

**OIR ON THE COMMISSION'S OWN MOTION TO ADOPT NEW SAFETY AND  
RELIABILITY REGULATIONS FOR NATURAL GAS TRANSMISSION AND  
DISTRIBUTION PIPELINES AND RELATED RATEMAKING MECHANISMS  
(R.11-02-019)**

**(Response to Motion to Compel- SCGC)**

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*From Motion to Compel*

SCGC respectfully requests that the Commission grant this motion to compel SoCalGas/SDG&E to provide a breakdown of the PSEP transmission revenue requirements between backbone transmission and local transmission for periods 1(A) and (B) for both the Proposed Case and the Base Case as requested in SCGC's data requests questions 2.1 through 2.4 on September 13, 2011.

- 2.1 Please provide a breakdown in dollars between the backbone and local transmission systems (as defined in the tables below) of the revenue requirement associated with all pipeline safety enhancement work proposed in this application to take place during Phase 1A under the Proposed Case.
- 2.2 Please provide a breakdown in dollars between the backbone and local transmission systems (as defined in the tables below) of the revenue requirement associated with all pipeline safety enhancement work proposed in this application to take place during Phase 1A under the Base Case.
- 2.3 Please provide a breakdown in dollars between the backbone and local transmission systems (as defined in the tables below) of the revenue requirement associated with all pipeline safety enhancement work proposed in this application to take place during Phase 1B under the Proposed Case.
- 2.4 Please provide a breakdown in dollars between the backbone and local transmission systems (as defined in the tables below) of the revenue requirement associated with all pipeline safety enhancement work proposed in this application to take place during Phase 1B under the Base Case.

**Response:**

SoCalGas and SDG&E apply FERC's definition of storage, distribution and transmission for utility accounting and ratemaking purposes. There is no officially recognized CPUC classification of SoCalGas' pipelines into backbone and local transmission assets. In the upcoming TCAP, SoCalGas proposed the classification of gas transmission pipelines into these two categories. Appendix D of Ms. Fung's testimony in A.11-11-002 lists which SoCalGas transmission pipelines are categorized as backbone or local transmission.<sup>1</sup> As also noted in Ms. Fung's testimony, SDG&E's entire gas transmission system is categorized as backbone.

Using Appendix D and the workpapers from this proceeding, SoCalGas and SDG&E were able to assign those SoCalGas transmission costs attributed directly to a specific pipeline to either the backbone or local transmission category. All other costs that could not be directly attributed to a specific pipeline, either because it was for a non-pipeline asset (such as the Enterprise Polling System) or because SoCalGas/SDG&E's plans have not yet been fully developed, were categorized as "uncategorized" transmission

<sup>1</sup> A few pipelines have both backbone and local transmission parts. SoCalGas/SDG&E have previously provided to SCGC in Data Request 8 of this proceeding the point at which these pipelines transition from backbone to local transmission.

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costs. Those costs that could be split into backbone and local transmission components were:

- Pipeline replacement, testing, and ILLI;
- Construction fabrication threats;
- Interim safety enhancement measures;
- Base valve work;
- Automatic shutoff valve to remote control valve;
- Communications for 100 automated shutoff valves; and
- 20 large meter sites.

Tables 1 and 2 summarize the direct cost breakdown by function.

