

**ORA DATA REQUEST
ORA-SCG-DR-045-DAO
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 21, 2015
DATE RESPONDED: JANUARY 30, 2015**

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

Subject: Measurement & Regulation Devices

Please provide the following:

1. Referring to SCG-FBA-CAP-SUP-009, on page 171 of the workpapers, please provide the following information:
 - a. A step-by-step calculation of how SoCalGas derived 35,089 meter sets for 2014, 40,339 meter sets for 2015, and 44,894 meter sets for 2016 for New Business as shown in column “H”;
 - b. The 2014 recorded number of meter sets for New Business;
 - c. A detailed explanation of how the nonfarm employment data and/or change percentage identified in Global Insight’s Feb 2014 Regional forecast led to the SoCalGas 2014-2016 meter set forecasts for New Business;
 - d. Provide the calculations used to derive the 2014-2016 meter set forecasts for New Business in SoCalGas’ response to question 1(c) above.

SoCalGas Response:

- a. As indicated in ORA-SCG-DR-011-DAO, part 1, the new meter sets were calculated as follows:

New Sets = Net Change in Connected Meters – Resets + Removes.

The derivation can be traced out in the separately provided active Excel formatted spreadsheet ORA-SCG-45-DAO_Q1.xlsx, it is replicated here in tabular form. The calculation is traced using the headings for the inputs (Removes, Resets, New Sets) which produces the result shown for yearend at the lines designated by Q4 (e.g. line 10, line 14 and so on), resulting in the values 35089, 40339 and so on.

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SoCalGas Response to Question 1.a., Continued:

Change in Connected Meters*				Removes	Resets	New Sets = Chg Connected - Resets + Removes	
				Removes = .0001 * Connected Meter Count	Resets= 603.7455 + .3635 * Removes- 215.6292* D2- 270.1849*D3	New Sets = Column (A) - Column E + Column D	Annual Meter Sets= Sum of Quarterly Meter Sets
Detail: =====>							
	8,061	Q1	2014	769	883	7,947	
	8,438	Q2	2014	771	668	8,540	
	8,797	Q3	2014	598	551	8,844	
	10,027	Q4	2014	526	795	9,758	35,089
	10,477	Q1	2015	563	808	10,231	
	9,346	Q2	2015	776	670	9,452	
	9,682	Q3	2015	602	552	9,731	
	11,191	Q4	2015	529	796	10,924	40,339
	11,582	Q1	2016	567	810	11,339	
	10,580	Q2	2016	781	672	10,689	
	10,843	Q3	2016	606	554	10,896	
	12,234	Q4	2016	533	798	11,969	44,894
	12,633	Q1	2017	572	812	12,393	
	11,631	Q2	2017	787	674	11,744	
	11,859	Q3	2017	611	556	11,914	
	13,090	Q4	2017	538	799	12,828	48,880
	13,351	Q1	2018	576	813	13,114	
	12,130	Q2	2018	794	677	12,248	
	12,186	Q3	2018	616	558	12,244	
	13,314	Q4	2018	542	801	13,055	50,661

* Source: Connected Meter Forecast was developed for the General Rate Case. The detail on the derivation of all the segments embodied in the connected meter forecast are explained in SCG-30_Rose-Marie_Payan_WP.pdf

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SoCalGas Response to Question 1, Continued:

- b. In 2014, there were 32,458 new meter set installations.
- c. Please note that Gas Distribution's references to IHS Global Insight's non-farm employment growth are related to economic growth, not new business meter sets.

Gas Distribution used non-farm employment growth, as reported by IHS Global Insight, as a directional indicator for general economic conditions and potential economic growth. This non-farm employment growth is provided in the workpapers of Rose-Marie Payan, Exhibit SCG-30-WP. Economic growth was referenced in the following workgroups:

- Locate and Mark
- Asset Management
- Pressure Betterment
- Main and Service Abandonments
- Pipeline Relocations – Freeway
- Pipeline Relocations – Franchise
- Other Distribution Capital Projects

Separate from the references to economic growth, Gas Distribution used the new business meter set forecast to generate forecasts related to new business, including calculations in the following workgroups:

- New Business Construction
- Meters
- Regulators
- Gas Energy Measurement Systems

Rose-Marie Payan provided Gas Distribution with the new meter set forecast, and a description of that forecast calculation is included in her workpapers, therefore the reference to her Exhibit SCG-30-WP for the detail behind the connected meter forecast that feeds into the new meter set forecast.

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SoCalGas Response to Question 1.c., Continued:

These two different references are shown on appendix pages FBA-B-1 - FBA-B-2 of Exhibit SCG-04:

Cross Reference Table for Support to and from Other Witnesses

Area	Witness	Exhibit	Section	Notes
4. New Meter Set Forecast	Rose-Marie Payan	SCG-30-WP	New Meter Sets	Witness Rose-Marie Payan provided the new meter set forecast, which was used to calculate Gas Distribution's New Business Construction forecast. It was also used to calculate a portion of the forecasts for Meters, Regulators, and Gas Energy Measurement Systems. The meter set forecast calculations are described in the workpapers of Rose-Marie Payan.
5. Economic Growth	Rose-Marie Payan	SCG-30-WP	Commercial Meter, Industrial Meter	The non-farm employment is shown in Rose-Marie's workpapers as the sum of EMPCOM (commercial nonfarm employment) and EMPIND (industrial employment). A file showing the percent change is being provided in response to question C.2, below. This forecast was not used arithmetically in Gas Distribution's calculations, but rather as a directional indicator, to support the forecast methodology.

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SoCalGas Response to Question 1, Continued:

- d. Please refer to the response to Question 1.a. above for the new meter set forecast calculations for the years 2014 – 2016. Supplemental workpaper SCG-FBA-CAP-SUP-009 on pages 171 and 172 of Exhibit SCG-04-CWP shows how these forecasted new meter sets were used to calculate the New Business Meters (columns [H] through [K]):

Table 2: Forecasted Meters

	New Business (NB) Meter Forecast			
	[H]	[I] (% Growth in Each Year for [H])	[J] (1+[I])x(Previous Year [J])	[K] ([H]-[J])
	Total NB Meter Set Forecast	NB Forecast Growth Factor	Size 4+ NB Forecast	Size 1-3 NB Forecast
2013 (Table 1)	26,787	N/A	2,036	24,751
2014	35,089	31%	2,667	32,422
2015	40,339	15%	3,066	37,273
2016	44,894	11%	3,412	41,482