

Docket	:	<u>A.17-10-007/008</u>
Exhibit Number	:	<u>ORA-29</u>
Commissioner	:	<u>L. Randolph</u>
ALJ	:	<u>R. Lirag</u>
Witness	:	<u>M. Kanter</u>



**OFFICE OF RATEPAYER ADVOCATES**  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations  
for  
San Diego Gas & Electric Company  
Southern California Gas Company  
Test Year 2019  
General Rate Case**

Customers and Miscellaneous Revenues

San Francisco, California  
April 13, 2018

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# **CUSTOMERS AND MISCELLANEOUS REVENUES**

## **I. INTRODUCTION**

This exhibit presents the analyses and recommendations of the Office of Ratepayer Advocates (ORA) regarding the Customers proposals of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SCG or SoCalGas), otherwise known as the Sempra Utilities (Sempra), for 2017, 2018, and Test Year (TY) 2019. This exhibit also addresses SDG&E’s and SoCalGas’ Miscellaneous Revenues forecasts for 2019.

Customer forecasts are primarily to determine the financial needs for certain customer services and new meter installations in TY 2019. For this purpose, total customers are defined as total active meters.

Miscellaneous revenues are fees and revenues collected by the utility from non-rate sources for the provision of specific products and services. Miscellaneous revenues are incorporated into rates as a reduction to base margin requirements charged to customers for utility service.

## **II. SUMMARY OF RECOMMENDATIONS**

### **A. Customers**

#### **1. SDG&E**

The following summarizes ORA’s recommendations regarding SDG&E’s Customers forecasts:

- Based on results that show minimal differences, ORA will not oppose the utilities’ forecasts

1 Table 4-1 compares ORA's and SDG&E's forecasts of Customers for 2017-  
2 2019.

3 **Table 4-1**  
4 **Comparison of ORA and SDG&E Customers Forecasts**  
5 **for 2017-2019**

Description	ORA Recommended			SDG&E Proposed <sup>1</sup>		
	2017	2018	2019	2017	2018	2019
Electric Customers	1,440,919	1,454,331	1,468,391	1,440,919	1,454,331	1,468,391
Gas Customers	880,289	886,510	892,419	880,289	886,510	892,419

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## 7 **2. SoCalGas**

8 The following summarizes ORA's recommendations regarding SoCalGas'  
9 Customers forecasts:

- 10 • Based on results that show minimal differences, ORA will not  
11 oppose the utilities' forecasts.

12 Table 4-2 compares ORA's and SoCalGas' forecasts of Customers for 2017-  
13 2019.

14 **Table 4-2**  
15 **Comparison of ORA and SoCalGas Customers Forecasts**  
16 **for 2017-2019**

Description	ORA Recommended			SoCalGas Proposed <sup>2</sup>		
	2017	2018	2019	2017	2018	2019
Gas Customers	5,731,814	5,774,426	5,820,293	5,731,814	5,774,426	5,820,293

## 17 **B. Miscellaneous Revenues**

### 18 **1. SDG&E**

19 The following summarizes ORA's recommendations regarding SDG&E's  
20 Miscellaneous Revenues forecasts:

<sup>1</sup> Ex. SDG&E-38, p. KES-2, Table KES-1 (Electric) and Ex. SDG&E-37, p. RMP-4, Table RMP-2 (Gas).

<sup>2</sup> Ex. SCG-39, p. RMP-5, Table RMP-3.

- 1 • ORA recommends \$28.027 million as opposed to SDG&E's request
- 2 of \$14.993 million for electric Miscellaneous Revenues.
- 3 • ORA recommends \$5.970 million as opposed to SDG&E's request
- 4 of \$2.983 million for gas Miscellaneous Revenues.
- 5 • ORA recommends that the ITCC component of Contributions in Aid
- 6 of Construction (ITCC) be included in Account 456 (Electric).
- 7 • ORA recommends that the ITCC component of Contributions in Aid
- 8 of Construction (ITCC) be included in Account 495 (Gas).

