

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

Exhibit Reference: SCG-36

Witness: Ngai

Subject: Depreciation

1. At page FN-5 of SCG-36-R, the testimony states, “To gain a better understanding of the company’s assets and their functions, and as part of data collection, discussions were held with accounting, engineering, planning, and operations personnel. The information gained from these discussions was incorporated in the life and salvage evaluation phase.”

a. Please provide all documentation associated with the referenced discussions, including documentation leading up to the discussions, written material provided during or after the discussions, and all notes or other write-ups resulting from the discussions.

b. For each of the following accounts, please describe in detail how the utility incorporated the information gained from these discussions in the life and salvage evaluation phase, and the impact such incorporation had on the utility’s final life and salvage recommendations for the account:

- i. Account 352 (Wells),
- ii. Account 367 (Transmission mains),
- iii. Account 376 (Distribution mains),
- iv. Account 380 (Services),
- v. Account 381 (Meters)
- vi. Account 381.15 (Modules),
- vii. Account 391.20 (Computer Equipment) and
- viii. Account 391.40 (Software Dev. 6-yr. avg. life)

**Utility Response 01:**

- a. SoCalGas objects to this request on the grounds that it is overbroad, unduly burdensome, and not reasonably calculated to lead to the discovery of relevant evidence. SoCalGas further objects to this request, whether broadly or more narrowly construed, to the extent it calls for the production of documents subject to the attorney client privilege or the attorney work product doctrine.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

**Utility Response 01:-Continued**

Subject to and without waiving these objections, SoCalGas made a reasonably diligent search for all responsive documentation associated with the referenced discussions and responds as follows. Please refer to the attached document “TURN-DR-043-Q1\_Attachment.pdf.” Please note that employee personal information has been redacted in this attachment.

- b. Discussions with company personnel influenced the proposed life and salvage recommendations for the following accounts:
  - i. Account 352 (Wells) - Discussions with Underground Storage personnel resulted in the lengthening of the average service life and a lower mode curve selection from the currently authorized 49 R2.5 curve to 53 R1. SoCalGas’ forecast to replace/abandon over 50 wells in the next few years will push down the percent surviving of older assets. Over time, it is possible that the maximum life of this account could lengthen although it is too early to tell. The proposed negative future net salvage rate was increased from -70% to -80% considering higher expectant cost of removal over the next few years associated with the large number of well replacements/abandonments and experienced net salvage rates greater than -100% in years 2012-2016.
  - ii. Account 367 (Transmission Mains) - Discussions with company personnel had no influence on the determination of the life and salvage proposal for this account.
  - iii. Account 376 (Distribution Mains) - Discussions with company personnel had no influence on the determination of the life and salvage proposal for this account.
  - iv. Account 380 (Services) - Discussions with company personnel had no influence on the determination of the life and salvage proposal for this account.
  - v. Account 381 (Meters) - Discussions with company personnel had no influence on the determination of the life and salvage proposal for this account.
  - vi. Account 381.15 (Modules) - SoCalGas will evaluate feasibility of tracking assets in this account for specific retirements. Due to insufficient retirement history, SoCalGas proposed to continue with the current 20 SQ curve as proposed in its AMI business case and re-evaluate in the next rate case.
  - vii. Account 391.20 (Computer Equipment) - Company personnel discussed computer hardware that would routinely be replaced every two years and concern that the average service life of this account is five years. Due to the small dollar value of these forecasted replacements relative to the total balance in account 391.20, SoCalGas proposed to retain the current 5 SQ curve and not propose a new subaccount with a two-year average life.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

**Utility Response 01:-Continued**

- viii. Account 391.40 (Software 6-year average life) - Discussions with company personnel had no influence on the determination of the life and salvage proposal for this account.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

2. At page FN-10 of SCG-36-R, the testimony states, “Events in past experience that may cause deviations in future estimates are considered along with input from operations personnel regarding future expectations on salvage, removal, and retirements.”

