

**ORA DATA REQUEST
ORA-SCG-098-JOH
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 23, 2018
DATE RESPONDED: FEBRUARY 5, 2018**

Exhibit Reference: SCG-43-R, Capital input
SCG Witness: Khai Nguyen/Ryan Hom
Subject: RO capital additions

Please provide the following:

1. In the rbSCGDataInput.xls spreadsheet, workbook “RatioInput” contains rates by functional categories for Interest Bearing and AFUDC, retirement, cost of removal, salvage, and rate of routine current year capital expenditures closing.

- a. How are these rates determined?
- b. Please provide supporting studies/documentation on how these rates were derived.
- c. Cross reference to other SCG exhibits if necessary.

SoCalGas Response 1:

- a. Interest Bearing – As stated in Exhibit SCG-35-R (Revised Direct Testimony of Patrick D. Moersen) at page PDM-7, non-interest bearing construction work-in-progress (NIBCWIP) represents projects completed and placed in service within 30 days of construction or purchase (*i.e.*, capital tools). A portion of capital tools costs will not receive allowance for funds used during construction (AFUDC). Costs associated with land do not receive AFUDC so the rate is 0%. All other projects will receive AFUDC.

AFUDC – As discussed in Exhibit SCG-35-R (Revised Direct Testimony of Patrick D. Moersen) at page PDM-6, the AFUDC rate used for this Test Year 2019 General Rate Case application is SoCalGas’ authorized rate of return.

Retirement Percentage – As discussed in Exhibit SCG-35-R (Revised Direct Testimony of Patrick D. Moersen) at page PDM-6, forecasted retirements are based on five years of retirement history. The percentage is calculated by dividing retirements by plant balance.

Cost of Removal Percentage – As discussed in Exhibit SCG-36-WP-R (Revised Workpapers to Prepared Direct Testimony of Flora Ngai) at page 12, forecasted cost of removal is based on five years of history. The percentage is calculated by dividing cost of removal by total capital expenditures including cost of removal.

Salvage Percentage – As discussed in Exhibit SCG-36-WP-R (Revised Workpapers to Prepared Direct Testimony of Flora Ngai) at page 12, forecasted salvage is based on five years of history. The percentage is calculated by dividing salvage by retirements.

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SoCalGas Response 1.a: -Continued

Closing of Routine Projects – As discussed in Exhibit SCG-35-R (Revised Direct Testimony of Patrick D. Moersen) at page PDM-4, the rate to forecast the closings to plant for routine projects is derived based on five years of historical experience. The percentage is calculated based on the beginning CWIP plus an average of the five-year historical percentage of current year capital expenditures capitalized within the same year costs are spent by asset category.

- b. Please see the attached supporting schedules for the calculation of retirements, cost of removal, salvage, and closing of routine projects:

ORA-SCG-098-JOH_Q1b_Removal.xlsx
ORA-SCG-098-JOH_Q1b_Retire_Salvage.xlsx
ORA-SCG-098-JOH_Q1b_RoutineAdds.xlsx

- c. Please see the response to Question 1(a) above.