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Witness: Sim-Cheng Fung
Chapter: 16

PREPARED REBUTTAL TESTIMONY OF
SIM-CHENG FUNG
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
AND SAN DIEGO GAS & ELECTRIC COMPANY
(EMBEDDED COSTS)

May 2019

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1 **CHAPTER 16**

2 **PREPARED REBUTTAL TESTIMONY OF SIM-CHENG FUNG**

3 **(EMBEDDED COSTS)**

4 **I. INTRODUCTION**

5 My prepared rebuttal testimony addresses the arguments, positions, and
6 recommendations contained in intervenor testimonies submitted by The Utility Reform Network
7 (TURN); Public Advocates Office (Cal PA); and City of Long Beach, Energy Resources
8 Department (Long Beach) regarding SoCalGas' and SDG&E's transmission and storage
9 embedded cost studies.

10 **II. SUMMARY**

11 Cal PA does not oppose Applicants' embedded cost study methodology and allocation of
12 costs, as proposed in Chapter 8 (Fung), but does oppose the allocation of 21 billion cubic feet of
13 gas inventory associated with the new Reliability function, as proposed in Chapter 1
14 (Dandridge), and the \$8.3 million in costs associated with that function.¹ Cal PA also
15 recommends that Applicants update their cost studies with 2018 recorded data,² which is not
16 feasible and practical from the Applicants' standpoint. I address these two points of contention,
17 but I view Cal PA as largely supportive (or not in opposition) of Applicants' embedded cost
18 studies. I also address Cal PA's recommendation related to the Aliso Canyon Turbine
19 Replacement Project costs.

¹ See Ex. PubAdv-06 (Kjensli) (April 12, 2019), pp. 2-3.

² See Ex. PubAdv-07 (Sabino) (April 12, 2019), p. 3.

1 The bulk of my rebuttal testimony addresses TURN's testimony. TURN makes the
2 following recommendations:³

3 1) the embedded cost of transmission in 2016 should be increased by
4 approximately \$53.5 million, and the embedded cost of storage should be increased by
5 \$37.2 million as a result of the following three changes:

6 a) exclude Asset Retirement Obligations from the plant data used to allocate
7 return, income taxes, and property taxes.

8 b) directly assign Customer Advances for Construction (a subtraction from rate
9 base) to distribution because none of these advances are related to other
10 functions.

11 c) allocate Administrative and General expenses and general plant by labor
12 without a 50% reduction factor.

13 2) escalate non-Pipeline Safety Enhancement Plan transmission costs and non-Aliso
14 Canyon Turbine Replacement storage costs. TURN's proposed escalation would
15 increase the cost of transmission by \$30 million and storage by \$15 million.

16 3) functionalize compressor station operations and maintenance costs to backbone
17 transmission only to be consistent with Applicants' treatment of compressor station
18 plant. TURN's method would increase costs allocated to backbone transmission
19 customers by \$5.9 million, and reduce costs allocated to local transmission customers
20 (which includes core customers) by the same amount.

³ See Prepared testimony of William Perea Marcus on behalf of The Utility Reform Network (April 12, 2019) (TURN/Marcus), pp. 1-2.

1 Through its reliance on technical plant accounting concepts, TURN attempts to find fault
2 with Applicants' embedded cost study methodology and results, so that TURN can justify
3 allocating more transmission and storage costs to noncore customers. However, there are
4 problematic aspects to TURN's analysis that lead Applicants to conclude that TURN's
5 recommendations do not result in more reasonable outcomes than those produced by Applicants'
6 studies.

7 Long Beach recommends that if SoCalGas continues to rely on historical embedded costs
8 in future TCAPs, then SoCalGas should provide a summary of changes to its embedded costs
9 between the prior and current TCAP, and a list of major drivers of the changes to each Federal
10 Energy Regulatory Commission (FERC) account in which recorded costs changed significantly.⁴

11 Long Beach's recommendation should be rejected because explaining changes in capital
12 expenditures, operating and maintenance expenses over a three year period for individual FERC
13 accounts is outside the scope of this proceeding. The embedded cost studies simply use recorded
14 costs as inputs for purposes of proposing an allocation of costs; the studies do not determine the
15 level of cost themselves.

