

DRA DATA REQUEST
DRA-SCG-108-MRK
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: JUNE 20, 2011
DATE RESPONDED: JULY 12, 2011

Subject: Depreciation

Please provide the following:

Please modify and correct the April 1 update to the March 7 supplemental update to DRA-SCG-4-MRK as follows:

1. The spreadsheet WPS-Working Copy SCG 2009 EST Provision Split.XLS has some cells with a working formula and some without, despite the cells being in the same column. In tab 2009 EST PROV SPLIT the cells K9 and L9 for storage rights accrual and rate are hard coded without formulas, whereas most of the other cells in columns K and L have formulas. This hard coding leads to an inconsistency in that the product of Q9 times J9 times D9 divided by H9 is 1.4 rather than being 1 as it should be. (The product of Q10 times J10 times D10 divided by H10 is 1; the product of Q11 times J11 times D11 divided by H11 is 1, etc.) Please document all such other hard coded cells, including in other tabs, and explain the rationale for this hard coding. Please provide an updated spreadsheet for the years 2005-2010 without such hard coding, or if that is impossible, please explain the reason.

SoCalGas Response:

There is an offline calculation done for this asset class every year (FERC 350.301- cells K9 & L9). There are multiple locations within this FERC account resulting in different rates being calculated. This makes a simple formula for each of the rows as requested unavailable for the spreadsheet for the reasons noted below.

Underground Storage Rights (account 350.31)

The average remaining life for Underground Storage Rights is calculated by weighting the expected remaining life of each location with its surviving plant balance. The expected remaining life of each location is assuming an average service life of 40 years from the oldest vintage for that location. Please see attached working spreadsheet.

In a similar fashion, there are adjustments each year to FERC 391.55 again making any insertion of a simple formula difficult to determine for the spreadsheet.

15-Year Software (account 391.55) – Assets placed in service up through 2009

The depreciation rate for 15-Year (SAP) Software is calculated by accruing the service value of each vintage over the estimated remaining end life of the entire software application, utilizing half-year conventions in the first and the last year, and dividing the total annual accrual by the total plant balance (end-life methodology). SAP software application is being depreciated over an estimated life of 15 years (through 2014).

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Response to Question 1 (Continued)

15-Year Software (account 391.55) – Assets placed in service after 2009

The depreciation rate for 15-Year Software is calculated based on assets that have remaining service life and residual net book value (excludes plant-in-service assets that have been fully depreciated). Please see attached working spreadsheet.

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2. The formula in cell Q7 should be N+O-P not N+O+P. Please correct in the spreadsheets prepared for this data request.

SoCalGas Response:

SoCalGas appreciates information regarding the description error for the column heading noted in cell Q7. Though shown differently by the heading, the spreadsheet calculations are based on the correct formula (N+O-P). A change to cell Q7 (heading only) fortunately has no impact to the provided spreadsheets. As noted in the response to Q1, updated spreadsheets without “hard coding” are not possible, and thus are not prepared for this data request response. However, the original spreadsheets with a corrected header in cell Q7 are provided with this data request response.

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3. Data request DRA-SCG-4-MRK states that:
”If the data in the column titled “Provision” is calculated rather than recorded, then the calculation thereof should be provided in the spreadsheet.”However, the response to the DR does not give any calculation for the provision numbers in column S. The response does state that:

“The excel spreadsheets utilize the total yearly depreciation accrual rate by FERC account as submitted to the CPUC on an annual basis incorporating the rate discussed above. The total yearly estimated provision is included as part of that submission to the CPUC using the rate discussed above.”

Please provide an updated spreadsheet for the years 2005-2010 which shows how annual provision was calculated using yearly depreciation accrual rate by FERC account as described above or if that is impossible, please explain the reason.

SoCalGas Response:

“To clarify the earlier responses, data in the column “S” titled “Provision” is recorded.”