ORA DATA REQUEST
ORA-SDGE-132-MCL
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: FEBRUARY 14, 2018
DATE RESPONDED: MARCH 1, 2018

Exhibit Reference: SDG&E-04-R, SDG&E-04-CWP
SDG&E Witness: Gina Orozco-Mejia
Subject: Gas Distribution - Capital

Please provide the following:

1. In reference to Ex. SDG&E-04-CWP, page 25-39, Meter and Regulator Materials:

a. Provide 2017 Non-labor, recorded data for Budget Code 00502.0 Meter and Regulator Materials when it becomes available.

b. Explain and provide supporting documents substantiating the decrease for years 2014 ($7.493 million) to 2015 ($4.881 million) and 2016 ($4.097 million) for Meter and Regulator Materials.

c. Provide an active Excel spreadsheet with formulas, showing how SDG&E calculated the requests for the 2018 incremental of $3.47 million and the 2019 incremental of $3.18 million from the base year 2016 amount of $4.097 million. Please show the calculation of the forecasted usage and meter/reg current material contract prices.

d. Provide all information, including costs, of the "new domestic, commercial and industrial gas meters and regulators" SDG&E plans to purchase to replace aging meters as well as obsolete regulators. SDG&E plan to provide new customers or for replacement purposes. Did SDG&E conduct any testing, any research or any study for the new meters and regulators SDG&E plans to replace?

e. Provide copies of any SDG&E plan/program to replace Meters and Regulators for the next three years. How many meters per year does SDG&E plan to replace? Please explain this process. How many meters and regulators per year did SDG&E replace during 2012-2017?

f. Are the meters that SDG&E plans to replace in years 2018 and 2019 different than the meters replaced in years 2016 and 2017? If different meters were replaced in year 2016 and 2017, provide description and cost of the meters replaced in year 2016 and year 2017.

g. Provide the Commission decision or resolution, if any, which authorized SDG&E to replace these new domestic, commercial and industrial gas meters and regulators SDG&E includes in capital in this general rate case.

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SDG&E Response 01:

a. Financial data for year-end 2017 is not yet available.

b. In 2014, the cost for meter and regulator purchases increased more than 12% because of constraints on meters received into inventory and subsequent additional orders placed that year to make up for the shortfall. For 2015 and 2016, an overstocked inventory and lower demand explain the decrease from 2014.

   All newly purchased meters are sampled to ensure they meet our meter acceptance specifications. In 2014, several shipments did not meet specifications and were returned to the manufacturer. As a safeguard, new meters were ordered from another approved manufacturer so that meter inventory would be sustained at adequate levels. Subsequently, the first manufacturer resolved company specification issues and reshipped the original orders. The result was an over purchase and over stock of meters for 2014.

   The lower expense level for 2015 and 2016 was a result of lower meter purchases for two reasons:

   - Utilizing a now overstocked inventory (from 2014) to supply meters rather than purchase additional meters. In 2014, while the number of new meter sets required for new business was less than the norm and the demand for replacement meters was moderate, as reflected on Table GOM-18 of Ex. SDG&E-04-R, the expense was higher due to the overstock. SDG&E used those additional meters purchased in 2014 and applied them to meter change needs in 2015 and 2016.
   - The demand for meter changes dropped more than 25% in 2015 and 2016 from levels seen in 2014. This was based on analysis of results from the Company's Meter Performance Control Program, which indicated fewer meters required replacement in 2015 and 2016. (Please see responses to Questions 1.d and 1.e and the accompanying document (ORA-SDGE-132-MCL-Q1-Doc 1) for a description of the program.)

c. An Excel spreadsheet accompanying this response (filename: CONFIDENTIAL-ORA-SDGE-132-MCL-Q1.c,d) shows the requested totals for Budget Code 502, Meters and Regulators for 2017 to 2019. These totals reflect the forecast requests found in Exhibit SDG&E-04-R, page GOM-75 and Exhibit SDG&E-04-CWP, pages 33 – 44. ***The accompanying Excel spreadsheet contains Confidential and Protected Materials Pursuant to PUC Section 583, GO 66-D, and D.17-09-023. Confidential information has been shaded in gray.***

d. Information, including costs, of the "new domestic, commercial and industrial gas meters and regulators" are found in the Excel spreadsheet (filename: CONFIDENTIAL-ORA-SDGE-132-MCL-Q1.c,d) discussed in response to Question 1.c.