16 **III. REBUTTAL TO TURN'S PROPOSALS**

17 **A. The Commission Should Reject TURN's Argument that Asset** 18 **Retirement Obligations Should Be Excluded from the Plant Data** 19 **Used to Allocate Return, Income Taxes, and Property Taxes**

20 TURN uses a technical plant accounting concept known as the Asset Retirement
21 Obligations to argue that Applicants' embedded cost studies are allocating too much costs to core
22 customers. Asset Retirement Obligations are capitalized costs of a utility's legal obligations

⁴ See Testimony on behalf of the City of Long Beach, Energy Resources Department (April 12, 2019) (Long Beach Direct), p. 1-2.

1 related to retirement costs which are directly linked to storage, transmission, distribution and
2 general plant. Certain assets cannot simply be abandoned, but require special decommissioning.
3 When a facility is decommissioned, a utility has an obligation to clean-up the site. The amount
4 expected to be spent on the clean-up will be the basis for the Asset Retirement Obligation.
5 Therefore, it is appropriate to include Asset Retirement Obligations in determining functional
6 cost allocation factors.

7 Applicants disagree with TURN's proposal to exclude Asset Retirement Obligations from
8 the plant data used to allocate return, income taxes, and property taxes. Including Asset
9 Retirement Obligations in the embedded cost study maintains consistency with the data
10 published in SDG&E's and SoCalGas' FERC Form 1 and FERC Form 2, respectively. For fiscal
11 years beginning after June 15, 2002, the Financial Accounting Standards Board (FASB) issued
12 Statement 143⁵ to provide a mechanism to improve companies' balance sheets to more clearly
13 reflect the economic realities of the retirement obligations directly associated with each asset
14 category. The changes are particularly significant for capital-intensive companies such as
15 SoCalGas and SDG&E. With the emphasis toward a more balance-sheet-oriented focus in
16 accounting, FASB has fixed its attention on how entities account for obligations associated with
17 the retirement of tangible long-term assets.⁶ Applicants have complied with this accounting
18 requirement in their FERC Forms 1 and 2.

19 Furthermore, Asset Retirement Obligations are directly related to assets used to provide
20 utility services to existing utility customers and therefore must be included in the cost allocation
21 process, which relies on "cost causation" as a guiding principle. In other words, Asset

⁵ FASB Statement 143 is now referred to as Accounting Standards Codification 410.

⁶ <http://www.journalofaccountancy.com/issues/2001/dec/accountingforassetretirementobligations.html>

1 Retirement Obligations need to be reflected in the allocation percentages so that customers
2 benefitting from storage, transmission, and distribution services are appropriately charged for
3 services rendered. By excluding Asset Retirement Obligations in the allocation percentages for
4 storage, transmission, and distribution, TURN is essentially recommending that current
5 customers do not have to bear any future obligations which are directly caused by existing assets
6 that are being used to serve existing customers. This concept of assigning costs associated with
7 assets (including retirement, depreciation, and removal costs) to the generation of customers that
8 receive service from those assets, is a fundamental concept in utility plant accounting, sometimes
9 referred to as “intergenerational equity.” Without getting mired in these plant accounting
10 concepts, based on my review of TURN’s analysis, TURN’s exclusion of Asset Retirement
11 Obligations from storage, transmission, and distribution allocation factors would violate
12 intergenerational equity, such that future generations of customers would have to subsidize the
13 current generation.

14 Moreover, removing Asset Retirement Obligations from the embedded cost study would
15 result in an ongoing subsidy for distribution customers (mainly core) by storage and transmission
16 customers (mainly noncore), because SoCalGas’ and SDG&E’s percentage of Distribution Asset
17 Retirement Obligations are 88% and 96% of total Asset Retirement Obligations, respectively.
18 Because TURN’s recommendation would ultimately result in cross-subsidization of costs from
19 one customer class to another, and cross-subsidization from one generation of customers to
20 another, it does not result in a more equitable or reasonable cost allocation than the one proposed
21 by Applicants.

