

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY &
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS EFFECTIVE
JANUARY 1, 2020 IN THE TRIENNIAL COST ALLOCATION PROCEEDING**

(A.18-07-024)

(DATA REQUEST TURN-SEU-03) SDG&E

DATA RECEIVED: 2-6-19

DATE RESPONDED: 2-21-19

QUESTION 1:

Do the capital costs and/or installation costs of meters for SDG&E presented in the marginal cost study include the costs of Automatic Meter Infrastructure (AMI)? If so, what are those extra AMI costs in dollars per meter by customer class and for each type of meter?

RESPONSE 1:

SDG&E requests an extension. A response will be forthcoming.

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QUESTION 2:

Please provide the following figures on gas distribution mains and services for SDG&E at the end of the latest available year:

- a) Number of miles of steel distribution mains by size of pipe.
- b) Number of miles of steel services by size of pipe.
- c) Number of steel services by size of pipe.
- d) Number of miles of plastic distribution mains by size of pipe.
- e) Number of miles of plastic services by size of pipe.
- f) Number of plastic services by size of pipe.
- g) Number of miles of other distribution mains (e.g., cast iron) by size of pipe.
- h) Number of miles of other services by size of pipe.
- i) Number of other services by size of pipe.
- j) How many miles of gas main, divided into steel and plastic, are high pressure mains and how many are medium pressure mains?
- k) Please provide relevant Handy-Whitman price escalators for gas mains.
- l) If available, please provide a data base showing the number of miles and cost of gas distribution mains currently in service by size and type of pipe installed in each year.

RESPONSE 2:

SDG&E requests an extension for these questions, with the exception of subpart k. Responses to the remaining subparts are forthcoming.

For (k), see attachment provided in response to TURN Data Request 2, subpart k.

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QUESTION 3:

Please provide the following information on main and service replacement for SDG&E:

- a) Number of miles of gas distribution mains that have been replaced in each year from 2015-2017 and that have been replaced in 2018 through the latest available month, and that are projected to be replaced in each year from 2017 to the end of the TY 2020 GRC cycle. Divide by size and type of pipe. Separately identify (a) plastic mains replaced with plastic mains; (b) steel mains replaced with steel mains, and (c) steel mains replaced with plastic mains.
- b) Total cost of main replacement in each year from 2015-2020, divided into O&M and capital using recorded and projected data from subsection (a) above.
- c) Number and number of miles of gas services that have been replaced in each year from 2015-2017, that have been replaced in 2018 through the latest available month, and that are projected to be replaced in each year from 2015 to the end of the TY 2016 GRC cycle. Divide by size and type of pipe of original installation Separately identify by size of pipe (a) plastic services replaced with plastic services; (b) steel services replaced with steel services, and (c) steel services replaced with plastic services.
- d) Total cost of service replacement in each year from 2015-2020, divided into O&M and capital using recorded and projected data from subsection (c) above.

RESPONSE 3:

SDG&E requests an extension. A response is forthcoming.

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QUESTION 4:

Please provide the following information on cathodic protection for SDG&E:

- a) Identify total costs in Account 887 in 2016 and 2017 and state costs of cathodic protection separately from other costs in Account 887.
- b) Identify the number of miles of mains and services under cathodic protection at the end of 2016 and 2017. To the extent possible, for each year divide the estimate between mains and services, between high pressure and low-pressure mains, and by the size of pipe.

RESPONSE 4:

SDG&E requests an extension. A response is forthcoming.

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QUESTION 5:

Please identify the total number of gas meters replaced by SDG&E in each year from 2015 to 2018, separated into the number of meters required to be replaced in order to install AMI, and the number of other meters replaced.

RESPONSE 5:

SDG&E requests an extension. A response is forthcoming.

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QUESTION 6:

Regarding Measurement and Regulator Stations (Account 378), Exhibit SDG&E-4, page GOM 50 in the 2019 TY GRC indicates that there are 481 regulator stations in the SDG&E Gas service territory. Approximately what percentage of regulator stations are at the interface between transmission and high-pressure distribution, what percentage are at the interface between high pressure distribution and medium pressure distribution, and what percentage are at other interfaces (e.g., transmission to medium pressure distribution or to step down pressure on the medium pressure system)?

RESPONSE 6:

SDG&E requests an extension. A response is forthcoming.

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QUESTION 7:

What is the basis for SDG&E's assumption (Foster Workpapers, Section 3, Workpaper 3 of 13) that O&M expenses are the same on a per-mile basis for medium pressure and high-pressure distribution mains and for service lines (Account 874)?

Provide all information reviewed by the witness, including any information reviewed that did not fully support the contention.

RESPONSE 7:

As per the testimony of Foster, "I propose to continue the cost allocation framework that was proposed by SDG&E in the 2017 Triennial Cost Allocation Proceeding (TCAP), Application (A.) 15-07-014. That TCAP resulted in a multi-party settlement of several issues and outcomes, including cost allocation outcomes, which were approved in Decision (D.) 16-10-004." The assumption that high pressure, medium pressure mains and service lines have a same per-mile O&M expense was continuation from our previously proposed and approved cost allocation framework.

