**QUESTION 1:**

Please provide workpapers for all calculations related to data presented in Appendices A-D for Ms. Sim-Cheng Fung’s testimony and all data and calculations from Mr. Bruce Wetzell’s testimony related to the straight fixed-variable and interruptible rates proposed by SoCalGas and SDG&E. This request seeks the responses to be provided in Excel format, with all links and formulas intact.

**RESPONSE 1:**



Using excel file above:

For Appendix A, Table 1, see tab “SoCalGas NBV”.

For Appendix A, Tables 5-7, see tab ”SoCalGas T&S Margin”.

For Appendix B, see tabs “SoCalGas NBV”, “SoCalGas Labor Factor”, “SoCalGas Return”, “SDGE Transmission Margin” and “SDG&E LBR Factor”.

For Appendix C, see tabs “SDG&E Net plant Factor” and “SDG&E Transmission Margin”.

For Appendix D, See tabs “SoCalGas BBT” and “SoCalGas LT”.

Denominator for Calculation of Backbone Transmission Service (BTS) Rate: 2,796 MDth/d was used as the denominator for calculating the BTS rate of 14.5¢/Dth in Table 21 of Ms. Fung’s prepared direct testimony. This daily throughput value is calculated from:

1. The Cold Year Throughput (CYTP) value of 1,020,547 MDth reported by Mr. Wetzel in Table 6 of his prepared direct testimony. This value is the simple average of the respective values for years 2013, 2014 and 2015, also reported in the same Table 6.
2. Since each year is a 365-day year, the 3-year average divided by 365 yields the value 2,796 MDth/d.

Please see the attached workpapers and instructions on how to access the referenced Excel file in the testimony of Mr. Wetzel.



**QUESTION 2:**

**The following questions refer to the Direct Testimony of Sim-Cheng Fung on Behalf of SDG&E and SoCalGas.**

Page 2 references the total recorded calendar year 2010 costs presented in SoCalGas’ and SDG&E’s *2010 Annual Report to the Commission* as the starting point for the embedded cost studies discussed in the testimony. Please provide the referenced report, citing to the data locations, and provide the data in Excel format.

**RESPONSE 2:**

Attached are hard copies of SoCalGas’ and SDG&E’s *2010 Annual Report to the Commission* which are not available in Excel format.

**QUESTION 3:**

Pages 4 and 9 reference general plant return allocations that SoCalGas and SDG&E calculated based on labor factors shown in Appendix B. Please explain in detail how SoCalGas and SDG&E calculated these labor factors and provide all underlying data and calculations in Excel format with all links and formulas intact.

**RESPONSE 3:**

SoCalGas and SDG&E calculated these labor factors based on labor expenses in each functional category. Please refer to Response 1, Appendix B.

**QUESTION 4:**

Page 5 states that for SoCalGas “$0.2 million of general plant taxes are allocated to both transmission and storage.” Page 10 likewise states that “$0.2 million of general/common plant taxes are allocated to transmission ….” Please explain in detail how these values were calculated and provide all data and calculations in Excel format with all links and formulas intact.

**RESPONSE 4:**

Taxes for SoCalGas and SDG&E are allocated to the general plant function by multiplying with their respective percentage of general plant to total rate base or net book value. General plant tax is then allocated to functional categories based on labor factor, similar to general plant depreciation and return as shown in Response 1, Appendix B.

Please refer to tabs ”SoCalGas Return” and “SDG&E Transmission Margin” in the attached Excel file in Response 1.

**QUESTION 5:**

Page 6 references over $40 million in “miscellaneous revenues,” $35.5 million of which “are not directly related to any single functional activity” and were credited “in the same manner that Administrative and General expenses are allocated.”

* Please explain why it is appropriate to treat these revenues in the same manner as A&G expenses.
* Please provide a list of the sources of these revenues, including what portion is attributable to each source.
* Please provide all calculations showing the allocation of any miscellaneous revenues in Excel format with all links and formulas intact.

