**A.10-12-006 Southern California Gas Company 2012 TY GRC**

**TURN/UCAN Data Request to SCG**

**Data Request Number:** TURN-SCG-18 (Depreciation)

**Date Sent:** July 14, 2011

**Date Due:** July 28, 2011

Please provide the name of the witness/responder.

For any questions requesting numerical recorded data, please provide all responses in working excel spreadsheet format if so available.

For any question requesting documents, please interpret the term broadly to include any and all hard copy or electronic documents or records in SCG’s possession.

1. **[Net Salvage]** – Please state if the historical net salvage data (*i.e.*, gross salvage, cost of removal, and retirements) are time-synchronized. If not, please state the longest time frame between the reporting of one component versus another component of a retirement, as well as the average time period for such situations by account.
2. **[Life]** – Please provide the numerical output of each observed life table for each account developed in preparation of the depreciation study, whether relied upon or not, on electronic medium in Excel readable format.
3. **[Data]** – Please provide a copy of all site visit notes associated with any site visits performed by the Company’s depreciation witness, specifically identifying the dates and times associated with the witness’s visual inspection of each specific type of property within the last five years.
4. **[Data]** – Please provide all additions and retirements, both aged and not aged, since the date of inception on electronic medium in Excel readable format.
5. **[Data]** – Please provide the input data for each separate life and salvage analysis on electronic medium in Excel readable format.
6. **[Reserve]** – Please provide the theoretical reserve calculations by account and subaccount where applicable at the end of the depreciation test period along with all workpapers, assumptions, considerations, and materials reviewed and/or relied upon, both in hard copy and on electronic medium in Excel readable format.
7. **[Reserve]** – Please state whether the actual accumulated provision for depreciation is maintained by account or subaccount. If the amounts were allocated, then provide the entire analyses associated with the allocation along with a detailed narrative explaining and justifying the allocation. The information should be provided both in hard copy and on electronic medium in Excel readable format.
8. **[Fully Accrued]** – Please identify each account or subaccount that became fully accrued since the end of the test year in the last regularly scheduled rate case. For each such account or subaccount, specifically identify the depreciation related treatment that transpired once the account or subaccount became fully accrued. Further, provide the plant balance corresponding to each such account or subaccount, by month, beginning with the first month each such account or subaccount became fully accrued. Also, provide the depreciation rate applied to each account or subaccount prior to and immediately after the account or subaccount became fully accrued. The information should be provided both in hard copy and on electronic medium in Excel readable format.
9. **[Net Salvage]** – Please provide the annual dollar amount of overtime, by year and account, reflected in the cost of removal amounts in the depreciation study for the past 11 years. Further, identify the premium level of pay associated with such overtime.
10. **[Net Salvage]** – Please provide the annual dollar level of outside contractor pay, by year and account, reflected in the cost of removal amount in the depreciation study for the past 11 years. Further, identify the premium level of pay associated with outside contractors compared to in-house personnel.
11. **[Net Salvage]** – Please provide the annual level of cost associated with emergency replacement situations, by account, reflected in the cost of removal amounts in the depreciation study for the past 11 years.
12. **[Net Salvage]** – Please provide the gross salvage both with and without reimbursements, cost of removal, and retirements by year for each account for the last 11 years. The information should be provided in both hard copy and on electronic medium in Excel readable format.
13. **[Net Salvage]** – Please provide the Company’s accounting treatment for reuse material. Further, provide all underlying support and justification for the process employed. Finally, provide the level of plant, by account, retired and returned to stores during the past 11 years along with the corresponding accounting values for salvage, by year.
14. **[Net Salvage]** – Please identify, by account, what portion of the Company’s retirements during the past 11 years were associated with replacement activity (*i.e.*, a segment of pipe retired and another segment of pipe placed in either the same location or the same local vicinity to perform the same function of the retired pole).
15. **[Net Salvage]** - For any sale of utility property since the Company’s last regularly scheduled rate case, please state whether the gain or loss associated with such sale is contained in the accumulated provision for depreciation. If not, identify the amount by year and account associated with the plant retired, and the account the gain or loss was booked in. Further, provide all support and justification for such actions.
