

**DRA DATA REQUEST
SDG&E SONGS – I.12-10-013
DRA-DR-002**

DATE RECEIVED: December 21, 2012

DATE RESPONDED: January 7, 2013

Subject: SDG&E Testimony Regarding Proposed Rate Adjustments, SONGS 2 & 3, December 17, 201

Question 1: Referring to p. 6, ln. 6, please provide a copy of Advice Letter 2302-E.

SDG&E Response Q1:

See attached, the Advice Letter 2302-E.



2302-E.pdf

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Question 2: Page 6, lns. 11-12 states “SCE had forecasted two refueling outages in 2012 for a total of \$28.7 million.” (a) Please provide workpapers supporting the \$28.7 million figure. (b) Please provide workpapers on SDG&E’s actual 2012 refueling outage costs.

SDG&E Partial Response Q2a:

- a. Attached are two files. One file is the preliminary statement from SDG&E’s Non-fuel Generation Balancing Account that authorized “Year 2010 and 2011 revenue requirements shall be subject to increases of 4.25% and 4.35% respectively, consistent with the PTYR mechanism adopted in D.09-03-025. Pursuant to D.09-03-025, the utility is authorized to recover \$13.36 million (2009 dollars), \$13.92 million (2010 dollars), and \$14.53 million (2011 dollars) for each SONGS 2&3 refueling and maintenance outage that occurs in 2009 through 2011 respectively.” Those figures included Franchise Fees and Uncollectibles. Without a decision in A.10-12-005, there was no escalation applied to 2012 so the 2011 figure was used. The other file is the mathematical calculation supporting the \$28.7M figure.



ELEC_ELEC-PRELIM_ Refueling Escalation
NGBA.pdf Calculation - 2012 fillr

- b. SDG&E does not have specific workpapers on the actual 2012 refueling outage costs. SDG&E has total costs invoiced from SCE but specific refueling data has not been provided at this time. SDG&E will provide this data when it is provided by SCE.

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Question 3: Referring to page 8, ln. 20, please further explain the reference to “installation costs” and provide supporting workpapers.

SDG&E Response Q3:

The term “installation costs” refers to the SONGS Steam Generator Replacement Project costs for Unit 2 and Unit 3. These represent the costs for the installation of the replaced steam generators. Advice Letter 2122-E authorized SDG&E to record the revenue requirement for its share of the installation costs. Advice Letter 2243-E updated the Unit 3 revenue requirement. Both Advice Letters are provided herein.

Further, the approved tariff for the SONGS Major Additions Adjustment Clause (“MAAC”) account (section 8 on Page 3 of the Non-Fuel Generation Balancing Account) is attached showing the authority and accounting procedures.



2122-E.pdf



2243-E.pdf



ELEC_ELEC-PRELIM_
NGBA.pdf

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Question 4: Referring to page 10, ln. 3, regarding SDG&E's share of a Department of Energy litigation refund to SONGS that resulted in an over-collection, if SDG&E receives an over-collection in 2012, please explain why Table III-3 on p. 9 show a \$16.1 million revenue requirement increase in 2013?

SDG&E Response Q4:

There was a mathematical error on the table depicting the number as a positive figure rather than a negative one. The revised table is attached below. SDG&E will file errata to its testimony with this correction.



Microsoft Excel
97-2003 Worksheet

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Question 5: Referring to p. 10, ln. 24, regarding SDG&E's SONGS 2 and 3 ratebase, and SCE's December 17, 2012 SONGS rate adjustment testimony, p. 13, Table III-2, please provide a SDG&E version of SCE's Table III-2.

SDG&E Response Q5:

Please see attached Excel spreadsheet.



DRA Q5 SONGS
Ratebase by Unit.xls

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Question 6: Page 11, lns. 9-10 states “SDG&E proposes it be able to make an adjustment to its ratebase to account for the change in working cash associated with this OII.” Please provide an estimate of the value of the working cash adjustment SDG&E is contemplating.