9 Table 4-3 compares ORA's and SDG&E's forecasts of Miscellaneous  
10 Revenues:

11 **Table 4-3**  
12 **SDG&E Miscellaneous Revenues for 2019**  
13 **(in Thousands of Dollars)**

Description (a)	FERC Account (b)	ORA Recommended (c)	SDG&E Proposed <sup>3</sup> (d)	Amount SDG&E>ORA (e=d-c)
<b>Electric Department</b>				
Misc Service Revenues	451	\$4,398	\$4,398	\$0
Rent from Electric Property	454	\$3,626	\$3,626	\$0
Other Electric Revenues w. ITCC	456	\$20,003	\$6,969	\$(13,031)
Total Electric w. ITCC		\$28,027	\$14,993	\$(13,031)
<b>Gas Department</b>				
Misc Service Revenues	488	\$1,278	\$1,278	\$0
Rent from Gas Property	493	\$26	\$26	\$0
Other Gas Revenues w. ITCC	495	\$4,666	\$1,680	\$(2,986)
Total Gas		\$5,970	\$2,983	\$(2,987)
<b>Total Electric &amp; Gas</b>		<b>\$33,997</b>	<b>\$17,976</b>	<b>\$(16,021)</b>

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## 15 2. SoCalGas

16 The following summarizes ORA's recommendations regarding SoCalGas'  
17 Miscellaneous Revenues forecasts:

<sup>3</sup> Ex. SDG&E-40-R, p. ED-4, Table ED-1.



1 **PART I: SAN DIEGO GAS & ELECTRIC**

2 **I. CUSTOMERS**

3 SDG&E relies upon econometric and non-econometric methods to forecast  
4 electric customers for 2017, 2018, and TY 2019.<sup>5</sup>

5 **A. Electric Customers**

6 SDG&E develops electric customer forecasts using statistical models based  
7 on economic and demographic data, seasonal patterns and other inputs that  
8 influence customer growth.<sup>6</sup>

9 **1. Overview of SDG&E's Request**

10 Economic and demographic data for SDG&E's electric customer forecast are  
11 based on February 2017 information released from IHS Global Insight's Regional  
12 Economic Service and February 2017 information released from Moody's Regional  
13 Economic Service.

14 The residential customer forecast was developed using an econometric model  
15 based on the service area's projected level of housing starts, seasonal factors and  
16 other inputs that influence customer growth. The residential forecast was based on  
17 quarterly historical data from 1990 through 2016.

18 The commercial/industrial customer forecast was developed using a statistical  
19 analysis based on growth in employment relative to the growth of  
20 commercial/industrial customers. The commercial/industrial forecast was based on  
21 quarterly historical data from 1990 through 2016.

22 Other customer classes, such as agriculture and street lighting, were forecast  
23 using trend analyses. SDG&E forecasts customers (active meters) for the  
24 residential, small commercial, industrial, agricultural, and lighting classes of service.<sup>7</sup>

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<sup>5</sup> Ex. SDG&E-40-R, p. KES-R-2.

<sup>6</sup> Ex. SDG&E-40-R, p. KES-R-2.

<sup>7</sup> The industrial class of service includes medium commercial and large commercial customers as well as industrial customers.



1 **a. Residential Customers**

2 SDG&E’s residential forecasts were based on historical customer data as well  
3 as CIRB and Census historical permit data to adjust housing starts. SDG&E  
4 estimated its forecast parameters using an econometric model to forecast the  
5 majority of its residential customers. The model was estimated with quarterly  
6 observations from the first quarter of 1990 through the fourth quarter of 2016.

7 The remaining residential schedules were forecast based on their historical  
8 trend growth.

9 **b. Non-Residential Customers**

10 The non-residential schedules A, AD, ALTOUC, PAT1, and ALTOUI were  
11 forecast using trend analysis with employment as a driver. Schedules DM, DS,  
12 OL1R, OL1C, LS1, LS3 were forecast using a trend analysis. Schedules DSLI, DT,  
13 DTLI, DWL, PA, PATOU, PAT1, ALTOUI, A6TOU, LS2, RESALE and EV schedules  
14 were held constant.

15 **2. ORA’s Analysis**

16 ORA’s forecast of SDG&E electric customers for 2017, 2018, and TY 2019  
17 showed minimal differences with the utility’s forecast. As such, ORA does not  
18 oppose SDG&E’s forecasts.

