

**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-025)

DATA RECEIVED: 12-14-18

DATE RESPONDED: 01-09-19

QUESTION 1:

Regarding DR 010, Q1 (g), please provide additional clarification on the response received:

DR 010 Q1(g):

- a) The response states that “Between the 2016 and 2020 TCAPs, changes in Book Lives were the primary drivers of changes in RECC factors.”
 - a. Please clarify whether “changes in Book Lives” refers to the aging of the asset as recorded in the books or a US tax law. If it does not (refer to either?), please explain the reference to “changes in Book Lives.”

- b) The response also states that “Increasing the Salvage Percent would have a downward impact on RECC.”
 - a. Please clarify whether the reference to “increasing the Salvage Percent” is a change associated with a US tax law. If it is not, please clarifying the referenced source of change in the Salvage Percent.

- c) The response states that “The increase in Federal Tax Life from 15 years to 20 years between 2010 and 2013 put upward pressure on the RECC factors (holding all else constant), by reducing deferred tax liabilities, which increases rate base.”
 - a. Please identify the tax law associated with the reference to the “increase in Federal Tax Life from 15 years to 20 years.”

RESPONSE 1:

- a) “Changes in book lives”, in this case, refers to the aging of assets as recorded in the books. Book lives for utility assets are determined in the General Rate Case.

- b) “Increasing Salvage Percent”, in this case, is not referring to US tax law, but instead utility rate making, with changes in Salvage Percentages being determined in the General Rate Case.

- c) Section 1325 of the Energy Policy Act of 2005, Public Law 109-58 amended the Internal Revenue Code Section 168(e)(3)(E) to treat natural gas distribution lines placed in service between 4/11/2005 – 1/1/2011 as 15-year Modified Accelerated Cost Recovery System (MACRS) property during this period. Natural gas distribution lines placed in service after 1/1/2011 reverted back to 20-year MACRS property.

**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-025)

DATA RECEIVED: 12-14-18

DATE RESPONDED: 01-09-19

QUESTION 2:

In response to Q4 of DR 011, the Applicants state in part that “With a residential structure containing volumetric rates, monthly residential bills vary depending on the level of gas consumption. Bills are higher in winter months, relative to summer months, due to winter gas heating load. Even in a winter month, monthly bills can vary depending on how cold the temperature gets.”

- (a) Please provide in active Excel format, the historical average residential monthly bills in the last ten (10) years 2009-2018 (up to the latest available) for each of SoCalGas and SDG&E, including:
 - i. the corresponding percentage of change in residential average monthly bills;
 - ii. the residential average monthly usage; and
 - iii. the corresponding percentage change in average monthly usage.
- (b) Based on your response to item a. i, ii, and iii above, please provide the corresponding percentage of the monthly bill that falls within in Tier 1 (i.e., baseline usage).
- (c) confirm whether the present baseline season structure has been in place for the last ten (10) years, and if not, please identify the year the present structure was put in place and the corresponding Commission decision.

RESPONSE 2:

- (a) Please see the attached two excel files, one for SoCalGas and one for SDG&E. For this analysis, Applicants used individually metered bundled residential customers (Applicants procure natural gas for bundled customers).
- (b) Please see the attachments to Response (a). The Public Purpose Program Surcharge (PPPS) is not tracked separately for baseline usage. In this response, PPPS is included in total bill comprising baseline and non-baseline gas consumption, but is not included in the estimate of baseline bill.
- (c) Confirmed.

**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-025)

DATA RECEIVED: 12-14-18

DATE RESPONDED: 01-09-19

QUESTION 3:

In response to DR 014, Q1(a), the Applicants state that RCS costs are captured in five O&M cost categories, namely: Customer Accounts, Customer Services, Meter O&M, Service Lines O&M, and O&M loaders. Applicants state that the RCS costs are not broken out by the cost categories requested. Given the five O&M categories, please answer below:

- (a) Please identify the specific RCS account where the Applicants record the cost associated with the setup of a residential customer account.
- (b) Please identify the specific RCS account where the Applicants record the cost associated with the billing and payments from residential customer accounts.
- (c) Please identify the specific RCS account where the Applicants record the cost associated with the metering services provided to residential customer accounts.
- (d) Please identify the specific RCS account where the Applicants record the cost associated with credit and collection services provided to residential customer accounts.
- (e) Please identify the specific RCS account where the Applicants record the cost associated with the meter reading services to residential customer accounts.

RESPONSE 3:

Applicants' operations and maintenance (O&M) system of accounts were not developed with the goal to identify each component of Revenue Cycle Services (customer account, metering services, and billing and payment) separately. As such, Applicants do not have RCS accounts to record RSC costs. However, Applicants are capturing all RCS costs as explained in response to DR 014, Q1(a). The RCS costs are captured in five O&M cost categories, namely: Customer Accounts, Customer Services, Meter O&M, Service Lines O&M, and O&M loaders. For example, the Customer Accounts O&M cost category captures elements of customer accounts, meter-related, and billing and payment-related RCS costs. The Tab "Sum by Alloc" in the excel file SoCalGas Customer Accounts.xls (the excel file provided as an attachment to Response DR-014, Q 1 (a)) shows the O&M costs recorded for functions, such as, Call Center activities, Meter Reading, Bill Distribution, Collections, Brach Office activities, Remittance Processing, etc.

**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-025)

DATA RECEIVED: 12-14-18

DATE RESPONDED: 01-09-19

QUESTION 4:

In response to DR 014 Q1(c)¹, the Applicants state that “The 20th percentile line length was used instead of the 10th or 20th percentile of respective distributions, or the average cost for the bottom 10% or 20%, because the cost distribution was not available when the study was prepared.” It has been six (6) months since the Application was filed.

- a) Please state whether the cost distribution referenced in this response is now available. If it is not currently available, when does the Applicants project it will become available? Please send the Public Advocates Office an electronic copy when the cost distribution referenced in the response becomes available.

- b) Please state whether an update with respect to this aspect on the use of “the 20th percentile line length instead of the 10th or 20th percentile of respective distributions, or the average cost for the bottom 10% or 20%, because the cost distribution was not available when the study was prepared” could be easily performed when the cost distribution is available?

RESPONSE 4:

The response to this question is forthcoming.

¹ Applicants believe the question intended to refer to DR 014 Q1(c).