

Docket : A.10-12-005/006
Exhibit Number : DRA-40
Commissioner : Ferron
ALJ : Wong
Witness : Truman Burns



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

**Report on the Results of Operations
for
San Diego Gas & Electric Company
Southern California Gas Company
General Rate Case
Test Year 2012**

**SCG
Executive Summary**

San Francisco, California
September 1, 2011

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**SOUTHERN CALIFORNIA GAS COMPANY
EXECUTIVE SUMMARY**

I. INTRODUCTION / OVERVIEW

The Division of Ratepayer Advocates (DRA) submits its exhibits in response to San Diego Gas and Electric Company (SDG&E) Application (A.) A.10-12-005 and Southern California Gas Company’s (SCG or SoCalGas) A.10-12-006 for a Test Year (TY) 2012 General Rate Case (GRC). This exhibit presents DRA’s executive summary regarding SCG’s requests for TY 2012.

A. SCG Requests Over \$2 Billion in Base Margin for Test Year 2012, an Overall Rate Increase of About 7.4%

On December 15, 2011, SCG filed an application requesting that the California Public Utilities Commission (CPUC or Commission) authorize a base margin¹ of \$2.021 billion² for the utility’s gas storage, transmission and distribution operations, to be effective January 1, 2012, as shown in Table 40-1. At that time, SCG was seeking a \$308 million rate increase (7.4%) relative to authorized 2010 levels. SoCalGas also asked for additional revenue in Attrition years 2013-2015: \$55 million in 2013, \$62 million in 2014 and \$51 million in 2015.³ SCG’s total rate increase for 2012-2015 totals \$476 million.

**Table 40-1
SCG is Seeking Over \$2 Billion in Base Margin for 2012
(In Millions of Dollars)**

Description (a)	SCG 2012 Present Revenues (b)	SCG 2012 Proposed Revenues (c)	SCG Forecasted Increase over 2012 Present Revenues (d=c-b)	DRA 2012 Recommended Revenues (e)	DRA Recommended Change To 2012 Present Revenues (f=e-b)
Total Base Revenues	\$1,715	\$2,021	\$306	\$1,652	\$-63

¹ Base margin is equal to revenue requirement less miscellaneous revenues.

² Exh. DRA-41, p. 3.

³ Exh. DRA-38, p. 6.

1

2 **B. DRA Recommends \$1.652 Billion in Base Margin for 2012**

3 Based on its independent analysis, DRA recommends base rate revenues of
4 \$1.652 billion, which represents a reduction of \$369 million from SCG’s proposed
5 2012 revenues.

6 Table 40-2 shows SCG’s requested attrition increases versus DRA’s
7 recommended levels.

8 **Table 40-2**
9 **SCG Requested and DRA Recommended Attrition Increases**
10 **\$ Millions**

Description (a)	SCG Requested 2013 Revenue Increase (b)	SCG Requested 2014 Revenue Increase (c)	SCG Requested 2015 Revenue Increase (d)	SCG Requested Total 2013-2015 Increase (e)
Attrition Revenue Increase	\$55	\$62	\$51	\$168

11

Description (a)	DRA Recommended 2013 Revenue Increase (b)	DRA Recommended 2014 Revenue Increase (c)	DRA Recommended 2015 Revenue Increase (d)	DRA Recommended Total 2013-2015 Increase (e)
Attrition Revenue Increase	\$32	\$34	\$34	\$100

12

13 **C. DRA is Recommending Reasonable Test Year Changes & Policy**
14 **Recommendations**

15 DRA’s Sempra GRC team, consisting of 19 staff and project management,
16 spent over 10 months analyzing SCG and SDG&E’s exhibits and workpapers. Five
17 staff members were also concurrently assigned to the Southern California Edison
18 (SCE) TY 2012 GRC, which in some cases meant they were preparing to testify and
19 testifying in SCE’s hearings at the same time they were completing their SCG or
20 SDG&E testimony. DRA propounded 298 sets of formal data requests and
21 numerous informal data requests, met with SCG witnesses and support staff,
22 audited the Utilities’ financial records, conducted research and analysis and

1 consulted with its three assigned counsel to develop their testimonies. DRA's
2 diligent efforts resulted in reasonable TY changes and policy recommendations.

