

**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-045)

DATA RECEIVED: 2-15-19

DATE RESPONDED: 3-4-19

QUESTION 1:

The Public Advocates Office understands that the data source for the embedded cost studies on the transmission and storage functions is based on the total recorded costs for the calendar year 2016 as presented in SoCalGas and SDG&E's FERC Form 2.1 In addition, Ms. Fung states at p.4 of her testimony:

"The third capital-related expense is taxes, and specifically federal and state income taxes, and ad valorem (or property) tax. (footnote omitted) For taxes related to transmission plant, I used tax data contained in SoCalGas' Test Year 2019 General Rate Case (GRC). (footnote omitted) SoCalGas' 2016 recorded capital related taxes (comprised of federal and state income taxes and property taxes) were \$130.7 million. (footnote omitted) These taxes are allocated to transmission as follows: \$130.7 million x 17.2% (footnote omitted)."

On p.10 of Ms. Fung's testimony, she states "I used tax data contained in SDG&E's 2019 GRC. SDG&E's 2016 recorded federal and state income taxes for gas operations totaled \$12.6 million. (footnote omitted) In addition, SDG&E's 2016 recorded ad valorem (i.e., property) taxes were \$10.2 million, (footnote omitted) resulting in capital-related taxes of \$22.8 million." These taxes are allocated to transmission as follows: \$22.8 million x 20.2% = \$4.6 million."

- (a) In reference to the statement on SoCalGas, please clarify the meaning of the statement above "For taxes related to transmission plant, I used tax data contained in SoCalGas' Test Year 2019 General Rate Case (GRC)" where she cites in footnote 10 "See A.17-10-008, Exhibit SCG-37-2R, Second Revised SoCalGas Direct Testimony of Ragan G. Reeves, April 6, 2018 (relevant excerpts attached in Appendix B)." Fung Direct Testimony at p.2.
- (b) Please fully explain how the tax data contained in the above source cited in footnote 10 was used in the embedded costs for the transmission and storage functions.
- (c) In reference to the statement on SDG&E's taxes, please clarify the meaning of the statement above "I used tax data contained in SDG&E's Test Year 2019 GRC" where she cites in footnote 33 "See A.17-10-007, Exhibit SDG&E-35-2R, Second Revised SDG&E Direct Testimony of Ragan G. Reeves, April 6, 2018 (relevant excerpts attached in Appendix D)."
- (d) Please fully explain how the tax data contained in the above source cited in footnote 10 was used in the embedded costs for the transmission and storage functions.

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RESPONSE 1:

- (a) Applicants relied on Ragan Reeves' 2019 GRC testimony for its 2016 recorded taxes because the taxes presented in the FERC Form 2 relate to all recorded activity, including non-GRC activity, while Mr. Reeves' testimony had already calculated 2016 recorded taxes for GRC activity. Chapter 8, Appendix B refers to 2019 GRC A.17-10-008, Exhibit SCG-37-2R which shows only 2016 GRC-related taxes for SoCalGas of \$130.7 million. Applicants then used the \$130.7 million in taxes to calculate taxes for transmission and storage plant as described in 1(b).
- (b) Allocation of SoCalGas' 2016-capital related taxes of \$130.7 million to transmission and storage are described in Chapter 8, page 4, line 11 to page 5, lines 1-6.
- (c) See explanation in 1(a). Chapter 8, Appendix D refers to 2019 GRC A.17-10-007, Exhibit SDG&E-35-2R which shows only 2016 GRC-related taxes for SDG&E of \$22.8 million, as described in Chapter 8, footnotes 33 and 34.
- (d) In responding to Question 1(d), SoCalGas is assuming CAL Advocates is referring to footnotes 33 and 34 instead of footnote 10, since footnote 10 relates to SoCalGas, for which a response is already provided in Response 1(b).

Allocation of SDGE's 2016-capital related taxes of \$22.8 million to transmission is described in Chapter 8, page 10, lines 6-8.