SCGC DATA REQUEST
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6.1. Please provide an electronic copy of each of the attachments including the protected attachments to the following data requests: TURN-10, DRA-075, DRA-076, DRA-077, DRA-074, DRA-081, DRA-082, DRA-083, DRA-086, DRA-090, and DRA-091. Please provide a working electronic copy of every Excel spreadsheet (or other Excel model) that was included in the responses to these data requests, which contains all data used and all formulas employed to derive the tables and charts shown in the testimony or otherwise support figures stated or conclusions drawn in the testimony. Working Excel spreadsheets contain all links to other Excel spreadsheets in active format.

SoCalGas Response:

Please see the enclosed CD with the requested data responses to TURN and DRA.

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6.2. Please provide a copy of the responses to TURN-01, TURN-02, and DRA-01 through DRA-026.

SoCalGas Response:

This response is a duplicate of SCGC DR-04, Question 4.1 and 4.2 provided to you on June 23, 2011.

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6.3. Please provide a copy of the FERC Form 2 filings for SoCalGas for the years 2008, 2009 and 2010.

SoCalGas Response:

Please see the enclosed CD with the requested FERC Form 2 yearly reports.

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6.4 Please provide a pro forma calculation of the earnings sharing mechanism proposed in this proceed using the recorded data for years 2008, 2009, and 2010. Please present the pro forma calculation in a format similar to the one used for the earnings sharing calculations presented by advice letter for the years 2004-2007, *e.g*., Advice Letter No. 3862.

SoCalGas Response:

SoCalGas has not prepared any calculations using recoded data for 2008, 2009 and 2010 since such a calculation would be purely speculative.

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6.5 With respect to the list of proposed base margin exclusions in PTY period shown on page HSE-WP-15,

6.5.1 Please list all proposed RD&D costs that are not expected to be recovered through the Public Purpose Program.

6.5.2 Please list all recorded RD&D costs for years 2008-2010 that were not recovered through the Public Purpose Program.

SoCalGas Response:

None of SoCalGas' RD&D costs were recovered, or are proposed to be recovered from Public Purpose Program funds. The RD&E program expenses to be included in rates are shown in the testimony of Ms. Gillian Wright and her work papers. For detailed historical and forecasted RD&D costs, please refer to Ms. Gillian Wright's testimony (SCG-09 GAW 41 - 65 and GAW A1 - A34) and work paper (SCG-09-wp 203 -273).

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6.6 Why has SoCalGas limited the measure of service performance in its PTY proposal to the service guarantee excluding the other three measures, Phone/Office contact, Field Visit Satisfaction, and Call Center Responsiveness, which were included in the previous PBR mechanism from 2004-2007?

SoCalGas Response:

In Decision 05-03-023 of Phase 2 of the 2004 Cost of Service, the California Public Utilities Commission ("Commission") adopted a service guarantee for SoCalGas as proposed by DRA. In April 2006, SoCalGas implemented the service guarantee program. The service guarantee exists today, as originally implemented.

Also adopted in Decision 05-03-023 were four customer service performance indicators– phone/office contact satisfaction, field visit satisfaction, field service orders appointments provided/percent made and call center responsiveness. The adopted performance indicators implemented in 2005 were those proposed by SoCalGas with some modifications made by the Commission to deadbands and reward/penalties. The performance indicators were implemented in 2005 and in place for the duration of the 2004-07 rate case cycle.

In the 2008 General Rate Case, SoCalGas proposed four customer service performance indicators- phone contact satisfaction, field visit satisfaction, field service order appointment windows provided and call center responsiveness. In Decision 08-07-046, the Commission adopted the four performance indicators with modifications.

The Commission Decision stated the following:

> If SDG&E or SoCalGas so choose, they may decline any of the discretionary incentives adopted herein if they are unprepared to undertake those changes likely to achieve the targeted improvement in exchange for the offered reward (or penalty). SDG&E and SoCalGas must affirmatively accept or decline the adopted incentive mechanisms, for the duration of this rate cycle, within 30 days of the date of this decision. **Acceptance must be for a complete set of customer service incentives**…

On August 29, 2008, SoCalGas submitted a letter to the Commission respectfully and with great regret declining the adopted incentive mechanisms for customer satisfaction. Attached to this response is a copy of the letter.

SCGC DR-06_Q6.6
Attachment

Response to Question 6.6 (Continued)

SoCalGas did not propose customer service performance indicators in the Test Year 2012 GRC because Decision 08-07-046 provided customer service performance based indicators that were not symmetric in nature and effectively set targets at such high levels that SCG would almost certainly incur penalties given the authorized level of GRC funding. SCG has maintained and continues to be committed to high levels of customer satisfaction regardless of the status of Commission authorized customer service PBR indicators.

