

**SAN DIEGO GAS & ELECTRIC COMPANY
SOUTHERN CALIFORNIA GAS COMPANY
NORTH-SOUTH PROJECT REVENUE REQUIREMENT
(A.13-12-013)**

(26th DATA REQUEST FROM SOUTHERN CALIFORNIA GENERATION COALITION)

QUESTION 26.1:

26.1. Regarding costs incurred to develop the North-South Project:

- 26.1.1. Do the Applicants consider the North-South Project development costs incurred to date to be covered by the revenue requirements approved in the Applicants' last general rate case?
- 26.1.2. How are the development costs split between SoCalGas and SDG&E?
- 26.1.3. If costs are being absorbed by the Applicants through their GRC-approved revenue requirement, at what point, if any, would that treatment of North-South Project development costs terminate?
- 26.1.4. If the costs are not being absorbed through the Applicants' authorized revenue requirements, how do the Applicants plan to recover the development costs?

RESPONSE 26.1:

- 26.1.1 No. SoCalGas and SDG&E are seeking recovery of the incremental revenue requirement associated with the North-South Project. None of the North-South Project's illustrated revenue requirement, as shown in Table 5 of Mr. Yee's Updated Direct Testimony, has been previously authorized.
- 26.1.2 Costs incurred to date on the North-South Project have been incurred by SoCalGas.
- 26.1.3 N/A. See Response 26.1.1
- 26.1.4 SoCalGas and SDG&E propose to include the recorded costs in the calculation of the Project's actual revenue requirement which will be included in rates upon Commission approval.

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QUESTION 26.2:

At what point would costs associated with the North-South Project begin to be recorded in the proposed North-South Infrastructure Memorandum Account (“NSIMA”)?

RESPONSE 26.2:

As stated in Mr. Ahmed’s Updated Testimony, upon Commission approval, the actual O&M costs to complete the Project will be recorded to the NSIMA when incurred, actual capital-related costs (i.e., depreciation, taxes, return) will be recorded when the assets are placed in service prior to the recovery of the revenue requirement in rates begins, and actual ongoing O&M costs incurred subsequent to the completion of the Project will be recorded when incurred.¹

¹ Updated Direct Testimony of S. Nasim Ahmed, dated November 12, 2014, page 1-2.

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QUESTION 26.3:

26.3. Regarding David Buczkowski's Updated Direct Testimony, Exhibit SCG-3, Appendices A and B, and Mr. Buczkowski's response at Transcript ("Tr.") 416, do the Applicants propose to calculate return, taxes, and depreciation on the basis of the capital costs identified by Mr. Buczkowski?

26.3.1. If the answer to the above questions is "no," please explain why.

RESPONSE 26.3:

26.3 Yes. The direct costs illustrated in Appendices A and B of Mr. Buczkowski's Updated Direct Testimony are loaded and escalated to arrive at the total fully loaded and escalated capital costs illustrated in Table 4 of Mr. Yee's Updated Direct Testimony. These fully loaded and escalated costs are then used to calculate the estimated return, taxes, and depreciation on the Project.

26.3.1 N/A

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QUESTION 26.4:

26.4. Do the Applicants agree that back-office-related costs and overhead costs should be recovered through the Administration and General (“A&G”) loader that would apply to the direct cost of the North-South Project?

26.4.1. If the answer is “no,” please explain why.

26.4.2. If the response to Question 26.4 is “yes,” please explain the mechanics by which back-office-related costs would be included in the A&G loader.

RESPONSE 26.4:

SoCalGas and SDG&E will address these questions with the understanding that “back-office-related costs and overhead costs” refers to those O&M costs presented in Table 6 of Mr. Buczkowski’s Updated Direct Testimony, and which have been described as relating to “office space and other office related costs.”²

26.4 No.

26.4.1 As stated in Mr. Yee’s Rebuttal Testimony on Ratesetting and Safety, “[d]irect charging of these incremental O&M costs, as opposed to employing an allocation methodology such as an overhead rate is far superior as there is a direct cost causation that is specifically identifiable and traceable to a source.”³ These O&M costs for office space and other office related costs can be specifically traced to the North-South Project. As such, these costs should be direct charged.

