

**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 TURN-SEU-7)  
DATA RECEIVED: AUGUST 18, 2023  
DATE RESPONDED: SEPTEMBER 1, 2023**

1. Re: Chapter 18, pg. 2 lines 7-8 (“Both companies capped residential SRM costs at the line extension allowance amount”):
  - a. Explain this statement. Reference testimony and/or workpapers (tabs, rows, cells) to show that SRM costs were capped at the line extension allowance amount.

**Response 1a.**

See workpapers, Ch 9 SCG 2024TCAP Customer Costs.xls, tabs: SF Meter-Serv Line Extension, cells: J27: J43, MF Meter-Serv Line Extension, cells: J24: J35. C10 SDGE 2024TCAP LRMC Customer Costs.xls, tab: MSA Rental, Cells: P15:P39.

- b. Does “the line extension allowance amount” refer to the allowance amount when the companies filed this application?

**Response 1b.**

Yes, “the line extension allowance amount” refers to the allowance amount when the companies filed this application.

- c. What was the line extension allowance amount when the companies served their rebuttal testimony on July 28, 2023?

**Response 1c.**

As stated in Chapter 18, M. Schmidt-Pines’ Rebuttal Testimony, page 2, “On September 15, 2022, the California Public Utilities Commission (CPUC) issued Decision (D.) 22-09-026 as part of Rulemaking (R.) 19-01-011, Order Instituting Rulemaking (OIR) Regarding Building Decarbonization. Starting July 1, 2023, Residential New Construction Builders who submit an application to install new natural gas line service to their projects may do so but will have to pay for the full cost of installing a main and/or a service line to the Project. SoCalGas and SDG&E filed the CAP Application on September 30, 2022.”

- d. Confirm or deny that the line extension allowance amount dropped to \$0 for new service applications submitted on or after July 1, 2023.

**Response 1d.**

See Response 1c.

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2. Re: Chapter 18, pg. 2 lines 23-27, Rental Method vs. NCO Method.
- a. Please list the cost allocation method adopted by the Commission for customer-related marginal costs for SDG&E and SoCalGas in the last five cost allocation proceedings, including the Rental Method, New Customer Only Method, or other.

**Response 2a.**

In D.20-02-045, the Commission adopted the Rental Method.

In D.16-10-004, the Commission adopted a Settlement Agreement.

In D.14-06-007, the Commission adopted a Settlement Agreement.

In D.09-11-006, the Commission adopted a Settlement Agreement.

In D.00-04-060, the Commission adopted the New Customer Only Method.

- b. Provide the workpaper(s) supporting Table 6 in Chapter 13. Provide a narrative that specifically maps the values in Table 6 to workpaper cells, explaining all formulas that result in the Table 6 values if not readily apparent in the workpaper.

**Response 2b.**

Workpapers: Ch13 SCG 2024TCAP LRMC Customer Costs with SC summary.xls, tab: Summary Table for SC Testimony and Ch13 SCG Rate Base 2021 – SRM.xls The formulas are shown on the summary tabs. The formulas are linked to other tabs in the spreadsheet that show the calculations.

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3. Re: Chapter 18, pg. 3 lines 7-9:
- a. Please provide 2023 monthly performance for each company on:
    - i. NB applications (number of)
    - ii. New Business projects initiated
    - iii. New Business projects cancelled
    - iv. New Business Contracts Generated
    - v. D-Ticket & other Non-New Business Work.

**Response 3a. i – v.**

SoCalGas

- i. NB applications (number of) ◇ Jan '23 = 1461 / Feb '23 = 1512 / Mar '23 = 1604 / Apr '23 = 1403 / May '23 = 1682 / Jun '23 = 4682 / Jul '23 = 1167
- ii. New Business projects initiated ◇ Jan '23 = 1067 / Feb '23 = 996 / Mar '23 = 1216 / Apr '23 = 1009 / May '23 = 1173 / Jun '23 = 1663 / Jul '23 = 1481
- iii. New Business projects cancelled ◇ Jan '23 = 117 / Feb '23 = 182 / Mar '23 = 145 / Apr '23 = 105 / May '23 = 244 / Jun '23 = 166 / Jul '23 = 115
- iv. New Business Contracts Generated ◇ Jan '23 = 911 / Feb '23 = 971 / Mar '23 = 1213 / Apr '23 = 935 / May '23 = 1024 / Jun '23 = 1129 / Jul '23 = 849
- v. D-Ticket & other Non-New Business Work. ◇ Jan '23 = 615 / Feb '23 = 621 / Mar '23 = 722 / Apr '23 = 713 / May '23 = 764 / Jun '23 = 711 / Jul '23 = 372

SDG&E

Please see PDF file, TURN-07\_Q3a\_SDG&E.

