DRA DATA REQUEST
DRA-SCG-055-DAO
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: MARCH 8, 2011
DATE RESPONDED: MARCH 21, 2011

Exhibit Reference: SCG-3, Transmission

Subject: Pipeline O&M

Please provide the following:

1. Pages JLD-9 and JLD-10 provide a discussion of the Department of Transportation (DOT) safety fee assessments. Please identify the number of PHMSA Reported Miles by Utility as filed on Form F 7100.2-1 for each year from 2005-2010.

SoCalGas Response:

The table below reflects total DOT transmission mileage, per calendar year, as annually filed with PHMSA and the CPUC-USRB on Form F-7100.2-1.

Reporting Year	Mileage as reported on Form F-7100.2-1
2005	3825
2006	3926
2007	3961
2008	3999
2009	3989
2010	Report not yet filed

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2. Please provide the calculations behind the numbers in the table entitled, "Department of Transportation (DOT) Pipeline Safety Fees (NSE Expense), on page 29 of the workpapers.

SoCalGas Response:

Page 29 of the workpapers contains 7 separate graphs, each depicting various sets of figures. Each of the 7 graphs provides a heading describing the nature of the figures appearing in each of the columns.

Examples:

Forecasted Year-to-Year Cost Increase Impact	
2009 to 2010	$ 151,176
2010 to 2011	$ 174,032
2011 to 2012	$ 207,006

This above graph provides the forecasted dollar amount of change in expense between the years as cited. The amount reflected for the period labeled "2009 to 2010" was calculated by subtracting the 2009 Adjusted Recorded Expense amount of $821,277 (as shown on page 28 of the workpapers) from the 2010 Forecasted Expense amount of $972,453 (as shown on Page 28 of the workpapers). Calculation: $972,453 - $821,277 = $151,176

Forecasted Base Fee Annual Inflation Rate { Based on 2yr (2009 / 2010) Avg Increase % }	18.07%

This graph provides the Forecasted Annual Inflation Rate that was used in forecasting future years 2010 through 2013 "Rate Per Mile" rates. The calculation used in determining the 18.07% annual inflation rate is based on determining the annual average rate of inflation realized over the most recent 2 year period for which SoCalGas was last invoiced by the DOT (2009 and 2010). The 2009 rate-per-mile was invoiced at $198.10 which was 18.60% greater than the rate DOT invoiced for in 2008. The 2010 rate-per-mile was invoiced at $232.83 which was 17.53% greater than the rate DOT invoiced in 2009. The 2 year average annual rate of increase realized for 2009 and 2010 was calculated at 18.07%.

Calculation: 18.60% + 17.53% = 36.13% / 2 = 18.065%

Given the number of applicable calculations utilized in determining the various indexes displayed within page 29 of the workpapers, the attached Excel formatted file is being provided. The file contains all embedded calculations.

Exhibit - SCG 03
_ Dagg_WP _ Pg

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3. With regard to page 29 of the workpapers, please define "DOT Qualified Miles from Prior 2yr Annual Reporting Period" and explain how SCG determined the annual number of miles for years 2005-2010.

SoCalGas Response:

DOT invoices are based on a cost-per-mile fee that's applied to SoCalGas' reported mileage as recorded on PHMSA Form F 7100.2-1 for the annual period that occurred two (2) years prior to the date of invoicing by DOT, i.e, the 2010 DOT invoice is based on mileage reported for the year 2008, and the 2011 invoice will be based on mileage reported for 2009, the 2012 invoice will be based on mileage to be reported for 2010.

For this reason, use of the header labeled "DOT Qualified Miles from Prior 2yr Annual Reporting Period" was used to communicate that neither the recorded year DOT invoices, nor the future year forecasted expense, can be based on a current year's reportable mileage.

The attached pdf file provides copies of the PHMSA forms for years 2008 and 2009, and copy of the DOT invoice for 2010.

PHMSA 2008
2009 & DOT 2010

For determining annual number of miles, SoCalGas adheres to DOT's definition of a "transmission line" when complying with the annual reporting requirements of PHMSA Form F-7100.2-1.

Per 49 CFR, § 192.3 – Definitions:

<u>Transmission line means</u> a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage field.

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4. With regard to page 29 of the workpapers, please explain the difference between the number of miles identified under column, "DOT Qualified Miles from Prior 2yr Annual Reporting Period" and those under column "2009 PHMSA Reported Miles by Utility."

SoCalGas Response:

The mileage figures appearing under the heading "DOT Qualified Miles from Prior 2yr Annual Reporting Period" provides the mileage the annual invoice was based on for the "Period of Invoicing" as noted.

The mileage figure of 3989 that appears under the heading "2009 PHMSA Reported Miles by Utility" reflects the 2009 reportable mileage that will be utilized by the DOT in its assessment of the 2011 Pipeline Safety Fee.

