

**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-23)

DATA RECEIVED: 12-11-18

DATE RESPONDED: 01-04-19

QUESTION 1:

Please provide the expected results of the scenarios described below:

Please assume no change to the Applicants' proposed forecast of throughput (average and cold year) and customer numbers and no change to the Applicants' proposed cost allocation method for LRMC customer capital-related cost, which are developed using the Rental Method (per p.4 of Schmidt-Pines Testimony). Further, please assume no change to the current SoCalGas/SDG&E baseline season structure for winter and summer. Please show the impact of changes to the SoCalGas residential fixed monthly customer charge from the current \$5 per month to:

- (1) a \$10 per month fixed customer charge;
- (2) a \$15 per month fixed customer charge;
- (3) a \$20 per month fixed customer charge; and
- (4) a \$22 per month fixed customer charge.

Please show the impact of changes to the residential minimum bill from the SDG&E current \$3 per month to

- (5) a \$5 per month minimum bill;
- (6) a \$10 per month minimum bill;
- (7) a \$15 per month minimum bill;
- (8) a \$20 per month minimum bill;
- (9) a \$5 fixed customer charge;
- (10) a \$10 fixed customer charge;
- (11) a \$15 fixed customer charge; and
- (12) a \$20 fixed customer charge:

Please show the impact of the above-described scenario changes on:

- (a) The estimated volumetric rates of gas transportation for Tier 1 (baseline rate) and Tier 2 (above baseline rate) for residential CARE and Non-CARE customers of each of SoCalGas and SDG&E.
- (b) The estimated volumetric rates of gas transportation for Tier 1 and Tier 2 for master-metered CARE and Non-CARE customers of each of SoCalGas and SDG&E.
- (c) The percentage of CARE and Non-CARE residential customers who will experience average monthly bill impacts, either decreases or increases, from their present average monthly bills.

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- (d) The magnitude of change to the CARE and Non-CARE residential average monthly bills from the present average monthly bill based on the scenarios described.
 - (e) The magnitude of change to the CARE and Non-CARE master-metered customers from the present average monthly bill based on the scenarios described.
 - (f) The percentage of change in volumetric transportation rates that are projected to be experienced by CARE and Non-CARE residential customers based on the scenarios described from their present volumetric rates.
 - (g) The percentage change in volumetric transportation rates that are projected to be experienced by CARE and Non-CARE master-metered customers.
Please provide all active Excel rate models that are used to produce the above analysis.

RESPONSE 1:

- (a) See the attached file: DR-23 Attachment 1.xls.



DR-23 Attach

- (b) For SoCalGas, small master meters' rates are the same as the individually-metered residential class rates. So, the impacts of the requested scenarios would be the same as shown in Response (a) for SoCalGas. SoCalGas' large master meter customers are not impacted by the proposed scenarios. For SDG&E, master meter rates are the same as the residential class rates. So, the impacts of the requested scenarios would be the same as shown in Response (a) for SDG&E.
- (c) If the question is asking for a precise percentage breakdown, then Applicants cannot answer this question without first estimating bills for each and every customer (numbering in the millions) for the requested scenarios, and then calculating the percentage of customers who would experience average bill increase or bill decrease. This is not feasible to perform. Instead, Applicants have estimated the average break-even gas usage (usage at which average monthly bill neither increases nor decreases) for the group of customers who represent individually-metered residential customers, under each of the requested scenarios, and estimated the percentage of customers who have usage below and above the break-even gas usage. Customers with average monthly usage below the break-even usage will experience bill increases and customers with average monthly usage above the break-even usage will experience bill decreases. See DR-23 Attachment 1.xls.
- (d) See DR-23 Attachment 1.xls.

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- (e) Applicants do not calculate average monthly bills for master-metered customer segments as average-usage master-meter is very difficult to define. A small master-metered customer for SoCalGas (a master-metered customer for SDG&E) can serve as few as two subunits and potentially as many as 100 subunits. The baseline allowances a mater-metered customer is entitled to depends on the number of subunits it serves. Therefore, Applicants do not estimate average bills for mater-metered customer segments and are unable to provide the information.
 - (f) See DR-23 Attachment 1.xls.
 - (g) See DR-23 Attachment 1.xls and Response (b) and (f).

All active Excel rate models, including the rate models and bill impacts, that were used to produce the above analyses are attached.



