**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-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 1:

Do the capital costs and/or installation costs of meters for SoCalGas presented in the marginal cost study include the costs of Automatic Meter Infrastructure (AMI)? If so, what are those extra AMI costs in dollars per meter by customer class and for each type of meter?

RESPONSE 1:

No, the capital costs and/or installation costs of meters for SoCalGas presented in the marginal cost study do not include the costs of AMI.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 2:

Please provide the following figures on gas distribution mains and services for SoCalGas at the end of the latest available year:

a) Number of miles of steel distribution mains by size of pipe.
b) Number of miles of steel services by size of pipe.
c) Number of steel services by size of pipe.
d) Number of miles of plastic distribution mains by size of pipe.
e) Number of miles of plastic services by size of pipe.
f) Number of plastic services by size of pipe.
g) How many miles of gas main, divided into steel and plastic, are high pressure mains and how many are medium pressure mains?
h) Please provide relevant Handy-Whitman price escalators for gas mains.
i) If available, please provide a data base showing the number of miles and cost of gas distribution mains currently in service by size and type of pipe installed in each year.

RESPONSE 2:

For (a) – (g), see Attachment #2 A-G.xlsx. Data is as of December 31, 2017.

For (h), see Attachment #2 H.pdf.

For (i), see Attachment #2 I.xlsx.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 3:

Please provide the following information on main and service replacement for SoCalGas:

a) Number of miles of gas distribution mains that have been replaced in each year from 2015-2017 and that have been replaced in 2018 through the latest available month, and that are projected to be replaced in each year from 2017 to the end of the TY 2020 GRC cycle. Divide by size and type of pipe. Separately identify (a) plastic mains replaced with plastic mains; (b) steel mains replaced with steel mains, and (c) steel mains replaced with plastic mains.

b) Total cost of main replacement in each year from 2015-2020, divided into O&M and capital using recorded and projected data from subsection (a) above.

c) Number and/or number of miles of gas services that have been replaced in each year from 2015-2017, that have been replaced in 2018 through the latest available month, and that are projected to be replaced in each year from 2015 to the end of the TY 2016 GRC cycle. Divide by size and type of pipe. Separately identify by size of pipe (a) plastic services replaced with plastic services; (b) steel services replaced with steel services, and (c) steel services replaced with plastic services.

d) Total cost of service replacement in each year from 2015-2020, divided into O&M and capital using recorded and projected data from subsection (c) above.

RESPONSE 3:

a) The number of miles of replaced gas distribution mains by pipe size and material for the years 2015 to 2018 is presented in the attached excel file, Attachment 3A.xlsx. Replacement distribution mains lengths are not projected for future years separately and, therefore, are not available. Also, the data pertaining to (a) plastic mains replaced with plastic mains, (b) steel mains replaced with steel mains, and (c) steel mains replaced with plastic mains is not available.

b) The table below contains the capital costs for gas distribution mains replacement for the years 2015 through 2018. The distribution mains replacement O&M expenses are collected together with other distribution mains maintenance expenses, such as mains repairs, and are recorded in various O&M accounts. In addition, these expenses are not separated by pipeline size or material. Because of the manner in which these expenses are accounted for, replacement expenses alone separated by size and material cannot be accurately determined.

Distribution mains replacement costs are not projected separately for future years; therefore, they are not available.

Distribution Mains Replacement Capital Cost by Year				
Year	2015	2016	2017	2018
Capital Cost	$129,656,578	$140,577,517	$125,757,871	$133,554,118

c) The number of miles of replaced gas service lines by pipe size and material for the years 2015 to 2018 is presented in the attached excel file, Attachment 3c.xlsx. Replacement service lengths are not projected for future years separately and therefore, are not available. The replacement data is not available for (a) plastic services replaced with plastic services; (b) steel services replaced with steel services, and (c) steel services replaced with plastic services.

d) The table below contains the capital costs for service line replacement for the years 2015 through 2018. The service line replacement O&M expenses are collected together with other service maintenance expenses, such as service repairs, and are recorded in various O&M accounts. In addition, these expenses are not separated by pipeline size or material. Because of the manner in which these expenses are accounted for, replacement expenses alone separated by size and material cannot be accurately determined.