a. If different than the documentation provided in response to Question 1, above, please provide all documentation associated with the referenced input from operations personnel regarding future expectations on salvage, removal, and retirements.

b. For each of the following accounts, please identify and describe in detail each event in past experience that SoCalGas determined may cause deviations in future estimates and therefore considered in its future net salvage analysis here. If SoCalGas contends that it would be unduly burdensome to identify all such events for any of these accounts, please identify and describe in detail each of the five events that SoCalGas contends are the most material events with regard to that account:

- i. Account 352 (Wells),
- ii. Account 367 (Transmission mains),
- iii. Account 376 (Distribution mains),
- iv. Account 380 (Services),
- v. Account 381 (Meters)
- vi. Account 381.15 (Modules),
- vii. Account 391.20 (Computer Equipment) and
- viii. Account 391.40 (Software Dev. 6-yr. avg. life)

**Utility Response 02:**

- a. Please refer to the response to Question 1(a) above.
- b. SoCalGas objects to this request on the grounds that it is overbroad and unduly burdensome. Subject to and without waiving this objection, SoCalGas responds as follows. When performing a depreciation study, historical, isolated events that would skew the forecast of future net salvage are evaluated and excluded from the analysis. Recorded costs associated with the Aliso Canyon Storage Facility gas leak incident in October 2015 were considered and determined to have no impact on the proposed future net salvage rates.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

3. For each of the following accounts, please provide the graph that appears for the account in the “Workpapers – Service Life and Survivor Curve Selections,” modified to separately show: (a) a comparison of the actual data (without truncation) and SoCalGas’s recommended curve; and (b) a comparison of the actual data (without truncation) and each of the five highest ranking curves that are not the SoCalGas recommended curve. To be clear, this request seeks approximately five different versions of a graph comparing SoCalGas’s actual data (without truncation) and a single service life and survivor curve, rather than a single graph that compares SoCalGas’s actual data (without truncation) and multiple service life and survivor curves.

- Account 352 (Wells) (pp. FN-WP-148-R to FN-WP-189-R of SCG-36-WP-R)
- Account 367 (Transmission Mains) (pp. FN-WP-162-R to FN-WP-163-R)
- Account 376 (Distribution Mains) (pp. FN-WP-172-R to FN-WP-173-R)
- Account 380 (Services) (pp. FN-WP-176-R to FN-WP-177-R)
- Account 381 (Meters) (pp. FN-WP-178-R to FN-WP-179-R)

**Utility Response 03:**

Please refer to the attached document, “TURN-DR-043-Q3\_Attachment.pdf.”

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

4. For Account 351 (Structures and Improvements), do the amounts reported in the “Determination of Salvage Values” table in the revised workpapers include any amount associated with the Aliso Canyon underground storage facility? If the answer is anything other than an unqualified negative, please state the amount of retirements, gross salvage, and cost of removal associated with Aliso Canyon in each year from 2012-2016, inclusive. If possible, please break out the 2015 amounts into “pre-October 23, 2015” and “post-October 23, 2015” figures.

**Utility Response 04:**

SoCalGas objects to this request on the grounds that it is vague and ambiguous as to the phrase “associated with the Aliso Canyon underground storage facility,” and as such calls for speculation. SoCalGas interprets this question as asking whether the amounts reported in Exhibit SCG-36-WP-R for Account 351 include any amount for the Aliso Canyon Storage Facility October 2015 gas leak. Subject to and without waiving these objections, SoCalGas responds as follows.

The amounts reported in the net salvage analysis for Account 351 (Structures and Improvements), do not include any amounts associated with the Aliso Canyon Storage Facility October 2015 gas leak.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

5. For Account 352 (Wells), do the amounts reported in the “Determination of Salvage Values” table in the revised workpapers include any amount associated with the Aliso Canyon underground storage facility? If the answer is anything other than an unqualified negative, please state the amount of retirements, gross salvage, and cost of removal associated with Aliso Canyon in each year from 2012-2016, inclusive. If possible, please break out the 2015 amounts into “pre-October 23, 2015” and “post-October 23, 2015” figures.

