DRA DATA REQUEST
DRA-SCG-081-DAO
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: APRIL 28, 2011
DATE RESPONDED: MAY 16, 2011

Exhibit Reference: SCG-2 Gas Distribution O&M Expenses

Subject: Service Maintenance

Please provide the following:
Referring to pages GOM-30 to GOM-32, provide the following information:

1. A copy of all supporting documents and/or calculations used to substantiate the statement, "SCG expects to see an increase in service leak repairs as a result of increased survey work performed ahead of street improvements." Include a copy of any and all comparisons performed to determine the increase in survey work.

SoCalGas Response:

When street improvement projects are completed, governing municipalities will often impose moratoriums that limit the access utilities have to their facilities located in the newly paved streets for several years. If SoCalGas discovers an underground leak that needs to be repaired while the street is under a moratorium, the paving costs associated with the repair are very costly since the municipality often requires a restoration of the street that significantly exceeds the actual cut size to match aesthetic conditions prior to excavation. This repair can include the restoration of an entire lane of traffic, several lanes or curb to curb for any length requested by the municipality. To prevent costly leak repairs in newly paved streets, SoCalGas surveys its pipeline and facilities in the impacted area for leakage and makes repairs **ahead** of street improvements.

SoCalGas expects an increase in the number of street and highway improvement projects in upcoming years as municipalities receive federal stimulus funding. This assumption is supported by information showing Recovery Act monies have been granted, received and expended by California Counties for Transportation Works. According to the Transportation Distribution Funds Graph, located at http://www.recovery.ca.gov/html/funding/transportation/transportation.shtml, California has spent approximately 20% of the potentially available Federal funding as of April 28, 2011. In 2011 and 2012 SoCalGas expects increases in transportation projects as more of the awarded stimulus dollars become available to the State.

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SoCalGas Response to Question 1 (continued):

This increase in municipal work will generate the need for additional leakage survey being completed by SoCalGas. As a result of the increased leak surveys, SoCalGas will locate and repair more leaks ahead of street improvement projects. The incremental leaks were determined after reviewing and discussing with the field managers their prior experience with jobs related to stimulus funding. Based on a sampling over a five month period, there were 25 leaks found. This number was annualized to derive an estimated number of leak repairs per year as a result of stimulus funding. This number (60) was then allocated to main and service leak repairs based upon the 2005-2008 historical average of the leak repair type (i.e. 28% main leaks, and 72% service leaks).

By completing pipeline repairs ahead of the street improvements, SoCalGas is avoiding what would have been higher repair costs had the work been completed after the moratorium was in place.

Based on the information provided by field supervisors/managers, it is estimated that an incremental 43 leaks will need to be repaired per year at a total cost of approximately $47,000 per year. Please see pages 106 – 107 of 234 of Exhibit SCG-02-WP for the assumptions and calculations for the increased service repair costs resulting from leak surveys performed ahead of stimulus funded street improvement projects.

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2. With regard to the discussion on pedestrian access at construction sites, please provide
   a. A copy of SCG' former field practices before the agreement with DiRA was signed;
   b. A copy of the field practices after the modifications were made;
   c. A listing of the "materials and procedural changes" that have been identified and/or put in place and the dates these changes were identified or made.
   d. The annual expenses incurred for this work activity each year from 2008-2011 YTD.

SoCalGas Response:

a. Field construction training materials have always included reference to performing work to be in compliance with Americans with Disabilities Act (ADA). Construction drawings were completed consistent with California Joint Utility Traffic Control Manual (formerly known as the WATCH Manual - Work Area Protection and Traffic Control). There were no other formal specific standards.

b. SoCalGas introduced a new Gas Standard, incorporating the recommended procedures into utility practices for construction sites. Attached is a copy of this Standard (191.0086) **"**Pedestrian Path of Travel and Accessibility".


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c. The following measures were undertaken in accordance with the measures agreed to in the MOU.

   1. 07/07/2009 - Purchased access ramps for use by all SoCalGas distribution districts.

