

**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-034)

DATA RECEIVED: 1-29-19

DATE RESPONDED: 2-11-19

QUESTION 1:

In the Excel workpaper file SCG 2020 TCAP LRMC Customer Costs at tab "Meter cost detail," SoCalGas shows the calculation of the weighted average meter and regulator capital expenditure per customer. For Single Family residential customers denoted as "SF," the tab indicates a full range of varying meter sizes from a "1" to a "10." These different meter sizes vary in average cost as indicated in the tab at Excel column "M," ranging from a low of \$208.99/customer for a size 1 to a high of \$12,502.97/customer for a size 10 meter. The note at the bottom of the spreadsheet states:

(1) Meter Size – The numbers signify the size of the meters. Numbers 1 through 3 represent small meters, 4 and 5 are medium size meters and 6 through 10 represent large meters.

A second note at the bottom of the spreadsheet states:

(2) "Above Std" is meant to identify whether there is provision for gas delivery at above standard pressure for that particular meter size. The value of "0" means not above standard pressure and "1" means above standard pressure.

As shown in the spreadsheet, those with a "1," or above standard pressure, generally have higher weighted average costs compared to those with a "0." An SF customer with meter size 3 illustrates this point. An SF customer with meter size 3 with a "0" has an average meter and regulator capital expenditure of \$308.38/customer while one with a "1" has a higher average meter and regulator cost of \$867.33/customer.

A majority of the SF customers (approximately 92 percent) are shown by SoCalGas at meter sizes 1 and 3 with "0" above standard pressure. Only 19 SF customers with meter size 3 are shown with a "1" above standard pressure. If separate weighted average meter and regulator costs were calculated for meter sizes 1 through 3, or small customers, then the spreadsheet would show their weighted average cost to be \$250/customer. Similarly, SF customers with meter sizes 4 through 5 would have weighted average cost of \$978/customer, while those with meter sizes 6 through 10 would have weighted average cost of \$2,550/customer.

At Excel row 45, the cell M45 indicates a weighted average cost of \$334.23/customer for all SF meter sizes which is based on the combined total cost of all SF meter sizes divided by the total number of SF customers. Also, the calculated single weighted average cost value for all meter size categories does not distinguish cost for above standard pressure delivery. For the SF customer, this single weighted average of meter and regulator capital expenditure of \$334.23/customer is then escalated from 2016 \$ to bring the value to 2020 \$ using the capital escalation factor of 1.1319.

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Further, SoCalGas states in Chapter 12 direct testimony:¹

In this TCAP, Applicants have calculated fixed costs eligible to be recovered in residential fixed customer charge following the Commission's directive in D.17- 09-035: comprising of revenue cycle services costs, and minimum service line, regulator and meter costs. (footnote omitted)

The Commission states in Finding of Fact #3 of D.17-09-035:²

Defining fixed costs as customer-specific costs that do not vary with customer usage in kWh or kW is consistent with the characterization of fixed costs in D.15- 07-001.

- a) Please explain whether SoCalGas determines the size and type of meter to be furnished and installed to an SF customer. If so, please briefly explain how the gas meter size is determined by the company.
- b) Please explain whether the meter size furnished and installed for an SF customer will generally correspond to the maximum amount of load expected from a customer, where meter sizes 1 through 3 would have smaller load expected, sizes 4 through 5 would have slightly higher expected load compared to the previous category, and sizes 6 through 10 would have the largest amount of expected load from the SF customer.
- c) Please explain whether the calculation of the weighted average meter and regulator capital expenditure per SF customer shown in the tab "Meter cost detail," which combines the cost of small customers with those of larger customers, results in a weighted average cost for small customers that is higher compared to a weighted average cost calculation for customers based on the separate meter size categories of small, medium, and large.
- d) Please fully explain why it would be reasonable to calculate a single weighted average meter and regulator capital expenditure for each SF customer given that the meter sizes 1 through 10 for SF customers differ substantially in average cost per customer.
- e) Please explain how the investment cost per customer for the SF customer class is customer-specific when the calculation of the SF customer's weighted average cost of meter and regulator capital expenditures per customer is based on a combination of small, medium, and average size meter customers.

RESPONSE 1:

- a) Yes. The gas meter size is determined by amount of load expected from a customer.

¹ Direct Testimony of S..Chaudhury in A.18-07-024 at p.8.

² Finding of Fact #3, D.17-09-035 at p.54.

