of the proposed increase to the residential customer charge.

- (b) See response to (a) above.

With the same clarification provided in (a), the reasons for the projected increases in SoCalGas' 2020 class average transportation rates for all other remaining customer classes are higher costs allocated to these customer classes from the following 2020 TCAP proposals (relative to the existing TCAP): (i) updated transmission and storage embedded cost allocations shown in Chapter 12 workpapers (see "2020 TCAP SCG RD Model", tabs: Cost Alloc, Cost Allocation, and Reconcile, which shows the difference between the proposed Cost Alloc and Current Cost Alloc). The transmission and storage embedded cost studies are discussed in Chapter 8 (Fung), Table 20, page 15, and Table 23, page 19. Core storage allocation is shown in Chapter 5 (Guo), Table 14, page 17; (ii) Updated allocation of customer-related and distribution costs, shown in Chapter 9 (Schmidt-Pines) Table 5, page 28.

- (c) See response to (a) above.

With the same clarification provided in (a) which applies for SDG&E, the reasons for the increase in the SDG&E's Residential customer rate are increases in transmission and storage costs allocated to SDG&E, shown in Chapter 12 workpapers (see "2020 TCAP SDGE RD Model", tabs: Cost Alloc, Cost Allocation and Reconcile, which shows the difference between the proposed Cost Alloc and Current Cost Alloc. The transmission and storage are shown in Chapter 8 (Fung), Table 20, page 15 and Table 23, page 19. The core storage allocation is shown in Chapter 5 (Guo), Table 14, page 17.

There is no impact on the 2020 class average transportation rates because of the proposed increase to the residential customer charge compared to the minimum bill for the reason explain in (a) above.

- (d) See response to (a) above.

With the same clarification provided in (a) which applies for SDG&E, the reasons for the decrease of (\$0.018)/therm in SDG&E's NCCI-D (noncore Commercial and Industrial Distribution-level) customer class rate include: (i) lower allocation of SGIP costs, discussed in Chapter 12 (Chaudhury), pages 26-27; (ii) updated allocations of customer and distribution costs, shown in Chapter 10 (Foster) Table 15, page 21; (iii) higher forecasted SDG&E NCCI-D gas demand. SDG&E's proposed NCCI gas demand are shown in Chapter 5 (Guo), Table 10, page 37. SDG&E NCCI-D's gas demand are shown in Chapter 12 workpapers (see "2020 TCAP SDGE RD Model", tab, Rate Tables, line 23).

- (e) See response to (a) above.

With the same clarification provided in (a) which applies for SDG&E, the reasons for the increase in the referenced customer rates are increases in transmission and storage costs allocated to SDG&E, shown in Chapter 12 workpapers (see "2020 TCAP SDGE RD Model", tabs: Cost Alloc, Cost Allocation and Reconcile, which shows the differences between proposed and current allocations). The transmission and storage costs are shown in Chapter 8 (Fung), Table 20, page

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---

15 and Table 23, page 19. The Electric Generation demand decreased as shown in Chapter 12 workpapers (see "2020 TCAP SDGE RD Model", tab, Rate Tables, line 33).

- (f) Yes, UBS stands for Unbundled Storage. The (\$23,290) and the -100% change shown in Table 1 at columns 3 and 4 for the UBS class category represent the elimination of the Unbundled Storage Program.
- (g) Yes, BTS stands for Backbone Transportation Service. The (\$0.001)/dth/day and -0.4% change in Table 1 at columns 3 and 4 for the BTS category represent a rate decrease of 0.11 cents/dth/day due to a decrease in BTS embedded cost.

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JANUARY 1, 2020 IN THE TRIENNIAL COST ALLOCATION PROCEEDING**

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**(DATA REQUEST CAL ADVOCATES-DR-008)**

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---

**QUESTION 2:**

The projected class average transportation rates in Table 1 for SoCalGas on 1-1-2020 are as described in Question 1 above. Further, in a recent Advice Letter (AL) filing in AL 5368, SoCalGas submits revisions to its revenue requirement and rates effective 1-1-2019. The submittal revises SoCalGas rates to (i) incorporate the projected 2018 year-end regulatory account balances in transportation rates effective 1-1-19; (ii) update the SoCalGas Company-Use (CU) Fuel and Unaccounted For Gas based on the updated gas price forecast provided in Attachment C to the AL; and (iii) includes the forecasted revenue requirements for Greenhouse Gas (GHG) costs and the GHG allowance proceeds for inclusion in rates effective 1-1-2019. The AL states that the SoCalGas transportation revenue requirement will increase by \$122.9 million. Attachment A to AL 5368 compares the present rates as of July 1, 2018 against those proposed rates with the update to the regulatory account balances effective 1-1-2019.

