

Company: Southern California Gas Company (U904G)  
Proceeding: 2019 General Rate Case  
Application: A.17-10-007/-008 (cons.)  
Exhibit: SCG-206

**SOCALGAS**

**REBUTTAL TESTIMONY OF BETH MUSICH**

**(GAS TRANSMISSION OPERATION)**

**JUNE 18, 2018**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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**SOCALGAS REBUTTAL TESTIMONY OF BETH MUSICH  
(GAS TRANSMISSION OPERATION)**

**I. SUMMARY OF DIFFERENCES**

<b>TOTAL O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SOCALGAS	<b>30,260</b>	<b>51,934</b>	<b>21,674</b>
ORA	<b>30,260</b>	<b>27,695</b>	<b>-2,565</b>
TURN	<b>30,260</b>	<b>27,846</b>	<b>-2,414</b>

<b>TOTAL NON-SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SoCalGas	<b>29,310</b>	<b>50,918</b>	<b>21,608</b>
ORA	<b>29,310</b>	<b>26,681</b>	<b>-2,629</b>
TURN	<b>29,310</b>	<b>26,832</b>	<b>-2,478</b>

<b>TOTAL SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SoCalGas	<b>950</b>	<b>1,016</b>	<b>66</b>
ORA	<b>950</b>	<b>1,016</b>	<b>66</b>
TURN	<b>950</b>	<b>1,016</b>	<b>66</b>

**II. INTRODUCTION**

This rebuttal testimony regarding SoCalGas' request for Gas Transmission Operation addresses the following testimony from other parties:

- The Office of Ratepayer Advocates (ORA) as submitted by Ms. Oge Enyinwa (Exhibit ORA-12), dated April 13, 2018.<sup>1</sup>
- The Utility Reform Network (TURN), as submitted by Mr. Eric Borden (Exhibit TURN-01), dated May 14, 2018.<sup>2</sup>

<sup>1</sup> April 13, 2018, ORA Report on SCG – Gas System Integrity, Gas Transmission Operation, and Gas Transmission, Exhibit ORA-12 (Oge Enyinwa).

<sup>2</sup> May 14, 2018, Prepared Direct Testimony of Eric Borden Addressing San Diego Gas & Electric Company and Southern California Gas Company in Their Test Year 2019 General Rate Case Related to

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

6 My testimony addresses Gas Transmission O&M expenses only at SoCalGas (SCG-GT).  
7 Gas Transmission capital forecasts are found in the joint direct and rebuttal testimony of  
8 SoCalGas witnesses Michael Bermel and Beth Musich (Exhibits SCG-07 and SCG-207,  
9 respectively). ORA and TURN submitted testimony addressing SoCalGas Gas Transmission  
10 O&M expenses. ORA makes cost-specific recommendations, and TURN makes a cost specific  
11 recommendation for the single cost group of Technical Services - Non-Shared Service. TURN's  
12 recommendation is based on a five-year (2013-2017) historical averaging of annual cost  
13 calculation.

14 **A. ORA**

15 ORA issued its report on Gas Transmission Operation on April 13, 2018. The following  
16 is a summary of ORA's recommendations:

- 17 • A \$7.162 million (100%) reduction in the requested Southern Gas System  
18 Reliability Project Abandonment Recovery, also known as the North-South  
19 project (Technical Services - Non-Shared services).<sup>3</sup> ORA bases this proposed  
20 reduction on its interpretation of Commission ruling Decision (D.) 16-07-2015  
21 issued in 2016 in response to SoCal Gas Application (A.) 13-12-013.<sup>4</sup>
- 22 • A \$5.000 million (100%) reduction in Right-Of-Way Maintenance increase.  
23 ORA's recommendation is based on its opinion that the activity is an "integral

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Electric Distribution Capital, Gas Transmission Operation, Gas Major Projects, Cash Working Capital,  
and Customer Forecast, on behalf of The Utility Reform Network [TURN], Exhibit TURN-01 (Borden).

<sup>3</sup> Ex. ORA-12 (Enyinwa) at 4.

