BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Southern California Gas Company (U904G) for Authority to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2016.	A.14-11-004 (Filed November 14, 2014)

PROTEST
OF THE OFFICE OF RATEPAYER ADVOCATES

I. INTRODUCTION

Pursuant to Rule 2.6 of the Commission's Practice and Procedure, Protests must be filed within 30 days of the date the notice of filing the Application first appears in the Daily Calendar. Since this Application were first noticed on the Commission's calendar on November 18, 2014, this Protest is timely filed.

The Office of Ratepayer Advocates (ORA) is reviewing both this General Rate Case Application of Southern California Gas Company (SoCalGas), and that of San Diego Gas & Electric Company (SDG&E), and is conducting discovery. Below, ORA lists some of the areas where it expects to make recommendations. ORA intends to propose a schedule for the proceeding at the Pre-Hearing Conference (PHC) set for this case.

II. BACKGROUND

On July 25, 2014, SDG&E and SoCalGas tendered their Notices of Intent (NOI) to file Test Year 2016 GRC applications. In the past, the Commission has consolidated the GRC proceedings for SoCalGas and SDG&E, collectively referred to as the "Sempra Utilities" or "Sempra."

ORA submitted deficiency notices to SDG&E and SoCalGas regarding their NOI showings, and they substantially cured the deficiencies, as required by the Rate Case Plan (RCP). On September 12, 2014, ORA accepted the NOIs.

III. REQUEST OF SOUTHERN CALIFORNIA GAS COMPANY

For this GRC, SoCalGas is requesting a $256 million (12.2%) revenue requirement increase, from a 2015 authorized level of $2.096 billion to $2.352 billion in TY2016. The main drivers of SoCalGas' requested increase are in the areas of:

- Gas Distribution – leak repair, leak survey, locate and mark, operations training, pipeline construction, new business
- Transmission/Distribution Integrity Management Programs – expansion of in-line inspections, evaluation of plastic and steel distribution pipes, pipe assessments, pipe replacement, mitigation measures
- Underground Storage – Storage Integrity Management Program modeled after TIMP/DIMP, construction of new storage wells
- Information Technology – cyber security, customer data privacy, software upgrades, grid communication, cloud computing
- Administrative and General – pension and benefits (e.g., medical costs)
- Support Services – vehicle leases, retrofits, purchases/replacements

SoCalGas also seeks Post-Test Year revenue increases of $126 million (5.3%) in 2017 and $94 million (3.8%) in 2018 to account for escalation of operating expenses and capital revenue requirement growth.[1]

IV. REVIEW BY THE OFFICE OF RATEPAER ADVOCATES

ORA has been reviewing Sempra's showing since the NOIs were tendered, and has been conducting formal discovery since early September, shortly before the SDG&E and SoCalGas NOIs were accepted. ORA will make recommendations to the Commission as appropriate when it serves its testimony. Below is a non-exhaustive list of the major issues that ORA has identified so far:

- proposed staffing levels (i.e., new Full-Time Equivalent positions, or FTEs);
- the forecasted amount of work activities and unit costs associated with those work activities;
- the level of settlements, claims, workers compensation, insurance, pension, and benefits costs;
- the amount of incentives or awards paid out to utility employees;
- costs associated with replacing aging and/or obsolete equipment;

[1] Ex. SCG-35, p. RMV-1, lines 24-25.

- depreciation assumptions and parameters;
- computations and deductions of federal, state, and other taxes;
- working cash and lead-lag study;
- forecasts of operations and maintenance, customer service, plus administrative and general expenses;
- the necessity and/or reasonableness of new programs or initiatives;
- forecasting methodologies employed; and
- the adequacy of SDG&E's and SoCalGas' justifications and supporting documentation associated with their requested cost increases.

Further discovery and analyses may eliminate some of these issue areas, while others may arise.

V. CATEGORIZATION OF PROCEEDINGS

SDG&E and SoCalGas propose that proceedings on their Applications be categorized as "ratesetting."[2] ORA agrees with this designation.

VI. PROCEDURAL ISSUES

Based on the above list of issues, ORA recommends that evidentiary hearings be scheduled in this proceeding. Sempra proposes a procedural schedule that includes evidentiary hearings. ORA agrees that hearings are likely to be needed to resolve the numerous issues raised by this Application.

ORA also recommends that the Commission consider allowing a process whereby parties can explore preliminary settlement discussions before written testimony is served by ORA and other intervenors.

Sempra's proposed schedule for processing both this 2016 GRC and that of SDG&E would have ORA testimony due in February 2015.[3] ORA considers Sempra's proposed schedule unrealistic in light of the numerous issues presented in the GRC applications, and also given the schedules the Commission has adopted for other major energy utility GRCs in recent years. ORA expects to propose a schedule at the PHC that will be consistent with the proposed ratesetting categorization, allow all parties sufficient time to conduct thorough analyses of

[2] SDG&E Application, p. 15, and SoCalGas Application, p. 13.

[3] SDG&E Application, p. 16, and SoCalGas Application, p. 13.

SDG&E's and SoCalGas' proposals, and give the Commission sufficient time to consider all of the proposals.

VII. CONCLUSION

ORA respectfully recommends that the proceeding be categorized as ratesetting, that a reasonable schedule be set that includes adequate time for discovery, preparation of written testimony, and evidentiary hearings. ORA also recommends that the scope of the proceeding include, but not be limited to, the issues identified in this Protest.

Respectfully submitted,

/s/ LAURA TUDISCO

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