5. With regard to page 29 of the workpapers, please define "DOT Allocated Assessment Basis Rate (rate per/mile of pipeline)," and explain how SCG determined the annual expenses from 2005-2010. Please also state if these annual costs are estimates or recorded.

SoCalGas Response:

The rates shown under the column heading "DOT Allocated Assessment Basis Rate (rate per/mile of pipeline)" provides the actual per-mile fee assessed SoCalGas by the DOT for the annual period as noted within the graph.

Annual expenses were determined based on actual invoicing from the DOT for years 2005 through 2009, and any applicable adjusted-recording of same.

The 2010 Forecasted Expense amount of $972,453.66 as shown on page 28 of the workpapers is based on the calculation of ¾'s (January – September) of the 2010 invoiced amount and ¼ (October – December) of the estimated 2011 amount to be invoiced. This accounting adjustment is applied in each year's adjusted recorded figure.

These adjustments are reflective of the difference between DOT's fiscal year invoicing practice and SoCalGas' fiscal year accounting period. DOT issues invoicing based on the fiscal accounting period of October through September annually, while SoCalGas operates under the fiscal accounting period of January through December annually.

6. With regard to page 29 of the workpapers, please define "Average Annual Base Rate" and explain how SCG determined the annual expenses from 2005-2010. Please also state if these annual costs are estimates or recorded.

SoCalGas Response:

The rates reflected under the heading "Average Annual Base Rate", reflect the multi-year average annual per mile rate as described on each of the line entries.

Example:

The line item labeled "3yr Avg" provides results of calculations used to determine the average annual results comparing years 2008, 2009, and 2010 for each of the following components of cost forecasting ;

- Average Annual Miles of Pipe;
- Average Annual Base Rate;
- Average Annual % of Change in Base Rate.

The amounts shown within the graph are neither estimates nor recorded amounts. They are results of multi-year averaging calculations as described above.

7. With regard to page 29 of the workpapers, please define "Rate per/mile" as stated in the column next to "Forecast Invoice Amount." Please explain how this rate per mile is calculated.

SoCalGas Response:

The "rate-per-mile" amount is the "forecasted cost per mile" used in forecasting our 2011 and 2012 DOT Safety Fee expense.

The rate-per-mile cost was calculated based on a forecasted annual rate-per-mile inflation rate of 18.07%. The 18.07% is the annual average inflation realized in DOT's assessed per-mile rates for 2009 and 2010.

The 2009 rate was 18.60% greater than the 2008 assessed rate, and the 2010 rate was 17.53% greater than the 2009 assessed rate. The average of these rates is 18.07%

Calculation: 18.60 + 17.53 / 2 = 18.065

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8. With regard to page 29 of the workpapers, please explain how SCG determined 3994 miles for 2012 and 3992 for 2013. Please include a copy of all supportive documents and/or calculations used.

SoCalGas Response:

The 2012 mileage of 3994 is based on estimating the year 2010 miles to be reported on PHMSA form F 7100.2-1. The estimate is based on averaging the annual recorded miles reported to PHMSA for the years 2008 and 2009.

2008 miles = 3999
2009 miles = 3989
Calculation: 3999 + 3989 = 7988 / 2 = 3994

Attached are copies of the 2008 and 2009 PHMSA Form F 7100.2-1.

The mileage as listed above is shown on these forms.

PHMSA Form 2008

PHMSA Form 2009

9. Please provide the "2010 Adjusted Recorded Expense" and identify the actual Oct-Dec 2009 and Jan-Sep 2010 invoiced amounts in the format presented on page 28 of the workpapers.

SoCalGas Response:

SoCalGas has not finalized 2010 expense data, and is therefore unable to provide the requested information at this time.

The 2010 Adjusted Recorded Expense is forecasted to consist of actual cost in the amount of $698,315 for the accounting period Jan-Sep 2010 and the currently estimated amount of $274,138 for the accounting period Oct-Nov 2011.

10. On page 7 of the workpapers, SCG forecasts $750,000 for “Expense associated with the removal of previously abandoned pipe. This is an unanticipated additional cost beyond the original abandonment removal costs that occurred years ago.” Please answer the following questions with regard to this statement:
    a. Provide the 2005-2010 annual expenses of removing previously abandoned pipelines. Also, identify the number of requests for removal of pipelines each year.
    b. Provide a detailed explanation of how SCG calculates and tracks the expenses of pipeline removal. For example, is it per project or per foot of pipeline? Is there a unit cost used?
    c. Provide the “original” annual amount authorized for the removal of previously abandoned pipelines, identify the account used to track this expense, and indicate the time when this amount was authorized. Provide any relevant references to CPUC decisions.
    d. Please explain if the expenses associated with the removal of previously abandoned pipelines were discontinued. If so, please provide documentation to confirm that these expenses were removed from SCG’s revenue requirement. If not, please explain how the “original” removal costs are being treated.
    e. Please provide a copy of all calculations used, including a copy of all documents relied on, to forecast $750,000. Please also identify the number of requests SCG believes it will receive for removal work in 2012.

