

ORA DATA REQUEST
ORA-SCG-059-DAO
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: DECEMBER 27, 2017
DATE RESPONDED: JANUARY 11, 2017

Exhibit Reference: SCG-04 Testimony and Workpapers

SCG Witness: Gina Orozco-Mejia

Subject: Gas Distribution Capital, New Business

Please provide the following:

1. Referring to Ex. SCG-04-CWP workpapers, page 14, please
 - a. explain how SCG derived the number of forecasted FTEs for 2017-2019, and
 - b. provide a copy of all calculations and supporting documents used to determine the forecast.

SoCalGas Response 1:

- a. SoCalGas derived the number of forecasted FTEs for 2017 – 2019 by dividing the total forecasted labor each year in column K over the three-year historical average annual labor in column F as shown on supplemental workpaper SCG-04-GOM-CAP-SUP-001.
- b. Supplemental workpaper SCG-04-GOM-CAP-SUP-001 provides the breakdown on how the forecast calculations were determined. The number of meter sets were forecasted based on the methodology presented in the workpaper of witness Rose-Marie Payan, Exhibit SCG-39-WP. The cost per meter set was based on the three-year (2014-2016) historical value. The number of meter sets multiplied by the average cost per meter set provides the anticipated cost for each year.

The labor and non-labor costs are broken down by applying the three-year (2014-2016) historical ratio to the total forecast cost. The answer to Question 1.a discusses the process for calculating the number of forecasted FTEs.

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2. Provide a citation to SCG's workpapers for witness Rose-Marie Payan, for the new meter set forecast methodology as referenced in Ex. SCG-04-CWP on page 14.

SoCalGas Response 2:

The forecast methodology is listed on page 9 of SCG-39-WP.

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3. In Ex. SCG-04 testimony, page GOM-92, Table GOM-35, SCG forecasts \$36,632,000, \$45,313,000, and \$50,393,000 for 2017, 2018 and 2019, respectively. In SCG’s workpapers, page 14, SCG’s New Business capital expenditures for 2017-2019 are \$42,243,805, \$50,925,107, and \$54,534,135, respectively. Please explain the differences in the forecasts in SCG’s testimony and workpapers.

SoCalGas Response 3:

The table GOM-35 consists of 4 different but related activities, while the workpapers at page 14 discuss only the activity for “New Business Construction.” Please see the table below for a breakdown of the values in Table GOM-35, which provides the net costs associated with the four activities related to new business. The figures shown on page 14 of the workpapers break down how the forecast for only the “New Business Construction” line item was determined.

	2017	2018	2019
New Business Construction	\$ 42,244,000	\$ 50,925,000	\$ 54,534,000
New Business Trench Reimbursements	\$ 697,000	\$ 697,000	\$ 697,000
Advanced Metering Infrastructure	\$ -	\$ -	\$ 1,471,000
New Business Forfeitures	\$ (6,309,000)	\$ (6,309,000)	\$ (6,309,000)
Total	\$ 36,632,000	\$ 45,313,000	\$ 50,393,000

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4. In SCG’s testimony on page GOM-92, Table GOM-35, SCG shows the 2016 recorded expenditures as \$44,220,000 and in SCG’s workpapers, page 14, the 2016 recorded total is \$43,232,860. Please explain the difference in the 2016 recorded expenditures.

SoCalGas Response 4:

As discussed in the answer to Question 3 above, the recorded costs shown on page 14 of SCG-04-CWP-GDIST is for only the “New Business Construction” line item. The 2016 recorded expenditures in Table GOM-35 includes the sum for new business construction and new business trench reimbursements, as shown in the table below.

	2016
New Business Construction	\$ 43,232,000
New Business Trench Reimbursements	\$ 988,000
Total	\$ 44,220,000

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5. Referring to SCG’s testimony on page GOM-92, Table GOM-35, please explain in detail, and provide a copy of any calculations and/or supporting workpapers used to determine a decrease of \$7.6 million in capital expenditures for 2017 compared to 2016.

SoCalGas Response 5:

The difference between the 2016 adjusted recorded and the 2017 forecast is due to the 2016 adjusted recorded not including the reduction from the new business forfeitures. Applying the recorded new business forfeitures from 2016 to Table GOM-35 would make the new value \$34,852,000. Please see the table below for the breakdown.

	2016
New Business Construction	\$ 43,232,000
New Business Trench Reimbursements	\$ 988,000
New Business Forfeitures	\$ (9,368,000)
Total	\$ 34,852,000

In the preparation for GRC forecast modeling, only the direct costs were extracted for each witness and these forfeitures were not included in that process, a discrete adjustment entry is required to include them in history. If the forecasting methodology selected does not require those historical costs that adjustment is not required, as is the case for this new business budget, which was forecasted by a zero-based method.

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6. Referring to SCG’s testimony, pages GOM-93 to GOM-94, please provide the following information:

- a. A copy of all calculations and supporting documents used to derive the forecasted increase of 41 Data Collector Units (DCUs) per calendar year;
- b. A copy of all calculations and supporting documents used to derive the forecasted additional 25 DCUs per year for replacement of existing units;
- c. For each year from 2012-2017 YTD, provide the number of DCUs installed and costs incurred;
- d. A copy of all calculations and supporting documents used to determine the forecasted of 4,600 DCUs to be installed by the end of 2018; and
- e. What is the number of DCUs currently in used in SCG’s territory?

SoCalGas Response 6:

- a. See tab 6a in the accompanying file “ORA-SCG-059-DAO Q6a-b.xlsx.”
- b. See tab 6b in the accompanying file “ORA-SCG-059-DAO Q6a-b.xlsx.”
- c.

	2012	2013	2014	2015	2016	2017
DCUs Installed	390	1577	1018	438	658	245

*DCU counts do not include incident-related DCU replacements.

AMI Network (DCU) Deployment Capital Costs
 Nominal (000s)

	2012	2013	2014	2015	2016
Labor	2,133	3,376	4,693	4,128	3,427
Non-labor	8,301	9,103	8,575	4,112	4,307
Total	10,434	12,480	13,268	8,240	7,734

The above table includes project deployment related capital costs associated with the installation of the AMI DCU network during the project period, through 2016. Capital costs through the deployment period are recorded in the Advanced Meter Infrastructure Balancing Account (AMIBA). Project deployment costs in 2017, also recorded in the AMIBA, are not yet available.

- d. See below for the calculation used to determine the forecast of approximately 4,600 DCUs to be installed by the end of 2018.

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SoCalGas Response 6:-Continued

4,326 DCUs installed through 2017

233 Pending DCUs to complete the DCU network per existing service territory in 2018

41 New Business DCUs for 2018

4,600 Total

- e. As of December 31, 2017, there are 4,326 DCUs installed in SCG's service territory.