Application No: A.11-11-002
Exhibit No.:
Witness: Bruce M. Wetzel

In the Matter of the Application of San Diego Gas & Electric Company (U 902 G) and Southern California Gas Company (U 904 G) for Authority to Revise Their Rates Effective January 1, 2013, in Their Triennial Cost Allocation Proceeding	A.11-11-002 (Filed November 1, 2011)

REBUTTAL TESTIMONY OF

BRUCE M. WETZEL

SAN DIEGO GAS & ELECTRIC COMPANY

AND

SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

December 14, 2012

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REBUTTAL TESTIMONY OF

BRUCE M. WETZEL

I. INTRODUCTION

The purpose of my rebuttal testimony is to:

Point out, correct and clarify for the record certain electric generation (EG) gas demand forecast figures that DRA witness Maricela Sierra attributed to SoCalGas in Table 1, on page 5, and in Table 2, on page 6, of her testimony.

Point out that DRA's gas demand forecasts sponsored by Maricela Sierra selectively employ more recent 2011 recorded data and other information to generate updated forecasts for some customer classes, but ignore other information that materially affects gas demand forecasts for those customer classes that were not included in DRA's forecasts.

II. CORRECTION OF ELECTRIC GENERATION GAS DEMAND FORECASTS ATTRIBUTED BY DRA TO SOCALGAS

In her testimony, DRA witness Maricela Sierra included certain EG gas demand forecast figures that do not take into account the updated values I provided in my June 1, 2012 Updated Prepared Direct Testimony. This section of my testimony is to point out this discrepancy so that the record is clear on this particular topic.

The annual gas demand DRA shows for SoCalGas in Table 1 for Electric Generation is: 302,702 MDth, 304,556 MDth, and 301,069 MDth, respectively for years 2013, 2014 and 2015, per my November 1, 2011 Prepared Direct Testimony. These numbers are consistent with my original testimony in this proceeding, but not with the updated numbers I provided in my June 1, 2012 Updated Prepared Direct Testimony. The correct, updated figures are as follows: 307,219 MDth, 309,073 MDth, and 305,586 MDth, respectively for years 2013, 2014, and 2015. Additionally, the *total* for these three years should be 921,878 MDth rather than 908,327 MDth

shown in DRA's testimony. Further, the subtotals for Total Non-core and Avg Yr Throughput should all be higher than presented by DRA, based on my June 1, 2012 updated prepared direct testimony. Total Non-core should be 474,780 MDth, 475,356 MDth and 469,761 MDth for years 2013 through 2015; while Avg Yr Throughput should be 993,137 MDth, 993,346 MDth and 986,907 MDth for years 2013 through 2015.

Finally, the corresponding lines of DRA's Table 2, on page 6, for rows labeled ***Electric Generation***, ***Total Non-core*** and ***Avg Yr Throughput*** will also change under the columns labeled ***SCG***, ***DIFF*** and ***%***.

The corrected versions of DRA-MPS-Table 1 and DRA-MPS-Table 2 are shown below:

DRA-MPS-Table 1 (Corrected)

DRA and SCG

Throughput (MDth) Average Temperature Year

TCAP 2013 Through 2015

DRA VS. SCG Throughput (MDth) Average Temperature Year

DESCRIPTION	DRA				SCG			
Core	**2013**	**2014**	**2015**	**Total**	**2013**	**2014**	**2015**	**Total**
Residential	235,524	233,631	232,104	701,260	249,118	248,263	247,535	744,916
Core C&I	99,197	98,298	97,736	295,231	102,025	101,611	100,318	303,954
Gas AC	60	60	53	173	60	60	53	173
Gas Engine	1,874	1,766	1,756	5,395	1,874	1,766	1,756	5,396
NGV	12,745	13,192	13,636	39,574	12,745	13,192	13,636	39,573
Total Core	349,400	346,947	345,285	1,041,633	365,822	364,892	363,298	1,094,012
Noncore								
Noncore C&I	158,582	157,091	155,256	470,930	152,584	151,306	149,198	453,088
Electric Gen.	309,662	311,362	308,278	929,302	307,219	309,073	305,586	921,878
EOR	20,392	20,392	20,392	61,176	14,977	14,977	14,977	44,931
Total Retail Noncore	488,636	488,845	483,926	1,461,408	474,780	475,356	469,761	1,419,897
Wholesale and International								
Long Beach	8,407	8,356	8,460	25,223	8,407	8,356	8,460	25,223
SDG&E	123,639	123,818	124,261	371,718	123,088	123,330	123,594	370,012
SWG	6,628	6,714	6,810	20,151	6,628	6,714	6,810	20,152
Vernon	7,807	8,060	8,313	24,181	7,807	8,060	8,313	24,181
Mexicali	6,963	6,998	7,033	20,994	6,605	6,638	6,671	19,914
Total Wholesale & Intl.	153,444	153,946	154,877	462,267	152,535	153,098	153,848	459,482
Average Yr Throughput	991,481	989,738	984,088	2,965,307	993,137	993,346	986,907	2,973,391