<sup>4</sup> *Id.*

1 part of routine pipeline O&M and these expenses are already being amply funded  
2 in rates and historical, recorded data.”<sup>5</sup>

- 3 • A \$12.000 million (100%) reduction in Class Location Mitigation. ORA’s  
4 recommendation is partially based on its position that the activity is an “integral  
5 part of routine pipeline O&M and these expenses are already being amply funded  
6 in rates and historical, recorded data,”<sup>6</sup> and that funding for this activity should be  
7 limited to five-year averaging for this activity.<sup>7</sup>
- 8 • ORA also expresses the opinion that “[a]t this time, ORA considers the RAMP  
9 program insufficiently developed to dictate, or even substantially guide, funding  
10 decisions in the GRC.”<sup>8</sup>

### 11 **B. TURN**

12 The Utility Reform Network (TURN) submitted testimony on May 14, 2018. The  
13 following is a summary of TURN’s positions:

- 14 • TURN recommends average historical spending levels be adopted for  
15 Technical Services by omitting 2012 and substituting 2017 for its five-  
16 year average, resulting in a recommended reduction of \$24.090 million to  
17 SoCalGas’ requested \$26.466 million.<sup>9</sup> TURN’s recommendation is based  
18 on its assertion that the activities of class location mitigation and right-of-  
19 way maintenance lacked sufficient support:

20 For the other two areas (‘class location mitigation’ and  
21 ‘right-of-way maintenance’) SCG has not demonstrated  
22 why incremental funding over and above historical  
23 averages is necessary.<sup>10</sup>

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<sup>5</sup> *Id.* at 12.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 16.

<sup>8</sup> *Id.* at 14 (internal citation omitted).

<sup>9</sup> Ex. TURN-01 (Borden) at 42.

<sup>10</sup> *Id.*

1 **III. REBUTTAL TO PARTIES’ O&M PROPOSALS**

2 **A. Non-Shared Services O&M**

<b>NON-SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SOCALGAS	<b>29,310</b>	<b>50,918</b>	<b>21,608</b>
ORA	<b>29,310</b>	<b>26,681</b>	<b>-2,629</b>
TURN	<b>29,310</b>	<b>26,832</b>	<b>-2,478</b>

3  
4 **1. Disputed Cost**

5 **a. ORA**

6 ORA takes issue with the Test Year Non-Shared O&M forecast for Technical Services.  
7 ORA states, “ORA does not oppose SCG’s request for 2019 O&M expenses except in one area:  
8 Non-Shared O&M services for Technical Services. Most O&M expenses are considered normal  
9 day to day activities in the running of a natural gas transmission system in order to be in  
10 compliance with regulations and ensure the safety of employees and the public in general. ORA  
11 considers these functions . . . to be an integral part of routine pipeline O&M and these expenses  
12 are already being amply funded in rates and historical, recorded data.”<sup>11</sup> ORA also states, “The  
13 cost drivers presented by SCG are not unique but rather routine in nature.”<sup>12</sup>

14 SoCalGas disagrees with ORA because ORA’s reliance on historical costs is inadequate  
15 to determine the merit of the activities proposed by SoCalGas to sustain and enhance regulatory  
16 compliance, employee and public safety, and the effective mitigation of risk identified within  
17 SoCalGas’ RAMP program.<sup>13</sup>

18 **Right-of-Way Maintenance**

19 ORA’s recommended \$5.000 million reduction in Right-Of-Way funding does not appear  
20 to consider that even if the maintenance of the right of ways (ROW) may be routine in nature,  
21 there are several other non-routine activities that impact the ROW budget. Examples of ROW

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<sup>11</sup> Ex. ORA-12 (Enyinwa) at 12.

<sup>12</sup> *Id.*

<sup>13</sup> Rebuttal to ORA’s recommendation a \$7.162 million (100%) reduction in the requested Southern Gas System Reliability Project (North-South) Abandonment Recovery is provided in the joint rebuttal testimony of Mike Bermel and Beth Musich for Gas Transmission Capital (Exhibit SCG-207).

1 activities that are not repetitive in nature year-after-year are removal of previously abandoned  
2 pipelines, span repainting after wildfires, and repair of pipe exposures and road washouts after  
3 significant rainfall.

4 When pipelines are taken out of service (abandoned), SoCalGas no longer uses the  
5 property to transport natural gas, the basis for which the rights of way were originally acquired.  
6 Whether the land rights are acquired by easement, license agreement, or franchise, if SoCalGas  
7 is not granted the right to abandon its facilities in-place, then it must resolve any future physical  
8 or title issues impacting the abandoned pipeline. If the pipeline cannot remain in-place,  
9 SoCalGas must remove the abandoned pipeline at its own expense.

