

TURN DATA REQUEST
TURN-SCG-40
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: NOVEMBER 2, 2011
DATE RESPONDED: NOVEMBER 17, 2011

1. Regarding Locate and Mark (2GD000.002, Ms. Orozco-Meija notes a number of new or increased municipal fees related to locate and mark activities:
 - a. Has SoCal Gas changed its Locate and Mark cost forecast for incremental costs related to removal of USA one-call paint markings, from those in the Supplemental Workpaper provided on pages 14 and 15 of SCG-02-WP?
 - b. Please provide the locate and mark cost in 2010 of removal of USA paint markings, including (if available) the number of orders requiring removal and the average cost of removals.
 - c. Has SoCal Gas changed its Locate and Mark cost forecast for incremental costs related to Federal Stimulus Funding, provided in the Supplemental Workpaper on page 19 of SDG-02-WP?
 - d. Please explain why SoCal Gas underspent the Locate and Mark budget in 2010 despite the factors allegedly increasing costs.

SoCalGas Response 01:

- a. SoCalGas has not changed its Locate and Mark forecast for incremental costs related to the removal of USA paint marks from that which is shown in the supplemental workpapers.
- b. For clarification, in order to perform Depth Checks, Cathodic Protection, Main Maintenance and Service Maintenance activities SCG requests other utilities to mark (paint) their underground facilities. The incremental cost for paint removal referenced in testimony is to compensate SoCalGas for the removal of these utility markings at the completion of SoCalGas' construction work. For simplicity in presentation, the overall cost estimates across all work elements were provided within the Locate and Mark workgroup.

SoCalGas records its costs for O&M work by cost center and FERC accounts corresponding to the major activity completed; in this case the major activities are Depth Checks, Cathodic Protection, Main Maintenance and Service Maintenance. The removal of USA paint markings is a factor influencing the total cost of completing these activities. However, the expense incurred by SoCalGas workforce to perform each task that may be necessary to complete a single major activity has not been tracked separately, or at a level of specificity sufficient to produce the costs associated with the specific task of USA paint mark removal.

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Response to Question 1 Continued

- c. SoCalGas has not changed its Locate and Mark forecast for incremental costs related to Federal Stimulus Funding from that which is shown in the supplemental work papers.
- d. The level of Locate and Mark activity is influenced by economic conditions; as such the decline in expense in this area can generally be attributed to lower economic conditions than anticipated in the five-year historical average forecast technique used as the basis for all forecast years. With emphasis on TY2012 expectations, the averaging methodology was selected to forecast this activity. The result is that each of the years 2010, 2011 and 2012 are assigned the same base value. As such, there is not a clear comparison between the 2010 forecast for this activity and the 2010 actual spending level.

As stated in Rebuttal Testimony SCG-202, pages 4-6, point 1, there are generally three factors the Commission must consider concerning the introduction of 2010 data: 1) the explicit restrictions on the Utility's ability to update its original application; 2) consistent treatment of 2010 actual data by all parties and across all aspects of the case; and 3) comparability of data elements – actual and forecast values.

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2. Measurement and Regulation:

- a. Has SoCal Gas changed its Measurement and Regulation cost forecasts for incremental costs for medium and large meter scheduled replacements, MSA rebuilds, odorant testing, vault and lid maintenance, pedestrian access and construction sites, municipal requirement cost-related increments for night work, engineered traffic control plans and limits on construction hours from its original workpapers?
- b. Please explain why SDG&E underspent in this account in 2010.

SoCalGas Response 02:

- a. SoCalGas has not changed its Measurement and Regulation (M&R) cost forecasts for incremental costs for medium and large meter scheduled replacements, MSA rebuilds, odorant testing, vault and lid maintenance, pedestrian access and construction sites, municipal requirement cost-related increments for night work, engineered traffic control plans and limits on construction hours from that which is shown in the original workpapers.
- b. It is assumed that TURN meant to refer to ‘SoCalGas’ rather than ‘SDGE’ in this question. As outlined in revised direct testimony Exhibit SCG-02-R, page GOM-19, M&R activities can fluctuate between years due to required field work elements. In order to compensate for this variation in annual spending the five-year historical average was used as the basis for the TY2012 forecast for M&R. While emphasis was on TY2012 expectations, each of the years 2010, 2011 and 2012 are also assigned this same base value. As such, there is not a clear comparison between the 2010 forecast for this activity and the 2010 actual spending level.

