

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY  
AND SAN DIEGO GAS & ELECTRIC COMPANY  
FOR AUTHORITY TO REVISE THEIR NATURAL GAS RATES  
EFFECTIVE JANUARY 1, 2017 IN THEIR  
TRIENNIAL COST ALLOCATION PROCEEDING - PHASE 2**

**(A.15-07-014)**

**(4th DATA REQUEST FROM CLEAN ENERGY FUELS CORP.)**

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**QUESTION 04-01:**

Question 01-10.a. of Clean Energy's First Data Request asked the following question:

- a. Is it SoCalGas' and SDG&E's policy that a rate surcharge or credit to amortize a balancing account imbalance allocated to a particular customer segment is removed from the tariffed total rate when the imbalance is reduced to zero?

Sempra's response does not answer the question. Please respond to the question, assuming that a balancing account is amortized in less than a year due to higher than anticipated throughput.

**RESPONSE 04-01:**

SoCalGas and SDG&E object to the characterization that our previous response did not answer the question. Without waiving this objection, and subject thereto, SoCalGas and SDG&E respond as follows:

No. Rate amortizations are only updated annually. See Response 04-04 below.

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**QUESTION 04-02:**

Question 01-10.b. of Clean Energy's First Data Request sought information related to SoCalGas Advice Letter 4550. Sempra's response did not respond to the question. Please provide a full response to the question, as corrected to reflect the correct advice letter date:

b. In SoCalGas' Advice Letter 4550 dated October 15, 2013, Attachment B proposes an increase in the G-NGV rate on January 1, 2014 to 9.743 cents a therm, an increase of 2.049 cents a therm from the "Present Rate" of 7.694 cents resulting from the amortization of an estimated core market balancing account under-collection.

- i. When was this particular under-collection fully amortized?
- ii. Was the G-NGV reduced by 2.049 cents a therm immediately following the full amortization?
- iii. If not, why not?
- iv. Please identify the proceeding or Advice Letter through which this reduction, if it was made, was implemented and as of what date.

**RESPONSE 04-02:**

SoCalGas and SDG&E object to the characterization that our previous response did not respond to the question. Without waiving this objection, and subject thereto, SoCalGas and SDG&E respond as follows:

- a. As explained in Response 01-10, the increase in the G-NGV rate that results from amortization of SoCalGas' regulatory account balances is primarily due to the projected undecollected balance for its Core Fixed Cost Account (CFCA). As such, this response will focus on that particular account. SoCalGas included an undercollected balance of \$48.9 million in core transportation rates effective January 1, 2014, of which \$1.6 million was included in the G-NGV rate. During 2014, actual core throughput was less than authorized core throughput, so SoCalGas did not fully recover the \$48.9 million undercollection, so the \$1.6 million allocation in the G-NGV rate was not fully recovered as well. The shortfall was carried over into the subsequent year's rates, that is, rates effective January 1, 2015.

As explained in Response 04-03 a., during 2015, actual core throughput was again less than authorized core throughput, so SoCalGas did not fully recover the shortfall from 2014

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that was carried over into 2015 rates, so the portion of the shortfall attributed to the \$1.6 million allocated to the G-NGV rate was not fully recovered as well. The portion of the shortfall was carried over into the subsequent year's rates, that is, rates effective January 1, 2016.

- b. No, since the \$48.9 million CFCA undercollected balance has not been fully amortized. However, although SoCalGas did not fully recover the CFCA undercollected balance during 2014, a majority of this undercollected balance was recovered, so the G-NGV rate effective January 1, 2015 would have been reduced as a result of this recovery. Similarly, a majority of the shortfall attributed to 2014 was recovered in 2015, so the G-NGV rate effective January 1, 2016 would have been reduced as a result of this recovery.
- c. See Response 04-02 b.
- d. Advice No. 4730, which updated transportation rates effective January 1, 2015, would have included the reduction to the G-NGV rate attributed to the recovery of a majority of the \$48.9 million CFCA undercollected balance. Advice No. 4910, which updated transportation rates effective January 1, 2016, would have included the reduction to the G-NGV rate attributed to the recovery of a majority of the shortfall carried over into 2015 rates.

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**QUESTION 04-03:**

Question 01-11.a. of Clean Energy's First Data Request sought information related to SoCalGas Advice Letter 4700. Sempra's response did not fully respond to the question. Please provide a full response to the question:

a. In SoCalGas' Advice Letter 4700 dated October 15, 2014, Attachment A proposes an increase in the G-NGV rate on January 1, 2015 to 12.711 cents a therm, an increase of 2.103 cents a therm from the "Present Rate" of 10.608 cents a therm on July 1, 2014, resulting from the amortization of an estimated core market balancing account under-collection of \$85.8 million.

- i. When was this particular under-collection fully amortized?
- ii. Was the G-NGV rate at that time reduced by 2.103 cents a therm?
- iii. If not, why not?
- iv. Please identify the proceeding or Advice Letter through which this reduction, if it was made, was implemented and as of what date.

**RESPONSE 04-03:**

SoCalGas and SDG&E object to the characterization that our previous response did not fully respond to the question. Without waiving this objection, and subject thereto, SoCalGas and SDG&E respond as follows:

- a. As explained in Response 01-11, the increase in the G-NGV rate that results from amortization of SoCalGas' regulatory account balances is primarily due to the projected undecollected balance for its Core Fixed Cost Account (CFCA). As such, this response will focus on that particular account. SoCalGas included an undercollected balance of \$126.8 million in core transportation rates effective January 1, 2015, of which \$4.3 million was included in the G-NGV rate. During 2015, actual core throughput was less than authorized core throughput, so SoCalGas did not fully recover the \$126.8 million undercollection, so the \$4.3 million allocation in the G-NGV rate was not fully recovered as well. The shortfall was carried over into the subsequent year's rates, that is, rates effective January 1, 2016.
- b. No, since the \$126.8 million CFCA undercollected balance has not been fully amortized. However, although SoCalGas did not fully recover the CFCA undercollected balance

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during 2015, a majority of this undercollected balance was recovered, so the G-NGV rate effective January 1, 2016 would have been reduced as a result of this recovery.

- c. See Response 04-03 b.
- d. Advice No. 4910, which updated transportation rates effective January 1, 2016, would have included the reduction to the G-NGV rate attributed to the recovery of a majority of the \$126.8 million CFCA undercollected balance.

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**QUESTION 04-04:**

Question 01-11.f. of Clean Energy's First Data Request sought information related the impact on amortization of under collections when a customer segment exceeds assumed throughput. Sempra's response did not fully respond to the question. Please provide a full response to the question:

f. If the assumed throughput that was used to allocate the undercollection to the rates of different customer segments is exceeded during the planned under-collection recovery calendar year, and the amortization charge is collected for the actual throughput, the under-collection will be more than fully recovered.

i. Is this particular over-recovery returned to customers?

ii. If so, how, when and in what way?

**RESPONSE 04-04:**

SoCalGas and SDG&E object to the characterization that our previous response did not fully respond to the question. Without waiving this objection, and subject thereto, SoCalGas and SDG&E respond as follows:

Yes. If actual throughput is greater than authorized throughput for the year, the undercollected balance of the regulatory account is recovered and the undercollected balance becomes overcollected by year-end. In general, transportation rates are updated on an annual basis for amortization of regulatory account balances via SoCalGas' and SDG&E's Annual Regulatory Account Balance Update filing; that is, both utility's submit this filing in October to update rates effective the beginning of the subsequent year. In updating the subsequent year's rates, the rate component to recover the undercollected balance would be removed and replaced with a rate component to refund the overcollected balance thereby reducing rates.