10 Capitalization of removal cost is permissible if the pipeline is removed at the time of  
11 service abandonment. When removal is not performed concurrent with service abandonment, the  
12 cost of removal is instead classified as O&M expense. SoCalGas has historically not removed  
13 pipelines at the time of abandonment if there was no practicable reason for increasing the cost of  
14 the service abandonment projects, such as where there were no plans for future land development  
15 conflicting with the abandoning the pipeline in-place.

16 Gas Transmission's annual ROW budget for the last two GRC cycles has been  
17 approximately \$1.5 million. A single project for the removal of an abandoned pipeline can  
18 potentially consume much of the ROW budget, depending on the amount of abandoned pipeline  
19 that needs to be removed.

20 Right of Way maintenance of access roads is also critical to make sure that inspection  
21 and integrity compliance is maintained. Those access roads must be maintained to provide ready  
22 access in the event of third party pipeline damages, wild fire damage, and the overall general  
23 safety of employees and the public. For example, in 2017 and 2018, the California wildfires  
24 across Ventura and Santa Barbara Counties, and the subsequent heavy rainstorms impacted  
25 nearly 100 pipeline spans and multiple road washouts.

### 26 **Class Location Mitigation**

27 ORA's recommended reduction of \$12.000 million in Class Location Mitigation is not  
28 justified because residential, commercial, and industrial development near gas pipelines may  
29 change the class location originally assigned to that pipeline segment. These changes to class  
30 location require SoCalGas to analyze the pipeline to verify that it is properly classified. If the  
31 existing MAOP for the pipeline exceeds the limits for the new class location, the pipeline needs



1 to be remediated by either replacement or re-hydrotesting. Hydrotest costs are an O&M expense.  
2 SoCalGas has two years to remediate a pipeline impacted by class location changes. If  
3 remediation does not occur with that period, the MAOP must be reduced, which may lead to  
4 reliability and operational issues. There are currently two pipelines with multiple segments that  
5 are operating at a lowered MAOP because of class location issues.<sup>14</sup>

6 It should be noted that during the course of research conducted in responding to data  
7 requests, SoCalGas identified that the reference to “HCA” (High Consequence Area) as stated in  
8 certain testimony, workpapers, and RAMP documents should have referred only to “Class  
9 Location Mitigation” rather than also including the term “HCA.” Notwithstanding, there is no  
10 correlation between HCA miles and class location mitigation.<sup>15</sup>

### 11 **RAMP-Related Projects**

12 ORA’s suggested dismissal of SoCalGas’ RAMP cross-referencing is unjustified. The  
13 Commission modified the Rate Case Plan in D.14-12-025 to incorporate a risk-based decision-  
14 making framework, which established the RAMP process and required the utility to integrate  
15 “RAMP results into its GRC filing.”<sup>16</sup> The Risk Management Policy testimony of Diana Day  
16 “present[s] the very first risk-informed General Rate Case (GRC) application, supported by  
17 testimony that transparently demonstrates how the Companies’ key safety risks have been  
18 prioritized under the California Public Utilities Commission’s (CPUC or Commission) new GRC  
19 framework.”<sup>17</sup> The Enterprise Risk Management Organization testimony of Gregory Flores  
20 sponsors the Operations and Maintenance (O&M) expenses for SoCalGas and SDG&E to  
21 support the vision described in Ms. Day’s testimony related to the Enterprise Risk Management  
22 function.<sup>18</sup> The RAMP to GRC Integration testimony of Jamie K. York “describes the process

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<sup>14</sup> See ORA-SCG-137-OE2, Question 3.c as attached in Appendix A.

<sup>15</sup> ORA-SCG-113-OE2, Question 1.a; TURN-DR-018, Question 1.c as attached in Appendix A.

<sup>16</sup> D.14-12-025 at 42.

<sup>17</sup> December 2017, Revised Direct Testimony of Diana Day on Risk Management Policy, Exhibit SCG-02-R/SDG&E-02-R, Chapter 1 (Day) at DD-ii.

<sup>18</sup> December 2017, Direct Testimony of Gregory Flores on Enterprise Risk Management Organization, Exhibit SCG-02-R/SDG&E-02-R, Chapter 2 (Flores) at GSF-1.

1 used to integrate the Risk Assessment Mitigation Phase (RAMP) process into these General Rate  
2 Case (GRC) applications.”<sup>19</sup>

3 In SoCalGas’ direct testimony, it presented the relationship between requested projects  
4 and programs and the RAMP risks and mitigations.<sup>20</sup> In doing so, SoCalGas anticipated and  
5 expected intervenors to apply appropriate analysis and consideration of all the Utilities RAMP  
6 related cross-references.

