

SCGC DATA REQUEST
SCGC-SCG-DR-12
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: SEPTEMBER 6, 2011
DATE RESPONDED: SEPTEMBER 16, 2011

- 12.1. Comparing the Total Net O&M Benefits and Capital Benefits (Hard Only) shown for the years 2012-2015 in workpaper HSE-WP-36 with the lines PTY Incremental O&M Benefits and TY net O&M benefits shown in workpaper HSE-WP-42 for the same years:
- 12.1.1. Please reconcile the two sets of figures showing a step by step derivation of the second set based on the first set.
- 12.1.2. Please show all workpapers to this reconciliation.
- 12.1.3. Please explain in detail why the “PTY Incremental O&M Benefits and TY net O&M benefits” is correct to use rather than “Total Net O&M Benefits and Capital Benefits (Hard Only)” in the revenue requirement summary at workpaper HSE-WP-42.

SoCalGas Response 12.1.1:

We do not have a reconciliation analysis, however we can provide the excel format of the workpapers and a roadmap to follow the calculations from inputs to summaries. Please refer to the Excel version of Emmrich’s OpEx 20/20 **workpapers provided on an accompanying CD.**

Input workpapers

- HSE-WP-36 shows the O&M and Capital Benefits (Hard Only) that are used as an input into the revenue requirement analysis for Post Test Year purposes.

Revenue Requirement workpapers

- The O&M benefits with associated Franchise Fees and Uncollectibles (FF&U) are illustrated in workpapers HSE-WP 97-99.
- The revenue requirement calculation for Capital benefits is shown in workpapers HSE-WP 100-114. Those components include: FF&U, Ratebase and Returns, Income and Property Taxes, and Depreciation schedules for book and tax, including separate computations for expenditures impacted by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.
- The summary of the revenue requirement for benefits (capital and O&M) are illustrated in HSE-WP 91-96.

Summary of Results

- The results of the revenue requirement analysis on capital and O&M benefits are further summarized in workpaper HSE-WP-44 under SoCalGas Gas – Benefits.
- HSE-WP-42 draws 2012 results from the results of operations (“RO”) model, which is presented on HSE-WP-43 (see witness Deborah Hiromoto’s testimony and workpapers exhibit SCG-38, for additional details). The 2013-2015 figures correspond to the results from the PTY revenue requirement model shown in HSE-WP-44. Specifically, PTY Incremental O&M Benefits represents the Net of O&M costs and Cumulative Incremental O&M Benefits in the Post Test Years relative to 2012. The TY net O&M benefits correspond to 2012 TY benefits escalated for post test years. For this reason, PTY Incremental O&M Benefits and TY net O&M benefits are the correct line items to use because it represents the incremental benefits in the attrition years compared to the Test Year.

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Response to Question 12.1 (Continued)

SoCalGas Response 12.1.2:

Please refer to response for 12.1.1 above.

SoCalGas Response 12.1.3:

Please refer to response for 12.1.1 above.

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12.2. What are the 2016 values for Rev Req capital benefits, PTY Cumulative Incremental O&M benefits, and TY net O&M benefits that would correspond to the workpaper HSE-WP-42?

SoCalGas Response:

SoCalGas has not created a schedule for 2016 that corresponds to HSE-WP-42.

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- 12.3. Comparing the Total Net O&M Benefits and Capital Benefits (Hard Only) shown for the years 2012-2015 in workpaper HSE-WP-36 with the lines CapEx, Capital Related Rev Req, and O&M, FF&U shown in workpaper HSE-WP-44 in the SCG Gas- Benefits category for the same years:
- 12.3.1. Please reconcile the two sets of figures showing a step by step derivation of the second set based on the first set.
- 12.3.2. Please show all workpapers to this reconciliation.
- 12.3.3. Please explain in detail why the “CapEx, Capital Related Rev Req, and O&M, FF&U” is correct to use rather than “Total Net O&M Benefits and Capital Benefits (Hard Only)” in the revenue requirement summary at workpaper HSE-WP-44.

SoCalGas Response 12.3.1:

We do not have a reconciliation analysis, however we can provide the excel format of the workpapers and a roadmap to follow the calculations. Please refer to the Excel version of Emmrich’s OpEx 20/20 workpapers provided on an accompanying CD.

