

CFC DATA REQUEST
CFC-Sempra-2019 #12
SOCALGAS 2019 GRC – A.17-10-008
SDG&E 2019 GRC – A.17-10-007
DATE RECEIVED: APRIL 4, 2018
DATE RESPONDED: APRIL 19, 2018

1. SCG-14, page MTM-4, describes how SCG compares to other natural gas distributors:

"SoCalGas is the largest gas distribution operator in the nation, with 99,872 miles of interconnected gas mains and services. SoCalGas' unique size and location of operations has a direct and significant bearing on overall costs to comply with federal DIMP requirements. SoCalGas' DIMP is designed to meet these objectives to remain in compliance with federal regulations and to promote safety and reliability to its customers at reasonable rates."

- a. Does SoCalGas consider that its size and scale of operations give the company cost advantages over smaller distributors? Please comment, particularly in regard to distribution system asset management issues, and whether the company reaps economies of scale and/or density compared to smaller distribution operators.
- b. Does SCG have other attributes that may impose cost disadvantages compared to other natural gas distributors? Please comment, and particularly in regard to the age of SCG system assets compared to other operators.

SDG&E and SoCalGas Response 01:

- a. For Exhibit SCG-14, SCG did not compare its operation costs to other distributors nor did it calculate any economy of scale benefits as compared to smaller distribution operators.
- b. For Exhibit SCG-14, SCG did not compare its operational attributes to other natural gas distributors.

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2. SCG-14, page MTM-10, describes how SCG plans to replace early vintage steel pipe assets:

"At a programmatic-level, dynamic segmentation is already being applied as a part of our early vintage replacement program analysis where we assess individual pipeline segments and relatively rank them by evaluating pipeline segment performance. This type of analysis helps us look at specific mitigation activities and how to prioritize our work. For the replacement of the early vintage steel (bare steel), a wholesale replacement of the bare steel main population regardless of pipe performance was considered as part of RAMP, and following that assessment, the scope was tailored to address base steel pipelines with a history of poor performance."

- a. What characteristics qualify a main or service line as being "vintage steel"? Please explain.
- b. How many total miles of early vintage steel mains were in service at the ends of i) 2012 and ii) 2016?
- c. How many early vintage steel services lines were in service at the ends of i) 2012 and ii) 2016?

SDG&E and SoCalGas Response 02:

- a. Vintage steel is considered non-state-of-the-art steel (NSOTA), which includes all steel that is not cathodically protected and/or bare.
- b. As reported on 2016 DOT Distribution Report, Part B Section 1: the number of miles of vintage steel as of end of 2016 is 7,954 miles (8,660 at end of 2012 as reported on 2012 DOT Distribution Report).
- c. As reported on 2016 DOT Distribution Report, Part B Section 1: Number of Unprotected bare steel services is 139 (129 at end of 2012 as reported on 2012 DOT Distribution Report).

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3. SCG-14, page MTM-20, describes activities undertaken by the DIMP team:

"[Distribution Integrity Management Programs] activities are primarily implemented and managed by the DIMP team. The team is composed of engineers, project managers, technical advisors, project specialists, and other employees with varying degrees of responsibility. This cost supports the Company's goals of operating the system safely and with excellence by continually assessing, mitigating, and reducing overall system risk."

Decision D.16-08-018 outlined Commission expectations concerning risk management programs:

"As the Commission's most recent GRC decision D.15-11-021 points out, the ultimate balance the Commission must strike is between safety and reasonable rate levels, or as expressed in that same decision, 'between affordability and risk reductions.'"

SCG-14, page MTM-21, further describes Programs/Projects and Activities to Address Risk (PAAR):

"These PAAR programs are intended to address risk above and beyond current regulatory requirements (federal and state), as intended by PHMSA. PAARs are implemented through different avenues, depending on the threat being addressed. A holistic view of the entire pipeline distribution system is used when determining a PAAR and its related funding level."

- a. Please explain whether, and if so, how, an upper limit is determined for proposed PAAR spending as part of taking a holistic view of the distribution system. In particular, how does SCG incorporate a long term cost optimization perspective when planning mains and service lines replacements?
- b. Of the personnel listed as DIMP team participants, which ones are primarily concerned with determining the affordability impact of proposed DIMP expenditures? Please explain.
- c. Of the personnel listed as DIMP team participants, which ones typically evaluate the affordability impact of proposed DIMP expenditures? Please explain.

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SDG&E and SoCalGas Response 03:

a. No SCG does not set an upper limit, DIMP is a balanced program, as described in Exhibit SCG-14, page MTM-20. As new programs arise for potential DIMP PAARs, SCG evaluates the risks and benefits of each proposed program, it then starts a pilot program, and will then do a reevaluation of the program to refine risks and benefits, including effectiveness for risk reduction, affordability impacts, and long-term optimization. An example of this is the DIMP PAAR Damage Prevention Advisor Program (DPAR), which is a new program that is currently in the developmental stage. SoCalGas will be obtaining information related to dig-in incidents through various means, such as, engagements with contractors/excavators on job site, results of outreach efforts, and documentation of markings prior to excavations. The outcomes to these activities, in relation to incidents, will help identify if practices performed are consistent with SoCalGas' policies. We expect to be using what we learn to further improve the effectiveness of the DPAR. Please also refer to Exhibit SCG-14, pages MTM-10, MTM-25, and MTM-26 as examples of SCG continual evaluation process of the risks and benefits for adjusting the pipeline replacement rates for DIMP PAARs related to mains and services replacement.

b. SoCalGas does not have designated DIMP team participants to determine an affordability impact, as analyses of risks and benefits of a DIMP PAAR may be performed by any member of the DIMP team.

c. SoCalGas does not have designated DIMP team participants to evaluate an affordability impact, as analyses of risks and benefits of a DIMP PAAR may be performed by any member of the DIMP team.