1 **B. The Commission Should Reject TURN's Proposed Treatment of**
2 **Customer Advances for Construction**

3 As it did with Asset Retirement Obligations, TURN relies on another plant accounting
4 concept, Customer Advances for Construction, to attempt to justify a larger cost allocation to
5 noncore customers. TURN states that Customer Advances for Construction are an offset to (or
6 subtraction from) rate base that can be directly assigned and therefore should not be allocated
7 because it is known that Customer Advances for Construction are entirely distribution-related.⁷
8 TURN recommends that Customer Advances for Construction be removed from the general
9 allocation by rate base, and instead, be directly assigned to distribution before the rest of the rate
10 base is allocated.⁸ This would result in an increase to transmission costs (\$2,458,000 for
11 SoCalGas and \$71,000 for SDG&E) and to storage costs (\$1,361,000 for SoCalGas),⁹ which
12 again would have noncore customers bearing more of the costs. See Table 1, Column (A).

13

Table 1			
Increase in Embedded Cost Due To Excluding CAC			
	(A)	(B)	(C)
	TURN's Analysis	SoCalGas/SDGE	(A) / (B)
	(\$000)	(\$000)	
SoCalGas' Transmission	\$2,458	\$1,376	179%
SoCalGas' Storage	\$1,361	\$690	197%
SDG&E's Transmission	\$71	\$38	187%

14 TURN's proposed treatment of Customer Advances for Construction would not appear to
15 materially impact the embedded cost study results. However, I attempted to replicate TURN's
16 analysis to reach TURN's figures. My analysis, which attempted to isolate TURN's proposed

⁷ TURN/Marcus at 10 (Section II.B.2).

⁸ *Id.*

⁹ *Id.*

1 Customer Advances for Construction adjustment, resulted in even smaller cost impacts, as shown
2 in Table 1, Column (B). Therefore, Applicants do not recommend any adjustments to the
3 embedded cost study based on TURN's treatment of Customer Advances for Construction.

4 **C. TURN's Proposed Treatment of Administrative and General (A&G)**
5 **Expenses and General Plant Should Be Rejected**

6 TURN claims that Applicants allocate A&G expenses and costs of general plant by labor,
7 but then assign to transmission and storage only 50% of the labor allocation, which results in
8 distribution customers subsidizing transmission and storage customers.¹⁰ TURN quantifies this
9 impact as \$30 million of transmission-related costs to distribution customers (\$23.8 million for
10 SoCalGas and \$6.2 million for SDG&E) and \$23.8 million in SoCalGas' storage costs."¹¹

11 Applicants' A&G methodology was used in prior cost allocation proceedings, all of
12 which resulted in settled outcomes for embedded costs where the results of this methodology
13 were part of those outcomes (*i.e.*, 2009 BCAP decision, D.09-11-006, the 2011 TCAP decision,
14 D.14-06-007 and also the 2016 TCAP, Phase 1 decision, D.16-06-039). These prior settlements
15 are not precedent-setting and do not represent resolution of substantive issues, such as which
16 methodology is more reasonable and appropriate. However, they are indicative of compromises
17 reached by settling parties. On balance, Applicants' A&G allocation attempts to reach a
18 balanced allocation of a significant cost that is difficult to assign to specific functional
19 categories. Adoption of TURN's position would assign 100% of A&G to transmission and
20 storage customers, which would result in price spikes for transmission and storage rates, relative
21 to the outcomes that were adopted in the prior cost allocation cycles. Applicants therefore

¹⁰ See TURN/Marcus at 11.

¹¹ TURN/Marcus at 12. Applicants believe TURN's figures are overstated due to a possible calculation error. Specifically, TURN's \$30 million transmission cost may be overstated by \$700,000, and \$23.8 million storage cost may be overstated by \$600,000.

1 believe their study results represent a more balanced and consistent allocation of A&G costs, and
2 should be approved by the Commission.

3 **D. TURN’s Proposal to Escalate Transmission and Storage Costs Should**
4 **Be Rejected**

5 Applicants oppose TURN’s notion that the underlying costs that were used in the
6 embedded cost studies for SoCalGas and SDG&E (i.e., 2016 recorded costs from FERC forms)
7 should be escalated, by holding them as a constant percentage of base margin.

8 **1. Updating Embedded Cost Studies with Later Data Is Not as Simple as**
9 **TURN Represents**

10 TURN is critical of Applicants’ use of 2016 recorded FERC Form 2 data, claiming that
11 Applicants’ explanation is not consistent with its own exercise: “[w]hile Sempra found it too
12 hard to use recent data, TURN did not.”¹² However, my analysis of TURN’s workpapers suggest
13 that TURN’s attempt at producing an embedded cost study using 2017 recorded FERC Form 2
14 data was flawed and inconsistent.

