

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

1. Please provide for SDG&E a table similar to that presented as Schedule J in the workpapers for SoCalGas's depreciation testimony (SCG-36-WP-R, pp. 143-R and 144-R) with the authorized average service lives and curves for each account from the 2004, 2008, 2012 and 2016 GRC, and the proposed average service life and curve for the 2019 GRC.

Utility Response 1:

- a. Please refer to the attached document: TURN-SEU-045-Q1&2_Attachment 1.xlsx.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

2. Please provide for SDG&E a table similar to that presented as Schedule K in the workpapers for SoCalGas's depreciation testimony (SCG-36-WP-R, pp. 256-R and 257-R) with the authorized net salvage rates for each account from the 2004, 2008, 2012 and 2016 GRC, and the proposed net salvage rates for the 2019 GRC.

Utility Response 2:

- a. Please refer to the attached document: TURN-SEU-045-Q1&2_Attachment 1.xlsx.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

3. At page MCV-1 of SDG&E-34-R, the testimony states, “During the process of performing the depreciation study and developing my testimony, I consulted with personnel throughout SDG&E’s accounting, engineering, and operations divisions, as well as relevant gas accounting and operations personnel from Southern California Gas Company (SoCalGas), for their input and review.”

- a. Please provide all documentation associated with the referenced consultation with personnel, including documentation leading up to each consultation, written material provided during or after the consultations, and all notes or other write-ups resulting from the consultations.
- b. For each of the following accounts, please describe in detail how the utility incorporated the information gained from these consultations 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 C397.10 (Communication Equipment),
 - ii. Account E362.10 (Station Equipment),
 - iii. Account E364.00 (Poles),
 - iv. Account E365.00 (Overhead Conductor),
 - v. Account E366.00 (Underground Conduit)
 - vi. Account E367.00 (Underground Conductor),
 - vii. Account E368.10 (Line Transformers),
 - viii. Account E370.11 (Meters – Electronic)
 - ix. Account E397.10 (Communication Equipment)
 - x. Account G376.00 (Distribution Mains),
 - xi. Account G380.00 (Services), and
 - xii. Account G381.01 (Meter Modules)

Utility Response 3:

- a. SDG&E 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. SDG&E 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. Subject to and without waiving these objections, SDG&E made a reasonably diligent search for all responsive documentation associated with the referenced consultation and responds as follows. No contemporaneous documentation was retained from discussions with subject matter experts during the depreciation study process. Discussions with Company experts generally confirmed and supported the life and net salvage selections seen from the statistical analysis.
- b.
 - i. From experience and knowledge of this type of property, communication is subject to technology change and obsolescence.
 - ii. Please see the response to Question 3(a) above.
 - iii. Please see the response to Question 3(a) above.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

Utility Response 3:-Continued

- iv. Please see the response to Question 3 (a) above.
- v. Please see the response to Question 3(a) above.
- vi. Please see the response to Question 3(a) above.
- vii. Please see the response to Question 3(a) above.
- viii. Please see Exhibit SDG&E-34-R at page MCV 24, lines 20 through 27.
- ix. From experience and knowledge of this type of property, communication is subject to technology change and obsolescence.
- x. SDG&E's historical data suggested a longer average service life than the currently authorized life. However, due to SDG&E's proactive gas replacement activities and anticipated increase in retirement of older assets, SDG&E proposes to retain the current life of 69 R3 for Account G376 (Distribution Mains).
- xi. SDG&E's historical data suggested a longer average service life than the currently authorized life. SDG&E reviewed the depreciation parameters for this account presented in Exhibit SCG-36-R, Revised Prepared Direct Testimony of Flora Ngai and found the results consistent with its currently authorized life. SDG&E incorporated this information and proposed increasing the average life of Account G380.00 (Services) from 65 R2.5 to 67 R2 and a gradual increase of the negative future net salvage rate.
- xii. Based on discussion with operations personnel and observation of recent data, although retirement history is limited for this relative young account, SDG&E expects that assets in Account 381.01 (Meter Modules) will have exhibit some dispersion pattern. As a result, SDG&E proposed a shift from an SQ-curve to an R3-curve.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

4. For each of the following accounts, please provide the graph that appears for the account in the “Results of Life Analysis,” modified to separately show: (a) where SDG&E relied on truncated data, a comparison of the actual data (without truncation) and SDG&E’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 SDG&E recommended curve. To be clear, this request seeks approximately five different versions of a graph comparing SDG&E’s actual data (without truncation) and a single service life and survivor curve, rather than a single graph that compares SDG&E’s actual data (without truncation) and multiple service life and survivor curves.

