

**ORA DATA REQUEST
ORA-SCG-135-YNL
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 14, 2018
DATE RESPONDED: MARCH 1, 2018**

Exhibit Reference: SCG-08-CWP, SCG-08-WP, SCG-08-R

SCG Witness: Michael A. Bermel

Subject: Gas Major Projects

Please provide the following:

1. Referring to Ex. SCG-08-R, p. MAB-iv, Table MAB-2, SoCalGas estimates a capital forecast of \$300,000 in 2017 for Methane Monitors & Fiber Optics Projects. Referring to Ex. SCG-08-CWP, Appendix C, p. 2 of 5 (or 44 of 56), Figure 1 shows that there will be no methane sensor installations in 2017. On the following page, however, SCG projects \$300,000 for non-labor expenses in Figure 3.

- a. Please explain and provide supporting documentation that accounts for \$300,000 non-labor expenses.
- b. Please provide the actual costs SCG incurred in 2017.

SoCalGas Response 1:

- a. The \$300,000 in non-labor expenses were requested for project planning, project plan documentation and methane sensor evaluation. This included \$250,000 for the project planning and documentation and \$50,000 for methane sensor evaluation.
- b. The actual costs incurred by the company in 2017 were \$89,985 in non-labor costs. This included 3rd party non-labor fees of project plan development, plan documents, and methane sensor evaluations.

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2. Referring to Ex. SCG-08-R, p. MAB-9, Table MAB-11, SoCalGas estimates non-shared O&M expenses by cost center for management & outreach to be \$3,646,000 in 2019. Referring to Ex. SCG-08-CWP, Appendices A-D show O&M costs to be \$1,399,000, \$1,098,000, \$211,000 and \$202,000. These costs, based on appendix titles are for four programs: DOCC, PIMS, Methane Sensors and Fiber-Optics projects for the grand total of \$2,910,000.

- a. Please account for the difference between \$3,646,000 and \$2,910,000.
- b. Please provide an Excel file listing all of the components of \$3,646,000 as well as references to the workpapers where these costs may be found.

SoCalGas Response 2:

- a. Management and Outreach is part of the O&M Workpapers, please refer to SCG-08-WP pages 5 -11 for detail. This cost center includes additional activities in addition to the O&M cost for DOCC, PIMS, Methane Sensors and Fiber-Optics projects. As can be seen on the workpapers at page 7 for year 2019 forecast adjustment entries, an amount of \$1,398k below the center of the page with the explanation “Adjustment to incorporate the O&M forecast of the Distribution Operations Control Center (DOCC)” represents the O&M total of labor and non-labor for that DOCC activity. Similarly, on page 8 of those workpapers can also be found a total of \$1,140k for PIMS, and \$413k for Methane Sensors and Fiber projects. These three items total \$2,951k. In addition, during the course of research conducted in responding to this data request, SoCalGas identified an error of \$42k understated in the testimony appendices descriptions, further explained in part b below. The \$2,910k from testimony appendices A-D plus the \$42k understatement totals \$2,952k which, after accounting for rounding, represents the \$2,951k total of the workpapers.
- b. Please refer to SCG-08-R pages MAB-11 and MAB-16 and SCG-08-WP pages 5 -11 for detail. See table below for a breakdown of costs under Management and Outreach. The historical base year 2016 expenses for this this cost center was used as a starting point, to which various adjustments were made, either adding or subtracting, to represent the expected future costs for these activities as shown in the workpapers and the table below. Note that the \$1,398k value for the DOCC is shown separately and the totals of \$1,140k for PIMS and \$413 for Methane Sensors and Fiber project are combined to yield the value \$1,553k.

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SoCalGas Response 2 Continued:

Cost Centers and O&M Expense Element	2016-Adj (000s)	Estimat ed 2017 (000s)	Estimat ed 2018 (000s)	Estimat ed 2019 (000s)
2200-2259, 2200-2391, 2200-2576 Historical base year 2016 work/expenses	933	933	933	933
2200-2259, 2200-2391, 2200-2576 Enterprise-wide additions for Dist. Op. and Control Center O&M	0	0	17	1,398
2200-2259, 2200-2391, 2200-2576 Additions for Pipeline Information Management System (Enterprise-wide). Fiber and Methane system-wide support – O&M *	0	0	656	1,553
2200-2259, 2200-2391, 2200-2576 FoF Savings. Project Management personnel reduction system-wide due to FoF initiatives 60, 70 and 920. O&M Project Management efficiency gains.	0	-83	-207	-422
Adjustment for work deferred in 2016 due to staffing and required focus on special assignment accounted for in cost center.	0	185	185	185
Total O&M	933	1,035	1,584	3,647

* The forecasted cost for 2019 presented in SCG-08-CWP, page 36 of 56, table 5- PIMS Operations and Maintenance Forecast Summary should be \$1,140,000, instead of \$1,098,000, a discrepancy of \$42,000. This will be corrected on the next opportunity.

