

**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-040)

DATA RECEIVED: 2-12-19

DATE RESPONDED: 2-27-19

QUESTION 1:

In Response to DR-014 Q1(a), SoCalGas and SDG&E provided the Excel file "SoCalGas Customer Services.xls" with tabs: "Summary" and "SCG Dart Hours." In tab "Summary," the file shows at cell D33 the Grand Total amount of \$119,776,007 for Residential customers under Excel column D. The cell D33 indicates that this amount is obtained by multiplying the sum total of the amounts for PUC Accounts 870, 878, 879, and 880 (2016 costs) in cell C33 by the hours assigned to the Rate Class of Residential Customers in cell D5, which is 84.389%. In turn, cell D5 is derived from the tab "SCG Dart Hours" at cell C78 in that tab. The "SCG Dart Hours" tab shows the total hours assigned to the Residential Class includes both the known hours (only known rate class) and additional hours for unknown hours. The total hours assigned to Residential Customers consist of the known 983,528 hours plus the additional assigned for unknown hours of 26,485 to the class. The 2016 Service Order hours shown in the tab are indicated for the following items:

1. Change of Account
 2. CSO
 3. Credit/Collection
 4. Gas Leak
 5. Turn on/Shut off
 6. Incomplete
 7. Read/Verify
 8. Fumigation
 9. Commercial/Industrial
 10. Meter Work (O&M)
 11. NON-PAY TURN ON
 12. Miscellaneous
 13. FOOD INDUSTRY
 14. Meter Work Capital
 15. HBI
 16. Advanced Meter
- (a) Please explain the basis for allocating the major portion of additional unknown hours to the Residential Class as shown in cell C78 of the tab "SCG Dart Hours."
- (b) Please describe the service provided to customers under each of the service order category items 1-16 listed above from the tab "SCG Dart Hours" and how each is related to customer usage.

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- (c) Please explain the reason for assigning the hours for most of the items listed above to the Residential Customer class.
- (d) Please explain how the item “Meter Work (capital)” is different from the work for installation of the meter.
- (e) Please explain how the item “Advanced Meter” is different from work for the installation of the meter.
- (f) Please explain the nature of the service items that are considered “miscellaneous” and fall into that item category.
- (g) Please explain the nature of “fumigation” service orders.

RESPONSE 1:

- (a) The basis for allocating the unknown hours to all customer classes including the Residential Class, as shown in cell C78 of the tab “SCG Dart Hours.” is to allocate total unknown hours across all customer classes in proportion to each customer class’ known hours, shown in lines 4 -27.
- (b) Below are the descriptions under each of the service order category items 1-16 listed above from the tab “SCG Dart Hours” and how each is related to customer usage.

1	Change of Account	Work performed to establish or terminate a customer's account
2	CSO	Order used when a customer requests gas appliance(s) to be checked
3	Credit/Collection	An attempt to collect on an unpaid balance
4	Gas Leak	Investigate a gas leak or odor complaint
5	Turn on/Shut off	Turn on or Close gas service and establish or close an account
6	Incomplete	Service order at a customer premise was unable to be completed (Customer not home, locked gate, etc.)
7	Read/Verify	Order to collect data at a customer premise for billing, residential load survey or to close gas service at a previously soft-closed account
8	Fumigation	Close or restore gas service before and after fumigation work
9	Commercial/Industrial	Order type to turn on or service gas equipment for commercial/industrial customer requests

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10	Meter Work (O&M)	Reset, change or remove gas meter at an existing customer's premise
11	NON-PAY TURN ON	Restore gas service shut off for non-payment
12	Miscellaneous	Generally used for miscellaneous types of meter work
13	FOOD INDUSTRY	Order type to turn on or service gas equipment for food industry customer requests
14	Meter Work Capital	Installing a new gas meter and establishing service at a new customer premise
15	HBI	Investigate a high bill complaint
16	Advanced Meter	Perform work related to an MTU (Device that transmits data between meter and Gas Company systems)

- (c) The allocation method reflects the actual hours used for each customer class. The hours for most of the items listed above were used mostly to serve Residential Customer class.
- (d) "Meter Work (capital)" is different from the work for installation of the meter. "Meter Work (capital)" captures the O&M costs associated establishing service at a new customer premise.
- (e) Advanced meter is meter work related to installing and activating the meter control device.
- (f) "Miscellaneous" is for existing meter work, meter changes, meter resets and meter removals.
- (g) "Fumigation" service orders are closing meters for fumigation facilities and then turning the meters back on.

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QUESTION 2:

In Response to DR-014 Q1(a), SoCalGas and SDG&E provided the Excel file "SoCalGas Customer Accounts.xls" with tabs: "Sum by Alloc," "LRMC Cost Sum-Final," "2016 Data," "Alloc Factors," "Act DR Data," and "LRMC Cost Summary." The Customer Accounts expenses recorded for 2016 is in the total amount of \$116,733,311, as shown in cell X87 in the tab "LRMC Cost Summary." In the "LRMC Cost Summary" tab, the file shows at Excel cell F87 that the grand total amount of Customer Accounts Expenses allocated to Residential customers are in the amount of \$108,934,300. The amount on cell F87 is shown as the sum total of the PUC accounts 901, 902, 903, and 905 allocated to the Residential customers, plus IT costs on cell F85 allocated to Residential. Each account is described below.