Given this forecast basis, the difference between 2010 Actual and 2010 Forecasted levels of spending can be attributed to: 1) the variation in type of work elements needing to be addressed, 2) various levels of training requirements and/or 3) temporary support efforts to OpEx 20/20 roll-out.

As stated in Rebuttal Testimony SCG-202, pages 4-6, point 1, there are generally three factors the Commission must consider concerning the introduction of 2010 data: 1) the explicit restrictions on the Utility’s ability to update its original application; 2) consistent treatment of 2010 actual data by all parties and across all aspects of the case; and 3) comparability of data elements – actual and forecast values.

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3. Cathodic Protection
 - a. Why did SoCal Gas underspend this account in 2010 by \$836,000 given all the factors that allegedly would suggest cost increases?

SoCalGas Response 03:

- a. As outlined in revised direct testimony Exhibit SCG-02-R, pages GOM-23-24 Cathodic Protection (CP) Field activities are generally reactive and outside of SCG's control. To capture the variation that can occur within this activity, the five-year historical average was used as the basis for the TY2012 forecast for CP Field. While emphasis was on TY2012 expectations, each of the years 2010, 2011 and 2012 are also assigned this same base value. As such, there is not a clear comparison between the 2010 forecast for this activity and the 2010 actual spending level.

As stated in Rebuttal Testimony SCG-202, pages 4-6, point 1, there are generally three factors the Commission must consider concerning the introduction of 2010 data: 1) the explicit restrictions on the Utility's ability to update its original application; 2) consistent treatment of 2010 actual data by all parties and across all aspects of the case; and 3) comparability of data elements – actual and forecast values.

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4. Regarding Service Maintenance,
- a. Please list the locations which have increased municipal permit costs since 2009 and calculate the amounts of increased municipal permit costs which SoCal has encountered in 2010 and through the latest available date in 2011 so far this year in conducting its Service Maintenance work.
 - b. Please identify any additional locations where increased municipal permit costs can reasonably be expected which SoCal expects to encounter in conducting its Service Maintenance work in 2012. Provide supporting documentation.
 - c. Please document and justify alleged increases in paving costs from 2009-2012. If increased paving costs are increased unit costs of conducting the work, please demonstrate that none of those costs are included in the gas distribution inflation factor.
 - d. Please break down SoCal's forecast incremental cost in 2012 showing number, types and jurisdictions of projects that will encounter new permitting costs.
 - e. Why did SoCal underspend in this account in 2010?

SoCalGas Response 04:

- a. SoCalGas does not maintain a listing of locations which have increased municipal permit costs over time. SoCalGas' analysis of increased permit fees was based on permit fees in total. Thus, in developing the forecast, SoCalGas reviewed the system-wide permit costs for all of Field Operations and Maintenance.

The table below provides the average permit cost for Field Operations and Maintenance for 2009 through YTD October 2011.

Field Operations & Maintenance
Average Permit Cost (2009\$)

Year	Avg Cost	% Change
2009	\$ 201	
2010	\$ 373	85%
2011	\$ 433	16%

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Response to Question 4 Continued

- b. As explained above, SoCalGas does not maintain a separate listing of locations which have increased municipal permit costs over time, nor does it maintain a listing of additional locations where increased permit costs can be expected. Given this, SoCalGas' forecast for increased permit costs *was not related to specific increases within given locations*, but rather, upon the average increase in the permit unit cost between 2005 and 2009. As stated in Testimony, Exhibit SCG-02, SoCalGas' average O&M cost per permit has increased by 33% since 2005.
- c. The table below provides the average paving cost for Field Operations and Maintenance for 2009 through YTD October 2011.

Field Operations & Maintenance
Average Paving Cost Per Job
Shown in 2009\$

Year	Avg Cost	% Change
2009	\$470	
2010	\$465	-1%
2011	\$487	5%

- d. The table below provides the breakdown of the incremental costs for permits for TY2012 by work activity within service maintenance. Since permits are required for all construction work done in the Public Right-of-Way the jurisdiction of these orders is company-wide.