3 **II. OVERVIEW OF DRA'S RECOMMENDATIONS**

4 The following summarizes DRA's major recommendations relative to SCG's
5 requests:

- 6 ➤ DRA recommends \$237 million in Operations and Maintenance (O&M)
7 expense reductions, including shared services adjustments,
8 reassignments, escalation and franchise fees and uncollectibles.
- 9 ➤ DRA recommends \$54 million in depreciation expense reductions.
- 10 ➤ DRA recommends \$47 million in income tax reductions.
- 11 ➤ DRA recommends \$316 million in rate base reductions.
- 12 ➤ DRA recommends a \$27 million reduction to return on rate base.

13 **III. ORGANIZATION OF DRA'S SHOWING/SUMMARY OF EXHIBITS**

14 Section A below provides a brief summary of DRA's exhibits. Appendix A
15 provides a table that lists DRA's exhibits and the corresponding SCG exhibit.

16 **A. Presentation of DRA's Exhibits**

17 Below is a brief summary of DRA's exhibits for SDG&E and SCG. Note that
18 there is no Exhibit DRA-22 or DRA-43.

19

20 *Exhibit DRA-1, SDG&E Executive Summary*

21 *Exhibit DRA-2, SDG&E Summary of Earnings:* DRA recommends a \$45.594 million
22 revenue requirement reduction for SDG&E TY 2012. SDG&E requested a \$329.891
23 million revenue requirement increase. DRA differs from SDG&E in Operation and
24 Maintenance expenses, Administrative expenses, Escalation, Depreciation, taxes
25 and rate base.

26

27 *Exhibit DRA-3, SDG&E Customers:* SDG&E Electric Department Customers: DRA
28 estimates 1,392,436 total electric customers, which is about 0.2% lower than
29 SDG&E's estimate of 1,394,896. Electric Sales: DRA adopts SDG&E's electric
30 sales forecast, which is taken directly from the most recent California Energy
31 Commission forecast. Gas Department Customers: DRA estimates 859,617 total

1 gas customers for SDG&E which is virtually the same as SDG&E's estimate of
2 859,604.

3
4 *Exhibit DRA-4, SDG&E Electric Generation O&M:* DRA recommends \$30,183,000
5 for Electric Generation Expenses which is \$3,504,000 less than SDG&E's request of
6 \$33,687,000. DRA differs from SDG&E mainly in Generation Plant Palomar
7 (\$2,051,000 less) and Generation Plant Miramar (\$579,000 less).

8
9 *Exhibit DRA-5, SDG&E Electric Generation SONGS O&M:* DRA recommends
10 \$65,293,000 for Electric Generation, San Onofre Nuclear Generating Station which
11 is \$54,903,000 less than SDG&E's request of \$120,196,000. DRA differs from
12 SDG&E mainly in Site Easement and Industrial and Accident Injury expenses
13 (\$622,000 less) and Base O&M Costs (\$54,281,000 less).

14
15 *Exhibit DRA-6, Escalation:* Labor Escalation: DRA recommends lower labor
16 escalation rates of 1.77%, 2.09%, and 2.61% for 2010, 2011 and 2012, respectively.
17 SDG&E and SCG recommend labor escalation rates of 2.61%, 3.02% and 2.37%,
18 for 2010, 2011 and 2012, respectively.

19 Non-Labor Escalation (SDG&E Electric O&M): DRA and SDG&E recommend
20 non-labor escalation rates of 1.94% in 2010, 2.31% in 2011 and 2.69% in TY 2012.
21 DRA agrees with SDG&E and SCG' gas O&M non-labor escalation methodology
22 and results.

