

**TURN DATA REQUEST  
TURN-SCG-DR-10  
SOCALGAS 2012 GRC – A.10-12-006  
SOCALGAS RESPONSE  
DATE RECEIVED: APRIL 27, 2011  
DATE RESPONDED: MAY 11, 2011**

1. Please provide in electronic form, all variables used to construct all econometric and other forecasts of meters in Exhibit SCG-30 and its workpapers, including historical variables used in estimation and forecast future variables. Identify the date at which recorded data end and the forecast begins.

**SoCalGas Response 01:**

Please see the attached Excel spreadsheet.



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2. Please update all recorded historical data on variables used to construct all econometric forecasts of meters and customers to the latest available data (at least the end of 2010 if possible). The data should include recorded data on active meters, new sets removes, reset seasonal, and resets.

**SoCalGas Response 02:**

Please see the attached spreadsheet.



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3. In the normal course of business, does SoCal Gas prepare and update forecasts of meters and customers. If so, please provide all such forecasts and updates prepared since January 1, 2009. Please identify which of those forecasts is the basis for the GRC forecast.

**SoCalGas Response 03:**

SoCalGas does prepare and update customer forecasts in the normal course of business.

Since January 1, 2009, two forecasts of SoCalGas customers have been completed: 1) in Spring 2009 with inputs from Global Insight’s February 2009 Regional economic forecast—used for internal company planning; and 2) in Spring 2010. The Spring 2010 customer forecast was created by adjusting the Spring 2009 forecast, taking into account new recorded customer data for 2009 and early 2010. The Spring 2010 customer forecast was used in this General Rate Case proceeding, as well as in the 2010 California Gas Report and SoCalGas’ internal planning. Here are the two forecasts, and recorded data for 2009 and 2010:

<b>SoCalGas Customers (Total Active Meters)</b>			
Annual averages			
		Spring 2010	Spring 2009
	<u>Recorded</u>	<u>Forecast</u>	<u>Forecast</u>
2009	5,480,314	5,480,314	5,491,609
2010	5,516,668	5,520,424	5,527,079
2011	---	5,565,817	5,572,505
2012	---	5,621,055	5,627,743

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4. Please provide information on the source of SoCal Gas' historical building permits (identifying which counties and municipalities are used to compute the single-family and multi-family building permits used in the analysis and the source of the data).

**SoCalGas Response 04:**

Historical new residential building permits are monthly single-family and multi-family totals by county, as reported by the Construction Industry Research Board of Burbank, California. SoCalGas uses aggregated totals of the following twelve counties (each of which is wholly or partially within SoCalGas' service territory): Fresno, Kern, Kings, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, Tulare, and Ventura.

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5. Please provide information on the source of SoCal Gas' historical commercial and industrial employment figures (identifying which counties and municipalities are used to compute the employment figures used in the analysis, whether any scaling was used from a portion of SoCal's service area to the whole, the relevant SIC codes included in each, and the source of the data).

**SoCalGas Response 05:**

In SoCalGas' customer forecasting, historical employment is a monthly aggregated total of the twelve counties listed above in Response 4, from reports by the California Employment Development Department. Industrial employment includes mining (SICs 10 through 14) and manufacturing (SICs 20 through 39). Commercial employment includes all nonfarm employment less industrial.

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6. Are the non-farm employment figures in SCG-31 on both a historical and forecast basis from a consistent data source with the commercial and industrial figures used in SCG-30? If not, reconcile them.

**SoCalGas Response 06:**

The employment figures on page 5 of workpapers SCG-31-WP and those in SCG-30 are from somewhat different sources. In SCG-31 the historical and forecasted employment is all directly from Global Insight's February 2010 Regional forecast. The employment in SCG-30 uses recorded data through 2008 from the California Employment Development Department as explained above in Response 5. That historical employment was then forecasted using growth rates from Global Insight's Winter 2009 (February 2009) Regional forecast for the aggregated "Big 6" counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

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7. Please provide documentation supporting the forecast of inactive residential and commercial meters on SCG-30, SRW-WP-2, including the “seasonal and multi-year historical patterns” mentioned on SCG-30, page SRW-3. Explain whether the number of inactive meters has been affected by the recent recession and housing crisis and whether SoCal plans to update for this information.

**SoCalGas Response 07:**

Residential Single family inactive meter (InActSF) is calculated by applying a percentage (PCTInActS) to its connected meter. Due to the recent recession and housing crisis, the 2008 quarter percentage with 6% growth is applied to the inactive meter forecast.

$$\text{InActSF (Qi)} = \text{ConnSF (Qi)} * \text{PCTInActS(Qi)}$$

Where i =1, 2, 3, and 4; and

Q1: 2.49%, Q2: 2.69%, Q3: 2.93% and Q4: 2.97%

Residential multi family inactive meter (InActMF) is using the same methodology as the above (a) single family inactive meter.

$$\text{InActMF (Qi)} = \text{ConnMF (Qi)} * \text{PCTInActM(Qi)}$$

Where i =1, 2, 3, and 4 ; and

Q1: 5.23%, Q2: 5.41%, Q3: 5.90% and Q4: 6.10%

For residential inactive master meter, (InActMM) is derived by subtracting its active meter (ActMM) from its connected meter (ConnMM):

$$\text{InActMM} = \text{ConnMM} - \text{ActMM}$$

The quarterly active master meter is forecasted to decrease by 0.88% per year, which is the average decay rate from last four years (2005 through 2008).

