TURN DATA REQUEST-078
SDG&E-SOCALGAS 2019 GRC – A.17-10-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: JUNE 29, 2018
DATE RESPONDED: JULY 09, 2018

1. In SCG-09-WP, the workpaper for Land Services & Right of Way (p. 33 of 153) includes "Forecast Explanations" with the heading "5-Yr Linear" for both Labor and Non-Labor forecasts, but the text for each refers to both a 5-year linear and five year average method for developing the forecast.

a. Please confirm that the explanation provided for both Labor and Non-Labor in SCG-09-WP is identical to the explanation provided for the Labor forecast in SoCalGas's 2016 test year GRC (SCG-07-WP (Workpapers to Prepared Direct Testimony of Raymond K. Stanford), page 15 of 197), except the first sentence begins with "The 5-year linear was chosen …" rather than "The 5-year average was chosen …"

b. Please provide the calculations used to develop the Labor and Non-Labor forecasts, in Excel format with all cells active and with working equations, whether the forecast is deemed "5-year linear," "five year average," or something else.

Utility Response 1:

a. The explanation provided for Labor in SCG-09-WP-R is identical to the explanation provided for the Labor forecast in SoCalGas' 2016 test year GRC (SCG-07-WP). However, the expalantion provided for Non-Labor in SCG-09-WP-R is not identical to the explanation provided for the Non-Labor forecast in SoCalGas' 2016 test year GRC (SCG-07-WP). The explanation given for Non-Labor in SoCalGas' test year GRC (SCG-07-WP) states, *"As the foundation for future non-labor expense requirements, zero base method was chosen. The forecast for the non-labor include the Rights of Way lease payments which have been forecasted byt the Land and Right of Way group in Gas Engineering."* The "five-year linear" forecast methodology for Labor and Non-Labor in SCG-09-WP is the correct methodology selected by SoCalGas in this GRC cycle, TY2019. Each of the last sentences under the "Forecast Explanations Labor – 5-YR Linear" discussion and the "Forecast Explanations Non-Labor – 5-YR Linear" discussion contains a typo. It should state that the forecast methodology is "five year linear" and not a "five year average." These typos will be corrected at the earliest opportunity.

b. The functions for calculating averages and trends are those that are built into the Microsoft SQL Server application and called by subroutine modules, similar to those built into other Microsoft applications such as Excel. Active Excel spreadsheets for that data 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, these 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 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.' See Attachment A for screenshots of the database used for GRC workpapers.

2. In SCG-09-WP, the workpaper for Land Services & Right of Way (p. 33 of 153) shows annual adjusted-recorded costs in the "non-labor" category increasing from approximately $120,000 in 2012 and 2013 to $1.138 million in 2014, $1.202 million in 2015, and $1.552 million in 2015. The Adjusted-Forecast figure is $2.2021 million for 2017, $2.374 million for 2018, and $2.786 million for 2019.

a. For each year from 2014-2016, inclusive, please identify the reasons the adjusted-recorded costs increased from the previous year's level.

b. To the extent the cost level is attributable to payments for a new right-ofway (that is, one not included in the previous year's figure), please identify the new right-of-way and the associated cost.

c. To the extent the cost level is attributable to increased payments for an existing right of way (that is, one included in the previous year's figure but for which the cost has increased by a material amount), please identify the right-of-way and the amount of the increased cost.

d. Are the forecasted increased amounts for 2017, 2018 and 2019 associated with right-of-way costs for any specific construction project? If so, please identify each such project and the annual right-of-way costs forecasted for that project.

e. Are the forecasted increased amounts for 2017, 2018 and 2019 associated with increased right-of-way payments for an existing right-of-way? If so, please identify each such right-of-way and the amount of increased annual right-of-way costs forecasted for that right-of-way.

f. Please identify and briefly describe each cost category recorded as "nonlabor" other than payments due under right-of-way agreements.

Utility Response 2:

a. The 2014 Land Services & Right-of-Way non-labor amount shows an increase because the rents and annual fees for Right-of-Way was previously managed by the Real Estate/Facilities group, so the responsibilities and expenditures were transferred to the Gas Engineering organization in 2014 as shown in images 1 and 2 below. The cost of rents and annual fees for Land Services and Right-of-Way for 2012-2013 is shown in table 1 below, and it shows the non-labor amount that was not transferred to the Gas Engineering organization.