19 **B. Gas Customers**

20 **1. Overview of SDG&E’s Request**

21 SDG&E forecasts customers (active meters) for two major customer classes:  
22 residential meters and total commercial and industrial (C&I) meters. For the  
23 residential market segment, SDG&E uses housing-starts as the basis of its forecast  
24 because a housing start has more likelihood of completion than a housing permit  
25 and once complete, the housing start is likely to lead to a new gas meter hookup.  
26 Recorded and forecast housing-start assumptions underlying the residential  
27 customer forecast came from IHS Global Insight’s February 2017 Regional Forecast  
28 for San Diego County. The employment assumptions underlying the C&I customer  
29 forecast used San Diego County recorded data from the California Employment  
30 Development Department. Recorded employment data were then projected into the

1 forecast period by applying Global Insight’s forecast percentage growth rates to the  
2 latest year of corresponding recorded data. SDG&E relies upon econometric  
3 models to forecast gas customers to the residential and combined commercial and  
4 industrial customer classes. For the residential sector, gas customers are modeled  
5 as a function of housing starts in the SDG&E service area. Combined commercial  
6 and industrial customers are modeled as a function of commercial and industrial  
7 employment in SDG&E’s gas service area.

8 **2. ORA’s Analysis**

9 ORA’s forecast of SDG&E gas customers for 2017, 2018, and TY 2019  
10 showed minimal differences with the utility’s forecast. As such, ORA does not  
11 oppose SDG&E’s forecasts.

12 **II. MISCELLANEOUS REVENUES**

13 **A. Electric and Gas Department**

14 This exhibit presents the analyses and recommendations of the Office of  
15 Ratepayer Advocates (ORA) regarding the Miscellaneous Revenues proposals of  
16 San Diego Gas & Electric Company (SDG&E), for TY 2019.

17 Miscellaneous Revenues are fees and revenues collected by the utility from  
18 non-rate sources for the provision of specific products and services Miscellaneous  
19 Revenues are incorporated into rates as a reduction to base margin requirements  
20 charged to customers for utility service. On the electric side, SDG&E estimates it  
21 will receive \$1.040 million more in Miscellaneous Revenues in 2019 compared to  
22 base year 2016 levels.<sup>8</sup> On the gas side, SDG&E estimates it will receive \$0.084  
23 million less in Miscellaneous Revenues in 2016 compared to base year 2016  
24 levels.<sup>9</sup> Table 4-3 presents SDG&E’s historical and TY Miscellaneous Revenues.

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<sup>8</sup> Ex. SDG&E-34-R, p. ED-4, Table ED-1.

<sup>9</sup> Ex. SDG&E-34-R, p. ED-4, Table ED-1.

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## 1. Overview of SDG&E's Request

**Table 4-5**  
**SDG&E Electric & Gas Miscellaneous Revenues**  
**2012-2016 Recorded and 2019 Forecast<sup>10</sup>**  
**(in Thousands of Dollars)**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>ELECTRIC</b>								
Service Establishment Fees	2,825	2,400	2,364	2,399	2,402	2,472	2,485	2,523
Collection Charges	1,868	1,608	612	104	99	95	90	86
Late Payment Charges	428	478	638	722	598	579	586	592
Return Check Charge	220	223	231	240	269	202	209	209
Direct Access Fees	83	75	68	60	59	69	69	69
CO-GEN Reimbursement	232	224	220	184	172	207	207	207
Smart Meter Opt-Out	102	166	186	157	92	43	34	27
Other Service Revenue	209	324	1,804	520	478	672	678	685
<b>Total Account 451</b>	<b>5,967</b>	<b>5,498</b>	<b>6,123</b>	<b>4,386</b>	<b>4,169</b>	<b>4,339</b>	<b>4,358</b>	<b>4,398</b>
Rent	805	895	959	1,048	1,012	1,009	1,049	1,091
Special Facility Charges	755	951	840	2,251	2,867	2,031	2,031	2,031
CAC Revenue	452	601	365	98	756	455	455	455
Other - Misc Revenue	55	40	54	46	41	48	49	49
<b>Total Account 454</b>	<b>2,067</b>	<b>2,487</b>	<b>2,218</b>	<b>3,443</b>	<b>4,676</b>	<b>3,543</b>	<b>3,584</b>	<b>3,626</b>
Revenue Cycle Service Credits	(240)	(254)	(257)	(257)	(248)	(251)	(251)	(251)
Pole Attachment Fees	1,525	1,436	1,564	1,599	1,910	1,609	2,881	2,900
Shared Asset	4,802	7,937	6,662	5,644	4,043	4,349	3,532	3,675
Federal Turnkey Program	2,509	1,626	1,133	817	(615)	(440)	400	340
Emergency Services	245	(2)	27	-	-	50	50	50
Parts Replacement	-	-	-	-	18	39	177	255
<b>Total Account 456</b>	<b>8,841</b>	<b>10,743</b>	<b>9,129</b>	<b>7,803</b>	<b>5,108</b>	<b>5,356</b>	<b>6,789</b>	<b>6,969</b>
<b>Total Electric</b>	<b>16,875</b>	<b>18,728</b>	<b>17,470</b>	<b>15,632</b>	<b>13,953</b>	<b>13,238</b>	<b>14,731</b>	<b>14,993</b>
<b>GAS</b>								
Service Establishment Fees	1,407	1,329	1,207	1,228	1,183	1,166	1,167	1,176
Collection Charges	801	689	262	44	43	41	39	37

