

DRA DATA REQUEST
DRA-SCG-049-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 17, 2011
DATE RESPONDED: MARCH 4, 2011

Exhibit Reference: SCG MDR Chapter 21 Question 8

Subject: Retirement of assets, including East Whittier Storage Field

Please provide the following:

1. In response to Question 1 in above data request, SoCalGas identified and provided a list of all major retirements of utility assets and reclassification of utility assets, associated with land, transmission, distribution, and/or storage investment SoCalGas made since January 1, 2006. Per agreement with DRA, the list would only include those with a net book value of \$100,000 or greater at the time of retirement or reclassification. Please briefly describe the reason/s for the retirement/reclassification for each item included in the list.

SoCalGas Response:

See attached file.



Microsoft Office
Excel Worksheet

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2. In response to Question 3 in above data request, SoCalGas states that cushion gas was transferred to the core gas portfolio as it was withdrawn at its book value of \$0.23/Mcf and that cushion gas was withdrawn from the field until 2006. Also, SoCalGas states that the book value of cushion gas remaining in the field at the time it was removed from rate base in 2009 was \$1,936, or about 9 MMcf.
- a. Please clarify whether the above means that cushion gas was withdrawn over a number of years until 2006, and if so, please provide the quantity of cushion gas that was withdrawn each year, and the dollar value of cushion gas withdrawn each year. Please provide the corresponding journal entries for the cushion gas withdrawals that were made in each of those years when withdrawals were made.
 - b. Please provide the estimated economic/market value of the cushion gas for each of the years.
 - c. Please provide the original cost of the cushion gas and the basis for calculating the book value of cushion gas remaining in the field at the time it was removed from rate base as \$1,936, or about 9 MMcf.

SoCalGas Response:

- a. See attached file for a summary of the quantity and dollar value of cushion gas withdrawn by year.



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Document

See attached file for a summary of asset transactions corresponding to the withdrawals of cushion gas. No transactional data is provided prior to 1999 due to limitations in the availability of such data in our current and legacy accounting systems.



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There is a one month lag from when gas is withdrawn from the field (summary table) to when it is recorded in the general ledger (asset transactions).

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Response to Question 2 (Continued)

b. See attached file



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c. See attached file



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3. In response to Question 5 of the above data request, SoCalGas states that the volume of cushion gas in the field was 425 MMcf. Please clarify whether the statement also means that the total volume of the cushion gas that was transferred to the core gas portfolio at its book value of \$0.23/Mcf is in the amount of 425 MMcf. If not, then please provide the volume of cushion gas transferred to the core gas portfolio.

SoCalGas Response:

Please see response to Question 2a and 2c.

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4. In response to Question 3, SoCalGas states that it withdrew cushion gas from the field until 2006 “when the gas quality was no longer suitable to flow into the gas transportation system. Alternatives for treating the gas to acceptable standards were looked at for several years, but no economic option could be found.” Please provide all documentation that supports SoCalGas’ explanation regarding its decision to stop withdrawing cushion gas from East Whittier in 2006 including the details of any calculations supporting your response.

SoCalGas Response:

Attached is the gas analysis from the time that East Whittier was shut-in in 2006. The gas does not meet Rule 30 Specifications.

There was no formal report published on alternatives for treating the gas. Because the volume of cushion gas left was relatively small, after some consideration it became apparent that the cost to purchase and install a gas treatment plant would not prove economical. SoCalGas spent several years in discussion with the adjacent producer to see if we could come to an agreement to flow the gas through their treatment plant and recover some portion of the value. While that producer initially appeared interested, no agreement could be reached. These discussions were all verbal and there is no documentation.



Whittier gas analysis
031506.pdf