Service line replacement costs are not projected separately for future years, therefore, they are not available.

Distribution Capital Service Replacement by Year				
Year	2015	2016	2017	2018
Capital Cost	$31,768,524	$37,856,561	$36,474,567	$44,851,394

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 4:

Please provide the following information on cathodic protection for SoCal:

a) Identify total costs in Account 887 in 2016 and 2017 and state costs of cathodic protection separately from other costs in Account 887.

b) Identify the number of miles of mains and services under cathodic protection at the end of 2016 and 2017. To the extent possible, for each year, divide the estimate between mains and services, between high pressure and low-pressure mains, and by the size of pipe.

RESPONSE 4:

a) See Attachment #4 A.xls, which presents the cathodic protection costs recorded for 2016 and 2017 in Account 887.

b) See Attachment #4 B.xlsx for the data which is available.

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(DATA REQUEST TURN-SEU-02) SCG

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DATE RESPONDED: 2-21-19

QUESTION 5:

Please identify the total number of meters replaced by SoCalGas in each year from 2015 to 2018 recorded, separated into the number of meters required to be replaced in order to install AMI, and the number of other meters replaced.

RESPONSE 5:

SoCalGas requests an extension. A response is forthcoming.

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(DATA REQUEST TURN-SEU-02) SCG

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DATE RESPONDED: 2-21-19

QUESTION 6:

Regarding the replacement and new business costs associated with services:

a) Please provide documentation supporting the replacement and new business costs per foot of services. (Schmidt-Pines Customer Workpaper 21 of 34) Include information on each job sampled to obtain those figures.

b) Provide a detailed explanation as to why costs of both new business and replacement services increased dramatically from 2010 to 2016 (for just one example, a 257% increase for a one-inch new business plastic service from $26.01 per foot in 2010 from the utility's response to TURN-SEU DR 3-23 in the 2016 TCAP to $92.90 per foot in 2016 from Schmidt-Pines Workpaper page 21 of 34 in this case).

c) Please provide documentation supporting the average length of service drops by type and band of customer.

d) For multi-family services, please provide more detail on individual jobs showing the cost and number of multi-family residents of each individual job included in the analysis.

e) Please provide documentation for each individual multifamily service project for sizes of 1P, 2S or 2P and above. The documentation should be sufficient to demonstrate whether the number of customers in the marginal cost study are either the number of buildings being connected or the number of metered apartments that will ultimately be built in those buildings (e.g., a 3-inch plastic service of 299 feet is actually required to serve a single multi-family customer, not to serve an entire whole apartment building). If costs are required to serve an entire apartment building, please identify the number of customers for each such job.

f) Please reconcile the 71,556 single-family services and 7,200 multifamily services (new services in the last five years) on Schmid-Pines Customer Workpapers page 22 of 34 with the 82,389 single-family meter customers and 60.064 multi-family meter customers on Schmidt-Pines Workpaper page 17 of 34. Do some services, particularly in multi-family, serve more than one customer? If so, how does SoCalGas reflect this fact in its marginal costs?

RESPONSE 6:

a) Please see Attachment 6a Services cal.xls, tab "Table 11 Service UC", Attachment 6a Services New Business.xls, tabs "Analysis" and "CMS 6- All Main Footage Instal" and "Attachment 6a Services Replacement.xls" tabs "Analysis" and "CMS 6- All Main Footage Instal".

b) The service line cost between the 2016 TCAP and the 2020 TCAP increased as a result of paving costs that have gone up over the years along with additional backfill requirements driven by new regulations. Regarding paving cost increase, franchise agreements are re-negotiated as cities are requesting annual increases to permitting and inspection costs for installing service lines to distribution mains. Further, paving requirements have changed with some cities requesting slurry backfill, which is more expensive and time consuming than native backfill. Cities are also asking for cold planing (i.e, paving milling) of excavations to protect the integrity of streets that are excavated along with stricter safety requirements of recessed plating adding additional costs to projects regarding grinding of streets and larger restoration areas, increasing cost. A photo of paving milling is provided below.

