

TURN DATA REQUEST
TURN-SCG-DR-20
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JULY 20, 2011
DATE RESPONDED: AUGUST 19, 2011

1. **[Underground Storage]** – For the Company’s investment in underground storage-related facilities, please provide the following:
 - (a) a detailed description of the type and location of storage facilities;
 - (b) the year each storage facility was first placed into service;
 - (c) the date and related circumstances for any gas storage facility (not individual components but the entire facility) fully retired;
 - (d) all plans that reflect the retirement of any of the existing Company individual storage facilities;
 - (e) all valuation analysis performed applicable to any gas storage facility during the past 10 years (including tax valuations);
 - (f) a detailed narrative explaining the physical life limitations for each of the Company’s gas storage facilities (*e.g.*, cavern collapsing due to age and use with expected remaining physical life of 10 years, etc.);
 - (g) a detailed narrative along with all support and justification explaining why the actual well associated with each storage facility cannot be expected to have an average life longer than approximately 29 years as proposed; and
 - (h) all inquiries regarding purchase of facilities or rental of facilities or capacity during the past 10 years.

SoCalGas Response 01:

- (a) Please refer to the prepared direct testimony of James D. Mansdorfer (Exh SCG-04-R.
- (b) Aliso Canyon – 1972 ◊ Goleta – 1941 ◊ Honor Rancho – 1975 ◊ Playa del Rey – 1942
- (c) There are no fully retired gas storage facilities in ratebase.
- (d) SoCalGas has no plans to retire any of the active storage fields.
- (e) SoCalGas has not performed a valuation analysis of any of the active storage fields
- (f) The storage reservoir is a naturally occurring underground geologic formation that held oil and gas under pressure for millions of years, and so has no physical life limitation. Individual operational assets within each field such as compressors, well-heads, field lines, and wells are maintained, replaced, and re-built as necessary. Each asset has an authorized average service life (ASL).
- (g) For the 2012 GRC, the Iowa Curve was kept as authorized from the 2008 GRC as “L0”. The life was extended three (3) years to 29. Many, if not all the wells at the SCG UGS fields have had significant capital reworks several times, each probably costing 1/2 or more of the original cost. The major factors causing limited life of wells are sand erosion, internal and external corrosion, reduced productivity from asphaltene and scale plugging of the formation, and fine particle migration, around the wellbore. Also, the cycling of pressure from high to low causes elastomers to deteriorate and fail and the threaded casing connections to start leaking.
- (h) SoCalGas has an ongoing program to sell injection, withdrawal, and inventory capacity at its storage fields per Rate Schedule G-TBS.

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2. **[Account 367]** – For the Company’s investment in Account 367 – Transmission Mains, please provide the following:
- (a) the linear feet by size and type of pipe along with the corresponding value of each category of pipe to the extent available;
 - (b) the linear feet of pipe retired by year for each of the past 15 years by size and type along with the corresponding dollar values to the extent available;
 - (c) a detailed explanation along with all support and justification as to why a 57 R5 life-curve combination was selected when a 60 R4 and a 65 R3 life-curve combination have superior sum of squared differences, 100% retirement experience indices, and fall within the same category of index of variation, as set forth on Workpaper BW-WP-129;
 - (d) all improvements in manufacturing, coating, or installation associated with newer vintage pipe that are anticipated to yield a longer life expectancy from a physical standpoint that the Company is aware of, along with all supporting documentation for each type of improvement;
 - (e) a detailed narrative along with all support and justification explaining the differences in percentage cost of removal between the 2009 retirement and the 2007 retirement, the first of which resulted in 117% cost of removal, while the latter of which resulted in only a 22% cost of removal;
 - (f) a detailed listing along with all corresponding support and justification for the costs that are allocated to cost of removal in instances where mains are replaced at the same location where a retirement occurs;
 - (g) a detailed narrative identifying the Company’s policy regarding abandonment or removal of pipe retired, and the quantity of pipe abandoned in place versus removed by year for the past 15 years; and
 - (h) a detailed narrative identifying the various inspection programs for the Company’s Transmission mains, as well as when each program was first implemented and the cycle associated with each such program.

SoCalGas Response 2:

- (a) Attached is a spreadsheet showing the footage of pipe, size and corresponding value.



