

**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-23)

DATA RECEIVED:

DATE RESPONDED: 12-20-18

QUESTION 1:

SoCalGas' Response to DR 014 Q1 (a) provides detailed workpapers on revenue cycle services (RCS) which show in detail, for each of SoCalGas and SDG&E, the costs for account set up. Metering services, billing and payment, including "certain exclusions" as stated in the Commission decision for each customer class.

SoCalGas Customer Accounts file (Accounts 901, 902, 903, 904, & 905) shows total 2016 recorded cost in the amount of \$111, 720,086.

- a) In the Tab "Sum by Alloc," the Call Center function (designated as "A") has \$31,132,925 in 2016 Recorded cost. The detailed support for the Call Center presented in Tab "Alloc Factors" shows that this amount is made up of two items assigned in "A," namely: \$28,341,160 at cell V191 and \$2,791,765 at cell V306. The amount on cell V191 consists of four sub categories, presented in the file as: Residential Cost, Gas 2000, Set Desk, and HBI Group – Residential & Spec Inv. All four items are combined and the allocation shows that 97.99% of the \$28,341,160 should be allocated to RES, while the remainder should be split amount the G10-Core C&I, and a small amount 0.01% to each of GEN and G30.
- i. Can you describe what these four sub-categories are and the basis for the allocation.
 - ii. Can you confirm whether the Call Center costs are based on actual 2016 recorded date? The Tab "2016 Data" appears to show on cell F90 that the Account 903.101 through 903.110 are based on 2013 recorded costs.
- b) In the Tab "Sum by Alloc," the Meter Reading function (designated as "B") is shown with \$11,835,023 in 2016 recorded costs. In Tab "Alloc Factors" the costs assigned to "B", are shown with 90.37% of the meter reading costs allocated for Core in the amount of \$11,102,729 and are based on Account 902 spread by weighted meter read time.
- i. What is the source of the weighted read time of 4,359,251 shown on cello E35 of the Tab "Alloc Factors"? It appears to come from the Tab "Act Dr Data" at cell F45. But that cell in turn references cell AH45, which is the sum of the total connected meters per residential class multiplied by weighted meter read times. Are you using total connected meters instead of the count of active meters?
 - ii. What is the basis for the weighted read times calculated? Single Family Residential appears to be assigned a 1 as weighted read time while the other residential categories have 0.77, 0.14, and 0.29.
 - iii. How can these be verified?

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- c) In the Tab "Sum by Alloc," the Bill Distribution function (designated as "C") is shown with the amount of \$17,950,681 in 2016 recorded costs. The majority of "C" consists of Account 903.700 which is indicated as an account reflecting posting costs. The allocation is spread by the number of accounts. For this account, 96.41% is allocated to RES based on 5,516,213.
- i. Can you confirm whether the account driver is based on the count of active meters rather than on the total count of connected meters?
 - ii. Does bill distribution costs cover both printed and electronic bill distribution?
 - iii. Of the total bill distribution, what is the percentage size of electronic bill distribution?
- d) In the Tab "Sum by Alloc," the Supervision and Staff Support function (designated as "D") is shown in the amount of \$13,168,969 in 2016 recorded costs. The amounts shown assigned to "D" consists of Account 901 (HQ Staff Offc Activities), 901.301 (Supervision), and 903.1 (Supervision).
- i. Is the cost driver for supervision costs the same as the driver for Customer Accounts, which is mainly total count of active meters?
- e) Thru J. describe and explain the cost allocation drivers for functions E thru J such as those shown in the Tab "act DR Data."

RESPONSE 1:

- a)
- i. Below are the descriptions and allocation methods for the four sub-categories:
 - Residential Cost – Calls answered for Residential customers – Allocated 100% to residential
 - Gas 2000 – Calls answered for Commercial and Industrial Customers – allocated by call volume to nonresidential customer
 - Set Desk – New meter sets for commercial and residential customers – allocated by customer orders
 - HBI Group – Residential & Spec Inv – High Bill Investigations for residential and commercial customers. Allocated 100% to Residential (most investigations are for residential, very few investigations are for commercial customers)
 - ii. Confirmed that the Call Center costs are based on 2016 recorded data.

