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SOCALGAS RESPONSE
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DATE RESPONDED: JANUARY 16, 2018

Exhibit Reference: Ex. SCG-06
SCG Witness: Beth Musich
Subject: Gas Transmission Operation

Please provide the following:

1. a) Please provide detailed active Excel spreadsheets of the recorded Gas Transmission O&M cost for both Non-Shared and Utility Shared from 2012 to 2016.
   b) Please provide this with a breakdown for the different cost categories, such as Right-of-Way maintenance, Remediation of HCA, etc.

SoCalGas Response 1:

a) Active Excel spreadsheets for "recorded Gas Transmission O&M cost for Non-Shared and Utility Shared from 2001 to 2016" do not exist. Most workpaper exhibits do not exist as Excel documents with working formulae. Workpapers and tables that appear in testimony are not created from, nor do they originate as, Excel spreadsheets; they are produced from a database system which consists of many data tables that are dynamically linked to permit grouping of cost centers and budgets, editing of historical values, selection of a forecast methodology, adjustments to forecasts and the production of workpapers. The use of a database for this purpose does not involve spreadsheets; the workpapers are formatted 'reports' from an extract of that collection of tables and linking relationships that form the database. Data extracts of this type contain only data values, the extract is not capable of producing 'working formulas'.

A report showing the five years of adjusted-recorded historical spend and the three years of forecasts was provided to Clayton Tang on Dec. 1 in the file 'MDR General Requirements Item 17 SDGE 5-Yr Hist w Fcst.xlsx'. This information is obtained as a specifically-created database extract for O&M and many Capital budgets, and is provided in tabular format as an Excel spreadsheet, although, as previously discussed, as a report it consists of values and contains no formulae.

b) As described in response to question 1a, active spreadsheets for this data do not exist.

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2. Referring to SCG's testimony, page EAM-4, lines: 10-12, Table EAM-3. Please provide a detailed active Excel spreadsheet showing a breakdown of the Gas Transmission FoF cost reductions.

SoCalGas Response 2:

As described in response to questions 1a/b, active spreadsheets for this data do not exist.

Adjustments made related to Fueling our Future (FOF) were future year forecast adjustments (reductions to future year funding needs) only. The reductions are outlined within the associated workpapers (Exh. SCG-06-WP/Witness: E. Musich _ Pgs7of 69). Detail on these adjustments can be found within the testimony and workpapers of Mr. Snyder and Mr. Clark (Ex. SCG/SDG&E-03).

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3. Referring to SCG's testimony, page EAM-4, lines: 17-18, Table EAM-4.
   a) What portion of the total O&M costs covered in this testimony is attributable to Aliso Canyon?
   b) Please provide a detailed active spreadsheet of recorded O&M costs for Aliso Canyon from 2012 to 2016 showing different cost categories.

SoCalGas Response 3:

a) There are no Aliso-related costs sponsored within this testimony.

b) Refer to the response to question 3a. That response notwithstanding, file attachment ORA-SCG-048-OE2 _ Q3b reflects Gas Transmission Aliso Canyon-related cost that were adjusted for.

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4. Referring to SCG's testimony, page EAM-5, lines: 15-16.

The recorded costs were adjusted to remove expenses associated with any one-time events (including Aliso Incident-related costs, see the testimony of Mr. Steinberg (Ex. SCG-12); and Fueling our Future (FoF) related adjustments; see testimony of Mr. Snyder and Mr. Clark (Ex. SCG/SDG&E-03) and by making other applicable accounting adjustments.

a) Please state what the applicable accounting adjustments were.
b) Please provide a detailed active Excel spreadsheet of the O&M costs showing the three cost adjustments stated in the statement above.

SoCalGas Response 4:

a) Adjustments were incorporated to the 2016 adjusted-recorded results to reflect removal of labor, non-labor and FTE's associated with the Aliso Canyon Incident-related costs.
These adjustments were made in the following three (3) category areas of Gas Transmission: Pipeline Operations, Compressor Station Operations, and Technical Services. The adjustments are outlined within the associated workpapers (Exh. SCG-06-WP/Witness: E. Musich _ "Pipeline Ops" Pgs. 12 & 13, "Compressor Sta. Ops: Pg. 26, and Technical Services Pg. 34 of 69).

b) Refer to file attachment referenced in response to question 3b above (ORA-SCG-048-OE2 _ Q3b).

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5. Referring to SCG's testimony, page EAM-8, lines: 6-19.
a) Please provide data showing HCA changes from 2012 till the present date.
b) For the 2019 TY forecast, do you anticipate any changes in class locations? If yes, please provide data demonstrating this.

