

ORA DATA REQUEST
ORA-SDG&E-DR-053-JOH
SDG&E 2016 GRC – A.14-11-003
SDG&E RESPONSE
DATE RECEIVED: JANUARY 27, 2015
DATE RESPONDED: FEBRUARY 9, 2015

Exhibit Reference: SDG&E-21, page KC-16

Subject: Insurance

Please provide the following:

1. Ex. SDG&E-21, page KC-16 discusses Workers Compensation & Employers' Liability Insurance – All states other than California, and states that the allocation is based on payroll per business units covered. In the accompanying table, it shows the allocation for SDG&E is increasing from 6.1% in 2013 to 30.7% for 2016. Please explain and justify the large increase in allocation to SDG&E for workers compensation insurance outside of California.

SDG&E Response:

In 2013, the total coverage for Workers Compensation Insurance (non-California) included coverage for employees at Sempra's Cameron facility in Louisiana. In 2014, the Cameron facility became part of a joint venture (JV) and this insurance coverage became the responsibility of the JV. These employees are no longer covered by Sempra's policy, reducing the total policy premium significantly. The allocation rate for 2016 reflects the re-apportioned share to SDG&E for the remaining employees, but the amount of forecast allocations (\$26,000) is not an increase.

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2. Ex. SDG&E-21, page KC-17, under Other Liability (B-7), discusses insurance to cover third-party bodily injury and property damage arising out of the Yuma 500kV transmission system operations. The premium forecast states “A 15% escalation factor has been utilized for market pressures for 2014-2016 annually.”
 - a. Please provide supporting workpapers on how the 15% escalation was determined.
 - b. Please discuss how SDG&E defines “market pressure”, and how SDG&E measures this “market pressure”. Please provide SDG&E workpapers on the forecasted “market pressure”.

SDG&E Response:

- a) The 15% premium forecast for the Yuma 500kV transmission system operations liability coverage is based on the actual premium increase from 2013 (\$9,059) to 2014 (\$10,460). The resulting forecast of \$14,000 is also consistent with the 5-year historical average from 2009 through 2013 found in the workpapers of Katherine Carbon, SDG&E-21-WP, page 60.
- b) SDG&E defines “market pressures” as factors influencing rates charged by insurance carriers including general market conditions, industry (power and utility) specific market conditions as well as company-specific conditions. These conditions are discussed in the testimony of Katherine Carbon, Exhibit SDG&E-21, pages 6-9. The actual charges for this coverage are passed to SDG&E from Arizona Public Service and are not negotiated by Sempra.