**A.14-11-003 and A.14-11-004 Sempra Utilities’ 2016 TY GRC**

**TURN Data Request**

**Data Request Number:** TURN-SDGE-11 (Employee Pensions)

**Date Sent:** April 16, 2015

**Response Due:** April 30, 2015

Please provide an electronic response to the following questions. A hard copy response is unnecessary. The response should be provided on a CD sent by mail or as attachments sent by e-mail to the following:

|  |  |  |
| --- | --- | --- |
| Bob Finkelstein  The Utility Reform Network (TURN)  785 Market Street, Suite 1400  San Francisco, CA 94103  [bfinkelstein@turn.org](mailto:bfinkelstein@turn.org) | Garrick Jones  JBS Energy  311 D Street, Suite A  West Sacramento, CA 95605  [garrick@jbsenergy.com](mailto:garrick@jbsenergy.com) |  |

For each question, please provide the name of each person who materially contributed to the preparation of the response. If different, please also identify the Sempra Utilities witness who would be prepared to respond to cross-examination questions regarding the response.

For any questions requesting numerical recorded data, please provide all responses in working Excel spreadsheet format if so available, with cells and formulae functioning.

For any question requesting documents, please interpret the term broadly to include any and all hard copy or electronic documents or records in the possession of either of the Sempra Utilities.

**SDG&E-23 – Pension and PBOP**

1. Regarding the Summary of Results table on p. 5 of the workpapers for SDG&E-23:
   1. Please identify Employee Pension recorded values (in thousands of 2013$) for 2003-2008, inclusive on the same basis as the data reported in the table.
   2. Please provide a detailed explanation of why the 2015 and 2016 forecasts are zero.
   3. SoCalGas appears to forecast an expense of $82.090 million for the Employee Pension category in 2016 (Table 1 in Ex. SCG-22, p. DS-3). Please identify and explain each of reasons behind the difference between SoCalGas’s and SDG&E’s forecasts.
   4. Please reconcile the apparent differences between the forecasted values stated in the workpapers (i.e., 48.660 million in 2014, $0 in 2015, and $0 million in 2016, the last of which is also stated in Table 1 on p. DS-3 of the testimony), and values included in Chart 4 of the testimony and Sheet SDG&E-23 in ‘ORA Request 4\_B summary SDG&E.xlsb’ (i.e., $58.410 in 2014, $24.010 million in 2015, and $42.440 million in 2016). Which source, if any, has the correct values, and which has SDG&E included in its RO Model in its request for this case? If the information in the two sources is correct for the context in which they are presented, please explain in detail the basis for the information in each source such that TURN might understand the reason for the difference.
   5. If the values from Chart 4 of the testimony and Sheet SDG&E-23 in ‘ORA Request 4\_B summary SDG&E.xlsb’ are those that SDG&E intended to include for Employee Pensions does SDG&E continue to believe that the forecast for 2015 and 2016 are the best estimate of the likely expenses in those years, given that the 2014 recorded value is 47.848 million? If so, why? If not, why not and what is a better estimate and why?
2. Please identify the recorded, 2014 values for Chart 2 on p. DS-5 of the testimony at SDG&E-23.
3. Regarding Chart 3 on p. DS-6 of SDG&E-23, please extend the chart to include SDG&E’s assumptions for 2012 and 2013 for each of the items in the chart’s legend.
4. At p. DS-7 (lines 1-5) of SDG&E-23, SDG&E states:  
     
   “The 2013 EIR was 6.24%, which is only slightly higher than the projected 6.02% [effective interest rate (EIR)] for 2016 under HATFA. However, both are significantly higher than the 4.34% EIR projected in 2023. Higher EIRs resulted in lower required minimum contribution for 2012 and 2013 as noted in Chart 4 below. Assuming all other variables are constant, a reduction in EIR would increase minimum required contributions.”
   1. Does SDG&E’s 2016 Employee Pension expense forecast align with its expectations of the EIR in 2015 and 2016? If not, why not and what would be the 2016 Employee Pension expense expectation if were to align with SDG&E’s expectations for the 2015 and 2016 EIRs?
   2. Is SDG&E’s 2016 Employee Pension expense based in part on the PPA funding requirement in 2021? In other words, would the forecasted expense be higher if the PPA requirement in 2021 was higher, or is the expense based solely on 2016 assumptions and requirements? Please explain.
5. Please assume for purposes of this question that neither the 21st Century Act (MAP-21) nor the Highway and Transportation Funding Act (HATFA) had been enacted.
   1. Identify the amounts that SDG&E would have contributed to Employee Pension in each year, 2012-2014, had it faced a minimum contribution consistent with the EIRs assumed under the Pension Protection Act of 2006 (PPA).
   2. Had SDG&E made the contributions that were consistent with the PPA, please estimate the annual contributions that would have been necessary in 2015-2023 to achieve minimum PPA funding in each year.
6. Please assume for purposes of this question that the Highway and Transportation Funding Act (HATFA) had not been enacted (but that the 21st Century Act (MAP-21) was enacted).
   1. Identify the amounts that SDG&E would have contributed to Employee Pension in each year, 2012-2014, had it faced a minimum contribution consistent with the EIRs assumed under the MAP-21.
   2. Had SDG&E made the contributions that were consistent with the PPA (in the hypothetical absence of the MAP-21), please estimate the annual contributions that would have been necessary in 2015-2023 to achieve minimum MAP-21 or PPA funding (i.e., whichever is relevant in the given year) in each year.
7. Please provide a copy of the Towers Watson’s analysis that supports SDG&E’s forecasts.
8. Regarding Chart 5 on p. DS-8 of SDG&E-23, please update it to include the 2014 value (based on recorded data).
9. Regarding Table 2 on p. DS-9 of SDG&E-23, please provide the actual values for 2014 (i.e., the entire year).
10. Please provide a copy of the Actuarial Valuation Reports for both the Pension and PBOP plans for the plan year beginning January 1, 2014.
11. Please provide updated versions of the tables found on pages 11, 12, 21, and 22 of SDG&E-23-WP.
12. Assume for purposes of this question that for purposes of the development of the authorized revenue requirement for the 2016 test year the Commission adopts a lower employee count for 2016 than is assumed by SDG&E for purposes of its pension-related actuarial analysis. Please describe the process that SDG&E will use to adjust the Employee Pension forecast to reflect the lower forecast of employee count. If SDG&E has no such process in place, please explain why it does not.