15 For example, TURN continued to rely on 2016 recorded accounting data to differentiate
16 between SoCalGas’ backbone and local transmission lines (as shown in Chapter 8’s Appendix
17 F). This is one of the critical components of the embedded *backbone* transmission study which
18 also happens to be the most time-consuming part of the analysis. TURN appears to have
19 completely passed on updating this segment of the embedded cost study. A bottom-up approach
20 should be utilized so that backbone and local transmission lines are categorized correctly to
21 reflect 2017 capital improvements, which in turn impact the net book value of individual
22 transmission pipelines. Instead, TURN used 2016 data as a proxy.¹³

¹² TURN/Marcus at 14.

¹³ TURN/Marcus 2017 Embedded Transmission workpapers, tab “2016 SoCaGas BBT.”

1 TURN also opted not to update Chapter 8’s Appendix G to incorporate 2017 storage
2 recorded data, and instead used 2016 storage allocation factors for injection, withdrawal and
3 inventory, another major oversight that affects cost allocation factors to each of these three
4 services.¹⁴ Had TURN truly run a comprehensive embedded cost study, TURN may have found
5 it a more complicated and time consuming exercise, rather than an exercise that took TURN only
6 “. . . a matter of hours to fill out Sempra’s embedded cost template to obtain aggregate costs for
7 transmission and storage”¹⁵ If it were simply a matter of updating cost figures over the
8 course of a few hours, Applicants’ embedded cost studies would have used 2017 FERC Form 2
9 data. This is a gross oversimplification of what it takes to prepare a sound embedded cost study.

10 In addition, given the limited time Applicants had to review TURN’s version of an
11 embedded cost study (in contrast to the over eight months TURN had to review Applicants’
12 embedded cost studies), I found flaws in how TURN calculated SoCalGas’ functional labor
13 factors, which were based only on labor costs of the operating expenses of storage, transmission,
14 distribution, instead of the combined O&M expenses recorded in 2017 SoCalGas FERC Form 2.
15 Moreover, TURN does not use 2017 recorded data for payroll, ad valorem, federal and state
16 income taxes, but instead uses prorated estimates based on 2016 recorded data.¹⁶ If Applicants
17 were afforded more time to review TURN’s analysis, additional flaws and shortcomings would
18 likely reveal themselves. However, from what has been observed already, TURN’s analysis does
19 not represent a comprehensive and accurate embedded cost study, contrary to TURN’s belief that
20 it was able to perform one in a matter of hours. Therefore, TURN’s calculation of 2017

¹⁴ TURN/Marcus at 20, Table 11.

¹⁵ TURN/Marcus at 14.

¹⁶ TURN/Marcus 2017 Embedded Transmission and Storage Cost workpapers.

1 SoCalGas/SDG&E' transmission costs, backbone transmission service (BTS) rate and
2 SoCalGas' storage costs should be rejected.

3 **2. TURN's Proposal to Simply Escalate 2016 Recorded Costs by an**
4 **Attrition Factor Is Inappropriate**

5 Applicants disagree with TURN's notion that the embedded cost study results should be
6 escalated based on 3.5% annual attrition rate.¹⁷ This rate was authorized in Applicants' 2016
7 Test Year General Rate Case (per D.16-06-054). A similar experiment had already been
8 performed in 2010 based on 2009 Cost Allocation Proceeding decision, D.09-11-006 in which
9 the escalation of 2009 recorded data to 2010 was adopted as a cost allocation method. The
10 problems manifested by escalating 2009 embedded transmission and storage costs were
11 described in the subsequent Cost Allocation Proceeding application, A.11-11-002. In A.11-11-
12 002, SoCalGas and SDG&E observed that the *2010 actual transmission cost of \$198 million* was
13 **below** the *2010 allocated cost of \$210 million*¹⁸, which indicates that the escalation adopted in
14 D.09-11-006 overstated actual 2010 embedded transmission costs.¹⁹ Similarly, SoCalGas and
15 SDG&E stated that "The \$80.3 million (represents recorded 2010 storage embedded cost...) is
16 below the 2011 allocation of existing storage cost of \$90 million, which indicates that the
17 escalation based on Phase 2 BCAP D.09-11-006 significantly overstated actual embedded
18 storage costs."²⁰ These escalations or historical attrition adjustments described above resulted in
19 overstating allocated costs to SoCalGas and SDG&E's transmission functions and SoCalGas'
20 storage function.