DRA-MPS-Table 2 (Corrected)

DRA vs SCG % Difference on Total Throughput Forecast (MDth)

TCAP 2013 Through 2015

DESCRIPTION	SCG	DRA	DIFF	%
Core	**A**	**B**	**C = A - B**	**D = C / B**
Residential	744,916	701,260	43,656	6.23%
Core C&I	303,954	295,231	8,723	2.95%
Gas AC	173	173	0	0.00%
Gas Engine	5,396	5,395	1	0.02%
NGV	39,573	39,574	-1	0.00%
Total Core	1,094,012	1,041,633	52,379	5.03%
Noncore				
Noncore C&I	453,088	470,930	-17,842	-3.79%
Electric Gen.	921,878	929,302	-7,424	-0.80%
EOR	44,931	61,176	-16,245	-26.55%
Total Retail Noncore	1,419,897	1,461,408	-41,511	-2.84%
Wholesale and International				
Long Beach	25,223	25,223	0	0.00%
SDG&E	370,012	371,718	-1,706	-0.46%
SWG	20,152	20,152	0	0.00%
Vernon	24,181	24,181	0	0.00%
Mexicali	19,914	20,994	-1,080	-5.14%
Total Wholesale & Intl.	459,482	462,267	-2,785	-0.60%
Average Yr Throughput	2,973,391	2,965,307	8,084	0.27%

Corrected data are highlighted in each table.

III. DRA HAS SELECTIVELY EMPLOYED UPDATED INFORMATION IN GENERATING ITS GAS DEMAND FORECASTS

Rather than generate its own gas demand forecasts, DRA selectively requested SoCalGas to re-run its end-use models with particular attention to using updated recorded throughput for year 2011. SoCalGas responded to these requests with model runs prepared using 2011 recorded data along with updated assumptions like gas and electric burner-tip price forecasts and employment forecasts.

The primary market segment where DRA has ignored important recent information that will affect the gas demand outlook are certain parts of the SoCalGas and SDG&E retail noncore. Specifically, the market segments that generate electricity using natural gas and whose gas demand forecasts for SoCalGas and SDG&E are sponsored by Jeff Huang were not updated in DRA's testimony. These market segments are the Large Cogeneration and UEG/EWG segments for SoCalGas along with the Power Plant segment for SDG&E. For example, DRA requested updated forecasts of gas commodity prices which were used in the various EUFORECASTER model simulations that DRA requested be run; however, DRA used the 2013 TCAP gas demand forecasts prepared by Jeff Huang and which are based on the gas price forecasts originally developed for SoCalGas' November 1, 2011 filing. There is other information that has been updated as well or has been resolved and is no longer uncertain. The California Energy Commission (CEC) has provided a new electricity demand outlook that is a key input to the modeling tool that Mr. Huang employs to generate his gas demand forecasts. Further, the implementation of Green-House-Gas (GHG) regulation has begun in California while it continues to be under debate elsewhere -- GHG regulations were assumed to be implemented throughout the Western U.S. in the SoCalGas and SDG&E forecast Mr. Huang prepared.

Additionally, for SoCalGas' noncore wholesale markets only one wholesale customer's forecast was updated in DRA's filing. DRA requested that an updated forecast be provided for ECOGAS, a wholesale (international) customer for SoCalGas; however, it ignored other SoCalGas wholesale (domestic) customers: Southwest Gas Corporation, City of Vernon, and City of Long Beach.

Finally, for core markets DRA's filing sponsors updated forecasts for residential (SoCalGas and SDG&E) and core rate groups G10 (SoCalGas) and GN3 (SDG&E) while

leaving the NGV (SoCalGas and SDG&E) throughput forecast and the rate groups GAC and GEN, both for SoCalGas, unchanged as originally filed by SoCalGas and SDG&E.

These are all important areas where recent information should be included in a forecast update in order to develop a truly consistent comparison among customer classes. Use of a common set of base year recorded data together with a set of consistent assumptions (e.g., gas and alternative fuel price forecasts, employment outlook and electricity market structure and demand) to drive the forecasts for all relevant customer classes is the primary reason for preparing a gas demand throughput forecast for cost allocation and rate design in this proceeding. Selectively updating a previously-filed forecast undermines this objective and compromises the credibility of the fairness of cost allocations and rate designs using such selectively constructed throughput forecasts.

This concludes my prepared rebuttal testimony.