**ORA DATA REQUEST**
**ORA-SDGE-016-TCR**
**SDG&E 2019 GRC – A.17-10-007**
**SDG&E RESPONSE**
**DATE RECEIVED: NOVEMBER 7, 2017**
**DATE RESPONDED: DECEMBER 11, 2017**

**Exhibit Reference:** SDG&E-14
**SDG&E Witness:** Alan F. Colton
**Subject:** Insufficiency of SDG&E workpapers to support reasonableness review, part 1

**Please provide the following:**

1. ORA has reviewed selected workpapers in Category A, D, G, H, and J of Exhibit SDG&E-14 (T&D) and concludes they are lacking in the details required to determine if SDG&E's requests are reasonable or not.1 The workpapers provide only narrative descriptions that largely reiterate testimony, plus historical and forecast annual expenditures classified as labor, non- labor, and "NSE." Provide the following for each project or program Category A, D, G, H, and J, as defined by a line item in the Index of Workpapers" for Exhibit SDG&E-14-CWP, for which SDG&E has used a "zero-based" forecast methodology:2 the "detailed cost estimates" referenced in workpapers.3

**SDG&E Response 1:**
The direct testimony of Alan Colton, Exhibit SDG&E-14, describes the choice of forecasting methods for each capital project in categories A, D, G, H, and J. This description can generally be found in the section for each budget under the heading “b. Forecast Method”.

The format for the cost estimates for each project may vary from category to category, or even between budgets within a given category. In some cases, circumstances necessitate using historical unit cost information and applying that unit cost to the forecasted amount of work; in other cases, circumstances necessitate using comprehensive cost estimating programs that utilize current labor rates, the latest material costs, and other known costs to develop their estimates. Many of the electric distribution projects are estimated using a project estimating and management system called Distribution Planning Support System (DPSS), which is a database system developed in-house during the 1980’s. DPSS contains tables of typical project materials and labor estimates, from which a project is defined and managed. This part of DPSS is not unlike an automotive repair ‘parts and time guide’ which is used to estimate repair costs. Some examples of summary tables produced by DPSS appear below.

A contingency value is included and shown in some estimates. Contingency estimates are a common practice for large construction projects and are based on historical experience with projects of that type; they are used to accommodate variations in the projected actual costs owing to construction delays, material cost changes and seasonal variables. In general, cost estimates were calculated as fully-loaded values, and the indirect costs were then removed for GRC purposes leaving direct labor and nonlabor values. Fully loaded costs that include both direct and indirect costs are contained in SDG&E’s Capital Budget Documents (CBD) and are described as part of the governance process starting on page AFC-11, under the Electric Transmission and Distribution Capital Committee. Furthermore, fully loaded direct and indirect project costs are detailed in SDG&E’s Work Order Authorization (WOA) forms.

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**SDG&E Response 1:-CONTINUED**

WOA is a utility form that summarizes and documents the approval of a base business or non-base business commitment that is less than $300 million. CBD and WOA forms are created upon project approval, as described in the governance process.

An example of the calculation of a budget estimate, in this case for Budget Code 11256, a new circuit number 1023 and a reconductor of associated circuit 354, is shown below. This estimate was derived from historical unit cost information and applying that unit cost to the forecasted amount of work shown below in the table. This tabulation shows the unit costs for the materials and labor involved, and the quantity estimates for the job. The governance process for the approval of this budget is explained in Section III of SDG&E testimony SDG&E-14. Additionally, an example of both the CBD and WOA forms are attached for Budget Code 11256, "ORA-SDGE-016-Budget 11256 CBD WOA_Redacted CONFIDENTIAL.pdf." This project is associated with workpaper 112560 in the workpaper exhibit SDGE-14-CWP beginning at page 51.

The example CBD and WOA forms provided in ORA-SDGE-016-Budget 11256 CBD WOA_Redacted CONFIDENTIAL.pdf have been redacted to remove non-responsive, non-relevant customer and employee information. The overhead cost information highlighted in yellow in the document is Confidential Pursuant to P.U. Code Section 583 & General Order 66-C/D and D.16-08-024, and is accompanied by supporting declaration.

Within the workpapers SDG&E-14-CWP are contained 116 budgets, or workpaper sets. Of these, 49 are 'zero-based' budgets, which SDG&E interprets to be responsive to this question. Because of the quantity of budget workpapers involved, SDG&E is providing a sample below for one budget found in Category A. SDG&E proposes to provide similar responses for each of the relevant budgets in batches as they can be produced through Dec. 22.

## Category A – Capacity/Expansion

**11256 – C1023, LI: New 12kV CIR & RECOND C354**

| Description | Unit | Quantity | Cost ($1000) (material, company labor, direct charges, contract costs) |
|---|---|---|---|
| Cable and Connections: 1000 kcmil | Ft | 4750 | $155.6 |
| OH Reconductor | FT | 11500 | $1,303.0 |
| OH Retag | EA | 10 | $22.6 |
| Pole line Twin 4w to 7w | FT | 15000 | $745.6 |
| SR 630, Nova w/ SCADA | EA | 1 | $43.0 |

**SDG&E Response 1:-CONTINUED**

| | | | |
|---|---|---|---|
| Voltage Regulator Two Pole Platform | EA | 2 | $114.4 |
| Fire Crew | HR | 120 | $25.8 |
| Substation Circuit Breaker - Open Rack | EA | 1 | $49.0 |
| Total | | | $2,459 |