

**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-011)

DATA RECEIVED: 11-2-18

DATE RESPONDED: 11-16-18

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 page 6, Applicants state that CARE customers would receive a 20% discount on the residential fixed charge. At page 7, Applicants propose a \$10 fixed non-CARE customer charge. Applicants state that this proposal “would be consistent with the \$10 fixed charge cap articulated by the Commission in D.17-09-035 with respect to electric non-CARE customer fixed charge proposals.”

- (a) Please clarify whether it is the Applicants’ proposal that the \$10 per month fixed residential customer charge would apply only to non-CARE residential customers, and not to CARE residential customers.
- (b) Please explain whether the proposed increases to the fixed monthly non-CARE residential customer charges would mean that SDG&E customers whose monthly gas consumption is zero therms would now have to pay \$10 a month, instead of the \$3 per month minimum bill. If so, please confirm that this proposal would mean an increase of over 300% to SDG&E non-CARE residential customers who are subject to the minimum bill payment.
- (c) Please provide the percentage of SDG&E non-CARE residential customers who are currently subject to the \$3 per month minimum bill payment, including a spreadsheet showing how the percentage was derived.
- (d) Please provide the projected percentage of SDG&E non-CARE residential customers who will become subject to the \$10 per month fixed residential customer charge if approved as proposed.
- (e) Please state whether CARE residential customers are currently exempt from, or subject to, the SoCalGas fixed residential customer charge of \$5 per month.
- (f) Please clarify the meaning of “CARE customers would receive a 20% discount on the residential fixed charge” and explain how this is consistent with a non-CARE fixed residential customer charge.

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- (g) Please clarify whether SDG&E's CARE residential gas customers are currently exempt from the payment of the \$3 per month minimum bill and whether SDG&E's current proposal is to discontinue existing policy on that exemption.
 - (h) Please explain whether SDG&E has conducted any customer forums or consultations with gas residential customers regarding SDG&E's plans to impose the payment of a \$10 per month fixed residential customer charges instead of a \$3 per month minimum bill that are at least 3 times their current level. If so, please provide the results of those customer forums or consultations.
 - (i) Please explain whether SoCalGas has conducted any customer forums or consultations with gas residential customers regarding SoCalGas' plans to impose the payment of a higher \$10 per month fixed non-CARE residential customer charge.
 - (j) Please clarify whether SoCalGas CARE residential customers are currently exempt from the existing \$5 per month residential customer charge.
 - (k) Please provide the percentage of SoCalGas residential customers who are currently subject to the \$5 per month residential customer charge.
 - (l) Please explain how the residential customers would still retain the incentive to conserve the use of gas given the Applicants' proposed increases to fixed charges even if no gas is used.

RESPONSE 1:

- (a) It is the Applicants' proposal that the \$10 per month fixed residential customer charge would apply only to residential non-CARE customers. CARE customers would be subject to \$8 per month customer charge, reflecting a 20% CARE discount.
- (b) Under the scenario presented in the question, an SDG&E customer whose monthly gas consumption is zero therms would pay \$10 a month customer charge, instead of the \$3 per month minimum bill. The proposed \$10 per-month customer charge reflects the fixed costs incurred by the Applicants to provide residential customers access to the gas system. The Applicants incurs these fixed costs for the service of gas to all customers, even when a particular customer's monthly gas consumption could conceptually be zero in any given month. Thus, the fixed costs underlying the proposed customer charge correlate to the utility's ability to provide gas service to its customers on demand, regardless of a customer's actual usage in any given month.

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- (c) All (100%) of SDG&E's residential non-CARE gas customers are currently subject to the \$3 per month minimum bill payment.
- (d) All (100%) of SDG&E non-CARE residential customers will become subject to the \$10 per-month fixed customer charge if approved as proposed.
- (e) Currently, all of SoCalGas' residential non-CARE customers are subject to a fixed customer charge of \$5 per month. SoCalGas' residential CARE customers currently are subject to fixed customer charge of \$4 per month, reflecting a 20% discount.
- (f) The fixed cost to provide access to the gas system is the same irrespective of whether a given residential customer is a CARE or non-CARE customer. The 20% discount provided to residential CARE customers is mandated by Public Utilities Code (PUC) §739.1. Given the PUC mandate, the Applicants do not see any inconsistencies in providing a customer charge discount to CARE customers.
- (g) Currently, all of SDG&E's residential non-CARE customers are subject to a minimum bill of \$3 per month. SDG&E's residential CARE customers currently are subject to a minimum bill of \$2.40 per month, reflecting a 20% discount. SDG&E's 2020 TCAP rate design proposal is to continue the CARE discount policy.
- (h) SDG&E has not conducted any such customer forums or consultations with gas residential customers.
- (i) SoCalGas has not conducted any such customer forums or consultations with gas residential customers.
- (j) No. See response to 1(e).
- (k) All (100%) of SoCalGas' residential non-CARE gas customers are currently subject to the \$5 per month residential customer charge.
- (l) In the Electric Rate Reform Decision, the Commission noted that "[w]e recognize that a fixed charge, as a rate design element, would not encourage additional conservation. However, we determine that the impact is likely to be small." D.17-09-001 at page 214. The Applicants agree with the Commission's determination and believe it to be equally translatable to the provision of gas service.

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QUESTION 2:

Please explain whether the Applicants' proposals regarding the fixed residential customer charge would be implemented to their Master Metered customers as well. If so, please provide answers to the same sub-questions in Question 1.

