

**ORA DATA REQUEST
ORA-SCG-032-CL8
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: DECEMBER 6, 2017
DATE RESPONDED: DECEMBER 20, 2017**

Exhibit Reference: SCG-36 and SCG-36-WP

SCG Witness: Flora Ngai

Subject: Depreciation

Please provide the following. “Workpapers” refers to SCG-36-WP.

1. Follow-up question to the Master Data Request response, Chapter 30, Question 2.
 - a. Please provide 5 years of historical data (2012-2016) for actual net salvage dollars collected in rates.
 - b. Please provide 5 years of historical data (2012-2016) for year-end accumulated net salvage (i.e., accumulated net salvage dollars accounted for within the depreciation reserve).

SoCalGas Response 1:

1.a. The actual net salvage dollars collected in rates for 2012-2016 are the amounts authorized per the Commission’s decision on SCG’s TY 2012 GRC (D.13-05-010) and TY 2016 GRC (D.16-06-054). As stated in the Master Data Request response, Chapter 30, Question 2: “The annual negative net salvage authorized in rates for 2012 through 2015 was \$77,964,118... and \$97,809,896 for 2016.” The amount collected is the same as the amount authorized, which was \$77,965,118 per year for 2012 through 2015 and \$97,809,896 for 2016.

1.b. The net salvage dollars accounted for within the depreciation reserve is the “Net Salvage Recorded” column as shown in the table provided in response to the Master Data Request, Chapter 30, Question 2. For your convenience, the table is reproduced below:

Year	Gross Salvage	Cost of Removal	Net Salvage Recorded
2012	-1,318,043	24,855,003	\$23,536,960
2013	-1,608,507	25,163,247	\$23,554,740
2014	-2,304,440	36,263,198	\$33,958,758
2015	-1,204,176	58,645,294	\$57,441,118
2016	-1,097,901	57,850,040	\$56,752,139

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2. Follow-up question to Data Request ORA-SCG-007-CL8, Question 3. SoCalGas identified an erratum regarding FERC Account 352 (Wells). This erratum includes a change to testimony that would re-phrase the originally stated average service life of the wells to a new statement of the ages of the wells dated from the time SoCalGas began storage operations.
 - a. As the erratum did not include changes to recommendations, please explain the basis for the average service life recommendation of this account.
 - b. Please provide a description and interpretation of the supporting data, presented pages 148 and 149 of the workpapers.
 - i. Include an explanation of how, if at all, the erratum changes the interpretation of this data.
 - ii. Include an explanation of the extent to which the data presents the actual age at retirement of units in Account 352.
 - iii. Include an explanation of the extent to which the data presents the span of time between SoCalGas beginning storage operations and the retirement of units in Account 352.
 - iv. Include an explanation of how SoCalGas's supporting data account for service years experienced by units prior to the beginning of storage operations by SoCalGas.

SoCalGas Response 2:

2.a. The basis for the average service life recommendation of Account 352 is primarily from the actuarial life analysis presented on pages 148-149 of the workpapers (Exhibit SCG-36-WP) and input from SoCalGas' operations personnel.

2.b. The graph on page 148 of the workpapers shows that the actual data is a close fit to 53 R1 through age 42. The life/curve of 53 R1 is also ranked first on the best fit curve results shown on page 149. The proposed life/curve when compared with the currently authorized life/curve of 49 R2.5 lengthens the average service life by 4 years and the lower mode curve, from R2.5 to R1, extends to the span beyond 90 years. The proposed life/curve is consistent with the erratum where the oldest vintage of plant surviving is 85 years.

2.b.i. The erratum does not change the interpretation of the data on pages 148-149 of Exhibit SCG-36-WP.

2.b.ii. The data presents the actual age of retirements for Account 352 for transactional years 1999-2016 (experience band).

2.b.iii. The data presents the total time span for Account 352 from 1930-2016 (placement band).

2.b.iv. SoCalGas' accounting records do not contain service years prior to the start of storage operations.

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3. Follow-up question to Data Request ORA-SCG-007-CL8, Question 5. Please provide a description and explanation of the referenced “information from SoCalGas operations management” that is the source of the time period of 15 years for potential retirement of assets in FERC Account 368.

SoCalGas Response 3:

The referenced information was obtained from discussions with operating personnel in SoCalGas’ gas transmission department. The judgment and experience of field personnel is one of the factors considered during the Depreciation Study when selecting the life/curve of an account.