23 Shared Services Escalation (SDG&E Electric): DRA recommends shared
24 services escalation rates of 1.86% in 2010, 2.25% in 2011 and 2.64% in 2012.
25 SDG&E recommends electric shared services escalation rates of 2.27% in 2010,
26 2.71% in 2011 and 2.52% in 2012.

27 Shared Services Escalation (SCG): DRA forecasts shared services
28 escalation rates of 1.76% in 2010, 2.28% in 2011 and 2.65% in 2012. SCG
29 recommends shared services escalation of 2.16% in 2010, 2.71% in 2011 and
30 2.54% in 2012. DRA agrees with both SDG&E's and SCG's proposed capital
31 escalation methodology and results in 2010, 2011 and 2012.

32
33 *Exhibit DRA-7, SDG&E Gas Distribution:* DRA recommends \$14.840 million for gas
34 distribution O&M expenses in TY 2012 which is \$4.972 million less than SDG&E's
35 request. DRA recommends gas distribution capital expenditures of \$64,976,000,
36 \$34,136,000 and \$19,982,000 for 2010, 2011 and 2012, respectively.

37
38 *Exhibit DRA-8, SDG&E Gas Transmission:* DRA recommends \$3.197 million for gas
39 distribution O&M expenses in 2012 which is \$182,000 less than SDG&E's request.
40 DRA recommends gas distribution capital expenditures of \$6,400,000, \$10,943,000
41 and \$11,071,000 for 2010, 2011 and 2012, respectively.

1 *Exhibit DRA-9, SDG&E Gas Engineering:* DRA recommends \$4.082 million for gas
2 transmission O&M expenses in 2012 which is \$7.787 million less than SDG&E's
3 request.
4

5 *Exhibit DRA-10, SDG&E Electric Distribution O&M:* DRA recommends \$103.495
6 million for Electric Distribution O&M expenses in TY 2012 which is \$24.012 million
7 less than SDG&E's request of \$127.507 million. The largest differences are in
8 Electrical Regional Operations (\$7,770,000) and Vegetation Management
9 (\$3,915,000).
10

11 *Exhibit DRA-11, SDG&E Electric Distribution Capital:* DRA recommends total
12 electric distribution capital costs of \$158.382 million for TY 2012 which is \$94.048
13 million less than requested by SDG&E. DRA recommends \$56.383 million in TY
14 2012 for indirect capital overhead pools related to electric distribution which is
15 \$56.383 million less than SDG&E's request.
16

17 *Exhibit DRA-12, SDG&E Electric Generation SONGS Capital:* DRA recommends \$0
18 in 2012 for non-nuclear electric generation capital costs compared to the \$15 million
19 requested by SDG&E.
20

21 *Exhibit DRA-13, SDG&E Electric Procurement:* DRA recommends \$8.289 million for
22 Electric Procurement which is \$2,153,000 less than the \$10.064 million requested by
23 SDG&E. DRA differs from SDG&E in Long Term Procurement (\$726,000) and
24 Trading and Scheduling (\$692,000).
25

26 *Exhibit DRA-14, SDG&E Smart Grid Policy Infrastructure:* DRA recommends \$12.41
27 million in 2012 for Smart Grid Infrastructure capital costs which is \$44.859 million
28 less than SDG&E's request. The largest differences are \$23.59 million for storage
29 related improvements related to renewable growth, \$5.23 million for electric vehicle
30 charging stations, \$4.436 million for SCADA and \$4.027 million for phase
31 identification.
32

33 *Exhibit DRA-15, SDG&E Customer Services-Electric Metering & Smart Meter Policy:*
34 DRA recommends \$8.126 million for electric meter expenses which is \$956,000 less
35 than requested by SDG&E. The main difference is metering operation expense,
36 where DRA recommends \$873,000 less than SDG&E's request.
37