SoCalGas Response 5:

a) Although HCA classification may be related to Class Location (i.e., if utilizing Method 1 as prescribed in 49 C.F.R. 192.903), the response/remediation associated with a (potential) class location change is independent of changes in HCA designation. In addition, the request to produce all HCA changes since 2013 is burdensome and would require significant data resources to produce. However, in the attempt to be responsive, the Utility responds as follows:

   SoCalGas, at a summary level, has increased its HCA mileage from 1080 miles, as reported in the 2012 PHMSA report, to 1136 miles, as reported in the 2016 PHMSA report.

b) Please see Response to ORA.Q5a above

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6. Referring to SCG's testimony, page EAM-8, lines: 21-28. Please state what aspects of your safety culture have caused an increase in costs and when they were implemented. Please feel free to include all relevant data that would provide clarity.

SoCalGas Response 6:

As described within the testimony, workforce training, operating and maintenance of gas infrastructure equipment, safety awareness programs, job site safety plans, injury, illness and prevention plans, and operational compliance with applicable regulatory and environmental regulations all serve to support the safety culture under which Gas Transmission and all of SoCal Gas operate. The implementation / compliance with each of these activities is cost laden. The costs are embedded in the historical adjusted recorded costs, in addition to embedded in the base costs associated with every incremental staffing, infra-structure equipment, and compliance with the various new programs sponsored within the Gas Transmission testimony.

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7. Referring to SCG's testimony, page EAM-10, lines: 10-16.
    a. Please identify all the environmental and regulatory agency safety requirements stated here and state the specific sections that are applicable.
    b. When were these requirements instituted?
    c. Please provide detailed explanations (using number data where applicable) of how they have or will cause an increment in costs.

SoCalGas Response 7a, b, c:

Reference file attachment ORA-SCG-048-OE2 _ Q7.

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8. Referring to SCG's testimony, page EAM-11, lines: 1-4. Please provide a copy of the lease agreement.

SoCalGas Response 8:

Reference file attachment ORA-SCG-048-OE2 _ Q8.

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9. Referring to SCG's testimony, page EAM-11, lines: 21-25.

a) When were the two new receipt points added?
b) Please state what the O&M costs to operate and maintain these new custody transfer receipt points are and identify them in the active Excel spreadsheet requested in Question No.1 above.

SoCalGas Response 9:

a) The first of the two new receipt points, titled "Arvin Station," went into operation January 26, 2015. The second facility, titled "Kettleman Dome," is scheduled to be operational mid-2018.

b) Reference response provided to question 1a/b. That response notwithstanding, reference file attachment ORD-SCG-048-OE2_Q9b for estimated annual operation costs breakout.

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10. Referring to SCG's testimony, page EAM-12, lines: 1-2. Please provide the cost of the three work vehicles and identify them in the active Excel spreadsheet requested in Question No.1 above.

SoCalGas Response 10:

As reflected within the testimony section citation noted in this question, costing associated with the acquisition and maintenance of these vehicles is "reflected in the testimony of Ms. Herrera (Ex. SCG-23). In addition to the disclosure referenced above, it's also provided on page EAM-6, lines 3-5. "….Fleet Acquisition cost forecasts that are discussed in the Fleet Services and Facility Operations testimony of Carmen Herrera (Exhibit SCG-23)."

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11. Referring to SCG's testimony, page EAM-13, lines: 17-21. Please provide historical recorded O&M costs related to the City of Long Beach pipeline from 2012 to 2016 or the date of the lease termination.

SoCalGas Response 11:

Reference file attachment ORD-SCG-048-OE2_Q11.

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12. Referring to SCG's testimony, page EAM-14, lines: 24-29.

a) Please identify and list the regulatory, permitting and reporting requirements triggering the incremental costs and state the specific sections that are applicable.
b) When were they instituted?

SoCalGas Response 12:

Reference file attachment provided in response to question 7 above. File: ORA-SCG-048-OE2 _ Q7.

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13. Referring to SCG's testimony, page EAM-15, lines: 1-6. Please provide an active spreadsheet showing the forecast method of future year incremental cost estimates added to the five-year annual average results stated here.

SoCalGas Response 13:

Reference response provided to ORA question 1a.
That response notwithstanding, reference file attachment ORA-SCG-048-OE2_Q13.
The Excel based spreadsheet file utilizes data provided within witness workpapers Exh. SCG-06-WP/Witness: E. Musich, pages 20 & 22.