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QUESTION 2:

Based on the above scenarios described in Question 1, please provide the operational steps to enable the examination of the impact of introducing changes in the assumptions such as a different set of forecasts of throughput or a forecast of customer numbers. Please specify the rate model, the relevant input tab, and the specific cell, where such changes could be made to test a different assumption regarding forecast of throughput (average and cold year) or a forecast of customer numbers. Please provide all relevant instructions to enable testing a different forecast assumption on throughput or a forecast of customer numbers.

RESPONSE 2:

The attached file, "2020 TCAP SCG RD Model.xls", tab: Alloc factors, lines 220 to 237 show the 2020 TCAP demand forecasts listed by Transmission, High Pressure Distribution and Medium Pressure Distribution system by customer class. Replace the relevant demand forecasts in these lines. Listed below are the different demand forecasts that can be changed:

- Average Year Throughput (MTh)
- Cold Year Throughput (1-in-35) (MTh)
- Cold Year Peak Month (December) (MTh)
- Peak Day (1-in-35 Core; 1-in-10 Noncore) (MTh)
- Number of Customers

The attached file, "2020 TCAP SDGE RD Model.xls", tab: Alloc factors, lines 161 to 178 show the 2020 TCAP demand forecasts listed by Transmission, High Pressure Distribution and Medium Pressure Distribution system by customer class. Replace the relevant demand forecasts in these lines. Listed below are the different demand forecasts that can be changed:

- Average Year Throughput (MTh)
- Cold Year Throughput (1-in-35) (MTh)
- Cold Year Peak Month (December) (MTh)
- Peak Day (1-in-35 Core; 1-in-10 Noncore) (MTh)
- Number of Customers

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QUESTION 3:

Based on the scenarios described above in Question 1, please provide the operational steps to enable the examination of the impact of introducing changes in the cost allocation method assumption. In Question 1, it was assumed that the Applicants' proposed cost allocation method was in use for purposes of the analysis. In Question 3, the Public Advocates Office requests you to provide the operational steps to enable examination of the impact of introducing changes in the cost allocation method assumptions of the analysis. Please provide all relevant instructions to enable testing all four methods presented by SoCalGas/SDG&E in Chapter 12 of your testimony, namely: (a) the NCO; (b) the Adjusted Rental Method1; (c) the Adjusted Rental Method2; and (d) the Rental Method. Please specify the rate model, the relevant input tab, and the specific cell, where such changes could be made to test a different assumption regarding the cost allocation method.

RESPONSE 3:

Chapter 9 (Schmidt-Pines) workpaper, "SCG 2020TCAP LRMC Customer Costs.xls", tab: RD Format, lines 7-9, contain customer-related long run marginal costs under the following methods:

- Customer Cust \$/Cust/Year Rental Method
- Customer Cost \$/Cust/Year NCO Method
- Customer Cost \$/Cust/Year NCO Method w/Replacement Cost

Applicants calculated long run marginal costs under the Adjusted Rental Method1 and Adjusted Rental Method2 for residential customers only as Decision D.17-09-035 addressed these two methods in the context of residential fixed customer charge. Since Applicants have not estimated long-run marginal costs under the Adjusted Rental Method1 and Adjusted Rental Method2 for all other customers classes, cost allocation based on these two methods is not possible.

To derive cost allocation under different customer-related long run marginal cost method, simply copy the alternative customer-related long run marginal cost estimates by customer class into the workpaper "2020 TCAP SCG RD Model.xls", tab: Model Input, cells: D219:D233.

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Chapter 10 (Foster) workpaper, "SDGE 2020TCAP LRMC Customer Costs.xls", tab: RD Format, lines 10-12, contain customer-related long run marginal cost under the following methods:

- Customer Cust \$/Cust/Year Rental Method
- Customer Cost \$/Cust/Year NCO Method
- Customer Cost \$/Cust/Year NCO Method w/Replacement Cost

Applicants calculated long run marginal costs under the Adjusted Rental Method1 and Adjusted Rental Method2 for residential customers only as Decision D.17-09-035 addressed these two methods in the context of residential fixed customer charge. Since Applicants have not estimated long-run marginal costs under the Adjusted Rental Method1 and Adjusted Rental Method2 for all other customers classes, cost allocation based on these two methods is not possible.

To derive cost allocation under different customer-related long run marginal cost method, simply copy the alternative customer-related long run marginal cost estimates by customer class into the workpaper "2020 TCAP SCG RD Model.xls", tab: Model Input, cells: D258:D263.

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QUESTION 4:

The October 31, 2018 Assigned Commissioner's Scoping Memo and Joint Assigned Commissioner's and Administrative Law Judge's Ruling in A.18-07-024 states on page 5: "SB 711 requires the Commission to make efforts to minimize bill volatility for residential customers, by modifying the length of baseline seasons or defining additional baseline seasons."