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6.7 Please provide a complete list of differences between the PTY earnings sharing mechanism that SoCalGas has proposed in this application and the PBR earnings sharing mechanism that was adopted in D.05-03-023.

SoCalGas Response:

The PTY Earnings Sharing Mechanisms in D.05-03-023 was a sharing mechanism for "Above Authorized Rate of Return" only, as shown below. Both mechanisms limit revenue sharing to only base margin costs. The following is the language out of the Final Decision D.05-03-023:

> "The Base Margin Settlement proposal would adopt sharing above the authorized rate of return for up to 300 basis points (3%). There would be no sharing in the event of earned ROR falling below authorized ROR for either of the two utilities individually. After a 300 point spread, SoCalGas and SDG&E would trigger an automatic suspension and "a formal review by the Commission of that utility's PBR mechanism." At 175 points, the utility has the "option" to suspend the mechanism and file an application." [1]

However, the utility can always file an application (without regard to the outcome) and we believe this approach is one-sided; for example, ORA could not – within the limits of the settlement – obtain an automatic review if, after 2 years, both companies earned 175 points above the authorized return. With the sole modification of clarifying that ORA (or any other party) may also petition the Commission for an automatic formal review, we will adopt the sharing mechanism as otherwise proposed in the partial settlements.

[1] Base Margin Settlement p. 12. We note that this approach assumes the presumption that the adopted rate setting mechanisms would be the SoCalGas and SDG&E "PBR" bundle of mechanisms, as settled.

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Response to 6.7 (Continued)

Base Margin Settlement Proposal			
Bands	**Sharing Band (Basis Points) Above Authorized Rate of Return**	**Company**	**Customer**
Inner	0-50	100%	0%
1	51-100	25%	75%
2	101-125	35%	65%
3	126-150	45%	55%
4	151-175	55%	45%
5	176-200	65%	35%
6	201-300	75%	25%
Outer	More than 300	Suspend	

Source: D.05-03-023, p. 24

The proposed GRC 2012 Earnings Sharing Mechanism is a balanced sharing mechanism for earnings above and below "Authorized rate of Return" as shown below. Sharing of earnings above and below the authorized rate of return is a balanced risk sharing of earnings gains and losses between customers and shareholders.

Earnings Sharing Mechanism

Bands	Basis Points Above Authorized ROR	Ratepayer %	Shareholder %
Inner	0-50	0	100
1	51-100	65	35
2	101-150	50	50
3	151-200	35	65
4	201-250	25	75
5	251-300	10	90
Outer	Above 301	Off-ramp	Off-ramp

Bands	Basis Points Below Authorized ROR	Ratepayer %	Shareholder %
Inner	0-100	0	100
1	101-250	40	60
Outer	Below 251	Off-ramp	Off-ramp

Response to Question 6.7 (Continued)

Source: Testimony of Herbert Emmrich, (Ex. SCG-39, p. 14).

The proposed earnings sharing framework shown above has sharing bands that benefit ratepayers while providing the utility ongoing incentives to invest in productivity enhancing measures on the upside. The sharing mechanism contains a 50 basis point "inner deadband" on the upside and five sharing bands between 51 and 251 basis points above the authorized ROR. Shareholders would retain the earnings in the inner band. Ratepayers receive 65 percent of the earnings above the authorized ROR in the first outer band, decreasing to 50 percent in the second band, down to 35 percent in the third band and decreases to 10 percent for all earnings 251 to 300 bases points above authorized ROR. If earnings exceed 301 basis points the mechanism would be suspended and a review of the earnings sharing mechanism would be initiated.

On the below authorized ROR earnings side, SoCalGas proposes that shareholders absorb 100% of earnings below authorized for the first 100 basis points and shareholders absorb 60% and ratepayers 40% of below authorized ROR for earnings from 101 to 250 basis points. Should earnings drop 251 basis points below authorized ROR, the earnings sharing mechanism would be suspended and a review of the mechanism would be initiated to make appropriate adjustments. The tax impact of the change in the return on preferred stock would be calculated using the authorized net-to-gross multiplier to arrive at the revenue requirement change. The tax impact of the change in the return on equity (ROE) would be calculated using the authorized net-to-gross multiplier to arrive at the revenue requirement change.

