

TURN DATA REQUEST-036
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: MARCH 22, 2018
DATE RESPONDED: APRIL 5, 2018

1. Do any of SDG&E’s Test Year (TY) 2019 forecasts for O&M costs for nonshared and shared services and capital costs for the estimated years 2017, 2018, and TY 2019 include costs of any subscription-based software hosted in public or private clouds? (TURN is aware that some refer to such delivery models as “Software as a Service” or SAAS, or as “cloud based.”) If the response is anything other than an unqualified negative, please:

- a. Identify by volume and page number each location in SDG&E’s GRC testimony and workpapers where such costs are included in the forecast.
- b. Describe with specificity the ratemaking that SDG&E proposes for such costs (for example, O&M or capitalized; if capitalized, the life used for depreciation or amortization of the cost).
- c. Identify by volume and page number each location in SDG&E’s GRC testimony and workpapers where the proposed ratemaking for such costs is set forth.

Utility Response 01:

1a.

Company	GRC Witness	Capital/O&M	Testimony	GRC Wkp Grp	Workpaper	WP Page	GRC Wkp Grp Sub Title	2017	2018	2019
SDGE	Olmsted	O&M	SDG&E-24-R	11T002.000	SDGE-24-WP-R	15	Office 365 annual subscription	0	646	1,937
SDGE	Davidson	Capital	SDGE&E-19	00811L	SDGE-24-CWP-R	35-40	T16036 CUSTOMER AUTHORIZATION	1,200	0	0
SDGE Total								1,200	646	1,937

1b. O&M costs would be expensed in the period(s) incurred. Capital SAAS/cloud costs are amortized over a 5-year service life.

1c. Please see the response to 1a. for the capital project T16036 CUSTOMER AUTHORIZATION.

Additionally, please refer to the workpaper of GRC witness Mr. Gentes (Ex. SDG&E-33-WP-R), pages 102, 112, 122, 381, 398, and 415.

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2. In SDG&E-34, at page MCV-12, the description of the common plant Account C303.00 states that the account “includes self-developed and purchased software, software licenses, and franchises used in support of common operations,” and states the current amortization lives for such costs. Please:

- a. Identify by volume and page number each location in SDG&E’s GRC testimony and workpapers (other than pages 155-156 of SDG&E-34-WP) where SDG&E further discusses the current or proposed amortization lives for costs recorded in Account C303.00.
- b. Confirm that the shortest current amortization life for costs recorded in this account is five years.
- c. For each of the amortization lives currently authorized for this account, please provide the information set forth in the tables that appear at pages 3-5 of SDG&E-34-WP (that is, Accumulated Cost, Accumulated Reserves, Future Net Salvage, etc.). Please provide this information in a fully functioning Excel file.

Utility Response 02:

- a. SDG&E objects to this request on the grounds that it requests information that is publicly available or otherwise equally accessible to TURN. Subject to and without waiving this objection, SDG&E responds as follows. Please refer to Exhibit SDG&E-34 at MCV-12 and MCV-A-1 for a discussion of the current or proposed amortization lives for costs recorded in Account C303.00.
- b. Yes, the shortest current amortization life for costs already recorded in Account C303.00 is five years.
- c. Please refer to the following attachment: TURN-SEU-036-Q2c_Attachment 1.xlsx

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3. Do any of SoCalGas’s Test Year (TY) 2019 forecasts for O&M costs for nonshared and shared services and capital costs for the estimated years 2017, 2018, and TY 2019 include costs of any subscription-based software hosted in public or private clouds? (TURN is aware that some refer to such delivery models as “Software as a Service” or SAAS, or as “cloud based.”) If the response is anything other than an unqualified negative, please:

- a. Identify by volume and page number each location in SoCalGas’s GRC testimony and workpapers where such costs are included in the forecast.
- b. Describe with specificity the ratemaking that SoCalGas proposes for such costs (for example, O&M or capitalized; if capitalized, the life used for depreciation or amortization of the cost).
- c. Identify by volume and page number each location in SoCalGas’s GRC testimony and workpapers where the proposed ratemaking for such costs is set forth.

Utility Response 03:

3.a.

