

Docket:	:	<u>A.15-07-014</u>
Exhibit Number	:	<u>ORA-01</u>
Commissioner	:	<u>L. Randolph</u>
ALJ	:	<u>T. Kenney</u>
Witness	:	<u>T. Burns</u>
	:	



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

**Triennial Cost Allocation (TCAP)
Proceeding, Phase 2**

**Southern California Gas Company (U 9042G) and
San Diego Gas & Electric Company (U 902 G)**

Executive Summary

San Francisco, California
March 11, 2016

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TABLE OF CONTENTS

2

3

I. INTRODUCTION.....3

4

II. ORA RECOMMENDATIONS3

5

III. WITNESS QUALIFICATIONS.....5

6

1 **I. INTRODUCTION**

2 This exhibit presents the executive summary of the analyses and
3 recommendations of the Office of Ratepayer Advocates (ORA) regarding Phase
4 2 of SoCalGas/SDG&E’s (Sempra) 2016 Triennial Cost Allocation Proceeding
5 (TCAP) Application, A.15-07-014.

6 SoCalGas/SDG&E forecast natural gas throughput to the residential, core
7 commercial and industrial classes of service as well as for the commercial and
8 industrial non-core classes of service. SoCalGas/SDG&E also forecast demand
9 to the electric generation (EG) and Enhanced Oil Recovery (EOR) classes of
10 service. ORA reviewed SoCalGas/SDG&E’s testimony and workpapers,
11 conducted discovery, utilized modified price and employment elasticities based
12 on econometric models estimated through the end of 2014. ORA also requested
13 SoCalGas/SDG&E perform sensitivity runs.

14 Regarding cost allocation and rate design, SoCalGas/SDG&E presented
15 proposals regarding gas distribution, transmission and storage cost allocation
16 and gas distribution, transmission and storage rate design. In cost allocation
17 proceedings such as the TCAP, the Commission determines how the authorized
18 revenue requirement is allocated among the different gas customer classes.
19 After allocation, the rate design process is conducted to collect the authorized
20 revenue requirement. ORA reviewed SoCalGas/SDG&E’s testimony and
21 workpapers, conducted discovery and analysis and developed its own cost
22 allocation and rate design recommendations.

23 **II. ORA RECOMMENDATIONS**

24 Below is a summary of ORA’s recommendations:

25 Gas Throughput (Exhibit ORA-02)

- 26 ➤ ORA does not oppose SoCalGas/SDG&E’s proposed throughput
27 forecasts, based on the results of ORA’s analysis and requested
28 sensitivity runs.

1 Cost Allocation and Rate Design (Exhibit ORA-03)

- 2 ➤ ORA recommends to keep the current SoCalGas residential customer
3 charge at \$5.00 per month and reject SoCalGas' proposed increase of its
4 residential customer charge to \$10.00 per month;
- 5 ➤ ORA recommends the implementation of a minimum bill in the amount of
6 \$3.00 per month for SDG&E's residential customers and opposes
7 SDG&E's proposed new residential customer charge of \$10.00 per month;
- 8 ➤ ORA does not oppose the embedded cost method for the calculation of
9 the Applicants' gas transmission services and rates as proposed;
- 10 ➤ ORA recommends the Commission adopt the New Customer Only (NCO)
11 method to develop and calculate the Applicants' marginal customer costs;
- 12 ➤ ORA does not oppose the Long Run Marginal Cost (LRMC) methodology
13 and calculation of the Applicants' medium pressure distribution marginal
14 costs as proposed for the gas distribution services;
- 15 ➤ ORA does not oppose the LRMC methodology and calculation of the
16 Applicants' high pressure distribution marginal costs as proposed for the
17 gas distribution services;
- 18 ➤ ORA recommends the Commission adopt the scaled marginal cost
19 revenues based on the LRMC NCO method for gas distribution;
- 20 ➤ ORA recommends to keep the current SoCalGas residential rate tier
21 differential calculation and deny the request to simplify the tier differential
22 calculation; and
- 23 ➤ ORA recommends the Commission adopt the resulting gas transportation
24 rates based on ORA recommendations on cost allocation.

1 **III. WITNESS QUALIFICATIONS**

2 Q.1 Please state your name and address.

3 A.1 My name is Truman L. Burns. My business address is 505 Van Ness
4 Avenue, San Francisco, California, 94102.

5
6 Q.2 By whom are you employed and in what capacity?

7 A.2 I am employed by the California Public Utilities Commission as a
8 Program and Project Supervisor in the Office of Ratepayer
9 Advocates Energy Cost of Service and Natural Gas Branch.

10

11 Q.3 Briefly describe your educational background and work experience.

12 A.3 I received a B.A. in Political Science and English and a M.A. in
13 Political Science, State Politics and Policy Specialization, from the
14 University of California, Davis. I received a J.D. from the University
15 of San Francisco, and am a member of the California Bar. I joined
16 the CPUC's Special Economics Projects Branch in 1986. During my
17 employment with the CPUC, I have performed various tasks, and
18 have spent most of my time on electric utility regulation. I have
19 testified before the Commission related to PG&E's Diablo Canyon
20 nuclear power plant (steam generator replacement cost
21 effectiveness, nuclear decommissioning trust funds, target capacity
22 factor, long-term operating costs, utility retained generation capital,
23 NRC license renewal, and operating costs) Humboldt Bay Unit No. 3
24 nuclear power plant (decommissioning trust funds and
25 decommissioning costs) and Southern California Edison's San
26 Onofre Units 2 & 3 (utility retained generation capital and operating
27 costs) and Unit 1 nuclear power plant (environmental costs and rate
28 base recovery). I have also testified before the Atomic Safety and

1 Licensing Board of the U.S. Nuclear Regulatory Commission
2 regarding PG&E's financial qualifications requirements for an
3 independent spent fuel storage installation (ISFSI), and was
4 appointed in 2004 to the National Association of Regulatory Utility
5 Commissioners Staff Subcommittee on Nuclear Issues-Waste
6 Disposal. I was ORA's Project Coordinator for the Test Year 2015
7 Southern California Edison Company General Rate Case.

8
9 Q.4 What is your area of responsibility in this proceeding?

10 A.4 I am responsible for Exhibit ORA-1, ORA's executive summary.

11
12 Q.5 Does that complete your prepared testimony?

13 A.5 Yes, it does.