C:\367 Main detail
SCG.xls

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SoCalGas Response 2-Continued:

- (b) Attached is a spreadsheet listing by year from 1999 – 2009, the linear feet of pipe retired by year, by size with dollar value. Data prior to 1999 is not available in SAP.



C:367 retired linear
feet.xls

- (c) The authorized curve from the 2008 GRC continues to be a good match at “R5”. The proposed life is being extended 2 years from 55 to 57 years. The election was made to retain the already authorized curve. Though not apparent at the time of the life analysis, extending the life to even 57 years might be a stretch knowing the increased scrutiny on transmission mains.
- (d) SoCalGas has been using highly effective industry standards in materials, coatings, and installation practices for decades. We anticipate their continued use and expect to experience the existing life expectancies for these materials.
- (e) The percentage cost of removal for Account 367 is higher in 2009 (117%) due to higher removal costs incurred relative to retirements recorded in that year. This is contrary to 2007 when removal costs were lower (22%) relative to retirements recorded in 2007. Cost of removal as a percentage of retirements varies year to year due to timing differences in when removal costs are recognized and when retirements are recorded, as well as differences in the nature of construction projects and other factors. Removal costs are recorded as costs are incurred, whereas retirements are recorded at the time of project completion or analysis. For example, work order 96488 (Line 2001 Repairs), Colorado River to Blythe, was started in July 2007 and completed in September 2008. During the lifetime of this project, a total of \$1.952M in removal costs was experienced, \$397K of which were recorded in 2007; but the actual retirement didn't take place until April 2009. Due to variances in the percentage of removal cost from year to year, a 15-year average is used for the Depreciation Study which more accurately represents activity for the account.
- (f) The installation and/or removal of transmission pipelines are very site specific and time dependent activities. There is no one-size-fits-all planning or cost estimating solution for these projects. Personnel who plan these jobs are company/industry experts who rely on their knowledge and experience with pipeline construction to provide accurate job planning and cost estimating. They rely heavily on current and historical costs as well as contractor bids.

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SoCalGas Response 2-Continued:

Issues that could have significant impact on jobs requiring and identifying the actual “cost of removal in instances where mains are replaced at the same location where a retirement occurs” are highly variable between permitting agencies and may include but not limited to the following:

- a) Size and length of pipeline to be removed
 - b) Local agency permitting requirements for site access
 - c) Ability for local staging of materials and equipment
 - d) Environmental impact requirements
 - e) Geography of impacted ROW
 - f) Land-use of ROW (Urban, Suburban, Desert)
 - g) Size, location and quantity of existing substructures
 - h) Traffic Control requirements
 - i) Peak-hour work limitations,
 - j) Hazardous material abatement
 - k) Availability of contractors/welders,
 - l) Depth of pipe to be removed,
 - m) Distance removed pipe must be transported
 - n) System impacts if pipeline will remain out of service or for multiple tie-ins if installing new pipeline in the same place as existing
- (g) SoCalGas abandons or removes transmission pipe in accordance with SoCalGas Gas Standard 223.0130 "Abandonment, Conversion, and Reinstatement of Transmission Pipelines ". Transmission pipe is abandoned in place as a general practice except where removal is required by the permit-issuing agency, for Company construction purposes, or to salvage items where the salvage value justifies the cost of removal. Information is not readily available to identify pipe which has been abandoned versus removed for the past 15 years and would be overly burdensome to obtain.
- (h) The various inspection programs performed on the Company’s transmission lines involved the routine O&M related programs such as Leakage Survey, Pipeline Patrol, and Locate and Mark activities. These programs are compliant to federal and state regulations and are instituted on pipelines as they are placed in service.

Additionally, the more recent requirements of 49CFR, 192 Subpart ”O”, Gas Transmission Pipeline Integrity Management, has been in place since 2003 and is applicable to all qualifying transmission pipelines. The cycle for this inspection program is not to exceed every seven years. Detailed discussions for the pipeline integrity program can be found in the written testimony of Mr. Raymond Stanford, Exhibit SCG-05-R.