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6.8 Regarding Exhibits SCG-37 and SDG&E-44:

6.8.1 Excluding the TFP studies that are presented by Dr. Lowry in this proceeding, please provide a copy of any reports, memos, letters, models, or other documents reporting the results of any productivity studies, evaluations, or analyses that have been conducted by SoCalGas or SDG&E or by others on behalf of SoCalGas or SDG&E since 2007. Such productivity studies may include(but are not limited to) time series evaluation of changes in SoCalGas' or SDG&E's productivity over time or cross-sectional evaluation of SoCalGas' or SDG&E's productivity as compared with the productivity of other utility companies.

6.8.2 Please provide the complete workpapers for each document provided in the response to the previous question.

SoCalGas Response:

SoCalGas has not done any other productivity studies since 2007.

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6.9 Please update the attached file that was provided in response to SCGC DR 2.1 in A.06-12-010 to include the most recent Handy Whitman data that is available and all of the Global Insights forecasts of Handy Whitman data that SoCalGas relied upon.


Q.2.1.xls

SDG&E Response:

Attached here is the one Global Insight forecast of JUG@PCF that SoCalGas has thus far relied upon in this proceeding—from Global Insight's 1st Quarter 2010 "Power Planner" utility cost forecast. The most recent update of Handy-Whitman recorded data is also included.


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6.10 With respect to SoCalGas' response to SCGC Data Request Question 3.2.1 and 3.2.2:

6.10.1 Please demonstrate explicitly how the hard savings of 13.2 and 0.9 FTEs relative to 2009 levels for O&M and capital, respectively, (SoCalGas' response to SCGC Data Request Question 3.1.5) are incorporated into Mr. Stanford's 2012 Gas Engineering O&M and capital requests, respectively. This demonstration should show step-by-step how one calculates Mr. Stanford's 2012 FTEs based on the 2009 FTEs as a starting point and takes into account the hard savings and any program changes proposed for 2012.

6.10.2 Please demonstrate explicitly how the hard savings of 34.4 and 36.2 FTEs relative to 2009 levels for O&M and capital, respectively, (SoCalGas' response to SCGC Data Request Question 3.1.5) are incorporated into Ms. Orozco-Mejia's 2012 Gas Distribution O&M and capital requests, respectively. This demonstration should show step-by-step how one calculates Ms. Orozco-Mejia's 2012 FTEs based on the 2009 FTEs as a starting point and takes into account the hard savings and any program changes proposed for 2012.

6.10.3 Please demonstrate explicitly how the hard savings of 87.8 FTEs relative to 2009 levels for O&M (SoCalGas' response to SCGC Data Request Question 3.1.5) are incorporated into Mr. Fong's 2012 Customer Services O&M request. This demonstration should show step-by-step how one calculates Mr. Fong's 2012 FTEs based on the 2009 FTEs as a starting point and takes into account the hard savings and any program changes proposed for 2012.

SoCalGas Response 6.10.1:

Please see response to SCGS DR 03 #3.2.1, the O&M FTE hard savings are reflected in Mr. Phillip's testimony not in Mr. Stanford's. The O&M hard savings are reflected as a negative forecast in Mr. Phillips work papers. The negative forecast offsets OpEx program O&M costs.

The following describes how hard O&M labor savings are converted into FTE savings (while these savings are shown for each functional area, the savings are incorporated only in Mr. Phillip's testimony).

	2009	2010	2011	2012
	O&M Labor $			
SCG Distribution (Orozco-Mejia)	(2,454)	(1,802)	(3,556)	(5,209)
SCG Customer Service (Fong)	(390)	(1,435)	(3,659)	(7,416)
SCG Engineering (Stanford)	-	(750)	(1,054)	(1,059)
Total	(2,844)	(3,987)	(8,270)	(13,684)

Response to Question 6.10 (Continued)

Incremental O&M labor savings are based on forecasted benefit savings for each respective year.

	2010	2011	2012
	Incremental to 2009 O&M Labor $		
SCG Distribution (Orozco-Mejia)	652	(1,102)	(2,755)
SCG Customer Service (Fong)	(1,045)	(3,269)	(7,026)
SCG Engineering (Stanford)	(750)	(1,054)	(1,059)
Total Incremental	(1,143)	(5,426)	(10,840)

In order to get to a FTE count, incremental O&M labor savings are then divided by an $80,000 annual salary ($80,000 chosen as appropriate for an FTE equivalent). The 2012 total O&M FTE reductions are shown in Exhibit No. SCG-13-WP/Witness: R. Phillips Page 7 of 19.

