Company:	Southern California Gas Company (U 904 G)
Proceeding:	2024 General Rate Case
Application:	A.22-05-015/-016 (cons.)
Exhibit:	SCG-240-E

REBUTTAL TESTIMONY

OF KHAI NGUYEN

(POST-TEST YEAR RATEMAKING)

ERRATA

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

May 2023

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APPENDICES

ERRATA REBUTTAL TESTIMONY OF
KHAI NGUYEN
(POST-TEST YEAR RATEMAKING)

I. INTRODUCTION

This rebuttal testimony regarding Southern California Gas Company's (SoCalGas) request for Post-Test Year (PTY) Ratemaking addresses the following testimony from other parties:

- The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) as submitted by Stacey Hunter (Ex. CA-20 (Hunter)), dated March 27, 2023.
- The Utility Reform Network (TURN) and Southern California Generation Coalition (SCGC), jointly, as submitted by Catherine E. Yap (Ex. TURN-SCGC-07 (Yap)), dated March 27, 2023.
- California Environmental Justice Alliance (CEJA) as submitted by Matthew Vespa, Sara Gersen, Sasan Saadat, and Rebecca Barker on behalf of California Environmental Justice Alliance (Ex. CEJA-01), dated March 27, 2023.[1]
- The Protect Our Communities Foundation (PCF) as submitted by Bill Powers (Ex. PCF-01 (Powers)), dated March 27, 2023.[2]

As a preliminary matter, the absence of a response to any particular issue in this rebuttal testimony does not imply or constitute agreement by SoCalGas with the proposal or contention made by these or other parties. The forecasts contained in SoCalGas's direct testimony, performed at the company and project levels, are based on sound estimates of its revenue requirements at the time of testimony preparation.

II. COMPARISON OF PROPOSALS

The following tables provide a summary comparison between SoCalGas and intervenors on key items of the PTY mechanism. Further details regarding SoCalGas's and intervenors'

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[1] Because CEJA offer no specific post-test year proposal or position to rebut, I do not include a separate section within my testimony responding to CEJA.

[2] Because PCF offer no specific post-test year proposal or position to rebut, I do not include a separate section within my testimony responding to PCF.

proposals are outlined below.

Table KN-1 – Comparison of Proposals

($ in millions) Revenue Requirement Increase	2025		2026		2027	
SoCalGas	6.66%	$293	5.44%	$255	7.55%	$374
Cal Advocates[3]	4.7%	$188	5.1%	$215	5.1%	$225
TURN/SCGC[4]	5.56%	$244	4.34%	$201	4.21%	$204

Table KN-2 – Comparison of Proposals

Issue		SoCalGas	Cal Advocates	TURN/SCGC
General Rate Case (GRC) Term		4 years	4 years	Not addressed
Escalation Rates	O&M (excluding medical)	IHS Global Insight	3.0%	CPI-U or Alternative of CPI-U + up to 50 basis points
	O&M - Medical	Willis Towers Watson	3.0%	CPI-U or Alternative of CPI-U + up to 50 basis points
	Capital	IHS Global Insight	3.0%	CPI-U or Alternative of CPI-U + up to 50 basis points
Capital Additions Adjustment		5-year average (2020-2021 actual, 2022-2024 forecast)	None	7-year average (2015-2021 actual) No capital exceptions
Post-Test Year Capital Exceptions		Separate PTY revenue requirement	For IMPs*, establish a 2-way balancing account with costs, in excess of 110% of authorized subject to reasonableness review; exclude CIS* and HRCM*	
Z-factor mechanism		Test Year (TY) and PTYs with $5 million deductible per event	TY and PTYs with $5 million deductible per event	Not addressed

*Integrity Management Programs (IMPs), Customer Information System (CIS), Honor Rancho Compressor Modernization (HRCM)

A. SoCalGas's Proposal

SoCalGas issued its second revised testimony on PTY ratemaking on November 21, 2022. The following is a summary of SoCalGas's request:[5]

- Continuation of 4-year General Rate Case (GRC) cycle term (2024-2027), with

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[3] Ex. CA-20 (Hunter) at 2.

[4] Ex. TURN-SCGC-07 (Yap) at 12.

