

ATTACHMENT IV

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A.11-11-002

MARGINAL COST, COST ALLOCATION AND RATE DESIGN UNCONTESTED PROPOSALS

Summarized for Implementation and Compliance

- 1) Adopt SoCalGas' proposal to seasonalize the authorized margin based on the core demand forecast described in the testimony of Ms. Payan. If the TCAP authorizes an implementation in a month subsequent to January, SoCalGas proposes to implement seasonalizing the authorized margin at the beginning of the subsequent year.
(Ex. SCG-123 at 4-5).
- 2) Adopt SoCalGas' proposal to eliminate the 2004-2007 program cycle in the Research Development & Demonstration Expense Account (RDDEA) and to transfer the residual balance to the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA) based on the allocation methodology consistent with this account.
(Ex. SCG-123 at 15-16).
- 3) Adopt SoCalGas' proposal to refund the balance in the Curtailment Violation Penalty Account (CVPA) as a bill credit to those noncore customers who curtailed.
(Ex. SCG-123 at 16).
- 4) Adopt modifications to the Honor Rancho Storage Memorandum Account (HRSMA) Project Cost Recovery (PCR) subaccount to only record the difference between the forecasted and actual revenue requirement for the cost of cushion gas purchased and to the HRSMA Operating & Maintenance (O&M) subaccount to only record incremental oil revenues. (Ex. SCG-123 at 9).
- 5) Adopt SDG&E's proposal to update the submeter credit in compliance with the agreed upon methodology for the calculation of submeter credits set forth in D. 04-04-043.
(Ex. SCG-126 at 8).
- 6) Adopt SoCalGas' proposal to update the submeter credit in compliance with the agreed upon methodology for the calculation of submeter credits in D.04-04-043.
(Ex. SCG-125 at 5).
- 7) Adopt SDG&E's requested authorization to modify Schedule GS to include clarifying language to limit the daily submetering credit in instances where the credit exceeds the non-procurement portion of a master-metered customer's gas and electric bill.
(Ex. SCG-126 at 9).
- 8) Adopt SDG&E's proposal to combine those non-base margin costs not allocated on an Equal Cents Per Therm (ECPT) basis with base margin costs, in order to promote a consistent allocation within the core Commercial and Industrial (C&I) class.
(Ex. SCG-126 at 10).

9) Adopt SoCalGas' proposal that the cap on the volumetric rate difference between the residential baseline (BL) and non-baseline (NBL) be maintained at \$0.26/therm throughout the TCAP.

(Ex. SCG-125 at 4).

10) Adopt SoCalGas' proposal to combine non-base margin costs not allocated on an ECPT basis with base margin costs in order to promote consistent allocation within the core C&I class.

(Ex. SCG-125 at 5-6).

11) Adopt SoCalGas' proposal to combine non-base margin costs not allocated on an ECPT basis with base margin costs in order to promote a consistent allocation within the noncoreC&I class.

(Ex. SCG-125 at 6-7).

12) Adopt SoCalGas' proposal that the Compressor Station Fuel and Power Balancing Account (CFPBA) be allocated based on a Cold-Year Throughput demand on the transmission system.

(Ex. SCG-125 at 7).

13) Adopt SoCalGas' proposal to increase the maximum allowed equipment incentive cap in Rule No. 38 from 50% of project cost with a maximum \$100,000 cap, to 50% of project cost with a maximum \$500,000 cap.

(Ex. SCG-125 at 7).

14) Adopt SoCalGas' proposal for a revision to increase the maximum allowed feasibility studies cap in Rule 38 from 50% of the study cost with a \$20,000 maximum per study, to 50% of the study cost with a \$50,000 maximum per study.

(Ex. SCG-125 at 7).

15) Adopt SoCalGas/SDG&E's proposed updated TCAP Core Brokerage fee of 0.157 cents/therm.

(Ex. SCG-106 at 4).

16) Adopt SoCalGas/SDG&E's proposal that the Unaccounted-For (UAF) percentages foreach utility be updated based on the April 2008 to March 2011 three-year average of 0.725% for SoCalGas and 1.178% for SDG&E and that the same percentage allocations between core and noncore currently in place, per D.08-12-020, be used for the TCAP period.

(Ex. SCG-106 at 6).

17) Adopt SoCalGas/SDG&E's calculation that the embedded cost of the total integrated transmission system is \$198 million.

(Ex. SCG-111 at 12-13)

18) Adopt SoCalGas/SDG&E's calculation that the total embedded cost of the backbone transmission system is \$147.5 million.

