

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY & SAN DIEGO GAS &
ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR NATURAL GAS RATES AND
IMPLEMENT STORAGE PROPOSALS IN THE 2024 COST ALLOCATION PROCEEDING**

(A.22-09-015)

**(DATA REQUEST TURN-SEU-3)
DATA RECEIVED: April 26, 2023
DATE RESPONDED: May 10, 2023**

Question 1:

Re: Response to Data Request TURN-SEU-2, Questions 5 and 6: Please confirm that the dollars shown as PSEP exclusions in the response to Question 6 are included as part of the total "Items Excluded from FERC Form 2" in the response Question 5.

Response 1:

No, they are not included. PSEP costs are excluded.

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Question 2:

- 2) Re: Seres Testimony, Appendix F: Do the recorded costs of the lines identified as Backbone Pipelines in this document change depending upon whether they deliver solely to local transmission and distribution lines or whether they serve some end-use customer directly? If the costs change, please explain how and why.

Response 2:

No

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Question 3:

- 3) Re: Response to Data Request TURN-SEU-2, Question 9: Please explain conceptually, without reference to specific customers, what source documents were used to develop the percentages shown on Line A in each table in Seres Workpaper 17 of 20. For example, was the cold-year annual average demand derived from the California Gas Report, or from the cold-year forecasts developed for this case? How were the demands of backbone-connected EG customers separated from non-backbone-connected? Does SoCalGas forecast EG demand for individual customers? How did SoCalGas determine the 1-in-10 peak day demands of backbone-connected EG customers as opposed to other EG customers? Please provide a step-by-step explanation of the derivation of these percentages.

Response 3:

SoCalGas' electric generation forecasts are derived from the economic dispatch modeling performed for the California Gas Reports and the Company's cost allocation proceedings. This modeling incorporates electricity assumptions from the California Energy Commission IEPR process. SoCalGas' EG demand forecasts are performed for each individual power plant, with the backbone-connected EG plants identified by knowing whether it takes service directly from a backbone transmission asset. Refer to Chapter 8 of Frank Seres Testimony, page 13, where in the first paragraph a definition is provided for backbone and local transmission. To calculate the percentages shown on Line A, in each table in Seres Workpaper 17 of 20, the volume of the 1-in-10 year cold day forecasted EG demand that is served directly from backbone transmission is divided by the total volume of EG customer demand forecast under that temperature condition.

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Question 4:

- 4) Re: Response to Data Request TURN-SEU-2, Question 11: What criteria are used to determine “the physical location where that transition occurs” from backbone to local transmission? Please explain fully.

Response 4:

SoCalGas engineers identified the location where the pipeline function transitions from transporting supply from interstate pipelines and suppliers, and to redelivering that supply to distribution and end-use customers.

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Question 5:

- 5) Re: Response to Data Request TURN-SEU-2, Question 13: Does the response mean that under the company's proposal post-test year "capital exceptions" approved in the GRC will be allocated functionally to backbone transmission and storage and not allocated as part of the EPMC scalar? Please explain fully.

Response 5:

No. Chapter 8 of Frank Seres Testimony at page 19, lines 6 and 7 proposes an attrition rate increase. This escalation rate is based on IHS/Markit Global Insight from Scott Wilder 2024 GRC Cost Escalation testimony and is not tied to any "capital exceptions".

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Question 6:

- 6) Re: Seres Testimony, Appendix A, Table 1: Do the depreciation expense figures shown in the last column include the cost of removal component? If not, please explain fully where those dollars are recorded.

Response 6:

Yes. SCG is interpreting that by cost of removal component, TURN is referring to the future net salvage (FNS). The depreciation expense included in Appendix 1 Table A is calculated based on the depreciation rates as approved in the TY2019 GRC which include the future net salvage (FNS) component.

Please refer to the prepared direct testimony of Flora Ngai SCG-36-R for detailed explanations of depreciation related items. <<https://www.socalgas.com/regulatory/documents/a-17-10-008/SCG-36-R-%20Ngai%20Revised%20Direct%20Testimony.pdf>>

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Question 7:

- 7) Re: Response to Data Request TURN-SEU-2, Question 18a: Please provide a full accounting of how the labor costs of personnel stationed in Account 351 structures are allocated to other accounts, using recorded 2021 data.

Response 7:

During 2021, labor costs of personnel stationed at Account 351 structures charged approximately 82% of their time to O&M, and 18% to capital. The tables below list the labor allocation by FERC account. Figures not adjusted for rounding.

2021 O&M Labor Allocation by FERC Account	
816-Well Expenses	24.29%
814-Operation S&E	17.95%
817-Line Expenses	0.46%
818-Compressor Station Expenses	6.57%
820-M&R Station Expenses	0.00%
821-Purification Expenses	2.94%
824-Other Expenses	10.74%
831-Maintenance S&E	0.08%
832-Maintenance Reservoirs & Wells	4.40%
833-Maintenance of Lines	10.88%
834-Maintenance of Compressor Station Equipment	10.68%
835-Maintenance of Measuring & Regulating Station Equipment	5.76%
836-Maintenance of Purification Equipment	2.75%
837-Maintenance of Other Equipment	1.39%
850-Transmission Operation S&E	0.00%
853-Transmission Operation Compressor Station Labor & Expenses	0.00%
857-Transmission Meas & Regulating Station Expenses	0.01%
870-Distribution Operation S&E	0.00%
879-Field Services Operations	0.02%
880-G&M Production Txpenses	0.37%
880-Misc Operating Expense	0.60%
880-Other Expenses	0.00%
920-Administrative And General Salaries	0.00%
930-Miscellaneous General Expenses	0.07%
Total	100.00%

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2021 Capital Labor Allocation by FERC Account		
351	Structures & Improvements	6.98%
352	Wells	49.76%
353	Lines	11.94%
354	Compressor Station Equipment	20.29%
355	Meas & Reg Station Eq	0.22%
356	Purification Equipment	5.71%
357	Other Equipment	5.04%
366	Structures & Improvements	0.00%
369	Meas & Reg Station Eq	0.00%
391	Computer Eq	0.02%
394	Tools, Shop, & Garage Eq	0.00%
397	Communication Eq	0.04%
Total		100.00%