

**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 TURN-SEU-01)

DATA RECEIVED: 11-29-18

DATE RESPONDED: 12-13-18

SUPPLEMENTAL RESPONSE: 01-18-19

QUESTION 11:

Please provide charts for 2017 and the latest quarter available in 2018 in the same format as the “2016 SoCalGas NBV” and “2016 SDGE NBV” tabs in the “Fung 2020 TCAP Emb TS Final Workpaper.xls” workbook.

SUPPLEMENTAL RESPONSE 11:

Please see the attached Excel documents for the requested 2017 data.



TURN-01 SoCalGas
Data Responses 11,12



TURN-01 SDG&E
Data Responses 11,12

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QUESTION 12:

Please provide charts for 2017 and the latest quarter available in 2018 in the same format as the “2016 SoCalGas Rate Base” and “2016 SDGE Rate Base” tabs in the “Fung 2020 TCAP Emb TS Final Workpaper.xls” workbook.

SUPPLEMENTAL RESPONSE 12:

See attachments provided in Supplemental Response 11.

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QUESTION 13:

Regarding Asset Retirement Obligations

- f. Please provide a detailed explanation as to why return and taxes should be allocated by Mr. Fung's method (including AROs in net book value).

RESPONSE 13:

- f. It is reasonable to include Asset Retirement Obligation (ARO) in determining functional cost allocation factors because AROs are capitalized costs of a company's legal obligations resulting from the retirement of tangible long-lived assets. For fiscal years after June 15, 2002, the Financial Accounting Standards Board (FASB) issued Statement 143 to provide a mechanism to improve companies' balance sheets to more clearly reflect the economic realities of the retirement obligations associated with long-lived assets. The changes are particularly significant for capital-intensive companies such as SoCalGas and SDG&E. With the long-term business trend toward a more balance-sheet-oriented focus in accounting, FASB has fixed its attention on how entities account for obligations associated with the retirement of tangible long-lived assets. SDG&E and SoCalGas have complied with this accounting requirement in their FERC Forms 1 and 2, respectively. Therefore, the allocation factors used by SoCalGas and SDG&E are consistent with their annual reports filed with the CPUC.

SUPPLEMENTAL RESPONSE 13:

Applicants supplement their original response to sub-part f of this question (shown above) as follows:

As described above, AROs are directly related to assets used to provide utility services to existing utility customers. SoCalGas and SDG&E therefore include AROs to incorporate the cost causation principle in the cost allocation process.