[5] Ex. SCG-40-2R (Nguyen) at KN-1 – KN-2; and Ex. SCG-40-WP-2R.

SoCalGas's next test year in 2028;

- Using IHS Markit Global Insight's (GI) utility cost escalation factors to determine PTY operations and maintenance (O&M) escalation (excluding medical expenses);
- Adopt Willis Towers Watson's actuarial forecasts and escalations to determine PTY medical expenses;
- Calculate PTY capital-related revenue requirements using:
  - A 5-year average of capital additions (2020-2021 actual, 2022-2024 forecast) escalated using GI's utility cost escalation factors;
  - A forecast for the Honor Rancho Compressor Modernization (HRCM) capital additions;
  - A forecast for the Customer Information System (CIS) Replacement capital additions;
  - Forecasts for the Gas Integrity Management Program capital additions (Transmission Integrity Management Program (TIMP), Distribution Integrity Management Program (DIMP), Storage Integrity Management Program (SIMP), Facilities Integrity Management Program (FIMP), Gas Safety Enhancement Program (GSEP);
- Continuation of the currently authorized Z-Factor mechanism, with a $5 million deductible per event;
- Continuation of updating the PTY revenue requirements through an annual advice letter process;
- Application of SoCalGas's proposed PTY ratemaking mechanism would result in the following forecasted attrition year revenue requirement increases:

($ in millions)	**2025**		**2026**		**2027**	
Revenue Requirement Increase	6.66%	$293	5.44%	$255	7.55%	$374

B. CAL ADVOCATES

The following is a summary of Cal Advocates' positions:[6]

- Continuation of 4-year GRC cycle term (2024-2027);

[6] Ex. CA-20 (Hunter).

- Adopt PTY revenue increases of 3.0% per year in 2025, 2026, and 2027; Additional revenue requirement increases associated with certain capital-related PTY exceptions;
- Continuation of two-way balancing for Gas Integrity Management Programs with costs in excess of 110% of the authorized amount subject to reasonable review;
- Oppose inclusion of CIS Replacement and HRCM for PTY recovery;
- Continuation of updating the PTY revenue requirements through an annual advice letter process;
- Continuation of the existing Z-factor mechanism, with a $5 million deductible per event.

C. TURN/SCGC

The following is a summary of TURN/SCGC's positions:[7]

- Escalate O&M costs based on CPI-U or adjusted CPI-U plus maximum 50 bps;
- Use a 7-year (2015-2021) average of recorded capital additions to determine post-test year capital additions with no exceptions being made;
- Exclude Gas Integrity Management Programs, HRCM, and CIS Replacement as capital exceptions and include in 7-year average calculation;
- Exclude any clean energy products and services from test year, precluding any PTY increase in revenue requirement.

III. REBUTTAL TO PARTIES' PROPOSALS

A. O&M and Medical Cost Escalation

Cal Advocates' proposal for post-test year increases of 3.0% per year for 2025, 2026, and 2027 is guided by a recent independent forecast of the annual percent change in Consumer Price Index (CPI) for the post-test years.[8] TURN/SCGC also recommends escalating PTY O&M

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[7] TURN-SCGC-07 (Yap).

[8] Ex. CA-20 (Hunter) at 18.

revenue increase using CPI-U or alternatively adjust CPI-U by an arbitrary maximum of 50 basis points.[9]

Cal Advocates' and TURN/SCGC's proposals inappropriately utilize CPI as a basis for forecasting utility-specific costs and are not supported by numerical analysis. Cal Advocates notes that they are "well aware of the Utilities' opposition to the application of CPI to post-test year revenue increases, but CPI reflects the level of general price increases ratepayers endure and expect."[10] However, CPI is not intended to and does not gauge price changes of goods and services purchased by businesses, or more specifically, utilities. CPI measures changes in the price of a representative basket of goods and services purchased by a typical U.S. household including food and beverages, housing, apparel, transportation, medical care, recreation, education and communication and other goods and services (tobacco and smoking products, haircuts and other personal services, funeral expenses).[11] Furthermore, TURN/SCGC's claim that "[…] under SoCalGas' proposed mechanism, O&M cost escalation would be highly tailored to SoCalGas' circumstances" is inaccurate.[12] As stated in SoCalGas's Cost Escalation testimony (Exhibit No: SCG-36-WP), Global Insight (GI) is weighted to incorporate "Utility Service Works," "Managers and Administrators," and "Professional and Technical Workers" and is therefore more appropriate as an industry-specific source for escalation.[13] As stated in my revised direct testimony, in multiple recent GRC decisions, the Commission concluded that CPI does not reflect how utilities incur costs and has adopted Global Insight as the preferred index to use in escalating attrition year revenue requirement.[14]