26.4.2 N/A

² Updated Direct Testimony of David Buczkowski, dated November 12, 2014, page 16.

³ Rebuttal Testimony on Ratesetting and Safety of Garry G. Yee, dated June 12, 2015, page 4.

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QUESTION 26.5:

Do the Applicants propose to recover the projected \$800,000 incremental O&M costs for the Adelanto Compressor Station without any offset for Adelanto Compressor Station O&M costs (currently, \$60,000) that are recovered through the revenue requirement authorized in general rate cases. (See Tr. 426-428)?

RESPONSE 26.5:

No. As stated in the Updated Direct Testimony of Mr. Ahmed, SoCalGas and SDG&E propose to record the incremental O&M costs to be incurred subsequent to completion of the Project in the NSIMA, and propose to amortize the NSIMA in Backbone Transportation Service rates in connection with SoCalGas' annual regulatory account balance update filings until the costs are included in the test year of a GRC.⁴ Assuming the GRC following project completion would be Test Year 2022, the revenue requirement associated with the old compressor station's O&M will be eliminated as the North-South Project is expected to be in-service by 2019. The O&M associated with the new compressor station will be included in the Test Year 2022.

⁴ Updated Direct Testimony of S. Nasim Ahmed, dated November 12, 2014, page 2.

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QUESTION 26.6:

26.6. Would the North-South Pipeline parallel Line 1185 from Adelanto to Cajon?

26.6.1. If the answer to the above question is “yes,” please explain whether the North-South Project would utilize the same right-of-way as Line 1185.

26.6.2. If the answer to Question 26.6 is “no,” please identify the degree of proximity of the North-South Project to Line 1185 and explain the right-of-way that would be utilized. See Tr. 495.

RESPONSE 26.6:

SoCalGas objects to this question on the grounds that it seeks confidential system information. It would potentially compromise security and public safety to make this information public. Without waiving this objection, and subject thereto, SoCalGas responds as follows: The North-South Pipeline anticipates utilizing portions of existing pipeline right-of-way where there is no public roadway available. Existing pipeline right-of-way agreements would need to be amended or new easements acquired to provide additional width along these areas.

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QUESTION 26.7:

- 26.7. Is the point at which Line 1185 connects with Line 4000 called “Cajon” by the Applicants?
- 26.7.1. If the answer to the above question is “no,” please explain what the Applicants mean when they refer to “Cajon.”
- 26.7.2. If the answer to Question 26.7 is “no,” please identify the point of interconnection.

RESPONSE 26.7:

- 26.7 SoCalGas objects to this question on the grounds that it seeks confidential system information. It would potentially compromise security and public safety to make this information public.
- 26.7.1 N/A
- 26.7.2 N/A

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QUESTION 26.8:

Please identify the upstream pipelines with which Line 4002 interconnects and identify the points of interconnection.

RESPONSE 26.8:

Please refer to Response 26.7 of this data request.

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QUESTION 26.9:

26.9. Does Line 4002 loop Line 4000?

26.9.1. If so, what is the capacity of the looped system?

26.9.2. If so, what is the capacity of Line 4000 upstream of the looped

RESPONSE 26.9:

26.9 Please refer to Response 26.7 of this data request.

26.9.1 Please refer to Response 26.7 of this data request.

26.9.1 Please refer to Response 26.7 of this data request..

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QUESTION 26.10:

26.10. Would the North-South Pipeline utilize the right-of-way of either Line 4000 or Line 4002 though the Cajon Pass?

26.10.1. If the answer to the above question is “yes,” would the North-South Pipeline utilize Line 4000 right-of-way or Line 4002 right-of-way?

26.10.2. If the answer to the above question is “no,” please identify the right-of-way that the North-South Project would utilize through the Cajon Pass.