SDG&E Response Q6:

This figure will not be known until SDG&E knows the timing and the degree of the adjustments in the OII. As such the estimate provided in this response is subject to a high degree of volatility. One could assume that “if rates are adjusted for this OII and the SRRMA as proposed...is not granted”(SDG&E SONGS OII Testimony page 11 lines 7-8), then the company would need to provide the cash to pay for any SONGS related O&M costs, currently projected to be \$53.734 million. The \$53.734 million is the amount identified as the costs “necessary to ensure a safe and secure environment for SONGS.” Any costs above that figure without timely revenue recovery would also be a drag on working cash. Further, under this scenario, SDG&E would not be made whole for costs of financing this ratebase investment. Consequently, SDG&E shareholders would have to absorb the financing costs of this asset moving forward. The financing costs included both debt and equity costs for this financing in the case where the Commission requires a rate adjustment. This reduces the amount of working cash assumed available at SDG&E. That figure will change depending on the outcome of the OII but if one assumes October 31, 2012 ratebase & CWIP, the cash lost for one year would be \$8.1 million – \$18.5 million (\$96.4 million - \$219.8 million ratebase – with and without SGRP - at October 31, 2012, times 2012 Return on Ratebase of 8.40%)

Therefore, it is the combination of SDG&E having to pay for O&M costs without revenue collections and SDG&E not having a cash return on its ratebase investment that would lower working cash as cited on Page 11 of its testimony. That figure will be around \$62 million – \$72 million.

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Question 7: Referring to p. 17, Table V-1, column 2, please explain why the percentages in SDG&E Table V-1 differ from the percentages in SCE’s Table V-4, column 4 (SCE OII Testimony, p. 21).

SDG&E Response Q7:

SDG&E’s Table V-1 was derived from a draft version of SCE updated Table V-4. SCE’s final table incorporated changes in the percentages from the draft which were inadvertently not updated on SDG&E’s Table V-1.

A revised table, below, has the percentages that agree to SCE’s Table V-4. SDG&E will file errata to its testimony with this correction.

SDG&E Table V-1 SONGS OII I.12-10-013 SDG&E Share of SONGS 2&3 Base O&M EXCLUDED FROM ANY RATE REDUCTION AND REMAIN IN RATES (Constant 2009 Dollars x 1000)																		
Line #		SCE O&M Excluded from Reduction (%)	517		520		524		525		528		529		532		Total	
			labor	non-labor	labor	non-labor	labor	non-labor	labor	non-labor	labor	non-labor	labor	non-labor	labor	non-labor		
1	Operations	30%			5,301	99	3,422	910										9,732
2	Maintenance	30%									8,947	1,662	683	2,404	8,117	8,345		30,159
3	Engineering	15%	4,745	1,057			1,040	393										7,235
4	Site Projects	0%																
5	Rad/Chemical Control	30%			3,359	1,874	987	390										6,610
6	Regulatory Affairs	75%	1,958	425			4,185	2,191										8,759
7	Security	90%					32,963	1,152										34,115
8	Training	30%					2,941	1,103										4,043
9	Nuclear Support	20%	819	4,940			4,097	4,966	409			226			823	46		16,327
10	SONGS O&M To Be Excluded From Rate Reduction		7,522	6,423	8,660	1,973	49,634	11,104	409	8,947	1,888	683	2,404	8,940	8,391			116,979
11	SDG&E’s 20% Share of SCE’s SONGS O&M To Be Excluded From Rate Reduction and Remain In Rates Without Overheads																23,396	
12	Contractual Overheads Billed to SDG&E: (a)																	
	A&G Labor Based																	7,232
	A&G Non-Labor Based																	65
	Pensions & Benefits																	3,586
	Payroll Taxes																	1,242
16	Total Contractual Overheads Billed to SDG&E																12,125	
17	SDG&E’s 20% Share SONGS O&M To Be Excluded From Rate Reduction and Remain In Rates Without Overheads																35,521	
Footnotes:																		
(a) See Workpapers, SCE-07, Volume 1, Chapter IX: A&G Labor Based = 42.85% x Labor, excluding RS & Outage Incentive A&G Non-Labor Based = 1% x Non-Labor & Other, including RS & Outage Incentive Pensions & Benefits = 21.25% x Labor, excluding RS Payroll Taxes = 7.36% x Labor, including RS																		

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Question 8: Referring to p. 17, Table V-1, column 2, please provide workpapers supporting the exclusion percentages.