Furthermore, SoCalGas believes utilization of Willis Towers Watson's medical escalation rates is more appropriate for the post-test years. SoCalGas recommends using post-test year escalation rates of 6.0% for 2025, 5.50% for 2026, and 5.0% for 2027 for medical expenses.

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9 Ex. TURN-SCGC-07 (Yap) at 7-8.

10 Ex. CA-20 (Hunter) at 2, n. 8 (emphasis omitted).

11 U.S. Bureau of Labor Statistics, Handbook of Methods, Consumer Price Index: Concepts (as of April 6, 2023), available at https://www.bls.gov/opub/hom/cpi/concepts.htm.

12 Ex. TURN-SCGC-07 (Yap) at 6.

13 Ex. SCG-36 (Wilder, adopted by Martinez) at SRW-2.

14 Ex. SCG-40-2R (Nguyen) at KN-5.

Neither Cal Advocates nor TURN/SCGC recommends a separate escalation rate for medical expenses. Cal Advocates utilizes a flat 3.0% escalation in the post-test years.[15] TURN/SCGC utilizes a 2.2% rate for 2025 and 2.1% rate for 2026-27 based on CPI.[16] The medical escalation forecast prepared by Willis Towers Watson is more appropriate because it takes into account demographic factors specific to SoCalGas. These demographic factors – location, workforce demographics, and medical plan design – are key drivers of medical plan costs. When adopting Southern California Edison Company's (SCE) TY 2018 GRC decision, the Commission emphasized their preference for using escalation rates based on SCE's actual population demographics. The Commission stated in its decision that they "deferred to SCE's reliance on medical program cost escalation rates provided by its plan administrators, rather than relying on a broader public study as proposed by ORA."[17] The Commission also adopted a separate medical cost escalation mechanism in SCE's TY 2021 GRC.[18] The actuarial forecast by Willis Towers Watson, which is based on preliminary 2021 renewal rates, is more reflective of the cost trends in Southern California. Additional information is provided in Debbie Robinson's compensation and benefits revised direct testimony.[19] Consistent with prior Commission decisions, the medical escalation rates shown in Debbie Robinson's chapter should be utilized for the PTY methodology.

B. Capital Cost Escalation Revenue Requirement

Cal Advocates does not address the use of an escalated multi-year average of capital additions as a proxy for post-test year capital additions, but instead escalates test year revenue requirement using a 3% escalation rate based on CPI.[20] Cal Advocates does not oppose additional post-test year revenue requirement for certain Integrity Management programs; however, opposes inclusion of the CIS Replacement and the HRCM project as capital

[15] Ex. CA-20 (Hunter) at 18.

[16] Ex. TURN-SCGC-07 (Yap) Attachment B: Catherine E. Yap Workpapers--PTYR model.

[17] D.19-05-020, Findings of Fact 138 and Conclusions of Law (COL) 114.

[18] D.21-08-036 at 547-548 and COL 184.

[19] Ex. SCG-25-R/SDG&E-29-R (Robinson).

[20] Ex. CA-20 (Hunter) at 18.

exceptions.[21] TURN/SCGC proposes the use of a 7-year average (2015-2021) recorded capital additions escalated using the CPI-U. TURN/SCGC also recommends no additional revenue requirement related to post-test year capital exceptions stating, "The trended seven-year average of capital additions will provide an increasing level of capital additions throughout the PTY period, which will provide increased capital-related revenue requirement."[22]