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3. Referring to Ex. SCG-08-WP, page 8 of 23, please show where in Ex. SCG-08-R and Ex. SCG-08-CWP the labor and non-labor adjustments for O&M forecasted costs for PIMS related work and the methane sensors and fiber technology projects are accounted for. Please explain and provide a spreadsheet of how the adjustments on pages 6-8 of Ex. SCG-08-WP tie into a total request of \$3,646,000 for management & outreach.

SoCalGas Response 3:

Workpapers are separated into two volumes, those ending with the suffix “WP” are O&M workpapers, while those ending in “CWP” are capital workpapers. Adjustments to historic and forecast values are contained in workpapers along with descriptions of those adjustments, thus the labor and nonlabor adjustments for O&M for PIMS and Fiber related work will be found in SCG-08-WP and not in SCG-08-CWP. Testimony volumes generally show the summarized costs for a given O&M activity or Capital project and do not show individual adjustments.

As a general guide to workpapers, each workpaper volume consists of a table of contents, an overall summary page, and sections that address each “workpaper group.” Those workpaper groups are a collection of one or more cost centers (organizational units in which O&M programs are conducted) or one or more capital projects (in the case of capital workpapers). Each of those workpaper group sections is further organized as follows, for example beginning at page 4 in SCG-08-WP can be found the cover sheet for the workpaper group Major Projects Management & Outreach. Following that cover sheet:

- Page 5 contains an overall summary showing the historical costs and the forecast costs
- Page 6 begins the table of the forecast years 2017-2019 showing:
 - The beginning or “Base Forecast”
 - The total of any adjustments made (Forecast Adjustments), and
 - The result (Adjusted-Forecast).
 - Following that table is a listing of each adjustment with a corresponding description, in groups for each year 2017, 2018 and 2019.
- Page 9 contains the summary of historical values, showing:
 - The initial (Recorded) values in nominal dollars
 - The total of any adjustments made (which are described in following pages)
 - The resultant Recorded-Adjusted values
 - The addition of a value for vacation and sick-leave
 - The addition of escalation to bring all values to 2016\$, and finally
 - The overall result (Recorded-Adjusted) in 2016\$.
- Page 10 shows, similar to the forecast adjustments, a table summarizing the historical values and any adjustments made, followed by each adjustment made to historical values in groups of each year 2012 through 2016.
- Page 11 starts a “suffix” group of workpapers that show any RAMP-related attributes relevant to the workpaper group in which it is contained. There is at least one page for each RAMP item attributed to the workpaper group.

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SoCalGas Response 3 Continued:

- Following those RAMP pages will be any “supplemental workpapers” that may or may not be present to give further descriptive information about the workpaper group.

The general organization within each section can also be described as back-to-front in this nature:

- Historical adjustments and resultant values
- Forecast adjustments and resultant values
- Summary table of resultant historical and forecast values

In response to the request for a spreadsheet, spreadsheets for that data do not exist. Most workpaper exhibits do not exist as spreadsheet documents with working formulae. Workpapers and tables that appear in testimony are not created from and do not originate as spreadsheets. They 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, rather 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 and the extract is not capable of producing “working formulas.” In the case of ‘supplemental workpapers’ that may be identified in the workpaper volume, those may be derived from spreadsheets which can be provided on request.

A report showing the five years of adjusted-recorded historical spend and the three years of forecasts has been provided to Clayton Tang on December 1 in the file “MDR General Requirements Item 17 SDGE/SCG 5-Yr Hist w Fcst.xlsx” and updated on January 25. This information is obtained as a specifically-created database extract for O&M and many capital budgets, and is provided in tabular format as an Excel spreadsheet, although it consists of data values and contains no formulae as explained above.

The adjustments resulting in the \$3,646k value can be followed as described in response 2 above.

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4. Referring to Ex. SCG-08-WP, please explain the difference between forecast adjustments and adjusted-forecast, and what accounts for the differences between the two numbers.

SoCalGas Response 4:

Forecast Adjustments reflect only the amount added or subtracted from the Base Forecast. Adjusted Forecast is the resultant sum of Base Forecast and Forecast Adjustments.