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Image 1: GRC database - Cost center 2200-2135 & 2200-2368 years 2012-2014

				GRC/NonGRC Code	GRC		
				Cost element	6400376		
					A&G-RIGHT-OF-WAY AND RENTAL PAYM		
					Amount		
	BW Cost Center		GRC Wkp Grp Sub	Fiscal year	K4/2012	K4/2013	K4/2014
s for SDG&E)	2200-2135	OTHER SCG RENT	2RE001.001	2RE001.001	$ 936,940.54	$ 960,489.33	$ 2,593.0
	2200-2368	LAND & RIGHT OF WAY	2EN001.000	LAND SERVICES & RIGHT OF WAY			$ 967,636.3
					$ 936,940.54	$ 960,489.33	$ 970,229.3

Image 2: GRC database – by cost elements year 2014, and shown total in GRC.

				GRC/NonGRC Code	GRC
					Amount
				Fiscal year	K4/2014
				GRC Witness Area	GOEN
					GAS ENGINEERING
				GRC Wkp Grp Sub	2EN001.000
Company code	BW Cost Center		Cost element		LAND SERVICES & RIGHT OF WAY
2200	2200-2368	LAND & RIGHT OF WAY	6110020	SALARIES-MANAGEMENT STRAIGHT-TIME	$ 256,771.85
			6130010	MEALS (INCL TIPS) & ENT 100% DEDUCTIBLE	$ 28.18
			6130012	EMP TRAVEL-MILEAGE	$ 4,572.57
			6130014	EMP TRAVEL-PARKING	$ 59.00
			6130015	MEALS (INCL TIPS) & ENT 50% DEDUCTIBLE	$ 359.09
			6211470	MATL-PRINTED MATERIALS	$ 351.18
			6213005	MATL-OFFICE SUPPLIES	$ 193.49
			6213020	MATL-OFFICE EQUIPMENT (EXCEPT FURNITURE)	$ 25.88
			6213030	MATL-SOFTWARE	$ 1,947.37
			6213085	MATL-MISCELLANEOUS	$ 22.15
			6213180	MATL-COMPUTER HARDWARE	$ 1,638.12
			6215568	MATL ISSUANCES-NON PIPE	$ 29.36
			6220002	SRV-CONTRACTORS-CONSULTING	$ 83,938.55
			6220060	SRV-FOOD SERVICE-CATERING	$ 425.37
			6220250	SRV-COMPUTER SOFTWARE MAINT & LEASES	$ 9,264.86
			6220401	SRV-PRINTING BUSINESS CARDS	$ 59.96
			6220450	SRV-MAIL/MESSENGER-POSTAGE	$ 95.61
			6220580	SRV-ON-LINE SERVICES/MISCELLANEOUS	$ 247.98
			6220640	SRV-TRAINING & SEMINARS IN-HOUSE	$ 1,062.71
			6221110	SRV-PSEP ENG & CONST	$ 2,990.00
			6230250	SRV-SOFTWARE MAINTENANCE & LEASING	$ 11,457.55
			6230540	SRV-HOLIDAY EVENTS	$ 963.69
			6230600	SRV-PROF/NOT LEGAL	$ 800.00
			6250001	DUES-BUSINESS/PROFESSIONAL	$ 1,623.00
			6280001	GOVERNMENT PAYMENTS-PERMITS	$ 293.30
			6310020	PAYMENT FOR EASEMENT / RIGHT OF WAY	$ 2,525.00
			6320000	TELEPHONE/COMMUNICATIONS	$ 218.91
			6320002	TELEPHONE-CELLULAR PHONES	$ 2,962.33
			6400376	A&G-RIGHT-OF-WAY AND RENTAL PAYMENTS	$ 967,636.35
Overall Result					$ 1,352,552.41

GRD Menu [mhom]

File Help

Please select a witness: Haines, Deanna R.

