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-012)

DATA RECEIVED: 11-6-18

DATE RESPONDED: 11-20-18

QUESTION 1:

At page 23 of Chapter 12 Testimony in A.18-07-024, the Applicants state that D.04-04-043 established a method for calculating submeter credits. Applicants state that in this proceeding, the Applicants' proposed submeter credits are based on an updated study in compliance with the methodology in D.04-04-043. Applicants propose to set the SoCalGas submeter credit to $0.13742/meter/day for this TCAP term, which is an amount that is lower than the current SoCalGas submeter credit set at $0.27386/meter/day. Footnote 48 states "Per the method for calculating submeter credit, SoCalGas' proposed $10 per month customer [charge] has the effect of lowering submeter credit relative to that in current rates." In addition, the Applicants propose to set the SDG&E submeter credits at $0.26499/meter/day for multi-family (GS) customers and $0.28570/meter/day for mobile home (GT) customers, which are lower than the current submeter credits set at $0.38268/meter/day and $0.40932/meter/day, respectively, for this TCAP term. Similarly, Footnote 49 states "Per the method for calculating submeter credit, SDG&E's proposed $10 per month customer has the effect of lowering submeter credit relative to that in current rates."

(a) The above described proposed change to the SoCalGas submeter credit for this TCAP term of $0.13742/meter/day from $0.27386/meter/day would mean that a lower cost is proposed to be charged to the SoCalGas customers who are subject to the submeter credit. If so, please explain the reason/s behind the proposed lower rate and lower cost proposed to the SoCalGas customers who are subject to the submeter credit.

(b) Please cite reference to the workpapers which support the calculations of the proposed change in rates to the SoCalGas submeter credit customers.

(c) Please explain the meaning of Footnote 48 and clarify how the submeter credit may be linked (or even indexed) to the residential customer charge, and state whether the proposed change in rates to the submeter credit customers as described above relies on the approval of the proposed increase of the SoCalGas residential customer charge to $10 per month from the current $5 per month.

(d) Please describe the proposed TCAP term and explain whether the Applicants propose to set the SoCalGas submeter credit to $0.13742/meter/day for this TCAP term because the proposed increase of $10 per month on the SoCalGas residential customer charge is also proposed for the duration of the TCAP term.

(e) Please confirm that the above described proposed change to the SDG&E submeter credit or this TCAP term of 0.26499/meter/day for multi-family (GS) customers and $0.28570/meter/day for mobile home (GT) customers would mean that a lower cost is proposed to be charged to the SDG&E customers who are subject to the submeter credit. If so, please explain the reason/s for the proposed lower rate and lower cost proposed to the SDG&E customers who are subject to the submeter credit.

(f) Please cite reference to the workpapers which support the calculations of the proposed change in rates to the SDG&E submeter credit customers.

(g) Please explain the meaning of Footnote 49, and clarify how the submeter credit may be linked (or somehow indexed) to the residential customer charge, and state whether the proposed change in rates to the submeter credit customers as described above relies on the approval of the proposed increase of the SDG&E residential customer charge to $10 per month from the current $3 minimum monthly bill.

(h) Assume hypothetically that the Commission rejects replacement of the SDG&E residential minimum bill with a residential customer charge. Based on this hypothetical, please further assume also that the Commission approves instead a $10 residential minimum bill. Please explain how a $10 residential minimum bill for SDG&E would impact the SDG&E submeter credit.

<u>RESPONSE 1:</u>

(a) SoCalGas' proposed lower submeter credit in this 2020 TCAP does not mean a lower cost is proposed to be charged to the SoCalGas customers who are subject to the submeter credit. In fact, it is the opposite. Lower submeter credits given to customers imply such customers are charged higher costs.

(b) The workpapers which support the calculations of the proposed change in SoCalGas' submeter credit is the Excel file titled "SCG 2020TCAP Submeter Credit".

(c) As discussed in Chapter 12, page 23, submeter credits apply to utility customers with a master meter who provide gas service to residential sub-units (e.g., multi-family dwelling units and mobile home parks). Since this category of master metered customers provide gas service to residential sub-units, SoCalGas avoids certain categories of costs (e.g., sub-unit meters, service lines and related O&M costs for these sub-units). The submeter credit is calculated based on net utility avoided costs, with utility avoided cost being offset by forgone customer charge revenue. Therefore, the higher the customer charge, the lower the submeter credit.

Yes, the proposed change in submeter credit relies on the approval of the proposed increase of the SoCalGas residential customer charge to $10 per month from the current $5 per month.