<sup>10</sup> Ex. SDG&E-40-R-WP, p. ELD-WP-1-R.

Late Payment Charges	42	45	60	49	46	49	49	50
Smart Meter Opt-Out	55	89	100	85	50	23	18	15
<b>Total Account 488</b>	<b>2,305</b>	<b>2,152</b>	<b>1,629</b>	<b>1,406</b>	<b>1,322</b>	<b>1,279</b>	<b>1,273</b>	<b>1,278</b>
Rent	18	18	22	22	23	24	25	26
<b>Total Account 493</b>	<b>18</b>	<b>18</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>
CAC Revenue	63	88	46	11	117	65	65	65
Federal Turnkey Program	323	316	350	406	124	(171)	156	132
Shared Asset	2,066	3,493	2,641	2,188	1,581	1,751	1,419	1,482
<b>Total Account 495</b>	<b>2,452</b>	<b>3,897</b>	<b>3,037</b>	<b>2,605</b>	<b>1,822</b>	<b>1,645</b>	<b>1,640</b>	<b>1,679</b>
<b>Total Gas</b>	<b>4,775</b>	<b>6,067</b>	<b>4,688</b>	<b>4,033</b>	<b>3,167</b>	<b>2,948</b>	<b>2,938</b>	<b>2,983</b>
<b>Total Electric and Gas</b>	<b>21,650</b>	<b>24,795</b>	<b>22,158</b>	<b>19,665</b>	<b>17,120</b>	<b>16,186</b>	<b>17,669</b>	<b>17,976</b>

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## 2. ORA's Analysis

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ORA took issue with SDG&E's shared assets analysis. ORA also took issue with SDG&E's reasoning for not including the Income Tax Component of Contributions in Aid of Construction (ITCC) in Accounts 456 (Electric) and 495 (Gas). The following tables summarize ORA's recommendations.

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**Table 4-6  
ORA Electric Miscellaneous Revenues  
2012-2016 Recorded and 2019 Forecast  
(in Thousands of Dollars)**