7 The RAMP-related information presented in this proceeding cannot simply be ignored,  
8 but rather should be “used to inform funding decisions”<sup>21</sup> in this proceeding, as suggested by  
9 ORA’s witness Mr. Nils Stannik.

10 SoCalGas’ RAMP showing in the GRC is based on the requirements adopted by the  
11 Commission in decisions and the modification of the Rate Case Plan to include a new risk-based  
12 decision-making framework, including the RAMP. Rather than dismissing the RAMP  
13 information presented in this proceeding and evaluating safety risks consistent with prior GRCs,  
14 which were not subject to the new risk-based framework, SoCalGas is requesting the  
15 Commission to adopt and faithfully initiate use of the RAMP-related showing in this proceeding  
16 to inform and guide the outcome of its funding decisions.

17 **b. TURN**

18 TURN expressed its position as follows:

19 The significant increase in incremental spending is driven primarily by the  
20 following categories within the Technical Services umbrella:

- 21 • High Consequence Area (HCA) - Class Location Mitigation;
- 22 • Right-Of-Way Maintenance; and
- 23 • Southern Gas System Reliability Project Abandonment Recovery.

24 The “Project Abandonment Recovery” costs, which relate to the denied  
25 application for the North-South pipeline, also appear in SCG-07 (Gas  
26

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<sup>19</sup> December 2017, Direct Testimony of Jamie York on Ramp to GRC Integration, Exhibit SCG-02-R/SDG&E-02-R, Chapter 3 (York) at JKY-ii.

<sup>20</sup> Oct. 6, 2017, Direct Testimony of Beth Musich on Gas Transmission Operation, Exhibit SCG-6 (Musich) at 3, 6-9

<sup>21</sup> April 13, 2018, ORA Report on Risk Management Policy; Enterprise Risk Management Organization; RAMP/GRC Integration; Pipeline Integrity; SoCalGas PSEP, Exhibit ORA-03 (Nils Stannik) at 2, 15.

1 Transmission). They should be disallowed in SCG-06 to avoid double-  
2 funding the expense, even if granted. The testimony of Cathy Yapp (sp)  
3 addresses this issue in further detail.  
4

5 For the other two areas (“class location mitigation” and “right-of-way  
6 maintenance”) SCG has not demonstrated why incremental funding over  
7 and above historical averages is necessary.”<sup>22</sup>  
8

9 TURN continues:

10 “TURN recommends average historical spending levels be adopted for the  
11 Technical Services category. We incorporate 2017 spending into a five-  
12 year average (2013-2017) to reflect the slightly increased spending level  
13 of this year for 2019.”<sup>23</sup>  
14

15 Regarding Ms. Yap’s disallowance due to “double funding,” the costs for the North-  
16 South project are O&M and are thus appropriately dealt with in this testimony. The joint capital  
17 testimony of Mr. Bermel and Ms. Musich addresses the scope of the project while the O&M  
18 costs are represented in this testimony, so there is no double funding. SoCalGas disagrees with  
19 TURN for the same reasons explained above in response to ORA’s recommendations. For these  
20 reasons, ORA’s and TURN's recommendations should not be accepted and SoCalGas  
21 recommends the Commission adopt its forecasted O&M expenses for Gas Transmission non-  
22 shared services.

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<sup>22</sup> Ex. TURN-01 (Borden) at 41-42 (internal citations omitted).

<sup>23</sup> *Id.* at 42.

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**B. Shared Services O&M**

<b>SHARED O&amp;M - Constant 2016 (\$000)</b>			
	<b>Base Year 2016</b>	<b>Test Year 2019</b>	<b>Change</b>
SOCALGAS	<b>950</b>	<b>1,016</b>	<b>66</b>
ORA	<b>950</b>	<b>1,016</b>	<b>66</b>
TURN	<b>950</b>	<b>1,016</b>	<b>66</b>

**1. Disputed Cost**

**a. ORA**

ORA does not dispute SoCalGas’ forecast for its Shared Services Cost Centers (Director Gas Transmission, Field Operations Managers, and Technical Services Manager).<sup>24</sup> SoCalGas recommends the Commission adopt SoCalGas’ forecast as reasonable.

**b. TURN**

TURN does not contest SoCalGas’ forecast for its Shared Services Cost Centers (Director Gas Transmission, Field Operations Managers, and Technical Services Manager). SoCalGas recommends the Commission adopt SoCalGas’ forecast as reasonable.

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<sup>24</sup> Ex. ORA-12 (Enyinwa) at 4.

