

**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-032)**

**DATA RECEIVED: 1-24-19**

**DATE RESPONDED: 2-7-19**

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**QUESTION 1:**

In response to DR008 Question 1(a), SoCalGas/SDG&E state in part:

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.

With the first paragraph above in mind, please respond to the following:

- (a) Please describe how the actual rate outcome could be different from the illustrative rates, such as: (i) whether the direction of the rates could go up rather than down and show increases rather than decreases; (ii) whether the magnitude of the rate change could be greater than a (\$0.005) change or -0.7% change depending on the assumptions you identify.

**RESPONSE 1:**

As Applicants stated in the first paragraph above, the 2020 actual rates, including residential rate, are expected to be different from the illustrative 2020 rates. (i) The direction 2020 actual rates, relative to the 2020 illustrative rates, could go up rather than down and show increases rather than decreases. (ii) The magnitude of the 2020 actual rate change could be greater than

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a (\$0.005) change or -0.7% depending on: the 2020 base margin that the Commission adopts in Applicants' 2019 GRC, the magnitude of regulatory account balances at the end of 2019 that are amortized in 2020 rates, and any additional 2020 revenue requirements authorized by the Commission outside the 2019 GRC (e.g., recovery of pipeline safety and enhancement plan costs, recovery of forecasted greenhouse gas revenue requirement, recovery of natural gas leak abatement costs).

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**QUESTION 2:**

In response to DR008 Question 1(f), SoCalGas/SDG&E state:

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.

- (a) Please confirm whether the response above means that the Applicants propose to close the UBS program and any applicable tariffs of that program if authorized to do so by the Commission.
- (b) In addition to the Applicants' proposed elimination of the UBS program, please explain whether the Applicants considered any other scenario runs regarding the UBS where the UBS program could remain open. If any such scenarios were run to test assumptions other than the Applicants' own assumptions, please describe those scenarios and the results of those scenarios.
- (c) If the Applicants did not consider any other scenarios regarding the UBS program, please explain why the Applicants did not test any other scenarios that are based on assumptions different from the Applicants' own proposal.

**RESPONSE 2:**

- (a) Confirmed.
- (b) No.
- (c) Applicants presented one comprehensive set of proposals (and not multiple competing proposals) in their forward-looking, future test year TCAP application. Applicants' comprehensive set of proposals was based on underlying assumptions, namely around storage, as explained in the application (p. 4) and in TCAP Chapter 1 (Dandridge), p. 4. Applicants' proposal to eliminate the unbundled storage program is part of that comprehensive set of proposals.

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**QUESTION 3:**

In response to DR008 Question 1(g), SoCalGas/SDG&E state:

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.

- (a) Does the above response mean that the Applicants expect a decrease in BTS embedded costs from those shown in Table 19 of Chapter 8 Testimony on Embedded Costs? Table 19 is captioned "2016 SoCalGas & SDG&E Transmission Costs" and shows the total amount of \$284.0 million under column C.
- (b) If the answer to (a) is "yes," please provide the basis for the Applicants' expectation of the decrease in BTS embedded cost.
- (c) If the answer to (a) is "no," please provide further clarification of your response to DR008 Question 1(g) regarding the rate decrease in BTS category and the decrease in the BTS embedded cost. Please state your assumptions or any inputs that were assumed in DR008(g) response that are not considered or assumed in Table 19 of Chapter 8.

**RESPONSE 3:**

- (a) No. However, Applicants believe the question pertains to Table 20, not Table 19.<sup>1</sup> With that understanding, Table 20 shows the BTS embedded costs proposed in this 2020 TCAP based on 2016 historical data. Applicants cannot speculate whether future embedded cost studies prepared for future TCAPs will show a decrease or an increase from those proposed in Table 20.
- (b) N/A
- (c) The BTS revenue requirement (and rate) is comprised of several revenue requirement elements: embedded backbone transmission cost studies (Chapter 8, Table 20), regulatory account balances pertaining to pipeline safety and enhancement plan (PSRPMA, SECCBA, SEEBA defined in the table below), regulatory account balances pertaining to transmission integrity management program, and balance in the backbone

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<sup>1</sup> Table 20 shows only **Backbone** Transmission costs, whereas Table 19 shows Total SoCalGas and SDG&E Transmission costs.

