

INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 2, 2018
DATE RESPONDED: FEBRUARY 20, 2018

1-1. Please confirm that all material supplied to ORA and any other party, whether by means of a formal or informal data request, pertaining to this docket are currently posted on SoCalGas's webpage for this proceeding. If only a PDF is posted, please provide, where available, an executable version in native format with all formulas intact.

SoCalGas Response 1-1:

SoCalGas objects to this request on the grounds that the instruction to provide an executable version in native format is unfairly burdensome. Special interrogatory instructions of this nature are expressly prohibited by California Code of Civil Procedure Section 2030.060(d). Subject to and without waiving the foregoing objection, SoCalGas responds as follows:

All data request responses are posted on the SoCalGas website in PDF format. The related attachments are not posted on the website. These will be provided to you in their native format on a flash drive, for responses provided as of February 8, 2018. Confidential responses and attachments are ***Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-D, and D.17-09-023.*** Parties' requests seeking all the discovery requests and responses to date are excluded. Requests for native workpapers are also excluded as these are included with Indicated Shipper Data Request 1-6.

**INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
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DATE RESPONDED: FEBRUARY 16, 2018**

1-2. Please confirm that all future information supplied to ORA and any other party, whether the result of a formal or informal data request, will be posted to SoCalGas's webpage for this proceeding at the same time that the information is supplied to the requesting party. If only a PDF is posted, please provide, where available, an executable version in native format with all formulas intact.

SoCalGas Response 1-2:

SoCalGas objects to the continuing and indefinite nature of this request on the grounds that it is unduly burdensome. Continuing interrogatories are expressly prohibited by California Code of Civil Procedure Section 030.060(g).

SoCalGas further objects to this request on the grounds that the instruction to provide an executable version in native format is unfairly burdensome. Special interrogatory instructions of this nature are expressly prohibited by California Code of Civil Procedure Section 2030.060(d).

Subject to and without waiving the foregoing objections, SoCalGas will continue to provide data request responses on the SoCalGas website.

**INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 2, 2018
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1-3. Please provide the detailed workpaper supporting the estimated impact of the proposed rates on a residential customer using 35 therms per month as described on page 1 of the application.

SoCalGas Response 1-3:

The separately attached spreadsheet “IS-SCG-001_Q3 Residential Bill Impact Application.xlsx” shows in detail the estimated impact of the proposed rates on a residential customer using 35 therms per month as described on page 1 of SoCalGas’ application.

INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
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DATE RESPONDED: FEBRUARY 16, 2018

1-4. Please provide detailed workpapers (executable versions in native format with all formulas intact) supporting the schedules contained in Appendix D to the application.

SoCalGas Response 1-4:

For a detailed showing (executable versions in native format with all formulas intact) supporting the schedules contained in Appendix D of the application, please see the separately attached excel file “Aug-2017 SCG RD Model – 2019 GRC.xlsx” (SoCalGas has also included the SDG&E model spreadsheet “Aug-2017 SDGE RD Model – 2019 GRC.xlsx” as the two models are linked). In the SoCalGas spreadsheet, the tab, “Application” contains Appendix D of the application.

**INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
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1-5. Please provide the confidential versions of any testimony (revised version where appropriate).

SoCalGas Response 1-5:

SoCalGas did not have any confidential testimony or revised testimony.

INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
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1-6. All of the workpapers posted on the website are PDF versions. Please provide, where available, executable versions in native format, with all formulas intact, for all calculations. Please provide both public and confidential versions.

SoCalGas Response 1-6:

SoCalGas objects to this request on the grounds that the instruction to provide an executable version in native format is unfairly burdensome. Special interrogatory instructions of this nature are expressly prohibited by California Code of Civil Procedure Section 2030.060(d). Subject to and without waiving the foregoing objection, SoCalGas responds as follows:

For workpapers where excel files are available, those will be provided on a flash drive for this data request. Most workpaper exhibits do not exist as Excel documents with working formulae. Generally, workpapers and testimony tables that appear in testimony are not created from, nor do they originate as Excel spreadsheets, these are produced from a database system which consists of many data tables that are dynamically linked to permit grouping of cost centers and budgets, editing of historical values, selection of a forecast methodology, adjustments to forecasts and the production of workpapers. The use of a database for this purpose does not involve spreadsheets, the workpapers are formatted 'reports' from that collection of tables and linking relationships that form the database. Data extracts of this type contain only data values, the extract is not capable of producing 'working formulas'. Confidential workpapers are marked as ***Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-D, and D.17-09-023***, and are accompanied by supporting declarations.

