

**ORA DATA REQUEST
 ORA-SDG&E-DR-088-EJ1
 SDG&E 2016 GRC – A.14-11-003
 SDG&E RESPONSE
 DATE RECEIVED: MARCH 13, 2015
 DATE RESPONDED: MARCH 25, 2015**

Exhibit Reference: SDG&E-10

Subject: Construction Services

Please provide the following:

1. In SDG&E’s response to ORA-SDG&E-DR-002-EJ1 Question 30, SDG&E provides projected FiRM costs and states: “O&M impact of FiRM activities is based on a percentage of the expected Capital spend[ing] for specific grouping of activities within the project.”

Please provide the *exact* calculations that were used to develop SDG&E’s projected FiRM costs of \$0.300 million, \$2.400 million, and \$9.600 million. Include the *exact* capital forecasts that were used to develop these O&M expenses, and provide the page number and location that the capital forecasts can be found in the capital testimony. For example, identify the location of the capital forecasts in SDG&E’s testimony for “RiRAT Projects and Pole Loading” and show how the identified capital forecasts were used to derive the projected costs of \$9.600 million.

SDG&E Response 01:

As referenced in the response to ORA-SDG&E-002-EJ1 Question 30, the O&M impact of FiRM activities is based on a percentage of the expected Capital spend for specific grouping of activities within the project.

Projected FiRM Costs	TY2016 (\$000)
Combo: Wire replacement and selective hardening (2% associated with O&M)	\$300
Projects from RIRAT: Hardening, Reconductor, Long Spans (4.5% associated O&M)	\$2,300
RIRAT Projects and Pole Loading (4.5% associated O&M plus pole loading O&M cost)	\$9,600
TOTAL	\$12,200

These values are based on the associated O&M expenses in relation to the combined value (directs + indirects) of Capital Budget codes 13247A and 14247A. (Please reference capital workpapers SDG&E-09-CWP/Witness: J. Jenkins pages 756 and 789.)

A portion of the forecasted O&M costs are based on a percentage of the total direct and indirect capital costs for the planned capital work. For 2016, the total O&M impact was based on an initial estimate of \$110M total capital spend (direct plus indirects).

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SDG&E Response 01:-Continued

Additionally as discussed on page 783 of the reference capital workpapers, Phase 3 of FiRM will address the remaining poles in the Fire Threat Zone (approximately 40,000 poles). For this phase, the distribution facilities will be LiDAR (Light Detection And Ranging) surveyed and PLS-CADD models will be developed for analysis. While LiDAR and PLS-CADD will be used for the early phases of the project, in this case it is being used for analysis and for capital improvement work. The upfront data acquisition and 3-D modeling will be an O&M activity.

The specific O&M calculations are as follows:

Projected FiRM Costs	Capital \$ (direct + indirect	% O&M	TY2016 (\$000)
Combo: Wire replacement and selective hardening (2% associated with O&M)	\$15M	2%	\$300
Projects from RIRAT: Hardening, Reconductor, Long Spans (4.5% associated O&M)	\$50M	4.5%	\$2,300
RIRAT Projects and Pole Loading (4.5% associated O&M plus pole loading O&M cost)	\$45M	4.5%	\$2,025
LiDAR survey and PLS-CADD computer modelling and analysis (O&M)	N/A	Fixed estimate	\$7,575
TOTAL			\$12,200