   2. 6/11/2009 – Conducted Webinar training facilitated by mutually agreed upon consultant.

SoCalGas Response to Question 2c (Continued):

3. 6/12/2009 – PowerPoint on training materials made available to all SoCalGas distribution districts.

4. 6/24/2009 -- System Instruction 191.0084 "Pedestrian Path of Travel and Accessibility" was published.

5. 6/25/2009 – DVD of Webinar training session; including dialog and Q&A session made available to all SoCalGas distribution employees.

6. 04/05/2010 – Purchased railing/barricade kits for use by all SoCalGas distribution districts.

7. 5/28/010 - Completed required field audits. Audits were by mutually agreed upon consultant.

8. 6/21/2010 - Audit report completed and sent to Disability Rights Advocates per MOU.

d. SoCalGas has historically recorded its costs for O&M work by cost center and FERC accounts corresponding to the major activity completed. These construction specifications are a factor influencing the total cost of completing the activity. The expenses associated with each factor that may influence a single activity are not tracked separately. Therefore, the requested detail is not available.

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3. A copy of any and all supporting documents and/ or calculations used to determine that the Los Osos City Sewer System will require "...additional work [that] will range from altering the elevation segments of service lines in their present locations, to relocating segments of pipe." (See page. GOM-31)

SoCalGas Response:

Please see the response to DRA-SCG-057-DAO, Question 5a for a copy of the status update on the Los Osos sewer system replacement project prepared by the San Luis Obispo County Department of Public Works.

Although SoCalGas has not yet received any sewer project plans from the city of Los Osos that can be used to identify conflicts that would result in service relocations and/or alterations, as the project has been described to SoCalGas' field supervisor virtually every street in Los Osos will be excavated to install sewer pipelines. Because of this extensive undertaking by the City, SoCalGas anticipates that it will be required to relocate or alter service that are in the path of the proposed sewer pipeline. Please see pages 112-113 of 234 of Exhibit SCG-02-WP which provides the assumptions and estimates used to derive the incremental cost of this work.

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4. A copy of any and all supporting documents and/or calculations used to determine the increase of $252,000 for service maintenance as a result of the Los Osos City Sewer System.

SoCalGas Response:

Please see pages 112-113 of 234 of Exhibit SCG-02-WP which provide the assumptions and calculations used to determine the increased costs for service maintenance work as a result of the Los Osos sewer project.

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5. A copy of any and all supporting documents and/or calculations used to determine that there will be an increase in city/municipality requirements in 2012. Include a copy of any and all comparisons used to determine this assertion.

SoCalGas Response:

In preparing the estimate related to increased city/municipality requirements, SoCalGas Field Managers and Technical Supervisors were polled as to the expected impact of these requirements on SoCalGas' operations. These managers and supervisors have firsthand knowledge of the changing city/municipality requirements, and based on the poll results, further discussions and historical observations, the increase in these requirements was estimated. As noted on pages GOM-6 and GOM-7, SoCalGas has observed an increasing trend associated with costs in several areas including permits, paving repairs, and restricted work hours:

> "SoCalGas' average O&M cost per permit has increased by 33% since 2005, well in excess of general non-labor inflation. Additionally, city requirements for engineered traffic control plans as a condition of permitting construction and maintenance also contribute to increased expenditures. Cities are citing safety concerns as the reason for this additional requirement. Historically, only projects having special circumstances related to traffic control required engineered traffic plans. These specialized engineered plans must be prepared by a contract engineering firm, thus increasing costs to the operations. Based on experience in SoCalGas' Technical Planning office, during 2009 the percentage of jobs requiring these plans rose from 3% to 10%. Most recent experience indicates that this trend will continue into the future.
> SoCalGas is facing additional paving repair requirements imposed by municipalities that impact field construction practices and therefore result in increased costs. These include requiring T-Cuts, grinding for steel plate installation, and paving repair size that exceeds the actual cut size. From 2005 to 2009 SoCalGas' average cost per paving order increased by 65%. SoCalGas anticipates this significant cost increase in paving will continue in future years."
> "Finally, cities are also imposing restricted work hours resulting in more days to complete work. As urban centers become more congested with vehicular traffic, more cities are restricting the hours when construction work can be performed during the day or even requiring some work to be completed at night. This growing trend toward restricted working hours reduces the time available to complete work, impacting field productivity."