   SDG&E meter and regulator purchases include plans to replace aging meters as well as obsolete regulators. SDG&E's meter purchases will provide meters and regulators for new customers and for replacement purposes. A portion of the purchases will be used to

replace meters removed based on the Meter Performance Control Program results as described in response to Question 1.e.

SDG&E performs research and extensive testing of meters from various manufacturers in making the decision for what types of meters and regulators it will purchase. New purchased meters will be used for meter replacements. Once meter types are selected, SDG&E will continue to purchase the meter and regulator types in following years as long as they continue to meet SDG&E's specifications. Additional research and testing will be performed as new types of meters and regulators are introduced by manufacturers, new manufacturers become available, or existing meter/regulator types are discontinued by manufacturers.

In addition, meter testing is regularly performed to support the Meter Performance Control Program where meters are statistically sampled, removed, and tested for accuracy and reflect the performance of a whole family of meters. All meters replaced due to aging and for routine changes are also tested for their measurement accuracy. Please refer to the response to Question 1.e for a description of the Meter Performance Control Program.

e. Plans to replace meters and regulators through 2019 are shown in Exhibit SDG&E-04-R, pages GOM-75 to GOM-77 and in Exhibit SDG&E-04-CWP, pages 33 to 44. SDG&E monitors the performance of its domestic meters based on the Meter Performance Control Program. Material explaining the program is provided in the accompanying document (file name: ORA-SDGE-132-MCL-Q1-Doc 1).

Please see the response to Question 1.c and the accompanying spreadsheet for forecasted data (filename: CONFIDENTIAL-ORA-SDGE-132-MCL-Q1.c,d) Please see the table below for historical (2012-2017) data on replacements of meters and regulators.

Gas Meter and Regulator Replacement History

Meter Category	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
All Domestic Meters	31,450	30,572	21,677	12,749	14,041	13,990
Rotary Meters	640	642	594	733	508	499
Domestic Regulators	15,714	15,140	11,404	10,149	10,562	11,733

f. SDG&E interprets the word "meters" in this question to mean meter types and responds accordingly as follows: At this time, it is assumed that the same meter types (manufacturers) used and approved for replacements in 2016-2017 will also be used for replacements in 2018 and 2019. There are no new meter types planned for use as replacements in 2018 and 2019. In addition, meter groups targeted for replacement are determined by the Meter Performance Control Program (discussed in response to Questions 1.d and 1.e). It is not known at this time what groups of meters will be removed and therefore what types of meters are in those groups to be replaced.

SDG&E Response 01 Continued:

g. The governing document that sets the rules for replacement of meters for measurement accuracy is CPUC General Order 58-A. This order allows the CPUC to authorize the utility to choose a statistical sampling program for meters, based on meter performance, in lieu of a ten-year change out program. SDG&E was authorized for its Meter Performance Control Program for domestic meters by Resolution G1426 on December 10, 1968. Subsequent Resolutions were G2907 on March 14, 1990 to allow program expansion to include 500 cfh (cubic feet per hour) meters and Resolution G3061 on June 23, 1993 to allow program expansion to include 1000 cfh meters.

   Commercial meters and rotary meters are on the ten-year change out schedule. Domestic regulators are changed based on atmospheric corrosion, physical damage, the presence of leaks, and performance based on pressure tests at the time the meter is changed. Approximately 35% of domestic regulators are changed when the meter is replaced for the reasons discussed in previous parts of Question 1.