

TURN DATA REQUEST-014
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 8, 2018
DATE RESPONDED: FEBRUARY 27, 2018

The following questions relate to SDG&E-15, electric distribution O&M. “Workpapers” relate to the relevant workpapers for this Chapter, “SDG&E-15-WP WSpeer.”

1. Regarding SDG&E’s response to DR-TURN-04, Excel attachment to question 3c:
 - a. Please confirm that the sum of each column (e.g. “2012 GRC Funding,” etc.) represents the total authorized amount for electric distribution O&M in the respective years. If not, please provide the total authorized amount for each year listed in the spreadsheet (2012-2017).
 - b. Please explain why D. 16-06-054 at page 69 authorizes \$126.7 million for TY 2016 electric distribution O&M, but the total of this spreadsheet column is \$128.9 million.

SDG&E Response 01:

- a. Correct. Each column does represent the total authorized amount for electric distribution O&M.
- b. D.16-06-054, “DECISION ADDRESSING THE GENERAL RATE CASES OF SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY AND THE PROPOSED SETTLEMENTS” at page 69 authorizes \$126.760 million (in 2016\$) for Electric Distribution O&M costs for the test year 2016. The discrepancy is the net result of three workpapers that were part of the 2016 decision but are not part of the 2019 filing, plus the inclusion of the maximum penalty of \$3M for the Electric Reliability Performance Measure in the \$126.7M figure on page 69. Specifically, the total of value for TY 2016 of the workpapers that encompass the TY 2019 filing is \$128.9. Three workpapers were part of the TY 2016 decision, but are not official workpapers in the TY 2019 filing and thus not part of the Excel attachment. These workpapers were:
 - Technology Innovation & Development (pg. 61-62 of the Decision)- \$.4M
 - Information Management & Support (pg. 66 of the Decision)- \$.2M
 - Administrative & Management (pg. 68 of the Decision)- \$.324M

Collectively, these total \$.924M. Adding these amounts to the \$128.9M on the Excel attachment brings the total to \$129.8M. Backing out the Electric Reliability Performance Measures Maximum of \$3M (pgs. 64-66 of the Decision) brings the total down to \$126.8M figure in the Decision.

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2. Regarding page 15 of the workpapers:
 - a. Please explain why 2016 costs are used to determine a “base forecast” to TY 2019 rather than an average of 2012-2016 historical costs.
 - b. Please provide a quantitative cost estimate and accompanying explanation for each activity that results in an incremental cost increase from the “base forecast” to TY 2019.

SDG&E Response 02:

- a. The Base forecast was used because the FiRM project began in 2014, underwent a ramping-up period, and then went into full production in 2015 and 2016. Because the FiRM program is expected to continue at the current pace through TY 2019, the base year was a better estimate of future expenses, as it includes the upward pressures caused by the FiRM project, where 2012-2014 did not.
- b. Please see attached file TURN-SEU-014-Q2b.

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3. Regarding page 35 of the workpapers:
 - a. Please provide this workpaper in Excel.
 - b. Please provide a definition and explanation of “FMO Switch” versus “non-FMO switch.”
 - c. Please provide all support, justification, and workpapers for the following assumptions under overhead switch replacement:
 - i. “75% of switches can be replaced.”
 - ii. “75% of FMO switches require proactive replacement.”
 - iii. “Inspect 100% of non-FMO switches”
 - iv. “Assume 20% of non-FMO switches will require replacement after inspection.”
 - d. Please provide all support, justification, and workpapers for the following assumptions under underground switch replacement:
 - i. “50% of FMO switches require proactive replacement.”
 - ii. “Inspect 100% of non-FMO switches.”
 - iii. “Assume 20% of non-FMO switches will require replacement.”

SDG&E Response 03:

a. Please see accompanying spreadsheet TURN-SEU-014 Q3a.xlsx.

b. FMO stands for “Field Maintenance Only”. Field Maintenance Only switches are the legacy assets SDG&E owns that are no longer purchased. These items have become obsolete, and SDG&E’s standards call for a new make or model switch to be purchased and installed for all new installations.

