Company: Southern California Gas Company (U 904 G)
Proceeding: 2019 General Rate Case
Application: A.17-10-007/008 (cons.)
Exhibit: SCG-244

SOCALGAS

REBUTTAL TESTIMONY OF SANDRA K. HRNA

(POST-TEST YEAR RATEMAKING)

JUNE 18, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

SoCalGas
A Sempra Energy utility®

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SOCALGAS REBUTTAL TESTIMONY OF SANDRA K. HRNA
(POST-TEST YEAR RATEMAKING)

I. INTRODUCTION

This testimony chapter (1) adopts the direct testimony of Jawaad Malik supporting Southern California Gas Company's (SoCalGas') post-test year (PTY) ratemaking proposal;[1] and (2) provides rebuttal testimony addressing issues raised regarding SoCal Gas' PTY direct testimony in the following testimony chapters sponsored by other parties:

- The Office of Ratepayer Advocates (ORA) as submitted by Mr. Clayton K. Tang (Exhibits ORA-31 & ORA-34), dated April 13, 2018.
- The Utility Consumers Action Network (UCAN), as submitted by Mr. Brandon Charles, dated May 14, 2018.
- The Utility Reform Network (TURN), as submitted by Mr. William Perea Marcus (Exhibit TURN-03), dated May 14, 2018.
- The Southern California Generation Coalition (SCGC) and TURN, jointly, as submitted by Ms. Catherine E. Yap, dated May 14, 2018.
- The Coalition of California Utility Employees (CUE), as submitted by Mr. David Marcus, dated May 14, 2018.
- The Indicated Shippers, as submitted by Mr. Michael P. Gorman, dated May 14, 2018.
- The City of Long Beach, Energy Resource Department (Long Beach), as submitted by Mr. Mark E. Fulmer, dated May 14, 2018.

Please note that the fact that I have not responded to every issue raised by others in this rebuttal testimony, does not mean or imply that SoCalGas agrees with the proposals or contentions made by these or other parties. The forecasts contained in SoCalGas' direct testimony are based on sound estimates of its revenue requirements at the time of testimony preparation.

[1] April 16, 2018, Second Revised Direct Testimony of Jawaad A. Malik, Ex. SCG-44-2R; Exhibit SCG-44-WP-2R, adopted by Sandra K. Hrna.

A. SoCalGas' Proposal

SoCalGas issued its second revised testimony on PTY ratemaking on April 6, 2018.[2] The following is a summary of SoCalGas' request:[3]

- A four-year term (2019-2022) for this general rate case (GRC) cycle, with SoCalGas' next test year in 2023.
- A PTY ratemaking mechanism to adjust authorized revenue requirements for:
  - Labor and non-labor costs based on IHS Markit Global Insight's (GI) forecast,
  - Medical costs based on Willis Towers Watson's forecast, and
  - Calculating PTY capital-related revenue requirements using:
    - an escalated 5-year average level of capital additions, and
    - a forecast for Pipeline Safety Enhancement Plan (PSEP) capital additions beyond Test Year (TY) 2019.
- Continuation of the currently authorized Z-factor mechanism.
- An attrition year revenue requirement increases of:

($ in millions)	2020		2021		2022	
Revenue Requirements Increase	8.08%	$236.9	6.09%	$192.9	6.03%	$202.6

B. ORA

ORA issued its report on PTY on April 13, 2018.[4] ORA makes a set of primary recommendations and a set of alternative recommendations, should the California Public Utilities Commission (CPUC or Commission) not adopt ORA's primary recommendations, and prefers a mechanism similar to SoCalGas' proposal.[5] The following is a summary of ORA's primary PTY positions:

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[2] Exhibit SCG-44-2R (Malik/Hrna); Exhibit SCG-44-WP-2R.

[3] Ex. SCG-44-2R (Malik/Hrna) at JAM-ii.

[4] April 13, 2018, ORA Report on Post-Test Year Ratemaking (C. Tang), Ex. ORA-31.

[5] *Id.* at 5:2-4.

- A four-year GRC cycle term (2019-2022);[6]
- Post-test year revenue increases of 4.0% per year in 2020, 2021 and 2022;[7]
- Additional revenues for SoCalGas' post-test year PSEP capital additions;[8]
- Updating the post-test year revenue requirements through an annual advice letter process;[9]
- Continuation of the existing Z-factor mechanism but with the clarification that the Z-factor mechanism is only effective for the post-test years;[10]

The following is a summary of ORA's alternative PTY ratemaking positions:

- Regarding post-test year increases for operational expenses:
    - ORA does not oppose the Operation & Maintenance (O&M) margin rates proposed by SoCalGas (2.70% for 2020, 2.58% for 2021, and 2.53% for 2022);[11]
    - ORA does not oppose SoCalGas' proposal that they be allowed to update their O&M margin escalation rates for the post-test years, but limits should be place on how much the rates can be adjusted;[12] and
    - ORA recommends that post-test year medical escalation rates be set at 4.25%, as opposed to SoCalGas' proposed escalation rates of 6.50% for 2020, 6.00% for 2021, and 5.50% for 2022.[13]

In determining the GRC incremental capital-related attrition allowance, ORA recommends: (a) using an escalated 7-year (2013-2019) average of capital additions

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[6] *Id*. at 4:7-8.

[7] *Id.* at 4:10-11.

[8] *Id*. at 4:11-12.

[9] *Id*. at 4:19-20.

[10] *Id.* at 4:21-23.

[11] *Id.* at 5:6-9.

[12] *Id.* at 5:10-13.

[13] *Id.* at 5:14-17.

instead of 5-year (2015-2019) average; and (b) using 2017 recorded capital additions forecasts, as well as Commission-adopted 2018 and 2019 capital additions forecasts, as part of the 7-year average instead of using SoCalGas' 2017-2019 forecasts.[14]

C. UCAN

UCAN submitted testimony on May 14, 2018.[15] UCAN also proposes primary and alternative PTYR mechanisms. The following is a summary of UCAN's primary PTYR positions:

UCAN Proposal #1

- The Commission should adopt Sempra Energy's TY2012 GRC PTYR mechanism, which is to increase the utilities' capital and O&M authorized test year revenue requirements by the projected Consumer Price Index (CPI)-Urban annual increase plus 75 basis points.[16]
- UCAN does not oppose SoCalGas' proposal to collect incremental PSEP revenue requirements during the post-test years in addition to the standard post-test year revenue requirement escalation.[17]

UCAN Proposal #2

- If the Commission does not adopt UCAN's recommended PTY ratemaking methodology, UCAN recommends that the Commission adopt ORA's primary proposal of applying 4.0% annual escalations to the utilities' capital and O&M revenue requirements, plus SoCalGas' incremental post-test year PSEP revenue requirements.[18]

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[14] *Id.* at 5:18-24.