As previously discussed, using CPI is not an appropriate basis for forecasting utility-specific costs. TURN/SCGC appears to recognize the shortcomings of CPI as a basis for escalating utility costs and proposes adding 50 basis point to CPI-U as an alternative. However, adding an arbitrary 50 basis points (bps) to CPI-U does not make the index any more reflective of utility costs. TURN/SCGC is also inconsistent with their use of escalation factors throughout their post-test year calculations. For example, in TURN/SCGC's post-test year model provided in response to discovery request SCG-SDGE-TURN-SCGC-02, the historical recorded capital additions and retirements are escalated to 2024 test year dollars using GI in its historical 7-year average (2015-2021); however, TURN/SCGC then escalates the 7-year average in the post-test years (2025-2027) using CPI.[23] Therefore, TURN/SCGC's model appears to suggest that it is appropriate to use GI to escalate the 2015-2021 recorded costs, but not post-test year forecasted costs. TURN/SCGC's inconsistent use of escalation indices in its modeling by using a combination of GI and CPI rates[24] for the 7-year capital additions average and arbitrary proposal of using CPI plus 50 bps for the PTY demonstrates its haphazard and fundamentally flawed approach in its proposal. As such, TURN/SCGC's proposal should not be adopted.
Furthermore, an attrition adjustment based on CPI will not reflect the revenue requirement increase from plant additions in excess of depreciation (rate base growth) and cost escalation SoCalGas will face in the attrition years. Unlike expenses that can generally be escalated using indices reflecting inflation, capital cost growth is much more complex and is driven by plant and rate base growth, not just cost escalation. Changes in capital revenue requirement components

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[21] *Id*.

[22] Ex. TURN-SCGC-07 (Yap) at 11.

[23] TURN-SCGC Response to SCG-SDGE-TURN-SCGC-02; and Ex. TURN-SCGC-07 (Yap), Attachment B: TURN-SCGC-07 Yap Workpapers.xlsx.

[24] *See* Appendix C – TURN-SCGC Response to SCG-SDGE-TURN-SCGC-02.

(authorized returns on rate base, depreciation expense, and taxes) are determined almost entirely by the relationship between capital additions and depreciation. When capital additions exceed depreciation, rate base increases and the related capital revenue requirement components (depreciation, taxes, and return) also increase.

SoCalGas disagrees with Cal Advocates methodology of escalating test year revenue requirement using CPI instead of using of an escalated multi-year average of capital additions as a proxy for post-test year capital additions. Using a 5-year average (2020-2021 recorded and 2022-2024 forecasted) is more reliable than escalating the test year, as it takes into account a broader range of data and can provide more accurate representation of historical and long-term trends. Additionally, SoCalGas disagrees with TURN/SCGC's proposal to use a 7-year average escalated using the CPI-U and exclude any capital related exceptions. Utilizing a 5-year average (2020-2021 recorded and 2022-2024 forecasted) best captures the utility investment profile and operating initiatives of the current utility environment, which has evolved in the past few years with the risk-informed GRC framework and "SoCalGas's strong commitment to the State's climate policy goals."[25] SoCalGas's capital program is continuing to evolve with a greater focus on increasing investment in utility safety, reliability, and sustainability, which directly support California's clean energy and environmental initiatives; and therefore, a 5-year average mechanism should be adopted instead of the 7-year average.

To illustrate the recent changes in SoCalGas's capital program, the average escalated capital additions in 2015 and 2016 was approximately $1.221 billion compared to approximately $1.671 billion average in 2020 and 2021, which resulted in a compound annual growth rate of ~8% over the four-years. By utilizing the 5-year average of capital additions (2020-2024), SoCalGas is able to more appropriately capture the future environment of the utility through the utilization of the most recent historical trends along with the forecasted capital spending that is approved through the test year 2024 GRC. This methodology captures a balance of current and forward-looking spending which is more in line with the operational needs of the company and more recent regulatory requirements.

The 7-year average methodology ignores present day trends and challenges and will significantly underestimate SoCalGas's post-test year capital needs. This is demonstrated in

[25] *See* Ex. SCG-01-2R (Brown) at MSB-3.

