

**ORA DATA REQUEST
ORA-SCG-DR-017-DAO
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: DECEMBER 2, 2014
DATE RESPONDED: DECEMBER 17, 2014**

Exhibit Reference: SCG-4, Gas Distribution O&M and Capital Expenditures

Subject: Asset Management, Compliance Technical Advisors and Administrative Control Clerks

Please provide the following:

Regarding SoCalGas' discussion of its forecast method for Asset Management on pages FBA-50 to FBA-54, please provide the following information to support the forecasted \$3.3 million increase above the 2013 level:

1. An explanation of how SoCalGas determined it will need exactly four Compliance Technical Advisors and that these four CTAs will allow SoCalGas to "...meet continued compliance with the changing laws, regulations and rules..."

SoCalGas Response:

The estimate of four Compliance Technical Advisors was based on adding one advisor at each of the Gas Distribution technical offices. There are four technical offices, 22 to 89 miles apart, covering a total service area of approximately 20,000 square miles. Each technical office has its own Asset Management group, supporting diverse field groups that support diverse customer and municipality demands that change daily. As stated on page FBA-52 of Exhibit SCG-04:

These positions will be located in each of the four main technical offices with direct operational responsibility for working with local management to proactively address day-to-day compliance and maintenance issues.

A description of the activities that will enable SoCalGas to meet continued compliance with the changing law, regulations, and rules is provided on page FBA-52:

To meet continued compliance with the changing laws, regulations and rules, SoCalGas requests the addition of four Compliance Technical Advisors (one per each main technical office). These Compliance Technical Advisors will support daily compliance monitoring, record-keeping, reporting, and implementation of compliance programs. They will also deliver training to field personnel and local management needed to learn new or modified compliance requirements.

There is a list of some day-to-day compliance and maintenance issues that these advisors will help local management address on pages FBA-52 and FBA-53.

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2. Provide the number of FTEs assigned to the technical office of Asset Management as discussed on pages FBA-50 to FBA-51, for each year from 2009-2014 YTD.

SoCalGas Response:

The historical O&M FTEs in the Asset Management group are shown in the table on page 81 of Exhibit SCG-04-WP:

Category: C. Asset Management
 Category-Sub 1. Asset Management
 Workpaper: 2GD001.000 - Asset Management

Summary of Results:

		In 2013\$ (000) Incurred Costs							
		Adjusted-Recorded					Adjusted-Forecast		
Years		2009	2010	2011	2012	2013	2014	2015	2016
Labor		4,528	4,819	6,157	6,949	6,779	7,837	8,956	9,820
Non-Labor		647	730	740	924	770	895	957	1,007
NSE		0	0	0	0	0	0	0	0
Total		5,173	5,548	6,896	7,873	7,549	8,731	9,913	10,827
FTE		60.0	64.1	79.6	85.5	85.0	96.3	109.4	118.5

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3. Identify the number of CTAs assigned to the technical office of Asset Management each year from 2009-2014 YTD.

SoCalGas Response:

There were no Compliance Technical Advisors within the Asset Management workgroup during the years 2009 – 2014 YTD. The incremental advisors forecasted in this area are needed in order to support daily compliance monitoring, record-keeping, reporting, and implementation of compliance programs.

Please see the response to Question 5 for the historical number of Compliance Advisors within the Operations Management and Training workgroup.

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4. If the four CTAs SoCalGas requests for 2016 will be responsible for new work activities previously not performed by the technical/planning office of Asset Management, please so state, and provide an explanation of how these new activities were identified. Please provide a copy of all supporting documents.

SoCalGas Response:

The Compliance Technical Advisors will provide broader oversight and support of existing activities, expanding existing compliance monitoring, record-keeping, and reporting. They will also provide additional training to field personnel and local management. In addition, the Compliance Technical Advisors will review compliance reports from a broad perspective to identify and correct potential compliance issues.

The workflow of researching, documenting, auditing, and training related to incremental compliance activities has, in our observation increased over time and has outgrown existing resources. Examples of areas where additional resources are needed include:

- Coordination of an increasing number of CPUC audits. The number of Gas Distribution audits has grown from four annual audits in 2012 and 2013 to eight¹ audits in 2014 and 14 multiple week audits scheduled for 2015.
- Additional oversight for the leak reduction effort discussed on pages FBA-35 – FBA-36, FBA-40 – FBA-41, and FBA-103 – FBA-104 of Exhibit SCG-04.
- Assistance with compliance monitoring responsibilities currently performed by System Protection Supervisors. This will free up the supervisors to focus on the incremental cathodic protection system enhancements described on pages FBA-29 – FBA-30 and FBA-112 – FBA-113. The System Protection Supervisors are discussed more in response to Question 5 below.
- Additional oversight for the increasing footage of leak survey discussed on pages FBA-21 – FBA-22. The leak survey footage for 2014 is projected to be more than 21 million feet above the 2013 level. This increase in footage means that more data needs to be managed for compliance due dates, reviewed for accuracy, and reconciled.