<b>ELECTRIC</b>	2012	2013	2014	2015	2016	2017	2018	2019
Service Establishment Fees	2,825	2,400	2,364	2,399	2,402	2,472	2,485	2,523
Collection Charges	1,868	1,608	612	104	99	95	90	86
Late Payment Charges	428	478	638	722	598	579	586	592
Return Check Charge	220	223	231	240	269	202	209	209
Direct Access Fees	83	75	68	60	59	69	69	69
CO-GEN Reimbursement	232	224	220	184	172	207	207	207
Smart Meter Opt-Out	102	166	186	157	92	43	34	27
Other Service Revenue	209	324	1,804	520	478	672	678	685
<b>Total Account 451</b>	<b>5,967</b>	<b>5,498</b>	<b>6,123</b>	<b>4,386</b>	<b>4,169</b>	<b>4,339</b>	<b>4,358</b>	<b>4,398</b>
Rent	805	895	959	1,048	1,012	1,009	1,049	1,091
Special Facility Charges	755	951	840	2,251	2,867	2,031	2,031	2,031
CAC Revenue	452	601	365	98	756	455	455	455
Other - Misc Revenue	55	40	54	46	41	48	49	49
<b>Total Account 454</b>	<b>2,067</b>	<b>2,487</b>	<b>2,218</b>	<b>3,443</b>	<b>4,676</b>	<b>3,543</b>	<b>3,584</b>	<b>3,626</b>
Revenue Cycle Service Credits	(240)	(254)	(257)	(257)	(248)	(251)	(251)	(251)
Pole Attachment Fees	1,525	1,436	1,564	1,599	1,910	1,609	2,881	2,900
Shared Asset	4,802	7,937	6,662	5,644	4,043	5,818	5,818	5,818
Federal Turnkey Program	2,509	1,626	1,133	817	(615)	(440)	400	340
Emergency Services	245	(2)	27	-	-	50	50	50
Parts Replacement	-	-	-	-	18	39	177	255
<b>Total Account 456</b>	<b>8,841</b>	<b>10,743</b>	<b>9,129</b>	<b>7,803</b>	<b>5,108</b>	<b>6,825</b>	<b>9,075</b>	<b>9,112</b>
Income Tax	Component of	Contributions	In-Aid of- Construction		10,892	10,892	10,892	10,892
<b>Total Account 456 w. ITCC</b>	<b>8,841</b>	<b>10,743</b>	<b>9,129</b>	<b>7,803</b>	<b>16,000</b>	<b>17,716</b>	<b>19,966</b>	<b>20,003</b>
<b>Total Electric w. ITCC</b>	<b>16,875</b>	<b>18,728</b>	<b>17,470</b>	<b>15,632</b>	<b>24,845</b>	<b>25,598</b>	<b>27,908</b>	<b>28,027</b>
<b>Total Electric and Gas</b>	<b>21,650</b>	<b>24,795</b>	<b>22,158</b>	<b>19,665</b>	<b>30,087</b>	<b>31,264</b>	<b>33,896</b>	<b>33,997</b>

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**Table 4-7**  
**ORA Gas Miscellaneous Revenues**  
**2012-2016 Recorded and 2019 Forecast**  
**(in Thousands of Dollars)**

GAS	2012	2013	2014	2015	2016	2017	2018	2019
Service Establishment Fees	1,407	1,329	1,207	1,228	1,183	1,166	1,167	1,176
Collection Charges	801	689	262	44	43	41	39	37
Late Payment Charges	42	45	60	49	46	49	49	50
Smart Meter Opt-Out	55	89	100	85	50	23	18	15
<b>Total Account 488</b>	<b>2,305</b>	<b>2,152</b>	<b>1,629</b>	<b>1,406</b>	<b>1,322</b>	<b>1,279</b>	<b>1,273</b>	<b>1,278</b>
Rent	18	18	22	22	23	24	25	26
<b>Total Account 493</b>	<b>18</b>	<b>18</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>
CAC Revenue	63	88	46	11	117	65	65	65
Federal Turnkey Program	323	316	350	406	124	(171)	156	132
Shared Asset	2,066	3,493	2,641	2,188	1,581	2,394	2,394	2,394
<b>Total Account 495</b>	<b>2,452</b>	<b>3,897</b>	<b>3,037</b>	<b>2,605</b>	<b>1,822</b>	<b>2,288</b>	<b>2,615</b>	<b>2,591</b>
Income Tax	Component of	Contributions	In-Aid of- Construction		2,075	2,075	2,075	2,075
<b>Total Account 495 w. ITCC</b>	<b>2,452</b>	<b>3,897</b>	<b>3,037</b>	<b>2,605</b>	<b>3,897</b>	<b>4,363</b>	<b>4,690</b>	<b>4,666</b>
<b>Total Gas w. ITCC</b>	<b>4,775</b>	<b>6,067</b>	<b>4,688</b>	<b>4,033</b>	<b>5,242</b>	<b>5,666</b>	<b>5,988</b>	<b>5,970</b>
<b>Total Electric and Gas</b>	<b>21,650</b>	<b>24,795</b>	<b>22,158</b>	<b>19,665</b>	<b>30,087</b>	<b>31,264</b>	<b>33,896</b>	<b>33,997</b>

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**a. Shared Assets**

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SDG&E proposed \$3,675,000 as its TY Electric Shared Assets revenue.<sup>11</sup>

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SDG&E’s forecast of Electric Shared Assets revenues is “based on the RO model” according to the work papers. No further explanation is given in the work papers.

