**UCAN's questions for SDG&E witness Calabrese.**

UCAN's questions primarily concern Mr. Calabrese's answer to UCAN's Data Request DR -02, questions 8 & 9. For reference Mr. Calabrese's responses to questions 8 & 9 of UCAN DR-02 are reprinted below following the list of questions for Mr. Calabrese.

1. Please explain what SDG&E includes and how SDG&E defines the term "overhead rate" as used in SDG&E's response to UCAN DR-02, Q, 9

2. Please explain how SDG&E sets its overhead rate for different accounts.

3. Please explain the statement in DR- 02, Q 9 "The overheads applied to the capitalized Level 2 charger costs are 48.9%." Does this mean that the overhead rate to obtain the Level 2 chargers is 48% of total costs allocated for the level 2 charger?

4. In SDG&E's answer to UCAN DR-02, Q. 9 it also notes that the overheads applied to the capitalized labor of $1,425 are 5.0%. Does this mean that SDG&E is charging a 5% overhead rate for labor to install the level 2 chargers?

A. For how many years will SDG&E charge an overhead rate to the capitalized labor used to install level 2 chargers in people's homes?

4. In Mr. Calabrese's rebuttal testimony at page MAC -1 he notes that:

*SDG&E is requesting that the Commission approve in this proceeding: (1) direct capital and O&M costs of $241.8 million (as shown in Table MAC-3 and loaded and escalated to $341.6 million as shown in Table MAC-6 and (2) the associated revenue requirement currently estimated to be $211.7 million (as shown in Appendix A).*

1. Does SDG&E’s estimate that the direct costs of $241.8 million will increase to $341.6 million when including escalation and loaders represent the costs SDG&E estimates for overhead? If not, please explain what the extra $100.2 million represents.
2. Regarding the associated increase in the revenue requirement of $211.7 mentioned by Mr. Calabrese in his testimony (and as shown in Appendix A to his testimony) does this $211.7 represent only 6 years for the life of this program, i.e., the years 2019 to 2025 and for the projected life of this program, (projected in Appendix A to be to 2050), an increase of $750,266,000?

5. Please explain the meaning of the following statement as used in SDG&E's response to UCAN DR-02, Q. 9: "Escalation percentages also are applied and compounded monthly". SDG&E's response then provides a forecast of escalation rates to 2025. Does SDG&E's forecast mean that in addition to the overhead rate collected by SDG&E that the utility is anticipating a 3% escalation, compounded monthly, until 2025 to their overhead rates?

6. Why does SDG&E forecast, as shown in SDG&E’s answer to UCAN DR-02, Q. 9, an approximately 3% escalation for labor and capital for this program from 2020 to 2015?

**UCAN DATA REQUEST DR-02, QUESTION S 8 AND 9 AND SDG&E'S RESPONSES.**

SDG&E responded to those questions as follows:

8. Does the amount SDG&E has estimated for the Level 2 charger costs, installation costs and permitting fees include funds to cover other costs i.e., an allocation of fixed corporate or other overheads, e.g., A&G? If you included an allocation of overhead or other fixed costs, were these incremental costs associated with the incremental EVs purchased or an allocation of total overhead costs?

**SDG&E Response:**

Please see the response to Question #9.

9. Please list the overhead and other fixed costs included in the SDG&E Level 2 charger cost, if any? Please identify the relevant cost driver, e.g., number of employees, kWh energy, revenues, etc.?

**SDG&E Response:**

The overheads applied to the capitalized Level 2 charger costs are 48.9%. (See attached worksheet “UCAN Data Response for Q8 and Q9” and the tab labeled “Master Esc & Loader” Col. E Row 29). This overhead rate is applied to Contracted Electric Vehicle Equipment & Installation costs. It includes services which are provided by electric distribution, Purchasing, and administrative and general group functions. Escalation percentages also are applied and compounded monthly. Please refer to the worksheet tab “Residential RR Input” Row 58 labeled Escalation Percentage for escalation percentages identified below, and row 75 Escalator Multiplier for monthly compounded escalation percentages.

Escalation

Year Percentage Compounded

2020 2.95% see worksheet

2021 3.00% see worksheet

2022 3.02% ““

2023 3.01% “ “

2024 2.97% “ “

2025 3.00% “ “

The overheads applied to the capitalized labor of $1,425 are 5.0%. (See attached worksheet “UCAN Data Response for Q8 and Q9” and the tab labeled “Master Esc. & Loaders” Col. E Row 30). This overhead rate is applied to contracted engineering, design, and permitting. It includes services which are provided by administrative and general group functions, and Purchasing. Annual Escalation percentages also are applied and compounded monthly. Please refer to the worksheet tab “Residential RR Input” Row 58 labeled Escalation Percentage for escalation percentages identified below, and row 75 Escalator Multiplier for monthly compounded escalation percentages.

**Escalation**

Year Percentage Compounded

2020 2.95% see worksheet

2021 3.00% see worksheet

2022 3.02% “ “

2023 3.01% “ “

2024 2.97% “ “

2025 3.00% “ “