[15] May 14, 2018, Direct testimony of Brandon Charles on behalf of the Utility Consumers' Action Network concerning San Diego Gas & Electric Company's 2019 General Rate Case Phase 1 Application at pp. 2-50.

[16] *Id.* at 2:12-15.

[17] *Id.* at 2:15-18.

[18] *Id.* at 2:19-23.

UCAN Proposal #3

- If the Commission rejects both UCAN's and ORA's proposals and instead adopts SoCalGas' PTY proposal, UCAN recommends that the Commission modify SoCalGas' proposal such that it incorporates the following:
  - Escalated capital additions and retirements based on recorded data from 2013 to 2017, rather than SoCalGas' proposed use of 2015-2016 recorded data and 2017-2019 forecast data;[19] and
  - ORA's recommendations regarding O&M cost escalations.[20]

D. TURN

TURN submitted testimony on May 14, 2018.[21] The following is a summary of TURN's position:

- Increase Average Rate Adjustment Method (ARAM) in PTY period.[22]

E. TURN/SCGC

TURN and SCGC submitted testimony on May 14, 2018.[23] The following is a summary of TURN's/SCGC's position:

- A three-year GRC term (2019-2021).[24]

F. CUE

CUE submitted testimony on May 14, 2018.[25] The following is a summary of CUE's positions:

- A 3-year GRC term;[26]

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[19] *Id*. at 3:1-8.

[20] *Id.* at 3:9.

[21] May 14, 2018, Prepared testimony of William Perea Marcus on behalf of The Utility Reform Network at 2, 84.

[22] *Id.* at 2.

[23] May 14, 2018, Prepared Direct testimony of Catherine E. Yap on behalf of The Utility Reform Network and the Southern California Generation Coalition at 10-13.

[24] *Id*. at 10:28.

[25] May 14, 2018, Opening testimony of David Marcus on behalf of the Coalition of California Utility Employees at pp. 5-6, 37-40.

[26] *Id.* at 5:21.

- If the Sempra methodology for estimating PTYR revenue requirements is adopted, the capital spending inputs should be based on Commission-adopted 2019 capital spending.[27]

G. Indicated Shippers

Indicated Shippers submitted testimony on May 14, 2018.[28] Indicated Shippers also proposes primary and alternative PTY ratemaking mechanisms. The following is a summary of Indicated Shippers' primary PTY ratemaking positions:

Indicated Shippers Proposal #1

- A three-year GRC term (2019-2021);[29]
- No capital-related revenue requirement increases for non-PSEP capital expenditures;[30]

Indicated Shippers Proposal #2

- If the Commission chooses to allow some level of capital expenditures, then Indicated Shippers recommends a limited PTY capital budget forecast based on the routine annual recurring capital expenditures in the historical period.[31]

H. Long Beach

Long Beach submitted testimony on May 14, 2018.[32] The following is a summary of Long Beach's positions:

- The Commission should approve the following method of estimating attrition year increases:

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[27] *Id.* at 6:12-14.

[28] May 14, 2018, Direct testimony of Michael P. Gorman on behalf of the Indicated Shippers.

[29] Indicated Shippers (Gorman), at 16:19-22.

[30] Indicated Shippers (Gorman), at 27:12-13.

[31] Indicated Shippers (Gorman), at 28:4-13.

[32] May 14, 2018, Direct testimony of Mark E. Fulmer on behalf of the City of Long Beach, Energy Resources Department.

- Escalate total test year revenue requirement at a rate equal to the projected increase in consumer prices from January 2018 IHS Markit US Economic Outlook;[33]
- Add additional escalation for forecasted PSEP capital additions, as recommended by ORA.[34]

- Retain the Z-factor mechanism, which allows for rate changes in response to exogenous, unforeseen cost changes as defined by an eight-factor test.[35]

II. SUMMARY OF POSITIONS

The following table provides a summary comparison between SoCalGas and various intervenors on key items of the PTY ratemaking mechanism. Excluded from Table 1 is TURN's proposal to increase the ARAM in the PTY period. Further details regarding SoCalGas' and intervenors' proposals are outlined below.

[33] *Id.* at 2:20-22.

[34] *Id.* at 2:23-24.

[35] *Id.* at 2:12-14.

Table 1: Summary of Positions (in Millions of Dollars)