Table KN-3 below:

Table KN-3
Capital Related Cost Attrition ($ in millions)

	2025	2026	2027
SoCalGas	$245	$204	$319
TURN/SCGC	$200	$158	$160
Difference	$(45)	$(46)	$(159)

The Integrity Management Programs, which comprises a significant part of SoCalGas's post-test year capital related costs will be underfunded if escalated using TURN/SCGC's proposed methodology. It is also not appropriate to use the historical average to determine the future costs of the Integrity Management Programs since they are approved and balanced for each GRC cycle only. As shown in Table KN-4, using the constant test year 2024 as the starting point, calculating post-test year capital related costs using TURN/SCGC's proposed CPI escalation rate for the Integrity Management Programs will result in a significant revenue shortfall of $185 million[26] because TURN/SCGC's proposal ignores the compounding effect of capital related costs (return, depreciation expense, and taxes) as projects are placed into service and become part of rate base. Because of the compounding effect on rate base, the growth and accumulation of revenue requirement for the Integrity Management Programs over the GRC cycle is significantly higher than the CPI average methodology. Therefore, a separate exception adder is needed for the Integrity Management Programs rather than using a simple historical average with CPI.

[26] $47 million + $67 million + $71 million = $185 million.

Table KN-4
Integrity Management Programs
Capital Related Cost Attrition *($ in millions)*

	2024	2025	2026	2027
SoCalGas	$20	$67	$88	$92
TURN/SCGC[27]	$20	$20	$21	$21
Difference	$-	$(47)	$(67)	$(71)

Both Cal Advocates and TURN/SCGC oppose the inclusion of the Honor Rancho Compressor Modernization and Customer Information System as capital exceptions in the post-test year. The rebuttal to both parties' proposal regarding the Customer Information System completion date is addressed in CIS Replacement Program rebuttal testimony (Ex. SCG-213 (Goldman)). Cal Advocates' suggestions regarding the completion date and threshold requiring a separate application for the Honor Rancho Compressor Modernization is addressed in the Gas Storage Operations & Construction rebuttal testimony area (Ex. SCG-210 (Bittleston and Hruby)). TURN/SCGC's suggestion that the capital related revenue requirement of the trended 7-year average will be sufficient to fund the two programs is grossly incorrect. Since the projects do not go into service by the test year, a separate capital adder is needed to account for these projects because of the magnitude of the revenue requirement associated with these projects compared to the overall request. Table KN-5 below shows the ratio of the two exceptions compared to the total capital related revenue requirement requested by SoCalGas. Without these exceptions, SoCalGas would be significantly underfunded in the 2024 GRC cycle for these programs and will be forgoing recovery of revenue requirement associated with these projects in 2026 and 2027 with the remaining revenue requirement to be collected in the 2028 GRC cycle. The exception adder mechanism is also consistent with what was approved in the last GRC for Pipeline Safety Enhancement Plan (PSEP) in the post-test year.[28]

[27] Calculated by escalating SoCalGas's proposed TY 2024 revenue requirement using TURN/SCGC's proposed post-test year escalation rates of 2.2% (2025), 2.1% (2026,2027).

[28] D.19-09-051, Conclusions of Law 41, ("PSEP capital-related costs not fully reflected in the TY2019 revenue requirement should be included as part of the PTYs.").

Table KN-5
HRCM & CIS
Capital Related Cost Attrition *($ in millions)*

	Total SoCalGas	**HRCM**	**HRCM % of Total**	**CIS**	**CIS % of Total**
2025	$245	$ -	-	$ -	-
2026	$204	$ -	-	$11	5%
2027	$319	$ 92	29%	$29	9%

C. Other Proposals

Cal Advocates' proposal to have a 110% threshold for all the Gas Integrity Management Programs is addressed in the rebuttal testimony of Rae Marie Yu (Ex. SCG-238 (Yu)). TURN/SCGC's proposal for excluding SoCalGas's projects related to clean energy innovations is addressed in the rebuttal testimony of Armando Infanzon (Ex. SCG-212 (Infanzon)). CEJA's proposal to exclude TY 2024 line extension allowances in the post-test year is addressed in the rebuttal testimony of Shaena Walker and Cody Quezada (Ex. SCG-204 (Walker and Quezada)).

IV. CONCLUSION

To summarize, SoCalGas believes that a reasonable PTY mechanism should meet the following goals: (1) use O&M and medical cost escalation indices that are representative of SoCalGas actual cost drivers (GI and Willis Towers Watson) rather than general consumer goods drivers (CPI), (2) use capital additions cost escalation that balances the certainty of historical spending with the future needs of the company as adopted through this GRC, and (3) include a forecast for CIS, HRCM, and the Integrity Management Programs beyond the TY 2024. For the reasons discussed above, the proposals of Cal Advocates, TURN/SCGC, CEJA and Protect Our Communities fail to meet these goals.