(d) The proposed TCAP term is 2020 through 2022. The Applicants propose to set the SoCalGas submeter credit to $0.13742/meter/day for this TCAP term because the LRMC studies are for the duration of the TCAP term, and the submeter credit has traditionally only been updated when the marginal cost studies were updated. The $10 per month SoCalGas residential customer charge is also proposed to be in effect for the entire TCAP term, and thus impacts the derivation of the submeter credit for the entire TCAP term.

(e) The response for SDG&E's submeter credit would be similar to the response provided for SoCalGas in (a) above.

(f) The workpaper which support the calculations of the proposed changes in SDG&E's submeter credits is the Excel file "SDGE 2020TCAP Submeter Credit".

(g) The response for SDG&E's submeter credit would be similar to the response provided for SoCalGas in (c) above.

(h) The submeter credit under the $10 per month minimum bill would be higher than that under the $10 per month customer charge. Under the hypothetical, the submeter credit would be calculated based on net utility avoided costs, with utility avoided cost being offset by forgone minimum bill revenue, instead of the Applicants'-proposed forgone customer charge revenue. The foregone minimum bill revenue is likely to be significantly less than the foregone customer charge revenue because the revenue attributable to the $10 per month minimum bill would be generated from a subset of customers served by the master meter whose monthly volumetric bills would be less than $10 per month, whereas the revenue attributable to the $10 per month customer charge would be generated from all customers served by the master meter.

QUESTION 2:

At page 24 of Chapter 12 Testimony in A.18-07-024, the Applicants state "In D.16-10-004, the Commission-approved settlement retained the then-existing rate structure for the different tiers with SoCalGas' G-10 rate design and SDG&E's GN-3 rate design. Neither SoCalGas nor SDG&E proposes any changes to the current methodology." The Public Advocates Office notes that on line 3 at Table 1 in Appendix A, the SoCalGas Commercial and Industrial customers are projected to have a 17.1% rate change starting January 1, 2020 (see last column on Table 1). Similarly, line 3 at Table 1 in Appendix A, the SDG&E Commercial and Industrial customers are projected to have a 16.4% rate change starting January 1, 2020.

(a) Please explain the reason/s behind the significantly higher rate changes noted above for both the SoCalGas and SDG&E Commercial and Industrial customers.

(b) Please cite reference to the workpapers which support your reason/s.

(c) Please confirm that there are no proposed changes to either the current methodology on the rate structure or the cost allocation methodology for this customer class.

RESPONSE 2:

(a) The reasons behind the higher rate change noted above for SoCalGas' core Commercial and Industrial customers are updated customer-related and distribution- related cost studies reflecting higher costs for this customer class. The reasons behind the higher rate change noted above for SDG&E's core Commercial and Industrial customers are updated customer-related and distribution-related cost studies reflecting higher costs, and the allocation of higher updated transmission and storage costs allocated to SDG&E as a wholesale customer and subsequently recovered from all of SDG&E's retail customers.

(b) The comparison of the 2020 TCAP-proposed allocation of SoCalGas' customer-related and distribution-related costs with the existing costs is shown in Chapter 9 (Schmidt-Pines), Table 5, page 28, and are also shown in the workpaper "2020 TCAP SCG RD Model", tabs: Cost Alloc, Cost Allocation, and Reconcile, which show the difference between the proposed Cost Alloc and Current Cost Alloc. The comparison of 2020 TCAP-proposed allocations of SDG&E's customer-related and distribution-related costs with the existing costs is shown in Chapter 10 (Foster) Table 15, page 21. Also, see Chapter 12 workpapers ("2020 TCAP SDGE RD Model", tabs: Cost Alloc, Cost Allocation and Reconcile), which shows the differences between proposed and current allocations.

The 2020 TCAP transmission and storage costs are shown in Chapter 8 (Fung), Table 20, page 15 and Table 23, page 19. The 2020 TCAP-proposed core storage allocation is shown in Chapter 5 (Guo), Table 14, page 17.

(c) Confirmed.

QUESTION 3:

At pages 24-25 of Chapter 12 Testimony in A.18-07-024, the Applicants state that they have updated the NGV compression rate adders to reflect current costs and that these costs consist of a capital-related revenue requirement related to public-access refueling equipment and a fully-loaded O&M-related revenue requirement. Applicants state that the compression rate adders for SoCalGas and SDG&E are nearly identical. For the TCAP term, Applicants propose the rates of $1.04238 per therm and $1.04809 per therm for SoCalGas and SDG&E, respectively.