INDICATED SHIPPER DATA REQUEST
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1-7. Page 1 of the Application states, “Incorporated in this GRC filing is a TY 2019 cost of service study, pursuant to which SoCalGas’ rates should be set beginning January 1, 2019”.

- a. Please provide a complete fully functional copy of this cost of service study. If available in Microsoft Excel format, please provide with all formulas and links intact.
- b. Please explain which SoCalGas witness sponsors this 2019 cost of service study.
- c. Please explain how the 2019 cost of service study was utilized to determine the proposed class revenues shown in Appendix D of the Application and in Exhibit SCG-46-R.

SoCalGas Response 1-7:

- a. A “cost of service study” reflects the total amount (test year revenue requirement) that must be collected in rates for a utility to recover its costs and earn a reasonable return. The cost of service study on page 1 of the 2019 GRC Application references the entirety of the current GRC filing.
- b. All SoCalGas witnesses support the 2019 cost of service study.
- c. The 2019 cost of service study provides the total revenue requirement that is to be allocated to the different customer classes shown in Appendix D of the Application and in Exhibit SCG-46-R. However, the basis for the allocation of these costs is outside the scope of the 2019 GRC. Cost allocation is set in the Triennial Cost Allocation proceeding (TCAP). The current cost allocation was authorized in D.16-06-039.

INDICATED SHIPPER DATA REQUEST
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1-8. At page 1 of the direct testimony of J. Bret Lane, he states, “Approximately 57% of SoCalGas’ incremental revenue requirement in this 2019 GRC is directly related to safety measures.”

- a. Please provide the detailed workpapers supporting this calculation.
- b. Please explain for all cost items greater than \$10 million, the makeup of the remaining 43% of the incremental revenue requirement.

SoCalGas Response 1-8:

- a) It has been determined the 57% at page 1 of the Revised Direct Testimony of Mr. J. Bret Lane was not updated to reflect the revised percentage of 54% as indicated at page 11 of the testimony reflecting the RAMP incremental revenue requirement. This will be corrected at the next opportunity.

Please see separately attached workbook “IS-SCG-001 Q8 Response.xlsx” for the calculation of the revised percentage of 54%.

- b) SoCalGas objects to this request on grounds that it is vague and ambiguous, with respect to the phrase “all cost items greater than \$10 million.” Subject to and without waiving this objection, SoCalGas states as follows: This information is not readily available at a revenue requirement level. The revenue requirement is computed using the Results of Operations (RO) model based on cost estimates entered in the General Rate Case Integrated Database (GRID) system by the sponsoring witnesses. GRC witness areas do not categorize non-RAMP activities in the manner requested.

The RAMP is a new procedural requirement established by the Commission in Decision (D.) 14-12-025 (the Risk Framework Decision).^[1] SoCalGas and SDG&E were the first utilities to integrate the RAMP into the GRC. As described in the Direct Testimony of Jamie York (Exhibit SCG-02-R/SDG&E-02-R, Chapter 3), “the GRC witness areas categorized the RAMP mitigation activities into one or more of the following: RAMP Base, RAMP Incremental, and RAMP Post-Filing.” This categorization provides SoCalGas the ability to calculate the amount of incremental revenue requirement related to RAMP activities (i.e., the 54%), but not the incremental non-RAMP revenue requirement (i.e., the remaining 46%) in the form requested. However, cost items without the labels RAMP Base, RAMP Incremental, and RAMP Post-Filing would be those that compose the remaining 43%.