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- b) Yes, the meter size furnished and installed for a Single Family (SF) customer will generally correspond to the maximum amount of load expected from a customer, where meter sizes 1 through 3 would have smaller load expected, Sizes 4 through 5 would have slightly higher expected load compared to the previous category, and Sizes 6 through 10 would have the largest amount of expected load from the SF customer.
- c) Yes, the calculation of the weighted average meter and regulator capital expenditure per SF customer shown in the tab "Meter cost detail," which combines the cost of small customers with those of larger customers, results in a weighted average cost for small customers that is higher compared to a weighted average cost calculation for customers based on the separate meter size categories of small, medium, and large. To be clear, Excel workpaper file SCG 2020 TCAP LRMC Customer Costs.xls at tab "Meter cost detail," being referred to is used for cost allocation purposes, which requires calculation of weighted average cost of all meter sizes, small, medium and large.
- d) CalPA's question referring to both the cited tab in the cited excel file and cited Chapter 12 direct testimony seems to suggest that CalPA thinks that Applicants calculated fixed costs eligible to be recovered in residential fixed customer charge using the cited data in the cited tab. This is not the case. Applicants followed the Commission's directive in D.17-09-035 and calculated fixed costs eligible to be recovered in residential fixed customer charge comprising of revenue cycle services costs, and minimum service line, regulator and meter costs. The Excel workpaper file SCG 2020TCAP Customer Costs 20th percentile min 0618, tab "Meter cost detail" is used to support Chapter 12 (Chaudhury) direct testimony for the calculation of fixed costs eligible to be recovered in residential fixed charge shown in Chapter 12, page 10, Table 3. In this tab "Meter cost detail," cells M45 and M54, shows \$172.67, which is the lowest cost meter for both SF and Multi-family (MF) customers.
- e) See Response 1(d).

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QUESTION 2:

A similar calculation of the weighted average meter and regulator capital expenditure per customer is shown in the tab "Meter cost detail" for Multi-Family customers denoted as "MF." Most of the MF customers (approximately 99.7%) are shown by SoCalGas at meter sizes 1 through 3 with "0" above standard pressure. A single total weighted average cost of meter and regulator for the MF customers meter sizes show the amount of \$184.79/customer at cell M54. If MF customers of meter sizes 1 through 3 had their weighted average costs calculated separately for their meter category, then their weighted average cost would be only slightly lower at \$182/customer.

Please respond to items (a) through (d) in Question 1 above in terms of the information shown for the MF customers.

RESPONSE 2:

See Responses 1(a) – (d).

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QUESTION 3:

There are certain differences in the average \$/meter shown in the tab "Meter cost detail" in the Excel workpaper file SCG 2020 TCAP LRMC Customer Costs as compared to the average \$/meter in the file 2020 TCAP SCG RD Model at tab "Res SRM Data." The tab "Meter cost detail" does not show a category for size 2 meter while the tab "Res SRM Data" shows a size 2 meter with a new meter unit cost of \$142/meter. Instead, the tab "Meter cost detail" shows a size 3 meter with the cost of \$123.97/meter. In addition, the tab "Meter cost detail" shows a size 10 meter with a cost of \$4,433.19/meter. However, the tab "Res SRM Data" shows the meter size 10 with a cost of \$1,423/meter. This tab shows a meter unit cost of \$4,433/meter for meter size 11-15. Please clarify which tab displays the correct numbers for the meter sizes identified above and indicate any correction that need to be made to the numbers in these tabs.

RESPONSE 3:

The average \$/meter shown in the tab "Meter cost detail" in the Excel workpaper file SCG 2020 TCAP LRMC Customer Costs represents only new customers (premises that initial gas service started within the last 5 years) while the average \$/meter in the file 2020 TCAP SCG RD Model at tab "Res SRM Data" are for existing customers. Size 2 meter is no longer installed in a customer premise, and hence, not listed on "Meter Cost Detail" tab, which shows meters installed in new customer premises.

The cost of a Size 2 meter is based on the meter price when this meter was installed and not comparable to the cost of a recently-installed Size 3 meter. Even though meter Size 2 is obsolete, there are still residential customers who have that size of meter. It is listed in the file 2020 TCAP SCG RD Model at tab "Res SRM Data."

The tab "Meter cost detail" shows a Size 10 meter with a cost of \$4,433.19/meter, which represents a rotary meter. The tab "Res SRM Data" shows the meter Size 10 with a cost of \$1,423/meter, and it is an average cost of the 10 Standard "Large" meter set assemblies (MSAs) representing rotary and other types of meters. The tab "Res SRM Data" shows a meter unit cost of \$4,433/meter for meter Sizes 11-15, which represents the rotary meter in the "Meter Cost Detail" tab.

No corrections are needed to be made to the numbers in these tabs.

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QUESTION 4:

In the tab “service cost detail” of the Excel file SCG 2020 TCAP LRMC Customer costs, SoCalGas shows the average length in feet for the different customer classes. Note 5 at the bottom of the spreadsheet states:

The average length was computed by dividing the total service line footage by rate class, line diameter, and pipe type by the number of customers use in the analysis.

The Public Advocates Office understands based on the data provided by SoCalGas in response to Cal-Advocates data request (DR)-06 Question 2, that the average length in feet has been declining for some SF customer categories (except those in Code 2P) and those in the MF and Master Meter (MM) categories over at least 2 LRMC studies.

- a) Please explain whether there have been recent changes in the way the average length in feet of service lines is being calculated and the reason for those changes (including any Commission decisions).
- b) Please describe these changes identified in (a) and how they lead to the observed trend noted above.

RESPONSE 4:

- a) There have been no recent changes in the way the average length in feet of service lines is being calculated. One of the reasons the average footage has declined for some SF customer categories is that the new lot configurations have much less front yard space which reduces the distance from the distribution main to the service meter, resulting in shorter service lines. Also, row houses may have a cluster of meters in one spot which means the developer/builder has to install their own line from the meter to the dwelling and lower service line footage installed by SoCalGas.
- b) See Response 4(a).