**C. Additional Items**

In the course of discovery and other research, the following errata items were found.

No.	Ex. No.	Testimony Area	Page No.	As Shown	Revision	Witness
1	SCG-06	Technical Services	EAM-7 Line 8	Remediation of high consequence area (HCA).	remediation of pipeline Class Location Change (CLC)	Musich
2	SCG-06	Technical Services	EAM-8 Line 6	High Consequence Area Pipelines	Pipeline Class Location Changes (CLC)	Musich
3	SCG-06	Technical Services	EAM-8 Line 7	remediation of High Consequence Area (HCA) class location changes	remediation of Pipeline Class Location Changes (CLC)	Musich
4	SCG-06	Technical Services	EAM-17 Line 15	High Consequence Area (HCA) - Class Location Mitigation (\$12,000);	Pipeline Class Location Change (CLC) Mitigation (\$12,000);	Musich
5	SCG-06	Technical Services	EAM-18 Line 12	HCA Class Location Mitigation	Pipeline Class Location Change (CLC) Mitigation	Musich
6	SCG-06	Technical Services	EAM-18 Line 13	Mitigation of HCA class location is	Mitigation of Pipeline Class Location Changes (CLC) is	Musich
7	SCG-06-WP	Technical Services	Pg. 30 2017 RAMP Incremental	Explanation: RAMP-4 Incremental High Consequence Area (HCA) Class Location Mitigations	Explanation: RAMP-4 Pipeline Class Location Change (CLC) Mitigation	Musich
8	SCG-06-WP	Technical Services	Pg. 30 2018 RAMP Incremental	Explanation: RAMP-4 Incremental High Consequence Area (HCA) Class Location Mitigation	Explanation: RAMP-4 Pipeline Class Location Change (CLC) Mitigation	Musich
9	SCG-06-WP	Technical Services	Pg. 31 2019 RAMP Incremental	Explanation: RAMP-4 Incremental High Consequence Area (HCA) Class Location Mitigation	Explanation: RAMP-4 Pipeline Class Location Mitigation	Musich
10	SCG-06-WP	Technical Services	Pg. 39 Program Name	Program Name: High Consequence Area (HCA) Class Location	Program Name: Pipeline Class Location Change (CLC) Mitigation	Musich

**IV. CONCLUSION**

To summarize, the TY2019 forecasted costs associated with the operation and maintenance of SoCalGas' gas transmission system as presented in my direct testimony and this rebuttal are reasonable and should be adopted by the Commission.

1 As noted in this rebuttal, I recommend the TY 2019 forecast of \$50,918,000 for Non-  
2 Shared Operating and Maintenance expenses.

3 I also recommend approval of the TY2019 forecast of \$1,016,000 for Shared Services  
4 Operating and Maintenance expenses.

5 These costs are reasonable and in alignment with SoCalGas' commitment toward  
6 sustaining safe and reliable service to customers while also striving to control operating expenses  
7 without compromising safety or regulatory compliance.

8  
9 This concludes my prepared rebuttal testimony.

10  
11 **V. WITNESS QUALIFICATIONS**

12 My name is Beth Musich. In March 2018, I became the Director of Major Projects &  
13 Construction for SoCalGas and SDG&E. I was the Director of Gas Transmission from January  
14 2015 to March 2018 for SoCalGas and SDG&E.

**APPENDIX A**  
**DISCOVERY RESPONSES**  
**ORA-SCG-113-OE2**  
**ORA-SCG-137-OE2**  
**TURN-DR-018 – QUESTION 1**

**ORA DATA REQUEST**  
**ORA-SCG-113-OE2**  
**SOCALGAS 2019 GRC – A.17-10-008**  
**SOCALGAS RESPONSE**  
**DATE RECEIVED: JANUARY 31, 2018**  
**DATE RESPONDED: FEBRUARY 15, 2018**

**Exhibit Reference:** SCG-06  
**SCG Witness:** Beth Musich  
**Subject:** Gas Transmission Operation

**Please provide the following:**

1. Referring to SCG’s response to ORA-SCG-048-OE2, Question 5a. You state that SCG has increased its HCA mileage from 1080 miles as reported in the 2012 PHMSA report to 1136 miles, as reported in the 2016 PHMSA report. This is a total of 56 miles.

- a. Please state on an annual basis, how many of the 56 miles you have carried out a class location mitigation on, from 2012 to 2017?
- b. What is the average cost per mile to perform a class location mitigation?
- c. Please show annual costs to perform class location mitigations from 2012 to 2017.

