

**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-057)

DATA RECEIVED: 3-26-19

DATE RESPONDED: 4-2-19

The following are requests for clarification of your responses to DR-041 and DR-051.

QUESTION 1:

Cal Advocates understands that in the process of scaling the unscaled LRMC revenues to the target revenue requirements, items not allocated by LRMC are to be deducted from the target revenue requirements. These items include: Transmission & Gas Storage, Uncollectibles, and NGV Compression Adder costs. The resulting difference becomes the Target Scaled Costs. Please confirm whether or not the following statements are accurate. If inaccurate, please identify what makes the statement inaccurate and provide a correction or clarification to the statement.

1. The unscaled LRMC revenues are in 2020 \$ per the SCG RD Model.
2. The target revenue requirement is in 2018 \$ per Response to DR-041 Q5(a).
3. The Transmission Costs and Gas Storage Costs are in 2016 \$ per witness Fung's testimony.
4. The Scaler shown in the SCG RD Model provided to Cal Advocates is determined by taking the ratio of Target Scaled Costs stated in 2018 \$ to the Unscaled LRMC revenues in 2020 \$.
5. The Scaled LRMC Revenues are calculated by multiplying the calculated Scaler by the Unscaled LRMC Revenues for each function.
6. When the 2019 Sempra GRC final decision is received and the actual authorized revenue requirement for 2020 is known, then the 2020 TCAP Scaler as currently shown in the SCG RD Model will be recalculated by the Applicants as indicated in Applicants' response to DR-041 Q5(b).
7. If the Scaler is subject to change, then it follows that the cost allocation among the different customer classes in this TCAP is also subject to change from what is currently shown in the Applicants' testimony and workpapers.
8. The Transmission Costs and Gas Storage Costs will not be escalated to 2020 \$ but will be treated as though they are stated in 2020 \$, consistent with in Applicants' response to DR-041 Q5(d): "These figures in the EC study, which were prepared from 2016 FERC Form 2 data, are intended to represent a proxy for Test Year 2020 transmission and storage costs."
9. If item 7 above is accurate, then the actual cost allocation to the different customer classes in this TCAP is currently unknown.
10. If item 9 above is accurate, then the actual 2020 TCAP rates are currently unknown.

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RESPONSE 1:

1. True.
2. True. The target revenue requirement was kept at the revenue requirement level at the time of the 2020 TCAP Application filing to isolate the impacts of the TCAP proposals across customer classes.
3. True, subject to the clarification CalPA provided in the language in Question 1.8 above.
4. True.
5. Partially true. The Scaled LRMC Revenues are calculated by multiplying the calculated Scaler by the Unscaled LRMC Total Revenues of each function **and customer class.**
6. Assuming Applicants' GRC decision authorizes a base margin revenue requirement that is different than Applicants' current revenue requirement, this is true. This is how the process works today. The TCAP determines marginal unit costs and embedded costs. The scalar addresses changes in base margin between TCAP periods.
7. Assuming Applicants' GRC decision authorizes a base margin revenue requirement that is different than Applicants' current revenue requirement, this is true. This is how the process works today. The TCAP determines marginal unit costs and embedded costs. The scalar addresses changes in base margin between TCAP periods. Please note that each customer class' percentage share of marginal cost revenues, derived using updated LRMC studies and demand forecasts, does not change when the Scalar changes.
8. True.
9. Assuming Applicants' GRC decision authorizes a base margin revenue requirement that is different than Applicants' current revenue requirement, this is true.
10. True. SoCalGas's and SDG&E's testimony clearly identified the proposed rates as "illustrative."