

**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-020)

DATA RECEIVED: 11-30-19

DATE RESPONDED: 12-14-19

QUESTION 1:

In Conclusion of Law #10 of D.16-10-004 in SoCalGas/SDG&E's 2017 TCAP A.15-07-014, the Commission states:

10. To maintain the inverted rate structure required by Pub. Util. Code §§ 739(d)(1) and 739.7, it is reasonable to adopt a tier differential ratio of 1.15 to 1.00 for SDG&E's and SoCalGas's residential Tier 2 and Tier 1 rates (i.e., Tier 2 residential gas rates exceed Tier 1 residential gas rates by 15%). The adopted tier differential ratio should apply to bundled rates (transportation plus commodity), should be calculated using the composite tier method, and should have no cap on the nominal difference between Tier 2 rates and Tier 1 rates.

- (a) At the current SoCalGas residential monthly customer charge of \$5 per month and the SDG&E minimum bill of \$3 per month, please provide the current tier differential ratio for SDG&E's and SoCalGas' residential Tier 2 and Tier 1 rates (i.e., the percentage by which the Tier 2 residential gas rates exceed Tier 1 residential gas rates).
- (b) Please provide the active excel file by which the calculation of the current tier differential ratio in item (a) could be verified, including a cite to the specific cells in the spreadsheet that show this ratio.
- (c) Please state whether the above-mentioned calculation is performed based on using the composite tier method, and if not, please explain.
- (d) Please confirm whether there is no cap on the nominal difference between Tier 2 rates and Tier 1 rates, and if not, please explain.
- (e) Please confirm that the currently, both the SoCalGas and SDG&E residential rates have the inverted rate structure, and if not, please explain.
- (f) Please explain whether the current monthly residential customer charges have any effect on the level of the volumetric charges in Tier 1 and/or Tier 2.

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RESPONSE 1:

- (a) Consistent with the referenced 2017 TCAP decision, at the current SoCalGas residential monthly customer charge of \$5 per month and the SDG&E minimum bill of \$3 per month, the current composite tier differential ratio for both SoCalGas' and SDG&E's residential Tier 2 and Tier 1 rates is 1.15.
- (b) The attached spreadsheets, Nov-2018 SCG RD Model.xls, tab: Rate Tables, cell: I86, and Nov-2018 SDGE RD Model.xls, tab: Rate Tables, cell: I66 have the calculation of the current composite tier differential ratio referenced in response 1(a).
- (c) Yes, the above-mentioned calculation is performed based on using the composite tier method.
- (d) Confirmed.
- (e) Confirmed.
- (f) Yes, the monthly residential customer charges lower volumetric charges in Tier 1 and Tier 2 because the revenue from residential customer charges is subtracted from the residential revenue requirement to derive revenue to be recovered from volumetric rates. With a given residential revenue requirement, customer charge revenue lowers revenue to be collected from volumetric charges, resulting in lower volumetric charges.

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QUESTION 2:

Given Conclusion of Law #10 of D.16-10-004, and assuming that the proposed SoCalGas residential monthly customer charge of \$10 per month and the SDG&E residential monthly customer charge of \$10 per month are both approved by the Commission, please respond below:

- (a) The estimated tier differential ratio for SDG&E's and SoCalGas' residential Tier 2 and Tier 1 rates (i.e., the percentage by which the Tier 2 residential gas rates exceed Tier 1 residential gas rates).
- (b) Provide the active excel file by which the calculation of the estimated tier differential ratio in item (a) could be verified, including a cite to the specific cells in the spreadsheet that show this ratio.
- (c) State whether the above-mentioned calculation is performed based on using the composite tier method, and if not, please explain.
- (d) Confirm whether there is no cap on the nominal difference between Tier 2 rates and Tier 1 rates, and if not, please explain.
- (e) Confirm that the if the Commission approves the proposed customer charge of \$10 per month for both the SoCalGas and SDG&E residential rates, then both utilities are projected to have the inverted rate structure, and if not, please explain.
- (f) Explain whether the proposed increase to the monthly residential customer charges for SoCalGas will have any effect on the level of the volumetric charges in Tier 1 and/or Tier 2 rates. Please include a supporting excel spreadsheet that demonstrate your response.
- (g) Explain whether the proposed conversion of the minimum monthly bill to the monthly residential customer charge, and likewise an increase from \$3 to \$10 for SDG&E will have any effect on the level of the volumetric charges in Tier 1 and/or Tier 2 rates. Please include a supporting excel spreadsheet that demonstrate your response.

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RESPONSE 2:

- (a) Under Applicants' proposed \$10 per month residential customer charge for both SDG&E and SoCalGas, Applicants propose to retain the composite tier differential ratio for SDG&E's and SoCalGas' residential Tier 2 and Tier 1 rates at 1.15.
- (b) Chapter 12 (Chaudhury) workpapers, 2020 TCAP SCG RD Model.xls, tab: Rate Tables, cell: I85 and 2020 TCAP SDGE RD Model.xls, tab: Rate Tables, cell I66 have the calculation of the proposed composite tier differential ratio.
- (c) Yes, the above-mentioned calculation is performed based on using the composite tier method.
- (d) Confirmed
- (e) Confirmed.
- (f) The proposed increase to the monthly residential customer charges for SoCalGas will decrease the volumetric charges in Tier 1 and Tier 2 rates for the reason explained in response 1(f). Please refer to the Chapter 12 (Chaudhury) workpapers, 2020 TCAP SCG RD Model.xls, tab: Res Rate.
- (g) The proposed conversion of the minimum monthly bill to the monthly residential customer charge, and likewise an increase from \$3 to \$10 for SDG&E will decrease the volumetric charges in Tier 1 and Tier 2 rates for the reason explained in response 1(f). Please refer to the Chapter 12 (Chaudhury) workpapers, 2020 TCAP SDGE RD Model.xls, tab: Res Rate. The conversion from \$3 per month minimum bill to \$3 per month customer would lead to lower volumetric rates because revenue collected from \$3 per month customer charge would be much higher than the revenue currently collected from \$3 per month minimum bill (all SDG&E residential customers will pay the \$3 per month customer charge, whereas a fraction of SDG&E residential customers (those with gas bill less than \$3 per month) currently contribute towards minimum bill revenue). Similarly, a \$10 per month SDG&E residential customer charge would lead to lower volumetric rates compared to a \$10 per month minimum bill scenario.