

**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-051)**

**DATA RECEIVED: 3-7-19**

**DATE RESPONDED: 3-21-19**

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**The following data request questions pertain to Chapter 8 of the Applicants' testimony the Prepared and Direct Testimony of Sim-Cheng Fung regarding Embedded Costs.**

**QUESTION 1:**

In the embedded cost testimony of Ms. Fung, Ms. Fung states in footnote 3 on page 2 that FERC Form 2 for year-end 2016 "was the latest available report at the time I prepared my embedded cost studies."

With this sentence in mind, please explain fully:

How SoCalGas anticipates reconciling the difference between the 2016 numbers from the embedded cost study to match the 2016 numbers escalated to 2020 \$ used elsewhere in the RD model when these are added together.

**RESPONSE 1:**

SoCalGas prepares the embedded cost studies separately from the Long Run Marginal Cost (LRMC) studies. LRMC is a forward-looking cost concept related to the cost of hooking up a new customer or the cost of serving one additional unit of load in the future. Therefore, an escalation factor is applied. The embedded cost studies rely predominantly on FERC Form 2 recorded (not escalated) costs. Therefore, SoCalGas is not planning on changing methodologies or performing the type of reconciliation that the question describes. As such, there will be no adjustments to the embedded transmission and storage studies (see Chapter 8, page 13, lines 15-18 and page 17, lines 11-13, respectively).