¹⁷ TURN/Marcus at 15.

¹⁸ Based on escalation of recorded cost adopted in D.09-11-006, Section II.B.2.C. of Appendix A, Settlement Agreement, using annual growth rate of base margin authorized in GRC at that time.

¹⁹ A.11-11-002, Revised Updated Prepared Direct Testimony of Sim-Cheng Fung at 12, lines 9-11.

²⁰ *Id.* at 19, lines 2-7.

1 D.09-11-006 adopted embedded cost allocation for transmission and storage facilities for
2 both SoCalGas and SDG&E. In an embedded cost study, utilities recover their recorded costs
3 which follow the Uniform System of Accounts (USOA) such as the FERC accounts. General
4 Rate Case authorized base margin are *not* synonymous with recorded costs. A utility could
5 spend more or less in any particular year compared to its authorized Test Year General Rate Case
6 base margin or authorized attrition year base margin.

7 In addition, another shortcoming of simply using an attrition factor approved in the 2016
8 General Rate Case to escalate embedded costs is that the 2016 General Rate Case excluded
9 major incremental projects such as Pipeline Safety Enhancement Plan, Aliso Canyon Turbine
10 Replacement project, and Advanced Metering Infrastructure. Some costs associated with these
11 projects are currently under Commission review as part of Applicants' Test Year 2019 General
12 Rate Case, while other costs continue to remain outside of the rate case process. By simply
13 escalating 2016 to 2019 General Rate Case authorized base margin, the percentage increase
14 would be materially flawed because it would not represent a reliable factor to escalate costs that
15 were not included in the 2016 General Rate Case.

16 Therefore, Applicants reject the notion that an embedded cost escalation can be based on
17 a percentage increase of 2019 authorized margin compared to 2016 authorized margin. TURN's
18 suggestion of the System Average Percent Change in Mr. Florio's testimony²¹ is obsolete due to
19 the subsequent showing in A.11-11-002 in which SoCalGas and SDG&E demonstrated that the
20 systemwide attrition year escalation factor did not translate to the functional areas of

²¹ See Prepared testimony of Michel Peter Florio on behalf of The Utility Reform Network (April 12, 2019) (TURN/Florio Direct), p.5.

1 transmission and storage, evidenced by lower 2010 recorded data compared to previously
2 allocated 2010 data based on SAPC.

3 For these reasons, the Commission should reject TURN's proposal to escalate
4 transmission and storage costs from 2016 to the TCAP period by holding them as a constant
5 percentage of base margin.

6 **E. TURN's Proposal to Modify Functionalization of SoCalGas'**
7 **Transmission O&M Costs Between Backbone and Local**
8 **Transmission Should Be Rejected**

9 TURN proposed a 100% allocation of compressor station O&M expenses to the
10 backbone transmission system instead of SoCalGas' allocation of O&M expenses based on
11 mileage of backbone and local transmission pipelines.²² The compressor station equipment
12 physically exists on the backbone transmission system. However, the use of compression
13 supports customers on both the backbone and local transmission systems. Compressor stations
14 are operated to provide critical functions, such as moving natural gas supplies to changing load
15 centers, increasing system pressures, and balancing gas entering and leaving SoCalGas' and
16 SDG&E's system. Therefore, it is reasonable to allocate compressor station O&M expenses
17 based on mileage to both backbone and local transmission pipelines.

18 Furthermore, in attempting to produce its own 2016 embedded cost study, TURN
19 arbitrarily assigns \$5.1 million of purported overheads to SoCalGas' compressor station O&M
20 expenses of \$10.3 million in 2016 (a 50% overhead allocation).²³ The \$10.3 million compressor
21 station O&M expense figure is comprised of:

- 22 1. FERC Acct. 853, Comp. Station Labor & Expenses

²² TURN/Marcus at 17.

²³ TURN/Marcus at 18, Table 8.

1 2. FERC Acct. 864, Maintenance of Comp Station Equipment

2 TURN then characterizes the “overheads” by incorrectly loading up the \$10.3 million of
3 compressor station labor, expenses and maintenance of compressor station equipment with
4 additional costs of \$5.1 million that are comprised of:

5 3. FERC acct. 850, Operation *Supervision & Engineering*

6 4. FERC acct. 859, *Other* Expenses

7 5. FERC acct. 860, *Rents*

8 6. FERC account 867, Maintenance of *Other* Equipment

9 However, none of the items 3-6 above should be allocated to compressor station O&M
10 expenses. Those are neither compressor station O&M expenses nor overheads. Overheads
11 include A&G expenses such as pensions, benefits, office supplies, property insurance, etc.