New backfill requirements (pursuant to General Order 112-F), which state that operations such as minimum cover/shading (backfill) are to be operator qualified, requires qualified personnel to complete this work. With this change, many isolated service projects now must be backfilled by company/contractor crews, which adds additional time and labor costs to a project where a customer cannot obtain an operator qualified backfill contractor.

c) See Attachment #6c.xlsx.

d) The service cost data was gathered separately from the number of multi family's customer number and pipeline data. The multi-family services detail on individual jobs showing the cost and number of multi-family residents of each individual job included in the analysis is not available.

e) See Attachment #6E.xlsx for each individual multifamily service project for sizes of 1P, 2S or 2P and above by meter. The costs data to serve an entire apartment building, and the number of customers for each such job is not available.

f) The 71,556 single-family services and 7,200 multifamily services (new services in the last five years) on Schmid-Pines Customer Workpapers page 22 of 34 compared with the 82,389 single-family meter customers and 60.064 multi-family meter customers on Schmidt-Pines Workpaper page 17 of 34 are different because a service line in multi-family can serve more than one customer meter. Yes, some services, particularly in multi-family, serve more than one customer. SoCalGas reflects this fact in the customer related marginal cost study through its estimate of lower service line length for multifamily customers.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 7:

Regarding the limitation of marginal customer costs by the line extension allowance:

a) Please identify the number of residential applicants receiving line extension allowances for (a) water heating (b) space heating, (c) cooktop and oven, (d) dryer stub and (e) all four items in each of the past five years.

b) Please provide the line extension allowances for (a) water heating (b) space heating, (c) cooktop and oven, (d) dryer stub in force in each year from 2014 to the present and provide the current allowances.

c) Is there a process for periodically changing line extension allowances? If so, what is it.

RESPONSE 7:

a) See Attachment #7A.xlsx.

b) The line extension allowances for (a) water heating (b) space heating, (c) cooktop and oven, (d) dryer stub in force in each year from 2014 to the present are provided in the links below:

Per AL 5123 (https://www.socalgas.com/regulatory/tariffs/tm2/pdf/5123.pdf), current and effective 5/26/17.

Per AL 4528 (https://www.socalgas.com/regulatory/tariffs/tm2/pdf/4528.pdf), effective 9/5/13 through 5/26/17 and superseded by AL 5123.

c) Yes, there a process for periodically changing line extension allowances. Section H.2, in Rule No. 20 and Section O.3.c.(3) in Rule No. 2 state that the Utility will periodically review the factors it uses to determine residential allowances and monthly ownership charges, respectively. If such review results in a change of more than five percent (5%) in either the allowances or ownership charges, the Utility will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six (6) months after the last revision.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 8:

SoCalGas tariff, Rule 21 Section E-2 states: "ALLOWANCES. The allowances for Distribution Main Extensions, Service Extensions, or a combination thereof, for Permanent Residential and Non-Residential Services is determined by Utility using the formula in Rule No. 20, section C. The allowances will first be applied to the Service Extension (including the metering). Any excess allowance will be applied to the Distribution Main Extension, in accordance with Rule No. 20, to which the Service Extension is connected."

a) Does this rule mean that the entire cost of both the meter and the service line must be under the line extension allowance before any excess allowance is applied to the distribution main extension?

b) Please provide information on the percentage of residential applicants, divided into single-family and multi-family if possible, in 2015-2017, who (a) had a service cost of less than the line extension allowance; and (b) who had a total main and service cost of less than the line extension allowance.

RESPONSE 8:

a) Yes, this rule means that the entire cost of both the meter and the service line must be under the line extension allowance before any excess allowance is applied to the distribution main extension.

b) See Attachment #8b.xlsx.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 9:

Please provide all information supporting the 1.5% rate of replacement of service lines used by SoCalGas (Schmidt-Pines Section 1 workpapers page 7 of 34).