**RESPONSE 5:**

Please refer to the Excel file provided in Response 1 of this data request, tab ”SoCalGas T&S Margin”, which shows that most of miscellaneous revenues are derived from “shared assets” which are general plant assets. Appendix B of Ms. Fung’s prepared direct testimony explains that general plant is allocated in a similar method as A&G because both are directly linked to labor. Other miscellaneous revenues are derived from rent or space occupied by employees at the Gas Tower which are also related to labor.

**QUESTION 6:**

Page 7 states that “[s]ince labor is the best single factor that explains A&G costs, the remaining $190 million of A&G is allocated to transmission and storage functions based on labor factors shown in Table 8.” In addition, page 11 states that SDG&E’s transmission labor costs represent 12.6% of SDG&E’s total labor costs.

* Please provide all evidence and data demonstrating that labor is the best single factor that explains A&G costs.
* Please explain in detail what the labor factors shown in Table 8 are based on and provide all calculations and underlying data in Excel format with all links and formulas intact.
* Please provide all evidence and data demonstrating that SDG&E’s transmission labor factor is the best way to allocate SDG&E’s A&G costs.
* Please provide all calculations made to conclude that SDG&E’s transmission labor costs represent 12.6% of SDG&E’s total labor costs in Excel format with all links and formulas intact.

**RESPONSE 6:**



The attached file demonstrates that labor is the best single factor that explains A&G costs.

Labor factors shown in Table 8 are explained Response 3.

**QUESTION 7:**

Pages 5 and 10 refer to sources for SoCalGas’ and SDG&E’s ad valorem (property) taxes of $41 million from SoCalGas’ FERC Form 2, p. 263a, Line 16, col. (e) and $10.6 million from SDG&E’s 2010 Balance for SAP# 6610002, respectively. Please provide copies of these documents.

**RESPONSE 7:**

For SoCalGas, please refer to Response 2.

For SDG&E, please refer to attached file.



**QUESTION 8:**

Page 13 states that “[t]he settlement which resulted in D.11-04-032 established the cost of the backbone transmission system for SoCalGas and SDG&E at $135 million.” Please provide a specific citation for this statement.

**RESPONSE 8:**

Please see D.11-04-032, Ordering Paragraph 3 and Attachment 2, Joint Rate Recommendation of SDG&E/SOCALGAS, DRA, TURN, CMTA, SCGC, AND RES dated November 2, 2010, Item 1.

**QUESTION 9:**

Page 13 states that “SoCalGas’ engineering staff examined each transmission pipeline individually and categorized it based on functional definitions.”

* Please state the full list of functional definitions used and explain how SoCalGas developed these definitions.
* Please provide any supporting documentation related to the development of these functional definitions by SoCalGas.

**RESPONSE 9:**

The functional definitions used by SoCalGas/SDG&E can be found on page 13 of Ms. Fung’s prepared direct testimony, and were developed during the Gas Industry Restructuring proceeding (I.99-07-033).  Additional discussion of these functional definitions is found in the Supplemental Direct Testimony of Mr. David Bisi for this proceeding, dated March 16, 2012.

No supporting documentation relating to the development of these definitions by SoCalGas/SDG&E is available.

**QUESTION 10:**

Page 13 states that “[t]he net book values of [SoCalGas’] backbone transmission lines and compressor stations represent 67% of SoCalGas’ transmission net book value.” Pages 13-14 state that “[t]he depreciation expenses of these backbone lines and compressor stations represent 71% of SoCalGas’ transmission depreciation expense. These percentages result in a weighted average of backbone capital-related cost of 68% relative to SoCalGas’ total transmission capital-related cost, or $55.1 million.” Please provide all calculations and underlying data related used to derive these numbers in Excel format with links and formulas intact.

**RESPONSE 10:**

Please refer to Excel file in Response 1, tabs “BBT\_LT margin” and “BBT\_LT NBV”.

**QUESTION 11:**

Page 14 states that “[p]ipeline mileage data is used to allocate A&G and O&M costs between the backbone (71%) and local (29%) transmission pipelines.” Please provide all pipeline mileage data used in this calculation. Please provide all studies and workpapers related to this calculation in Excel format with links and formulas intact.