**Table 1: Direct Capital Costs for Pipeline Safety Enhancement Plan by Function**  
(in millions of 2011 dollars)

	Phase 1A					Phase 1B					Total	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021
<b>Proposed Case</b>												
SDG&E - Distribution	-	22.78	59.14	59.27	59.22	3.83	3.87	3.86	3.71	3.71	3.71	223.09
SDG&E - Backbone Transmission	-	7.62	7.43	6.66	6.54	108.29	108.41	108.39	2.22	2.22	2.22	359.97
SoCalGas - Distribution	-	81.75	211.71	211.79	212.05	81.20	80.82	78.47	77.54	77.54	77.54	1,190.41
SoCalGas - Backbone Transmission	-	35.59	62.11	62.89	62.89	50.12	50.12	50.12	31.22	31.32	31.54	467.91
SoCalGas - Local Transmission	-	29.48	57.17	58.00	58.00	52.67	52.67	52.67	32.61	32.72	32.95	458.93
SoCalGas - Uncategorized Transmission	-	12.94	14.29	6.71	5.84	16.77	17.64	17.48	16.77	16.77	16.78	141.99
<b>Base Case</b>												
SDG&E - Distribution	-	22.41	58.72	59.19	59.19	3.80	3.80	3.80	3.68	3.68	3.68	221.95
SDG&E - Backbone Transmission	-	5.88	5.51	5.78	5.78	108.10	108.10	108.10	2.02	2.02	2.02	353.31
SoCalGas - Distribution	-	79.10	208.61	211.23	211.83	8.58	7.91	5.60	4.91	4.91	4.91	747.60
SoCalGas - Backbone Transmission	-	10.44	11.81	12.59	12.59	11.31	11.31	11.31	11.31	11.41	11.63	115.71
SoCalGas - Local Transmission	-	26.08	50.39	51.22	51.22	12.12	12.12	12.12	12.12	12.24	12.46	252.09
SoCalGas - Uncategorized Transmission	-	0.29	0.32	0.34	0.34	0.32	0.32	0.32	0.32	0.32	0.33	3.20

**Table 2: Direct O&M Costs for Pipeline Safety Enhancement Plan by Function**  
(in millions of 2011 dollars)

	Phase 1A					Phase 1B					Total	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021
<b>Proposed Case</b>												
SDG&E - Distribution	0.67	0.54	0.16	0.24	0.24	0.15	0.15	0.16	0.16	0.17	0.17	2.81
SDG&E - Backbone Transmission	0.20	0.55	0.06	4.52	0.22	0.22	0.24	0.25	10.35	0.28	0.29	17.18
SoCalGas - Distribution	0.75	1.68	1.04	1.17	1.29	0.56	1.17	1.19	1.11	1.12	1.13	12.22
SoCalGas - Backbone Transmission	0.09	22.79	30.39	30.42	30.41	0.11	0.12	0.13	0.15	0.16	0.17	114.94
SoCalGas - Local Transmission	0.04	24.35	32.47	32.50	32.49	0.08	0.09	0.10	0.11	0.12	0.14	122.51
SoCalGas - Uncategorized Transmission	5.04	10.18	0.71	1.50	1.59	1.31	1.39	1.47	1.55	1.63	1.71	28.06
<b>Base Case</b>												
SDG&E - Distribution	0.67	0.53	0.15	0.22	0.22	0.13	0.13	0.13	0.14	0.14	0.14	2.60
SDG&E - Backbone Transmission	0.20	0.11	0.03	4.43	0.13	0.14	0.15	0.16	10.25	0.18	0.19	15.97
SoCalGas - Distribution	0.75	1.61	0.98	1.00	1.12	0.40	1.00	1.01	0.93	0.94	0.95	10.69
SoCalGas - Backbone Transmission	0.09	22.79	30.39	30.42	30.41	0.11	0.12	0.13	0.15	0.16	0.17	114.94
SoCalGas - Local Transmission	0.04	24.35	32.47	32.50	32.49	0.08	0.09	0.10	0.11	0.12	0.14	122.51
SoCalGas - Uncategorized Transmission	5.04	3.81	0.46	0.87	0.93	0.68	0.74	0.80	0.87	0.93	0.99	16.13

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As mentioned above, a small percentage of transmission-related expenditures cannot at this time be identified as either backbone or local transmission (uncategorized transmission costs). Therefore, Table 3 assumes that the annual revenue requirement associated with uncategorized transmission is split among the backbone and local transmission PSEP revenue requirements in the same annual proportion as the annual revenue requirements of the known backbone and local transmission expenditures. Estimates of the revenue requirement by function and by phase are provided in Table 3.