Please see pages 108-111 of 234 of Exhibit SCG-02-WP which provides the assumptions and calculations used to determine the incremental costs relating to the increased city and municipality requirements.

SoCalGas does not maintain a comparative tracking of changes in city/municipality construction requirements over time.

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6. A copy of any and all supporting documents and/or calculations used to determine the $675,000 increase in service maintenance expenses as a direct result of increased city/municipality requirements.

SoCalGas Response:

Please see pages 108-111 of 234 of Exhibit SCG-02-WP which provides the assumptions and calculations used to determine the increased costs for service maintenance work as a result of increased city/municipality requirements. In addition, please see the "Miscellaneous Supporting Material" on page 214 of 234 for the itemized increases related to increased city/municipality requirements.

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7. With regard to SCG's discussion on "aging infrastructure-replace obsolete regulators," please identify the number of obsolete regulators replaced, both with and without internal relief capabilities, and the annual expenses associated with the replacements from 2005-2011 YTD.

SoCalGas Response:

This discussion relates to smaller, lower pressure gas regulators typically used by the majority of residential and small commercial customers. Natural gas regulators mentioned below are limited to standard delivery pressures (7-9 inches Water Column) with outlet sizes from 3/4" to 1".

SoCalGas has not previously had a targeted replacement program for service regulators with internal relief. These regulators have been replaced mainly by Customer Services personnel as performance issues are encountered in the field.

In 2010, SoCalGas identified that replacement of regulators with internal relief should be proactively managed to avoid an unplanned surge in replacements as the regulators age and decline in effectiveness. SoCalGas is developing a systematic program to target regulators for replacement based on age, performance, or obsolescence. SoCalGas does not currently have enough detailed data on the replaced service regulators to correlate the vintage and model of regulator with the regulators which have been replaced for performance issues. SoCalGas is currently collecting the necessary data to identify specific vintage and makes of aging regulators for targeted replacement.

The table below summarizes service regulator replacements for 2005- 2011 YTD.

Regulator Changes								
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011 Mar YTD**	**TOTAL**
Without Internal Relief	30,671	42,450	35,597	25,792	53,058	50,476	6,062	244,106
With Internal Relief	9,396	16,893	17,230	14,380	13,504	14,661	4,008	90,072
Total	40,067	59,343	52,827	40,172	66,562	65,137	10,070	334,178

The cost of replacements of service regulators either with or without internal relief is not available since most replacements of regulators were performed in conjunction with other activity at the site.

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8. On page GOM-32, SCG states that in 2010, the company identified regulators that should be targeted for replacement and that these replacements will begin in 2011. Provide a copy of this listing and answer these questions in the response.
    a. Are these regulators being replaced for the first time in 2011? If so, please provide a detailed explanation of the reasons.
    b. Please include an explanation of why these regulators have not been replaced in the past? Please include a copy of any and all supporting documents.

SoCalGas Response:

As described in the response to Question 7, the targeted list of regulators has not been developed yet.

a. SoCalGas has and will continue to routinely replace service regulators as performance issues are encountered in the field.

   Currently SoCalGas uses primarily Customer Service employees to replace this equipment either through a specific replacement program or through incidental discovery while working on the MSA. Distribution employees may also encounter these obsolete regulators when working at the MSA. For this reason, SoCalGas will now begin to engage the Distribution employees in this replacement activity, thereby leveraging the time when a Distribution employee is on site. It is less costly to replace the regulator while on site rather than create a secondary order for a scheduled replacement at a later date. These replacements will be outside the normally scheduled replacement work of regulators without internal relief (Reliance K) included in the testimony of Mr. Ed Fong (exhibit SCG-07-EF, Page 24) further reducing the inventory of pre 1983 regulators in the field.

b. Please see answer to Questions 7 and 8(a) above.