SDG&E did not review any additional information.

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QUESTION 8:

Please identify any differences in Federal and state requirements related to inspection and maintenance between high pressure and medium pressure mains (including but not limited to, periodic inspection intervals, specific work required in an inspection, etc.). Provide SDG&E's best estimate of the amount by which the cost per mile of high-pressure main maintenance would exceed the cost per mile of low pressure main maintenance created by these differences in regulation.

RESPONSE 8:

SDG&E objects to this question on the basis that it seeks information that is irrelevant and out of scope.

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QUESTION 9:

Please provide calculations documenting the assumption that 18.2% of costs in Subaccount 887.3 are related to service lines. (Foster Workpapers, Section 3, Workpaper 3 of 13)

RESPONSE 9:

18.2% represents the ratio of the amount of expense charged to FERC 887 for services (performed by the Cathodic Protection (CP) group on service pipelines), over the total expenses to FERC 887 (all 887 work including maintenance of mains and services and total CP work).

See attachment 9.

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QUESTION 10:

Re: Foster Workpapers, Section 3, Workpaper 4 of 13, please provide additional workpapers supporting the functionalization of Accounts 870, 874, 880, 887, and 894 between high-pressure and medium pressure distribution demand and customer costs.

RESPONSE 10:

There are no additional workpapers supporting the functionalization of the specified accounts. The allocation percentages for High Pressure Distribution, Low Pressure Distribution and Customer costs are calculated as shown in Foster Workpapers, Section 3, Workpaper 3 of 13. (See Excel Spreadsheet "SDGE 2020TCAP LRMC OM Loaders.xls", Tab "LF-O&M Alloc", Rows 32-74).

Accounts 870, 874, and 880 are allocated using the percentages derived in the "Other Distr Operating Exp factor" section. Account 887 is allocated using the percentages derived in the "Maint.of Mains Factor DOF/DIR" section. Account 894 is allocated using the percentages derived in the "DIR/Other Distr Maintenance Exp Factor" section. For all accounts, the total amount allocated is from SDG&E's FERC Form 2.

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QUESTION 11:

Provide the following information monthly from 2015 through the latest available month in 2018 for SDG&E:

- a) Number of gas meters read manually (a) because an AMI meter was not installed yet; (b) due to AMI opt-out; and (c) due to other reasons.
- b) Number of meter readers (full-time equivalent – gas and electric).
- c) Costs booked to FERC Account 902, divided into electric and gas and further divided into labor and non-labor, and divided into any FERC sub-accounts used by SDG&E if applicable. If SDG&E uses any sub-accounts, provide a definition of each sub-account.

RESPONSE 11:

SDG&E requests an extension. A response is forthcoming.

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QUESTION 12:

Please provide the amount of revenue from Smart Meter Opt-Out customers in 2016 and 2017 recorded.

RESPONSE 12:

As preliminary matter, SDG&E would object to this question on the basis of relevance. Subject to and without waiving this objection, SDG&E intends on providing the requested data; however, SDG&E requests an extension. A response is forthcoming.

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QUESTION 13:

Please provide the amount of revenue received in 2016 and 2017 recorded from Service Establishment Charges, Reconnection charges, Residential Parts, Commercial Parts, Appliance Connection, and Returned Check Charges.

RESPONSE 13:

SDG&E requests an extension. A response is forthcoming.

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QUESTION 14:

Please provide workpapers containing detailed calculations of SDG&E's Real Economic Carrying Charges (RECC) and Present Value of Revenue Requirements (PVRR).

RESPONSE 14:

SDG&E does not have additional workpapers with respect to the RECC and PVRR. SDG&E's model which generated that data is proprietary. Notwithstanding, please see additional explanation below.

The RECC calculation employs a standard formula used by electric and gas utilities. Each RECC factor is calculated in the following manner:

$$RECC = \frac{PVRR * (ROR - inflation)}{1 - \left[\frac{1 + inflation}{1 + ROR} \right]^{book\ life}}$$

Where,

- *PVRR* is the present value of the revenue requirements associated with a particular capital asset. The revenue requirements are the calculated annual stream of capital carrying costs spanning the life of the asset. Capital carrying costs include:
 - Book depreciation (return of capital)
 - Salvage
 - Authorized rate of return on equity and debt (return on capital)
 - Income taxes
 - Property taxes
- *ROR* is the discount rate, or authorized rate of return.
- *Inflation* is the expected rate of inflation over the life of the asset.
- *Book life* is the asset's book life in years.

The PVCC factors are essentially the present value multiplier for a stream of revenue requirements associated with a particular asset type. The formula can be written as:

$$PVCC = \sum_{n=1}^t \frac{C_n}{(1+ROR)^n}$$

Where,

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- C_n is the revenue requirements associated with a particular capital asset in year n . The revenue requirements are the calculated annual stream of capital carrying costs spanning the life of the asset. Capital carrying costs include:
 - Book depreciation (return of capital)
 - Salvage
 - Authorized rate of return on equity and debt (return on capital)
 - Income taxes
 - Property taxes
 - ROR is the discount rate, or authorized rate of return.