

**ORA DATA REQUEST
ORA-SCG-DR-027-DAO
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: DECEMBER 16, 2014
DATE RESPONDED: JANUARY 13, 2015**

Exhibit Reference: SCG-4, Gas Distribution O&M and Capital Expenditures

Subject: Capital Tools—Non-Routine, Multi-Gas Detector and Calibration Stations

Please provide the following:

Referring to SoCalGas' discussion of Capital Tools on pages FBA-133 to FBA-139, please provide the following information:

1. Please explain in detail how SoCalGas determined that 1,300 multi-gas detectors and 60 calibration stations need to be replaced in 2015. Include a copy of all documents and calculations used to identify the specific number of detectors and calibration stations that need to be replaced.

SoCalGas Response 01:

SoCalGas plans to purchase 1,300 multi-gas detector units: 1,200 units to replace the existing multi-gas detectors currently deployed, plus 100 units to serve as spares as units are pulled out of service for maintenance/repairs.

SoCalGas plans to purchase 60 calibration stations: 50 are needed to replace the existing calibration stations at each of the SoCalGas Customer Services Field operating districts, plus an additional 10 to serve as spares as stations are pulled out of service for maintenance/repairs.

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2. When did SoCalGas purchase the 1,300 detectors and the 60 calibration stations?

SoCalGas Response 02:

The forecasted equipment has not been purchased yet. The purchase and implementation of the new multi-gas detectors is scheduled for 2015.

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3. Provide a copy of all warranties referenced on line 20 of page FBA-135.

SoCalGas Response 03:

Please see the separately provided document titled ORA-SCG-0DR-27-DAO_Q3.pdf.

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4. Provide support for SoCalGas' claim as stated on lines 17-19 of page FBA-135 that these units are reaching their life expectancy and need to be repaired or replaced.
 - a. What is the life expectancy of the 1,300 detectors and 60 calibration stations?
 - b. Please provide a breakdown of the number of detectors and calibration stations SoCalGas plans to replace versus repaired and identify the unit cost for repair versus replacement for the detectors and calibration stations.
 - c. Does SoCalGas treat the repair costs for the detectors and calibration stations as O&M expenses or as capital expenditures? If the repair costs are O&M expenses, please identify the savings captured by the planned replacement of the detectors and/or calibration stations in 2015, and provide a citation to the workpapers and/or testimony wherein the savings are reflected.

SoCalGas Response 04:

- a. The life expectancy of the current GT multi-gas detector instruments and the calibration stations was five years. Purchase and implementation across all SoCalGas operating districts began in 2009, with completion in 2010, and SoCalGas purchased an extended warranty which expires in 2015.
- b. SoCalGas plans to replace all existing multi-gas detectors and calibration stations due to the chronic performance issues encountered with the current equipment. We have not performed a detailed comparison of future repair costs outside the existing five-year warranty period compared to the replacement costs.
- c. Most of the required repairs have been covered under the current five-year warranty. Repairs made outside of the warranty are recorded as O&M expenses. The repair costs have not been removed from the historical O&M expenses because it is expected that there will be similar ongoing repair costs associated with the new units such as battery and filter replacements.

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5. Provide the annual expense and number of multi-gas detectors repaired each year from 2009-2014 Year-to-Date (YTD).

SoCalGas Response 05:

Please see the requested data in the table below. Repair costs reflect the amounts invoiced, and are shown in nominal dollars of the year.

	2009	2010	2011	2012	2013	2014
Units Repaired	0	172	626	922	965	653
Repair Costs (Nominal \$)	\$0	\$0 ¹	\$11,000	\$143,000 ²	\$74,000	\$70,000

¹ Repair costs through 2010 were covered by the warranty.

² Repair costs were higher in 2012, as many of the sensors used in the multi-gas detectors reached the end of their life.

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6. Provide the annual expenditure and number of multi-gas detectors replaced each year from 2009-2014 YTD.

SoCalGas Response 06:

Since the original equipment purchase in 2009 and 2010, there was a single purchase for six replacement units in 2012. The cost, not including tax or shipping, is shown below:

$$(6 \text{ Units}) * (\$1,186.26 \text{ per unit}) = \$7,117.56.$$

All other instrument replacements were filled from the available stock, so no additional replacement purchases were made.

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7. Provide the annual expense and number of calibration stations repaired each year from 2009-2014 YTD.

SoCalGas Response 07:

All calibration station repairs were covered under the warranty, so no expenses were incurred.

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8. Provide the annual expenditure and number of calibration stations replaced each year from 2009-2014 YTD.

SoCalGas Response 08:

None of the calibration stations originally purchased have been replaced. Any issues or costs associated with repairs to the calibration equipment were covered under the warranty and no costs were incurred for repairs not covered by the warranty.

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9. Provide support for the SoCalGas claim that each multi-gas detector costs \$1,540 for the base unit and \$179 for taxes and shipping.

SoCalGas Response:

Please refer to the separately provided file, ORA-SCG-DR-027-DAO_Q9A_CONFIDENTIAL.pdf for the base unit cost used in the forecast. This document should be treated as **CONFIDENTIAL PURSUANT TO P.U. CODE SECTION 583 & G.O.66-C.**

RESPONSE REMOVED DUE TO CONFIDENTIALITY.

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10. Provide support for the SoCalGas claim that each calibration station costs \$2,750 for the base price and \$300 for taxes and shipping.

SoCalGas Response 11:

Please refer to the response provided to Question 9 above.