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10

ORA’s TY electric Shared Assets revenues forecast of \$5,818,000 is based on a five year average, which SDG&E also computed in its workpapers, but did not use.

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12

SDG&E’s testimony refers to the testimony of James Vanderhye (Ex. SDG&E-32),

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but Table JV-7 of page JV-21 of that testimony gives a TY estimate \$5,938 for

<sup>11</sup> Ex. SDG&E-40-R-WP, p. ELD-WP-1-R.

1 SDG&E Electric Shared Assets revenues. Based on SDG&E’s confusion regarding  
2 this issue, a five year average is appropriate.

3 **b. Income Tax Component of Contributions-in-**  
4 **Aid-of-Construction (ITCC)**

5 ITCC represents the tax gross-up for contributions-in-aid-of-construction  
6 (CIAC) which became taxable under the Tax Reform Act of 1986. Although SCG  
7 presents ITCC as part of its Miscellaneous Revenues testimony, SDG&E does not.

8 In response to data request ORA-SDGE-121-MRK, SDG&E stated that “ITCC  
9 revenues relating to CIAC are not presented in an SDG&E exhibit as described by  
10 the SDG&E Tax witness Mr. Ragan in Exhibit SDG&E-35-R.” SDG&E Tax witness  
11 Ragan G. Reeves discusses ITCC (also known as CIAC Gross-Up”) on page RGR-  
12 16 of Ex. SDG&E-35-R, stating that “SDG&E elected the Maryland method” to  
13 handle ITCC revenues (as opposed to SCG, which uses Method 5).

14 However, the advice letters filed by SCG (Advice Letter 4735) and SDG&E  
15 (Advice Letter 2686-E/2350-G), which each include a sample calculation of ITCC on  
16 the last page, show identical calculations and results for the two methods. Hence it  
17 seems that SDG&E’s tax treatment of CIAC contributions is the same as SCG’s, and  
18 thus SDG&E, as well as SCG, should declare ITCC as part of its Miscellaneous  
19 Revenues. In response to data request ORA-SDG&E-152-MRK, which queried  
20 SDG&E as to why SCG reports ITCC on page AMS-10 of SCG-41-R while SDG&E  
21 does not report ITCC in Ex. SDG&E-40, SDG&E responded as follows “While the tax  
22 treatment and calculations of ITCC are the same for SDG&E and SoCalGas, the  
23 regulatory treatment is different between the two utilities.”





1 recommends that the ITCC component of Contributions in Aid of Construction  
2 (ITCC) be included in SDG&E's Account 495 (Gas). ORA's ITCC recommendations  
3 appear in Table 4-3 above.

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1 **PART II: SOUTHERN CALIFORNIA GAS**

2 **I. CUSTOMERS**

3 **A. Overview of SCG’s Request**

4 SoCalGas forecasts year average total active meters to increase from 5.7  
5 million in 2016 to 5.8 million in 2019. SoCalGas draws a distinction between  
6 connected meters and active meters. Active meters are defined as connected  
7 meters less inactive meters. Inactive meters, in turn, are derived by applying  
8 quarterly factors to forecast connected meters.

9 SoCalGas’ forecast customer count consists of forecasts by customer class:  
10 three sectors of residential, total commercial and total industrial. For the residential  
11 market segment, SoCalGas uses housing-starts as the basis for its forecast because  
12 a housing start has more likelihood of completion than a housing permit and once  
13 complete, the housing start is likely to lead to a new gas meter hookup. Recorded  
14 and forecast housing-start assumptions underlying the residential customer forecast  
15 came from IHS Global Insight’s February 2017 Regional Forecast (the aggregate of  
16 the twelve counties in which SoCalGas serves customers). The employment  
17 assumptions underlying the non-residential customer forecast are based on  
18 recorded data from the California Employment Development Department (the  
19 aggregate of the twelve counties in which SoCalGas serves customers).