- Account E362.10 (Station Equipt) (pp. 185-186 of SDG&E-34-WP-R)
- Account E364.00 (Poles) (pp. 187-188 of SDG&E-34-WP-R)
- Account E365.00 (Overhead Conductor) (pp. 189-190 of SDG&E-34-WP-R)
- Account E366.00 (Underground Conduit) (pp. 191-192 of SDG&E-34-WP-R)
- Account E367.00 (Underground Conductor) (pp. 193-194 of SDG&E-34-WP-R)
- Account E370.11 (Meters – Electronic) (pp. 205-206 of SDG&E-34-WP-R)
- Account G367.00 (Trans Mains) (pp. 239-240 of SDG&E-34-WP-R)
- Account G376.00 (Dist Mains) (pp. 247-248 of SDG&E-34-WP-R)
- Account G380.00 (Services) (pp. 251-252 of SDG&E-34-WP-R)
- Account G381.01 (Meters - Modules) (pp. 255-256 of SDG&E-34-WP-R)

Utility Response 4:

California Public Utilities Commission publication, Standard Practice U-4 only mentions Iowa type curves. Since SDG&E’s study did not incorporate Gompertz Makeham or H curves, which SDG&E is not aware of being used by any electric or gas utility, all graphs provided in this response use the Iowa curve system.

- a. Please refer to folder labeled Part A in the attached zip file: TURN-SEU-045-Q4_Attachment 1.zip.
- b. Please refer to folder labeled Part B in the attached zip file: TURN-SEU-045-Q4_Attachment 1.zip.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

5. At page MCV-11 of SDG&E-34-R, SDG&E states, “As needed, due to changing conditions, depreciation accounts may be modified during intervals between rate cases.”

- a. Please identify with specificity each depreciation account that was modified during the interval between the test year 2016 general rate case and the present general rate case.
- b. For each such account, describe in detail the change in conditions that created the need for the modification, and each specific modification that was made.

Utility Response 5:

- a. In January of every year, SDG&E prepares the annual rate re-calculation for FERC accounts under CPUC jurisdiction. SDG&E utilizes the CPUC approved parameters for curve, average service life, and future net salvage percentage to re-calculate the depreciation rates based on gross plant and accumulated depreciation balances as of December 31st of the prior year.
- b. Conditions did not change, only the depreciation rates based upon GRC approved parameters. As stated in response to Question 5(a) above, SDG&E prepares the annual rate re-calculation for FERC accounts under CPUC jurisdiction, using the CPUC authorized parameters set for each account.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

6. For Account E365.00 (Overhead Conductor),
- a. Please confirm that the data on page 189 of SDG&E-34-WP-R indicate that the R1 curve produces a 67 7/12 average service life, rather than 59 1/12.
 - b. Please provide a graph similar to the graph on page 189 of SDG&E-34-WP-R but that includes the R1-67 7/12 curve rather than the R1-59 1/12 curve.

Utility Response 6:

- a. Confirmed.
- b. Please refer to the documents included in the attached zip file: TURN-SEU-045-Q6_Attachment 1.zip.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

7. For Account E370.11 (Meters – Electronic), please state the design life provided by the manufacturer of the electronic meters included in this account. If there is more than one manufacturer for the electronic meters SDG&E has installed, please state the design life provided by the manufacturer of the electronic meters for each of the three manufacturers with the largest number of installed meters on SG&E's system.

