

**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-040)**

**DATA RECEIVED: 2-12-19**

**DATE RESPONDED: 2-27-19**

**SUPPLEMENTAL DATE RESPONDED: 3-8-19**

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**QUESTION 2:**

In Response to DR-014 Q1(a), SoCalGas and SDG&E provided the Excel file "SoCalGas Customer Accounts.xls" with tabs: "Sum by Alloc," "LRMC Cost Sum-Final," "2016 Data," "Alloc Factors," "Act DR Data," and "LRMC Cost Summary." The Customer Accounts expenses recorded for 2016 is in the total amount of \$116,733,311, as shown in cell X87 in the tab "LRMC Cost Summary." In the "LRMC Cost Summary" tab, the file shows at Excel cell F87 that the grand total amount of Customer Accounts Expenses allocated to Residential customers are in the amount of \$108,934,300. The amount on cell F87 is shown as the sum total of the PUC accounts 901, 902, 903, and 905 allocated to the Residential customers, plus IT costs on cell F85 allocated to Residential. Each account is described below.

No amounts appeared to be shown for the PUC account 901 but there were amounts displayed for Account 902 consisting of \$11,102,729 shown for Account 902.500 and \$731,094 for Account 902.200. The amounts for Account 902 are shown to come from the tab "Alloc Factors" at cell W37, which are meter reading expenses for Core. The tab describes Account 902 indicating the following: "Account reflects costs incurred for the collection of customer consumption data. Meter reading is responsible for manually reading over 5 million gas meters each month." Of the \$11,102,729, approximately \$10 million, or 90.37%, are allocated to Residential customers as shown at Excel cell E37 for \$10,033,476. As shown, the allocation factor is based on the spread by weighted read times. The tab "Act DR Data" at cells F45 and AH 45 shows the weighted read times and the number of active meters for Residential customers. On the other hand, the other amount of \$731,094 in Account 902.200 is mostly allocated to noncore customers by number of their active meters.

The majority of the Customer Accounts expense allocated to the Residential class is shown from PUC Account 903. The total Customer Accounts 2016 recorded expenses for all customers is shown as \$104,755,263 in cell X77 at tab "LRMC Cost Summary." Of that, the amount of \$98,766,232 is shown as allocated to Residential customers. The various allocation factors used are shown from tab "Alloc Factors." For Account 903.000, which the tab describes as the account which reflects costs incurred for processing customer payments, the allocator is shown to be spread by the number of active accounts. For Residential customers, this translates to 96.41% as shown on cell E93. However, for Account 903.100 expenses, which is described in the tab as Supervision which account "reflects cost associated with line supervision and line staff management personnel supporting core and non-core billing, meter reading, customer resource center, branch office, credit and collections and major accounts collection activities." The allocator of 83.77% for Residential customers is shown to be a combination of the different items allocated under Account 903 by different ways to spread the costs. This is shown in cell

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E85 in the tab "Alloc Factors." The allocator is based on the combined total of the different items listed under the heading item 5.2 Cost Allocation are allocated. A relatively small amount of Customer Accounts expenses is shown for PUC Account 905 in the amount of \$97,000, which is described in the tab "Alloc Factors" as an account which "reflects miscellaneous costs applicable to customer accounts activities." The tab indicates that Account 905 is allocated based on the spread of the active accounts. Finally, IT costs are shown to be included in the Customer Accounts expenses in the tab "LRMC Cost Summary" at Excel row 85. Total IT costs are included in the amount of \$144,129 as shown in the tab at cell X85. The IT costs are allocated based on the combined allocation of Accounts 902, 903, and 905. For Residential customers, this allocation of IT costs amounts to \$134,069, or 93.02% of the total IT costs.

With the above in mind, please respond below:

- (a) For Account 902, please explain fully how customer expenses for meter readings of customer consumption data and manually readings over 5 million gas meters each month as described, is consistent with the existence and operation of SoCalGas' AMI.
- (b) Please explain whether the costs recorded for Account 902 in years 2017 and 2018 have shown a decline relative to the recorded 2016 data shown here.
- (c) As filed in the Applicants' 2019 GRC, please explain how Account 902 expenses are projected to behave in the forward years 2019-2021 relative to the recorded years.
- (d) Please explain the Meter Reading costs reflected in Account 903.100 and explain how this is different from the Meter Reading cost shown in the Customer Services expenses.
- (e) Please describe the nature of the Customer Account Expenses reflected for the item "Customer Operations" under Account 903 and explain whether any of these are allocated to Residential customers.
- (f) Please describe the nature of the Customer Account Expenses reflected for the item "Cust Cont Center" under Account 903 and explain the basis for allocating the majority of this cost item to Residential customers.
- (g) Please explain the basis for including IT costs as part of Customer Accounts Expenses.

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**RESPONSE 2:**

- (a) Previously provided.
- (b) Yes, the costs recorded for Account 902 in years 2017 and 2018 have shown a decline relative to the recorded 2016 data shown here.
- (c) Previously provided.
- (d) Previously provided.
- (e) Previously provided.
- (f) Previously provided.
- (g) The designation of "IT cost" shown in the Customer Accounts Expenses is for the Strategy & Analysis Manager, charged to Account 903. The Strategy & Analysis Manager is a SDG&E employee 100% dedicated to SoCalGas Customer Services, including Customer Operations, Customer Call Center, and Credit & Collections.