

**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-007)

DATA RECEIVED: 10-19-18

DATE RESPONDED: 11-1-18

QUESTION 1:

In Workpapers for Chapter 9 Testimony in A.18-07-024, SoCalGas provides in the excel file "SCG 2020TCAP LRMC Customer Costs," at Tab "cust 2 Customer Count," the 2016 number customers for each class in the aggregate total of 5,721,670. Please respond to the following questions regarding the workpaper.

- (a) On excel rows 16 and 17, SoCalGas shows the "Single Family" class denoted as "Single Family 0" and "Single Family 1," respectively. Please (i) define the class term "Single Family;" including clarifying whether the term means customers in "single detached homes;" (ii) describe the similarities and differences between the two shown in rows 16 and 17; and (iii) explain whether the differences would impact their customer-related costs, and if so, how.
- (b) On excel rows 18 and 19, SoCalGas shows the "Multiple Family" class denoted as "Multiple Family 2" and "Multiple Family 3," respectively. Please (i) define the class term "Multiple Family," including clarifying whether the term includes customers in condominiums, townhouses, duplexes/duet houses, and apartment complexes; (ii) describe the similarities and differences between the two shown in rows 18 and 19; and (iii) explain whether the differences would impact their customer-related costs, and if so, how.
- (c) On excel rows 20 and 21, SoCalGas shows the "Master Metered" and "Large Master Metered" classes, respectively. Please (i) define the class term "Master Metered;" (ii) describe the similarities and difference between these two categories of master metered customers; and (iii) explain whether the differences would impact their customer-related costs, and if so, how.
- (d) On excel rows 23 through 27, SoCalGas shows five (5) different G10 class categories, namely; G10<300, G10 300-3000, G10 3000-5000, G10 5000-250000, and G10>250000, respectively. Please (i) define the meaning of the acronyms; (ii) describe the similarities and differences among the five categories; and (iii) explain whether the differences would impact their customer-related costs, and if so, how.
- (e) On excel rows 29 through 31, SoCalGas shows three (3) different customer classes, namely: GAC, GEN, and GNG, respectively. Please (i) define the meaning of the acronyms; (ii) describe any similarities and differences among the 3 categories; and (iii) explain whether the differences would impact their customer-related costs, and if so, how.

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- (f) On excel rows 32 through 36, SoCalGas shows five (5) different customer classes, namely: G30 Dist, G30 Trans, G50 Small, G50 Large, and G40, respectively. Please (i) define the meaning of the acronyms; (ii) describe the similarities and differences among the five categories; and (iii) explain whether the differences would impact their customer-related costs, and if so, how.
- (g) On excel rows 37 through 39, SoCalGas shows three different customers, denoted as LB, SDGE, and SWG, respectively. Please (i) define the meaning of the acronyms; (ii) describe any similarities and differences among these customers; and (iii) explain whether the differences would impact their customer-related costs, and if so, how.
- (h) On excel row 14, SoCalGas uses the terms “inactive” and “active” meters. Please define these terms as used in the SoCalGas workpapers to count the number of customers, and clarify whether an “inactive” meter is different from the meter associated with “disconnected” customers.

RESPONSE 1:

- (a) (i) The customer class term “Single Family” means customers in single detached homes. (ii) “Single Family 0” denotes a single detached structure on the property. “Single Family 1” refers to a second detached structure on the property. They are both detached structures. (iii) SoCalGas does not estimate customer-related costs separately for these two Single Family segments. Therefore, SoCalGas cannot comment on the impacts on customer-related costs.
- (b) (i) The customer class term “Multiple Family” includes customers in condominiums, townhouses, duplexes/duet houses, and apartment complexes. All these structures share at least one wall with another structure. (ii) “Multiple Family 2” refers to 2 - 4 or fewer attached structures on the property. “Multiple Family 3” refers to 3 - 5 or more attached structures on the property. (iii) SoCalGas does not estimate customer-related costs separately for these two Multiple Family segments. Therefore, SoCalGas cannot comment on the impacts on customer-related costs.
- (c) (i) The customer class term “Master Metered” refers to customers whose natural gas is delivered to a single master meter, where it’s then distributed through natural gas submeter systems. (ii) “Master Metered” customers have usage less than 100,000 therms per year, while “Large Master Metered” customers have usage of more than 100,000 therms per year. Relative to Master Metered customers, generally, Large Master Metered customers have larger meters and larger diameter service lines. (iii) The differences would impact their customer-related costs due to cost differences in meter

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sizes and service line lengths and diameters, as shown in workpapers (see “SCG 2020TCAP LRM Customer Costs,” at Tab “cust MUC,” columns G and H).

