

**ORA DATA REQUEST**  
**ORA-SDG&E-DR-018-MK3**  
**SDG&E 2016 GRC – A.14-11-003**  
**SDG&E RESPONSE**  
**DATE RECEIVED: DECEMBER 9, 2014**  
**DATE RESPONDED: DECEMBER 23, 2014**

**Exhibit Reference:** SDG&E-28

**Subject:** Depreciation

**Please provide the following:**

1. Please provide all workpapers included in SDG&E-28-CWP regarding salvage studies (p. 167-224) electronically in excel format. If any portion of the requested WP are not available in excel format, please provide electronically in word format.

**SDG&E Response:**

1. The following excel spreadsheets are attached as requested for SDG&E-28-CWP (pages 167-224). If a password is needed to open the individual excel file, it has been included in the actual document's file name (for your convenience). I've identified up-front in the file name which pages are being addressed.
  - Page 167 – 177 Common Salvage Study SDG&E 2016 GRC password is bob.xlsx
  - Page 178 – 199 Electric Salvage Study SDG&E 2016 GRC password is bob.xlsx
  - Page 200 Palomar and Miramar Decom FNS % .xlsx
  - Page 201 Desert Star DSEC FNS \$ Needed for DECOM.xlsx
  - Page 202 Desert Star DSEC FNS % Needed for DECOM based on ARO detail.xlsx
  - Page 203 – 224 Gas Salvage Study SDG&E 2016 GRC password is bob.xlsx

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2. SDG&E states in SDG&E-28 at p. 6, that “The total TY 2016 depreciation increase of \$101.2 million is due to plant growth from 2013 to 2016 and the impact of the proposed depreciation rates.”
- a. What is the total change in electric depreciation expense attributable to plant growth? What is the total change in electric depreciation expense attributable to changes in depreciation parameters?
  - b. What is the total change in gas depreciation expense attributable to plant growth? What is the total change in gas depreciation expense attributable to changes in depreciation parameters?

**SDG&E Response:**

2. SDG&E states in SDG&E-28 at p. 6, that “The total TY 2016 depreciation increase of \$101.2 million is due to plant growth from 2013 to 2016 and the impact of the proposed depreciation rates.”

The individual questions for (a.) and (b.) are better answered in reverse order for clarity.

- a. What is the total change in electric depreciation expense attributable to changes in depreciation parameters?

As noted and identified in the WP input documents (pages SDG&E-28-WP 1-17) , total electric accrual based against recorded 12/31/2013 plant balances moves from \$270,142,000 (4.08%) using the authorized 2012 parameters (FNS%, ASLs, & Iowa Curves) to \$272,093,000 (4.11%) when applying the proposed 2016 GRC parameters. Changes proposed in the FNS parameters increases the accrual by \$21,425,000 while the ASLs and Iowa Curve proposals reduce the accrual by \$19,474,000. The net effect results in the slight \$1,951,000 accrual increase applied against the 12/31/2013 plant balances.

- b. What is the total change in electric depreciation expense attributable to plant growth?

Appendix A (page BJW-A-1) identifies the full Electric depreciation and amortization actual recorded expense at \$267,116,000. This expense increases to \$362,425,000 when proposed parameters are applied against the forecasted plant balances at 12/31/2015. The difference of \$95,309,000 is comprised of (1) the increase due to the proposed parameter effect \$1,951,000 (see a. above) and (2) the plant activity forecasted to occur through 13/31/2015 (plant additions, retirements, and transfers) resulting in an additional accrual increase of \$93,358,000.

FNS Change (+\$21,425,000) + LIFE Change (-\$19,474,000) + Plant Growth (+\$93,358,000) = \$95,309,000

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**Response to Question 2 (Continued)**

- a. What is the total change in gas depreciation expense attributable to changes in depreciation parameters?

As noted and identified in the WP input documents (pages SDG&E-28-WP 1-17) , total gas accrual based against recorded 12/31/2013 plant balances moves from \$37,591,000 (2.72%) using the authorized 2012 parameters (FNS%, ASLs, & Iowa Curves) to \$32,818,000 (2.37%) when applying the proposed 2016 GRC parameters. Changes proposed in the FNS parameters increases the accrual by \$610,000 while the ASLs and Iowa Curve proposals reduce the accrual by \$5,383,000. The net effect results in the \$4,773,000 accrual reduction applied against the 12/31/2013 plant balances.

- b. What is the total change in gas depreciation expense attributable to plant growth?

Appendix A (page BJW-A-2) identifies the full Gas depreciation and amortization actual recorded expense at \$51,304,000. This expense increases to \$57,207,000 when proposed parameters are applied against the forecasted plant balances at 12/31/2015. The difference of \$5,901,000 is comprised of (1) the decrease due to the proposed parameter effect \$4,773,000 (see a. above) and (2) the plant activity forecasted to occur through 12/31/2015 (plant additions, retirements, and transfers) resulting in an additional accrual increase of \$10,674,000.

$$\text{FNS Change (+\$610,000) + LIFE Change (-\$5,383,000) + Plant Growth (+\$10,674,000) = \$5,901,000}$$

Total TY 2016 depreciation expense increased	\$ 101,210,000
Electric FNS parameter effect	\$ 21,425,000
Electric LIFE parameters effect	-\$ 19,474,000
Electric Growth	\$ 93,358,000
Gas FNS parameter effect	\$ 610,000
Gas LIFE parameters effect	-\$ 5,383,000
Gas Growth	<u>\$ 10,674,000</u>
Total Increase	<u>\$ 101,210,000</u> =====