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3. **[Account 368]** – For the Company’s investment in Account 368 – Transmission Compressor Station Equipment, please provide the following:
- (a) a listing of each compressor along with its date of installation, manufacturer, size, speed, and model number on electronic medium in Excel readable format;
 - (b) the number of compressors retired by year for the past 15 years, identifying the date of installation, the type of compressor, the manufacturer, the model number, the size, and the corresponding dollar value, if available;
 - (c) the identity of the oldest compressor still in operation; and
 - (d) a detailed narrative of what retired in 2009 that resulted in a cost of removal of \$225,000 and a corresponding 182% cost of removal as noted on Workpaper BW-WP-341, and why such level is considered representative of what will occur in the future, along with all support and justification for the response.

SoCalGas Response 03:

- (a) Attached is a listing of transmission compressors with date of installation, engine type, cylinders, combustion and horsepower.



C:368 compressor
listing.xls

- (b) Attached is a listing of complete compressor retirements for the past 15 years. There were only two areas, Ventura and Blythe.



C:368 retired
compressors.xls

- (c) See response to (a).
- (d) Cost of removal as a percentage of retirements varies year to year due to timing differences of when removal costs are recognized and when retirements are recorded, as well as differences in the nature of construction projects and other factors. Removal costs are recorded as costs are incurred, whereas retirements are recorded at the time of project completion or analysis. Due to variances in the percentage of removal cost from year to year, a 15-year average is used for the Depreciation Study which more accurately represents activity for the account. Specifically, for account 368, the percentage of cost of removal for 2009 was higher (182%) due to higher removal costs incurred relative to retirements recorded in that year. For example, work order 96731-Blythe Station Odorant Vessel Removal incurred \$101K of removal costs in 2009, but the retirement didn't take place until January 2010.

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4. **[Account 376]** – For the Company’s investment in Account 376, please provide the following:
- (a) the linear feet of pipe by type and size along with the corresponding dollar value for each category to the extent available;
 - (b) the linear feet of pipe retired by year by type and size along with the corresponding dollar value of such pipe to the extent available;
 - (c) the linear feet of early-generation plastic or PVC pipe that was subject to replacement due to chemical composition, installation problems, or glue-related problems, and the years in which such pipe was installed;
 - (d) a detailed narrative identifying any maintenance practice that the Company employs that it is aware of that is appreciably different from industry standards;
 - (e) a detailed narrative identifying the years in which the Company implemented any early retirement programs for pipe, identifying the reason for each such program;
 - (f) a detailed narrative setting forth the Company’s criteria and ranking of the criteria relied upon, along with all support and justification for the criteria and ranking, to select the 55 R4 life-curve combination as set forth on revised workpaper BW-WP-139;
 - (g) a detailed narrative explaining why the Company did not select a 73 R2 life-curve combination for the investment in this account as a superior fit given that it ranked above the Company’s selection, had an identical index of variation, and corresponded to a 92% retirement experience index;
 - (h) a detailed narrative explaining why the Company did not select a 66 R2.5 life-curve combination for the investment in this account given that it ranked close to the Company’s selection, had an identical index of variation, and corresponded to a 99% retirement experience index;
 - (i) a detailed narrative explaining why the Company did not select a 60 R3 life-curve combination for the investment in this account given that it ranked close to the Company’s selection, had an almost identical index of variation, and corresponded to a 100% retirement experience index;
 - (j) a detailed listing along with all corresponding support and justification for the costs that are allocated to cost of removal in instances where mains are replaced at the same location where a retirement occurs;
 - (k) the Company’s policy regarding abandonment versus removal of retired pipe, along with the quantity of pipe abandoned in place by year for the past 15 years, as well as the corresponding dollars retired, to the extent available;
 - (l) all studies that support the allocation or assignment of costs between cost of removal and the cost of replacement investment when new pipe is placed in the same location at the time of a retirement, along with all support and justification underlying the studies;
 - (m) a detailed narrative explaining, supporting, and justifying the downward trend (less negative net salvage) in net salvage as experienced in the period 2006 through 2009 in comparison to the prior seven years as set forth on revised workpaper BW-WP-345.

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SoCalGas Response 04:

- (a) Attached is a spreadsheet showing the footage of pipe, size and corresponding dollar value.



C:\376 main detail.xls

- (b) The linear feet of pipe retired by year by type and size along with the corresponding dollar value of such pipe is attached.



