

**ORA DATA REQUEST
ORA-SCG-DR-074-DAO
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 19, 2015
DATE RESPONDED: MARCH 5, 2015**

Exhibit Reference: SCG-4, Gas Distribution O&M and Capital Expenditures

Subject: Operations Management and Training

Please provide the following:

1. Referring to SoCalGas' response to ORA's data request ORA-15, question 6 (a-c), please provide the following information:
 - a. SoCalGas notes that in the third quarter of 2013, the DIMP Quality Assurance Program was fully staffed with 5 employees and incurred a total of \$340,955. Please provide the 2014 recorded expenses for the Pilot QA program and identify the number of FTEs by job title/classification;
 - b. What's the difference between Districts and Bases in SoCalGas' system?
 - c. Identify the number of Districts in SoCalGas' distribution system;
 - d. Does SoCalGas have a similar Quality Assurance program for its transmission system? If no, please explain why not. If yes, please identify the number of transmission bases and districts and provide the number of Quality Assurance FTEs used each year to audit these bases and districts and auditing costs each year from 2009-2014.
 - e. Referring to the calculations and assumptions provided in response to question 6(b), explain in detail (i) how SoCalGas determined the desired frequency of 6 audits per base per year, and (ii) if and how this frequency was derived from the Pilot QA program.
 - f. Referring to the calculations and assumptions provided in response to question 6(b), explain in detail how SoCalGas determined that each FTE could complete 2 audits per month? If SoCalGas' assumption of 2 audits per month per FTE was derived from the Pilot QA program, please so state and show how the Pilot QA program was used to determine this forecast. Provide support for this assumption.
 - g. Since the Pilot QA program will complete by December 31, 2015 and be transitioned to Gas Distribution operations in 2016, has SoCalGas backed out the expenses associated with this program from SoCalGas' 2016 DIMP forecast? If yes, please explain how this can be confirmed. If no, please explain why not.

SoCalGas Response:

- a. 2014 financial information will not be available until after SoCalGas makes its 10-K filing with the SEC in early 2015. It is currently expected that SoCalGas will provide the adjusted recorded 2014 financial information to ORA later in March 2015. 2014 FTE data is not available at this time.

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SoCalGas Response to Question 1, Continued:

- b. There are 52 operating bases in SoCalGas' service territory, which are physical building locations that serve as offices and ready-rooms. Field employees work out of these bases. 44 of these operating bases correspond to 44 operating districts (which are geographic areas, much like city or county boundaries are geographically defined areas), and eight of the bases are considered "sub-bases." The sub-bases cover smaller areas within the larger operating districts.
- c. SoCalGas has 44 Gas Distribution operating districts and eight smaller sub-districts within the larger operating districts. The "Districts" are the geographic areas of responsibility for which the facility is responsible. The "Bases" are the location of the facility, within the "District" from which the employees operate.
- d. Currently, Gas Transmission's quality assurance (QA) function is embedded in the work performed by supervisors. Supervisors review leak survey, pipeline patrol, bridge and span inspections, and valve inspections for gas transmission facilities. In this GRC, SoCalGas Transmission is requesting funding for two dedicated QA positions to augment these quality assurance efforts (Gas Transmission Operations and Maintenance Testimony, Exhibit SCG-SCG-05, page JLD-34).
- e. Please refer the response to Question 6 in ORA-SCG-DR-015-DAO for the calculations showing how Gas Distribution determined that the desired frequency was 6 audits per base per year:

$$\begin{aligned} & \textit{Desired Frequency of Audits for Each Base} \\ & = \textit{Every Other Month} \\ & = \textit{6 Audits / Base / Year} \end{aligned}$$

Locate and Mark audits are currently completed twice a year for each base. Leak Survey, Pipeline Patrol, Bridge and Span, and Valve Inspection audits are completed four times per year for each base. Data gathered to date demonstrates not only the need for this critical program, but the expansion and deepening of the program. By expanding this program, each base will be audited at an increased rate of six audits per year (every other month) in 2016. This increased rate will benefit each base in several ways, including reinforcement of current policies and methods, reinforcement of revised policies and methods when updates occur, enhanced communication between bases and QA regarding possible or suspected deficiencies in policies and/or procedures, immediate feedback to employees if there are gaps in training, and increased developmental opportunities for employees performing compliance inspections and locate and mark functions.

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SoCalGas Response to Question 1, Continued:

f. Please see the calculations in the table below showing that, on average, approximately two audits can be completed per month by each FTE.

TYPE OF AUDIT	WORKING HOURS PER FTE				CURRENT QA PROGRAM				2016 QA PROGRAM		
	Hours per Year per FTE	Vacation & Sick Rate	Working Hours per Year per FTE	Working Hours per Month per FTE	Total Employees	Number of Audits per Base per Year	Total Base Audits per Year	Hours per Base Audit per FTE	Additional Hours to be Spent per Audit per FTE	Total Forecasted Hours per Base Audit per FTE	Resulting Audits per Month per FTE
	[A]	[B]	$([A]*(1-[B]))$	$([C]/12)$	[E]	[F]	$(52*[F])$	$([C]*[E]/[G])$	[I]	$([H]+[I])$	$([J]/[D])$
Locate & Mark	2,088	17.40%	1,725	144	1	2	104	17	0	17	
Leak Survey, Pipeline Patrol, Bridge and Span, & Valve Inspection	2,088	17.40%	1,725	144	4	4	208	33	33	66	
Total Audit	2,088	17.40%	1,725	144	5			50	33	83	1.7

Calculation Assumptions:

- [B] 5-Year (2009 - 2013) Average Vacation & Sick Time Rate.
- [E] Current Number of FTEs Performing QA Work.
- [F] Current Number of Times Each Base is Audited per Year with Existing FTEs.
- [G] 52 Bases Multiplied by the Number of Audits per Year.
- [I] Currently in the pilot stage, the QA program is gathering rudimentary foundational data including unreported abnormal operating conditions (including leakage), clerical data, supervisor reporting/self-audit data and leakage instrument and locate and mark instrument data. In 2016, the QA time for each base audit for leak survey, pipeline patrol, bridge and span, and valve inspection is forecasted to double in order to include the following incremental / expanded activities:
 - Each employee will perform a deeper and more extensive review of records.
 - More time can be allowed for field checks. Currently, field checks (with the exception of Valve Inspection orders), are completed post order completion.
 - Real time auditing.
 - Training and developmental opportunities by way of QA Specialists directly interacting with employees performing vital compliance inspection activities.

g. Pipeline Integrity did not “back-out” the expenses related to the pilot Quality Assurance Program from the Distribution Integrity Management Program (DIMP) forecast. Since Pipeline Integrity’s forecast for DIMP was zero-based, the pilot Quality Assurance program was only included in the forecast for the years 2014 and 2015. It was not included in the zero-based forecast for 2016.

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2. Does SoCalGas currently perform audits of its quality assurance and compliance assurance functions for Gas Distributions? If yes, please identify the number of auditors and costs incurred each year for 2009-2014.

SoCalGas Response:

No, SoCalGas does not perform audits of its quality assurance and compliance assurance functions for Gas Distribution. The results of the programs are reviewed on an ongoing basis by management to ensure that the objectives are being met.