

**DRA DATA REQUEST**  
**DRA-SCG-056-DAO**  
**SOCALGAS 2012 GRC – A.10-12-006**  
**SOCALGAS RESPONSE**  
**DATE RECEIVED: MARCH 16, 2011**  
**DATE RESPONDED: MARCH 29, 2011**

**Exhibit Reference:** SCG-4, Underground Storage

**Subject:** Underground Storage

**Please provide the following:**

1. On page JDM-14 of the testimony, and on page 5 of the workpapers, SCG forecasts an incremental change of \$2,264,000 for TY2012 above the recorded 2009 level. However, on page 10 of the workpapers, SCG's calculations show a total increase of \$1,628,000 for TY2012. Please provide a step-by-step showing of how SCG derived the incremental change of \$2,264,000 for TY2012 and include a copy of all supportive documents.

**SoCalGas Response:**

The values shown in the Summary of Results table represent adjusted-recorded (AR) historical values and the final forecast values for comparison. While the 2009 AR is shown, it is not necessarily the value that is used as a basis for forecasting.

This is summarized in the table following on page 6 of the workpapers (SCG-04-WP) at the top of the page in the table identified as 'Forecast summary'. The 'Base Forecast' of \$27,231,000 is derived from the use of the specific labor (base year recorded) and nonlabor (5 year average) values. Note that this 'Base Forecast' is not the same as the 2009 AR, which is \$26,595,000. To this is added specific adjustments of \$1,628,000 to yield the final Adjusted-Forecast value of \$28,859,000.

The Base Forecast value and the 2009AR value would be identical if the forecast methodology of 'Base Yr. Rec' was selected for both labor and nonlabor, and there were no specific forecast adjustments.

The 'Summary of Results' table on the prior page 5, then, illustrates the difference in the final Adjusted-Forecast and the actual 2009AR value.

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2. On page 20 of the workpapers SCG presents the GO 95 expense forecast for 2010-2012. Please provide the 2005-2010 recorded expenses for each of the items in the table on page 20, beginning with Compliance Inspection and ending with Engineering Support.

**SoCalGas Response:**

There were no GO95 related expenses incurred for the years 2005 through 2008. The paragraph below, taken from page 19 of the workpapers, discusses a change to the regulation in 2009 that required compliance to GO95.

“CPUC General Order 95 (G.O. 95): Overhead Electrical Line Construction. This regulation defines safe practices for constructing and maintaining systems of utility poles and overhead wiring. SoCalGas owns over 500 poles and associated wire and transformers that are used only for its own operations. Because these systems do not provide electric service to customers, prior to 2009 they did not fall under regulations for electric utilities. However, changes in regulations that took effect during 2009 now require these systems to be maintained in compliance with General Order 95 “Rules for Overhead Electric Line Construction” regulations. Compliance with these regulations requires enhanced maintenance, testing, and more frequent replacement.”

The table below represents the recorded expenses in 2009 for compliance with GO95. SoCalGas has not yet finalized its 2010 expense data, and is therefore unable to provide that information at this time.

<b>Expense Description</b>	<b>2009 Recorded Expense</b>
Compliance inspection	\$325,000
Vegetation Management	24,000
Wood Pole Inspection	14,600
Red Flag Event	3,700
Engineering Support	0
Total	\$367,300

Note: The 2009 recorded expenses shown above are not included in the historical expenses represented in the Rate Case filing because they were recorded in the Fire Hazard Prevention Memorandum Account.

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3. For each year from 2005-2010, please provide the number of poles inspected and the number of red flag events.

**SoCalGas Response:**

GO95 related activities began in 2009 (See response to Question No. 2 for details), therefore there are no GO95 related pole inspections during the years 2005 through 2008. SoCalGas inspected 493 poles in both 2009 and 2010.

SoCalGas did not implement a red flag event program until 2009, therefore there is no data available for 2005 through 2008. SoCalGas experienced four red flag events that required electrical system shut down in 2009, and zero in 2010.

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4. Page 21 of the workpapers discusses the incremental costs related to Rule 317 fees. Please provide the annual NOx and VOC emissions for Aliso Canyon, Honor Rancho, and PDR, for 2005-2010.

**SoCalGas Response:**

Please see tables below for requested data.

**Nox (tons)**

	Annual Emissions History					
	2005	2006	2007	2008	2009	2010
Aliso Canyon	170	178	214	228	168	190
Honor Rancho	41	35	39	42	41	44
Playa del Rey	18	17	29	26	22	25
Total	229	230	282	296	231	259

**VOC (tons)**

	Annual Emissions History					
	2005	2006	2007	2008	2009	2010
Aliso Canyon	67	69	*N/A	71	84	63
Honor Rancho	42	50	*N/A	56	56	35
Playa del Rey	22	20	*N/A	15	15	18
Total	131	139	*N/A	142	155	116

\*N/A – SCAQMD transitioned from Fiscal Year to Calendar Year reporting.