	2010	2011	2012
	Incremental to 2009 FTEs *		
SCG Distribution (Orozco-Mejia)	8.2	(13.8)	(34.4)
SCG Customer Service (Fong)	(13.1)	(40.9)	(87.8)
SCG Engineering (Stanford)	(9.4)	(13.2)	(13.2)
Total Incremental FTE	(14.3)	(67.8)	(135.5)
	* assumes $80K annual salary		

For Mr Stanford's capital savings, please see response to SCGS DR 03 #3.2.2 and restated here: "Due to the minimal capital savings projected for SoCalGas Gas Engineering (i.e. $34,000 in 2010, $47,000 in 2011, and $69,000 in 2012), Mr. Stanford did not specifically identify the savings in his testimony volume."

SoCalGas Response 6.10.2:

Please see response to SCGS DR 03 #3.2.1, the O&M FTE hard savings are reflected in Mr. Phillip's testimony not in Ms. Orozco-Mejia's. The FTE reductions are shown in Exh No. SCG-13-WP/Witness: R. Phillips Page 7 of 19. Please see table for response to 6.10.1, above, for FTE calculations.

For Ms. Orozco-Mejia's capital savings, please see response to SCGS DR 03 #3.2.2. Table SCG-GOM-26 reflects both labor and nonlabor capital OpEx hard savings. The OpEx capital hard savings reduces the overall capital expenditures.

Response to Question 6.10.2 (Continued)

	Capital Hard Benefits		
	2010	2011	2012
SCG Distribution (Orozco-Mejia)	**Labor and Nonlabor $**		
Labor	(762)	(1,224)	(2,899)
Nonlabor	(286)	(695)	(1,479)
Total	(1,048)	(1,920)	(4,378)
	Labor FTEs *		
SCG Distribution (Orozco-Mejia)	(9.5)	(15.3)	(36.2)
	* assumes $80K annual salary		

SoCalGas Response 6.10.3:

Please see response to SCGS DR 03 #3.2.1, the O&M FTE hard savings are reflected in Mr. Phillip's testimony not in Mr. Fong's. The FTE reductions are shown in Exh No. SCG-13-WP/Witness: R. Phillips Page 7 of 19. Please see table for response to 6.10.1, above, for FTE calculations.

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6.11 With respect to SoCalGas' response to SCGC Data Request Question 3.8.4:

6.11.1 In SoCalGas' understanding, does the relocation of the pipeline constitute the beginning of OCTA's construction activities at any given site?

6.11.2 If the answer to the previous question is "no," does SoCalGas have to finish relocating the pipeline before OCTA can begin construction activities at any given site?

SoCalGas Response:

6.11.1 Pipeline relocations and OCTA construction are considered separate construction activities. OCTA typically requires utilities to be relocated before they begin their construction.

6.11.2 Please see response to Question 6.11.1

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6.12 With respect to SoCalGas' response to SCGC Data Request Question 3.10:

6.12.1 Please provide the labor costs per operating hour for Newberry Station for the years 2005-2010.

6.12.2 Please provide the number of maintenance call-outs per operating hour for Newberry Station for the years 2005-2010.

6.12.3 Please identify a compressor that is either newer than Newberry or has had its control systems upgraded within the last six years and provide both the labor costs per operating hour and the number of call-out per operating hour for this compressor station for the years 2005-2010.

6.12.4 Has the $25,000 in avoided future O&M costs discussed in SoCalGas' response to Question 3.10.2 been reflected in the Gas Engineering O&M request that Mr. Stanford has made in this application?

6.12.5 Has the $50,000 in avoided future capital expenditures discussed in SoCalGas' response to Question 3.10.2 been reflected in the Gas Engineering capital request that Mr. Stanford has made in this application?

SoCalGas Response:

6.12.1 The following table provides annual operating hours and labor cost for Newberry Station, for the 6 year period requested, and reflects the labor cost per operating hours for each of the years. (Figures in nominal dollars)

Year	Operating Hours	Labor Cost	Labor Cost per Operating Hour
2005	25,677	$626,622	$24.40
2006	29,211	$675,219	$23.12
2007	37,269	$713,725	$19.15
2008	43,609	$729,087	$16.72
2009	25,035	$721,677	$28.83
2010	9,893	$704,473	$71.21

6.12.2 The following table provides the annual number of operating hours and call-outs for Newberry Station, for the 6 year period requested, and number of call-outs per operating hour for each of the years.