C:\retired mains
376.xls

- (c) SoCalGas cannot identify any historical retirement programs of consequence, rather pipeline replacements are scheduled as planned replacements based on evaluation of criteria such as observed condition of the pipe, environmental factors (such as ground movement or damage from roots of plants or trees), leak history, properties of the pipe material, construction methods originally used, and location relative to places of gathering. When the pipe condition is found to be hazardous or the pipeline has conditions similar to pipelines with a history of failures, the field and technical staff determines replacement options.
- (d) To our knowledge, there are no maintenance practices that SoCalGas engages in that are appreciably different from industry standards.
- (e) In our recollection of early retirement programs over the past 15 years, SoCalGas implemented the System Integrity Program during years 2000 through 2003 to infuse additional funds into capital to address various conditions of pipe. The program focused on three areas: Cathodic Protection, Pre-WWII Supply Lines and Pre WWII Bare Steel Pipe.
- (f) The R4 curve was established and authorized in the 2008 GRC. Election was made to remain with that authorized curve. The retirement index is at 100% with a low index of variation and sum of squares. Life is extending from 53 to 55 years.
- (g) See response to (f). The retirement experience index is lower at 92% verses the 100% for the R4 curve. Moving from 53 years to a 73 year life with the additional four (4) years of historical data, a 38% increase, would be dramatic.

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SoCalGas Response 04-Continued:

- (h) See responses (f) & (g). All three test points (1) sum of squares (2) index of variation and (3) retirement experience index are equal or better at the R4 curve. Again, moving from 53 years to a 66 year life with the additional four (4) years of historical data, a 25% increase, would also be dramatic.
- (i) See response (f) & (g) & (h).
- (j) For main replacements in general, the removal or abandonment cost of the existing main is estimated as a component of the entire main replacement by a planner in the SoCalGas Construction Management System. The option to abandon or remove the existing main is dictated by SoCalGas Gas Standard 184.0085 "Abandonment or Inactivation of Gas Distribution Pipelines" discussed in Question 4k. Each job is unique and the estimated cost for the removal or abandonment are affected by field conditions and the labor and material costs required for the option chosen.
- (k) In general, SoCalGas abandons or removes pipe in accordance with SoCalG Gas Standard 184.0085 "Abandonment or Inactivation of Gas Distribution Pipelines" which states that above ground facilities are removed at time of replacement and buried facilities are abandoned in place except where removal is required by the permit-issuing agency, for Company construction purposes, or to salvage items where the salvage value justifies the cost of removal. It would be overly burdensome to identify the quantity of pipe abandoned versus removal.
- (l) Please see the responses to this question four (4j & 4k) of this Data Response for discussion on the selection of construction options for retiring the pipeline segment.
- (m) Net salvage varies year to year depending upon the amount of cost of removal and gross salvage recorded to the account. These numbers can vary up or down as a result of the nature of construction projects and other factors. There does not appear to be any downward trend in the net salvage for account 376 for the period 2006-2009. SoCalGas uses a 15-year average in their depreciation study which is a more accurate representation of activity for this account.

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5. **[Account 378]** – For investment in Account 378 – Measuring & Regulating Station Equipment, please provide a detailed narrative identifying what retired in 2007 in the amount of \$2.6 million and why the retirements resulted in an 11% cost of removal as set forth on Workpaper BW-WP-346. In addition, provide a complete reconciliation of what caused the 11% cost of removal in 2007 in comparison to the 148% cost of removal recorded in 2009, specifically addressing whether the concept of economies of scale played any role in the different percentages for these years.

SoCalGas Response 05:

The \$2.6 million retirements in 2007 consists of \$1.3 million related to replacement of OSEM regulators installed in 1985 and 1988, associated with LUAF measurement enhancements at three compressor stations; and \$1.3 million for miscellaneous equipment at various regulator stations. Cost of removal as a percentage of retirements varies year to year due to timing differences when removal costs are recognized and when retirements are recorded, as well as differences in the nature of construction projects and other factors. Removal costs are recorded as costs are incurred, whereas retirements are recorded after project completion or analysis. For example, a multiple year project may have removal costs recorded over several years but associated retirements recorded after project completion or analysis. The differences in the percent cost of removal between 2007 and 2009 are attributed to timing factors and the different nature of construction projects. Economies of scale did not play a role. The Excel file details the removal costs recorded for 2007 and 2009 (being separately provided).