In the Reply of SoCalGas/SDG&E to Comments of Intervenors on the Inclusion of Implementation of SB 711, the Applicants state that there does not appear to be any dispute that SB 711 may be added as an issue in this proceeding. This question pertains to SoCalGas and SDG&E's baseline quantities under the present baseline structure.

- (a) Please state the number of baseline territories for each of SoCalGas and SDG&E.
- (b) Please describe the present residential baseline structure for each of SoCalGas and SDG&E by identifying the months of winter and summer.
- (c) Please provide a list of the baseline territories for each of SoCalGas and SDG&E and indicate the corresponding amount of baseline quantities in each winter month and summer month under the present baseline structure for each of the designated baseline territory areas under SoCalGas and SDG&E's gas service area.
- (d) Please provide the Commission decision (or decision number) where the present baseline structure was approved for SoCalGas and SDG&E.
- (e) Please provide the monthly forecast volume of residential gas usage for each monthly of the TCAP period 2020 through 2022. If you are providing a combined monthly data for all residential customers, then please explain which residential customer classes are included (i.e., individually metered, master metered, etc.).
- (f) Please provide in Excel spreadsheet format the monthly forecast customer number of residential customers for each month of the TCAP period 2020 through 2022. If you are providing a combined monthly data for all residential customers, then please explain which residential customer classes are included (i.e., individually metered, master metered, etc.).
- (g) Please provide in Excel spreadsheet format the forecast monthly average usage for each residential customer based on the data provided in items e and item f.

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- (h) Please provide in Excel spreadsheet format the percentage of monthly usage that is the basis of SoCalGas and SDG&E's calculation of the baseline allowance. (For instance, 70% for winter and 60% for summer.)
- (i) Based on using the present baseline season structure, please provide the illustrative baseline allowance that results from using the present structure on the forecast monthly average usage for each of SoCalGas and SDG&E.

RESPONSE 4:

Because the SB 711 has not yet been officially scoped into this proceeding as of this date, Applicants have not performed and completed their SB 711 analysis. Subject to this condition, Applicants respond as follows.

- (a) Currently, there are three baseline territories (climate zones) for SoCalGas and one baseline territory for SDG&E.
- (b) For the current baseline structure, summer is defined from May 1 – October 31 and winter is defined from November 1 – April 30 for both utilities.
- (c) **For SoCalGas:**
Below are listed the baseline quantities (source: <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/GR.pdf>)

Baseline Usage: The following quantities of gas used in individually metered residences not in a Multi-family Accommodation complex are to be billed at the Baseline rates. Usage in excess of applicable baseline allowances will be billed at the Non-Baseline rates.

Daily Baseline Therm Allowance Per Residence for Climate Zones

	<u>1</u>	<u>2</u>	<u>3</u>
Summer (May 1-Oct. 31)	0.473	0.473	0.473
Winter (Nov. 1-Apr. 30)	1.691	1.823	2.950

For SDG&E gas:

Below are listed the baseline quantities (source: http://regarchive.sdge.com/tm2/pdf/GAS_GAS-SCHEDS_GR.pdf).

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Baseline Usage: The following quantities of gas used in individually metered residences are to be billed at the baseline rates:

Daily Therm Allowance

All Customers:

Summer (May 1 to October 31) 0.493

Winter (November 1 to April 30) 1.546

- (d) See D.02-04-026 (Conclusions of Law #1 and #2) and D.04-02-057.
- (e) See the attached Excel file for the requested data. The monthly residential data of SoCalGas and SDG&E are for all residential customers, including both single family and multi-family residential customers. The attached consumption and meter data are also available in the 2020 TCAP SoCalGas' and SDG&E's Consolidated Gas Demand in Chapter 5 (Guo) workpapers.



PA-DR-23 #04.xlsx

- (f) See Excel file in Response (e).
- (g) See Excel file in Response (e).
- (h) The data underlying Applicants' current baseline allowances adopted in D.02-04-026 and D.04-02-057 are no longer available. Therefore, it is not possible to provide the percentage of monthly usage that is the basis of SoCalGas' and SDG&E's calculation of the current baseline allowances.
- (i) Applicants are unable to provide the illustrative baseline allowance that results from using the present structure on the forecast monthly average usage for each of SoCalGas and SDG&E as the Applicants have not done this analysis. It has been the Applicants' experience that baseline allowances are calculated using historical consumption data, not forecasted consumption data.