A non-FMO switch refers to an asset that is still being purchased per SDG&E’s standards for new installations.

c. All percentages were estimated utilizing inputs from qualified electrical workers and engineers who have worked directly with these switches. Upon inspection of the switches, the actions taken will vary, ranging from not requiring any work to a full replacement of the switch.

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4. Regarding Emergency Management, budget code 1ED027.000:
 - a. Please provide a list of activities and corresponding dollar amounts spent embedded in 2016 costs for this activity (total of \$2.5 million, page 267 of workpapers).
 - b. Please identify and provide a list of costs that are incremental to the 2016 cost that form the basis of the increase to TY 2019. Please provide an explanation for what each cost is and why it is necessary.

SDG&E Response 04:

- a. The \$2.5M spend in 2016 consists of ongoing O&M expenses required for operations of the Emergency Management activities. Specifically, major areas of outlays are as follows:
 - \$1.2M in Emergency Services activities including but not limited to Emergency Operations Center activations, training, program development
 - \$873k in fire coordination activities
 - \$430k in meteorology activities
- b. A breakdown of incremental costs for TY2019 can be found within workpaper 1ED027.000, pages 272-272. Additional information can also be found in the supplemental workpapers on pages 298-300.

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5. Regarding Distribution and Engineering costs (1ED018.000):
 - a. Please explain why PRiME costs are included in this budget category when they are included in other O&M budget categories. Please explain why these costs do not overlap with other O&M budget categories.
 - b. Regarding page 201 of the workpapers:
 - i. Please provide these tables in Excel with working cells.
 - ii. Please explain and provide supporting workpapers for how the 27% O&M split in the first table was derived.
 - iii. Please explain and provide supporting workpapers for how the 10% O&M split in the second table was derived.
 - c. Regarding page 202 of the workpapers, please explain what the CALSEIA sponsorship represents and why this cost is necessary.
 - d. Regarding 202 of the workpapers, please provide all studies and estimates for the expected impact of the “Increased Outreach Program.”
 - e. Regarding 202 of the workpapers, please indicate the number of people SDG&E expects to reach from each activity listed on this workpapers. Please provide this list as well as each cost amount in Excel.

SDG&E Response 05:

a. PRiME costs are spread across two different workgroups, 1ED002 - Construction Services and 1ED018 – Distribution and Engineering. The costs were placed in these groups, as these are the workgroups that are expected to incur the costs of the project.
1ED002 – Construction Services will incur the costs for the contracted construction associated with replacing or rearranging poles.
1ED018 – Distribution and Engineering will incur the costs for the engineering support to perform the pole loading calculations and create the detailed design for replacing or rearranging poles.

b i Please see accompanying spreadsheet TURN-SEU-014 Q5bi.xlsx.

b ii The engineering O&M split will equal the construction O&M split based on construction activities. The 27% O&M split for engineering was estimated by using an average construction O&M split from a program with similar construction activities as those anticipated on the PRiME Program.

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SDG&E Response 05 Continued:

b iii. The Internal labor position will manage several areas of the PRiME Program not directly related to construction activities. The 10% O&M split for the Project Manager position was based on a split from an SDG&E Program that had similar Project Manager activities to that of the future PRiME Project Manager position.

c. There is a San Diego chapter of the California Solar Energy Industries Association (CALSEIA). To reach solar contractors in our service area, a sponsorship investment is proposed. This would give SDG&E access to association members at hosted events throughout a calendar year. SDG&E can educate solar contractors about the dangers of reverse power flow and system backfeed. Sponsorship would permit SDG&E to strengthen its safety message to solar industry contractors.

d. The estimates provided are based on historical costs and tactics done for other educational and awareness efforts. For example, an awareness effort was done in 2016 for Renewable Meter Adapters. The target audience – homeowners and solar contractors – was similar. The digital advertising estimate is based on what was spent in one quarter (six weeks). Videos, as another example, – depending on length and production company – can cost up to \$65K to produce.

e. Please see accompanying spreadsheet TURN-SEU-014 Q5e.xlsx.