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transmission balancing account. The table below shows the derivation of BTS revenue requirement (and rate). As the table shows, only one revenue requirement element changed between the "Current BTS" and "Proposed BTS": a decline in BTS embedded cost from \$217.993 million to \$213.226.

	Current BTS	Proposed BTS	Increase/Decrease
SEU Post-SI BTS \$000	\$217,993	\$213,226	(\$4,767)
PSRMA-BBT SCG	\$2,976	\$2,976	\$0
PSRMA-BBT SDG&E	\$0	\$0	\$0
SECCBA-BBT SCG	\$12,290	\$12,290	\$0
SECCBA-BBT SDG&E	\$234	\$234	\$0
SEEBBA-BBT	\$15,527	\$15,527	\$0
SCG			
SEEBBA-BBT SDG&E	\$0	\$0	\$0
TIMPBA-BBT SCG w/o FFU \$000	\$15,002	\$15,002	\$0
TIMPBA-BBT SDGE w/o FFU	\$3,162	\$3,162	\$0
\$000			
BTBA w/o FFU	(\$9,143)	(\$9,143)	\$0
\$000			
FFU Rate Net-to-Gross	<u>101.7370%</u>	<u>101.7370%</u>	
	\$40,743	\$40,743	\$0
BTS Revenue Requirement w/FFU	\$258,736	\$257,673	(\$1,063)
\$000			
BBT Demand Dth/d	2,689,863	2,689,863	
<b>BTS Rate incl Reg. Accounts</b>	<b>\$0.26353</b>	<b>\$0.26245</b>	(\$0.00108)
<b>\$/dth/day</b>			

Note: PSRMA is Pipeline Safety Regulatory Memo Account  
SECCBA is Safety Enhancement Capital Cost Balancing Account  
SEEBBA is Safety Enhancement Expense Balancing Account  
TIMPBA is Transmission Integrity Management Program Balancing Account  
BTBA is Backbone Transmission Balancing Account

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**QUESTION 4:**

Please provide the Applicants' annual historic Commission-adopted revenue requirements for the last fifteen (15) years in general rate case decisions which are/were subject to the triennial or biennial cost allocation proceeding. Please include citations to any relevant Commission decisions.

**RESPONSE 4:**

	(in thousands of dollars)		
	<b><u>SDG&amp;E (Gas)</u></b>	<b><u>SoCalGas</u></b>	<b><u>CPUC Decisions</u></b>
2004	213,693	1,502,033	D.04-12-015
2005	216,449	1,529,983	D.05-03-023, D.96-06-055
2006	224,612	1,582,300	D.05-03-023, D.05-12-043
2007	231,904	1,640,050	D.05-03-023
2008	241,800	1,685,000	D.08-07-046
2009	249,985	1,737,898	D.08-07-046
2010	259,193	1,789,778	D.08-07-046
2011	268,401	1,845,246	D.08-07-046
2012	292,259	1,958,745	D.13-05-010
2013	295,601	1,982,479	D.13-05-010, D.12-12-034
2014	303,583	2,034,203	D.13-05-010, D.12-12-034
2015	311,784	2,122,333	D.13-05-010, D.12-12-034
2016	308,877	2,203,966	D.16-06-054
2017	319,535	2,277,999	D.16-06-054
2018	328,496	2,324,293	D.16-06-054, D.17-07-005

Note: SoCalGas 2012-2015 Tax Relief Act adjustment implemented in 2015. See SCG AL 4777.

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**QUESTION 5:**

Please provide the Applicants' annual historic Commission-adopted throughput levels for the last fifteen (15) years in allocation proceedings which are/were subject to the triennial or biennial cost allocation proceeding. Please include citations to any relevant Commission decisions.

**RESPONSE 5:**

Please see attachment.