Please select a company: 1100 - Sempra Energy / 2100 - SDG&E / 2200 - SCG

Please select your category: Get CostCenter Info

O&M / NSS (Non-shared) / Capital / Headcount

O&M Historical - NSS CostCenter

Year: 2014 - Historical Go

Go to: Select Activity

2014

			Recorded					Adjustment					Adjusted Recorded				
Workpaper	Cost Center	Description	Labor	NonLabor	NSE	Total	FTE	Labor	NonLabor	NSE	Total	FTE	Labor	NonLabor	NSE	Total	FTE
2EN001.000																	
	2200-0315.000	LAND SERVICES	0	187	0	187	0.0	0	0	0	0	0.0	0	187	0	187	0.0
	2200-2368.000	LAND AND RIGHT OF WAY	256,772	1,095,781	0	1,352,553	3.0	0	0	0	0	0.0	256,772	1,095,781	0	1,352,553	3.0
	2200-2472.000	GEOGRAPHIC ANALYSIS & SURVEY	111,068	45,799	0	156,867	1.3	0	0	0	0	0.0	111,068	45,799	0	156,867	1.3

Table 1: Adjusted-recorded total for non-labor rents and annual fees.

Annual Land & R/W ($000)	2012	2013	2014	2015	2016
Non-Labor *(Not transferred and shown in Image 1)*	*$937*	*$960*	-	-	-
Non-Labor in SCG-09-WP-R	*$122*	*$120*	*$1,138*	*$1,202*	*$1,552*
Total	**$1,059**	**$1,080**	**$1,138**	**$1,202**	**$1,552**

The 2015 and 2016 non-labor amount shows an increase due to the escalation factor in annual fees for rights-of-way on Federal Lands and other existing lease agreements.

b. The increase from 2014-2016 are not attributed to new rights-of-way but rather existing rights-of-way. For leases on Federal Lands, a new rental schedule was assigned in 2015 for rental fee increases for years 2016-2025. In addition the majority of other existing lease agreements contain escalation factors which is also a component of the lease payment/non-labor forecast.

c. The cost is attributable to payments of existing right of way, and the majority of the increased costs is associated with zoning changes within the Federal Land lease rent schedule (See Appendix B). One example of how the cost increased in 2016 was our BLM lease agreement # 18461 covering 685.45 acres. This lease was originally in zone 6 with a cost of $91.31 per acre but was re-zoned to zone 9 with a cost of $437.96 per acre.

d. The forecast for 2017-2019 are not directly associated with specific projects. The forecast for 2017-2019 are values that followed the five-year linear forecast methodology because the historical trend and staffing levels in the Land Services & Right-of-Way is expected to continue with the five-year linear trend.

e. The forecast for 2017-2019 was derived from the use of historical expenditures that contain may contain payments of existing or new rights of way. The forecast for 2017-2019 are values that followed the five-year linear forecast methodology because the historical trend and staffing levels in the Land Services & Right-of-Way is expected to continue with the five-year linear trend.

f. Cost categories recorded as “nonlabor” include, payment for easements, permits, employee travel, meals, materials (e.g. office supplies, software maintenance), services (e.g. copy services, mail, training, training, events), and business professional dues.

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3. In SCG-09-WP, the workpaper for Land Services & Right of Way (p. 33 of 153) shows annual adjusted-recorded costs in the "labor" category ranging from $394,000 to $449,000 in 2012-2014, then increasing to $740,000 in 2015, then declining to $554,000 in 2016. The Adjusted-Forecast figure is $685,000 for 2017, $736,000 for 2018, and $837,000 for 2019.

a. For each year from 2015-2016, inclusive, please identify the reasons the adjusted-recorded costs increased from the previous year's level.

b. To the extent the cost level is attributable to costs associated with a new right-of-way (that is, one not included in the previous year's figure), please identify the new right-of-way and the associated cost.

c. To the extent the cost level is attributable to increased costs for an existing right of way (that is, one included in the previous year's figure but for which the cost has increased by a material amount), please identify the right-of-way and the amount of the increased cost.

d. Are the forecasted increased amounts for 2017, 2018 and 2019 associated with right-of-way costs for any specific construction project? If so, please identify each such project and the annual right-of-way costs forecasted for that project.

e. Are the forecasted increased amounts for 2017, 2018 and 2019 associated with increased right-of-way payments for an existing right-of-way? If so, please identify each such right-of-way and the amount of increased annual right-of-way costs forecasted for that right-of-way.

f. Please identify and briefly describe each cost category recorded as "labor" as included in this workpaper.