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14. Referring to SCG's testimony, page EAM-15, lines: 18-23.

a) Are the peak load operation periods a new development? If the answer is yes, please state when this commenced.
b) If the answer is no, please provide a detailed explanation for the incremental labor costs of $109,000.

SoCalGas Response 14:

a) Peak load operation is not a new development. The increased dependency on Blythe compressor station because of reduced system flexibility resulting from limited storage capability resulting from restricted utilization of the Aliso Canyon storage field, and reductions in operating pressures of several pipeline, are the more recent developments driving the need to implement changes in maintaining readily available maintenance personnel staffing during off-hour periods of operation. The criticality of sustaining gas compression availability and reliability has increased, and the ability to respond quickly and efficiently to unplanned equipment malfunctions is a key factor for reducing emergency maintenance response timing.

b) The $109,000 incremental labor cost forecast is based on staffing Blythe compressor station(s) with two maintenance mechanics during off hour periods of operation occurring during forecasted peak load day operating periods.

Peak load operation events occurring during normal (Monday-Friday) work week periods, the station would be staffed with two mechanics from end of the normal business day (3pm) through 10pm.

Peak load operation events occurring on weekends, the station would be staffed with two mechanics from 10am to 10pm.

The incremental labor cost is representative of overtime compensation and not a physical increase in personnel.

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15. Referring to SCG's testimony, page EAM-16, lines: 5-17.
   a) Please identify what the Regulatory compliance is and state the specific sections that are applicable.
   b) Please identify the emissions and other environmental regulations and state the specific sections that are applicable.
   c) Are the regulations stated in Question No. 15a & b new? If yes, when were they instituted?
   d) If the answer to Question No. 15c is no, please provide a detailed explanation for the incremental work and costs.

SoCalGas Response 15:

Reference file attachment provided in response to question # 7 above. File: ORA-SCG-048-OE2 _ Q7.

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16. Referring to SCG's testimony, page EAM-16, lines: 18-23. Please provide the historical recorded O&M costs for the Desert Center and Cactus city compressor facilities from 2012 to 2016 or the date of decommissioning.

SoCalGas Response 16:

Reference file attachment ORA-SCG-048-OE2 _ Q16.

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17. Referring to SCG's testimony, page EAM-17, line: 15. Is this the only cost increase attributable to HCA? If no, please provide a list of costs that are.

SoCalGas Response 17:

Yes, this is the only cost increase attributable to HCA mitigation sponsored within my testimony area.

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18. Referring to SCG's testimony, page EAM-18, lines: 1-3.
    a) Are there any new developments in your Right-of-Way maintenance that is triggering the incremental costs?
    b) Please provide a justification and the amount of funding required to hire two contract administrators for the projects.

SoCalGas Response 18:

a) The average ROW budget for the last 10 years has been approximately $1.5 million. Aside from increased costs of maintaining roadways due to cost inflation, ROW funding is also utilized on other applicable activities including span painting, valve station grading, pipeline abatement, fencing/block walls, and removal of previously abandoned pipelines. The latter activity can consume a significant percentage of annual ROW funding, which then reduces funding for addressing the more typical required roadway grading and brush removal activity. Once pipelines are taken out of service and abandoned in place, SoCalGas no longer is legally utilizing the property for which the rights were originally acquired (i.e. transportation of natural gas). Whether the land rights are acquired by easement, license agreement, or franchise, SoCalGas is not granted the right under such agreements to abandon its facilities in-place upon the termination of the land right agreement, and is therefore responsible for addressing and resolving any future physical conflict or legal property title issue, the presence of the pipeline may create with the rightful landowner. If the issue cannot be resolved in a manner that provides for the line to remain in-place, SoCalGas is required to remove the pipeline at its own cost. In addition, during rainfalls there are areas that are susceptible to washouts that result in: (i) pipe exposures and (ii) road washouts. Both activities require extensive amounts of grading to maintain safe access and passage.

b) The two contract administrator positions will be assigned responsibilities for performing job-site inspection / monitoring, and reconciliation of current and incremental ROW and class location project activities. Construction inspection provides valuable oversight of our contract inspectors that help gather and provide important documentation on these types of projects. Stringent adherence to recordkeeping requirements associated with high pressure natural gas pipeline is critical. It allows company employees to respond more quickly should an emergency incident arise, in addition to improving upon the ability to provide greater accuracy on pipeline information during normal day to day operations. In addition, additional support is required for conducting project close-outs in a more timely manner. Changes in company policy now require closeout of project activity within 6-months of field work activity completion. Funding requirement for the two staffing additions is $181,000 as reflected on page EAM-17, line 16 of the testimony, and on page 31 of the associated workpapers.