RESPONSE 9:

The 1.5% rate of replacement of service lines used by SoCalGas (Schmidt-Pines Section 1 workpapers page 7 of 34) is based on testimony submitted by SoCalGas in its Test Year 2019 General Rate Case Application, SCG-36-R Revised Direct Testimony of Flora Ngai - Depreciation, page FN-19. The service lines life is 67 years; it is assumed that 1/67 = 1.5% is replaced per year.

See Attachment #9.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 10:

Please reconcile the service maintenance cost on Schmidt-Pines Customer Workpaper 27 of 34 line 13 ($29.619,000) with the service maintenance cost for 2016 in Sempra TY 2020 GRC Exhibit SCG-4 Workpaper page 71 ($10,339,000).

RESPONSE 10:

SoCalGas requests an extension. A response is forthcoming.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 11:

Please reconcile the customer service and information cost of $41,522,000 shown on Schmidt-Pines Workpaper 28 of 34, with the 2016 customer service and information cost of $17,826,000 shown in Exhibit SCG-20 of the Sempra TY 2019 GRC.

RESPONSE 11:

SoCalGas requests an extension. A response is forthcoming.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 12:

Does the $41,522,000 on Schmidt-Pines Workpaper 28 of 34 include any customer service and information costs associated with Aliso Canyon that are not collectible from customers in SoCalGas rates, including but not limited to the $5.5 million shown in Sempra TY 2019 GRC Exhibit SCG-12, Workpaper Table AS-14? If so, please quantify them.

RESPONSE 12:

No.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 13:

Please provide workpapers supporting both the total amount of customer accounts O&M costs ($116,733,000) and the amounts allocated to each customer class (Schmidt-Pines Workpapers 27 and 29 of 34). Include the amount of meter reading costs included in this amount, the cost of AMI opt-out meter reads, and the allocation of meter reading costs to customer classes. Break the costs down by FERC Account and by SoCalGas account to the extent feasible.

RESPONSE 13:

See Attachment 13.xls. Meter reading costs are listed on tab: Alloc Factors, line 36. The cost of AMI opt-out meter reads is not listed separately.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 14:

Does the $116,733,000 on Schmidt-Pines Workpaper 29 of 34 include any customer accounts costs associated with Aliso Canyon that are not collectible from customers in SoCalGas rates, including but not limited to any portion of the $6.16 million shown in Sempra Utilities' TY 2019 GRC Exhibit SCG-12, Workpaper Table AS-13? If so, please quantify them.

RESPONSE 14:

No.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 15:

Please provide workpapers supporting both the total amount of meter and house regulator O&M costs ($10,718,000) and the amounts allocated to each customer class (Schmidt-Pines Workpapers 27 and 29 of 34).

RESPONSE 15:

See Attachment #15.xls.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 16:

Please provide workpapers supporting both the total amount of customer Service O&M costs ($141,933,000) and the amounts allocated to each customer class (Schmidt-Pines Workpapers 27 and 29 of 34). Include the amount of meter reading costs included in this amount, the cost of AMI opt-out meter reads, and the allocation of meter reading costs to customer classes. Break the costs down by FERC Account and by SoCalGas account to the extent feasible.

RESPONSE 16:

See Attachment #16.xls. Meter reading costs are not included in the customer Service O&M costs.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 17:

Does the $141,933,000 on Schmidt-Pines Workpaper 29 of 34 include any customer service costs associated with Aliso Canyon that are not collectible from customers in SoCalGas rates, including but not limited to any portion of the $5.96 million shown in Sempra TY 2019 GRC Exhibit SCG-12, Workpaper Table AS-12 and/or the $6.16 million shown in Sempra TY 2019 GRC Exhibit SCG-12, Workpaper Table AS-13? If so, please quantify them.