20 For the forecast, percentage growth rates for the aggregated largest six  
21 counties that SoCalGas serves were taken from Global Insight’s February 2017  
22 Regional Forecast. Recorded employment data were then projected into the  
23 forecast period by applying Global Insight’s forecast percentage growth rates to the  
24 latest year of corresponding recorded data at the time the forecast was made.  
25 Employment assumptions are utilized as the basis for the non-residential forecast  
26 because the business cycle drives production in commercial and industrial sectors.

1           **B. ORA's Analysis**

2           ORA's forecast of SoCalGas customers for 2017, 2018, and TY 2019 showed  
3 minimal differences with the utility's forecast. As such, ORA does not oppose  
4 SoCalGas' forecasts.

5           **II. MISCELLANEOUS REVENUES**

6           This section presents the analyses and recommendations of the Office of  
7 Ratepayer Advocates (ORA) regarding the Miscellaneous Revenues proposals of  
8 Southern California Gas Company for TY 2019.

9           Miscellaneous Revenues are fees and revenues collected by the utility from  
10 non-rate sources for the provision of specific products and services. Miscellaneous  
11 Revenues are incorporated into rates as a reduction to base margin requirements  
12 charged to customers for utility service. SoCalGas estimates it will receive \$19.377  
13 million less in Miscellaneous Revenues in 2019 compared to 2016 levels (the  
14 difference between \$104.300 million and \$84.923 million).

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Table 4-8 shows SCG's historical and forecast Miscellaneous Revenues.

**Table 4-8<sup>14</sup>**  
**SoCalGas Gas Miscellaneous Revenues**  
**2012-2016 Recorded and 2019 Forecast**  
**(in Thousands of Dollars)**

	2012	2013	2014	2015	2016	2017 Est	2018 Est	2019 TY
<u>488</u>								
Service Establishment Charges Actual	24,049	23,335	21,851	21,416	21,574	21,140	20,749	0
Service Establishment Charges Accr								
Opt Out Fee	0	0	0	0	0	3,240	2,521	1,054
Misc Svs Rev Reconnect Charge	1,298	1,396	1,250	1,493	1,797	1,513	1,513	1,513
Residential Limited Parts Program	1,932	1,948	2,063	2,416	2,539	2,848	2,875	2,889
Rev From Comm Parts Sales	2,804	2,840	2,988	3,431	3,535	3,976	4,005	4,037
Revs From Appl Connection Svc	99	79	76	78	87	109	110	110
Rev from Cust Owned NGV Station Maint	87	91	84	101	131	99	99	99
Pipeline Services Revenue	13	80	76	51	78	60	60	60
Rev From Late Pmt Chrg Actual	460	479	584	572	510	521	521	521
Revenue from Set Time Appt Svc Chrg	54	48	41	59	87	93	93	94
Rev Fr Airqual Prog Hndbk & Smnar	5	-5	0	0	0	0	0	0
Rev for Seismic Services	3	2	6	3	6	7	7	7
Rev for Seismic Restores	316	318	352	421	444	510	514	518
Rev for Non-Seismic Restores	11	12	24	19	18	19	20	20
	31,131	30,623	29,394	30,059	30,806	34,135	33,807	10,921
<u>493</u>								
Goleta Lease Fees	57	63	59	58	58	61	63	65
Aliso Rental for Telecom Sites	203	246	219	227	225	234	240	249
Rents for Prop Use - Non-tariff Gas	219	287	323	374	188	187	169	175
	479	596	601	659	471	482	473	489
<u>495</u>								
Shared Assets Revenue - Gas Distrib	40,054	49,856	50,351	52,995	54,576	47,589	49,785	56,211
Honor Rancho Oil Rev	9,219	5,401	3,574	3,092	1,711	939	1,010	1,985
Aliso Shallow Zone	2,415	4,472	5,012	1,741	909	1,067	1,046	1,048
Aliso PEOC	316	383	268	304	95	2	11	11
PECO Oil & Gas LLC, et al	3,154	1,880	2,617	1,140	737	745	806	787
Administrative Fee For PDR PECO Oil & Gas LLC, et al.	15	15	15	15	15	15	15	15
Goleta Chevron Emissions Credits	767	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Returned Check Charges Actual	492	463	450	494	543	496	496	496
Amortization of ITCCA	4,387	3,211	3,390	3,624	3,871	4,574	5,544	6,297
Sundry Trng Labor	146	166	223	260	270	298	321	345

<sup>14</sup> Ex. SCG-41-WP-R, p. AMS-WP-1-R.