**SoCalGas Response 1:**

- a. During the course of research conducted in responding to this data request, SoCalGas identified that the reference to “HCA” (High Consequence Area) as stated in certain testimony, workpapers, and RAMP documents should have referred only to “Class Location Mitigation” rather than also including the term “HCA”. SoCalGas will conduct a document review to determine where this may have occurred and a correction to those documents will be made at the next opportunity where appropriate. Notwithstanding, there is no correlation between HCA miles and class location mitigation.
- b. Class location mitigation measures and associated costing vary greatly due to the many and varied differences associated with this specific type of work. For instance, variables such as pipeline location, substructure and surface attributes, permitting requirements and type of mitigative process employed have a direct impact on costing that is unique to each such project. As such, SoCal Gas has not calculated an “average cost per mile.”



**ORA DATA REQUEST  
ORA-SCG-113-OE2  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: JANUARY 31, 2018  
DATE RESPONDED: FEBRUARY 15, 2018**

**SoCalGas Response 1: -Continued**

- c. The 2012 through 2017 annual recorded cost associated with the performance of class location mitigations are reflected in following table.

<b>Year</b>	<b>Replacement Cost</b>	<b>Hydro-Test Cost</b>
2012	\$ 2,197,256.00	
2013	\$ 1,945,838.00	
2014	\$ 3,969,701.00	
2015	\$ 26,232,247.00	\$ 2,887,058.00
2016	\$ 7,849,316.00	\$ 965,715.00
2017	\$ 17,391,490.00	\$ 429,562.00

**ORA DATA REQUEST  
ORA-SCG-113-OE2  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: JANUARY 31, 2018  
DATE RESPONDED: FEBRUARY 15, 2018**

2. Referring to SCG’s response to ORA-SCG-048-OE2, Question 11.

- a. Please provide the exact date the lease terminated.
- b. What was the agreed tenure of the lease?
- c. Was this termination premature?

**SoCalGas Response 2:**

- a. The 25-year pipeline lease agreement between SoCalGas and the City of Long Beach will terminate based on expiration of the lease term effective June 3, 2018. SoCalGas is not terminating the lease agreement with the City of Long Beach.

Please see also SoCalGas’ response to data request “ORA-SCG-107-TXB,” question 3, referring to file attachment “ORA-SCG-048-OE2 \_ Q8,” which was previously provided to ORA in SoCalGas’ Response 8 to ORA data request, ORA-SCG-048-OE2.

- b. See response to 2a.
- c. See response to 2a.

**ORA DATA REQUEST  
ORA-SCG-113-OE2  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: JANUARY 31, 2018  
DATE RESPONDED: FEBRUARY 15, 2018**

3. Referring to SCG's response to ORA-SCG-048-OE2, Question 14b: Please provide recorded overtime compensation for 2017 for the Blythe Compressor station.

**SoCalGas Response 3:**

Recorded overtime compensation for the Blythe Compressor station in 2017 was \$304,196.00.

**ORA DATA REQUEST  
ORA-SCG-113-OE2  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: JANUARY 31, 2018  
DATE RESPONDED: FEBRUARY 15, 2018**

4. Referring to Ex. SCG-06 testimony, page EAM-18, lines: 14-17.
- a. Please provide a breakdown of the costs associated with the Moreno Whitewater portion of the Southern Gas System Reliability Project.
  - b. What percentage of the entire project was related to the Moreno Whitewater section?
  - c. Why wasn't the cost for this project included in the system planning portion of your last GRC?

**SoCalGas Response 4:**

- a. The request for recovery of project costs associated with the Southern Gas System Reliability Project, otherwise known as the North South Project, may be found in Exhibit SCG-07. Please note that SoCalGas is not seeking recovery of project costs associated with the Moreno-Whitewater portion of the North South Project. The Moreno-Whitewater portion of the North South Project was de-scoped in November 2014 and at that time costs associated with that portion of the project were removed from the internal order.
- b. Not applicable. See response to 4a.
- c. Not applicable. See response to 4a.

ORA DATA REQUEST  
ORA-SCG-137-OE2  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: FEBRUARY 20, 2018  
DATE RESPONDED: MARCH 9, 2018

**Exhibit Reference:** SCG-06  
**SCG Witness:** Beth Musich  
**Subject:** Gas Transmission O&M

**Please provide the following:**

1. Referring to Ex. SCG-06-WP, page 41: Please provide the job title, job description and justification for the increase in FTE requested for this Test Year.