No amounts appeared to be shown for the PUC account 901 but there were amounts displayed for Account 902 consisting of \$11,102,729 shown for Account 902.500 and \$731,094 for Account 902.200. The amounts for Account 902 are shown to come from the tab "Alloc Factors" at cell W37, which are meter reading expenses for Core. The tab describes Account 902 indicating the following: "Account reflects costs incurred for the collection of customer consumption data. Meter reading is responsible for manually reading over 5 million gas meters each month." Of the \$11,102,729, approximately \$10 million, or 90.37%, are allocated to Residential customers as shown at Excel cell E37 for \$10,033,476. As shown, the allocation factor is based on the spread by weighted read times. The tab "Act DR Data" at cells F45 and AH 45 shows the weighted read times and the number of active meters for Residential customers. On the other hand, the other amount of \$731,094 in Account 902.200 is mostly allocated to noncore customers by number of their active meters.

The majority of the Customer Accounts expense allocated to the Residential class is shown from PUC Account 903. The total Customer Accounts 2016 recorded expenses for all customers is shown as \$104,755,263 in cell X77 at tab "LRMC Cost Summary." Of that, the amount of \$98,766,232 is shown as allocated to Residential customers. The various allocation factors used are shown from tab "Alloc Factors." For Account 903.000, which the tab describes as the account which reflects costs incurred for processing customer payments, the allocator is shown to be spread by the number of active accounts. For Residential customers, this translates to 96.41% as shown on cell E93. However, for Account 903.100 expenses, which is described in the tab as Supervision which account "reflects cost associated with line supervision and line staff management personnel supporting core and non-core billing, meter reading, customer resource center, branch office, credit and collections and major accounts collection activities." The allocator of 83.77% for Residential customers is shown to be a combination of the different items allocated under Account 903 by different ways to spread the costs. This is shown in cell E85 in the tab "Alloc Factors." The allocator is based on the combined total of the different

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items listed under the heading item 5.2 Cost Allocation are allocated. A relatively small amount of Customer Accounts expenses is shown for PUC Account 905 in the amount of \$97,000, which is described in the tab "Alloc Factors" as an account which "reflects miscellaneous costs applicable to customer accounts activities." The tab indicates that Account 905 is allocated based on the spread of the active accounts. Finally, IT costs are shown to be included in the Customer Accounts expenses in the tab "LRMC Cost Summary" at Excel row 85. Total IT costs are included in the amount of \$144,129 as shown in the tab at cell X85. The IT costs are allocated based on the combined allocation of Accounts 902, 903, and 905. For Residential customers, this allocation of IT costs amounts to \$134,069, or 93.02% of the total IT costs.

With the above in mind, please respond below:

- (a) For Account 902, please explain fully how customer expenses for meter readings of customer consumption data and manually readings over 5 million gas meters each month as described, is consistent with the existence and operation of SoCalGas' AMI.
- (b) Please explain whether the costs recorded for Account 902 in years 2017 and 2018 have shown a decline relative to the recorded 2016 data shown here.
- (c) As filed in the Applicants' 2019 GRC, please explain how Account 902 expenses are projected to behave in the forward years 2019-2021 relative to the recorded years.
- (d) Please explain the Meter Reading costs reflected in Account 903.100 and explain how this is different from the Meter Reading cost shown in the Customer Services expenses.
- (e) Please describe the nature of the Customer Account Expenses reflected for the item "Customer Operations" under Account 903 and explain whether any of these are allocated to Residential customers.
- (f) Please describe the nature of the Customer Account Expenses reflected for the item "Cust Cont Center" under Account 903 and explain the basis for allocating the majority of this cost item to Residential customers.
- (g) Please explain the basis for including IT costs as part of Customer Accounts Expenses.

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RESPONSE 2:

- (a) In 2016, SoCalGas did not manually read over five million gas meter each month; the referenced description is not current. For Account 902, 2016 meter reading costs, as shown in the TCAP 2020 spreadsheet, "SoCalGas Customer Accounts.xls, tab, Alloc Factors, cell V37, decreased to \$11 million compared to 2013 meter reading costs of \$42 million, reflecting significant reduction in the number meters being read manually.
- (b) SoCalGas requests an extension. A response is forthcoming.
- (c) In the TY 2019 GRC, O&M expenses were forecasted at the cost center level, the forecasts were translated from the cost center format to the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts format to properly reassign costs from O&M to capital. The translation was based on 2016 recorded FERC settlements with adjustments made to reflect 2019 forecasted O&M activities¹. Based on the cost center to FERC translation, the 2019 direct O&M expense attributed to Account 902 is \$12.534 million (2016\$). Forecast for the attrition years (2020-2021) is not available, it will be determined by the adopted attrition mechanism in the final decision.

FERC Account	2019 Direct O&M (Thousands of 2016\$)
902.0	9,881
902.1	598
902.2	935
902.3	552
902.5	567
Total	<u>12,534</u>

- (d) Account 903.100 costs should not have been allocated to the Meter Reading cost shown in the Customer Services expenses. Total 903.100 costs were \$17.2 million, of which \$1.7 million was inadvertently allocated to Meter Reading.
- (e) The "Customer Operations" under Account 903 reflects costs for core and noncore customers' billing. These costs are allocated to all customer classes, including Residential customers.

¹ Exhibit SCG-43-2R Direct Testimony of Ryan Hom, Appendix B

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- (f) The Customer Account Expenses reflected for the item "Cust Cont Center" under Account 903 are costs incurred at the Call Center. The Call Center costs are allocated base on weighted call volumes (by call types) received from customers by customer class. The majority of the calls received at the Call Center are from residential customers. Hence, residential customers are allocated majority of this cost item.
- (g) SoCalGas requests an extension. A response is forthcoming.