38 *Exhibit DRA-16, SDG&E Customer Services-Customer Services Field Operations &*
39 *Customer Contact:* DRA recommends \$34.271 million for Customer Service Field
40 and Customer Contact which is \$1,213 million less than requested by SDG&E. The
41 difference is for the Customer Contact Center (\$856,000).
42

1 *Exhibit DRA-17, SDG&E Customer Services-Office Operations:* DRA recommends
2 \$19.666 million for Office Operations which is \$2.964 million less than requested by
3 SDG&E. The major differences are Smart Meter billing services (\$635,000), and
4 Home Area Network expenses (\$1.033 million).
5

6 *Exhibit DRA-18, SDG&E Customer Services-Information:* DRA recommends
7 \$15.421 million which is \$10.666 million less than requested by SDG&E. The main
8 differences are the Research, Design, and Development (\$4.6 million), Electric
9 Clean Transportation (\$2.23 million), and projects targeted to customers with mobile
10 devices (\$2.4 million).
11

12 *Exhibit DRA-19, Supply Services & Diverse Business Enterprises:* DRA takes no
13 issue with SDG&E's O&M request. DRA recommends \$17.715 million which is
14 \$1.805 million less than SCG's request of \$19.520 million.
15

16 *Exhibit DRA-20, Fleet Services:* DRA recommends \$31.752 million which is \$8.341
17 million less than SDG&E's request of \$40.093 million. DRA recommends \$43.240
18 million which is \$7.662 million less than SCG's request of \$50.691 million.
19

20 *Exhibit DRA-21, Information Technology:* DRA recommends \$52.1 million in O&M
21 expenses for TY 2012 or \$3.4 million less than requested by SDG&E. DRA
22 recommends \$51.0 million in O&M expenses for 2012 or \$1.4 million less than
23 requested by SCG. DRA recommends \$187.9 million for SDG&E for capital projects
24 which are \$14.4 million less than requested by SDG&E. DRA recommends \$251.3
25 million for SCG for capital projects which are \$1.2 million less than requested by
26 SCG.
27

28 *Exhibit DRA-23, Real Estate, Land & Facilities:* DRA recommends \$22.705 million
29 in O&M for SDG&E, which is \$3.510 million less than the \$26.215 million requested.
30 DRA recommends \$37.843 million in O&M for SCG, which is \$4.221 million less
31 than the \$42.064 million requested. DRA recommends \$9.419 million in capital for
32 SDG&E, which is \$17.379 million less than the \$26.798 million requested. DRA
33 recommends \$11.163 million in capital for SCG, which is \$12.926 million less than
34 the \$22.876 million requested.
35

36 *Exhibit DRA-24, Environmental:* DRA recommends \$7.795 million in O&M for
37 SDG&E, which is \$1.165 million less than the \$8.960 million requested. DRA takes
38 no issue with the \$4.856 million in O&M requested by SCG.
39

40 *Exhibit DRA-25, Safety & Emergency Preparedness:* DRA recommends \$4.493
41 million in O&M for SDG&E, which is \$0.150 million less than the \$4.643 million
42 requested. DRA recommends \$3.643 million in O&M for SCG, which is \$.540 million
43 less than the \$4.183 million requested. DRA recommends \$113,000 in capital for

1 SDG&E, which is \$137,000 less than the \$250,000 requested. DRA recommends
2 \$650,000 in capital for SCG, which is \$200,000 less than the \$850,000 requested.
3

4 *Exhibit DRA-26, Corporate Center-General Administration:* DRA recommends
5 Corporate Center costs of \$68.239 million be allocated to SDG&E (\$33.414 million)
6 and SCG (\$34.825 million). This is \$47.860 million less than the \$116.099 million
7 requested by Corporate Center.
8

9 *Exhibit DRA-27, Corporate Center-Insurance:* DRA recommends Corporate
10 Insurance costs of \$98.959 million be allocated to SDG&E (\$84.773 million) and
11 SCG (\$314.185 million). This is \$14.416 million less than the \$113.374 million
12 requested by Corporate Center.
13