RESPONSE 2:

SoCalGas has separate tariffs for small Master Metered customers and large Master metered customers (see SoCalGas tariff Schedule GM). Large Master Metered customers are customers who have averaged at least 100,000 therms of weather-normalized usage for the previous two calendar years. SDG&E has a single tariff for its Master Metered customers (see SDG&E tariff Schedule GM).

For SoCalGas, the residential and small Mater Metered customers pay the same customer charges and volumetric rates, along with a 20% CARE discount. Similarly, SDG&E's residential customers and Master Metered customers pay the same minimum bills and volumetric rates, along with a 20% CARE discount. The Applicants' proposals regarding the fixed residential customer charge would be implemented to SoCalGas' small Master Metered customers and SDG&E's Master Metered customers. SoCalGas is not proposing to change the current customer charge of \$400 per month for its large Master Metered customers.

The answers to 2(a) – 2(l) for SoCalGas' small Master Metered customers and SDG&E's Master Metered customers would be the same as those in 1(a) – 1(l) for the Applicants' residential customers.

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QUESTION 3:

Please provide the monthly residential bill impact of the Applicants' proposals regarding the increase to the SoCalGas monthly customer charge and the replacement of the SDG&E minimum bill with a fixed monthly customer charge.

- (a) In your responses, please provide all supporting workpapers in excel showing the percentage of residential customers who will experience monthly bill increases, and the percentage of residential customers who will experience monthly bill decreases, if any.
- (b) Please explain whether SDG&E tested a scenario where SDG&E increases the residential minimum bill to \$10 per month, rather than replace the \$3 minimum bill with a \$10 residential customer charge. If so, please provide the results of SDG&E's scenario as described. If not, please explain the reasons why SDG&E did not perform tests on a higher \$10 minimum bill, instead of the proposed \$10 fixed customer charge.
- (c) Please describe any other scenario analysis performed by SDG&E regarding its proposal on the residential customer charge compared to the minimum bill.
- (d) Please describe any sensitivity analysis performed by SoCalGas regarding its proposal on the increases to the residential customer charge.

RESPONSE 3:

- (a) The Applicants evaluated the bill impacts of their proposed \$10 per month customer charge and compensating lower volumetric rates on residential CARE customers in Chapter 12, Section II.A.3. The supporting workpapers were already submitted. In response to this data request, the Applicants have evaluated the bill impacts of their proposed \$10 per month customer charge and compensating lower volumetric rates on residential non-CARE customers. See the attached files.



SDGE TCAP Bill

SDG&E: Impact Summary - Non-CARE



SCG TCAP Bill Impact

SoCalGas: Summary - Non-CARE

- (b) SDG&E did not test this scenario.

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- (c) SDG&E did not perform any other scenarios.
- (d) SoCalGas objects to the question as vague and ambiguous as to the term “sensitivity analysis.” Subject to and without waiving this objection, SoCalGas has to date provided all of its analyses on its customer charge proposal.

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QUESTION 4:

At page 5 of the October 31, 2018 Assigned Commissioner's Scoping Memo and Joint Assigned Commissioner's and Administrative Law Judge's Ruling in this proceeding, an additional issue was included which reads:

Finally, we added one additional issue that was not addressed in the Application, the protests, the responses or during the prehearing conference: the implementation of SB 711. SB 711 requires the Commission to make efforts to minimize bill volatility for residential customers, by modifying the length of baseline seasons or defining additional baseline seasons. For gas corporations that, for some portion of residential customers, employ every-other-month meter reading and estimate bills for months when the customer's meter is not read, the bill requires the Commission to direct the gas corporation to include in its tariffs the methodology it employs to estimate bills for those months during which the meter is not read. Because neither the Applicant nor the other parties to this proceeding have had an opportunity to comment on whether this proceeding is the appropriate venue to address this requirement, we direct parties to respond to the following two questions:

1. Explain why this proceeding is or is not the appropriate proceeding to implement SB 711.
2. If this venue is the appropriate proceeding, what is a reasonable timeline and procedural venue (e.g., supplemental testimony, etc.) to require the Applicants to provide the proposed methodology?

Please describe Applicants' residential baseline season structure in terms of the summer and winter seasons (i.e., which months summer/winter) and state whether any residential bill volatility has been observed in the past five years since the last TCAP. This question is not intended to be construed as a limitation on Applicants response to the above mentioned ruling.

RESPONSE 4:

1 & 2. See Response of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) to Assigned Commissioner's Scoping Memo and Joint Assigned Commissioner's and Administrative Law Judge's Ruling (November 12, 2018).

Applicants object to the question (posed in the paragraph below Questions 1 and 2) as vague and ambiguous in use of the term "residential bill volatility." Subject to and without waiving this objection, Applicants respond as follows.

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The Applicants have two levels of baseline allowances for residential customers depending on winter months (November 1 through April 30) or summer months (May 1 through October 31) season, with higher allowances during winter months.

Applicants do not know how Cal Advocates is defining “residential bill volatility” for purposes of this question. Applicants will be undertaking an analysis to ascertain and opine on whether residential bills exhibit volatility, if and when Senate Bill 711 implementation is scoped in this proceeding. With a residential rate structure containing volumetric rates, monthly residential bills vary depending on the level of gas consumption. Bills are higher in winter months, relative to summer months, due to winter gas heating load. Even in a winter month, monthly bills can vary depending on how cold the temperature gets. Applicants would like to point out that, relative to the Applicants’ current residential rate design structure, the proposed customer charge and compensating lower volumetric rates would lower the variability of monthly bills due to changes in gas consumption.