**Table 3: Revenue Requirements for Pipeline Safety Enhancement Plan by Phase and Function**  
(in millions of dollars, nominal)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 +	Total
<b>Phase 1A Proposed Case</b>														
SDG&E - Distribution	0.71	0.34	4.40	16.13	26.92	37.66	35.87	34.67	33.35	32.27	31.22	30.20	459.90	743.62
SDG&E - Backbone Transmission	0.22	0.01	0.79	8.40	3.81	6.22	5.82	5.18	4.47	4.32	4.17	4.03	77.71	125.14
SoCalGas - Distribution	0.86	0.16	16.33	61.49	102.26	142.51	135.57	130.18	124.32	120.01	115.84	111.78	1,313.73	2,375.05
SoCalGas - Backbone Transmission	3.69	27.97	41.42	60.21	72.43	46.34	44.09	40.90	37.44	36.21	35.01	33.83	687.18	1,166.11
SoCalGas - Local Transmission	1.81	29.61	42.47	60.60	72.00	42.38	40.32	37.41	34.24	33.11	32.01	30.94	628.17	1,085.68
<b>Phase 1B Proposed Case</b>														
SDG&E - Distribution	-	-	-	-	-	0.26	1.08	1.93	2.78	3.55	4.33	4.78	81.84	100.55
SDG&E - Backbone Transmission	-	-	-	-	-	0.37	21.79	41.93	76.11	60.08	58.94	56.92	1,140.68	1,456.82
SoCalGas - Distribution	-	-	-	-	-	0.83	19.71	37.10	53.96	70.27	86.50	101.37	1,428.62	1,798.37
SoCalGas - Backbone Transmission	-	-	-	-	-	1.46	13.11	24.87	37.03	44.34	52.03	57.94	1,231.87	1,462.47
SoCalGas - Local Transmission	-	-	-	-	-	1.07	13.55	25.76	38.36	45.89	53.81	60.00	1,275.58	1,514.21
<b>Phase 1A Base Case</b>														
SDG&E - Distribution	0.71	0.61	4.45	15.63	26.47	37.25	35.49	34.47	33.33	32.25	31.20	30.18	459.62	741.65
SDG&E - Backbone Transmission	0.22	0.37	0.82	6.68	2.09	4.58	4.25	4.16	4.01	3.88	3.75	3.62	69.94	108.36
SoCalGas - Distribution	0.86	2.15	16.64	57.78	98.84	139.47	132.68	128.63	124.16	119.86	115.70	111.64	1,312.10	2,360.50
SoCalGas - Backbone Transmission	3.69	27.47	37.00	40.48	43.83	8.77	8.37	8.13	7.85	7.60	7.34	7.09	143.48	347.84
SoCalGas - Local Transmission	1.81	29.07	41.90	52.43	62.77	32.36	30.80	29.95	28.94	27.99	27.07	26.16	531.17	925.68
<b>Phase 1B Base Case</b>														
SDG&E - Distribution	-	-	-	-	-	0.22	1.07	1.87	2.68	3.45	4.22	4.71	81.22	99.44
SDG&E - Backbone Transmission	-	-	-	-	-	0.23	21.70	41.70	75.71	59.65	58.47	56.60	1,136.11	1,450.15
SoCalGas - Distribution	-	-	-	-	-	0.55	3.33	5.12	6.23	7.29	8.35	8.00	111.83	150.71
SoCalGas - Backbone Transmission	-	-	-	-	-	0.86	3.28	5.65	8.05	10.46	12.89	14.16	303.64	358.86
SoCalGas - Local Transmission	-	-	-	-	-	0.63	3.44	5.98	8.57	11.15	13.76	15.23	326.48	385.38

*One should note that due to assumptions made in our revenue requirement model, modeling the cases by subgroups and phases yields slightly different AFUDC results and working cash requirements and thus creates minor differences in estimated revenue requirement; therefore, the revenue requirement provided herein does not exactly tie to the revenue requirement as filed in the amendment.*