

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**

**APPLICATION FOR REVIEW OF COSTS INCURRED IN EXECUTING
PIPELINE SAFETY ENHANCEMENT PLAN (PSEP) (A.18-11-010)**

(Cal PA Data Request-05 Amendment 1)

Date Requested: January 16, 2019

Date Responded: January 31, 2019

Date Amended: April 3, 2019

QUESTION 01:

Please provide all the necessary documentation, methodology, and calculation steps used to calculate the System Average Cost per mile of \$2,439,956 to pressure test a pipeline segment as calculated for the following projects:

- Line 30-18
- Line 36-9-09 North Section 3
- Line 49-11 Hydrotest
- Line 49-13 Replacement and Hydrotest
- Line 404 Hydrotest and Replacement

RESPONSE 01:

Response amended on April 3, 2019. Changes are noted in red and deletions are noted in red strikethrough. In the table below, the system average cost is revised to reflect costs incurred as of April 30, 2018, consistent with project costs presented in A.18-11-010. This enables SoCalGas and SDG&E to include a greater number of projects in the calculation. The updated system average cost of pressure testing is \$2,105,878. Please note that due to corrections made to mileage and/or SMYS values, the Line 30-18, 49-11, and 49-13 projects no longer include disallowed mileage. These corrections are reflected in amended testimony and workpapers.

The methodology for calculating the disallowance for each **capital** project is detailed in the workpapers. The workpaper volume and page number where the disallowance calculation can be found are provided below for your convenience.

- ~~Line 30-18~~ Vol 1 / WP-III-A28
- Line 36-9-09 North Section 3 Vol 1 / WP-III-A 108
- ~~Line 49-11 Hydrotest~~ Vol 2 / WP-III-A744
- ~~Line 49-13 Replacement and Hydrotest~~ Vol 2 / WP-III-A887
- Line 404 Hydrotest and Replacement Vol 2 / WP-III-A946

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To calculate the system average cost of hydrotesting, SoCalGas and SDG&E divided the total Hydrotest Costs by the Total Length (miles). Refer to the formula below:

$$\text{System Average Cost to Hydrotest} = \text{Total Hydrotest Cost} / \text{Total Length (miles)}$$

SoCalGas and SDG&E summed the total hydrotest mileage and the total costs of hydrotesting the 23 projects listed in the table below. Note that the total costs, which include disallowed costs, represent hydrotest costs as of April 30, 2018 July 30, 2017.

Project Name	Hydrotest Length (mi)	Hydrotest Cost as of 7/30/17 4/30/18
31-09 Hydrotest Project	0.201 0.212	\$ 347,258 \$ 3,651,114
32-21 Section 1 Hydrotest Project	1.522 1.561	\$ 10,371,893 \$ 10,371,983
32-21 Section 3 Hydrotest Project	2.410 2.391	\$ 3,902,427 \$ 3,857,487
36-9-09 North Section 2B Hydrotest Project	2.155	\$ 3,153,001 \$ 2,572,723
36-9-09 North Section 5A Hydrotest and Replacement Projects⁴	0.572	\$ 5,981,268
36-9-09 North Section 6A Hydrotest Project	0.921	\$ 2,861,380 \$ 2,807,967
49-11 Hydrotest Project	0.957 0.960	\$ 6,057,589 \$ 7,369,489
49-16 Hydrotest Project	0.295	\$ 6,554,875 \$ 1,393,662
235 Victorville Hydrotest Project	0.970	\$ 5,509,907
404 Hydrotest and Replacement Project (Sections 2, 3, 4&5 and 9) ²	11.240 11.238	\$ 13,251,187 \$ 16,103,537
404 Sections 7&8 Hydrotest Project	7.010 7.017	\$ 8,939,613 \$ 5,593,512

⁴ ~~36-9-09 North Section 5A Hydrotest and Replacement Project includes 2 replacement segments.~~

² Line 404 Hydrotest and Replacement Project includes hydrotest Sections 2, 3, 4&5 and 9 and replacement Sections 1, 3A and 8A.