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- b)
- i. The source of the residential weighted read time is the sum of the relative read times by residential segments (ratio of average residential segment meter read time divided by the average single-family meter read time) multiplied by the number of connected meters for each residential segment (tab Act DR Data AC41-AH45). SoCalGas used connected meters, instead of active meters (which is the more correct figure), for the allocation of meter reading costs. However, SoCalGas evaluated and found that the cost allocation impact of using connected meters instead of active meters has been to allocate 1% less meter reading costs to residential customers.
 - ii. The relative meter read times were calculated based on a regression analysis of meter reading route times as a function of the number of active meters by core rate categories.
 - iii. The regression analysis mentioned in response to ii. above yielded the estimated average meter read times by customer segments. These are estimated meter read times by customer classes since actual meter read times by customer classes are not available. The input data used for the regression analysis has over 7,700 meter reading routes that include route times and meter counts. SoCalGas has used this regression approach since the 1996 BCAP.
- c)
- i. The cost driver is the count of active meters.
 - ii. The bill distribution costs recorded in 903.700 account only include the printed bill costs. The electronic bill costs are included as part of Account 908 but are not broken down separately. The Account 908 costs are part of Customer Service & Information Costs (CSI Costs), Chapter 9 (Schmidt-Pines) workpaper, "SCG 2020TCAP LRMC Customer Costs.xls", tab: cust 8 o&m, line 58.
 - iii. Electronic bill distribution comprised 40% of total bill distribution as of December 31, 2016.
- d) Only 903.1 account captures supervision costs. Accounts 901 and 901.301 are no longer used for supervision costs and have zero 2016 recorded cost. There are multiple cost drivers for supervision costs depending on the supervisory functions performed as shown below:
- Branch Office Supervision – Based on Payments and Field Orders
 - Customer Contact Center Supervision– Based on Calls answered (see response to a) i) above)
 - Customer Billing Services Supervision – Based on general ledger activities and field orders
 - Meter Reading Supervision- Based on Weighted Read Times (see response to b) above

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- Office Credit & Collections Supervision – Based on Field Orders

e) Below are descriptions of the cost allocation drivers for functions E thru J such as those shown in the Tab “Act Dr Data.”

- E – Billing System Maintenance & Enhancements – Account 903 – 100% allocated to Residential customers (allocation not shown on tab “Act Dr Data”)
- F – Collections – 903.100 – Allocated by Number of core commercial/industrial and non-core customer accounts, shown in the tab, “Act Dr Data.”, line 19. Account 903.104 & Account 903.105 – Allocated by Field Orders, shown in tab, “Act Dr Data.”, line 32.
- G – Branch Office – Account 903.102 – 100% to Residential (allocation not shown on tab “Act Dr Data”)
- H – Core and Non-Core Billing: Account – 903.100:
 - 1) Billing – Allocated by number of Core Aggregation Transportation (CAT) customers, shown in tab, “Act Dr Data.”, line 24
 - 2) Billing – 100% allocated to natural gas vehicle (NGV) customers
 - 3) Billing – Allocated by number of core accounts, excluding NGV & CAT customers, shown in tab, “Act Dr Data.”, line 19
 - 4) Billing - Allocated by number of non-core accounts) - shown in tab, “Act Dr Data”, line 19
 - 5) Customer Operations (allocated by Active Meter) - shown in tab, “Act Dr Data”, line 8
 - 6) Cust Ops Support (allocated by Active Meter) - shown in tab, “Act Dr Data”, line 8Billing Activities - Account 903.103: shown in tab, “Act Dr Data”, lines 16, 17 and 105
- I - Remittance Processing - Allocated by Active Accounts - shown in tab, “Act Dr Data”, line 6
- J - Authorized Payment Agencies - Allocated by Active Accounts designated for authorized payment agencies - shown in tab, “Act Dr Data”, line 6