Sundry Trng Materials	66	84	110	127	145	163	180	197
Line Item Billing Third Party Revenues	75	63	58	56	59	54	65	65
Line Item Billing Non-Tariff Third Party Rev	635	1,118	2,373	4,267	5,083	5,539	4,431	738
Other Rev Gas - Federal Proj Mgmt	860	753	530	726	366	130	257	112
Geographic Services	73	80	78	88	88	85	85	85
Gas Land Services Right Of Way Revenue	13	13	11	20	10	14	14	14
Aliso Crimson	63	77	75	73	69	60	60	60
Aliso Termo	43	45	44	40	34	36	36	36
Aliso Road Access Fees	2	10	10	11	8	24	24	24
Aliso Canyon Reclaim Trading Credits	0	7	20	0	97	0	0	657
Microwave Bandwidth Lease Revenue	27	40	27	24	31	30	30	30
Unrefunded CAC Balance	4,462	4,968	4,828	4,450	3,270	3,561	3,379	3,276
	67,284	74,128	75,088	74,571	73,024	66,442	68,618	73,513
Grand Total (Including Shared Assets and ITCC)	98,894	105,347	105,084	105,289	104,300	101,060	102,176	84,923
Grand Total Excluding ITCCA	94,507	102,136	101,694	100,429	96,486	96,486	96,634	78,626
Grand Total Excluding Shared Assets	58,840	55,491	54,733	52,293	49,724	53,471	52,393	28,712

1           **A. Overview of SCG’s Request**

2           Miscellaneous Revenues are fees and revenues collected by the utility from  
3 non-rate sources for the provision of specific products and services. Miscellaneous  
4 Revenues are incorporated into rates as a reduction to base margin requirements  
5 charged to customers for utility service. SoCalGas estimates it will receive \$19.377  
6 million less in Miscellaneous Revenues in 2019 compared to 2016 levels (the  
7 difference between \$104.300 million and \$84.923 million).

8           **B. ORA’s Analysis**

9           ORA reviewed SoCal’s Miscellaneous Revenues estimates for 2017, 2018,  
10 and TY 2019. Based on results that show minimal differences, ORA does not  
11 oppose SoCalGas’ forecasts.

1

## WITNESS QUALIFICATIONS

2           My name is Marek Kanter. My business address is 505 Van Ness Avenue,  
3 San Francisco, California. I am employed by the Office of Ratepayer Advocates  
4 (ORA) as a Public Utilities Regulatory Analyst III in the Energy Cost of Service and  
5 Natural Gas Branch.

6           I received a Bachelor of Sciences Degree from Rice University (Phi Beta  
7 Kappa). I received a Doctor of Philosophy degree in Mathematics from the  
8 University of California at Berkeley. I taught mathematics and statistics at the  
9 university level from 1970 to 1985. I have published research papers in  
10 mathematics, probability, statistics, and physics. My last academic position was at  
11 the University of Toronto. I worked as a statistical analyst at Pacific Gas and Electric  
12 Company (PG&E) in San Francisco, from 1981 to 2000, overlapping with my  
13 position at the University of Toronto.

14           I joined the Commission in 2001. In that position I analyzed Pacific Bell  
15 operations support systems (OSS) data and reviewed Pacific Bell and Verizon  
16 submissions re OSS performance. I performed the sample design, implementation,  
17 and analysis for the Pacific Bell and Verizon quality of service 2002 survey reports  
18 and for the Pacific Bell and Verizon 2003 local competition survey reports. I  
19 participated in the Phase 2B New Regulatory Framework proceedings for Pacific  
20 Bell and Verizon as the witness for the quality of service survey results. I have  
21 prepared testimony in General Rate Case (GRC) proceedings for Pacific Gas and  
22 Electric Company, San Diego Gas & Electric Company, Southern California Gas  
23 Company, Southern California Edison Company (SCE), Southern California Water  
24 Company, Apple Valley Ranchos Water Company, and Sierra Pacific Electric  
25 Company.

26           This completes my prepared testimony.