Issue	SoCalGas	ORA Primary	ORA Alternative	UCAN Primary[36]	UCAN Proposal #2[37]	UCAN Proposal #3[38]	CUE	Indicated Shippers Primary	Indicated Shippers Alternative	Long Beach
Estimated attrition revenue increase	$236.9 (8.08%) for 2020, $192.9 (6.09%) for 2021, and $202.6 (6.03%) for 2022	$121.0 (4.5%) for 2020, $145.0 (5.1%) for 2021, and $157.0 (5.3%) for 2022	Not calculated	$130.2 (4.4%) for 2020, $146.0 (4.8%) for 2021, and $150.3 (4.7%) for 2022	$130.9 (4.5%) for 2020, $156.44 (5.1%) for 2021, and $168.4 (5.2%) for 2022	$216.1 (7.4%) for 2020, $123.0 (3.9%) for 2021, and $133.4 (4.1%) for 2022	Not calculated	$50 for 2020 and $60 for 2021	$163 for 2020 and $132.8 for 2021	$89.0 (3.30%) for 2020, $104.5 (3.75%) for 2021, and $108.4 (3.75%) for 2022
GRC Term	4 years (2019 - 2022)	4 years (2019 - 2022)	Same as primary	4 years (2019 - 2022)	Same as primary	Same as primary	3 years (2019 - 2021)	3 years (2019 - 2021)	3 years (2019 - 2021)	4 years (2019 - 2022)
O&M	Escalate using IHS Global Insight's forecast	4.0% increase for each PTY	Escalate using IHS Global Insight's forecast, with a 100-basis points cap	Escalate at CPI-Urban plus 75 basis points	4.0% increase for each PTY	Escalate using IHS Global Insight's forecast, with a 100-basis points cap	Not addressed	Escalate using IHS Global Insight's forecast	Escalate using IHS Global Insight's forecast	Escalate at CPI-Urban
Medical	Escalate using Willis Towers Watson's forecast	4.0% increase for each PTY	4.25% increase for each PTY	Escalate at CPI-Urban plus 75 basis points	4.0% increase for each PTY		Not addressed	Escalate using Willis Tower Watson's forecast	Escalate using Willis Tower Watson's forecast	Escalate at CPI-Urban
Capital Escalations	Escalate using IHS Global Insight's forecast	4.0% increase for each PTY	Escalate using IHS Global Insight's forecast	Escalate at CPI-Urban plus 75 basis points	4.0% increase for each PTY		Not addressed	0% increase for each PTY	Same as primary	Escalate at CPI-Urban
Capital Additions Adjustments	5-year average of 2015-2016 recorded and 2017-2019 forecast	Not addressed	7-year average of 2013-2017 recorded and 2018-2019 forecast	Not addressed	Not addressed	5-year average of 2013-2017 recorded	Commission adopted 2019 capital spending	Not addressed	63% of SoCalGas' proposal	Not addressed
PSEP capital-related revenue	$13.7 for 2020, $34.4 for 2021, and $41.6 for 2022	$13.5 for 2020, $32.5 for 2021, and $40.2 for 2022	Same as primary	$13.7 for 2020, $34.4 for 2021, and $41.6 for 2022	Same as primary	Same as primary	$13.7 for 2020, $34.4 for 2021, and $41.6 for 2022	$9.0 for 2020, $22.0 for 2021, and $29.0 for 2022	Same as primary	$13.5 for 2020, $32.5 for 2021, and $40.2 for 2022
Z-factor mechanism	TY and PTYs	Only PTYs	Only PTYs	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	Not addressed	TY and PTYs

III. REBUTTAL TO PARTIES' GRC TERM PROPOSAL

ORA supports SoCalGas' request for a four-year GRC term (2019-2022), and urges the Commission to adopt the proposal. SoCalGas agrees with ORA for recognizing the benefits to ratepayers and Commission staff of a four-year cycle, which reduces the administrative burden on all parties, and gives both the Commission and the utilities more flexibility to manage the integrated Safety Model Assessment Proceeding (S-MAP), Risk Assessment and Mitigation

[36] Does not include reductions to SoCalGas' proposed test year revenue requirement recommended by ORA or UCAN; UCAN (Charles) at 36:1-3, 37:1.

[37] *Id.* at 36:1-3, 37:1.

[38] *Id.* at 36:1-3, 37:1.

Phase (RAMP) and GRC proceedings. Mr. Tang states, "A 4-year GRC term allows for better utility financial and operational management of spending and investment" and is "consistent with SoCalGas' GRCs for Test Years 2008 (2008-2011) and 2012 (2012-2015)."[39] A longer GRC cycle is not unprecedented and provides better rate certainty and stability to ratepayers. Furthermore, it protects ratepayers from large increases that are customary to a test year as the utility seeks to implement new programs.

CUE, Indicated Shippers, and TURN/SCGC advocate for a three-year GRC term.[40]

- CUE argues that a longer term would unnecessarily defer the implementation of new technologies or approaches that are identified during the GRC cycle.
- Indicated Shippers argues that SoCalGas has not evolved its risk management program to a sufficient degree and does not provide known and measurable projects that would support a fourth year.[41]
- TURN/SCGC argues that adding a third attrition year would not add time to the schedules for processing S-MAP, RAMP and GRC proceedings but instead create a longer gap between the Commission's periodic reviews of each utility's safety activities.[42]

As explained above, the administrative burden and time involved in litigating a GRC every three years is alleviated with a longer term, providing more time to focus on and better understand the incorporation of RAMP and S-MAP into the GRC process. RAMP and S-MAP are new and complex components of the GRC. We have already seen the timing-related impacts with respect to the new RAMP and S-MAP processes taking longer than anticipated. SoCalGas and San Diego Gas & Electric Company (SDG&E) requested (and were granted) a five-week extension for the 2019 GRC application from September 1 to October 6, in part, to incorporate

[39] Ex. ORA-31 (Tang) at 16:9-17:12.

[40] CUE (Marcus) at 5:21-22; Indicated Shippers (Gorman) at 16:17-22; and TURN/SCGC (Yap) at 10:28.

[41] Indicated Shippers (Gorman) at 16:17-22.

[42] TURN/SCGC (Yap) at 11:18-25.

RAMP into our GRCs. In the extension letter request, SDG&E and SoCalGas noted that the utilities have been diligently working to incorporate risks and mitigations identified in the RAMP process and how they influence GRC funding requests. The Commission found the request reasonable and granted the five-week extension.[43] RAMP and S-MAP proceedings faced similar issues. For example, the Commission initiated a Phase 2 of the first S-MAP, which was not initially anticipated when considering the impacts of timing on utility rate cases. Moreover, a one-year extension was requested (and granted) to file the next S-MAP application from May 1, 2018 to May 1, 2019.[44] The reason for the extension was to allow parties time to complete on-going settlement negotiations, to reflect a common methodology in the next S-MAP applications, and to allow the utilities time to internally implement the methodologies.

To further demonstrate the time crunch associated with a three-year GRC cycle, Pacific Gas and Electric Company (PG&E) recently submitted a "Request for an Extension of Time to File Test Year 2020 General Rate Case Application" to the Executive Director of the Commission.[45] In its letter, PG&E claims the need to delay, among other reasons, is to "allow PG&E to prepare proposals that more fully consider these complex financial issues and the results of the current legislative session, which will not be completed until September 30, 2018." While PG&E is only seeking a four-month delay, and SoCalGas cannot speak for PG&E, it appears that three-year GRC cycles may not be sufficient for other Investor-Owned Utilities (IOUs) as well. Further, in response to an ALJ ruling on R.13-11-006, PG&E states that "PG&E – contrary to Energy Division's proposal – now recommends that the Commission adopt a four-year, rather than three-year cycle, beginning with PG&E's 2023 GRC."[46]

[43] Details included in the extension letter approval. August 15, 2017, Extension Letter from Dan Skopec to File 2019 GRC and 2016 Spending Reports; granted by CPUC Executive Director Timothy Sullivan, August 22, 2017.