SoCalGas's proposal is a fair and reasonable mechanism to provide the level of funding necessary to support important safety, reliability, and sustainability projects in the post-test years. This proposal accounts for the major cost drivers that impact the Company, which allows SoCalGas to provide safe and reliable service to its customers, comply with regulations, and manage its operations as prudent financial stewards.

This concludes my prepared rebuttal testimony.

APPENDIX A GLOSSARY OF TERMS

ACRONYM	DEFINITION
Cal Advocates	California Public Advocates Office
CIS	Customer Information System
Commission	California Public Utilities Commission
CPI	Consumer Price Index
DIMP	Distribution Integrity Management Program
FIMP	Facilities Integrity Management Program
Global Insight or GI	IHS Markit Global Insight
GRC	General Rate Case
GSEP	Gas Safety Enhancement Program
HRCM	Honor Rancho Compressor Modernization
IMPs	Integrity Management Programs
O&M	Operations and Maintenance
PTY	Post-Test Year
SCGC	Southern California Generation Coalition
SDG&E	San Diego Gas & Electric Company
SIMP	Storage Integrity Management Program
SoCalGas	Southern California Gas Company
TIMP	Transmission Integrity Management Program
TURN	The Utility Reform Network
TY	Test Year

APPENDIX B

DATA REQUEST RESPONSES

SOCALGAS RESPONSE TO DATA REQUEST TURN-SCGC-023, QUESTION 2, DATED 2/21/2023

Data Request Number: TURN-SCGC-023

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Southern California Generation Coalition, The Utility Reform Network

Date Received: 2/7/2023

Date Responded: 2/21/2023

23.2 Regarding KS-21 in SCG-09, which presents the Gas Integrity Management Programs recorded capital expenditures for 2021 and forecast capital expenditures for years 2022-2024 by type of Integrity Management program. For each capital expenditure value in the table, please provide the corresponding capital addition amount.

SoCalGas Response 23.2:

Additions are calculated for the total of the Integrity Management Programs and are not readily available at the individual program level.

In addition, SoCalGas identified an inadvertent error in the 2020-2021 additions for the Gas Integrity Programs shown in Table 6, Line 8 of Exhibit SCG-40-WP-2R. This historical data used in the PTY mechanism excludes overhead loading while the 2022-2024 forecasted additions include overhead loading. The 2020-2021 data should include overheads. SoCalGas will update the 2020-2021 data to include overheads at the next available opportunity.

APPENDIX C

TURN-SCGC RESPONSE TO SCG-SDGE-TURN-SCGC-02

Table 10

Southern California Gas Company
2024 GRC
Calculation of Revenue Requirement Increase
(Thousands of Dollars)

	Section-1				
Line	Depreciation Expense	2024	2025	2026	2027
1	2024 Accrual	970,361			
2	/ 2024 Wtd Avg Plant in Service	24,808,770			
3	= System Average Depreciation Rate	3.91%	3.91%	3.91%	3.91%
4	x Plant in Service Weighted Average Increase		1,920,606	1,641,179	1,675,644
5	= Increase in Depreciation Expense		75,122	64,192	65,541
6	x Net-to-Gross Multiplier	1.3885726	1.3885726	1.3885726	1.3885726
7	= Increase in Revenue Requirements		104,312	89,136	91,008
	Ad Valorem Taxes				
8	2024 Ad Valorem Taxes	166,144			
9	/ 2024 Plant in Service	26,024,428			
10	= System Average Ad Valorem Tax Rate	0.64%	0.64%	0.64%	0.64%
11	x Current Attrition Year Additions		1,626,376	1,660,529	1,695,401
12	= Increase Full Year Additions		10,383	10,601	10,824
13	x Franchise Fee and Uncollectible Factor	1	1	1	1
14	= Increase in Revenue Requirements		10,383	10,601	10,824
	Payroll Taxes				
13	Prior Year Payroll Taxes		58,478	60,109	61,825
14	x Current Year Labor Escalation Rate	Global Insight	2.79%	2.85%	2.89%
15	= Increase in Full Year Additions		1,631	1,716	1,789
18	x Franchise Fee and Uncollectible Factor		1	1	1
19	= Increase in Revenue Requirements		1,631	1,716	1,789

Source: TURN-SCGC Response to SCG-SDGE-TURN-SCGC-02; Attachment TURN-SCGC-07 Yap Workpapers.xlsx

CPI used to escalate PTY forecasted costs.