RESPONSE 17:

No.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 18:

Provide the following information monthly from 2015 through the latest available month in 2018 for SoCalGas:

a) Number of meters read manually (a) because an AMI meter was not installed yet; (b) due to AMI opt-out; and (c) due to other reasons.

b) Number of meter readers (full-time equivalent)

c) Costs booked to FERC Account 902, divided into labor and non-labor, and divided into any FERC sub-accounts used by SoCalGas.

d) A definition of each FERC sub-account used by SoCalGas (e.g., 902, 902.2, 902,125, 902.5 and any other sub-accounts used by SoCalGas).

RESPONSE 18:

SoCalGas requests an extension. A response is forthcoming.

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 19:

Please provide the source data on the high pressure vs. medium pressure investment in Account 378 on Schmidt-Pines Section 2 Workpaper 17 of 28.

RESPONSE 19:

SoCalGas requests an extension. A response is forthcoming.

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QUESTION 20:

Regarding Measurement and Regulator Stations (Account 378), Exhibit SCG-4, page GOM 41 in the 2019 TY GRC indicates that there are 1,975 regulator stations on the SoCalGas service territory. It also states: "Regulator stations reduce the pressure of gas entering the distribution system from high-pressure pipelines to provide the lower pressures used on the distribution pipeline network." Approximately what percentage of regulator stations are at the interface between transmission and high-pressure distribution, what percentage are at the interface between high pressure distribution and medium pressure distribution, and what percentage are at other interfaces (e.g., transmission to medium pressure distribution or to step down pressure on the medium pressure system)?

RESPONSE 20:

SoCalGas objects to this question on basis of relevance and scope. Subject to and without waiving this objection, SoCalGas provides the following response.

SoCalGas - Regulator Stations	
Station Category	Percentage
Transmission and HP Distribution	11%
HP Distribution and Medium Distribution	68%
Other (Transmission to Med Distribution or step down from Med Pressure Distribution)	21%

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(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 21:

Please show in detail the derivation of the demand-related O&M of $8.30 per MCFd (peak day) for medium pressure distribution and $0.22 per MCF/month for peak months for high pressure distribution.

a) The derivation should be calculated using either FERC Accounts or SoCalGas GRC accounts, whichever was used by the witness, and should show the total amount of money allocated to each of these functions (as well as to customer related functions such as services, meters, and distribution-related customer service) for each of the accounts.

b) The derivation should also show how costs were allocated or assigned between MPD and HPD and customer functions such as services for each account where an allocation or assignment was made.

c) The conversion from total dollars for each function to dollars per MCFd and MCF/month should be provided.

d) Information should separately state the total amount of money spent on cathodic protection and how cathodic protection costs were assigned or allocated between high-pressure, low-pressure, and services.

RESPONSE 21:

a) See Attachment #21a.pdf.

b) The costs were allocated or assigned between MPD and HPD based on Historical Investment. Please refer to workpapers, “SCG 2020TCAP LRMC Distribution Costs.xls”, tabs, Out_MP_LRMC, Out_Investment_History.

c) The conversion from total dollars for each function to dollars per MCFd and MCF/month is shown in workpapers, “SCG 2020TCAP LRMC Distribution Costs.xls”, tabs, Out_MP_LRMC, lines 16-19.

d) Cathodic protection costs are not included in the O&M.

**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-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 22:

Please identify any differences in Federal and state requirements related to inspection and maintenance between high pressure and medium pressure mains (including but not limited to, periodic inspection intervals, specific work required in an inspection, etc.). Provide SoCalGas's best estimate of the amount by which the cost per mile of high-pressure main maintenance would exceed the cost per mile of low pressure main maintenance created by these differences in regulation.

RESPONSE 22:

SoCalGas objects to this question because it seeks information that is irrelevant and out of scope.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 23:

Regarding the calculation of Administrative and General and General Plant Loading factors in the marginal cost study, refer to SoCalGas Advice Letter 5349-A, Table 6 on page 8. Identify the specific cost elements contained in the "GRC Labor Loaders" category of $6,578,415. To the extent feasible, provide A&G expenses and General Plant costs by FERC Account.