Forecasted Orders and Incremental Cost by Work Type Service Maintenance Work Group - Increased Permit Fees Shown in Whole 2009\$			
Work Type	# of Orders	TY2012 Incremental Cost Per Order	TY2012 Forecasted Incremental Cost
Collectible Alterations	186	\$ 112	\$ 20,832
Leak Repairs	1565	\$ 112	\$ 175,280
Service Reinstatement	133	\$ 112	\$ 14,896
Third Party Damages	120	\$ 112	\$ 13,440
Total	2004		\$ 224,448

Please see Exhibit SCG-02-WP, page 84 of 234, for details on the forecast assumptions.

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- e. As outlined in revised direct testimony Exhibit SCG-02-R, page GOM-29-30, Service Maintenance expenses are a result of many activity drivers. To capture the variation that can occur within this activity the five-year historical average was used as the basis for the TY2012 forecast for Service Maintenance work group. While emphasis was on TY2012 expectations, each of the years 2010, 2011 and 2012 are also assigned this same base value. As such, there is not a clear comparison between the 2010 forecast for this activity and the 2010 actual spending level.

As stated in Rebuttal Testimony SCG-202, page 4-6, point 1, there are generally three factors the Commission must consider concerning the introduction of 2010 data: 1) the explicit restrictions on the Utility's ability to update its original application; 2) consistent treatment of 2010 actual data by all parties and across all aspects of the case; and 3) comparability of data elements – actual and forecast values.

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5. Regarding Field Support,
- a. Does SoCal expect Area Resource Scheduling Organization (ARSO) to produce any cost savings over the decentralized O&M scheduling system that SoCal has been using?
 - b. If any cost savings are forecast for ARSO, where do they occur, and does SoCal's forecast budgets for these areas include these cost reductions? What is the total cost reduction forecast for 2012?
 - c. How many hours/week was each field supervisor spending on scheduling and dispatching?
 - d. With the reduced workload on field supervisors, how many of these positions are being eliminated, or, what other responsibilities are those staff assuming?
 - e. Do the additional responsibilities reduce the commitment of labor elsewhere in SoCal Gas?

SoCalGas Response 05:

- a. Operational benefits are anticipated from the introduction of the Forecast, Schedule and Dispatch (FSD) tools, not specifically from the formation of the ARSO organization. The ARSO organization is necessary to effectuate the full implementation of FSD.
- b. No cost savings are forecast for the ARSO, the benefits achieved from implementation of the Forecast, Schedule and Dispatch project are projected to occur within the gas distribution Field Operations. The ARSO is an "enabler", a resource required for the implementation and maintenance of the system and associated processes. The anticipated benefits from FSD are shown in response to TURN Data Request 6, question 4c. The incorporation of these benefits into SCG's revenue requirement are embedded in the savings described in Mr. Phillips' testimony (Ex. SCG- 13, Table SCG-RP-06) for the Test Year and are discussed in the testimony of Mr. Herb Emmrich (Exhibit SCG-39) for post Test Year.
- c. SoCalGas does not record supervisory time by specific work activities. Therefore, the time spent by supervisors in the coordination of work elements is not available.

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Response to Question 5 Continued

- d. SoCalGas is not proposing the elimination of any supervisory positions based on the establishment of the ARSO organization and associated scheduling and dispatching tools. It is expected that supervisors will use any available time for activities that will support the achievement of the forecasted FSD-related Field Operations benefits such as: continued coaching of employees, conducting field observations, first-line support for employees using the new technology and monitoring the use thereof.

- e. No. The projected benefits are centered on improved efficiency and productivity gains.

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6. Regarding Pipeline O&M Planning,
 - a. Please explain why SoCal underspent in this account in 2010 by \$505,000.

SoCalGas Response 06:

In the area of Pipeline O&M Planning, there were various components that contributed to the difference between the 2010 forecast and 2010 actuals. Although there were no structural changes within this workgroup, the decrease appears to be labor driven. Within the numerous costs centers of this workgroup, there were decreases in the portions of employee's time charged to this workgroup, collectively creating a large decrease in total labor costs. The driving factor for this difference is the general movement of employees throughout the company for reasons such as retirements, transfers, and promotions and the timing of filling these vacancies.