^[1] The December 9, 2014, “Decision Incorporating a Risk-based Decision-making Framework into the Rate Case Plan and Modifying Appendix A of Decision 07-07-004,” in Rulemaking (R.) 13-11-006.

**INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 2, 2018
DATE RESPONDED: FEBRUARY 16, 2018**

1-9. At page 11 of the direct testimony of J. Bret Lane, he states that RAMP costs account for \$260 million (or 54%) of the revenue requirement increase, with \$57 million attributed to capital and \$203 million for O&M.

- a. Please provide the detailed workpapers supporting \$57 million incremental revenue requirement for capital associated with RAMP.
- b. Please provide the detailed workpapers supporting \$203 million incremental revenue requirement for O&M associated with RAMP.
- c. Please explain, for all cost items greater than \$10 million, the makeup of the remaining \$220 million (47%) of the incremental revenue requirement.

SoCalGas Response 1-9:

- a) Please see separately attached workbook “IS-SCG-001 Q9 Response.xlsx” for details and calculation.
- b) Please see separately attached workbook “IS-SCG-001 Q9 Response.xlsx” for details and calculation.
- c) Please see response 1-8.b.

INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 2, 2018
DATE RESPONDED: FEBRUARY 16, 2018

1-10. Please refer to Appendix A.2 of the direct testimony of Diana Day.

- a. Please reconcile the difference between the \$170.269 million of incremental O&M associated with RAMP costs with the \$203 million discussed on page 11 of Bret Lane's direct testimony.
- b. Please provide the detailed workpapers associated with the RAMP report on 11-30-2016 in Case No. 16-10-015 that show support for each line item of incremental O&M and Capital.
- c. Please explain how the RAMP report filed on 11-30-2016 in Case No. 16-10-015 supports the O&M costs and Capital expenditures shown in this exhibit. Please provide all studies and workpapers that support the response.

SoCalGas Response 1-10:

- a. The \$203 million discussed on page 11 of the Revised Direct Testimony of SoCalGas Policy witness Bret Lane (Exhibit SCG-01-R) is on a revenue requirement basis, which includes the direct costs as well as other items such as franchise fees and escalation, and is in 2019\$. By contrast, the \$170.3 million from Appendix A.2 of the Revised Direct Testimony of SoCalGas Risk Management and Policy witness Diana Day (Exhibit SCG-02-R Chapter 1) is in direct costs in 2016\$. The calculation of the \$203 million revenue requirement included in Mr. Lane's Revised Direct Testimony began with SoCalGas running the amounts as summarized in Appendix A.2 of Ms. Day's Revised Direct Testimony, through the Results of Operations (RO) model, and then comparing it to the base RO model for the Test Year 2019 GRC request. For additional detail and support regarding the RAMP-related numbers included in Mr. Lane's Revised Direct Testimony, please see SoCalGas' responses to Question 9 parts a and b.
- b. Please see the separately attached spreadsheet "IS-SCG-001_Q1-10b_RAMP Mapping.xlsx." Please note that this spreadsheet contains data for both SoCalGas and SDG&E. Prior to reviewing or analyzing the information contained in the spreadsheet, please read the information on the Overview and Disclaimers tab. As noted on the Overview and Disclaimers tab, this spreadsheet reflects the information put forth in the revised testimony exhibits of SoCalGas and SDG&E, submitted on December 20, 2017. The RAMP-related cost information by line item is presented in the spreadsheet on the O&M RAMP Data and Capital RAMP Data tabs. These two tabs have detailed information and can be further filtered by header row, such as Company, RAMP risk, GRC witness, etc. For your reference, we have provided two summary tabs, O&M Summary Pivot and Capital Summary Pivot, to illustrate that the information in the spreadsheet is consistent with the tables included in Appendix A.2 of the Revised Testimony of Risk Management and Policy witness Diana Day (Exhibit SCG-

**INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
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02R/SDG&E-02-R Chapter 1). Lastly, the tab labeled RAMP Risk List is being included for informational purposes.