SoCalGas Response:

a. SoCalGas identified recorded expense in the amount of $91,087.95 for 2009. The one removal project was due to physical conflict. SoCalGas records show no recorded expense for removal of previously abandoned pipelines for years 2005-2008. SoCalGas has not finalized 2010 expense data, and is therefore unable to provide the requested information at this time.

   SoCalGas recorded zero requests for removal of previously abandoned pipelines for years 2005 – 2007.

   One (1) request was recorded for 2008, two (2) requests recorded for 2009 and 2010 in each year.

b. SoCalGas tracks these cost on a project specific cost accounting/assignment basis.

   The forecasted annual estimated cost is based on a cost per foot estimate, which is based on costing experience of other similar type work and contracted construction skill-set pricing.

   The per unit costing calculation used in forecasting the $750,000 annual costing is shown on page 33 of the workpapers.

Response to Question 10 (Continued)

c. SoCalGas is uncertain what is meant by "the original annual amount authorized..". SoCalGas has no record of formally receiving an "annual authorized amount" for the removal of previously abandoned pipelines. For the one project completed in 2009, the costs were assigned to SoCalGas internal order # 300605143 (Line 85 Abandonment Removal / Castaic Sports Complex)

d. SoCalGas is uncertain if the question is specific only to expenses associated with the 2009 removal of previously abandoned pipelines, or includes other expenses. With respect to the 2009 removal project, the recorded expense has not been discontinued or otherwise removed from SoCalGas' revenue requirement. The funding utilized in 2009 to support the removal project was planned for use in the maintenance of pipeline access roadways. This work was deferred in order to accommodate the pipeline removal requirement.

e. The requested information is provided on pages 33 & 34 of the workpapers.

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11. With regard to page 33 of the workpapers, please provide a copy of all supportive documents and calculations used to determine the numbers in the table entitled, "Forecast of Estimated Annual Average Footage and resulting Cost Impact." Please state if the numbers in this table are based on actual projects. If so, please identify the projects, the year(s) in which the projects were carried out, and a copy of all invoices showing the projects' costs.

SoCalGas Response:

The figures in the table are based on projects for which SoCalGas could be required to conduct on an annual basis. The table depicts estimated cost based on requirement to remove varying lengths of 24inch diameter pipeline totaling 4,500 feet annually. The annual cost as forecast calculates to $750,000

The basis for the forecasted annual footage is based on the number of as known to-date projects for which SoCalGas has received notification of requirement to perform the removal and 8 known potential project locations for which SoCalGas has filed notice of quit-claim. Each of these projects with their corresponding pipeline lengths is listed on page 34 of the workpapers.

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12. Please specifically identify the revisions to General Order 95, as referenced on page JLD-11.

SoCalGas Response:

The Commission adopted the referenced revisions to GO-95 in August 2009. In Decision 09-08-029 (see attached pdf file), the Commission modified the applicability of GO-95, specifically Rule 12 to include non-electrics. On page 18 of the decision, the commission further clarified what it meant by the term non-electrics by identifying SoCalGas.

CPUC Decision
09-08-029

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13. With regard to SCG's discussion of the pole inspection/restoration/replacement program on page JLD-11, please provide the annual expenses of this program for 2005-2010.

SoCalGas Response:

SoCalGas has no record of annual expenses for this program for 2005-2009.

SoCalGas has not finalized 2010 expense data, and is therefore unable to provide the requested information at this time.

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14. With regard to page 36 of the workpapers, please provide the calculations used to determine the detailed inspections of 70 poles in high fire threat areas, for a total of $9,100, and the intrusive inspections of 27 poles, for a total of $8,100, as forecasted for 2012.

SoCalGas Response:

Calculations used in forecasting the $9,100 for inspection of 70 poles in high fire threat areas are:

- 70 poles at $130.00 per pole = $9,100.00 Calculation: 70 x 130 = 9100;
- The $130 per pole rate is based on an estimated contract inspection service rate of $65.00/hr and the competency to perform a single inspection every 2hrs on average.

Calculations used in forecasting the $8,100 for intrusive inspection of 27 poles are:

- 27 poles at $300.00 per pole = $8,100.00 Calculation: 27 x 300 = 8100;
- The $300 per pole rate is based on an estimated contract inspection service flat rate of $300.00 per pole unit.