Input workpapers:

- HSE-WP-36 shows the O&M and Capital related Benefits and O&M costs thru 2012, not any ongoing O&M or Capital Costs.
- For O&M costs for periods 2013-2015 refer to page HSE-WP-37.
- Input pages for capital related costs are found on pages HSE-WP-35 and HSE-WP-37.

Revenue requirement workpapers:

- Revenue requirement analysis using the input schedules of capital costs and O&M are located in workpapers HSE-WP 47-90. Those workpapers present calculations related to: FF&U, Ratebase and Returns, Income and Property Taxes, and depreciation schedules for book and tax, including separate calculations for expenditures impacted by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

Summary of Results

- Results from the revenue requirement analysis are further summarized in HSE-WP-46 under SoCalGas Gas-Costs.
- HSE-WP-42 draws 2012 figures from results of operations (“RO”) model, which is summarized on HSE-WP-43 (see witness Deborah Hiromoto’s testimony and workpapers exhibit SCG-38, for additional details). The 2013-2015 figures correspond to results from the PTY revenue requirement model shown in HSE-WP-44. Specifically, the Capital Related Rev Req line item in HSE-WP-42 represents the Net of capital related revenue requirements and capital related benefits in the Post Test Years. This schedule further calculates the Adjusted Base Margin when accounting for net capital related revenue requirements, incremental O&M benefits, and Test Year O&M benefits compared to the TY, with an additional adjustment for shared asset billing with SDG&E. For this reason, the line items highlighted in HSE-WP-42 is the correct schedule to use because it represents the incremental capital costs and benefits in the attrition years compared to the Test Year.

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Response to Question 12.3 (Continued)

SoCalGas Response 12.3.2:

Please refer to response for 12.3.1 above.

SoCalGas Response 12.3.3:

Please refer to response for 12.3.1 above.

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- 12.4. Comparing PTY Incremental O&M Benefits and TY net O&M benefits shown in workpaper HSE-WP-42 for the years 2012-2015 with the lines CapEx, Capital Related Rev Req, and O&M, FF&U shown in workpaper HSE-WP-44 in the SCG Gas- Benefits category for the same years:
- 12.4.1. Please reconcile the two sets of figures showing a step by step derivation of the second set based on the first set.
 - 12.4.2. Please show all workpapers to this reconciliation.
 - 12.4.3. Please explain in detail why the “PTY Incremental O&M Benefits and TY net O&M benefits” is correct to use rather than “CapEx, Capital Related Rev Req, and O&M, FF&U” is correct to use in the revenue requirement summary at workpaper HSE-WP-42.

SoCalGas Response 12.4.1:

We do not have a reconciliation analysis, however we can provide the excel format of the workpapers and a roadmap to follow the calculations. Please refer to the Excel version of Emmrich’s OpEx 20/20 workpapers provided on an accompanying CD.

HSE-WP-44 represents the summary of the Post Test Year revenue requirement analysis. HSE-WP-42 draws from HSE-WP-44 for years 2013-2015 and HSE-WP-43 for 2012 TY RO model results. The schedule in workpaper HSE-WP-42 further delineates results by showing net incremental figures in the attrition years compared to the test year and makes an adjustment for shared asset billing with SDG&E before drawing the final Adjusted Base Margin and Deficiency/Surplus figures.

Please see responses for 12.1 and 12.3 for additional details.

SoCalGas Response 12.4.2:

Please refer to responses for 12.4.1, 12.1, and 12.3

SoCalGas Response 12.4.3:

Please refer to responses for 12.4.1, 12.1, and 12.3

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- 12.5. Please prove quantitatively that the amount of revenue requirement associated with a 1% growth in customers is approximately equal to 1% of SoCalGas' gas margin as suggested by Mr. Emmrich in his testimony: "In SoCalGas' proposed attrition method both customer growth and productivity are omitted from the attrition formula (i.e., they offset each other)." Emmrich Direct at HSE-6.

SoCalGas Response:

Dr. Lowery's analysis shows that SoCalGas' productivity has been about 1% per year over the past 10 years. Based on that data, 1% customer growth would require the utilities to continue to increase productivity by 1% to offset the cost of new customer growth during the PTY period.

Dr. Lowry's study is attached.



EXH SCG 37.pdf