Year	Operating Hours	Call-Outs	Call-outs per Operating Hour
2005	25,677	17	0.0007
2006	29,211	14	0.0005
2007	37,269	11	0.0003
2008	43,609	11	0.0003
2009	25,035	10	0.0004
2010	9,893	10	0.0010

SoCalGas Response to Question 6.12 (Continued):

6.12.3 Newberry Station is equipped with seven (7) 2,000 horsepower reciprocating compressors and three (3) gas engine driven generators. Commercial utility generated electricity is not available at the station. The station was placed into service in 1967.

For comparison purposes, South Needles Station is also equipped with seven (7) 2,000 horsepower reciprocating compressors and three (3) gas driven generators. Identical to Newberry, commercial electricity is not available at the station. The station was placed into service in 1957. A station control system upgrade project was completed in 2005.

Following two tables provide Labor Cost and Call-Outs, per Operating Hour for the South Needles Station. (Figures in nominal dollars)

Year	Operating Hours	Labor Cost	Labor Cost per Operating Hour
2005	40,625	$827,119	$20.36
2006	42,192	$816,874	$19.36
2007	45,737	$872,599	$19.08
2008	50,014	$844,217	$16.88
2009	36,653	$800,198	$21.83
2010	20,419	$872,175	$42.71

Year	Operating Hours	Call-Outs	Call-outs per Operating Hour
2005	40,625	16	0.0004
2006	42,192	7	0.0002
2007	45,737	8	0.0002
2008	50,014	8	0.0002
2009	36,653	1	0.0000
2010	20,419	1	0.0000

6.12.4 The O&M expenses for this facility would be addressed in the Gas Transmission testimony of Mr. John Dagg, Exhibit SCG-03. There have been a number of similar controls upgrades installed in recent years. The avoided future costs mimic those already captured in the historical O&M expenses from which the forecasted expense requirements for this GRC are based. Thus the $25,000 in avoided future O&M costs were not requested as additional O&M requirements under the assumption that the upgrades to the controls system will be installed.

SoCalGas Response to Question 6.12 (continued):

6.12.5 There have been a number of similar controls upgrades installed in recent years. The avoided future costs mimic those already captured in the historical capital expenses from which the forecasted expense requirements for this GRC are based. The $50,000 in avoided future capital costs were not requested as additional capital requirements under the assumption that the upgrades to the controls system will be installed.

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6.13 With respect to SoCalGas' response to SCGC Data Request Question 3.11.3, how much of a reduction in emissions is represented by the three Capstone micro-turbine generators relative to the existing engine driven equipment?

SoCalGas Response:

6.13 The recorded 2008 NOx emissions data for the three engine driven generators is approximately 72.6 tons. It is estimated that under the same operating parameters, the 3 Capstone micro-turbines, at 0.14 g NOx/bhp-hr, would produce approximately 1.1 tons/yr of NOx emissions. That equates to about 71.5 tons reduction in NOX emissions per year.

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6.14 With respect to SoCalGas' response to SCGC Data Request Question 3.14.3:

6.14.1 Please explain on a line-by- line basis, why there is considerable variance in the cost of the short projects if they are based on an average cost per project. For example, "L408", which is 0.2 miles, costs $8,017.50, while "12", which is 0.21 miles, costs $14,833.

6.14.2 Please explain on a line-by-line basis, why there is considerable variance in the cost of the long projects per mile if they are based on an average cost per mile. For example, "L-1192," which is 11.39 miles, costs $5,521/mile, while "L1185," which is 15.50 miles, costs $1,631/mile.

SoCalGas Response:

6.14.1 The values referenced in the question above (and as displayed in the table in the response to SCGC Data Request Question 3.14.3) are not based on an average cost per project. They are the actual project costs (historical costs) for the given pipeline feature studies that were performed on each pipeline shown. SoCalGas used these actual historic costs to generate an average cost per project or cost per mile value to aid in forecasting the additional expense requirements provided within the 2012 General Rate Case filing.

Additionally, the disparity between actual unit costs, as depicted in the prior data request response, is quite normal. There are numerous influences that require increased time and resources to complete a feature study. Most of them are related to how many work orders are involved in a projects evaluation. A project involving a single work order would typically require minimal time and effort. A project that involves a number of work orders for reasons such as phased installation segments, relocations over time, installation of taps and tie-ins, installation of pressure control equipment, leak repairs, etc., would all require additional comprehensive research for each work order.

Due to the age and urban environment of much of SoCalGas' system it is expected that there will be a wide spectrum of variability between the efforts required to complete the feature studies.

6.14.2 Please see the above response as the same explanation applies to the long project projections.