$$\text{ActMM (t)} = (1-0.0088) * \text{ActMM (t-4)}$$

Commercial inactive meter (InActCom) is using the same methodology as residential single family inactive meters (see above) except that a 3% growth rate is assumed.

$$\text{InActCom (Qi)} = \text{ConnCom (Qi)} * \text{PCTInactCom(Qi)}$$

where i = 1, 2, 3, and 4 ; and

Q1: 20.50%, Q2: 21.23%, Q3: 21.88% and Q4: 22.10%

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**Response to Question 7 (Continued)**

SoCalGas' forecast of inactive customers already incorporated actual and anticipated effects of the recent recession and housing crisis. In fact, SoCalGas' forecast of 265,005 total inactive customers (TotInAct) for annual-average 2010 turned out to be 6,587 (2.5%) higher than the actual number of 258,418. SoCalGas forecasts that the proportion of inactive customers (TotInAct) will continue to average a relatively high 4.6% of total connected customers (TotConn) for each of the years 2010 through 2015. That forecasted 4.6% was slightly higher than 2010's actual average of 4.5%.



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8. Please provide documentation supporting the forecast of meter removes, resets, and seasonal resets.

**SoCalGas Response 08:**

Meter Removes is assumed to be 0.06% of the total connected meters (TotConn), based on historical trends which are available in the attachment included with the response to Question 1 of this data request.

$$\text{Removes} = 0.0006 * \text{TotConn}$$

The seasonal resets forecast is assumed to be the same as previous year plus an adjustment by professional judgment. The seasonal reset factors are based on historical seasonal patterns, which are available in the attachment included with the response to Question 1 of this data request.

$$\text{ReSetsSeas}(t) = \text{ReSetsSeas}(t-4) \text{ for all the forecasting period except for 2010 Q1 by adjusting 150 up.}$$

Resets is the sum of the removes plus the seasonal resets:

$$\text{ReSets} = \text{Removes} + \text{ReSetsSeas}$$

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9. Re: SCG-30, page SRW-2, Please provide detailed quantitative workpapers showing mathematically how the” six-county new-housing and employment forecast was then scaled to better reflect the total economic and demographic characteristics of SoCalGas’ service area, based on recent recorded data for the aggregated twelve-county area that SoCalGas serves.”

**SoCalGas Response 09:**

New housing permits in SoCalGas’ customer model are aggregated totals of twelve counties, using recorded monthly data from reports by the Construction Industry Research Board of Burbank, California, as explained in Response 4 above. Those 12-county total permits are forecasted by applying the growth rates from Global Insight’s forecasted housing starts for the aggregated “Big 6” counties of Kern, Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

Employment in SoCalGas’ customer model is an aggregated total of twelve counties, using recorded monthly data from reports by the California Employment Development Department, as explained in Response 5 above. That 12-county area employment is forecasted using the growth rates from Global Insight’s forecasted employment for the aggregated “Big 6” counties.

Detailed quantitative workpapers are not available for the above-described forecast “scaling”. The application of Global Insight’s forecasted growth rates to 12-county-total recorded data is done by calculations in a custom software command file written in Global Insight’s “Aremos” programming language. The “scaling” simply applies forecasted 6-county area growth rates to recorded 12-county area data. Both the recorded and forecasted data used in the customer model are thus all 12-county area data.

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10. Please provide all IHS Global Insight Regional forecasts containing the employment and building permit information used in SCG-30 and SCG-31 that have been provided to SoCal Gas subsequent to the February 2009 forecast referenced on page 2 of SCG-30.

**SoCalGas Response 10:**

Global Insight's service agreement restricts SoCalGas from disseminating to third parties Global Insight's proprietary forecasts unless they are used in SoCalGas' public regulatory proceedings. In the attached Excel file are employment and housing data from Global Insight's February 2009 and February 2010 Regional forecasts used in this proceeding.



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11. Please explain why SoCal Gas has used no recorded data later than the end of 2008 and has used a February 2009 economic forecast for a rate case where the NOI was filed late in 2010.

**SoCalGas Response 11:**

Customer growth is mainly driven by housing starts. The February 2010 economic forecast contained a housing start projection for 2010-2012 that was within 6% of the February 2009 economic forecast (with the February 2010 forecast showing relatively lower starts for 2010 and 2011, and relatively higher starts for 2012). The difference between the two forecasts was deemed immaterial.

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12. Identify the corporate officer who approved the decision to cut off recorded data on economic and demographic variables and numbers of customers at the end of 2008 and who approved the use of the February 2009 Global Insight forecast without further updates instead of a later forecast. Provide all documentation given to that officer to support SoCal's decision to do this.

**SoCalGas Response 12:**

SoCalGas interprets this question to refer to the decision to use the February 2009 economic forecast of housing starts instead of the February 2010 economic forecast of housing starts for the Test Year 2012 GRC. No corporate officer made this decision. It was made by the GRC Project Manager (Ronald van der Leeden) due to the immateriality of the difference between the two forecasts.