[44] R.13-11-006 and A-15-05-002, March 14, 2018, Letter from Executive Director Alice Stebbens to Charles Manzuk granting joint request by SDGE, Southern California Edison (SCE) and SoCalGas regarding compliance to D.14-12-025 OP 5, for extension of deadline to file next S-MAP Proceeding from May 1, 2018 to May 1, 2019.

[45] June 4, 2018, letter from PG&E to Executive Director of the Commission, served to the parties of services lists R.13-11-006, A.15-09-001 and I.17-11-003.

[46] April 5, 2018 "Response of Pacific Gas and Electric Company (U39M) to Administrative Law Judge's Ruling Issuing Energy Division Workshop Report for Comment" in Rulemaking 13-11-006, at page 4.

These examples speak to the complex nature of integrating the new risk mitigation efforts in conjunction with a GRC proceeding. SoCalGas believes that the additional year will be crucial as utilities and Commission alike work to operate under these new conditions.

IV. REBUTTAL TO PARTIES' PRIMARY PTY ESCALATION PROPOSALS

ORA's proposal for post-test year increases of 4.0% per year for 2020, 2021, and 2022 is guided by:

- A recent forecast of the annual percent change in Consumer Price Index (CPI), equal to 2.8% for 2020, 2.6% for 2021, and 2.4% for 2022;
- Recognition of capital investment programs which require additional revenues above a strict increase in CPI;
- Attrition increases adopted by the Commission in recent large energy utility GRCs; and
- SoCalGas' two most recent post-test year percentage increases adopted by the Commission in D.13-05-010 and D.16-06-054.[47]

ORA states that their proposed 4.00% annual PTY revenue increase GRC plus additional PSEP revenues is higher than the most recent post-test year increases adopted by the Commission for SoCalGas and SDG&E's past two GRCs (Test Years 2012 and 2016).[48] UCAN recommends that the Commission adopt the methodology approved by the Commission in SoCalGas' TY 2012 GRC, which is to increase the utilities' capital and O&M authorized test year revenue requirements by the projected CPI-Urban annual increase plus 75 basis points (resulting in a 3.7% per year average attrition), excluding SoCalGas' PSEP-related revenues.[49] Indicated Shippers recommends no capital-related revenue requirement increases for non-PSEP capital expenditures.[50] Long Beach recommends annual PTY revenue increase based on CPI plus additional revenue for forecasted PSEP capital additions approved by the Commission.[51]

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[47] Ex. ORA-31 (Tang) at 19:5-12.

[48] Ex. ORA-31 (Tang) at 19:13-16.

[49] UCAN (Charles) at 35: 4-7.

[50] Indicated Shippers (Gorman), at 27:12-13.

[51] Long Beach (Fulmer) at 23:9-19.

For reasons explained below, ORA's, Long Beach's and UCAN's proposals inappropriately utilize CPI as a basis for forecasting utility-specific costs, because these recommendations do not represent SoCalGas' anticipated growing costs, are below attrition increases adopted by the Commission in recent large energy utility GRCs, and are not based on a cost of service. PSEP capital-related revenue requirement will be addressed in section VI of my testimony. Parties' narrow focus on limiting PTY revenue growth ignores relevant facts and would result in underfunding utility operations, which is not sound policy. An attrition mechanism should provide reasonable funding for operating expenses and capital investments – similar to funding for the test year – and create rational incentives to manage costs. SoCalGas' proposal achieves that balance.

First, CPI is not appropriate measure to use in this case, because it measures changes in the price of a representative basket of goods and services purchased by a typical U.S. household. CPI is not intended to and does not gauge price changes of goods and services purchased by businesses, or specifically, utilities. As shown in my direct testimony and the testimony of Mr. Scott Wilder, GI Power Planner Forecast was used to create separate weighted average labor and non-labor O&M escalation factor, and is therefore more appropriate as an industry-specific source of escalation.[52] In addition, CPI would not appropriately distinguish between the attrition necessary for capital and O&M cost, which is a position that has previously been supported by the Commission. In PG&E's TY 2014 GRC decision, the Commission stated:

> We adopt a two-part mechanism to capture distinctions driving attrition increases (a) for expenses versus (b) for capital expenditures. We decline to adopt (Division of Ratepayer Advocate) DRA's primary proposal to set post-test-year revenue increases simply based on a single index, with no distinction between expenses versus capital additions. While applying a single index, as proposed by DRA, offers simplicity, we conclude that such an approach fails to adequately capture the distinctions between expense and capital expenditure attrition. We also decline to apply the CPI as an escalation factor. The CPI reflects consumer retail price changes, not the escalation in wholesale purchases of utility goods and services. Accordingly, we generally adopt industry-specific escalation factors, rather than use of the CPI.[53]

[52] Ex. SCG-44-2R (Malik/Hrna) at JAM-5:24-JAM-6:8.

[53] D.14-08-032 at 653.

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 (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 also increase. These increases are unrelated to inflation, and rate base growth has no correlation to CPI.

Second, as described in my direct testimony, SoCalGas expects to make significant annual capital investments during the TY 2019 cycle in order to align with SoCalGas' mission to maintain and enhance its safety-focused culture.[54] This includes increasing investments necessary to build and maintain safe and reliable infrastructure and to mitigate safety risks identified in the RAMP proceeding, as described in the Risk Management Policy direct testimony of SoCalGas witness Ms. Diana Day (Exhibit SCG-02) and in the various direct testimony chapters supporting operations costs. Moreover, my testimony states that the level of capital expenditures leading up to and including TY 2019 are part of an ongoing investment effort, which will continue beyond the test year period. Both ORA and UCAN recognize that capital investment programs will require additional revenues above a strict increase tied to CPI.[55] However, their recommendation supporting a mechanism using CPI plus an adder also would not appropriately capture increases in utility specific cost inflation or increases in deprecation, taxes and return.

Third, recent non-SoCalGas GRC decisions for PTY attrition yield higher than a 4.0% midpoint. In all recent utility decisions among the other California investor-owned utilities (IOUs), 4.0% is the lowest approved attrition rate.[56] Since 2012, the average approved PTY escalation for other California IOUs is approximately 5.2%.

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[54] Ex. SCG-44-2R (Malik/Hrna) at JAM-4:12-22.