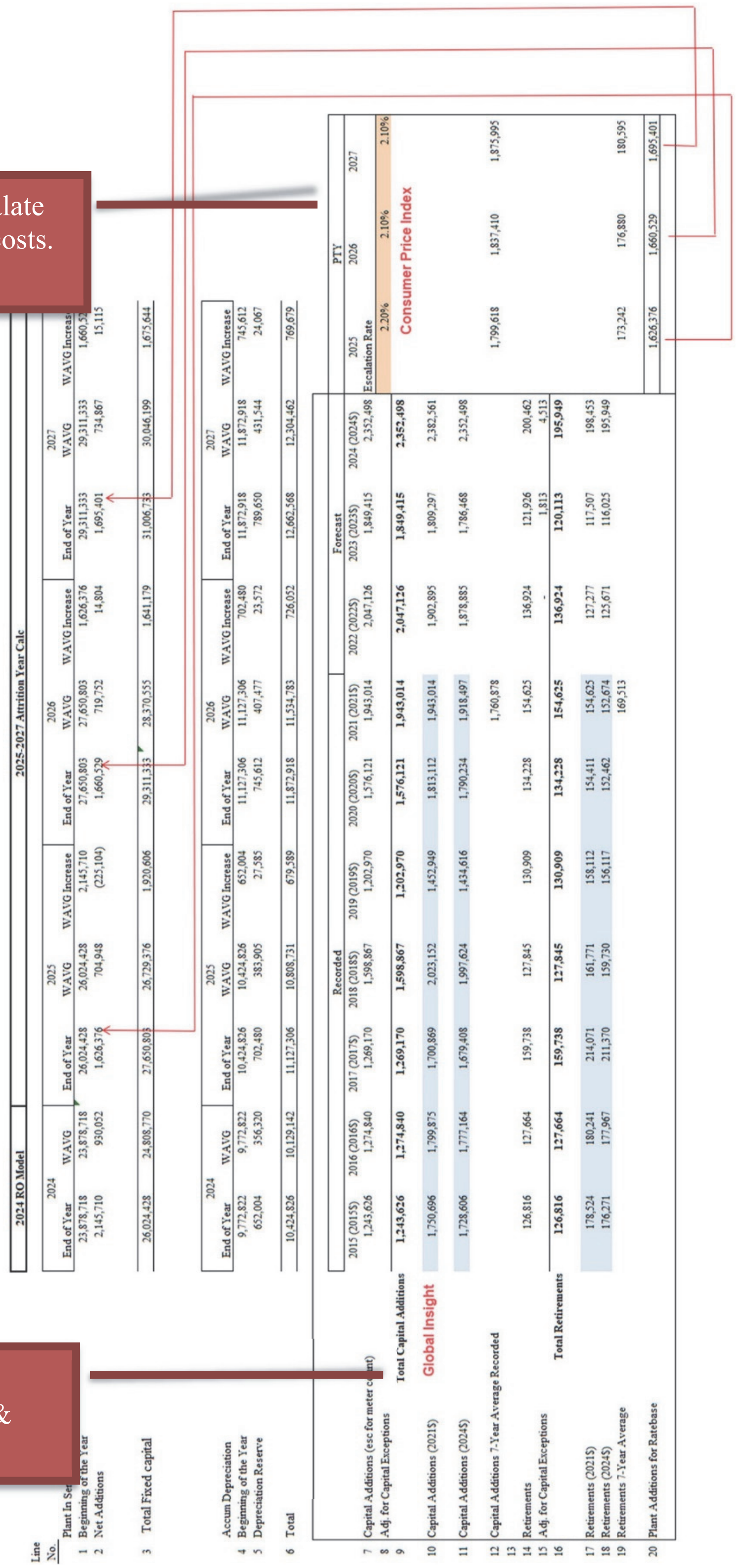
SCG/POST-TEST YEAR/Exh No:SCG-40-WP/Witness: KNguyen