The RAMP range for each applicable activity or line item is also provided in the spreadsheet. The RAMP range and calculations in Columns R & S on the O&M RAMP Data tab and Columns W, X, Y, & Z on the Capital RAMP Data tab were specifically requested by ORA in data request ORA-SCG-090-NS4. We are including it in this response for your convenience. The RAMP range included in the spreadsheet reflects the amounts shown in GRC workpapers, which were entered by the GRC witness teams.

GRC witness teams did not consistently translate the estimated RAMP range from the RAMP Report to their GRC workpapers. In other words, the RAMP range reflected in the GRC workpapers may not always align with the range put forth in the RAMP Report. This largely occurred because RAMP mitigation activities may not have cleanly mapped to a single witness area, forecast adjustments or line items due to how the teams entered the activities into our GRC forecasting application. This issue is discussed in further detail in the direct testimony of Jamie York (SCG-02-R/SDG&E-02-R, Chapter 3, section F). For example, as Ms. York explains on pages JKY-10 and JKY-11, some GRC teams entered adjustments as an aggregated amount (i.e., multiple activities were entered as one line item), while others split costs for one activity between multiple workpapers based on where the costs are recorded. This would result in consolidating or splitting the ranges that appeared in the RAMP Report. Another example is, if a GRC team entered an activity as multiple adjustments, the RAMP range may have been duplicated by the GRC team, since a RAMP range is associated with each adjustment. In other instances, the GRC witness team may have interpreted the RAMP range for a particular subject matter, resulting in the range from the RAMP Report being partially represented.

Because of the foregoing, the calculations requested in this question and any comparisons based on the calculations should not be taken as a defining data point. Further, SoCalGas notes that the ranges presented for purposed of the RAMP Report's risk assessment were superseded by the specific funding requests made in supporting testimony in the GRC.

- c. SoCalGas objects to this request as vague and ambiguous with respect to the statement that the RAMP Report "supports" O&M costs and Capital expenditures. Subject to and without waiving this objection, SoCalGas states as follows: As stated at page DD-6 of Ms. Day's Revised Direct Testimony: "The RAMP Reports provide information about the Companies' assessment of their key safety risks and proposed programs for mitigating those risks, consistent with instructions set forth in both the Risk Framework and interim S-MAP Phase 1 Decisions." The RAMP Report (at RAMP-A, page SDGE/SCG A-1) states that "[t]his first formal RAMP filing identifies SoCalGas and SDG&E's baseline assessment of safety risks to the public, their employees and their systems, and what potential mitigation measures have been considered. Based on those potential mitigation measures, the utilities then propose certain mitigation measures to further reduce

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IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 2, 2018
DATE RESPONDED: FEBRUARY 16, 2018

identified risks.” Further, “The purpose of RAMP is not to request funding.” (RAMP-A, page SDGE/SCG A-2.)

Section II.B of Ms. Day’s Revised Direct Testimony describes the components of SoCalGas’ risk showing in the Test Year 2019 GRC, which include the requested RAMP-related O&M costs and capital expenditures. In particular, Section II.B.4 discusses the RAMP in the Test Year 2019 GRC and explains the following beginning on page DD-18 line 14:

...this GRC represents a shift from how the Companies have presented their GRCs in the past. The RAMP process involved multiple organizations throughout the Companies reviewing, assessing, and analyzing the safety risks and associated mitigation plans in significant detail, which provided a new risk perspective in the context of GRC preparation. This multi-organization evaluation during the RAMP and GRC planning processes revealed some risk exposure that may be mitigated by implementing new projects or expanding existing projects or programs.

In that sense, the RAMP process, and the models presented in the S-MAP, worked as intended and was constructive in identifying potential mitigants to further reduce risk to employees, contractors, and the public. The analysis resulting from the RAMP process helped share this GRC request, and the Companies are seeking funding for incremental activities to provide additional risk mitigation, as reference in Appendix A of my testimony.