SDG&E Response Q8:

The exclusion percentages are based on SCE’s Table V-4, page 21 line 6 of their OII testimony. A copy of SCE’s Table V-4 appears below. As a non-operating, minority owner of SONGS, SDG&E must rely upon SCE’s operational expertise in determining the percent of O&M costs that would continue if SONGS is not generating electricity.

***Table V-4
Exempt SONGS O&M Expenses By Functional Group
(Constant 2009 Dollars
X 1000)***

Line No.	Functional Groups	Base O&M Expenses	% of GRC Value	Amount
1	Operations	32,440	30%	9,732
2	Maintenance	100,530	30%	30,159
3	Engineering	48,235	15%	7,235
4	Site Projects	14,284	0%	-
5	RadChemical Control	22,032	30%	6,610
6	Regulatory Affairs (includes Emergency Preparedness and Fire Department)	11,679	75%	8,759
7	Security	37,905	90%	34,115
8	Training	13,477	30%	4,043
9	Nuclear Support (includes Compliance and Gov't Fees)	81,633	20%	16,327
10	TOTAL			116,979
11	SCE 78.21% share			91,490

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Question 9: Referring to p. 18, lns. 4-6, regarding SDG&E's \$13.3 million share of SONGS seismic program costs, please provide SDG&E's actual 2012 SONGS seismic program costs. Please provide supporting workpapers.

SDG&E Response Q9:

For the period from January 1, 2012, through October 31, 2012, SONGS seismic program costs paid by SDG&E are estimated to total \$699K, based on unaudited transaction detail received from SCE with each monthly SONGS invoice filtered for those accounting codes identified by SCE as relating to the SONGS seismic program. This value excludes contractual overheads and the associated SDG&E internal costs due to that information not being readily available from the FERC-account-based invoice information provided by SCE. SDG&E is currently developing systems that will calculate these costs and expects to have this information by the end of March 2013.

Estimated costs from November 1, 2012, through December 31, 2012, are not yet available due to the 90-days required after month end for SDG&E to receive and process invoices and associated transaction details provided by SCE. This was discussed in Section III of the Response of San Diego Gas & Electric Company (U 902 E) to Order Instituting Investigation Regarding San Onofre Nuclear Generation Station Units 2 and 3. Receipt and processing of cost data for October 2012 was accelerated to respond to this data request. November 2012 and December 2012 cost data will not be available until the ends of February 2013 and March 2013.

Please see attached Excel spreadsheet for workpapers.



DRA-DR-002.09_v2.
xlsx

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Question 10: Referring to question 9 above, please provide SDG&E's estimated 2013 SONGS seismic program costs. Please provide supporting workpapers.

SDG&E Response Q10:

Based upon SCE's updated Seismic Studies program costs forecast of \$27.1 million, SDG&E's share including overheads is forecasted to be \$5.5 million. SDG&E is unable to provide workpapers for this forecast at this time. SDG&E will provide this data when it is provided by SCE.

<u>Seismic Costs</u>	<u>2013</u>
Labor	\$ 0.6
Non-Labor	\$ 26.5
100% Level Direct Charges	\$ 27.1
SCE Contractual Overheads	
Labor (71.46%)	\$ 0.43
Non-Labor (1%)	\$ 0.26
Total SCE Overheads	\$ 0.7
Total 100% Level w/ OHD	\$ 27.7
SDG&E's 20% Share (millions)	\$ 5.5