**Utility Response 05:**

SoCalGas objects to this request on the grounds that it is vague and ambiguous as to the phrase “associated with the Aliso Canyon underground storage facility,” and as such calls for speculation. SoCalGas interprets this question as asking whether the amounts reported in Exhibit SCG-36-WP-R for Account 352 include any amount for the Aliso Canyon Storage Facility October 2015 gas leak. Subject to and without waiving these objections, SoCalGas responds as follows.

The net amount of \$500,000 for cost of removal is reported in the net salvage analysis for Account 352 (Wells) associated with the Aliso Canyon Storage Facility October 2015 gas leak. However, this amount has no impact on the proposed future net salvage rate. Please refer to “TURN-DR-043-Q5\_Attachment.xls” for details on the net salvage analysis. The first worksheet is page FN-WP-260-R from Exhibit SCG-36-WP-R. The second worksheet shows the amount related to the Aliso Canyon Storage Facility October 2015 gas leak.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

6. For each of SoCalGas's depreciation accounts, do the amounts recorded as retirements, gross salvage, and cost of removal include any costs associated with SoCalGas's response to the leak at the Aliso Canyon underground storage facility that was first reported in October 2015? If the answer is anything other than an unqualified negative, for each account please state the amount of retirements, gross salvage, and cost of removal associated with SoCalGas's response to the leak at the Aliso Canyon underground storage facility that was first reported in October 2015. Please also describe how SoCalGas identified such costs for purposes of its depreciation study.

**Utility Response 06:**

SoCalGas objects to this request on the grounds that it is vague and ambiguous as to the phrases "SoCalGas's depreciation accounts" as well as the phrase "associated with SoCalGas's response to the leak," and as such calls for speculation. Subject to and without waiving these objections, SoCalGas responds as follows.

Please refer to the response to Question 5 above. Other than the cost of removal recorded in Account 352 (Wells), in SoCalGas' net salvage analysis, there are no recorded costs in SoCalGas' FERC utility accounts associated with the Aliso Canyon Storage Facility October 2015 gas leak for retirements, gross salvage, and cost of removal. Costs associated with the Aliso Canyon Storage Facility October 2015 gas leak are identified by specific work orders in SoCalGas' asset accounting system.



**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

7. For Accounts 354 (Compressor Station Equipment) and 355 (Measuring and Regulating Equipment), for each of the top seven-ranked curves for each account, please provide the “maximum life” as that term is used in SCG-36-R, page FN-14.

**Utility Response 07:**

<b>Rank</b>	<b>Account 354 Max Life (years)</b>	<b>Account 355 Max Life (years)</b>
1	131	130
2	131	58
3	82	58
4	127	121
5	84	54
6	84	56
7	126	90

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

8. For Account 366 (Structures and Improvements), please confirm that the 15-year historical average for net salvage for the period 1999-2013 was (41.57%), but was (208.96%) for 2002-2016, as appears from page FN-WP-266-R of SCG-36-WPR.

**Utility Response 08:**

The 15-year historical average for net salvage for Account 366 is (41.57%) and (208.96%) for periods 1999-2013 and 2002-2016, respectively

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

9. For Account 367 (Transmission Mains), please provide separately the following versions of the graph on page FN-WP-162-R:

- a. A comparison of the actual data (without truncation) and SoCalGas's recommended curve;
- b. A comparison of the actual data (without truncation) and the R2 curve ranked first on page FN-WP-163-R;
- c. A comparison of the actual data (without truncation) and the R2.5 curve ranked eighth on page FN-WP-163-R;
- d. A comparison of the actual data (without truncation) and the L1.5 curve ranked twelfth on page FN-WP-163-R; and
- e. A comparison of the actual data (without truncation) and the S1 curve ranked thirteenth on page FN-WP-163-R.

To the extent any of these requested curves was provided in response to Question 3, above, please so state.