Further, as discussed in the Direct Testimony of Jamie York (Exhibit SCG-02-R/SDG&E-02-R Chapter 3), SoCalGas “translate[d] the safety-risk mitigation activities identified in the RAMP Report into the GRC” (p. JKY-2 lines 22-23). This translation was not an easy feat as it required SoCalGas to reflect the RAMP’s “risk-based view, while at the same time including the requests that meet the tradition non-risk based operating needs” (p. JKY-2 lines 24-25). Ms. York’s Direct Testimony explains the process SoCalGas used to incorporate the RAMP mitigation activities into the GRC application beginning on page JKY-2.

**INDICATED SHIPPER DATA REQUEST
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SOCALGAS RESPONSE
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1-11. At page 4 of the direct testimony of Jamie York, she states that the requested amounts for RAMP activities in the TY 2019 GRC may differ from what was presented in the November 2016 RAMP report.

- a. Please provide the detailed workpapers that show how these differences were calculated.
- b. Please provide a detailed workpaper that identifies the exact projects identified in the RAMP report and how they are tied to the RAMP activities requested in the 2019 GRC.

SoCalGas Response 1-11:

- a. Generally, each GRC witness that sponsors RAMP-related activities have a discussion in their testimony, including a dedicated RAMP section (usually Section II of each applicable GRC witnesses' testimony) to address their RAMP items, how it differed from the RAMP Report, and why. As explained in Ms. York's Direct Testimony, the "GRC witnesses revisited the cost estimates developed in the RAMP Report in light of new, more recent or additional information" (at p. JKY-4 lines 19-20) including feedback submitted in the RAMP proceeding by the Safety and Enforcement Division and parties. As a general matter, there were differences from the RAMP Report to the GRC, as discussed in Ms. York's Direct Testimony on page JKY-4 line 15. For example, the RAMP Report was in 2015\$. The TY 2019 GRC is in 2016\$. Another example is that the RAMP Report provided a dollar range for activities for informational purposes only; the GRC puts forth particular dollar requests in supporting testimony because the GRC is where the actual funding is requested.

The spreadsheet referenced in SoCalGas' response to Question 1-10 part b, "IS-SCG-001_Q1-10b_RAMP Mapping.xlsx," includes the RAMP range as provided in GRC workpapers and calculations for comparing the values in the GRC to that RAMP range.

- b. Please see SoCalGas' response to part a.

**INDICATED SHIPPER DATA REQUEST
IS-SCG-001
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
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DATE RESPONDED: FEBRUARY 16, 2018**

1-12. Referring to the revenue spread presented in Exhibit SCG-46-R:

- a. Please explain if the revenue requirement was allocated in accordance with the CPUC Decision 16-10-004 from Case No. 15-07-014.
- b. Please provide the detailed workpaper that shows how the costs were allocated among the rate classes.
- c. Please provide a proof of revenue that shows the buildup of the 2019 proposed revenues.

SoCalGas Response 1-12:

- a. Yes, the revenue requirement was allocated in accordance with the Triennial Cost Allocation Proceeding (TCAP) CPUC Decision 16-10-004 from Case No. 15-07-014.
- b. Please see the separately attached excel file named “Aug-2017 SCG RD Model – 2019 GRC.xlsm.” In that spreadsheet, tabs “Cost Allocation” and “Cost Alloc” show how the costs were allocated among the rate classes.
- c. The buildup of the 2019 proposed revenues is shown below. This is derived in the spreadsheet referenced in part b above, tab “GRC Summary (3).”

SCG	01/01/2019 GRC Rates C
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<u>SoCalGas Base Margin & Rates Revenue \$millions</u>	
Authorized Base Margin	\$2,904.8
AMI (with FF&U)	\$0.0
PSEP Outside of GRC (pre system integration w/ FF&U)	\$0.0
ACTR	\$0.0
Adjustments to 2017 & 2018 Base Margin (as if AMI, PSEP, & ACTR are part of Base Margin)	\$2,904.8
Rate Adjustments (outside GRC)	\$447.4
<hr/>	
Rates Revenue	\$3,352.1
Procurement Costs (excl BTS)	\$1,239.6
PPPS Costs	\$343.3
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Bundled Rates Revenue (incl Procurement & PPPS)	\$4,935.0