RESPONSE 23:

SoCalGas objects to this question because it seeks information that is irrelevant and out of scope.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 24:

Please provide the amount of revenue from Smart Meter Opt-Out customers in 2016 and 2017 recorded and as projected by SoCalGas with full implementation of AMI.

RESPONSE 24:

As preliminary matter, SoCalGas objects to this question on the basis of relevance. Subject to and without waiving this objection, SoCalGas intends on providing the requested data; however, SoCalGas requests an extension. A response is forthcoming.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 25:

Please provide the amount of revenue received in 2016 and 2017 from Service Establishment Charges, Reconnection charges, Residential Parts, Commercial Parts, Appliance Connection, and Returned Check Charges.

RESPONSE 25:

SoCalGas requests an extension. A response is forthcoming.

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(A.18-07-024)

(DATA REQUEST TURN-SEU-02) SCG

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 26:

Are the costs of line item billing for third parties included in Account 903? If so, please estimate the costs and provide amount of revenue received in 2016 and 2017 for line item billing.

RESPONSE 26:

Listed below are the revenues and costs of line item billing for third parties by Account. As the table shows the cost of line item billing for third parties are included in Account 903. Please note that line item billing costs for third parties are a part of base margin. The revenues associated to this program is part of miscellaneous revenues.

Revenues		**FERC Acct**	**2016**	**2017**	**Grand Total**
4370234	Line Item Billing Revenues	495	5,082,610	6,031,585	11,114,195
Costs					
Order	**CO object name**	**FERC Acct**	**2016**	**2017**	**Grand Total**
300632061	HOME SVC (PROGRAM MANAGER)	908	112,851	189,603	302,454
300632152	HOME SVC (IT SUPPORT)	908	54,678	87,332	142,010
300650062	HOME SVC (CUST CONTACT CENTER)	908	22,259	19,925	42,184
300659905	HOME SVC (PYMNT PROC-MAILING)	903	290,963	476,790	767,753
300659906	HOME SVC (PYMNT PROC-INSERT)	903	210,196	351,469	561,665
		Total Costs	**690,947**	**1,125,119**	**1,816,067**

QUESTION 27:

Please provide workpapers containing detailed calculations of SoCalGas's Real Economic Carrying Charges (RECC) and Present Value of Revenue Requirements (PVRR).

RESPONSE 27:

SoCalGas does not have additional workpapers with respect to the RECC and PVRR. SoCalGas's model which generated that data is proprietary. Notwithstanding, please see additional explanation below.

The RECC calculation employs a standard formula used by electric and gas utilities. Each RECC factor is calculated in the following manner:

$$RECC = \frac{PVRR * (ROR - inflation)}{1 - \left[\frac{1 + inflation}{1 + ROR}\right]^{book\ life}}$$

Where,

- *PVRR* is the present value of the revenue requirements associated with a particular capital asset. The revenue requirements are the calculated annual stream of capital carrying costs spanning the life of the asset. Capital carrying costs include:
  - Book depreciation (return of capital)
  - Salvage
  - Authorized rate of return on equity and debt (return on capital)
  - Income taxes
  - Property taxes
- *ROR* is the discount rate, or authorized rate of return.
- *Inflation* is the expected rate of inflation over the life of the asset.
- *Book life* is the asset's book life in years.

The PVCC factors are essentially the present value multiplier for a stream of revenue requirements associated with a particular asset type. The formula can be written as:

$$PVCC = \sum_{n=1}^{t} \frac{C_n}{(1+ROR)^n}$$

Where,

- C_n is the revenue requirements associated with a particular capital asset in year n. The revenue requirements are the calculated annual stream of capital carrying costs spanning the life of the asset. Capital carrying costs include:
    - Book depreciation (return of capital)
    - Salvage
    - Authorized rate of return on equity and debt (return on capital)
    - Income taxes
    - Property taxes
- *ROR* is the discount rate, or authorized rate of return.