**RESPONSE 11:**

Please refer to Excel file in Response 1, tabs “BBT\_LT NBV”, “SoCalGas BBT” and “SoCalGas LT”.

**QUESTION 12:**

Pages 14-15 state that SoCalGas and SDG&E are persuaded by the direct testimony submitted by TURN regarding reallocating costs associated with backbone facilities to the local transmission function and quotes TURN’s testimony as stating that “[i]t is not readily apparent why a facility would lose its character as a backbone line simply because some of the gas flowing out of it goes into distribution lines or directly to customer facilities, rather than flowing solely into local transmission lines.” Please state the quantitative threshold used by SoCalGas and SDG&E for determining whether enough gas is flowing out of a backbone facility into distribution lines or directly to customer facilities for the costs to be properly reallocated to the local transmission function.

**RESPONSE 12:**

Page 14, lines 10-12 of Ms. Fung’s prepared direct testimony state that “Previously in A.10-03-028, SoCalGas and SDG&E had proposed to reallocate some of the costs associated with backbone facilities to the local transmission function. SoCalGas and SDG&E no longer believe that this is appropriate…”

As stated above, no reallocation of backbone to local transmission costs occurred in this proceeding, therefore quantitative thresholds are not available.

**QUESTION 13:**

Page 15 states that “PG&E in its Gas Accord does not reallocate backbone facility cost to the local transmission function even though it also has end users and distribution lines directly connected to their backbone facilities.”

* Please state the full list of functional definitions PG&E used to distinguish between local and backbone transmission functions.
* Please state the quantitative threshold used by PG&E for determining whether enough gas is flowing out of a backbone facility into distribution lines or directly to customer facilities for the costs to be properly reallocated to the local transmission function.

**RESPONSE 13:**

Please refer to PG&E Gas Rule No. 1 at <http://www.pge.com/tariffs/GR.SHTML#GR> for PG&E’s definition of backbone and local transmission functions.  As discussed at page 15 of Ms. Fung’s direct testimony, SoCalGas/SDG&E are not aware of any reallocation of backbone costs to local transmission by PG&E, and therefore cannot provide a quantitative threshold used by PG&E for determining whether enough gas is flowing out of a backbone facility into distribution lines or directly to customer facilities for the costs to be properly reallocated to the local transmission function.

**QUESTION 14:**

Page 17 states that cushion gas for the Honor Rancho expansion is assumed to cost $4.33/mcf. Please explain how SoCalGas and SDG&E derived this assumption and provide any price data used to derive this assumption.

**RESPONSE 14:**

Please refer to Mr. Mumford’s and Mr. Van de Putte’s prepared direct testimony, Section VII. Page 14 and in particular Footnote 2.  A future cushion gas cost of $4.50/Mcf was assumed for the purpose of estimating total project costs and not derived from any specific gas price data.  As described in the testimony, the $4.33/Mcf is the estimated average for all cushion gas purchases using the $4.50/Mcf for future purchases.

**QUESTION 15:**

Page 18 states that “SoCalGas and SDG&E assume that inventory, injection and withdrawal costs each contribute to one third of the total cost of embedded storage cost.”

* Please explain how SoCalGas and SDG&E developed this assumption.
* Please provide all evidence supporting this assumption, including all data and calculations in Excel format with all links and formulas intact.

**RESPONSE 15:**

This assumption is used primarily because storage costs are recorded based on FERC accounts which do not precisely differentiate among inventory, injection and withdrawal functions. Assigning these costs to inventory, injection or withdrawal is problematic since most investments (e.g. wells, land, pipes) help to expand or maintain all three products. Therefore, SoCalGas divided the FERC embedded costs equally among the three functions.

**QUESTION 16:**

Page 18 also states that “this simplifying assumption is not very different from the percentages derived from a more detailed, but somewhat subjective 2008 storage fictionalization study.” Please provide a copy of this study and all related calculations and workpapers in Excel format with all links and formulas intact.

**RESPONSE 16:**

Please see attached file.