[55] Ex. ORA-31 (Tang) at 19:7-8.

[56] 4.0% granted in the first PTY of SCE's 2015 rate case; the second PTY attrition was granted at 5.0%.

Fourth, ORA's and UCAN's recommendations for annual attrition of 4.0%, and CPI plus 75 basis points, respectively, does not adequately address rising costs and the growing capital program. As I described earlier, in ORA's rebuttal testimony Mr. Tang states that the 4.0% attrition was guided by the following factors: CPI, recognition of capital addition revenues required above a strict increase in CPI, and attrition adopted in recent historical GRCs[57]. However, in response to an SDG&E data request, ORA stated, "there were no supporting workpapers/calculations utilized in determining the 4.0% figure." [58] Similarly, in response to an SDG&E data request on June 13, 2018,[59] UCAN stated, "there are no workpapers associated with the 75 basis points figure."

Finally, Indicated Shippers proposes two alternative adjustments to the PTY mechanism, which both include adjustments to the revenue requirement for non-PSEP capital expenditures. Indicated Shippers incorrectly asserts that "the forecasting method of extrapolating historical capital expenditures is deficient in virtually all aspects of proper and prudent planning of the system, and developing known and measurable costs for setting rates."[60] Indicated Shippers also incorrectly states that SoCalGas can eliminate the attrition mechanism for its capital revenue requirements by means of managing the authorized depreciation granted in the case.

Indicated Shippers disagrees with the capital forecasting methodology demonstrated in SoCalGas' mechanism. The level of capital expenditures leading up to and included TY 2019 are part of an ongoing investment effort that continues beyond the test year period. The forecasting method of extrapolating historical expenditures is a method that has been historically and currently accepted by the Commission and consistent with the basis upon which the entire rate case is modeled. In a period of growth, the extrapolation forecast methodology is the best means for approximating the expenditures. To address concerns of proper and prudent planning

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[57] ORA-31 page 19 at line 4-12.

[58] May 15, 2018, SEU-ORA-DR-7, Question 1.

[59] June 13, 2018, SDG&E/SoCalGas Data Request Number 1 to UCAN, referencing UCAN rebuttal testimony of Brandon Charles.

[60] Indicated Shippers (Gorman) at 27: 9-12.

of the system, the RAMP accountability reporting, as designed by the Commission, will compare the projections to the actual results.

Indicated Shippers incorrectly states that "…the Company's 2019 proposed revenue requirement includes depreciation and amortization of around $606.8 million per year. Hence, SoCalGas can make capital improvements of $606.8 million per year without increasing rate base in the PTY period."[61] This assertion is grossly oversimplified and false given large asset basis upon which the depreciation is based and the depreciable useful lives.

As stated in witness Ms. Flora Ngai's testimony, the Federal Energy Regulatory Commission (FERC), in its Uniform Systems of Accounts (USofA) defines depreciation as:

> Depreciation, as applied to depreciable gas plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.[62]

Ms. Ngai further states that "the annual deprecation rates were calculated for TY 2019 in accordance with CPUC Standard Practice U-4 using the straight-line method, broad group procedure, and remaining life technique for depreciable tangible assets. The straight-line method prorates the recovery of service value in equal annual amounts."[63] Moreover, the estimated book life for all the FERC accounts except for FERC Account 391.3 exceeds 4 years.[64]

For simplicity sake, and ignoring all the other aspects of rate base and depreciation, assume SoCalGas' depreciable basis is $18 billion[65] and the depreciable useful life is 30 years

[61] Indicated Shippers (Gorman), at 28: 18-22.

[62] December 2017, Revised Direct Testimony of Flora Ngai. Ex. SCG-36-R (Ex. SCG-36-R (Ngai)) at FN-3:19-27.

[63] Ex. SCG-36-R (Ngai) at FN-11:1-5.

[64] Ex. SCG-36-R (Ngai) at Appendix A.

[65] *See* SCG-44-WP-2R (Malik/Hrna) at 7, Table 6, showing SoCalGas' total fixed capital as ~$17B, $18B, $19B, and $20B per year, for years 2019-2022, respectively.

(per Ms. Ngai's testimony), using the straight-line depreciation method. The annual depreciation is approximately $600 million per year for 2019 and the future until fully depreciated (e.g., $18 billion/30 years). If SoCalGas eliminated all capital expenditures and did not place any assets in service, the depreciation would remain $600 million.

SoCalGas must expend capital funds to maintain the safety of its system, employees and customers. The capital related activities are a critical function of managing the overall operations of a safe system. As shown in workpapers (SCG-44-WP-2R page 7, Table 6, line number 2), Plant in Service is properly forecasted to increase. To remove attrition on capital-related costs as Indicated Shippers is suggesting is not supported in the record of this case. To simply reduce capital expenditures to matches depreciation is not prudent, plausible nor in-line with Company priorities and Commission objectives. SoCalGas has put forth an extensive showing for the need to invest in our system.

To best capture SoCalGas' operating needs in the PTY environment, the attrition amounts should be based on a numerical basis that reflects the representative index of cost escalation, an appropriate estimation of capital additions, the associated impact on rate base, and then calculating the resulting increases for each revenue requirement component. This is the methodology utilized in SoCalGas' proposed PTY ratemaking mechanism. ORA, UCAN, and Indicated Shippers appear to recognize the deficiency of their primary proposals as they offer an alternate that is similar to SoCalGas' PTY ratemaking mechanism, which is addressed below.

V. REBUTTAL TO PARTIES' ALTERNATIVE POST-TEST YEAR RATEMAKING PROPOSALS

ORA, UCAN, and Indicated Shippers present an alternate PTY proposal to implement PTY ratemaking mechanism that align with SoCalGas' proposal but contain alternate recommendations to certain components of SoCalGas' proposed mechanism. SoCalGas appreciates the intervenors' recognition of the viability of SoCalGas' recommended mechanism, but disagrees with the changes intervenors make in their alternate proposals. While the below rebuttal will primarily address ORA's alternate proposal, it will also cover the specific recommendations from UCAN and Indicated Shippers when they differ from ORA.

