

**ORA DATA REQUEST
 ORA-SCG-145-LMW REVISED
 SOCALGAS 2019 GRC – A.17-10-008
 SOCALGAS RESPONSE
 DATE RECEIVED: MARCH 1, 2018
 DATE RESPONDED: MARCH 16, 2018**

2. For the years 2009 – 2016 please provide the actual number of new vehicles acquired/replaced broken out by **Incremental Fleet for Business Needs**: For example, Gas Distribution, Gas Engineering & Emergency Services, Gas Transmission Tech Services, Customer Services, Advanced Metering, Storage, Environmental Emergency Services RAMP. The line items presented are examples based on SCG’s current work papers and may change as incremental fleet replacement classifications may be different from year to year.

SOCALGAS Response 02:

ACQUIRED UNITS BY TYPE AND YEAR									
VEHICLE TYPES	2009	2010	2011	2012	2013	2014	2015	2016	2017
CIO & Info Tech - SDG&E & SCG		2	1	1					
Customer Services	7	11	28	36	9	45	31	101	14
Customer Solutions & Communication	1								
Gas Distribution	5	2	25	14	34	47	1	40	12
Gas Engineering & Distribution Ops			1		1			1	
Gas Engineering & System Integrity	2	2	6	7	4	8		6	4
Gas Trans, Storage & Sys Ops	2		12		38	19	3	42	27
Operations Support - SDG&E-SCG	5	1	4	7	3	10		7	6
Supply Management & Logistics				1					

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3. For 2017, please provide the actual number of new vehicles acquired/replaced, broken out by **Fleet Replacements** in a similar manner as shown in the work papers for SCG-23 (page 12). For example, New Fleet Units for Replacements, Alternative Fuel Vehicles (AFV) Vehicles, Airborne Toxic Control Measures (ATCM) Vehicles.

SOCALGAS Response 03:

Please see table in response 1.

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4. For 2017, please provide the actual number of new vehicles acquired/replaced, broken out by **Incremental Fleet for Business Needs** in a similar manner as shown in the work papers for SCG-23 (page 12). For example, Gas Distribution Gas Engineering & Emergency Services Gas Transmission Tech Services Customer Services Advanced Metering Storage Environmental Emergency Services RAMP.

SOCALGAS Response 04:

Please see table in response 2.

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5. For the years 2012-2016, please provide the amounts requested, the amounts authorized, and the amounts spent for ownership costs broken out by year, by amortization expense, interest, salvage, license fees, and sales tax related to SCG’s respective prior GRC applications covering those 5 years.

SOCALGAS Response 05:

Please see the tables below for TY2012 and TY2016 information. 2013, 2014 & 2015 were attrition years (or post-test years) in the TY2012 GRC and were not explicitly forecasted or authorized. In the TY2012 decision, the Commission authorized an overall post-test year revenue requirement for each of the attrition years.

Spent dollars are presented in constant (\$,000).

Amortization					
Description	2012	2013	2014	2015	2016
Requested	\$17,732				\$30,751
Authorized	\$17,732				\$30,246
Spent	\$14,572	\$14,619	\$17,920	\$17,659	\$17,761

Interest					
Description	2012	2013	2014	2015	2016
Requested	\$ 2,389				\$ 3,767
Authorized	\$ 2,389				\$ 3,400
Spent	\$ 1,460	\$ 1,490	\$ 1,690	\$ 1,481	\$ 1,604

Salvage					
Description	2012	2013	2014	2015	2016
Requested	\$ (1,180)				\$ (1,248)
Authorized	\$ (1,180)				\$ (1,248)
Spent	\$ (1,221)	\$ (1,265)	\$ (2,909)	\$ (953)	\$ (813)

License & Sales Tax					
Description	2012	2013	2014	2015	2016
Requested	\$ 1,820				\$ 3,869
Authorized	\$ 1,820				\$ 3,500
Spent	\$ 1,692	\$ 1,848	\$ 1,934	\$ 1,840	\$ 1,790

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6. Please confirm that in the test year 2016 rate case (Ex. ORA 14 – Chia pg.55) the ORA witness noted SCG forecasted 500 units for fleet replacement and 156 units for incremental fleet for business needs. However, the actual units for 2014 were 441 for fleet replacements, and 65 units for incremental fleet for business needs. If this is accurate, please provide an explanation why fewer units were acquired/replaced.

SOCALGAS Response 06:

SoCalGas objects to this request to the extent it is unfairly burdensome as the information from the TY2016 rate case is equally available to ORA. Subject to and without waiving these objections, SoCalGas responds as follows:

SoCalGas can affirm that fewer units were acquired and replaced in 2014 than the amounts forecasted in the TY 2016 rate case and this is because as a general matter, SoCalGas' GRC Application includes forecasts for activities to be complete in the GRC cycle. These forecasts represent SoCalGas' projection of the expenditures over the GRC forecast period. As emergent and unanticipated work or circumstances arise subsequent to the preparation and submittal of the GRC Application, SoCalGas may reprioritize or re-allocate funding within and across areas in a manner consistent with providing safe and reliable services.

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7. For the years 2015 – 2016, please provide the number of vehicle’s forecasted pursuant to the previous rate case compared to the number of vehicles actually acquired/replaced. Break out the request by year, by fleet replacements and by incremental fleet for business needs.