¹ Ten Gas Distribution audits were initially scheduled for 2014, but two of those were cancelled.

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5. On page 82 of the workpapers, SoCalGas states, “These Compliance Technical Advisors will support daily compliance monitoring, record keeping, reporting and implementation of compliance programs.”
 - a. Identify the number of FTEs currently assigned to support daily compliance monitoring, record keeping, reporting and implementation of compliance programs for each year from 2009-2014 YTD;
 - b. The job title/category of the FTEs identified in response to 5(a);
 - c. The annual expenses incurred each year from 2009-2014 YTD

SoCalGas Response:

There are currently four System Protection Supervisors, one for each of the four technical offices, who support daily compliance monitoring, record keeping, reporting, and implementation of compliance programs. The System Protection Supervisors are focused primarily on compliance monitoring related to cathodic protection activities. As discussed in the response to Questions 1 and 4, the incremental Compliance Technical Advisors will have a broader focus and additional responsibilities. The System Protection Supervisors have existed since before 2009. Their historical O&M expenses are under the Field O&M – Cathodic Protection workgroup (pages FBA-27 – FBA-31 of Exhibit SCG-04).

In addition, there were two Compliance Advisors who supported Gas Distribution from late 2012 through early 2014. Both advisors started in November 2012. One advisor moved on to another position in October 2013, and the other left the department in March 2014. The workflow volume has proved to be greater than the existing staff resources could accommodate without the addition of dedicated Compliance Technical Advisors. Their historical O&M expenses are under the Operations Management and Training workgroup (pages FBA-54 – FBA-69).

The total number of employees can be estimated as shown below:

Year	2009	2010	2011	2012	2013	2014
Estimated Employees*	4	4	4	4.3	5.8	4.3
*Employees estimated based on 4 System Protection Supervisors in each year and 2 Compliance Advisors from November 2012 through October 2013 / March 2014. Please note that these employees will have both capital and O&M labor expenses.						

The historical FTEs and expenses for these specific employees are not readily available. Please note that these employees were not part of the Asset Management workgroup, so there were no FTEs or expenses related to these employees in the Asset Management workgroup.

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6. Please explain in detail how SoCalGas determined it will need exactly four Administrative Control Clerk (ACC) for Pipeline Records Management for "...daily record filing; keeping track of records being checked out to verify those documents are returned to archives, and reconciling and tracking high pressure project packages after new construction is completed..." as stated on page 83 of the workpapers.

SoCalGas Response:

Similar to Question 1 regarding Compliance Technical Advisors, the estimate of four Administrative Control Clerks was based on adding one clerk at each of the Gas Distribution technical offices. There are four technical offices, each with their own Asset Management groups and records. The clerks will be each responsible for tracking and maintaining the records located at their assigned office. With a greater emphasis from governmental agencies on record-keeping practices of pipeline operators, there is a need for incremental clerks to adequately track pipeline documents at each office. The new activities that will be performed by these incremental clerks are described further in response to Question 8.

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7. Identify the number of ACCs for Pipeline Records Management and annual expenses incurred for each year from 2009-2014.

SoCalGas Response:

There were no Administrative Control Clerks specifically assigned to work on pipeline records management during the years 2009 – 2014 YTD. Please refer to the response to Question 8 for a description of how pipeline records are currently tracked.

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8. If the four ACCs SoCalGas requests for 2016 will be responsible for new work activities previously not performed by Pipeline Records Management, please so state, and provide an explanation of how these new activities were identified. Please include a copy of all supporting documents.

SoCalGas Response:

To clarify the term “Pipeline Records Management” as used in workpapers, the term refers to the type of activities performed and not to an organization or group. Currently, there are no specific employees assigned to managing pipeline records in the Gas Distribution technical offices. Instead, each employee who accesses a pipeline record is responsible for tracking and updating that record. With the addition of these clerks, there will be new activities, such as tracking documents being checked in and out, and verifying that documents are returned to archives. This is described on page FBA-53 of Exhibit SCG-04:

Governmental agencies are placing greater emphasis on the record-keeping practices of pipeline operators. As the expectation of increased record-keeping and document quality control management increases, SoCalGas is required to take greater action to safeguard the integrity of construction and maintenance records and related paper files, while making them easily accessible to employees that reference them as part of their normal work activities, as well as to regulators and auditors. SoCalGas is therefore committed to establishing documentation practices that provide for the development and retention of reliable, traceable, and verifiable records on a going-forward basis. To adequately record work history and maintain these records, SoCalGas requests the addition of four Administrative Control Clerks (one per technical office). These Administrative Control Clerks will be responsible for daily record filing, keeping track of records being checked out to verify those documents are returned to archives, and reconciling and tracking high pressure project packages after new construction is completed.

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9. If the work activities identified on page 83 of the workpapers for the four requested ACCs are being performed by existing employees, please so state, (a) provide the number of ACCs currently assigned to perform these activities, and (b) explain why SoCalGas needs 4 additional ACC employees in 2016.

SoCalGas Response:

Please see the responses to Questions 6, 7, and 8 above.