Company	GRC Witness	Capital/O&M	Testimony	GRC Wkp Grp	Workpaper	WP Page	GRC Wkp Grp Sub Title	2017	2018	2019
SCG	Olmsted	O&M	Ex. SCG-26	2IT002.00	SCG-26-WP	14 & 15	Office 365 annual subscription	0	646	1,937
SCG	Zornizer	Capital	Ex. SCG-13	00756M	SCG-26-CWP	266-273	RAMP - INCREMENTAL 19097 WebEOC App	0	533	92
SCG	DeMontigny	Capital	Ex. SCG-28	00776AI	SCG-26-CWP	866-871	19126 IAM NextGen	2,404	427	0
SCG	Willoughby	Capital	Ex. SCG-22	00776AJ	SCG-26-CWP	834-840	19129 FoF - Integrated Supplier Portal	0	2,547	0
SCG	Willoughby	Capital	Ex. SCG-22	00776X	SCG-26-CWP	841-845	84271 FoF - SUPPLY MANAGEMENT TRANS.	1,417	0	0
SCG Total								3,821	4,153	2,029

3.b. O&M costs would be expensed in the period(s) incurred. Capital SAAS/cloud costs have a 5-8 year life which is amortized over a 6-year average service life.

3c. Please see the response to 3a. for the capital projects. Additionally, please refer to the workpapers of GRC witness Mr. Moersen (Ex. SCG-35-WP) pages as follows:

Project	Page
19126 IAM NextGen	332, 365, 398
19097 WebEOC Applications Replacement	318, 351, 384
19129 FoF - Integrated Supplier Portal	332-333, 365-366, 398-399
84271 FoF - SUPPLY MANAGEMENT TRANSACTION ENABLEMENT	338, 371, 404

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4. In SCG-36-WP, at page 127, the Amortization Expense and Reserve for Account 391.30 with a 3-year Average Service Life includes an “Asset Description” for nine items. For each of the nine items for which there is an “Asset Description,” please:

- a. Provide a description that fully spells out all abbreviations and acronyms, and that would enable a lay person to adequately understand the nature of the software products represented by the “Asset Description” set forth in the table.
- b. Identify the CPUC proceeding where the utility first proposed a 3-year Average Service Life for the asset for CPUC ratemaking purposes, including a citation to each specific volume and page number that addressed the proposed Average Service Life.
- c. Describe in detail the basis for SoCalGas’s amortization of the asset rather than treating it as an O&M expense, other than its use or adoption in a prior CPUC proceeding.

Utility Response 04:

- a. The nine items listed in Exhibit SCG-36-WP at page 127, for Account 391.30 are associated with four information technology projects. Projects (work order number) may have sub-projects to facilitate system accounting processes and/or accommodate different project phases. Therefore, multiple assets numbers will be created for the same project. The table below describes each asset with the project/sub-project number, full description per project description, and a project scope summary.

S05 and SG41 are SAP order types which specify how the work order is to be processed in SAP. Information Technology is a shared service and the order type (each requiring its own sub-project in SAP) captures costs based on work provided by the different utilities (SDG&E or SoCalGas). For example, SG05 indicates that the project is a SoCalGas capital project with costs originating from SoCalGas and SG41 for costs originating from SDG&E.

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Utility Response 04 Continued:

Asset No.: 439670449 Project No.: 81416.001	Asset Description: SA: EXCHANGE UPGRADE SG41 SW CAP Shared Asset: Exchange Upgrade Software Capital (SG41)
Asset No.: 439670468 Project No.: 81416.501	Asset Description incorrectly shown as: SA: SCCM - SW (CAP) Asset Description should be: EXCHANGE UPGRADE SW SG05 Shared Asset: Exchange Upgrade Software (SG05)
Job Scope Summary: Upgrade enterprise messaging infrastructure to current technology and vendor supported versions.	
Asset No.: 431362920 Project No.: 81471.001	Asset Description: EDRP - SW PHASE I SG05 Energy Data Request Program - Software Phase I (SG05)
Asset No.: 431362929 Project No.: 81471.401	Asset Description: EDRP - SW PHASE 1 CAP SG41 Energy Data Request Program - Software Phase I Capital (SG41)
Asset No.: 443216961 Project No.: 81471.002	Asset Description: EDRP - SW PHASE 2 CAP SG05 Energy Data Request Program - Software Phase 2 (SG05)
Job Scope Summary: Create web portal and automated tracking/reporting process for third party data requests in compliance with a CPUC mandate.	
Asset No.: 455271448 Project No.: 84231.001	Asset Description: SA: MICROSOFT LICENSIN Shared Asset: Microsoft Licensing Agreement Software (SG05)
Job Scope Summary: Microsoft licensing agreement commencing September 1, 2015 through August 31, 2018.	
Asset No.: 431386444 Project No.: 81448.301	Asset Description: 3DPM WORK ORDER SKETCH PHASE NOP SW SG05 3-Dimensional Plant Maintenance Work Order Sketching Phased Notice of Operation Software (SG05)
Asset No.: 438138508 Project No.: 81448.401	Asset Description: 3DPM WORK ORDER SKETCG SW RPL - SG41 3-Dimensional Plant Maintenance Work Order Sketching Software Replacement Capital (SG41)
Asset No.: 438138499 Project No.: 81448.001	Asset Description: 3DPM WORK ORDER SKETCHING SW RPL - 3-Dimensional Plant Maintenance Work Order Sketching Software Replacment (SG05)
Job Scope Summary: Provide tools to aid in design and construction of pipelines, regulator stations, meter set assembly's (MSA), valve control stations, storage fields, compression stations and miscellaneous engineering support drawings. Note: The project description was changed from Design Engineering Software Replacement Project in December 2014.	