Utility Response 3:

a. From 2015-2016, inclusive, the labor increase was due to more labor necessary to cover workload, not directly associated with any one specific project or right-of-way acquisition. In 2016 the labor decrease was due to attrition and vacancy replacement timing.

b. The cost level for labor is not associated with a new right-of-way. The labor increase was due to additional personnel necessary to cover workload.

c. The cost level for labor is not directly associated with an existing right-of-way. The labor increase was due to additional personnel necessary to cover workload.

d. The forecast for 2017-2019 are not directly associated with specific construction projects. The forecast for 2017-2019 are values that followed the five-year linear forecast methodology because the historical trend and staffing levels in the Land Services & Right-of-Way is expected to continue with the five-year linear trend.

e. The forecast for 2017-2019 are not directly associated with specific right-of-way payments for an existing right-of-way. The forecast for 2017-2019 are values that followed the five-year linear forecast methodology because the historical trend and staffing levels in the Land Services & Right-of-Way is expected to continue with the five-year linear trend.

f. The cost category for the Land Services & Right-of-Way department is straight labor.

4. Were there any costs associated with the Morongo ROW recorded in Land Services & Right of Way in 2012-2016, inclusive? If the reponse is anything other than an unqualified negative, please identify the specific amount of such costs recorded in each year.

a. Please also identify the amounts that are included in each of the figures that appear for workpaper 2EN001.000 (p. 33 of 153 of SCG-09-WP).

b. If the recorded costs associated with the Morongo ROW were not included in the Land Services & Right of Way figures that appear for workpaper 2EN001.000, please identify by volume and page number each place where the recorded costs appear in the utility's GRC showing (whether as a recorded cost or as an adjustment to recorded costs).

Utility Response 4:

4. As a result of TURN's data request, SoCalGas widened its search criteria for charges related to Morongo ROW recorded in all GRC areas including Land Services & Right of Way from only O&M to all O&M and capital and from search criteria "Morongo" to both "Morongo" and "Cabazon" in the GRC. SoCalGas confirms that there are no O&M "Morongo" or "Cabazon" charges forecasted in the GRC, consistent with SoCalGas' statement in Rebuttal. However, through this expanded search, SoCalGas discovered historical capital costs in capital budget code 617. The historical amounts recorded in budget code 617 is $56,712, $56,203, $246,025, $377,425, and $178,811 for years 2012, 2013, 2014, 2015, and 2016, respectively. Based on this information, SoCalGas stipulates that its forecast for capital budget codes 617 should be adjusted to exclude these costs if the Morongo Memorandum Account and the Morongo Balancing Account are authorized and created to capture future expenses for the Morongo ROW resolution. In addition, through the expanded search SoCalGas also discovered historical capital costs in capital budget code 314. The amount recorded in budget code 314 is $6,866, $32,539, and $7,306 for years 2014, 2015, and 2016, respectively. Historical costs for budget code 314 were included in capital workpaper 003040; however, the forecast prepared for capital workpaper 003040 only include projects related to budget code 304. Thus, SoCalGas stimulates that its forecast for workpaper 003040 should not be adjusted to exclude the historical costs because they don't represent forecast for budget code 314.

a. Workpaper 2EN001.000 (p. 33 of 153 of SCG-09-WP-R) does not contain any costs associate with the Morongo ROW recorded in Land Services & Right-of-Way.

b. The witness workpaper volume and page number where the Morongo ROW costs were discovered:

i. SCG-07-CWP, page 52 of 176

ii. SCG-09-CWP, page 4 of 31

5. In each year from 2012-2017, inclusive, please identify the total costs SoCalGas has recorded associated with the Morongo rights-of-way, including but not limited to costs associated with negotiations seeking extension or renewal of the rights of way, costs associated to considering alternatives (such as the "costs to preliminarily analyze the conceptual feasibility of partial relocation routes . . . and one full relocation option" as described in the SoCalGas brief cited at pages 17-18 of TURN-07), and any other costs associated with the rights-of-way. Please also identify with specificity each place where any portion of the costs associated with the Morongo rights-of-way would be recorded (Land Services & Right of Way, Legal, other A&G accounts), and the amount recorded each year in each such place.

Utility Response 5:

See Attachment B for costs that were recorded to a budget code that are or may be associated with Morongo renewal and Cabazon area realignment from 2012 to 2017. Note that Attachment B illustrates the charges that were included in GRC, indicated as "GRC", as well as charges that are normally excluded from GRC, indicated as "Non-GRC". The "Non-GRC" expenditures are generally excluded from GRC because they represent costs that are being recovered through other proceedings.