14 *Exhibit DRA-28, Compensation & Incentives:* DRA recommends SCG be allowed a
15 total of \$7.5 million for its Short-Term Incentive Plan, as part of its Compensation
16 and Incentives request. In this Exhibit, DRA also recommends SDG&E be allowed a
17 total of \$12.6 million for its Compensation and Incentives request. DRA's
18 recommendations are \$30.6 million less than requested by SCG and \$45.6 million
19 less than requested by SDG&E, respectively.

20 The major areas where DRA differs from SCG and SDG&E are in the
21 allocation of expenses for the Short-Term Incentive plan and in funding for the Long-
22 Term Incentive plan. SCG and SDG&E request 100% ratepayer funding for both the
23 short-term and long-term plans. DRA recommends ratepayers be responsible for
24 30% of the short-term plan and zero ratepayer funding for the long-term plan for both
25 companies.
26

27 *Exhibit DRA-29, Health & Welfare:* DRA recommends SDG&E be allowed a total of
28 \$48.952 million for Health and Welfare Benefits Expense. This is \$32.994 million
29 less than requested by SDG&E. The major areas where DRA differs from SDG&E
30 and SCG are: the forecast of escalation rates for medical plans expense and of
31 employee head count estimates; the Company's inclusion of supplemental executive
32 benefits that should not be funded by ratepayers; and the Company's inclusion of
33 duplicative and supererogatory expenses that should not be funded by ratepayers.
34 DRA recommends SCG be allowed a total of \$60.661 million for Health and Welfare
35 Benefits Expense. This is \$38.019 million less than requested by SCG.
36

37 *Exhibit DRA-30, Pensions & PBOPs:* DRA recommends SDG&E be allowed a total
38 of \$72.387 million for pensions and PBOPs. This is the amount requested by
39 SDG&E. The major area where DRA differs from SDG&E and SCG is that DRA is
40 recommending a change from two-way to one-way balancing account treatment for
41 pension expense. DRA recommends SCG be allowed a total of \$101.047 million for
42 pensions and PBOPs. This is the amount requested by SCG.
43

1 *Exhibit DRA-31, Human Resources, Disability & Workers Compensation:* DRA
2 recommends SDG&E be allowed a total of \$11.963 million for Human Resources,
3 Disability and Worker’s Compensation. This is \$3.593 million less than requested by
4 SDG&E. DRA recommends SCG be allowed a total of \$23.879 million for Human
5 Resources, Disability and Worker’s Compensation. This is \$3.3 million less than
6 requested by SCG.

7
8 *Exhibit DRA-32, Controller, Regulatory Affairs & Finance:* DRA recommends
9 SDG&E be allowed a total of \$18,478 million for Controller, Regulatory Affairs &
10 Finance. This is \$5,382 million less than requested by SDG&E. DRA recommends
11 SCG be allowed a total of \$7.703 million for non-shared services for Controller,
12 Regulatory Affairs and Finance. This \$2.1 million less than requested by SCG.

13
14 *Exhibit DRA-33, External Affairs & Legal:* DRA agreed with SDG&E and SCG’s TY
15 2012 forecasts for External Affairs and Legal. The major area where DRA differs
16 from SDG&E and SCG is for the Legal Department timekeeping proposal. SDG&E
17 and SCG proposed to eliminate attorneys’ timekeeping. DRA opposed the Utilities’
18 request and recommended that the Commission deny SDG&E’s and SCG’s
19 timekeeping Proposal and have both Utilities continue to track attorney’s time and
20 allocate legal costs for its Legal Departments.

21
22 *Exhibit DRA-34, Shared Services Billing Policy & Process:* DRA recommends SCG
23 and SDG&E be allowed lower direct costs, lower allocations of overhead costs,
24 lower retained and allocations-in costs compared to the Utilities’ requests. DRA
25 does not take issue with SCG and SDG&E’s presentation of shared services costs,
26 shared services billing, or the allocation of shared costs.

