

**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-043)

DATA RECEIVED: 2-14-19

DATE RESPONDED: 3-1-19

The following data request questions pertain to Chapter 8 of the Applicants' testimony, the Prepared and Direct Testimony of Sim Cheng Fung.

QUESTION 1:

Regarding the Aliso Canyon Turbine Replacement (ACTR) costs as discussed on p. 17 of witness Fung's testimony, please answer the following questions:

- a) Please clarify the source of the 2020 – 2022 revenue requirement SoCalGas is seeking to recover as cited in footnote 59 which includes \$31.7 million in 2020; \$32.9 million in 2021; and \$34 million in 2022. In your response, please answer the following questions and attach any relevant documents that support your answer:
 - a. describe what project cost elements are associated with these amounts;
 - b. Provide a breakdown of the O&M and capital costs (where relevant);
 - c. Clarify what return on equity and rate of return were used to calculate the revenue requirement.
- b) If not explicitly stated as part of your response to (a) above, please clarify if the 2020 – 2022 revenue requirement SoCalGas is seeking to recover as part of the ACTR project is part of the \$200.9 million in project costs SoCalGas has been authorized to recover per D.13-11-023 or if these costs are in excess of the \$200.9 million. If in excess of the \$200.9 million, please attach the relevant Commission decision or resolution authorizing SoCalGas to recover these costs.
- c) Please explain how SoCalGas's proposed revenue requirement for 2020 – 2022 relates back to Table DLB-1 included as part of Appendix B of witness Fung's testimony. Specifically, explain how the proposed revenue requirement is "based on the ACTR cost of \$275.5 million." (p.17, lines 10 – 11) and how the revenue requirement for 2020 – 2022 can be traced back to the costs incurred and listed on that table.
- d) Per Ordering Paragraph 12 of D.13-11-023, please clarify whether a reasonableness review of the costs in excess of the authorized \$200.9 million has been conducted. If a reasonableness review has been conducted, please include that document in your response. If the reasonableness review has not been conducted, please state when such a reasonableness review for costs in excess of the authorized \$200.9 million will be conducted and by whom.

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- e) Please clarify where the remainder of the authorized costs and excess costs of the ACTR will be recovered and cite any relevant Commission decision or Resolution approving such cost recovery.

RESPONSE 1:

- a) As background information, A.18-07-024 is a cost allocation proceeding and is not seeking Commission approval for any revenue requirements related to ACTR. SoCalGas's storage embedded cost study, which was based on 2016 recorded data, did not include costs related to ACTR. However, because this TCAP is proposed to be effective from 2020-2022, and because SoCalGas is requesting authorization of \$275.5 million for ACTR in SoCalGas's Test Year 2019 General Rate Case (TY 2019 GRC) the embedded cost study incorporated its corresponding 2020-2022 revenue requirements for cost allocation purposes. With this clarification in mind, SoCalGas responds to the individual questions asked as follows.
- a. The 2020-2022 revenue requirements are based on the ACTR cost of \$275.5 million. Please refer to SoCalGas' TY 2019 General Rate Case (A.17-10-008), SCG-11, SCG-11-CWP and SCG-211 for details.
- b. Please refer to the attached document "Cal Advocates 43.xlsx".
- c. The return on equity (ROE) and rate of return (ROR) used to calculate the return component of the ACTR revenue requirement are 10.05% and 7.34%, respectively.



Cal Advocates
43.xlsx

- b) The 2020–2022 revenue requirements shown in SoCalGas' A.18-07-024, Chapter 8 are based on capital expenditures as follows: (i) \$200.9 million ACTR project costs authorized in D.13-11-023; (ii) incremental capital cost of \$74.6 million. SoCalGas's TY 2019 GRC is the proceeding where SoCalGas is seeking cost recovery for the incremental capital costs. The Commission has not yet issued a decision in that proceeding. In D.13-11-023 (authorizing the ACTR project), the Commission stated that SoCalGas may seek recovery of project costs above the authorized cap in a subsequent proceeding.

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- (c) Per SoCalGas's TY 2019 GRC, ACTR capital cost is \$275.5 million. This number is an input item for the Results of Operation model which calculates SoCalGas's proposed ACTR revenue requirement for 2020–2022. The output is provided in the attachment "Cal Advocates 43.xlsx".
- (d) A reasonableness review as required by D.13-11-023 has been conducted as part of TY 2019 GRC. The outcome of the reasonableness review is pending, as a final decision has not yet been issued in the TY 2019 GRC. See SCG-11, SCG-11-CWP, and SCG-211 for SoCalGas's ACTR-related testimonies and workpapers, which can be found at: <https://www.socalgas.com/regulatory/A17-10-008.shtml>.
- (e) The request to recover those costs are currently before the Commission in the TY 2019 GRC. Thus, there is no decision or resolution yet.

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QUESTION 2:

- a) Please attach the relevant Advice Letter SoCalGas filed to request authority to incorporate the associated ACTR revenue requirement into rates and the Commission's disposition letter approving the Advice Letter.
- b) If not included as part of your response to Question 2 (a) above, please provide a source to the memorandum account SoCalGas has established to track costs exceeding the authorized \$200.9 million and provide a current balance of this memorandum account.

RESPONSE 2:

- a) Please see Advice Letter 5294-A and the disposition letter dated June 19, 2018, available on SoCalGas's website: <https://socalgas.com/regulatory/tariffs/tm2/pdf/5294-A.pdf>.
- b) Please see the Aliso Canyon Memorandum Account (ACMA) preliminary statement, available on SoCalGas's website: <https://socalgas.com/regulatory/tariffs/tm2/pdf/ACMA.pdf>. The ACMA has a \$7,093,284 under-collected balance as of January 31, 2019.