16. **[Net Salvage]** – If an item or a plant is retired with a replacement addition occurring and an outside party provides $1,000 associated with the replacement, how is the $1,000 accounted for (*e.g.*, $1,000 gross salvage, $1,000 reduction to replacement addition cost, a 50/50 split of the $1,000, etc.)? Further, please provide full justification for whatever methodology is employed. In addition, identify when the Company first implemented its current methodology.
17. **[Net Salvage]** – If an item of plant is retired and an outside party provides $1,000 associated with such retirement and no replacement activity occurs, how is the $1,000 accounted for (*e.g.*, added to gross salvage amount, reduction to the cost of removal, or other method)? Further, please provide all justification for whatever policy is utilized by the Company. In addition, identify when the Company first implemented its current methodology.
18. **[Net Salvage]** – Does the Company receive any amount from government entities when it is requested to relocate plant due to street widening or other relocation requirements? To the extent the Company does receive any such funds, provide the specific accounting employed by the Company and the basis for such treatment (*e.g.*, booked to the reserve, booked as a credit to plant, etc). Finally, provide the amount received, by year, for the past 11 years, segregated into plant accounts pertaining to the plant either added or retired in association with the relocation.
19. **[Net Salvage]** – Please provide a detailed categorization of the investment within each account or subaccount in the greatest level of detail available beyond the account or subtotal level as of December 31, 2009. The information should be provided in both hard copy and on electronic medium in Excel readable format.
20. **[Net Salvage]** – Please provide a detailed categorization of the retirements by account, by year for the past 11 years into the greatest level of detail available beyond the account or subaccount level along with the corresponding dollar amounts. The information should be provided in both hard copy and on electronic medium in Excel readable format.
21. **[Life]** – Please provide all support and justification for each placement band employed for actuarial analysis.
22. **[Life]** – Please provide all support and justification for each experience band employed for actuarial analysis.
23. **[Net Salvage]** – Please provide a copy of all salvage related workpapers in electronic format with formulae intact and operational.
24. **[Life]** – Please provide a copy of all life related workpapers in electronic format with formulae intact and operational.
25. **[Net Salvage]** – As it relates to instances where plant is replaced upon retirement and the Company incurs both costs for removal and cost for replacement of the retired asset, please provide a detailed narrative along with all corresponding documentation and support for how the Company determines what portions of the costs are assigned to the replacement asset. To the extent the process differs by account, or circumstances, provide the information by each separate account and/or circumstance and justify why they are treated differently. The response should include all underlying studies, memos, reports, etc. that were relied upon to establish this practice or procedure, when the practice or procedure was implemented, and if the current practice or procedure represents a change as compared to previous practice or procedure, a description of what the practice or procedure was before the change.
26. **[Data] –** Please identify each separate item of information taken from the Company’s books that required modification for any reason for purposes of the Company’s depreciation study in this proceeding. Further, for each such modification, identify the modification applied to the data as reflected in the data used for life and or salvage analysis. Finally, provide all support justification for each modification.
27. **[Data]** – Regarding information with respect to the reason for past retirements and the expected causes in the future for retirements that were obtained through field trips and/or discussions with operating and management personnel, please provide the following:
28. the dates of each field trip;
29. the time spent at each facility during each field trip;
30. for the plant observed during each field trip, the reasons for retirement by plant account listed in order of most significant to least significant as well as the corresponding level of retirements for each reason for past retirements for each account by year;
31. for the plant observed during each field trip, each expected cause of future retirements obtained applicable to each separate account, or generating unit for production plant;
32. for the plant observed during each field trip, the impact each past reason for retirements had in the establishment of both life and net salvage by account;
33. for the plant observed during each field trip, the impact that each expected future cause of retirement had in the establishment of both life and net salvage by account; and
34. for the plant observed during each field trip, all underlying support and justification for the life and net salvage treatment due to each reason for past retirements or expected cause of future retirements by account.