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6. **[Account 380]** – For investment in Account 380 – Distribution Services, please provide the following:
- (a) a detailed narrative identifying the criteria employed and the ranking of the criteria for the selection of a 51 L2 life-curve combination as set forth on Workpaper BW-WP-143. Further, provide all support and justification for each criterion as well as for the ranking of each;
 - (b) a detailed narrative explaining why a 56 S0.5, which has a better index of variation and a higher retirement experience index, is not also an acceptable if not superior choice;
 - (c) a detailed narrative explaining why a 52 R2, which has a better index of variation and a higher retirement experience index, is not also an acceptable if not superior choice;
 - (d) a detailed narrative explaining why a 58 R1.5, which has a better index of variation and a higher retirement experience index, is not also an acceptable if not superior choice;
 - (e) the number of services by size and type of service along with the corresponding dollar values, or in the greatest level of detail available;
 - (f) the number, size, and type of services retired by year for the past 15 years, along with the corresponding dollar level of retirements by category, or in the greatest level of detail available;
 - (g) the Company’s policy regarding abandoning services in place once retired;
 - (h) a detailed listing along with all corresponding support and justification for the costs that are allocated to cost of removal in instances where services are replaced at the same location where a retirement occurs;
 - (i) the number and corresponding dollar level of retirements by year, if available, corresponding to those services abandoned versus removed; and
 - (j) a detailed narrative identifying any historic retirement programs associated with removal of any particular type of service found to be problematic, along with the years of placement associated with such services.

SoCalGas Response 06:

- (a) Decision was made to remain with the authorized curve L2 that was established and authorized in the 2004 COS and retained in the 2008 GRC. All three parameters used in this curve judgment reflect an excellent match and the proposed life is extending three years to 51 from 48 continuing a trend.
- (b) There are numerous choices available within this analysis. Judgment was made to retain the current authorized curve at “L2”.
- (c) See response to (a) & (b).
- (d) See response to (a) & (b).

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SoCalGas Response 06-Continued:

- (e) Attached is a detailed listing of services within 380. The service detail from SAP is only available by individual services and not summarized by size and type.



C:\service detail 380
SCG.xls

- (f) This information, number of services retired by year and the corresponding dollars is not available.
- (g) Whenever a structure being served with gas is destroyed, removed, or demolished, SoCalGas abandons the services in place in accordance with SoCalGas Gas Standard 184.0085 "Abandonment or Inactivation of Gas Distribution Pipelines" which states that above ground facilities are removed at time of abandonment and buried facilities are abandoned in place except where removal is required by the permit-issuing agency, for Company construction purposes, or to salvage items where the salvage value justifies the cost of removal.

When services are being replaced at the same location the retirement occurs, SoCalGas' general field practice is to insert PE pipe into the services being retired when it is cost effective and safe to do so. Otherwise, the services being retired are abandoned or removed in accordance with SoCalGas Gas Standard 184.0085 "Abandonment or Inactivation of Gas Distribution Pipelines" (discussed in Question 4k) and new services installed.

- (h) As discussed in Question 6g, retiring services can be replaced by insertion of PE plastic into the existing pipe or abandon and/or remove the exiting pipe, then install the new service. When services are not replaced by insertion of new plastic, the decision to abandon or remove the existing service is dictated by SoCalGas Gas Standard 184.0085 "Abandonment or Inactivation of Gas Distribution Pipelines".

The cost of the insertion, abandonment or removal of existing services is estimated as a component of the entire service replacement by a planner in the SoCalGas Construction Management System. Each job is unique and the estimated cost for each option is affected by field conditions and the labor and material costs required for the option chosen.

- (i) This information, number of services retired by year and the corresponding dollars is not available.

