

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**
**APPLICATION FOR REVIEW OF COSTS INCURRED IN EXECUTING
PIPELINE SAFETY ENHANCEMENT PLAN (PSEP)
(A.18-11-010)**

(Indicated Shippers Data Request-01)

Date Requested: March 26, 2019

Date Responded: April 09, 2019

QUESTION 01:

With regard to WP-IX-A2, please provide the following information concerning the entries in column a:

- a) The period of time over which the expenditures were made.
- b) The basis for treating these expenditures as operation and maintenance expense instead of capitalizing them as an asset.

RESPONSE 01:

- a) WP-IX-A2 is broken up into four sections: Completed Projects, Descoped Projects, Post Completion Adjustments, and PSRMA PSEP Insurance.

Please see below for the timing of expenditures for each section of column (a).

- Completed Projects (WP-IX-A2 lines 2 to 37): February 2013 to April 2018
- Descoped Projects (WP-IX-A2 lines 40 to 48): October 2017 to July 2018
- Post Completion Adjustments (WP-IX-A2 lines 51 and 52): April 2016 to April 2018
- PSRMA PSEP Insurance (WP-IX-A2 line 54): July 2013 to June 2014

- b) Please refer to Chapter III Direct Testimony (Phillips), page 2 lines 7-16.

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QUESTION 02:

Regarding WP-IX-A3, please provide the following information regarding the entries in column a (please provide your responses in Excel format):

- a) Identify whether these are gross capital costs and whether or not there is any reduction for accumulated reserve for depreciation. If there is a reduction for accumulated reserve for depreciation, please provide the details of the gross capital cost and the related accumulated reserve for depreciation. If not, please explain why not.
- b) Please state whether or not these amounts have been reduced for deferred income taxes associated with accelerated depreciation. If they have been reduced, please provide the details of the gross capital cost and the related deferred income tax offset. If not, please explain why not.
- c) Please provide the dollar expenditures by month and year.

RESPONSE 02:

- a) The entries in column (a) of WP-IX-A3 are gross capital costs without any reduction for accumulated reserve for depreciation. Column (b) represents the Allowance for Funds Used During Construction (AFUDC) associated with each project and column (c) represents the total capital costs for each project. As stated in Chapter IX Direct Testimony (Reyes), these total capital costs are reduced for Pension and Post-Retirement Benefits Other Than Pensions (PBOPs) shown in column (d), as these overhead costs are subject to a separate balancing account mechanism. These costs are further adjusted for certain non-incremental overheads such as warehousing costs, fleet and costs of removal as shown in column (e) and for disallowed hydrotesting costs shown in column (f). Column (g) represents the adjusted capital basis/plant additions for each project, which was used as the basis to calculate the capital-related costs, including depreciation, return, income taxes, and property taxes, through April 2018, as shown in WP-IX-A4, column (b).
- b) The amounts in column (a) have not been reduced for deferred income taxes associated with accelerated depreciation. Please see response 2a above.
- c) Please refer to the attached file 'IS DR-01_Q02_Workbook'.

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QUESTION 03:

Concerning WP-IX-A4, column b, please provide in Excel format:

- a) An identification of the cost recovery components that are included in column b.
- b) The workpapers supporting the calculation of these amounts in relation to the adjusted capital basis dollars shown in column a.
- c) Workpapers supporting the cost recovery amounts in column c. including the time when those costs were recovered or expected to be recovered.
- d) The justification for collecting all of these costs over a 12 month period as opposed to a longer period of time.

RESPONSE 03:

- a) The cost recovery components included in WP-IX-A4 column (b) are depreciation, return, and taxes.
- b) Please refer to the attached file 'IS DR-01_Q03_Workbook'.
- c) Decision (D.)16-08-003 (Attachment A): "[a]uthorize[s] 50% recovery of revenue requirements associated with actual Pipeline Safety Enhancement Plan (PSEP) costs...for PSEP Phase 1A and Phase 1B (pre-1946 non-piggable pipelines), subject to refund. Cost recovery could begin immediately, and the balance would be re-set annually thereafter on January 1." As such, SoCalGas amortized 50% interim rate recovery of the June 2016 balance of the Pipeline Safety & Reliability Memorandum Account (PSRMA), Safety EnhancementExpense Balancing Account (SEEBAs), and Safety Enhancement Capital Cost Balancing Account (SECCBA) over a 16-month period from September 2016 through December 2017. Subsequently, SoCalGas amortized a second annual 50% interim rate recovery of the August 2017 balance in the PSRMAs, SEEBAs, and SECCBAs over the 12-month period of January 2018 to December 2018.
- d) SoCalGas and SDG&E's normal practice is to amortize over a 12-month period, consistent with other regulatory account balances in SoCalGas' and SDG&E's annual regulatory account balance update filing for rates effective January 1 of the following year.

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QUESTION 04:

Please provide an executable native load version with all formulas intact of the model used to create the rates illustrated in Table 13 of Chapter X and in Attachment C to the Application.

RESPONSE 04:

See attached files:

- July-2018 SCG RD Model ACTR
- July-2018 SDGE RD Model ACTR

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QUESTION 05:

Please provide an executable version in native format with formulas intact of the attachments to SoCalGas' response to SCGC Data Request 1.2.

RESPONSE 05:

SoCalGas and SDG&E understand this request to seek the active Excel files, if any, that correspond to SoCalGas and SDG&E's response to SCGC DR 1.2. Please refer to the attached files.

Note: Updated excel versions of Table 7 and Table 8 from Chapter III Direct Testimony (Phillips) were provided in an amendment to SCGC Data Request 1.2 dated April 9, 2019, and are also included herein:

- IS DR-01_Q05_Ch. III (Phillips)_Table 1-4 Pipeline Costs and Ch IV (Mejia) Table 1 Valve Costs
- IS DR-01_Q05_Ch. III (Phillips)_Table 5 Misc Costs
- IS DR-01_Q05_Ch. III (Phillips)_Table 6 Descoped Projects
- IS DR-01_Q05_Ch. III (Phillips)_Table 7 Disallowance
- IS DR-01_Q05_Ch. III (Phillips)_Table 8 Post 55 Disallowance
- IS DR-01_Q05_Ch. III (Phillips)_Table 9-10 Mileage Summary
- IS DR-01_Q05_Ch. IX (Reyes)_Table 2 Rev Req
- IS DR-01_Q05_Ch. VII (Moersen)_Tables 1-2 Overheads PSEP
- IS DR-01_Q05_Ch. III (Phillips)_Table 7 Disallowance_Amended 04-09-2019
- IS DR-01_Q05_Ch. III (Phillips)_Table 8 Post 55 Disallowance_Amended 04-09-2019