- (d) (i) The meanings of the acronyms are described below. These acronyms are defined in the comments in cells G9:K9.
- “G10 < 300” category represents very small core Commercial and Industrial (C&I) Customers with annual usage up to 300 therms /year.
 - “G10 300-3000” category represents small core C&I customers with annual usage between 301 and 3,000 therms/year.
 - “G10 3000-50000” category represents medium core C&I customers with annual usage between 3,001 and 50,000 therms per year (there was a typo in the data request, should be 50,000 instead of 5,000).
 - “G10 50000-250000” category represents large core C&I customers with annual usage between 50,001 and 250,000 therms/year.
 - “G10>250000” category represents very large core C&I customers with usage over 250,000 therms/year.
- (ii) The similarities are that these are all core C&I customers. The differences among the five categories are the amount of gas consumption per year. (iii) The differences impact their customer-related costs due to cost differences in meter sizes and service line lengths and diameters, as shown in workpapers (see “SCG 2020TCAP LRM Customer Costs,” at Tab “cust MUC,” columns J, K, L, M, and N).
- (e) (i) The meanings of the acronyms are described below:
- GAC are Core Gas Air Conditioning service for Commercial and Industrial customers. For more details, see SoCalGas G-AC Tariff at the link: <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/G-AC.pdf>.
 - GEN are Core Gas Engine Water Pumping service for Commercial and Industrial customers. For more details, see SoCalGas G-EN Tariff at the link: <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/G-EN.pdf>.
 - GNG are the Natural Gas service for core motor vehicles customers. For more details, see SoCalGas G-NGV Tariff at the link: <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/G-NGV.pdf>.
- (ii) The three categories represent different customer classes. (iii) The differences impact their customer-related costs due to cost differences in meter sizes and service line lengths and diameters, as shown in workpapers (see “SCG 2020TCAP LRM Customer Costs,” at Tab “cust MUC,” columns P, Q, and R).
- (f) (i) The meanings of the acronyms are described below:

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- “G30 Dist” are Noncore C&I customers connected to SoCalGas’ Distribution system.
 - “G30 Trans” are Noncore C&I customers connected to SoCalGas’ Transmission system.
 - “G50 Small” are Electric Generation (EG) customers that use less than 3 million therms/year.
 - “G50 Large” are Electric Generation customers that use more than 3 million therms/year.
 - “G40” are Enhanced Oil Recovery (EOR) customers.

(ii) These categories are different types of noncore customers. (iii) The differences impact their customer-related costs due to cost differences in meter sizes and service line lengths and diameters, as shown in workpapers (see “SCG 2020TCAP LRMC Customer Costs,” at Tab “cust MUC,” columns S through X).

(g) (i) The meanings of the acronyms are described below:

- LB is City of Long Beach wholesale customer
- SDGE is San Diego Gas & Electric wholesale customer.
- SWG is Southwest Gas wholesale customer.

(ii) Each wholesale customer has a different service territory with different retail customers. (iii) The differences impact their customer-related costs due to cost differences in meter sizes and service line lengths and diameters, as shown in workpapers (see “SCG 2020TCAP LRMC Customer Costs,” at Tab “cust MUC,” columns Y through AA).

(h) An “active” meter is a meter to which a customer is assigned and is billed for gas usage. For customer-related cost estimations, active meter counts are used. An “inactive” meter is a meter to which a customer is not assigned. A gas bill is not prepared for an inactive meter. An inactive meter is connected to the SoCalGas’ distribution system. To the extent that the meter associated with a “disconnected” customer is not removed from the customer premise, it would be an inactive meter.