RESPONSE 26.10:

SoCalGas objects to this question on the grounds that it seeks confidential system information. It would potentially compromise security and public safety to make this information public. Without waiving this objection, and subject thereto, SoCalGas responds as follows: SoCalGas will obtain a Special Use Permit in the San Bernardino National Forest from the U.S. Forest Service, amend existing easements or acquire new easements for privately owned land required by the pipeline and locate the pipeline in the public rights of way of U.S. Highway 66 and Cajon Blvd at the southern end of the Cajon Pass.

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QUESTION 26.11:

What is the approximate mileage of the North-South Pipeline from the point at which the North-South Pipeline would cease to parallel Line 4000 or Line 4002 to proceed southeast through San Bernardino to the Moreno Compressor Station?

RESPONSE 26.11:

Please refer to Response 26.7 of this data request.

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QUESTION 26.12:

Please provide the mileage for Line 4000 and for Line 4002 from the point at which the North-South Pipeline would deviate from paralleling Lines 4000 and 4002 to the Chino Station.

RESPONSE 26.12:

Please refer to Response 26.7 of this data request.

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QUESTION 26.13:

Please provide the mileage on Line 2001 from Chino to the Moreno Compressor Station.

RESPONSE 26.13:

Please refer to Response 26.7 of this data request.

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QUESTION 26.14:

Regarding David Buczkowski’s Updated Direct Testimony, SCG-3, Appendices A and B, please provide the contingency factors for Material Costs, Construction Costs, and Other Costs for both the North-South Pipeline and for the Adelanto Compressor Station.

RESPONSE 26.14:

Adelanto to Moreno Pipeline

	Totals from Appendix A (\$Million)	Contingency (%)
Material Cost	92.8	4.9
Construction Cost	270.4	16.1
Other Costs	121.5	15.2
Table 2 Summary	484.5	13.5

Note: Numbers may not add due to rounding

Adelanto Compressor Station

	Totals from Appendix A (\$Million)	Contingency (%)
Material Cost	80.5	15.0
Construction Cost	30.4	15.0
Other Costs*	26.0	13.6
Table 2 Summary	136.8	14.7

Note: Numbers may not add due to rounding

* 15% Contingency applied at project level with exception of 8% Contingency used for company labor

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QUESTION 26.15:

26.15. Have the Applicants considered looping Line 1185 from the Adelanto Compressor Station to where Line 1185 connects with Line 4000?

26.15.1. If so, please identify the diameter of the line that would loop Line 1185, the amount by which the capacity of Line 1185 would be increased, and the cost of the looping.

RESPONSE 26.15:

The Adelanto-Moreno Pipeline proposed as part of the North-South Project in this application “loops” Line 1185. SoCalGas and SDG&E have proposed a 36-inch diameter pipeline with an 800 MMcfd nominal capacity for this component of the North-South Project. Costs for just this segment of the North-South Project are unavailable.

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QUESTION 26.16:

26.16. Have the Applicants investigated the possibility of looping Line 4000 from Newberry to the interconnection with Line 1185?

26.16.1. If so, please identify diameter of the line that would loop Line 1185, the amount by which the capacity Line 4000 would be increased, and the cost of the looping.

RESPONSE 26.16:

26.16 No.

26.16.1 N/A

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QUESTION 26.17:

26.17. Have the Applicants investigated looping Line 4000 from the interconnection between Line 4000 and Line 1185 to Chino?

26.17.1. If so, please identify the diameter of the line that would loop Line 4000, the amount by which capacity Line 4000 would be increased, and the cost of the looping.

RESPONSE 26.17:

26.17 No.

26.17.1 N/A

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QUESTION 26.18:

26.18. Have the Applicants investigated looping Line 4002 from the upstream interconnection with Line 1185 or Line 4000 to Chino?

26.18.1. If so, please identify the diameter of the line that would loop Line 4002, the amount by which capacity Line 4002 would be increased, and the cost of the looping.

RESPONSE 26.18:

26.18 No.

26.18.1 N/A