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4. SCG-14, page MTM-22, describes the Distribution Riser Inspection Project (DRIP):

"The Distribution Riser Inspection Project (DRIP) PAAR addresses the threat of failure of anodeless risers. Anodeless risers are service line components that have shown a propensity to fail before the end of their useful lives. The consequence of this component failing can be significant in that risers are attached to the meter set assembly (MSA), which is usually located next to a residence. The initial program included 2,600,000 anodeless riser units with the potential to be an integrity threat due to premature failure. Since the start of the program in 2013, approximately 380,000 have been remediated. The DRIP PAAR forecast for remediation is 180,000 to 190,000 services a year. At the current rate, the DRIP PAAR is anticipated to be completed by 2029."

- a. Since its inception, how much has been spent on DRIP? (A total to the end of 2017 would be ideal.)
- b. Over the most recent 12 months for which data are available, how many anodeless risers have been replaced?
- c. Of the anodeless risers replaced over the most recent 12 months for which data are available, how many were observed to have i) a hazardous leak, ii) a non-hazardous leak, or iii) no apparent leaks?

SDG&E and SoCalGas Response 04:

a)

| (000s) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Total |
|----------|--------|--------|--------|--------|---------|---------|----------------|
| DRIP O&M | \$1.8M | \$6.8M | \$7.3M | \$7.7M | \$15.5M | \$14.7M | \$53.8M |

b) A DRIP employee evaluates each identified anodeless riser to determine the required remediation. The remediation will either be the application of a protective barrier or referred for replacement to Distribution Operations. In most cases, a protective barrier can be administered and the DRIP employee will perform that procedure. The information in the table below provides the total number of remediations in 2017 and the number of each remediation type that make up that total.

2017 DRIP Remediations

| Total Remediations | Replacement Referrals | Protective Barrier |
|--------------------|-----------------------|--------------------|
| 184,480 | 1,506 | 182,974 |

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SDG&E and SoCalGas Response 04 Continued:

c) A remediation will not be performed by the DRIP employee when an above ground leak is identified. This includes leaks found on the riser, the portion being evaluated, and leaks found on the Meter Set Assembly (MSA). The DRIP employee will refer the leak to the responsible organization with trained and qualified employees to determine proper resolution. The resolution may not require a riser replacement, since the leak can be attributed to the MSA or loose fitting/nut. The below information provides the total number of remediations in 2017 and the number of leaks identified, either on the riser or the MSA, and referred to the appropriate organization during the DRIP evaluation.

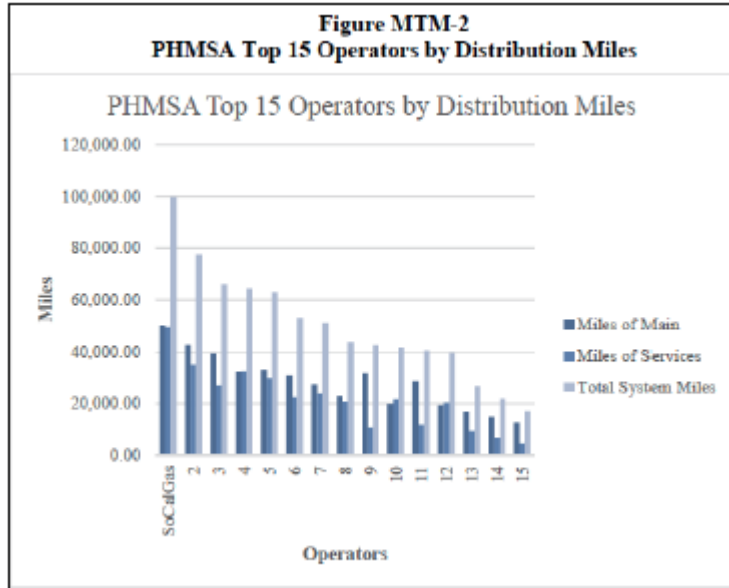
2017 DRIP Identified Leaks

| <i>Total Remediations</i> | <i>*Leaks Identified</i> | <i>No Apparent Leaks</i> |
|---------------------------|--------------------------|--------------------------|
| 184,480 | 4,905 | 179,575 |

*Many times leaks identified and referred by the DRIP employee are resolved by tightening, lubrication, or adjustment and are not reportable leaks per PHMSA Gas Distribution Annual Reporting Instructions (F7100.1-1).). DRIP leaks identified cannot be readily broken down by hazardous and non-hazardous leaks.

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5. SCG-14, page MTM-4, Figure MTM-2, shows the PHMSA Top 15 Gas Distribution Operators:



a. What gas distribution utilities does SCG consider as peers for performance comparison purposes? Please comment.

SDG&E and SoCalGas Response 05:

a. SCG objects to this request under Rule 10.1 of the Commission’s Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence. SCG further objects on the grounds that the request is overly broad and is vague and ambiguous with respect to the phrase “peers for performance comparison purposes.” Subject to and without waiving the foregoing objections, SCG responds as follows: SCG interprets this request as calling for whether SCG considered other gas distribution utilities’ performance for purposes of the forecasts presented in Exhibit SCG-14. SCG did not do this comparison.