27
28 *Exhibit DRA-35, Rate Base:* DRA recommends SDG&E total company rate base of
29 \$3.624 billion, electric rate base of \$3.172 billion and gas rate base of \$451.976
30 million. DRA recommends SCG Rate Base of \$3.349 billion.

31
32 *Exhibit DRA-36, Depreciation:* DRA recommends SDG&E be allowed a total of
33 \$305,311,000 for Depreciation and Amortization expense. This is \$32,891,000 less
34 than requested by SDG&E. The major areas where DRA differs from SDG&E are
35 net salvage rates for accounts 366 and 376, with a difference of 40% and 45%,
36 respectively. DRA recommends SCG be allowed a total of \$282,748,000 for
37 Depreciation expense. This is \$53,573,000 less than requested by SCG. The major
38 area where DRA differs from SCG are the net salvage rate for account 376, with a
39 difference of 55%.

40
41 *Exhibit DRA-37, Taxes:* DRA recommends SDG&E be allowed \$(129,286,000) for
42 the taxes identified below. This is \$55,353,000 less than requested by SDG&E.
43 DRA recommends SCG be allowed \$(133,967,000) for the taxes identified below.
44 This is \$87,127,000 less than requested by SCG. The major areas where DRA
45 differs from Sempra are: 2010 Tax Relief Act-reject Sempra’s use of “carry

1 forwards” to shift the resulting deferred tax asset from the year incurred to future
2 generations of ratepayers and correct Sempra’s method for calculating the weighted
3 average deferred tax balance to be consistent with how they are booked in tandem
4 with capital additions. Meals and Entertainment-replace Sempra’s 100% allowance
5 for business travel meals with the 50% allowed by the CPUC and b) remove
6 entertainment costs. Payroll Taxes-reduce Sempra’s total composite tax rate a) to
7 reflect DRA’s use of more recent 2010 data and b) DRA eliminated Sempra’s
8 adjustment for wage base growth.
9

10 *Exhibit DRA-38, Post Test Year Ratemaking Framework:* DRA recommends the use
11 of CPI-U to escalate Post Test Year revenue requirements for 2013-2015.
12

13 *Exhibit DRA-39, Total Factor Productivity Study:* DRA has minimal differences with
14 the Utilities request.
15

16 *Exhibit DRA-40, SCG Executive Summary*

17 *Exhibit DRA-41, SCG Summary of Earnings:* DRA recommends for SCG TY 2012 a
18 \$62.837 million revenue requirement reduction for SCG Summary of Earnings. This
19 compares to \$305.825 million revenue requirement increase requested by SCG.
20 The areas where DRA differs from SDG&E are Operation and Maintenance
21 expenses, Administrative expenses, Escalation, Depreciation, taxes and rate base.
22

23 *Exhibit DRA-42, SCG Customers:* DRA has minimal differences with the Utilities
24 customer forecasts.
25

26 *Exhibit DRA-44, SCG Gas Distribution, Transmission & Engineering-O&M:* DRA
27 recommends SCG be allowed a total of \$92.8 million for gas distribution, \$29.0
28 million for gas engineering, \$27.0 million for gas transmission, and \$26.7 million for
29 underground storage operation and maintenance expenses. DRA’s
30 recommendation for gas distribution is \$38.4 million less than requested by SCG.
31 DRA’s recommendation is \$49.4 million less than requested by SCG for gas
32 engineering. DRA’s recommendation for gas transmission is \$1.3 million less than
33 requested by SCG. DRA’s recommendation for underground storage is \$2.1 million
34 less than requested by SCG. The major areas where DRA differs from SCG are (1)
35 environmental compliance costs regarding AB 32, (2) general economic forecast for
36 TY 2012, (3) Pipeline Integrity Management-Transmission expenses, and (4)
37 Pipeline Integrity Management-Distribution expenses.
38