Utility Response 7:

Information on the design life of the electronic meters capitalized to account E370.11 is not available.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

8. For Account E390.00 (Structures),
- a. Please confirm that the data on page 215 of SDG&E-34-WP-R indicate that the R2.5 curve produces a 70-year average service life, rather than 59 1/12.
 - b. Please provide a graph similar to the graph on page 215 of SDG&E-34-WP-R but that compares the actual data (without truncation) to the R2.5-70 curve rather than the R2.5-51 curve.

Utility Response 8:

- a. Confirmed.
- b. Please refer to the documents included in the attached zip file: TURN-SEU-045-Q8_Attachment 1.zip.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

9. For Account 398.20 (Electric Vehicle Supply Equipment),
- a. Please explain in detail how the Electric Vehicle Supply Equipment and electric vehicle charging infrastructure recorded in this account is different in type or nature than the Electric Vehicle Supply Equipment and electric vehicle charging infrastructure included in SDG&E's application for approval of its Electric Vehicle-Grid Integration Pilot Program (A.14-04-014)?
 - b. Please confirm that the assumed useful lives set forth in SDG&E's testimony in A.14-04-014 (SDG&E's application for approval of its Electric Vehicle-Grid Integration Pilot Program) were set forth in Table JBA-6 at page JBA-5 of the Prepared Direct Testimony of Jonathan Atun (Chapter 4).
https://www.sdge.com/sites/default/files/regulatory/Chapter_4_Atun_Testimony_VGI.pdf If SDG&E cannot confirm this, please provide the assumed useful lives from A.14-04-014, broken out into the same categories as are included in Table JBA-6, and a citation by proceeding, volume and page number for where such assumed useful lives were presented by SDG&E.

Utility Response 9:

- a. The Electric Vehicle Supply Equipment referenced in A.14-04-014 and the electric vehicle charging infrastructure recorded in E398.20 are not different. At the time the application for approval of the Electric Vehicle-Grid Integration Pilot Program was prepared FERC E371.00 (Installations on customers' premises) was initially determined the best place for the equipment. During subsequent review of the nature of the assets, including the side of the meter upon which the equipment is installed and the Code of Federal Regulations ("CFR"), FERC E398.20 (Miscellaneous equipment) is the most appropriate account for installation of the electric vehicle charging infrastructure SDG&E is installing as part of the Electric Vehicle-Grid Integration Pilot Program.
- b. Confirmed, the useful lives included in A.14-04-014 were set forth in Table JBA-6 at page JBA-5 of the Prepared Direct Testimony of Jonathan Atun. Lines 1 and 5 of Table JBA-6 were included in the application assuming installation in FERC E371.00. As referenced in response to Question 9(a) above, upon subsequent review of the nature of the assets and the CFR, FERC E398.20 is the most appropriate account for installations of the Kiosk, Pedestal, Chargers and the Design, Permits, and Meters.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

10. For Account G368.00 (Compressor Station Equipment),
 - a. Please confirm that the data on page 241-242 of SDG&E-34-WP-R indicate that the R3 curve produces a 75 1/3-year average service life, rather than 55.
 - b. Please provide a graph similar to the graph on page 241 of SDG&E-34-WP-R but that compares the actual data (without truncation) to the R2.5-75 1/3 curve rather than the R2.5-55 curve.

Utility Response 10:

- a. Confirmed.
- b. Please refer to the documents included in the attached zip file: TURN-SEU-045-Q10_Attachment 1.zip. The R2.5 and R3 curves with both life alternatives are included in the zip file.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

11. For Account G376 (Distribution Mains), the testimony states that plastic mains have a design life of 50 years.

- a. Please separately state the asset balance as of the end of 2016 for this account further broken out into steel mains and plastic mains.
- b. What is the design life of steel mains?

Utility Response 11:

- a. Please refer to the attached document: TURN-SEU-045-Q11_Attachment 1.xlsx.
- b. SDG&E objects to this request on the grounds that the term “design life” is vague and ambiguous and subject to speculation in interpretation. SDG&E 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, SDG&E responds as follows. To the extent that SDG&E understands this question, the engineering design life of steel pipes was not considered in forecasting the average service life of FERC Account G376 (Distribution Mains).