12 Given these flaws, TURN’s proposals do not represent reasonable and appropriate modifications
13 to Applicants’ treatment of transmission compressor station O&M expenses.

14 **IV. REBUTTAL TO CAL PA**

15 **A. Cal PA’s Opposition to the Reliability Function has no Bearing on**
16 **Applicants’ Embedded Cost Studies**

17 Cal PA opposes the establishment of the new Reliability function, as proposed in Chapter
18 1 (Dandridge), and the allocation of \$8.3 million in associated costs.²⁴ As Applicants’ TCAP
19 proposals are comprehensive and interrelated, the embedded cost study allocates costs related to
20 storage. However, given Applicants’ embedded cost studies were based on 2016 recorded FERC
21 Form 2 data, which would not have included costs specifically associated with the new
22 Reliability function, Applicants do not believe their embedded costs studies need to be adjusted

²⁴ See Ex. PubAdv-06 (Kjensli) at 14.

1 for Cal PA's concern. The ultimate disposition by the Commission of Applicants' storage
2 proposals should therefore not impact Applicants' embedded cost study methodology nor results.

3 **B. The Commission Should Not Direct Applicants to Update Their**
4 **Embedded Cost Studies**

5 In its review of Chapter 9 (Schmidt-Pines) and Chapter 10 (Foster), Cal PA recommends
6 that Applicants update their cost studies with 2018 recorded data.²⁵ This would be an impractical
7 and burdensome request for the reasons stated earlier in rebuttal to TURN. Further, Cal PA does
8 not adequately consider that 2018 recorded data, in the context of an embedded cost study,
9 would be based on FERC Form 2, which were just published on March 27, 2019 (for SoCalGas)
10 and April 16, 2019 (for SDG&E). It would be unreasonable and infeasible to have Applicants
11 update embedded cost studies at this juncture, for 2017 recorded data (as suggested by TURN),
12 and moreso for 2018 recorded data (as suggested by Cal PA).

13 **C. Cal PA's Recommendation Regarding the Contribution of the Aliso**
14 **Canyon Turbine Replacement (ACTR) Project to Embedded Costs Is**
15 **Reasonable**

16 Applicants are amenable in concept to Cal PA's recommendation to initially set the
17 embedded cost of storage using only the \$27 million revenue requirement directly related to the
18 initial \$200.9 million of ACTR project cost.²⁶ Once Applicants receive a final decision in the
19 2019 General Rate Case proceeding,²⁷ and upon implementation of the rates approved therein,
20 Applicants would increase the embedded cost of storage to incorporate the total project cost
21 approved. Accordingly, if the entire incremental \$74.6 million ACTR cost is found to be

²⁵ See Ex. PubAdv-07 (Sabino) (April 12, 2019), p. 3.

²⁶ See Ex. PubAdv-06 (Kjensli) (April 12, 2019), p. 3.

²⁷ A.17-10-007 / A.17-10-008 (consolidated).

1 reasonable, SoCalGas and SDG&E will increase the embedded cost of storage to \$32.9 million
2 (\$27 million + \$5.9 million) as shown in Chapter 8, Table 22.

3 **V. REBUTTAL TO LONG BEACH**

4 Applicants disagree with Long Beach’s proposal that the utilities need to provide a
5 summary of changes to its embedded cost studies between the prior and current TCAP and a list
6 of major drivers of the changes to each FERC account in which recorded costs changed
7 significantly.²⁸ The embedded cost study uses recorded costs (as reported to the Commission in
8 SoCalGas’ and SDG&E’s FERC Form 2) as its inputs. In other words, the embedded cost study
9 is not intended to explain why costs increased or decreased, but merely uses recorded costs as
10 inputs. The TCAP is not a proceeding where the utilities’ recorded costs over time are examined
11 and litigated. Thus, Long Beach’s request is beyond the scope of a TCAP application, and
12 should be rejected.

13 This concludes my prepared rebuttal testimony.

²⁸ See Footnote 4.