**Utility Response 09:**

For Questions 9(a)-(b), please refer to the response to Question 3 above. For Questions 9(c)-(e), please refer to the attached document "TURN-DR-043-Q9\_Attachment.pdf."

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

10. For Account 367 (Transmission Mains), please confirm that the 15-year historical average for net salvage for the period 1999-2013 was (73.63%), but was (133.98%) for 2002-2016, as appears from page FN-WP-267-R of SCG-36-WPR.

**Utility Response 10:**

The 15-year historical average for net salvage for Account 367 is (73.63%) and (133.98%) for periods 1999-2013 and 2002-2016, respectively.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

11. For Account 370 (Transmission Communication Equipment), the testimony states that this account “predominantly includes SCADA equipment” (SCG-36-R, p. FN-17). Please identify each depreciation account in which SDG&E records amounts associated with its SCADA equipment. If there are more than five such accounts for SDG&E, please identify the five accounts with the largest plant balance associated with SCADA equipment.

**Utility Response 11:**

SDG&E records supervisory control and data acquisition (SCADA) equipment in the following accounts:

- G371.00
- G397.00
- E397.10
- C397.10

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

12. For Account 376 (Distribution Mains), the testimony states that plastic mains make up “more than 50 percent of the asset balance” for this account.

- a. Please separately state the asset balance as of the end of 2016 for each of the three subaccounts (steel mains, plastic mains, and deep well anodes) identified in the testimony.
- b. For each subaccount, please provide a separate graph similar to the graph that appears at page FN-WP-172-R in SCG-36-WP-R, but with the actual data (without truncation).
- c. What is the design life of steel mains?
- d. What is the design life of deep well anodes?

**Utility Response 12:**

- a. The asset balances for Account 376 by subaccount as of the end of 2016:

<b>Account 376</b>	<b>Plant Balance (in thousands)</b>
Steel mains	2,091,555
Plastic mains	2,214,626
Deep well anodes	4,447

- b. Please refer to the attached document “TURN-DR-043-Q12\_Attachment.pdf.”
- c. SoCalGas objects to this request on the grounds that the term “design life” is vague and ambiguous and subject to speculation in interpretation. SoCalGas further objects that this request seeks information that is not reasonably calculated to lead to the discovery of relevant evidence. Subject to and without waiving these objections, SoCalGas responds as follows. To the extent that SoCalGas understands this question, the engineering design life of steel pipes was not considered in forecasting the average service life of FERC account 376 (Distribution Mains) given that steel pipe has been in service since the early 1900’s. The engineering design life of plastic pipe was considered because of its shorter history with installations beginning in the 1970’s. Input from gas engineering that the actual experience of plastic pipe may be greater than 50 years supports life analysis of steel and plastic as a single account. Please refer to Exhibit SCG-36-R, at page FN-8, lines 9-10 which explains combining subaccounts as single account for life analysis.
- d. SoCalGas objects to this request on the grounds that the term “design life” is vague and ambiguous and subject to speculation in interpretation. SoCalGas further objects that this request seeks information that is not reasonably calculated to lead to the discovery of relevant evidence. Subject to and without waiving these objections, SoCalGas responds as follows. SoCalGas designs deep well anodes to have a 15 to 20 year life span; however, their actual service life may be shorter or longer due to variations in conditions throughout the SoCalGas’ distribution system..

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

13. For Account 376 (Distribution Mains), please provide separately the following versions of the graph on page FN-WP-172-R:

- a. A comparison of the actual data (without truncation) and SoCalGas's recommended curve;
- b. A comparison of the actual data (without truncation) and the R2 curve ranked third on page FN-WP-173-R; and
- c. A comparison of the actual data (without truncation) and the R2.5 curve ranked seventh on page FN-WP-173-R.

To the extent any of these requested curves was provided in response to Question 3, above, please so state.

**Utility Response 13:**

For Questions 13(a)-(b), please refer to the response to Question 3 above. For Question 13(c), please refer to the attached document "TURN-DR-043-Q13\_Attachment.pdf."