**SoCalGas Response 1:**

Within cost center 2200-0253 there are no additional positions planned for the cost center/organization. As shown in Ex. SCG-06, Page EAM-21, Lines 20 – 23, “The incremental cost increase is the result of the selected five-year cost averaging methodology.” The increased Full Time Equivalent values do not correlate directly to headcount or positions, but in this case represent additional support staff time from a variety of sources charged to this cost center over the 2016 value and derived from the five-year average.

ORA DATA REQUEST  
ORA-SCG-137-OE2  
SOCALGAS 2019 GRC – A.17-10-008  
SOCALGAS RESPONSE  
DATE RECEIVED: FEBRUARY 20, 2018  
DATE RESPONDED: MARCH 9, 2018

2. Referring to Ex. SCG-06-WP, page 50: Please provide the job title, job description and justification for the increase in FTE requested for this Test Year.

**SoCalGas Response 2:**

Within the cost center 2200-0265 there are no additional positions planned for the cost center/organization. As shown in Ex. SCG-06, Page EAM-22, Lines 17 – 18, “The TY 2019 forecast was determined through the use of a five-year (2012-2016) annual average method.” Similar to the explanation in response to question 1 herein, the increased Full Time Equivalent values do not correlate directly to headcount or positions, but in this case represent additional support staff time from a variety of sources charged to this cost center over the 2016 value and derived from the five-year average.

ORA DATA REQUEST  
 ORA-SCG-137-OE2  
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 SOCALGAS RESPONSE  
 DATE RECEIVED: FEBRUARY 20, 2018  
 DATE RESPONDED: MARCH 9, 2018

3. Referring to SCG’s response to data request ORA-SCG-113-OE2, Question 1c:

- a. Are all the Replacement costs and Hydro-Test costs listed in the table, O&M costs?
- b. Do they have any capital cost component in them? If yes, please provide a table separating these costs into O&M and Capital costs.
- c. Are there plans to do any hydro-testing in the Test Year? If yes, please identify what sections of your pipeline system have been earmarked for this.
- d. For the Test Year, what sections of your pipeline system have been earmarked for replacement as a result of Class location remediation/mitigation?

**SoCalGas Response 3:**

As a preliminary matter, the following table is submitted as a replacement to the table provided in SoCalGas’ response 1c to ORA-SCG-113-OE2. During the course of research conducted in responding to this data request, it was determined that the table previously provided included cost associated with projects that were subsequently identified as not directly applicable to Location Class Change Mitigation scope of work activity. The remaining responses are in reference to this revised table.

Year	Pipeline	Replacement Cost (Capital expense)	Hydro-Test Cost (O&M expense)	Pipeline Diameter	Linear Feet
2012	2000	\$1,022,651		30	700
2012	2001	\$819,129		30	700
		\$1,841,780			1,400
2013	235	\$2,458,576		30	700
		\$2,458,576			700
2014	235	\$1,257,238		30	1200
2014	2000	\$1,381,491		30	800
2014	2001	\$1,462,664		30	1100
		\$4,101,393			3,100
2015	247	\$3,563,714		16	1200
2015	1004	\$530,440		16	100
2015	2001	\$1,954,842		30	1400
2015	2051	\$1,270,809		36	400

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**SoCalGas Response 3:-CONTINUED**

2015	4000	\$934,366		36	1532
2015	4000		\$1,346,776	36	10930
2015	4000	\$421,502		36	423
2015	4000		\$876,807	36	5492
		\$8,675,673	\$2,223,583		21,477
2016	235	\$7,638,212		34	5964
2016	235	\$258,601		34	160
2016	235		\$448,956	34	7958
2016	235		\$1,250,000	34	6600
		\$7,896,813	\$1,698,956		20,682
2017	1185	\$4,399,755		36	264
2017	2000	\$1,742,688		30	2500
2017	2000	\$1,569,817		30	800
2017	2001	\$1,446,871		30	800
		\$9,159,131			4,364

- a. No, all pipeline replacement cost is capitalized. All hydro-testing of existing pipelines is O&M expense.
- b. Cost are segregated as reflected in the above table and clarified in response 3a.
- c. At present, SoCalGas is forecasting performing \$12,000,000 in hydro-testing annually beginning in Test Year 2019. SoCalGas has identified the following pipelines as being impacted: Lines 1005 and 235W.
- d. SoCalGas has not identified specific segments of its pipeline system for replacement as a result of class location mitigations in Test Year 2019 at this time.