(a) Please cite reference to the relevant Commission decision which authorized the methodology for the calculation of the NGV compression rate adders for the Applicants and any updates to those rate adders.

(b) Please explain whether the Applicants' proposed rates for the compression rate adders as described above are consistent with the methodology authorized in the decision shown in item (a) of your response, without any modification.

(c) If any modifications to the methodology are proposed in this TCAP, please describe them.

(d) Please state the amount of the current compression rate adders and describe whether the proposed rates would increase or decrease those compression rate adders.

(e) Please explain reason/s for the proposed changes described in item (d).

(f) Please cite reference to the workpapers which support your reason/s.

RESPONSE 3:

(a) The initial compression rate adder was implemented per D.95-11-035, which approved ratepayer funding for various components of Applicants' low-emission vehicle programs. In response to SoCalGas' compliance filing to implement D.95-11-035, the Commission issued Resolution No. G-3191, dated July 17, 1996, directing SoCalGas to establish a compression rate adder of $0.35/therm. Since Applicants' 1999 BCAP did not update the NGV Compression Rate Adder and since Applicants' 2003 and 2005 BCAP applications were dismissed without prejudice by the Commission due to certain gas industry and market issues that were still pending before the Commission at the time, SoCalGas and SDG&E filed Advice Letters (AL) 3475-A and 1510-G-A, respectively, requesting approval to update their compression rate adders. SoCalGas and SDG&E received Commission approval of AL 3475-A and AL1510-G-A to update their Compression rate adders for an interim period until the utilities' next BCAP. The Applicants' compression rate adders were subsequently updated in the 2009, 2013, and 2016 BCAP/TCAP proceedings.

(b) The Applicants' proposed compression rate adders are consistent with the methodology authorized in the most recent TCAP decision, D.16-10-004, without any modification.

(c) Not applicable.

(d) SoCalGas's current compression rate adder is $1.03136 per therm and the proposed rate is $1.04238 per therm, reflecting a proposed increase of $.01102 per therm or 1.1%.

SDG&E's current compression rate adder is $1.03401/th and the proposed rate is $1.04809/th, reflecting a proposed increase of $.01108, or 1.1%.

(e) Updating the natural gas refueling station costs and natural gas volume forecasts resulted in proposed rate changes described in response 3(d).

(f) The workpapers are in Excel files "SCG 2020 TCAP NGV Compression Rate Adder" and "SDG&E TCAP NGV Compression Rate Adder."

QUESTION 4:

At page 25 of Chapter 12 Testimony in A.18-07-024, the Applicants state that in so far as the Noncore Distribution rates and the Transmission Level Service rates are concerned, “Neither SoCalGas nor SDG&E proposes any changes to the current methodology.” The Public Advocates Office notes that at line 16 of Table 1 in Appendix A for SoCalGas, the Applicants project a 17.3% rate change starting on January 1, 2020 for SoCalGas Noncore C&I. On the other hand, as shown at line 14 of Table 1 in Appendix A for SDG&E, the Applicants project a -9.3% rate change starting on January 1, 2020 for SDG&E Noncore C&I.

(a) Please explain the reason/s behind the significantly higher rate changes noted above for the SoCalGas Commercial and Industrial customers while SDG&E Noncore C&I is projected to have decreases.

(b) Please cite reference to the workpapers which support your reason/s.

(c) Please confirm that there are no proposed changes to either the current methodology on the rate structure or the cost allocation methodology for this customer class.

RESPONSE 4:

(a) The reasons for the projected increases in SoCalGas’ 2020 Noncore Commercial and Industrial customers’ rates are updated storage, customer-related and distribution-related cost studies reflecting higher costs for these customer classes. The main reason for the projected decreases in SDG&E’s 2020 Noncore Commercial and Industrial customers’ rates are updated customer-related cost studies reflecting lower costs. The reduction in customer-related costs more than offset the increase in storage and distribution-related cost for these customer classes at SDG&E.

(b) SoCalGas’ 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. The updated allocation of SoCalGas’ customer-related and distribution-related costs are shown in Chapter 9 (Schmidt-Pines) Table 5, page 28. The updated allocation of SDG&E’s customer-related and distribution cost are shown in Chapter 10 (Foster) Table 15, page 2 and in Chapter

12 workpapers (see “2020 TCAP SDGE RD Model”, tabs: Cost Alloc, Cost Allocation and Reconcile).

(c) Confirmed.