Further, provide all underlying workpapers, assumptions, considerations, material reviewed and/or relied upon in sufficient detail to permit verification of the information provided in the various subparts above.

1. **[Data] –** Please provide a complete copy of the most recent industry surveys associated with depreciation statistics in the possession of the Company.
2. **[Data]** – Please provide a copy of depreciation related workpapers and electronic files on Excel readable format not specifically requested in any other data request as it pertains to the topic of depreciation, including all underlying data relied upon for any net salvage or life analyses.
3. **[Data]** – Please identify each historical value by account by year that the Company considered to be atypical or abnormal. Further, specifically state the treatment afforded such data in the determination of life or salvage parameters, by account, along with the basis for the manner in which the data was treated. Finally, provide all support and justification for determining why each value was atypical or abnormal.
4. **[Salvage]** – Please identify each and every factor that the Company’s depreciation witness is aware of that affects the level of gross salvage or cost of removal (*e.g.*, inflation, productivity, cost of materials, the scrap market, etc.). If the Company believes it would be unduly burdensome to identify each and every factor, please identify the five factors that the Company would contend have the most significant effect.
5. **[Data]** – Please identify each Company or outside personnel who had a meaningful or significant input into the establishment of depreciation parameters as reflected in the Company’s depreciation request. For each such individual, provide the name, department, job title, type of information provided by account, time frame at which such information was provided, and the basis for relying on such individuals input.
6. **[Life]** – Please provide a detailed narrative for each account, identifying what steps were undertaken to arrive at the proposed average service life and corresponding dispersion curve. The response should identify specifically what information was relied upon, what experience band, placement band, and intervals were used, how the best fitting curve and life combination were not chosen, and what other information was specifically relied upon to make modifications in order to establish the actual proposed life parameters. Further, provide all workpapers, assumptions, considerations, and material reviewed and relied upon in sufficient detail to permit replication of the Company’s proposed average service life and dispersion curve combination by account.
7. **[Life]** – Please provide the complete output of every life analysis performed whether relied upon or not. The information should be provided both in hard copy and on electronic medium in Excel readable format. Further explain whether each such life analysis was relied upon in the depreciation study and, if so, how so. If the life analysis was not relied upon in the depreciation study, please explain why the Company chose not to rely upon it.
8. **[Data]** – Please provide the specific plant balances and corresponding depreciation rates utilized by the Company to arrive at the precise depreciation expense level requested in the revenue requirements portion of this filing. The information should be provided both in hard copy and on electronic medium in Excel readable format.
9. **[Amortization]** – Please identify all amortization amounts reflected in the Company’s filing. For each amortization amount, please specifically provide the following:
10. when it was first initiated;
11. the period of amortization selected;
12. all justification for the amortization period selected;
13. copies of all Commission orders granting authority for such amortization;
14. where in the Company’s filing such amounts are reflected;
15. a detailed description of the investment being amortized;
16. the number of amortizations that were completed during the past 11 years where the underlying investment was still in service; and
17. the number of amortizations that were completed during the past 11 years where the underlying investment had previously been retired.

The information should be provided both in hard copy and on electronic medium in Excel readable format.

1. **[Data]** – For each change in average service or dispersion curve between the prior depreciation study and the current depreciation study, provide a detailed narrative explaining what changed between the two studies that resulted in modification to either the average service life or dispersion curve. Finally, provide all workpapers, assumptions, considerations, and material reviewed and relied upon in sufficient detail to permit verification of the information provided.
2. **[Data]** – For each supplementary item of information obtained from operating personnel concerning practices and plans as they relate to plant operation, please provide the following:
3. a detailed narrative identification of each separate practice;
4. a detailed narrative identification of each separate plan;
5. the individual from whom each such practice or plan was obtained;
6. the inquiry made to elicit the practice or plan;
7. all underlying data, reports, documents, etc., that address each separate practice or plan; and
8. the impact each separate practice or plan had in the development of each depreciation parameter, by account.
9. **[Data]** – For each supplementary item of information obtained from management, please provide the following:
10. the actual information obtained;
11. all underlying support and justification for the information;
12. who provided the information;
13. the initial question that elicited the information;
14. how the information was utilized, by account; and
15. the impact each item of information had on each separate depreciation parameter, by account.
16. **[Data] –** Please provide the average age of retired plant by year by account for the past 11 years. Further, provide all underlying documentation associated with such calculations. The information should be provided both in hard copy and on electronic medium in Excel readable format.
17. **[Data]** – Other than the material in the Company’s testimony and workpapers, are there additional bases, evidence, opinions, assumptions, documents, analyses, etc. that either describe, explain, support, and/or justify the specific life and net salvage parameters proposed for each separate account or subaccount? If so, please provide such material.
18. **[Life]** – Please identify each account where in the Company’s view the historical experience was not indicative of the recommended life characteristics, and the complete basis for such conclusion including all workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit verification of the basis for each situation.
19. **[Net Salvage]** – Please provide a copy of any contracts the Company requires associated with the relocation or replacement of its facilities at the request of a customer or a governmental entity or due to damage by an entity.
20. **[Data]** – Please provide a copy of the depreciation study from the previous GRC and corresponding workpapers both in hard copy and electronically.