- b. Using the same format shown in A.22-05-015 et al., TURN SEU 67, Q1 ATTACH Slides 39-40 (attached here), please provide YTD performance as of July 31, 2023.

**Response 3b.**

See below.

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(A.22-09-015)

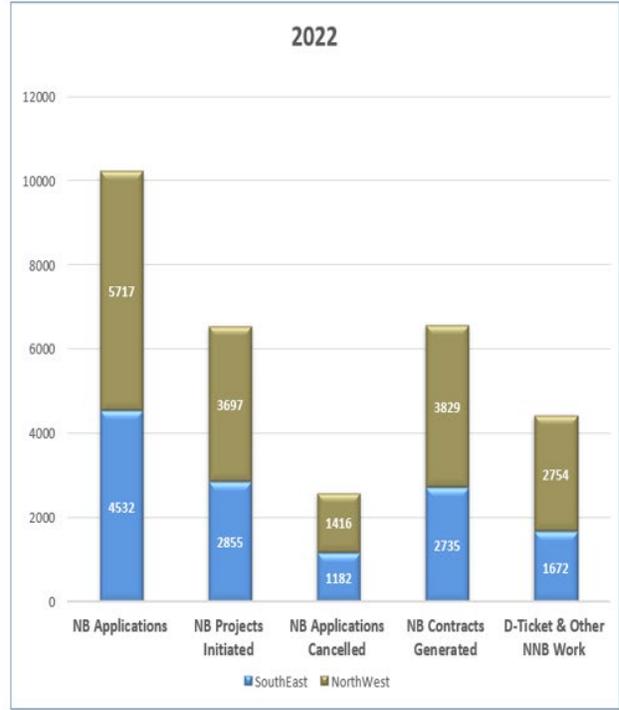
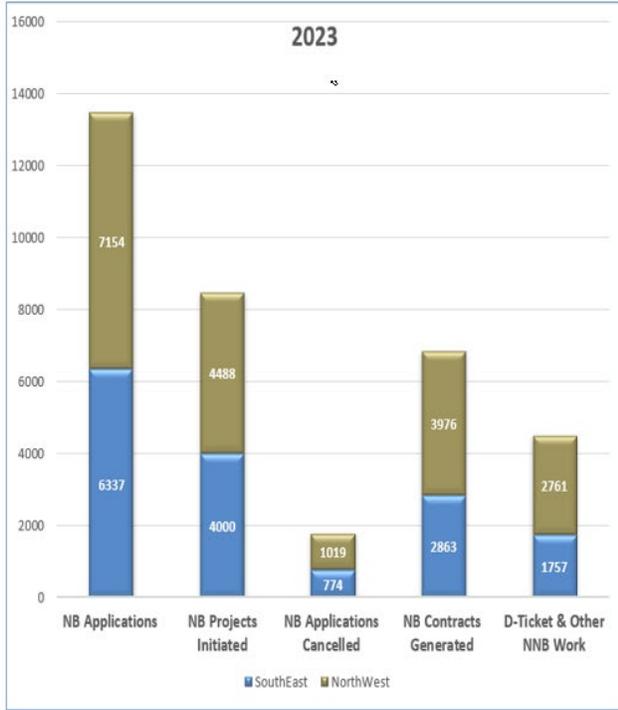
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## DISTRICT PLANNING ACTIVITIES

YTD PERFORMANCE AS OF JULY 31, 2023



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4. Re: Chapter 18, pg. 3 lines 7-12:

- a. Please state the total number of residential line extension applications submitted as of July 1, 2023, for construction projects that SoCalGas has not completed but anticipates completing in the CAP period. Separate by single-family and multi-family connections.

**Response 4a.**

Applicants object to this request on the ground that it seeks certain information that Applicants do not possess, specifically, when a project is expected to be completed. Notwithstanding, Applicants below provide the total number of applications and open new business projects in the system. The data is not separated by single-family and multi-family. Chapter 18 errata testimony of Marjorie Schmidt-Pines to be filed will show residential and non-residential applications.

