

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY & SAN DIEGO  
GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR  
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS IN THE  
2024 COST ALLOCATION PROCEEDING**

**(A.22-09-015)**

**(DATA REQUEST SET 5 FROM SOUTHERN CALIFORNIA GENERATION  
COALITION DATED APRIL 26, 2023)**

**SOCALGAS RESPONSE DATED: MAY 10, 2023**

**Question 5.1.**

5.1. At lines 5-8 of page 16 of Chapter 1, the witnesses estimate the “system enhancements to SoCalGas Envoy and the Special Contract Billing System” would be \$1.6 million and take 12 months to complete. At lines 19-23 of page 2 of Chapter 6, the witness states: “SoCalGas expects to incur incremental costs (operations and maintenance (O&M) and capital costs) to its information technology (IT) systems to implement its balancing plus service. As such, SoCalGas proposes to record the O&M and capital-related costs (i.e., depreciation, taxes, and return) on the IT capital assets in the BPSMA until such costs are incorporated in SoCalGas’ next General Rate Case (GRC).”

5.1.1. Please describe in detail the O&M costs required to complete the project including the number of full-time employees or contractors.

**Response 5.1.1.**

All cost estimates are for the Capital effort. The existing O&M support team on IT and business system side will support the new implementation without any incremental O&M cost.

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5.1.2. What other non-labor costs besides contract labor is incorporated into the estimate?

**Response 5.1.2.**

No additional non-labor costs are included in the estimate.

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5.1.3. What IT capital assets would be required to complete this work?

**Response 5.1.3.**

The system enhancement work will be on the SoCalGas Envoy application and the Special Contract Billing System IT capital assets.

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5.1.4. Would SoCalGas purchase those assets on a premade, “off the shelf” basis or  
would SoCalGas require that the IT assets be produced specifically for SoCalGas?

**Response 5.1.4.**

Custom IT system enhancements will be made to existing SoCalGas Envoy and the  
Special Contract Billing System.

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**Question 5.2.**

5.2. At lines 10-12 of page 3 of Chapter 6, the witness states: “The pilot retail rate will be used to recover operating costs (net of green credit revenues) from customers. As a result, SoCalGas proposes to use the HRSBA to record revenues charged to customers under this pilot retail rate.” At lines 16-21 of page 7 of Chapter 12, the witness states: “While the capital-related costs for these stations would be embedded in SoCalGas’s base margin revenue requirement, all operating costs as well as incremental revenue from the public-access operation of the retail station will be recorded in a balancing account”

5.2.1. Why is SoCalGas proposing to only recover operating costs net of green credit revenues from customers instead of operating costs plus an appropriate amount of capital related costs?

**Response 5.2.1.**

SoCalGas is not proposing to “only recover operating costs net of green credit revenues.” Please refer to Chapter 12 (page 8) that states, “SoCalGas proposes to set the G-FCEV rate at the level required to collect the total estimated incremental operating costs (less LCFS credit revenue) as well as 50% of the illustrative capital costs developed in the accompanying benchmarking cost study.”

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5.2.2. Has SoCalGas considered the effect on the retail hydrogen market of selling hydrogen to customers at costs that assume ratepayer subsidization of the capital costs?

**Response 5.2.2.**

Yes. Please refer to Chapter 12 at pages 2 – 7 where the testimony discusses the current retail hydrogen market, the market survey performed on behalf of SoCalGas, and the need to provide additional fueling options for customers that address issues raised by state policy makers.

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**Question 5.3.**

5.3. Please provide a complete and unredacted copy of the Black and Veatch study  
“SoCalGas Hydrogen Station Cost Study,” Phase 1A Report, August 29, 2022 that  
is cited in footnotes 22 and 23 of Chapter 12.

**Response 5.3.**

**PROTECTED MATERIALS: PROVIDED PURSUANT TO  
NON-DISCLOSURE AGREEMENT IN A.22-09-015**

The following document confidential information and is being provided pursuant to the  
non-disclosure agreement executed on April 18, 2023, between SoCalGas and Southern  
California Generation Coalition in A.22-09-015.



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**Question 5.4.**

5.4. At lines 14-16 of page 14 of Chapter 11, the witness estimates the “current cost of operate/implement the BTS Online Bidding System is approximately \$200,000 per open season.” With respect to the statement at lines 14-20 of page 3 of Chapter 1 where SoCalGas proposes to change the BTS open season process from a triennial to an annual process and book the incremental costs into the BTBA.

5.4.1. With respect to the estimated cost of implementing the BTS Online Bidding System, are these costs entirely O&M costs or are there capital-related costs incurred as well.

**Response 5.4.1.**

The costs to implement the BTS Online Bidding System are entirely O&M costs.



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5.4.2. If the answer to the previous question is “yes,” please break apart the cost estimate into O&M costs and capital-related costs and describe the nature of the capital-related costs, *i.e.*, capital expenditure, depreciation, return, *etc.*

**Response 5.4.2.**

There are no capital costs currently attributed to the BTS Online Bidding System.

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5.4.3. Please provide the recorded costs for each triennial BTS open season process that occurred during the last ten years.

**Response 5.4.3.**

See table below for estimated recorded costs for maintenance of BTS Open Season software during the last 10 years. 2023-2026 costs are still being incurred. Labor costs to implement the BTS Open Season were covered within authorized O&M.

<b>Open Season</b>	<b>Costs</b>
2014	\$26,600
2017	\$30,000
2020	\$146,900
2023*	\$56,000

\*Year-to-date cost at \$56,000 as costs are still being incurred.

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5.4.4. Why did SoCalGas choose to bring up the proposal in the current proceeding rather than proposing an increase in BTS Online Bidding System costs in its GRC application, A.22-05-015?

**Response 5.4.4.**

The proposal comprised of four different options for the Commission's consideration in SoCalGas's Cost Allocation Proceeding (A.22-09-015). SoCalGas's preferred option would be for the Commission to reject the BTS Crediting Mechanism and instead continue with the triennial open season process.

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**Question 5.5.**

5.5. At line 24 of page 19 through line 3 of page 20 of Chapter 11, the witness estimates that programming ENVOY and the billing system for the BTS credit mechanism will take 10 months and cost \$1.2 million.

5.5.1. Please describe in detail the O&M costs required to complete the project including the number of full-time employees or contractors.

**Response 5.5.1.**

All cost estimates are for the capital effort. The existing O&M support team on IT and business system-side will support the new implementation without any incremental O&M cost.

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5.5.2. What other non-labor costs besides contract labor is incorporated into the estimate?

**Response 5.5.2.**

No additional non-labor cost is included in the estimate.

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5.5.3. What IT capital assets would be required to complete this work?

**Response 5.5.3.**

The existing Envoy application will be used for the implementation.

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5.5.4. Would SoCalGas purchase those assets on a premade, “off the shelf” basis or would SoCalGas require that the IT assets be produced specifically for SoCalGas?

**Response 5.5.4.**

No additional purchases are required. It is a custom software development.