SoCalGas disagrees with ORA's recommendation on the following items: (1) limit the change in O&M escalation rates to a cap of no more than 100 basis points (1.00%) above the currently forecasted rates, (2) lower the annual medical escalation rate to a fixed rate (4.25%),

(3) implement a 7-year average of capital additions (instead of SoCalGas' proposed 5-year average), including actuals for 2017 and authorized forecasts for 2018 and 2019, and (4) PSEP capital-related revenue requirements increases.

ORA's alternative proposal uses SoCalGas' proposal (summarized in section I.A. of this rebuttal testimony), which is a cost-of-service based method with the following modifications:

- ORA agrees with SoCalGas' methodology of using GI forecast for O&M (labor and non-labor) margin escalation rates.
- ORA proposes a cap of 100 basis points above the currently forecasted escalation rates for O&M (labor and non-labor) escalation.[66]
- ORA proposes using an annual medical escalation of 4.25%.[67]
  ORA does not oppose the use of an escalated multi-year average of capital additions as a proxy for post-test year capital additions, but recommends a 7-year average (2013-2019), using the 2017 recorded capital additions, and the Commission-adopted 2018 and 2019 capital additions forecasts.[68]
- ORA does not oppose SoCalGas' request for post-test year revenues associated with PSEP capital expenditures in 2020, 2021, and 2022, but recommends that the Commission adopt ORA's capital expenditure as presented in Ex. ORA-03. Based on those forecasts, ORA estimates that the revenue requirement impact equals $15.5 million, $36.7 million, and $44.7 million for 2020, 2021, and 2022, respectively.[69] With the Tax Cuts and Jobs Act (TCJA) impact, ORA's updated increases are $13.5 million, $32.5 million, and $40.2 million for 2020, 2021, and 2022, respectively.[70]

1. O&M (Labor and Non-labor) Margin Escalation Cap

ORA recommends that escalation rates be limited to 100 basis points (1.00%) above the currently forecasted GI rates. SoCalGas disagrees with ORA's proposal to set limits on the post-

[66] Ex. ORA-31 (Tang) at 23:11-16.

[67] Ex. ORA-31 (Tang) at 20:7-9.

[68] Ex. ORA-31 (Tang) at 24:17-25:5.

[69] Ex. ORA-31 (Tang) at 25:10-15.

[70] Ex. ORA-34 (Tang)) at 10:22-11:2.

test year O&M (labor and non-labor) escalation rates. Using GI escalation rates is fair and equitable for both ratepayers and shareholders and uses the best available data to forecast utility-specific costs. ORA's recommendation adds unnecessary complication to SoCalGas' request.

2. Medical Escalation Rates

SoCalGas believes utilization of Willis Towers Watson's medical escalation rates is more appropriate for the post-test years than ORA's recommended 4.25% flat rate.[71] ORA takes issue with the medical cost escalation rates used by SoCalGas. SoCalGas recommends using post-test year escalation rates of 6.5% for 2020, 6.0% for 2021, and 5.5% for 2022, while ORA recommends a rate of 4.25% per year for 2018 through 2022. A medical escalation forecast, such as the one 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. Additional information is provided in Debbie Robinson's testimony (Exhibit SCG-30/SDG&E-28). The medical escalation rates determined through Ms. Robinson's chapter should be utilized for the PTY ratemaking methodology.

3. Capital Related Revenue Requirement

ORA does not oppose the use of an escalated multi-year average of capital additions as a proxy for post-test year capital additions, but recommends a 7-year average (2013-2019), using the 2017 recorded capital additions, and the Commission-adopted 2018 and 2019 capital additions forecasts.[72] UCAN recommends use of a 5-year average 2013-2017 recorded capital additions,[73] while Indicated Shippers recommends 63% of non-PSEP capital revenue requested by SoCalGas.[74] SoCalGas disagrees with the above proposals. Utilizing a 5-year average (2015-2016 recorded and 2017-2019 forecasted) best captures the utility investment profile and

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[71] UCAN agrees with ORA's proposed medical escalation if a PTY ratemaking mechanism is to be adopted. However, UCAN also shows that SoCalGas proposes a 7.8% medical escalation rate for each post-test year in direct testimony of Brandon Charles. UCAN (Charles) at 5. This figure is incorrect. SoCalGas intends to utilize Willis Towers Watson actuarial forecast, which would result in a medical escalation rate of 6.5%, 6.0% and 5.5% for 2020, 2021 and 2022, respectively.

[72] Ex. ORA-31 (Tang) at 24:17-25:5.

[73] UCAN (Charles) at 3:1-9.

[74] Indicated Shippers (Gorman) at 28:4-13.

operating initiatives of the current utility environment, which has changes in the past few years. The 5-year average has been widely used and adopted as a relevant and reasonable base for the forecast of future costs in past and current SoCalGas rate cases. As stated in my direct testimony[75] and the testimonies of SoCalGas capital witnesses, SoCalGas' capital program is continuing to evolve with a greater focus on increasing investment in utility safety, reliability, and clean energy, which directly support California's energy policies. As mentioned earlier in my rebuttal, S-MAP and RAMP have also become a focus over the past few years, and through these proceedings the company will continue to identify necessary investment opportunities in safety and reliability in the upcoming years. The 5-year average includes recorded and forecasted capital additions, which incorporate the company's more recent historical capital trend and focuses on critical improvements within our service territory.

To illustrate the recent changes in SoCalGas' capital program, the average escalated capital additions in the 2013-2014 period was appoximately$585 million compared to approximately $833 million average of the 2015-2016 period, which resulted in a compound annual growth rate of ~13% over the four-years. The demonstrated increase in capital additions over this time frame reflects SoCalGas' evolving priorities in the areas mentioned above. By utilizing the 5-year average of capital additions (2015-2019), SoCalGas is able to more appropriately capture the future environment of the utility through the utilization of the most recent historical trends.

SoCalGas also disagrees with ORA's proposal to use 2017 actual capital additions. The forecasted capital additions for 2017 through 2019 were SoCalGas' best estimates of future capital-related costs and should be used in the five-year average. 2017 recorded information was not available when SoCalGas filed testimony and therefore could not be used by us or any of our other witnesses. SoCalGas disagrees with subjectively updating items after the date of our original submission. The forecasted capital additions for 2018 and 2019 are SoCalGas' best estimate of future capital-related costs and should be used in the five-year average.

[75] SCG-44-2R (Malik/Hrna) at JAM-8:3-8.