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5. DRA understands that the new SCAQMD proposed Rule 317 establishes a “fee equivalent” approach.
  - a. Did SCG consider alternative sources of funding from federal, state, and/or local sources to offset the fees estimated by SCAQMD in preparing the 2012 forecast?
  - b. Did SCG consider alternative sources of funding from federal, state, and/or local sources to replace the fees estimated by SCAQMD in preparing the 2012 forecast?
  - c. Please explain how the new “fee equivalent” approach will or will not affect SCG’s estimated SCAQMD fees for NO<sub>x</sub> and VOC emissions. Please provide supporting workpapers.

**SoCalGas Response:**

- a. SoCalGas based Rule 317 cost estimates on the SCAQMD’s May 7, 2010 version of the proposed rule. Potential alternative funding and equivalency showing from federal and other sources to offset Clean Air Act Non-Attainment Fees was not included in this version.
- b. See response to Question No. 5a above.
- c. On January 6, 2011, the SCAQMD noticed a new version of the Rule 317 that was subsequent to SoCalGas’ GRC filing. This revision contains language that would demonstrate fee equivalency based on the application of alternative funding programs from federal and other sources. Unlike previous versions of the proposed rule that were under consideration by the SCAQMD, this methodology has the potential to eliminate or reduce fees paid by major facilities under Section 185 of the Federal Clean Air Act. The SCAQMD Board voted and adopted the January 2011 version of Rule 317 on February 4, 2011.

SoCalGas has reviewed the latest version of the SCAQMD’s rule and supports its implementation. However, the environmental justice community has expressed their opposition to the fee equivalency methodology. It is likely that legal measures against the rule, as written, will be taken by the environmental community at the EPA level, or in current or new litigation. Section 185 impacts other non-attainment air districts, including the Mojave Desert Air Quality Management District, where SoCalGas has one qualifying facility in addition to three facilities in the SCAQMD. Furthermore, there is uncertainty about how many alternative funding sources and programs, used to demonstrate fee equivalency, will indeed be available in 2012 and each year beyond. In the case that funding programs become insufficient to offset fees, Rule 317 contains a Backstop provision where each major source will need to make up the difference based on historic emissions. Given these challenges and uncertainties, SoCalGas stands by its current cost estimate.

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6. With regard to SCG's request of \$100,000 for the incremental costs related to La Goleta as a result of the SBCAPCD Rule 333 revisions, as stated on page 23 of the workpapers, please provide a copy of the revisions and include citations to the Rule, and explain in detail how the 2012 forecast of 7 additional catalyst changeouts per year and 15 additional onsite emissions test days will enable SCG to be in compliance.

**SoCalGas Response:**

A copy of the current Santa Barbara County APCD Rule 333 – Control of Emissions from Reciprocating Internal Combustion Engines is attached (*rule333.pdf*). Also attached is an annotated draft version of Rule 333 issued by the SBCAPCD (January 4, 2008) showing proposed revisions (in strikeout/underline format) to the previous version of Rule 333 (*dr333.pdf*).

The revised rule (SBCAPCD Rule 333, Section F.3) requires, among other things, each IC engine subject to the rule to be tested for NOx and CO emissions once each calendar quarter. If testing shows the engine emissions exceed emissions limits, the operator must bring the engine into compliance within 15 days. Also, any IC engine that exceeds emissions limits during the required quarterly testing must be tested monthly and demonstrate compliance for 3 consecutive months before reverting back to quarterly testing.

The compressor engines at La Goleta are over 80 years old and were not designed to meet any emission standards, let alone the standards in Santa Barbara County that are among the most stringent in the country. To achieve compliance with the requirements of the revised rule, it is necessary to replace catalyst elements more frequently than in prior years. This more frequent replacement is needed to maintain a more consistent control of emissions within limits over time, thereby reducing the number of failed tests and the corresponding follow-up monthly testing. It is anticipated that, even with more frequent catalyst replacement, some IC engines will exceed emissions limits during quarterly testing and require follow-up monthly testing for three consecutive months. SoCalGas has estimated that it will require 7 additional catalyst change outs and 15 additional test days to meet the requirements of the revised rule.



rule333.pdf



dr333.pdf

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7. Referring to page JDM-17, please provide the 2005-2010 annual expenses for the SBCAPCD Rule 333 compliance for La Goleta station.

**SoCalGas Response:**

The actual costs for Rule 333 compliance are not tracked separately. Following are the estimated Rule 333 O&M compliance costs for years 2005 through 2009. SoCalGas has not yet finalized its 2010 expense data, and is therefore unable to provide that information at this time.

2005 - \$38,000  
2006 - \$48,000  
2007 - \$55,000  
2008 - \$38,000  
2009 - \$100,000