

SAN DIEGO GAS & ELECTRIC COMPANY
APPLICATION FOR APPROVAL TO EXTEND THE MOBILE HOME PARK UTILITY
UPGRADE PROGRAM

(A.17-05-008)

(DATA REQUEST ORA-SDGE-004-CL8)

QUESTION 1:

With regard to Table 1 and Table 2 on p. WV-3:

- a. Please provide electronic copies of all supporting workpapers used to calculate the fully loaded and escalated costs and the forecasted revenue requirement.
- b. Please provide an explanation of and justification for the methodology for calculating escalation. Describe all assumptions.
- c. Please provide a breakdown by year of the forecasted revenue requirement for the years 2024-2095.
- d. Please provide an explanation of the useful life of the investment used to calculate the figures in Table 2. Include an explanation of any weighting methodologies and any assumptions made.

RESPONSE 1:

- a. Please see the attached workpapers.
- b. Costs do not remain constant over time; SDG&E applies escalation factors to today's costs to calculate what those costs will be in future periods. Q4 2016 escalation factors from IHS Global Insight (a 3rd party economic forecasting provider) were applied based on best efforts to align appropriate indices with the direct costs types. The following 5 indices were applied as outlined in the table below:

O&M

1. **Labor** = CEU4422000008 (Global Insight, based on US Utility Wages index)
2. **Non Labor Electric** = JETOTALMS (Global Insight, Electric Non Labor O&M)
3. **Non Labor Gas** = JGTOTALMS (Global Insight, Gas Non Labor O&M)

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4. **Electric Distribution Plant** = JUEPD@PCF (Global Insight based on Handy-Whitman utility indices.)

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5. Gas Distribution Plant = JUGPD@PCF (Global Insight Gas Distribution Plant Index)

FERC Account	Global Insight Index Assigned	Index Range
O&M - Labor	1. Labor = CEU4422000008	2.4% - 3.3%
O&M - Non-Labor Electric	2. Non Labor Electric = JETOTALMS	1.7% - 2.3%
O&M - Non-Labor Gas	3. Non Labor Gas = JGTOTALMS	1.9% - 2.2%
370- Electric Meters	4. Electric Distribution Plant = JUEPD@PCF	1.9% - 3.0%
369 - Dist Services Underground	4. Electric Distribution Plant = JUEPD@PCF	1.9% - 3.0%
368 - Line Transformers	4. Electric Distribution Plant = JUEPD@PCF	1.9% - 3.0%
367 - Dist UG Conductors&Devices	4. Electric Distribution Plant = JUEPD@PCF	1.9% - 3.0%
366 - Dist UG Conduit & Substruct	4. Electric Distribution Plant = JUEPD@PCF	1.9% - 3.0%
182 - BTM Regulatory Asset	4. Electric Distribution Plant = JUEPD@PCF	1.9% - 3.0%
381 - Meters & Regulators	5. Gas Distribution Plant = JUGPD@PCF	2.3% - 2.7%
380 - Dist Services	5. Gas Distribution Plant = JUGPD@PCF	2.3% - 2.7%
376 - Dist Mains	5. Gas Distribution Plant = JUGPD@PCF	2.3% - 2.7%
182 - BTM Regulatory Asset	5. Gas Distribution Plant = JUGPD@PCF	2.3% - 2.7%

- c. Please see the attached workpapers.
- d. With the exception of Beyond the Meter (BTM) costs, which are amortized over ten years consistent with D.14-03-021, the useful lives used to calculate the figures in Table 2 represent the probable lives of assets at the moment of installation based on the depreciation parameters approved in SDG&E's 2016 General Rate Case. The relevant depreciation parameters, inclusive of the Average Service Life (ASL) and Iowa-type mortality curve (Curve), are summarized by FERC account in the table below.

FERC Account	Cost Classification	Curve/ASL
376 - Dist Mains	Gas	R3-69
380 - Dist Services	Gas	R2.5-65
381 - Meters & Regulators	Gas	L1.5-41
182 - BTM Regulatory Asset -Gas	Gas	N/A
O&M -Gas	Gas	N/A
366 - Dist UG Conduit & Substruct	Electric	R3-57

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367 - Dist UG Conductors & Devices	Electric	R3-45
368 - Line Transformers	Electric	L0.5-34
369 - Dist Services Underground	Electric	L4-53
370 - Electric Meters	Electric	R0.5-48
182 - BTM Regulatory Asset -Electric	Electric	N/A
O&M -Electric	Electric	N/A