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Project Name	Hydrotest Length (mi)	Hydrotest Cost as of 7/30/17 4/30/18
406 Replacement and Hydrotest Project ³	1.010 1.009	\$ 8,770,044 \$ 3,573,660
406 Section 3 Hydrotest Project	0.450 0.433	\$ 2,615,296 \$ 2,611,232
407 Hydrotest Project	3.000 2.997	\$ 6,973,630 \$ 6,976,419
1004 Hydrotest and Replacement Project ⁴	8.600 8.604	\$ 13,996,637 \$ 7,179,036
1015 (North & South) Hydrotest Project	0.440 0.432	\$ 2,671,816 \$ 5,743,017
2000-A Hydrotest Project	15.418 15.417	\$ 26,490,048
2001 West-B Hydrotest Project (Sections 17,18, and 19)	1.800 1.789	\$ 5,135,813 \$ 5,116,684
2001 West-B Replacement and Hydrotest Project ⁵	2.970 2.969	\$ 12,988,280 \$ 11,873,599
2003 Section 1 Hydrotest and Project	0.220 0.222	\$ 8,547,735 \$ 3,440,518
2003 Replacement and Hydrotest Project ⁶	0.090 0.094	\$ 2,842,299 \$ 2,927,081
4000-1 Hydrotest Project	1.040	\$ 680,153
4000-2 Hydrotest Project	2.360	\$ 1,543,423
2000-C Hydrotest Project	7.592	\$ 13,952,619
2000-West Sec 1,2,3	14.593	\$ 25,057,812
32-21 Section 2 Hydrotest Project	1.603	\$ 5,500,364
37-18-F Hydrotest Project	2.047	\$ 7,555,929
404 Section 2A Hydrotest Project	0.817	\$ 2,554,104
49-13 Replacement and Hydrotest Project ⁷	1.972	\$ 5,334,753
TOTAL	65.651 93.710	\$ 160,185,574 \$ 197,341,832

³ Line 406 Replacement and Hydrotest Project includes replacement Sections 1, 2A, 4 and 5 and hydrotest Section 2.

⁴ Line 1004 Hydrotest and Replacement Project includes the hydrotest Section 1 and replacement Section 2.

⁵ Line 2001 West- B Hydrotest and Replacement Project includes hydrotest Sections 10 and 11 and replacement Section 14.

⁶ Line 2003 Replacement and Hydrotest and Project include replacement Sections 3 and 4 and hydrotest Section 1.

⁷ Line 49-13 Replacement and Hydrotest Project includes replacement Sections 1 and 2 and hydrotest Section 3.

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Project Name	Hydrotest Length (mi)	Hydrotest Cost as of 7/30/17 4/30/18
SYSTEM AVERAGE COST = TOTAL COSTS / TOTAL MILEAGE		\$ 2,439,956 \$ 2,105,878

For projects that were a combination of replacement and hydrotest segments:

- Replacement costs were removed from the total cost, and any shared project costs were allocated based on the pro-rata share of project mileage.
- The table above excludes replacement mileage and costs not associated with the hydrotest.

Using the formula stated above, total hydrotest costs of ~~\$160,185,574~~ \$197,341,832 were divided by the total hydrotest mileage of ~~65.654~~ 93.710 to calculate a system average of ~~\$2,439,956~~ \$2,105,878 per mile.

~~As discussed in the January 30, 2019 workshop attended by representatives of the Public Advocates Office, while preparing responses to certain data requests from the Public Advocates Office, SoCalGas and SDG&E identified minor corrections to the workpapers supporting this Application and is in the process of preparing an amendment to the workpapers to make those corrections. SoCalGas and SDG&E anticipate updating this response to be consistent with the amended workpapers, once that amendment is complete.~~