

**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-019)**

**DATA RECEIVED: 11-29-18**

**DATE RESPONDED: 12-07-18**

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**QUESTION 1:**

Are there any Operation and Maintenance (O&M) costs associated with the proposed optional Core Electric Generation (Core EG) rate? If so, please identify those O&M costs.

**RESPONSE 1:**

SoCalGas understands the question to be asking whether the proposal to adopt a new Core EG Rate will result in incremental O&M costs that SoCalGas will need to incur to provide that service. SoCalGas would not be seeking incremental O&M funding to provide this new service, if adopted. See Response 2.

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**QUESTION 2:**

Is there any cost recovery being requested for the proposed optional Core EG rate?  
If so, please describe Applicants' cost recovery proposal.

**RESPONSE 2:**

SoCalGas is not requesting additional funding to implement this rate, therefore no cost recovery being proposed.

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**QUESTION 3:**

On page 7, Applicants propose that the transportation revenue received from the Core EG rate be credited to the Core Fixed Cost Account (CFCA) balancing account. Describe this process, including how it “may have the impact of reducing core transportation rates,” as stated on page 7.

**RESPONSE 3:**

The CFCA is a balancing account in SoCalGas’ preliminary statement. As stated in the Purpose section of the CFCA, the purpose of the account is to “balance the difference between the authorized margin...and other non-gas costs...allocated to the core market with revenues intended to recover these costs.”<sup>1</sup> At the most basic level, if allocated costs exceed core revenues in a given year, the CFCA will be “undercollected,” which will generally cause core rates to increase in the following year. If core revenues exceed allocated costs in a given year, the CFCA will be “overcollected,” which will generally cause core rates to decrease in the following year.

Using the example in Chapter 11, Table 3, a new customer selecting the proposed Core EG Rate would consume approximately 126,000 therms of natural gas in a year. At the proposed rate of 13.3¢/therm and \$50.00/month customer charge, SoCalGas will receive incremental transportation revenue of approximately \$17,000/year.

This amount will be credited to the CFCA. Because this is an optional rate and no costs are allocated to the rate, when the core transportation rates are updated for the next year<sup>2</sup>, the net balance in the CFCA will be reduced by \$17,000.

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<sup>1</sup> The CFCA Preliminary Statement is available at <https://socialgas.com/regulatory/tariffs/tm2/pdf/CFCA.pdf>.

<sup>2</sup> Core transportation rates are updated on January 1<sup>st</sup> of each year by advice letter filed in late October of the previous year.

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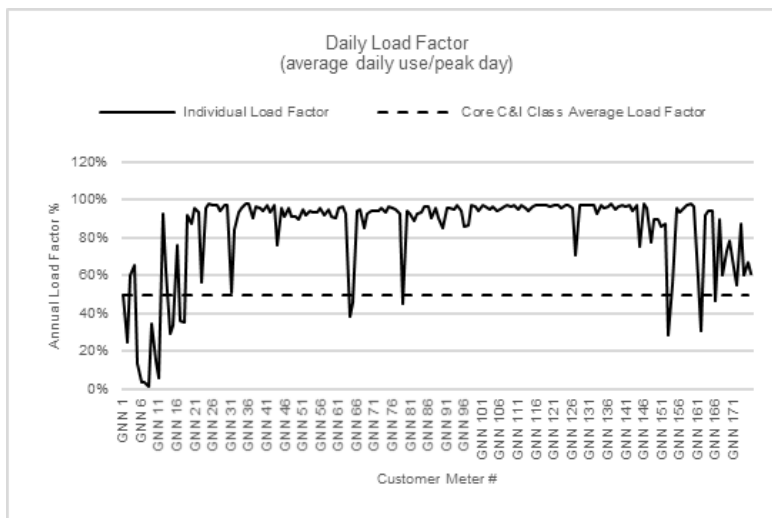
**QUESTION 4:**

Describe the demand profiles of small EG customers, including any differences from typical Schedule GT-NC and Schedule G-10 customers.

**RESPONSE 4:**

The average small EG customer uses approximately 126,000 therms/year while the average core C&I customer only uses 4,800 therms/year. This results in much lower customer-related costs<sup>3</sup> on ¢/therm basis. As shown in Chapter 11, Table 3, customer-related costs for the core C&I class are 18.9¢/therm while the proposed cost for a core EG Rate customer would be 0.7¢/therm.

Small EG customers have operated at a much higher daily load factor<sup>4</sup>, or utilization rate, than the average core C&I customer, as shown in the chart below. This results in a lower cost for the medium and high pressure distribution systems, on a ¢/therm basis. As shown in Chapter 11, Table 3, the distribution system costs for the core C&I class is 6.6¢/therm and 2.9¢/therm; while the proposed cost for a Core EG Rate customer would be 5.4¢/therm and 2.0¢/therm; respectively.



<sup>3</sup> Customer related Costs are for service lines, meters, regulators, call centers & customer services, and billing.

<sup>4</sup> Load factor is the average daily demand / peak day demand of the available customer data; and, represents the extent to which pipeline capacity that is allocated to the customer class is fully utilized...

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**QUESTION 5:**

To Applicants' knowledge, do other Californian investor owned utilities have a similar schedule specific to small EG customers? If so, please identify such utility or utilities.

**RESPONSE 5:**

To the best of SoCalGas's knowledge, Southwest Gas Corporation has a tariff schedule GS-66 entitled "CORE SMALL ELECTRIC POWER GENERATION GAS SERVICE," which appears to be specific to small EG customers.