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 1, 2018

12. At pages 2-8 of the workpapers in SDG&E 34-WP-R, the utility includes two “Depreciation Rate Recalculation Summary” tables, one reflecting proposed parameters (pp. 3-5) and one reflecting current parameters (pp. 6-8). Please provide each of these tables in Excel, with all cells and formulae functioning.

Utility Response 12:

- a. Please refer to the attached document: TURN-SEU-045-Q12-SDG&E-34-WP-000 MVanderbilt_Depreciation_MODEL_Rates.xlsx.

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #2
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 2, 2018

13. At page MCV-11 of SDG&E-34-R, the testimony states, “in order to mitigate rate changes over time and in consideration of the historical CPUC gradualism requirement for the conservative application of FNS% changes, changes not supported by a decommissioning study were generally limited to a 25-point or 25% change.”

- a. Please identify each CPUC decision or ruling that the testimony relied upon as the basis for the “historical CPUC gradualism requirement for the conservative application of FNS% changes.” Please cite with specificity the passages that SDG&E’s testimony relies upon.
- b. Please describe the difference between a “25-point” and a “25% change” as those two terms are used in SDG&E’s testimony. Please use numerical examples to illustrate the difference.
- c. When SDG&E limits an FNS% change to a “25% change,” what is the figure to which the 25% factor is applied in order to determine the magnitude of the change? For example, is it 25% of the existing FNS value? 25% of the calculated increase?
- d. For each account where SDG&E cites “gradualism” in its testimony (Accounts E366.00, E367.00, E369.10, E369.20, E373.20, E397, G366.00, G367.00, G376.00, G378.00, and G380.00), please identify whether the “gradualism” was calculated as a 25 point change, a 25% change, or in some other manner. If the “gradualism” was calculated as a 25% change, provide the calculations to illustrate how the 25% change was calculated. If the “gradualism” was calculated in a manner other than a 25 point or 25% change, please describe the calculation and provide the underlying calculations.

Utility Response 13:

- a. Please refer to Commission Decision (D.) 14-05-032 at 598, which states:

“The principle of gradualism applies where there is a recognized need to revise estimated parameters, but where the change is allowed to occur incrementally over time rather than all at once. Applying gradualism thus limits the approved increase that would otherwise be warranted, all else being equal, and mitigates the short-term impact of large changes in depreciation parameters. Also, it is advisable to be cautious in making large changes in estimates of service lives and net salvage for property that will be in service for many decades, as future experience may show the current estimates to be incorrect.”
- b. A “25 basis point” change increases the existing net salvage parameter by 25% (e.g., an existing -80% percent net salvage would be increased by -25% becoming -105%). A “25% change” would increase the existing net salvage parameter by 125 percent (e.g., an existing -80% net salvage would be increased by $-80\% \times 1.25 = -100\%$).

TURN DATA REQUEST-045
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #2
DATE RECEIVED: APRIL 13, 2018
DATE RESPONDED: MAY 2, 2018

Utility Response 13:-Continued

- c. A 25% basis points change would be computed by adding -25% to the existing net salvage parameter as discussed in response to Question (b) above.
- d. For account E366, the proposed net salvage = existing net salvage + -25% = -50%+ -25% = -75%
- For account E367, the proposed net salvage = existing net salvage + -25% = -65%+ -25% = -90%
- For Account E369.1, the proposed net salvage = existing net salvage + *1.25 = -110% x 1.25 = -137.5%
- For account E369.2, the proposed net salvage = existing net salvage + -25% = -75%+ -25% = -100%
- For account E373.2, the proposed net salvage = existing net salvage + -25% = -85%+ -25% = -110%
- For account E397, the proposed net salvage = existing net salvage + -25% = -50%+ -25% = -75%
- For account G366, the proposed net salvage = existing net salvage + -25% = 0% + -25% = -25%
- For account G367, the proposed net salvage = existing net salvage + -25% = -25%+ -25% = -50%
- For account G376, the proposed net salvage = existing net salvage + -25% = -55%+ -25% = -80%
- For account G378, the proposed net salvage = existing net salvage + -25% = -25%+ -25% = -50%
- For account G380, the proposed net salvage = existing net salvage + -25% = -70%+ -25% = -95%