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SoCalGas Response 06-Continued:

- (j) Pipeline service replacements are scheduled as planned replacements based on evaluation of criteria such as observed condition of the pipe, coating deterioration, leak history, rust and pitting conditions, properties of the pipe material, environmental factors (such as soil type, stray electrical currents, ground movement or damage from roots of plants or trees), construction methods originally used, and location relative to places of gathering. When the pipe condition is found to be hazardous or the pipeline has conditions similar to pipelines with a history of failures, the field and technical staff determines replacement options. During our review of the historical period 1994 - 2008 of capital service retirement programs that would be found in account 380, no historical retirement programs associated with removal of any particular type of service found to be problematic were identified.

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7. **[Account 382]** – For investment in Account 382 – Meter Installations and Other Installations, please explain and justify what specific activities result in cost of removal, and how such amounts are determined. Further, specifically explain and justify why the larger retirement amounts that occur between 2005 and 2008 yield less negative levels of net salvage when compared to 2009 with a much lower level of retirement activity. To the extent economies of scale has any impact on the differential of cost of removal on a percentage basis, explain and justify.

SoCalGas Response 07:

The larger retirement amounts that occur between 2005 and 2008 yield less negative levels of net salvage when compared to 2009 due to a change to reflect and record meter installation retirements mid-year, instead of year-end. Thus the year 2009 reflects only six months of retirements, January through June, whereas previous years reflected retirements for 12 months, January through December. This is a one-time adjustment in 2009 as subsequent years will capture the full 12 months of activity. Removal costs are recorded monthly as charges are incurred, whereas retirements are recorded at year-end. Knowing this, the net salvage and cost of removal values and percentages would have been relatively consistent for 2005 through 2009.

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8. **[Account 390]** – Please provide a list of the 10 largest general plant structures and improvements investments from a dollar standpoint along with the corresponding dollar amounts that were included in Account 390. Further, provide a detailed description (not legal description) of the property. The description should include, but not be limited to, the type of construction, year of construction, the size, current use, location, current property tax appraisals or other appraisals, and any plans for retirement of such structures in the future.

SoCalGas Response 08:

Provided on the attached spreadsheet is a list of the 10 largest investments in Account 390 as of year-end 2009. Included are the dollar values, description, year of construction, size, current use of the facility, location, tax assessment of the property and plans for retirements.



C:\Property values
390.xls

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9. **[Account 390]** – Please provide all specific support and justification for the reliance on a 20 SQ life-curve combination for the investment in General plant Account 390 – Structures and Improvements. To the extent the response relies on prior approved values, then also provide all support and justification for the prior values.

SoCalGas Response 09:

The forecast, life span, or end-life method of life analysis was used for this plant account. This method is outlined in the California Public Utilities Commission “Determination of Straight-Line Remaining Life Depreciation Accruals Standard Practice U-4”, page 28. Please refer to revised work papers of Bob Wiczorek pages BW-WP-5 through BW-WP-8 for authorized and proposed service life, remaining life, and the calculation of the depreciation rate; pages BW-WP-223 through BW-WP-327 for the calculation of the remaining life used in the rate calculation. The 1994 General Rate Case authorized life was 19 years, and the 2004 Cost of Service Study authorized life was 22 years. The current authorized 2008 GRC life is 20 years and currently proposed 2012 Life remains at 20 years.

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10. **[Account 390]** – Please identify what retired in 2007 in the amount of \$6.1 million that resulted in an 8% cost of removal as set forth on Workpaper BW-WP-352. Further, explain and justify what caused the difference between an 8% cost of removal for retirements in 2007 compared to the 409% cost of removal experienced in 2005 for the same account. To the extent economies of scale or significantly different types of investment being retired are the cause for such variance, provide all support and justification for such position.

SoCalGas Response 10:

The difference between the 8% cost of removal for retirements in 2007 compared to 409% cost of removal experience in 2005 is primarily due to \$5.7 million in retirements related to remodeling/improvements at SoCalGas' Monterey Park Headquarters facility in 2007. The remaining \$0.3 million in retirements were for the Pico Rivera Headquarters, Bald Mountain/Tip Top Ranch, and the Energy Resource Center facilities. The variance in retirements between 2005 and 2007 are attributed to different types of construction projects.

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11. [**Account 391.2**] – For investment in Account 391.2 – General Plant Computer Equipment, please provide a detailed narrative along with all support and justification associated with the negative \$256,657 gross salvage recorded for 2008 as set forth on Workpaper BW-WP-354. Further, explain and justify the \$70,930 cost of removal incurred during the same year.