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

14. For Account 380 (Services), please provide separately the following versions of the graph on page FN-WP-176-R:

- a. A comparison of the actual data (without truncation) and SoCalGas's recommended curve;
- b. A comparison of the actual data (without truncation) and the R1 curve ranked second on page FN-WP-177-R; and
- c. A comparison of the actual data (without truncation) and the R1.5 curve ranked fourth on page FN-WP-177-R.

To the extent any of these requested curves was provided in response to Question 3, above, please so state.

**Utility Response 14:**

Please refer to the response to Question 3 above.



**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

15. At page FN-WP-12-R in SCG-36-WP-R, SoCalGas states, “Forecast Years 2017 and 2018 and TY 2019 cost of removal is derived by averaging the five-year history of cost of removal as a percentage of a five-year history of estimated total plant expenditures (2012-2016) to arrive at a ratio by functional category. This ratio is then applied to forecasted capital expenditures for FY 2017, FY 2018 and TY 2019.” For each of the functional categories, please provide:

- a. The five-year history of cost of removal;
- b. The five-year history of estimated total plant expenditures; and
- c. The resulting ratio that was then applied to forecasted capital expenditures for FY 2017, FY 2018 and TY 2019.
- d. For each year 2012-2016, the actual total plant expenditures.
- e. A brief explanation of why for this purpose SoCalGas used “estimated total plant expenditures (2012-2016)” rather than recorded actual total plant expenditures for each of those years. Please also identify any known differences between the estimated total plant expenditures used for this purpose and recorded actual total plant expenditures for each of the categories.

**Utility Response 15:**

- a. Please refer to the attached excel file “TURN-SEU-043-Q15.xlsx”, specifically tab “Cost of Removal” for the five year history of cost of removal.
- b. Please refer to the attached excel file “TURN-SEU-043-Q15.xlsx”, specifically tab “CapEx” for the five year history of plant expenditures. Please note, that the “estimated total plant expenditures” referenced in Exhibit SCG-36-WP-R at page FN- 12- WP-R is actually a calculated plant expenditure and not an estimate.
- c. Please refer to excel file “TURN-SEU-043-Q15.xlsx”, specifically tab “Removal %” for the ratio average.
- d. Please refer to the response to Question 15(b) above.
- e. Please refer to the response to Question 15(b) above.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

16. At page FN-WP-12-R in SCG-36-WP-R, SoCalGas states, “Estimated salvage for FY 2017, FY 2018 and TY 2019 is derived by averaging the five-year history of salvage as a percentage of a five-year history of plant retirements (2012-2016) to arrive at a ratio by functional category. These percentages are applied to forecasted retirements for FY 2017, FY 2018 and TY 2019.” For each of the functional categories, please provide:

- a. The five-year history of salvage;
- b. The five-year history of estimated total plant expenditures; and
- c. The resulting percentages that were then applied to forecasted retirements for FY 2017, FY 2018 and TY 2019.

**Utility Response 16:**

- a. Please refer to the attached excel spreadsheet “TURN-SEU-043-Q16,” at tab “Salvage %” for the five-history of salvage.
- b. Please refer to the response to Question 15(b) of this same data request, TURN-043.
- c. Please refer to the attached excel spreadsheet “TURN-SEU-043-Q16,” at tab “Salvage %” column “I” for the salvage rates used.

**TURN DATA REQUEST-043**  
**SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8**  
**SDG&E\_SOCALGAS RESPONSE**  
**DATE RECEIVED: APRIL 11, 2018**  
**DATE RESPONDED: MAY 1, 2018**

17. At page FN-WP-126-R in SCG-36-WP-R, the table includes a line labeled “Fully Amortized.” Please identify and briefly describe what is included in this amount. In particular, does this amount reflect software that has been fully amortized but remains in service?

**Utility Response 17:**

The “Fully Amortized” line reflects fully amortized software that are still in use.