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QUESTION 2:

In Workpapers for Chapter 9 Testimony in A.18-07-024, SoCalGas provides in the excel file "SCG 2020TCAP LRMC Customer Costs," at Tab "RD Format," the Marginal Customer Unit cost at various LRMC allocation methods, namely: (i) Rental Method; (ii) NCO Method; and (iii) NCO Method with Replacement Cost. Similarly, SoCalGas provides in the excel file "SCG 2020 TCAP LRMC Customer Costs 20th Percentile min 0618," at Tab "RD Format," the Marginal Customer Unit cost at various LRMC allocation methods for the above-named three allocation methods, the results at the 20th percentile. The Public Advocates Office summarizes the SoCalGas results for the Residential customer class at Tab "RD Format":

Line No.	Marginal Customer Unit Cost @ various LRMC Allocation Methodologies	Residential	Residential 20 th Percentile
1	Customer Cost \$/Cust/Year Rental Method	\$294.03	\$281.90
2	Customer Cost \$/Cust/Year NCO Method	\$125.75	\$124.80
3	Customer Cost \$/Cust/Year NCO Method w/Replacement Cost	\$274.36	\$196.51

Source: SCG 2020TCAP LRMC Customer Costs & SCG 2020TCAP LRMC Customer Costs 20th Percentile min 0618.

In the Tab "cust MUC," SoCalGas appears to show the calculation of the LRMC marginal customer unit costs for the above-named allocation methods. However, some cells in the excel spreadsheet are shown as hard-coded numbers. For instance, cell I28 at Tab "cust MUC" appears to show a formula that points to another Tab "cust 8 o&m" at cell H14. When you go to the latter tab, a hardcoded number is shown \$119,776.01. But there is no indication in the testimony or the workpapers that support this number, or other hard-coded numbers.

- (a) provide all active excel workpapers that demonstrate how SoCalGas arrived at the numbers shown in the above table as summarized by the Public Advocates Office.
- (b) Please provide a narrative explanation on how SoCalGas arrived at the numbers shown in the above summary results.
- (c) Please provide all the underlying supporting documents for the narrative as shown in workpapers, including all hard-coded numbers.

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RESPONSE 2:

- (a) SoCalGas has attached a set of files that show the source of hard-coded costs numbers underlying the cost figures shown in the above table, as summarized in the question. SoCalGas has also attached an additional file, "List of Data Sources," which contains a data table identifying each of the attached excel workpapers along with the tab and line # in the excel file "SCG 2020TCAP LRMC Customer Costs," where the data from the workpapers were used.



CalAdvocates-DR-007 Responses 2A and 2C Support.zip

- (b) The excel file "SCG 2020TCAP LRMC Customer Costs," at Tab "cust MUC," shows the calculations of the marginal customer unit cost using various LRMC allocation methods, namely: (i) Rental Method; (ii) NCO Method; and (iii) NCO Method with Replacement Cost.
- (i) Rental Method: The marginal capital investment of the meter set assemblies (MSAs), Service Lines, and Exclusive Use Facilities (lines 12 -14), based on new customer hookups, are multiplied by the Weighted RECC factors to annualize the capital costs (lines 22-25). The Operations & Maintenance (O&M) costs, which consists of Customer Services O&M, Customer Accounts O&M, Meter & House Regulator O&M, Service O&M and Customer Service & Information O&M, are added (lines 28 – 61). These costs are based on 2016 actuals and are escalated to 2020 dollars. The next step is to add the O&M Loaders, for Administrative & General, General Plant, Materials & Supplies (lines 64-79). These costs are added together to derive the customer-related costs under the Rental Method (line 81).
- (ii) NCO Method: The marginal capital investment of the MSAs (line 92) and Service Lines (line 93), based on new customer hookups, are multiplied by the present value revenue requirement factors. The resulting revenue requirements are multiplied by the number of new customer hookups per year (line 104). Then, the total cost of new customers is divided by the total number of customers, both new and existing (line 105). Direct O&M and the O&M loaders are added to derive the customer-related costs under the NCO Method (line 111).
- (iii) NCO Method with Replacement Cost: A replacement cost adder (line 130) is added on top of the customer-related costs under the NCO method derived on Line 111. The replacement cost adder captures that fact that each year SoCalGas replaces the MSAs

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and service lines for some existing customers. To derive the replacement cost adder for meter set assemblies, the marginal capital investment costs for MSAs for each existing customer class is converted to present value revenue requirement and then multiplied by the MSA replacement factor for existing customers (line 127). Service lines replacement cost adders are similarly derived (line 128).

With regard to the excel file "SCG 2020 TCAP LRMC Customer Costs 20th Percentile min 0618," the only information that SoCalGas has updated is the marginal customer-related cost for Single Family customers to represent the 20th percentile cost as shown in the tab "Summary Table for Testimony SC". The marginal customer costs for all other customer segments were not updated and are not relevant for residential rate design. The 20th percentile residential Single Family customer-related cost is used in Table 3 of Chapter 12 (Chaudhury), page 10.

- (c) Provided as attachment in response to (a) above.