SOCALGAS Response 07:

2016 GRC Request		Year	
		2015	2016
<u>Fleet Replacements</u>			
New Fleet Units for Replacements		500	500
Diesel Particulate Filter (ATCM) Retrofits/Replacements		0	0
		Year	
		2015	2016
<u>Incremental Fleet for Business Needs</u>			
SCG Organization			
Gas Distribution (see Frank Ayala, Exh. SCG-04)		46	48
Gas Engineering & Emergency Services (see Ray Stanford, Exh. SCG-07)		2	1
Gas Transmission (see John Dagg, Exh. SCG-05)		17	16
Field Services-CS Field; CS Operations-Meter Reading (see Sara Franke, Exh. SCG-10)		117	98
Storage (see Phil Baker, Exh. SCG-06)		1	4
TOTAL =		183	167

Please see response 1 and 2 for number of vehicles replaced and added for incremental fleet for business needs.

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8. Based on review of the prior ORA witness (Ex. ORA 14 – Chia pg.53) report for the test year 2016 rate case, ORA noted SCG’s request for 2016 ownership costs was approximately \$37 million; however actual expenses per SCG’s work papers (SCG-23 page 3) approximated \$20 million. Please provide/answer the following:

- a. A definitive explanation (with support) why SCG’s forecast was considerably different (85%) than actual (e.g. not as many vehicles replaced, vehicles prices were lower than forecasted, etc.)
- b. Whether SCG is using the same methodology in this rate case as in the previous rate case.
- c. Has SCG made any adjustment to their methodology that would work to provide a more accurate forecast in this rate case?

SOCALGAS Response 08:

- a. Please see response 6.
- b. SoCalGas is utilizing the same methodology as the 2016 General Rate Case.
- c. SoCalGas forecasting methodology has not been modified or adjusted as the methodology accurately forecasts the number of vehicles needed to be replaced.

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9. Based on review of the number of vehicles acquired in response to data request ORASCG-035 Q.1c., ORA noted the vehicles acquired from 2012 (326), 2013 (522), 2014 (500), 2015 (75), and 2016 (782) however, amortization expense was flat at approximately \$14.5 million in 2012 and 2013, and relatively flat from 2014 to 2016 at approximately \$17.8 million. Based on this please provide/answer following:

- a. An explanation why amortization expense can remain flat over successive years.
- b. An explanation as to why SCG's forecast from 2017 to 2019 increases by almost 40% in light of amortization historically not experiencing such substantial increases.

SOCALGAS Response 09:

- a. Amortization is based on the total lease balance that fluctuates month to month, and year to year. As new vehicles are placed into service and added to the lease, the lease balance increases and so does amortization. This increase is counter-balanced with aging-vehicles that have small balances or are paid off and reduce the lease balance and subsequently reduce amortization.
- b. As SoCalGas' fleet continues to age, some vehicles being replaced due to age, mileage, condition, or compliance requirements are no longer on any lease and thus have \$0 amortization; as an example, when a passenger sedan on a 5-year term lease replaces a \$0 amortization vehicle the amortization could jump from \$0 to \$5,600 per year. Based on the 2012-2016 data, SoCalGas has seen increases of 25% from 2013 to 2014 due to a large number of vehicle replacements in 2013. SoCalGas forecasts replacement of a large volume of ATCM required compliance vehicles, of which 78% do not currently have a lease balance, and thus \$0 amortization.

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10. Per review of Ex. SCG-23 Fleet work papers, page 14, ORA noted a cash flow example. As this represents only an example, please provide the full set of work papers that supports SCG's calculation for amortization and interest inclusive of assumptions made to determine the forecast.

SOCALGAS Response 10:

SoCalGas objects to this request pursuant to Rule 10.4. SoCalGas is not required to provide its proprietary model. Subject to and without waiving this objection, SoCalGas responds as follows: The proprietary model used to forecast fleet vehicle costs does not function outside of the SoCalGas Fleet management network system and cannot easily be extracted to workpapers. SoCalGas can demonstrate the functionality of the system and the assumptions input into the cash flow model via in-person meeting or teleconference.

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11. In response to data request ORA-SCG-035 Q.3f, SCG responded “The first ATCM compliance deadline was January 1, 2012 for engine model year 2006 and older. ATCM regulations have continued adding additional engine model years subject to compliance where all diesel engines must comply with ATCM regulations in January 1, 2023.” Based on this please answer/provide the following:

- a. Prior to this rate case how many ATCM compliance vehicles were replaced considering the first deadline was January, 2012. If no, ATCM vehicles were replaced then why considering the start of the deadline?
- b. How many ATCM compliant vehicles were replaced in 2017 as compared to SCG’s forecast?
- c. Did SCG only forecast replacement vehicles mandated by the ATCM regulations each forecasted year, or is SCG attempting to replace more vehicles than required by regulations before the January 1, 2023 compliance deadline?
- d. If SCG is replacing more vehicles than required by the regulations, then please show the number of vehicles required per the regulations as opposed to SCG’s forecast broken out by vehicle type and by year.

SOCALGAS Response 11:

- a. The compliance deadline provided by CARB begins with a January 1, 2012 deadline. An overview of the requirement can be found on the Air Resources Board website, <https://www.arb.ca.gov/msprog/onrdiesel/documents/FSRegSum.pdf> detailing the various model years subject to requirement and compliance deadlines beginning with 1996 – 1999 heavy duty diesel vehicles needing either particulate matter filters or replacement by January 1, 2012.
- b. 43 ATCM required replacement vehicles were placed into service in 2017.
- c. SoCalGas is only considering replacing vehicles required under the ATCM regulations by the 2023 compliance deadline within this forecast grouping. Vehicles that were identified as ATCM required compliance replacements beyond the TY 2019 were forecasted for replacement in this GRC cycle to avoid non-compliance due to anticipated manufacturer capacity constraints as SoCalGas expects a large volume of state-wide required replacements and limited number of suppliers.
- d. See response 11c.