New Business Customer Experience (NBX)	(2) Planning >>>				
	2023 Target	June 2023	YoY Trend ↑ = Positive	June 2022	Project Scope
New Business Volume	<b>New Business Applications</b>				
		3,934	↑	1,189	Res
		748	↑	338	Non Res
New Business Volume	<b>New Business Applications Cancelled</b>				
		124	↑	307	Res
		42	↑	106	Non Res
	<b>New Business Contracts Generated</b>				
		1,129	↑	1,084	All
	<b>New Business Projects Initiated</b>				
	1,387	↑	832	Res	
	276	↑	195	Non Res	

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New Business Customer Experience (NBX)	(2) Planning >>>				
	2023 Target	Q2 2023 (YTD)	YoY Trend ↑ = Positive	Q2 2022 (YTD)	Project Scope
New Business Volume	<b>New Business Applications</b>				
		10,003	↑	7,127	Res
		2,325	↑	1,942	Non Res

New Business Volume	<b>New Business Applications Cancelled</b>				
		1,144	↑	1,735	Res
		409	↑	554	Non Res
	<b>New Business Contracts Generated</b>				
		6,059	↑	5,691	All
	<b>New Business Projects Initiated</b>				
		5,735	↑	4,609	Res
		1,310	↑	1,105	Non Res

- b. Does the LRMC study account for non-collectible residential new connection construction costs (costs that the customer or third party requesting the work will be required to pay)? If so, please indicate where (file, tab, row, cell).

**Response 4b.**

No, the LRMC study does not account for non-collectible residential new connection construction costs.

- c. Does the LRMC study account for Contributions in Aid of Construction for residential line extension projects? If so, please indicate where (file, tab, row, cell).

**Response 4c.**

No. CAC is Customer Advances, whereas Construction in Aid of Construction (CIAC) is payments from customers for the work. Prior to July 1, 2023, new

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business customer payments would be CAC and after July 1, 2023 new business payment would be CIAC.

- d. Is the number of residential customers stated in the LRMC study for each company the number of customers that applied for line extension allowances before July 1, 2023, who will not be impacted by D.22-09-026? If not, please explain (a) what the number of residential customers in the LRMC study represents and (b) why SoCalGas and SDG&E did not update the number of residential customers in the study to reflect only customers unaffected by D.22-09-026.

**Response 4d.**

- (a) As stated in Chapter 9, SoCalGas' Direct Testimony of M. Schmidt-Pines, page 5, "For residential and small core commercial and industrial customers, marginal capital costs are calculated using the actual new customer hookups in SoCalGas's service territory using the 19 recent five years of available data (2017 - 2021)." As stated in Chapter 10b, SDG&E's Direct Testimony of Marjorie Schmidt-Pines, page 5, "The annualized costs are multiplied by the number of meters for each customer class represented within each flow range to determine the total annual capital cost associated with serving each class."
- (b) See Response 1c.

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5. Re: Chapter 18, pg. 4 lines 7-12, O&M Loaders.
- a. Please provide the SoCalGas O&M loader for the past 5 cost allocation proceedings. For each loader, also please provide the numerator (Marginal A&G and Payroll Taxes) and the denominator (Net O&M Costs) separately.

**Response 5a.**

As filed, attached are the links to the testimonies with the SoCalGas O&M loaders for the past cost allocation proceedings, that are readily available:

- [Microsoft Word - Ch 9 Schmidt-Pines Direct \[2020 TCAP\] \(socialgas.com\)](#) – Page 19
  - [Microsoft Word - TCAP Phs 2 - Chaudhury with new caption. doc.doc \(socialgas.com\)](#) - Page 22
  - [Revised Updated Prepared Direct Testimony of Gary Lenart dated February 22, 2013.pdf \(socialgas.com\)](#) – Page 22
  - [SMITH-TEST.doc \(live.com\)](#) – Page 9
- b. Please provide a complete inventory of ‘services’ listed on the RECC tab of “chp 9\_SCG 2024TCAP LRMC OM Loader.xls” workpapers, and explain
- i. Negative 115% salvage rate on services,
  - ii. How services depreciate functionally.

**Response 5b. i. and ii.**

"Negative salvage" consists of a variety of **costs associated with asset use that occur at, or near, the end of the useful life of the asset.**

Refer to the SoCalGas’ GRC Testimony on Depreciation, page 39 - 40:  
[FINAL SCG-32-2R Second Revised Testimony Depreciation 2605 2606.pdf \(socialgas.com\)](#)

Also, below is FERC Uniform System of Accounts for the description of G-380.