39 *Exhibit DRA-45, SCG Gas Distribution, Transmission, Underground Storage and*
40 *Gas Engineering-Capital:* DRA recommends SCG be allowed a total of
41 \$312,326,000 for SCG Gas Distribution, Transmission, Underground Storage, and
42 Gas Engineering capital expenditures. This is \$89,152,000 less than requested by
43 SCG. The major areas where DRA differs from SCG are: in Distribution, the

1 difference in New Business is \$26,308,000 and in the Field Support is \$10,225,000.
2 In Gas Engineering and Transmission, the difference in New Additions is
3 \$13,364,000, in Sustainable SoCal Program the difference is \$11,272,000, in
4 Compressor Stations the difference is \$9,476,000, and in Pipeline Land Rights the
5 difference is \$8,300,000.

6
7 *Exhibit DRA-46, SCG Underground Storage O&M, Gas Procurement:* DRA
8 recommends SCG be allowed a total of \$3.5 million for gas procurement. DRA's
9 recommendation is \$95,000 less than requested by SCG.

10
11 *Exhibit DRA-47, SCG Customer Services-Customer Services Field Operations &*
12 *Customer Contact:* DRA recommends SCG be allowed a total of \$224.298 million
13 for Customer Service Field and Customer Contact. This is \$6.023 million less than
14 requested by SCG. The major area where DRA differs from SCG is field operations
15 expenses (\$4.224 million).

16
17 *Exhibit DRA-48, SCG Customer Services-Office Operations:* DRA recommends
18 SCG be allowed a total of \$50.975 million for Office Operations. This is \$1.702
19 million less than requested by SCG. The major areas where DRA differs from SCG
20 are technology support (\$742,000), miscellaneous customer service expenses
21 (\$564,000), and business processes (\$396,000).

22
23 *Exhibit DRA-49, SCG Customer Services-Information:* DRA recommends SCG be
24 allowed a total of \$24.182 million for Customer Services and Information. This is
25 \$17.354 million less than requested by SCG. The major areas where DRA differs
26 from SCG are the Research, Design, and Development budget (\$13 million), natural
27 gas vehicle and non-residential market programs (\$1.34 million), and customer
28 communications expenses (\$1.257 million).

29
30 *Exhibit DRA-50, Audit Report:* DRA recommends adjustments in Corporate Center
31 shared services that result from multi-factor allocation percentages changes, mainly
32 using net plants instead of gross plants, removal of DWR sales and removal of
33 SONGS plant. DRA also recommends removal of the international tax which was
34 allocated to the Utilities and a significant reduction of Corporate Insurance. The
35 audit recommendations result in a \$2.8 million reduction in 2009 recorded Corporate
36 Center shared services, a \$3.3 million reduction in TY 2012.

37 DRA recommends SCG be allowed a total of \$4.3 million for AFUDC for
38 2010-2012, which is \$50.6 million less than requested by SCG. DRA recommends
39 SDG&E be allowed a total of \$4.4 million for AFUDC for 2010-2012, which is \$44.3
40 million less than requested by SDG&E.

41
42 *Exhibit DRA-51, Qualifications:* a listing of the relevant qualifications of DRA's
43 witnesses.

1 **IV. SCG'S REVISED TESTIMONY**

2 On July 22, 2011, SCG and SDG&E made available revised exhibits and
3 workpapers to their consolidated GRC applications. The Utilities included a revised
4 Results of Operations (RO) Model that included changes. Given the short time
5 available before DRA's testimony was due, DRA utilized the original RO Model.

6 **V. CONTENTS OF APPENDICES**

7 DRA has included as Appendix A an exhibit list that shows the utility exhibit
8 number, testimony topic, SCG witness, DRA witness and DRA exhibit number.

1

Appendix A: Exhibit List for Sempra TY 2012 GRC, SoCalGas