

**DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE**

**DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011**

Exhibit Reference: SCG MDR Chapter 21 Question 8

Subject: Retirement of assets, including East Whittier Storage Field

Please provide the following:

1. Please identify and list all major retirements of utility assets and reclassification of utility assets, associated with land, transmission, distribution, and / or storage investment SoCalGas made since January 1, 2006.

SoCalGas Response:

Per telephone conversation with DRA, for purposes of this response it was agreed that major retirements and reclassifications of utility assets is defined as those with a net book value of \$100,000 or greater at the time of retirement or reclassification. Please see attached file.



Microsoft Office
Excel Worksheet

DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011

2. In a letter dated April 13, 2009 to the Energy Division, Southern California Gas Company described its intent regarding reclassification of land associated with the East Whittier Storage Field. Please describe specifically what SoCalGas has done on its books/accounts with respect to the East Whittier field regarding the land and storage assets. Provide all workpapers and/or journal entries related to any accounting changes related to the East Whittier Storage Field. If SoCalGas has reclassified the East Whittier storage field explain when and why this reclassification of assets occurred. What is the current status of the land and storage assets of the East Whittier Storage Field?

SoCalGas Response:

As described in the April 13, 2009 letter to the Energy Division, SoCalGas reclassified the East Whittier Storage field land with book value of \$611,064 from FERC account 350 – “Underground Storage Land” to account 121 – “Non-Utility” in April 2009. Correspondingly, cushion gas with a book value of \$1,936 was retired from FERC account 117 – “Gas Stored Underground”, wells with a net book value of (\$54,783) was retired from FERC account 352 – “Wells”, and lines with a net book value of \$247,640 was retired from FERC account 353 – “Lines” in April of 2009. Please see attached file and supporting documents.



Microsoft Office
Excel Worksheet



Acrobat
Document.pdf

Following instructions from the FERC Uniform System of Accounts, since the storage field was no longer use and useful for utility operations, land was reclassified to non-utility and all remaining storage assets were retired in April 2009. No further accounting activity has occurred since then.

DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011

3. Please describe and explain (a) when the East Whittier Storage Field was placed in service; (b) when it was used for storage purposes; (c) when it ceased commercial operation, (d) the recovery of working and / or cushion gas, (e) decommissioning-related activity and (f) when it ceased operations.

SoCalGas Response:

- (a) Placed in service: 1952.
- (b) Used for storage: 1952.
- (c) Active storage operations ceased in 1986 because of gas migration to adjoining producing oil and gas fields, because the cost of operating the field was very high relative to its small capacity, and because improvements to the transmission and distribution system enabled local peak loads to be served without the field
- (d) Withdrawal of the working gas commenced after 1986, and as of Dec. 31, 1996 there was still 61,830 Mcf of working gas remaining. After all working gas was recovered the cushion gas was withdrawn. This cushion gas was transferred to the core gas portfolio as it was withdrawn, at its book value of \$0.23/Mcf. Cushion gas was withdrawn from the field until 2006, when the gas quality was no longer suitable to flow into the gas transportation system. Alternatives for treating the gas to acceptable standards were looked at for several years, but no economic option could be found.
- (e) Decommissioning activities included the removal of the compressors, dehydration facilities, tankage and offices. Nine wells have been abandoned. Seven wells and a separator at each well location, gathering lines and miscellaneous flow metering equipment remain at the field. As prescribed in the FERC Uniform System of Accounts and Standard Practice U-4, these decommissioning activities were recorded as retirements and cost of removal as components of accumulated depreciation.
- (f) The field was shut-in in 2006. After researching gas treatment alternatives and finding no cost effective options, and with no further prospect for the field being necessary or useful in providing utility service, the field was removed from rate base in 2009. The book value of cushion gas remaining in the field at the time it was removed from rate base was \$1,936, or about 9 MMcf.

DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011

4. Please a summary of all journal entries related to East Whittler Storage Field investment on an annual basis from the year of commercial operation through December 31, 2010, including but not limited to utility plant, depreciation (including decommissioning/cost of removal), deferred taxes, cushion gas, working gas, recovery of cushion gas, etc.

SoCalGas Response:

Please see attached file.



Microsoft Office
Excel Worksheet

With respect to the transactional data that is available in our current and legacy accounting systems, accumulated reserve data is provided beginning 1996 (with more transactional data available beginning 1998). There are no recorded decommissioning costs for the field, however, a cost of removal component is included in depreciation as permissible for all other depreciable assets and as prescribed in Standard Practice U-4.

Deferred taxes are calculated in the aggregate for all fixed assets owned by the utility and therefore, are not available at the individual asset level or by storage field. Cushion gas was removed from account 117 (see support in response to question 2 above).

DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011

5. Please provide a map of the East Whittier Storage Field and describe the location. During the time when the East Whittier Storage Field was used for storage, please identify the volume of cushion gas in the East Whittier Storage Field, the volume of working gas in the East Whittier Storage Field, the injection capacity of the East Whittier Storage Field, and the withdrawal capacity of the East Whittier Storage Field.

SoCalGas Response:

The attached color coded assessors map shows the location of the East Whittier storage Field. It is the area in green and purple. The purple area (69 acres) owned by SoCalGas in fee with surface and mineral rights. This is the location where all facilities existed. The adjacent green area (202 acres) shows the minerals below 500 feet owned in fee by SoCalGas. (It should be noted that it appears that certain deep mineral rights were not in rate base for the same length of time as the mineral rights that cover the storage zone.) The field is located about 18 miles East-South-East of downtown Los Angeles in the City of La Habra Heights.

The volume of cushion gas in the field was 425 MMcf. The volume of working gas in the field was 0.8 Bcf with 50 MMcfd injection and 75 MMcfd maximum withdrawal capacity.



SCG_029_KCL (Q5)
Map 1.pdf



SCG_029_KCL (Q5)
Map 2.pdf

**DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011**

6. Please provide a copy of the Certificate of Public Convenience and Necessity and all related decisions for the commercial operation of the East Whittier Storage Field.

SoCalGas Response:

We have not been able to find a CPCN for the field, and as far as we have been able to determine no CPCN was sought by SoCalGas nor was granted by the CPUC. This was probably because of the small investment involved.

**DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011**

7. Please provide a copy of any other CPUC decisions related to the East Whittier Storage Field.

SoCalGas Response:

We have not been able to find any other CPUC decision specific to East Whittier storage field.

**DRA DATA REQUEST
DRA-SCG-029-KCL
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 18, 2011
DATE RESPONDED: FEBRUARY 1, 2011**

8. Have there been decommissioning costs associated with the East Whittier Storage Field? If so, provide the total amount of decommissioning costs with a breakdown by year the costs were incurred and describe how the costs have been booked by SoCalGas.

SoCalGas Response:

There have been no decommissioning costs associated with the East Whittier Storage Field, however, a cost of removal component is included in depreciation as permissible for all other depreciable assets and as prescribed in Standard Practice U-4.