SoCalGas Response 11:

The negative \$256,657 gross salvage recorded for 2008 should be presented as a positive \$143.20 on work paper BW-WP-354. A negative amount of \$256,800 should be classified as salvage related to trade-in credit for server/mainframe equipment received from IBM. The \$70,930 incurred in the same year classified as cost of removal should be classified as salvage for sales of computer equipment. Neither of these adjustments impact SoCalGas' proposed net salvage rate of zero percent for Account 391.2 as presented on revised work paper BW-WP-329. Please refer to the attached file supporting the re-classification of these two items (separately provided).

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12. **[Account 391]** – For investment in computer and software programs set forth in Account 391, please provide the following:
- (a) the SPR analysis referred to on page BW-19 of Mr. Wieczorek’s testimony;
 - (b) all support and justification for the assumed forecasted lives ranging from 3 to 20 years as reflected in Accounts 391.3 through 391.6. To the extent the response relies on prior approved values, then also provide all support and justification for the prior values;
 - (c) a detailed listing of each software system within each subaccount, the year installed, whether the software system is still in service, the corresponding cost of the software system, as well as the vendor for each software system, on electronic medium in Excel readable format.

SoCalGas Response 12:

- (a) The statement made on page BW-19 in Mr. Wieczorek’s testimony, line 9 “The SPR analysis was used for these seven (7) sub-accounts” is incorrect and should be removed. The correct statement “FERC account 391 houses software programs of various forecasted lives.” is contained in line 5 on that same page BW-19.
- (b) These forecasted accounts have had authorized lives from three to twenty years established in the 2004 COS and 2008 GRC.
- (c) Software detail attached.



C:\Software at
12312009.xls

TURN DATA REQUEST
TURN-SCG-DR-20
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JULY 20, 2011
DATE RESPONDED: AUGUST 19, 2011

13. [**Account 391**] – For investment in Account 391 relating to computer software, please identify each instance during the past 20 years in which the Company retired a software system prior to the assumed forecasted life span for that system. For each such instance, identify the software system, the year installed, the cost, the assumed life span, the year retired, and the reason for the early retirement. Further, provide the same information for each software system that was scheduled to be retired from an accounting standpoint during the past 20 years based on the assumed forecasted life span, yet remained in service after such forecasted date, and if ultimately retired, identify how long after the forecasted life span the actual retirement occurred. The information should be provided on electronic medium in Excel readable format.

SoCalGas Response 13:

Only two software systems were identified between 1999 and 2009 which were retired prior to the assumed forecasted life span of the system. Prior data to 1999 is not readily available. This information is attached.



**Early
retirements question :**

Also is a listing of all software retirements from 1999 - 2009. Prior data to 1999 is not readily available.



**Total Software
Retirements.xls...**

The attachment contains a listing of 1999-2009 Software Assets which went past their useful life. Note that zero dollar assets remain on the books for tax purposes, the assets have been retired.



**C:\1999-2009 Expired
Software.xls**

TURN DATA REQUEST
TURN-SCG-DR-20
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JULY 20, 2011
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14. **[Life]** – For Accounts 391.3 and 397.2, the Company proposes remaining lives of less than two years as of December 31, 2009 as set forth on Workpaper BW-WP-8. Given that the rates in this proceeding are not scheduled to become effective until sometime in 2012, please explain and justify why the requested depreciation amounts for these accounts will not already be fully accrued by the time rates go into effect. Further, specifically provide the actual additions and retirements to each of these accounts by month for the period beginning January 1, 2010 through the most current time period available.

SoCalGas Response 14:

An annual depreciation rate true-up is calculated for each year subsequent to the base year until the next general rate case test year and filed with the CPUC. The average remaining life for each account is calculated by weighting the remaining life of each vintage year with its surviving plant balance. Since there are additions to both 391.3 and 397.2 in 2010 and 2011, the average remaining lives will lengthen so that these accounts will not become fully accrued by the time the TY2012 rates are implemented. Please see attached file for the actual additions and retirements to each of these accounts from January 1, 2010 to December 31, 2010.



C:391.3 and 397.2
new assets.xls