(Ex. SCG-111 at 14-15).

19) Adopt SoCalGas/SDG&E's proposal to allocate \$89.6 million of embedded storage costs among the storage functions.

(Ex. SCG-111 at 18-19).

20) Adopt SDG&E's proposal to update the seasonality percentage factors in the CFCA-Margin and NFCA-Margin Subaccounts based on the core demand forecast presented in the testimony of Ms. Payan and the noncore demand forecast presented in the testimony of Mr. Wetzel.

(Ex. SCG-122 at 5-6).

21) Adopt SDG&E's proposal to include \$2.8 million of the forecasted CFCA balance in rates, amortized over a 12-month period, beginning with implementation of a Phase 2 final decision.

(Ex. SCG-122 at 5).

22) Adopt SDG&E's proposal to collect undercollections in rates over a period of more than the 12 months of 2013 and to include \$17.1 million of the forecasted NFCA balance in rates amortized over a 12-month period beginning with implementation of a Phase 2 final decision.

(Ex. SCG-122 at 6).

23) Adopt SDG&E's proposal to include the forecast Rewards and Penalties Balancing Account (RPBA) balance in rates, amortized over a 12-month period, beginning with implementation of a Phase 2 final decision.

(Ex. SCG-122 at 6).

24) Adopt SDG&E's proposal to refund the Curtailment Penalty Funds Account (CPFA) over collected balance forecast at \$145,000 by December 31, 2012 as a one-time bill credit to noncore customers who were asked to curtail and complied with the curtailment order.

(Ex. SCG-122 at 13-14).

25) Adopt SoCalGas' continuation of the operational changes adopted in the FAR update proceeding during this TCAP period.

(Ex. SCG-115 at 2).

26) Adopt SoCalGas' proposal to adopt and incorporate the following tariff provisions into Schedule No. G-BTS to address reductions in receipt point or transmission zone capacity for a portion of a pending BTS three-year contact term that are noticed prior to the close of the open season process:

a. The Receipt Point quantities specified in Schedule G-BTS will be offered for

the full three-year term during the BTS Open Season regardless of any posted outages unless the capacity reduction is expected to extend for a period of one month or more during the three-year BTS term.

b. The Receipt Point capacity awards that are affected by a posted outage may be exchanged for capacity at other Receipt Points to the extent that capacity is available during the open season re-contracting period. Re-contracting for capacity into the constrained Receipt Point for the outage period will not be allowed during the re-contracting period.

c. Any remaining Receipt Point capacity awards that are affected by a posted outage that have not been re-contracted to another Receipt Point will be removed from the final contract awards for the period that the capacity is not available.

d. Priority of capacity awards for months that reduced amounts are available will be awarded as follows: first priority for Step 1 awards, second priority for Step 2 awards, and third priority for Step 3 awards. Customers will be informed of pending award reductions caused by a posted outage prior to the commencement of the re-contracting period.

(Ex. SCG-118 at 3-4).

27) The Division of Ratepayer Advocates (DRA) performed a financial review of SoCalGas' regulatory balancing accounts as described in Exhibit DRA - 104. DRA reviewed and tested the account transactions and balances of selected regulatory accounts from January 1, 2008 through December 31, 2011. In addition to testing the account transactions, DRA's review included, but was not limited to, consideration of the internal controls over the revenue and expense functions, review of Commission decisions, review of advice letter filings, and consideration of third-party audits. As of December 31, 2011, the total balance for all 24 regulatory balancing accounts represents a \$16.6 Million overcollection. Based on the results of DRA's review, DRA had no adjustments to any of SoCalGas' balancing accounts for the review period January 1, 2008 through December 31, 2011.

(Ex. DRA-104 at 1-1).

28) DRA reviewed the 11 applicable SDG&E regulatory accounts for the period January 1, 2008 through December 2011 as described in Exhibit DRA-105. The objective of the review was to determine whether entries recorded in the accounts are appropriate, supported, correctly stated, and in compliance with applicable Commission decisions. The sum of the recorded balances of the 11 regulatory accounts as of December 31, 2011 is \$24.270 million under-collected. DRA noted no items requiring adjustment to SDG&E's recorded and forecasted regulatory account balances. DRA finds that SDG&E appropriately operated the regulatory accounts during January 2008-December 2011, and that the recorded entries in the accounts were appropriate, correctly stated, and in compliance with applicable Commission decisions.

(Ex. DRA-105 at 1-3).

(END OF ATTACHMENT IV)