Table 6

Line No.		2024 RO Model		2025-2027 Attrition Year Calc								
		2024		2025			2026			2027		
	Plant In Se	End of Year	WAVG	End of Year	WAVG	WAVG Increase	End of Year	WAVG	WAVG Increase	End of Year	WAVG	WAVG Increas
1	Beginning of the Year	23,878,718	23,878,718	26,024,428	26,024,428	2,145,710	27,650,803	27,650,803	1,626,376	29,311,333	29,311,333	1,660,52
2	Net Additions	2,145,710	930,052	1,626,376	704,948	(225,104)	1,660,529	719,752	14,804	1,695,401	734,867	15,115
3	Total Fixed capital	26,024,428	24,808,770	27,650,803	26,729,376	1,920,606	29,311,333	28,370,555	1,641,179	31,006,733	30,046,199	1,675,644

Line No.		2024		2025			2026			2027		
	Accum Depreciation	End of Year	WAVG	End of Year	WAVG	WAVG Increase	End of Year	WAVG	WAVG Increase	End of Year	WAVG	WAVG Increase
4	Beginning of the Year	9,772,822	9,772,822	10,424,826	10,424,826	652,004	11,127,306	11,127,306	702,480	11,872,918	11,872,918	745,612
5	Depreciation Reserve	652,004	356,320	702,480	383,905	27,585	745,612	407,477	23,572	789,650	431,544	24,067
6	Total	10,424,826	10,129,142	11,127,306	10,808,731	679,589	11,872,918	11,534,783	726,052	12,662,568	12,304,462	769,679

Line No.		Recorded							Forecast			PTY		
		2015 (2015$)	2016 (2016$)	2017 (2017$)	2018 (2018$)	2019 (2019$)	2020 (2020$)	2021 (2021$)	2022 (2022$)	2023 (2023$)	2024 (2024$)	2025	2026	2027
7	Capital Additions (esc for meter c[illegible]nt)	1,243,626	1,274,840	1,269,170	1,598,867	1,202,970	1,576,121	1,943,014	2,047,126	1,849,415	2,352,498	Escalation Rate		
8	Adj. for Capital Exceptions											2.20%	2.10%	2.10%
9	**Total Capital Additions**	**1,243,626**	**1,274,840**	**1,269,170**	**1,598,867**	**1,202,970**	**1,576,121**	**1,943,014**	**2,047,126**	**1,849,415**	**2,352,498**	Consumer Price Index		
10	Capital Additions (2021$) Global Insight	1,750,696	1,799,875	1,700,869	2,023,152	1,452,949	1,813,112	1,943,014	1,902,895	1,809,297	2,382,561			
11	Capital Additions (2024$)	1,728,606	1,777,164	1,679,408	1,997,624	1,434,616	1,790,234	1,918,497	1,878,885	1,786,468	2,352,498			
12	Capital Additions 7-Year Average Recorded							1,760,878				1,799,618	1,837,410	1,875,995
13														
14	Retirements	126,816	127,664	159,738	127,845	130,909	134,228	154,625	136,924	121,926	200,462			
15	Adj. for Capital Exceptions								-	1,813	4,513			
16	**Total Retirements**	**126,816**	**127,664**	**159,738**	**127,845**	**130,909**	**134,228**	**154,625**	**136,924**	**120,113**	**195,949**			
17	Retirements (2021$)	178,524	180,241	214,071	161,771	158,112	154,411	154,625	127,277	117,507	198,453			
18	Retirements (2024$)	176,271	177,967	211,370	159,730	156,117	152,462	152,674	125,671	116,025	195,949			
19	Retirements 7-Year Average							169,513				173,242	176,880	180,595
20	Plant Additions for Ratebase											1,626,376	1,660,529	1,695,401

Global Insights used to escalate historical recorded costs (rows 10 & 11)

Source: TURN-SCGC Response to SCG-SDGE-TURN-SCGC-02; Attachment TURN-SCGC-07 Yap Workpapers.xlsx KN-C-2