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**Title 18**

Displaying title 18, up to date as of 8/22/2023. Title 18 was last amended 8/21/2023. [view historical versions](#)

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**PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT**

**Authority:** 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352, 7651–7651o.

**Source:** Order 219, 25 FR 5616, June 21, 1960, unless otherwise noted.

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**380 Services.**

A. This account shall include the cost installed of service pipes and accessories leading to the customers' premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse, and, in any event, shall be retired by the end of the second year following that during which the service became inactive unless reused in the interim.

**Items**

1. Curb valves and curb boxes.
2. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
3. Landscaping, including lawns, and shrubbery.
4. Municipal inspection.
5. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
6. Permits.
7. Pipe and fittings, including saddle, T, or other fitting on street main.
8. Pipe coating.
9. Pipe laying.
10. Protection of street openings.
11. Service drips.
12. Service valves, at head of service, when installed or furnished by the utility.

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6. Re: Chapter 18, pages 5-6, Pension and Benefits Expense adjustment:
- a. TURN understands that the company is utilizing FERC Form 2 Account 926 to account for employee accident, sickness, hospital and death benefits, and insurance. The full description on page 6, in multiple places states that the account shall include payments or accruals, for pensions and benefits. Section D “Items” states that records in support of this account shall include specific payments, records, and expenses. Please provide records 1-7 at year end 2021, as described in “Items”.

**Response 6.**

Listed below is the breakdown of Pension and Benefits Expense that is readily available:

SoCalGas	
Employee Benefit Summary for FERC Reporting	
For Year Ending December 31, 2021	
Type	Amount
Pension	\$ 85,039,065
Post-Retirement Benefits other than Pensions	11,337
Post Employment	5,774,378
Other	137,516,468
<b>Total</b>	<b>\$ 228,341,248</b>
Note: Other primarily consists of medical, dental, vision, life insurance, and 401(k)	

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7. Re: Chapter 18, pg. 6: FERC Account 926, Employee Pension and Benefits – Section D, Item 2 is described as requiring “Accruals for or payments to pension funds or to insurance companies for pension purposes”.

- a. Did the company choose *accruals for* or *payments to*? If accrual, please explain if (2) is the 2021 accrual or lifetime accrual.

**Response 7a.**

Annual pension costs are accrued on a monthly basis.

- b. Are lines 53-57 on page 7 of 23 of SoCalGas’s Chapter 9 workpapers (2024 TCAP A&G Loader Analysis – 2021 Recorded Costs), which show FERC Account 926 marginal costs, calculated on the basis of GAAP accounting, cash accounting, or some other basis? Are these the amounts accrued by employee service during the 2021 year?

**Response 7b.**

Amounts are recorded under the GAAP basis of accounting. Yes, costs for 2021 are for employee service for that year.

- c. If your response to part (b) is cash accounting, do the entries shown on this workpaper represent the dollar amounts SoCalGas contributed to each of the 926.XXX trusts (or funds) shown in column (1) in 2021?

**Response 7c.**

Not applicable.

- d. If your response to part (b) is GAAP accounting, please detail how expenses are related to contributions or annual service or other in this workpaper.

**Response 7d.**

See Response 7a.

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8. Re: Chapter 18, pages 6-7 – “FERC Account 926, however, does not include Disability Benefit Expense”:
- a. Reconcile this statement with line 57 on page 7 of 23 of SoCalGas’s Chapter 9 workpapers (2024 TCAP A&G Loader Analysis – 2021 Recorded Costs), showing “Disability Benefit Expense” in FERC Account No. 926.300.

**Response 8a.**

This was mislabeled and should be correctly labeled as “Collectible Pensions and Benefits.” This is being corrected in the second ERRATA filing.

- b. Were the recipients of this Disability Benefit in 2021 current employees?

**Response 8b.**

This is not applicable since Disability Benefit is not part of FERC Account 926.

- c. Did the recipients of this Disability Benefit serve customers in 2021?

**Response 8c.**

See Response 8b.

- d. Did the \$245.8 million dollars, listed as a 2021 marginal expense, get paid entirely to active employees serving customers in 2021? If not, please explain in detail where the \$245.8 million went.

**Response 8d.**

See Response 8b.