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Utility Response 04 Continued:

- b. These assets first appear with a three-year average service life in SoCalGas’ 2019 GRC (A.17-10-008) in Exhibit SCG-36-WP at page 127. However, the CPUC proceeding and citation where the projects associated with these assets were first proposed are listed by the 5-digit project number in the table below. The in-service date, FERC account, and amounts may vary from the time of filing and when assets are ultimately placed in service due to change in estimates.

Project Number	CPUC Proceeding	Citation
81416	SoCalGas’ 2016 GRC (A.14-11-004)	Exhibit SCG-26-R-CWP, capital workpapers to the direct testimony of Garry Yee, at page 242 project number 173. Exhibit SCG-18-R-CWP-R_IT, capital workpapers to the direct testimony of Chris Olmsted, at pages 381-385.
81471	Advice Letter: 4655-G per CUPC Ruling D.14-05-016	Advice Letter approved the memorandum account for the Energy Data Request Program (EDRP) which was not in SoCalGas’ 2016 GRC.
	SoCalGas’ 2016 GRC (A.14-11-004)	Exhibit SCG-18-R_IT, direct testimony of Chris Olmsted, at Appendix D, page 4.
	SoCalGas’ 2019 GRC (A.17-10-008)	Assets were placed in service in 2014 (Phase I) and 2015 (Phase 2) and listed in Exhibit SCG-36-R-WP, at page 127.
84231	SoCalGas’ 2019 GRC (A.17-10-008)	This project was not included in a prior GRC and first appears as a 3-year asset in Exhibit SCG-36-R-WP, at page 127.
81448	SoCalGas’ 2016 GRC (A.14-11-004)	Exhibit SCG-18-R-CWP, capital workpapers to the direct testimony of Chris Olmsted, at pages 736-739.
	SoCalGas’ 2016 GRC (A.14-11-004)	Exhibit SCG-26-R-CWP, capital workpapers to the direct testimony of Garry Yee, at page 300 and 314, project number 286 and 287.

- c. In general, costs of new plant additions that have a useful life of more than one year are capitalized. When costs of new plant additions are anticipated to have a useful life of less than one year, they are recognized as an operating and maintenance expense. All software acquired or internally developed for internal use fall within the guidelines set forth in FASB ASC 350-40, and exceed a \$500,000 threshold.

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5. Is it correct to interpret the Additions FY 2017, Additions FY 2018, and Additions FY 2019 lines of the table at page 127 of SCG-36-WP to indicate that SoCalGas does not forecast any spending on software with a 3-year Average Service Life in each of those years? If the answer is anything other than an unqualified affirmative, please identify and describe each expenditure SoCalGas forecasts for each of those years for which it proposes a 3-year Average Service Life.

Utility Response 05:

SoCalGas does not forecast any spending on software with a 3-year average service life for FY 2017, FY 2018 and FY 2019.

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6. Has SoCalGas recorded any expenditure in 2017 for which it proposes a 3-year Average Service Life? If the answer is anything other than an unqualified negative, please identify and describe each expenditure SoCalGas has recorded in 2017 for which it proposes a 3-year Average Service Life.

Utility Response 06:

No, SoCalGas has not recorded any expenditure in 2017 for which it proposes a 3-year average service life.

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7. Please confirm that SDG&E has no plant account for which its currently authorized or proposed Average Service Life is three years. If SDG&E cannot confirm this, please identify each plant account for which either it is currently authorized or has proposed an Average Service Life of three years, and identify by volume and page number each place in the utility's GRC testimony and workpapers where this Average Service Life is discussed or referenced

Utility Response 07:

SDG&E is proposing a three year Average Service Life on Account C392.10. Please refer to Exhibit SDG&E-34-R at MCV-13 and MCV-A-1 and Exhibit SDG&E-34-WP-R at pages 4, 11, and 164 for a discussion of the proposed Average Service Life on Account C392.10.