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4. Referring to Ex. SCG-06 testimony, page EAM-8, lines 13-19: Since it takes two years to remediate the pipeline, will you please state for the next two years what parts/sections of your pipeline have been identified for Class Location Remediation/Mitigation? Provide detailed explanations/information where necessary.

**SoCalGas Response 4:**

As a clarification, the question above appears to be based on a misinterpretation of the cited statement in testimony. The statement in Ex. SCG-06, Page EAM-8, Lines 15-16 reads: “When the class location for a pipeline changes, SoCalGas has two years to remediate the pipeline.” The particular citation does not address the time it takes to remediate the pipeline within that two-year period.

The currently identified segments for class location mitigation over the course of the next two years is provided in Capital Workpapers Ex. SCG-07-CW, Workpaper Group M03120.

TURN DATA REQUEST-018  
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8  
SDG&E\_SOCALGAS RESPONSE  
DATE RECEIVED: FEBRUARY 22, 2018  
DATE RESPONDED: MARCH 15, 2018

Subject: SoCalGas – Gas T&D (SCG-04, 06, 08)

1. Re. SCG-06 and SCG-06-WP BMusich: Regarding “Technical Services” (budget code 2GT002.000):
  - a. Please provide in Excel recorded 2017 costs (in nominal and constant 2016 dollars) for this budget category, separated into “shared” and “non-shared” services.
  - b. Page 29 of the workpapers shows the five-year average of these costs is around \$2 million, whereas SCG forecasts \$26.5 million in TY 2019. Please provide an explanation of why SCG believes this cost increase is necessary.
  - c. Page 31 of the workpapers shows an incremental \$12 million in “2019 RAMP Incremental” costs for High Consequence Area Class Location Mitigation.
    - i. Please explain in detail the nature of these costs, including an explanation of the cost drivers and how they are “incremental” to prior years.
    - ii. Please provide a detailed estimate, in Excel where possible with all calculations and assumptions, demonstrating how the \$12 million figure was derived.
  - d. Page 31 of the workpapers shows an incremental \$5 million in “2019 RAMP Incremental” costs for contract administrator staffing.
    - i. Please explain in detail the nature of these costs, the cost drivers, and how they are “incremental” to prior years.
    - ii. Please provide a detailed estimate, in Excel where possible with all calculations and assumptions, demonstrating how the \$5 million figure was derived.
  - e. Page 31 of the workpapers shows an incremental \$7.2 million in “2019 Other” costs for satellite monitoring for ground movements.
    - i. Please explain in detail the nature of these costs, the cost drivers, and how they are “incremental” to prior years.
    - ii. Please provide a detailed estimate, in Excel where possible with all calculations and assumptions, demonstrating how the \$7.2 million figure was derived.

TURN DATA REQUEST-018  
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8  
SDG&E\_SOCALGAS RESPONSE  
DATE RECEIVED: FEBRUARY 22, 2018  
DATE RESPONDED: MARCH 15, 2018

**Utility Response 01:**

- a) 2017 data for the requested workpaper is not yet available.
- b) A complete overview of SoCalGas' forecast of incremental costing is provided in Ex. SCG-06, Pages EAM-16 – 18, Lines 24 – 17.

A line item detail on the incremental cost included in the Test Year 2019 forecast is located at Ex. SCG-06, Page EAM-17, Lines 9 – 19.

- c) SoCalGas' use of the term High Consequence Area / HCA, has been identified as an error. The correct terminology/labeling should have reflected "Class Location Mitigation." The error will be addressed at first available opportunity.

Details on the \$12 million incremental funding associated with Class Location Mitigation is located within Ex. SCG-06, Page EAM-8, Lines 6 – 19.

- d) The \$5 million incremental funding referenced by this request is associated with explanation appearing below the \$ value (i.e., RAMP-4 Incremental Right-Of-Way...) as opposed to the explanation referenced in the request.

Details on the incremental nature of the Right-Of-Way funding is located within Ex. SCG-06, Page EAM-8, Lines 1 – 5.

- e) The \$7.2 million incremental funding referenced by this request is associated with explanation appearing below the \$ value (i.e., Southern Gas System Reliability – Project Abandonment Cost Recovery) as opposed to the explanation referenced in the request.

Details on the incremental nature of the this costing is located within Ex. SCG-07, Pages MAB-30, Line 1 through MAB-32, Line 7, and SoCalGas' confidential response to TURN-SCGC-DR-02.