The present rates in Attachment A of the AL 5368 are consistent with the present rates shown in Table 1 of Chapter 12 testimony in A.18-07-024. Attachment A shows at line 2 that for SoCalGas residential customers, the present transportation rates as of July 1, 2018 are proposed to increase on 1-1-2019 by \$0.08046/therm, or by approximately, 10.8%. At line 3, Attachment A shows that for transportation rates of SoCalGas Commercial & Industrial customers, the present rates as of July 1, 2018 are proposed to increase on 1-1-2019 by \$0.07496/therm, or by approximately 23.1%. The present transportation rates of SoCalGas Gas Engine, NGV, and Gas A/C customer classes are proposed to increase on 1-1-2019 by 28.2%, 40.6%, and 46.2%, respectively. The transportation rates of various SoCalGas noncore customer classes are likewise proposed to increase on 1-1-2019 based on this AL. As shown in Attachment A to the AL, the total Noncore C&I, total Electric Generation, and wholesale customer transportation rates are proposed to increase on 1-1-2019 by 36%, 12.3%, and 2.9%, respectively.

- (a) Assuming the regulatory account balance updates as proposed in SoCalGas AL 5368 take effect on 1-1-2019, please explain how the TCAP proposed amount of change in class average transportation rates (in \$/therms) and in % change for the different customer classes, as shown Table 1 of Chapter 12 testimony in A.18-07-024, will change on 1-1-2020.
- (b) Please explain whether the projected class average transportation rates as shown in Table 1 for rates on 1-1-2020 reflect any of the proposed changes in SoCalGas AL 5368, i.e., the regulatory account updates, the updates to CU Fuel and UAF Gas price forecast, and the GHG costs and GHG allowance proceeds.
- (c) Please provide all supporting workpapers, including excel spreadsheets, for your response to items (a) and (b) above.

**RESPONSE 2:**

- (a) To be clear, per AL 5368, SoCalGas's 2019 revenue requirement will increase by \$323.5 million, reflecting increases in regulatory account balances of \$122.9 million and 2019 greenhouse gas (GHG) forecast revenue requirement of \$200.6 million.

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---

The regulatory account balance updates as proposed in SoCalGas AL 5368 that will take effect on 1-1-2019 do not impact the 2020 TCAP proposed amount of change in class average transportation rates (in \$/therms) and in % change for the different customer classes, as shown Table 1 of Chapter 12 testimony in A.18-07-024. As explained in response to Question 1 (a) above, SoCalGas has kept the regulatory account balances for the 2020 TCAP proposed rates at the same levels underlying the 7/1/2018 rates (see Chapter 6 (Ahmed)). In October every year, SoCalGas files its annual regulatory account balance updates to be recovered in rates the following year. The regulatory account balance updates, to be filed in October 2019, will impact the actual 2020 rates.

- (b) The projected class average transportation rates as shown in Table 1 of Chapter 12 for rates on 1-1-2020 do not reflect any of the proposed changes in SoCalGas AL 5368, i.e., the regulatory account updates, the updates to CU Fuel and UAF Gas price forecast, and the GHG costs and GHG allowance proceeds for the reason explained in Question 2(a).
- (c) As shown in Chapter 12 workpapers (see "2020 TCAP SCG RD Model", tabs: Cost Alloc and Current Cost Alloc, lines 44 through 97), the regulatory accounts balances for Present rates (7/1/2018) and Proposed rates (2020 TCAP) are the same.

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY &  
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR  
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS EFFECTIVE  
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**(DATA REQUEST CAL ADVOCATES-DR-008)**

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---

**QUESTION 3:**

- (a) Please state whether SDG&E also has made an AL filing to revise its transportation rates for annual year-end regulatory account balance updates to take effect on 1-1-2019. If so, please cite reference to the SDG&E AL filing and provide an electronic copy of the projected class average transportation rates for the different SDG&E customer classes which take effect on 1-1-2019.
- (b) Please explain how the TCAP proposed amount of change in class average transportation rates (in \$/therms) and in % change for the different customer classes, as shown Table 2 of Chapter 12 testimony in A.18-07-024, is expected change on 1-1-2020 as compared to those projected to take effect on 1-1-2019.
- (c) Please provide all supporting workpapers, including excel spreadsheets, for your responses to items (a) and (b) above.

**RESPONSE 3:**

- (a) On October 31, 2018, SDG&E filed Advice Letter (AL) 2712-G to revise its transportation rates for annual year-end regulatory account balance updates to take effect on 1-1-2019. See attachment.
- (b) The regulatory account balance updates as proposed in AL 2712-G that will take effect on 1-1-2019, do not impact the TCAP proposed amount of change in class average transportation rates (in \$/therms) and in % change for the different customer classes, as shown Table 1 of Chapter 12 testimony in A.18-07-024, on 1-1-2020. As explained in response to Question 1(a) above, SDG&E has kept the regulatory account balances for the 2020 TCAP proposed rates at the same levels underlying the 7/1/2018 rates (see Chapter 7 (Roy)). In October, SDG&E files its annual regulatory account balance updates to be recovered in rates the following year. The regulatory account balance updates, to be filed in October 2019, will impact the actual 2020 rates.
- (c) As shown in Chapter 12 workpapers (see "2020 TCAP SDGE RD Model", tabs: Cost Alloc and Current Cost Alloc, Lines 40 through 87), the regulatory account balances for Present rates (7/1/2018) and Proposed rates (2020 TCAP) are the same.