VI. REBUTTAL TO PSEP CAPITAL-RELATED REVENUE REQUIREMENTS

ORA does not oppose additional revenues for SoCalGas' PTY PSEP capital additions,[76] but recommends that the Commission adopt ORA's capital expenditure forecasts as presented in Ex. ORA-03. Based on those forecasts, ORA estimates that the PSEP capital-related revenue requirement impact equals $15.5 million, $36.7 million, and $44.7 million for 2020, 2021, and 2022, respectively.[77] ORA developed its estimate of PSEP-related revenue by relying on ratios and pro-rated amounts based on its forecast of PSEP capital additions relative to SoCalGas' forecast.[78] With the TCJA impact, ORA's updated increases are $13.5 million, $32.5 million, and $40.2 million for 2020, 2021, and 2022, respectively.[79] Long Beach does not oppose additional revenues for SoCalGas' PTY PSEP capital additions, but as recommended by ORA.[80] CUE and UCAN do not oppose SoCalGas' proposal to collect incremental PSEP revenue requirements during the post-test years in addition to the standard post-test year revenue requirement escalation.[81] Indicated Shippers does not oppose additional revenues for SoCalGas' PTY PSEP capital additions, but recommends that the Commission adopt Indicated Shippers' capital expenditure forecasts.[82]

SoCalGas appreciates intervenors' recognition that additional revenue requirements will be required for PSEP capital expenditures that are expected to close to plant in service after 2019. SoCalGas disagrees with ORA's and Indicated Shippers' proposals regarding PSEP capital-related revenue requirements, however, because those amounts are solely based on ratios and pro-rated amounts reflecting ORA's forecast of PSEP capital additions relative to SoCalGas' forecast. SoCalGas disagrees with ORA's and Indicated Shippers' proposed PSEP capital expenditures and witness Rick Phillips rebuts ORA's and Indicated Shippers' proposed PSEP

[76] Ex. ORA-31 (Tang) at 2:7-9.

[77] Ex. ORA-31 (Tang) at 25: 10-15.

[78] Ex. ORA-31 (Tang) at 20: footnote 63.

[79] EX. ORA-34 (Tang) at 10:22-11:2.

[80] Long Beach (Fulmer) at 2:23-24.

[81] CUE (Marcus) at 20:6-21:15, 38:4-13 and UCAN (Charles) at 2:15-18.

[82] Indicated Shippers (Gorman) at 31-43.

capital expenditures in 2020, 2021, and 2022.[83] Furthermore, even if ORA's proposed PSEP capital expenditures and the associated capital additions were to be adopted, the PSEP capital-related revenue requirements increase should be $13.2 million, $33.9 million, and $39.4 million for 2020, 2021, and 2022, respectively, and not the amounts proposed by ORA.[84]

Similarly, even if Indicated Shippers' proposed PSEP capital expenditures and the associated capital additions were to be adopted, the PSEP capital-related revenue requirements increase should be $9.0 million and $24.1 million for 2020 and 2021, respectively, and not the amounts proposed by Indicated Shippers.[85]

VII. REBUTTAL TO Z-FACTOR MECHANISM

A. ORA does not oppose continuation of the Z-factor mechanism but recommends that it only be effective during the post-test years.

SoCalGas disagrees with ORA's recommendation that the Z-factor mechanism only be effective for the post-test years, and not the test year. The Z-factor was established to protect both the utility and ratepayers by preventing both windfall profits and large financial losses as a result of unexpected and uncontrollable events. These events can take place at any time during the rate case cycle.

The Commission established nine specific criteria for evaluating Z-factor events which were summarized in D.94-06-011. In D.99-05-030, the Commission established a Z-factor mechanism for SoCalGas based on the nine criteria first identified in D.94-06-011. This mechanism included a $5 million deductible for each Z-factor event.[86] In D.05-03-023, the

[83] June 18, 2018, Rebuttal Testimony of Rick Phillips, Ex. SCG-215.

[84] ORA only submitted a recommended forecast for certain projects at the total project costs level without providing the breakdown between the O&M component and the capital component (April 13, 2018, ORA Report on Risk Management Policy, Risk Management Organization, Ex. ORA-03 (Ex. ORA-03); RAMP/GRC Integration; Pipeline Integrity; SoCalGas PSEP (Nils Stannik, Pui-Wa Li) at 40). To derive ORA's capital expenditures for those projects, SoCalGas applies a ratio between O&M and capital for those projects using SoCalGas' proposal.

[85] As Indicated Shippers recommends capital expenditures for the PSEP Valve Enhancement Plan at the program level, SoCalGas applies the ratio between Indicated Shippers' proposal and SoCalGas' proposal to the valve projects that are expected to close to plant in service in 2020 and 2021.

[86] Decision (D.) 99-05-030, mimeo., at 58 and 76 (Ordering paragraph No. 7).

Commission continued the Z-factor mechanism established by D.99-05-030 but eliminated one of the original nine criteria.[87] In a final decision granting SDG&E Z-factor treatment for increased insurance premiums, the Commission used the following criteria for Z-factor recovery:[88]

1. Caused by an event exogenous to SDG&E;
2. Caused by an event that occurred after the implementation of rates;
3. Costs that SDG&E cannot control;
4. Costs that are not a normal cost of doing business;
5. Caused by an event that affects SDG&E disproportionately;
6. Costs that have a major impact on SDG&E;
7. Costs that have a measurable impact on SDG&E; and
8. Costs that SDG&E has reasonably incurred.

The Commission did not include in this list the additional requirement ORA suggests: that the Z-factor mechanism only be effective for the post-test years, and not the test year. Rather, the timing of the Z-factor event is required to be "caused by an event that occurred after the implementation of rates."

In D.10-12-053, the Commission ruled that SDG&E met its burden of proof that the increase in liability insurance costs met all eight Z-factor criteria, and granted recovery of the associated costs. In the decision, the Commission answered the question, "Was SDG&E's Increase in Insurance Liability Costs Caused by an Event That Occurred After the Implementation of Rates?" as follows:

> In D.08-07-046 we authorized SDG&E's Test Year 2008 revenue requirement (including both liability insurance and deductible expense), with an effective date retroactive to January 1, 2008. Specific information regarding the unexpected changes in liability insurance was unknown to SDG&E until early 2009 when the effort to procure insurance for the next 12-month period began. The exact liability insurance premium expense increase was not known until the renewal date of June 26, 2009. Thus, we conclude that the incurred costs caused by increases in

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[87] *See*, D.05-03-023, mimeo., at 78 (Ordering Paragraph No. 2 authorizing SDG&E and SoCalGas to file for rate adjustments using the mechanisms described in the Settlement Agreement) and p.12 of Appendix C (Settlement Agreement). The eliminated criteria provided that the costs and event are not part of the rate update mechanism.

[88] D.10-12-053 at 42 (Finding of Fact 2).

insurance occurred in 2009, **after the implementation of rates in 2008**, thus satisfying the second Z-factor criterion.[89]

SoCalGas emphasizes that in its evaluation of the second criterion above, the Commission references the **test year** of 2008 as the effective date of the rate change. In fact, the Commission states that the effective date is the **first day** of the test year, January 1, 2008. Since the Z-factor event occurred after the first day of rate implementation, the Commission granted SDG&E's requested Z-factor treatment. The Commission's decision demonstrates that the Z-factor is in effect during both the test year and the post-test years. SoCalGas proposes that this same treatment be continued for the TY 2019 GRC cycle.

VIII. OTHER INTERVENOR ISSUES

A. UCAN claims that SoCalGas' proposal is excessive, and disproportionately benefits SoCalGas shareholders at the expense of ratepayers and Long Beach also makes a similar argument.

UCAN argues that despite lower attrition rates approved in prior GRCs, SoCalGas' recent earned rates of return (RORs) exceeded its authorized ROR.[90] UCAN further argues that PTY "mechanism should not be used to pad the utilities' revenue requirements in order to reduce shareholder risk and increase shareholder profit, nor should it be used to eliminate management responsibility to seek continued cost savings and efficiency enhancements."[91] Long Beach also makes a similar argument.[92] SoCalGas disagrees; the attrition request for revenue requirement is decoupled from earnings. Attrition is designed to adjust utility revenues for the corresponding expected increase in cost escalation during the post-test year period. Separately, the utilities are able to realize earnings above or below the authorized margin based on how effectively they are able to manage those costs. SoCalGas' future authorized revenue requirement should not be impacted by profits (or losses) earned in prior years. Attrition in the post-test years is implemented to capture cost escalation due to inflation and an expanding capital program, not profits, and the mechanism proposed by SoCalGas is accordingly designed to account for these elements.

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[89] D.10-12-053 at 32-33 (emphasis added).

[90] UCAN (Charles) at 11:4-8.

[91] UCAN (Charles) at 14:18-21.

[92] Long Beach (Fulmer) at 10:3-11:7.

B. ARAM

SoCalGas disagrees with TURN's proposal to increase ARAM in the attrition years. Taxes witness Mr. Ragan Reeves speaks to the complexity of ARAM in his response to data request IS-SCG-009 in May, 2018. Mr. Reeves states, "Due to the thousands of SoCalGas' [and SDG&E's] plant-related assets, and the TCJA's requirement to compute ARAM on an asset-by-asset basis, the ARAM computation is too complex and detailed to incorporate within SoCalGas' [or SDG&E's] Results of Operations (RO) Model or within an Excel file." For simplicity, SoCalGas applied the 2019 ARAM amount to the attrition years. The ARAM calculation determined through Mr. Reeves' chapter should be utilized for the PTY ratemaking mechanism.

IX. CONCLUSION

To summarize, SoCalGas has proposed a set of PTY ratemaking proposals that fairly balance the interests of both ratepayers and shareholders. 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, (2) use capital additions cost escalation that balances the certainty of historical spending with the best available estimates of future period capital additions, (3) include a forecast for PSEP capital additions beyond TY 2019.

For the reasons discussed above, the proposals of ORA, UCAN, TURN, SCGC, CUE, Indicated Shippers and Long Beach fail to meet these goals. SoCalGas has proposed a 4-year GRC term as it would free up scarce resources needed to litigate a GRC every three years and to allow the utility to maintain focus on safe, and reliable operations and customer responsibilities, O&M cost escalation and medical cost escalation indices that are closely aligned with SoCalGas cost drivers and capital additions cost escalation that balances the use of recorded and forecasted costs to best represent the anticipated capital-related costs for SoCalGas in the PTY period.

SoCalGas' attrition mechanism is fair and reasonable, and provides the foundation for operational and financial stability in the post-test years. This proposal accounts for the major cost drivers impacting 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.

X. WITNESS QUALIFICATIONS

My name is Sandra K. Hrna. I am the Vice President of Accounting and Finance for SoCalGas. My business address is 555 West Fifth Street, Los Angeles, California 90013. I have been employed by SDG&E, SoCalGas and Sempra Energy since 2001. In addition to my current position, I have held various operational, accounting, and finance positions within the organization. Some of those positions include Assistant Controller, Director of Supply Management & Supplier Diversity, Director of Capital & Business Optimization, Assistant Treasurer and Director of Financial Analysis & Regulatory Accounts, Director of Business Planning, Budgets & Claims, Director of Compliance and Accounts Payable, and Tax Accounting Manager.

I received my Bachelors of Business Administration – Accounting from The University of Texas at Austin in 1991. I also received a Masters in Professional Accounting – Tax from The University of Texas at Austin in 1991.

I have previously testified before this Commission.

APPENDIX A – GLOSSARY OF TERMS

ARAM	Average Rate Assumption Method
Commission	California Public Utilities Commission
CPI	Consumer Prices Index
CUE	Coalition of California Utility Employees
DRA	Division of Ratepayer Advocate
GI	Global Insight
GRC	General Rate Case
O&M	Operations and Maintenance
ORA	Office of Ratepayer Advocates
PG&E	Pacific Gas and Electric Company
PTY	Post-Test Year
RAMP	Risk Assessment and Mitigation Phase
RO	Results of Operations
ROR	Rate of Return
SCE	Southern California Edison Company
SDG&E	San Diego Gas & Electric Company
S-MAP	Safety Model Assessment Proceeding
SoCalGas	Southern California Gas Company
TURN	The Utility Reform Network
TY	Test Year
UCAN	Utility Consumers Action Network
SCGC	Southern California Generation Coalition
PSEP	Pipeline Safety Enhancement Plan
IOU	Investor Owned Utilities
FERC	Federal Energy Regulatory Commission
USofA	Uniform Systems of Accounts
TCJA	Tax Cuts and Jobs Act