

Application of SAN DIEGO GAS & ELECTRIC)
COMPANY for authority to update its gas and)
electric revenue requirement and base rates)
effective January 1, 2016 (U 902-M))

Application No. 14-11-____
Exhibit No.: (SDG&E-12-CWP)

CAPITAL WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF MICHAEL L. DE MARCO
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

NOVEMBER 2014



2016 General Rate Case - APP
INDEX OF WORKPAPERS

Exhibit SDG&E-12-CWP - SONGS/DISTRIBUTED GENERATION

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Overall Summary For Exhibit No. SDG&E-12-CWP

Area:	SONGS/DISTRIBUTED GENERATION
Witness:	Michael L. De Marco

A. Marine Mitigation

In 2013 \$ (000)			
Adjusted-Forecast			
	2014	2015	2016
	853	6,216	2,319
Total	853	6,216	2,319

Note: Totals may include rounding differences.

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Area: SONGS/DISTRIBUTED GENERATION
Witness: Michael L. De Marco
Category: A. Marine Mitigation
Workpaper: 000050

Summary for Category: A. Marine Mitigation

	In 2013\$ (000)			
	Adjusted-Recorded	Adjusted-Forecast		
	2013	2014	2015	2016
Labor	0	0	0	0
Non-Labor	4,129	0	0	0
NSE	0	853	6,216	2,319
Total	4,129	853	6,216	2,319
FTE	0.0	0.0	0.0	0.0

000050 SONGS COMMON FACILITIES

Labor	0	0	0	0
Non-Labor	4,129	0	0	0
NSE	0	853	6,216	2,319
Total	4,129	853	6,216	2,319
FTE	0.0	0.0	0.0	0.0

Note: Totals may include rounding differences.

Beginning of Workpaper Group
000050 - SONGS COMMON FACILITIES

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Area: SONGS/DISTRIBUTED GENERATION
 Witness: Michael L. De Marco
 Budget Code: 00005.0
 Category: A. Marine Mitigation
 Category-Sub: 1. Marine Mitigation
 Workpaper Group: 000050 - SONGS COMMON FACILITIES

Summary of Results (Constant 2013 \$ in 000s):

Forecast Method		Adjusted Recorded					Adjusted Forecast		
		2009	2010	2011	2012	2013	2014	2015	2016
Years									
Labor	Zero-Based	0	0	0	0	0	0	0	
Non-Labor	Zero-Based	2,368	2,898	5,404	4,612	4,129	0	0	
NSE	Zero-Based	0	0	0	0	0	853	6,216	
Total		2,368	2,898	5,404	4,612	4,129	853	6,216	
FTE	Zero-Based	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

Business Purpose:

On June 7, 2013, SCE announced the permanent retirement of Units 2 & 3 at SONGS. In SCE's 2015 GRC (A.13-11-003), SCE was directed by the presiding ALJ to remove SONGS costs from its GRC case. SCE complied, and in April 2014, SCE served Supplemental Testimony in SCE-14, which struck SONGS O&M and capital costs, except for Marine Mitigation, from their its 2015 GRC testimony. Only SONGS Marine Mitigation remains in SCE's 2015 GRC. SCE's SONGS Marine Mitigation costs were obtained from SCE's testimony forecasts (Ex. SCE-07, Vol. 3, part 2) SONGS 100% level capital expenditures (in nominal dollars) for 2014, Test Year 2015 and proposed Post Test Year 2016. To this amount, SCE adds contractual overheads: A&G, P&B, and Payroll Taxes (all in nominal dollars), which are billed to SDG&E and included in the amounts shown.

Pursuant to the 1991 Coastal Development Permit (CDP) and Amendments, maintenance, monitoring and management of the marine mitigation projects is required over a period equivalent to the full operating life of SONGS. The San Dieguito Wetlands Restoration Project is near completion and pending Coastal Commission acceptance. The first full year of monitoring for the wetlands was 2012. SCE anticipates that all performance standards for the wetlands could be met starting in 2015 or 2016. The Wheeler North Reef was completed in 2009 during which time most, but not all, of the performance standards have been met. In order to meet all the performance standards for the reef which is required pursuant to the CDP, more rock will be added to increase the acreage of the reef. SCE is responsible for providing its Marine Mitigation capital additions forecast for SONGS in its 2015 GRC and SDG&E seeks its 20% proportional share of those additions for its SONGS plant balance. Therefore, SDG&E submitted intervenor testimony in SCE's 2015 GRC to recover its share of these costs.

Physical Description:

SONGS Marine Mitigation currently consists of two on-going projects under the 1991 Coastal Development Permit: Wheeler North Reef near San Clemente Pier and the San Dieguito Wetlands Restoration Project, near the Del Mar County Fairgrounds. Both of these projects require acceptance of the Coastal Commission under the terms of the intake and discharge permits for SONGS saltwater cooling. At this time, the Wheeler North Reef has not met all the conditions required by the permit and requires expansion to meet the CDP terms. The expenditures shown are to expand the artificial kelp reef to meet the permit requirements.

Project Justification:

The CDP requires the SONGS owners to mitigate the effect on the local fisheries for the full operating life of SONGS. Since both remaining projects have not been accepted, the costs for Marine Mitigation will continue for the approximate 30 year life of the Units 2 & 3, although SONGS is permanently shutdown and is undergoing decommissioning.

Note: Totals may include rounding differences.

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Area: SONGS/DISTRIBUTED GENERATION
Witness: Michael L. De Marco
Budget Code: 00005.0
Category: A. Marine Mitigation
Category-Sub: 1. Marine Mitigation
Workpaper Group: 000050 - SONGS COMMON FACILITIES

Forecast Methodology:

Labor - Zero-Based

The costs are billed by SCE to SDG&E for SONGS capital. Therefore there is no SDG&E labor. SONGS Capital Forecast based upon SDG&E's 20% share of O&M Cost Forecast by SCE in their 2015 GRC Application A.13-11-003.

To the extent these expenditures are determined to be decommissioning related by the CPUC, IRS and NRC, if applicable, they will be removed from SONGS capital costs and be funded by Decommissioning Trust withdrawals.

Non-Labor - Zero-Based

SCE provides a nominal forecast of SONGS capital expenditures, therefore it is in appropriate to use the Non-Labor category for capital costs as the amounts are subject to Non-Standard Escalation (NSE).

To the extent these expenditures are determined to be decommissioning related by the CPUC, IRS and NRC, if applicable, they will be removed from SONGS capital costs and be funded by Decommissioning Trust withdrawals.

NSE - Zero-Based

SCE provides a nominal forecast of SONGS capital expenditures, SONGS Capital Forecast based upon SDG&E's 20% share of O&M Cost Forecast by SCE in their 2015 GRC Application A.13-11-003.

To the extent these expenditures are determined to be decommissioning related by the CPUC, IRS and NRC, if applicable, they will be removed from SONGS capital costs and be funded by Decommissioning Trust withdrawals.

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Area: SONGS/DISTRIBUTED GENERATION
 Witness: Michael L. De Marco
 Budget Code: 00005.0
 Category: A. Marine Mitigation
 Category-Sub: 1. Marine Mitigation
 Workpaper Group: 000050 - SONGS COMMON FACILITIES

Adjustments to Forecast

In 2013 \$ (000)										
Forecast Method		Base Forecast			Forecast Adjustments			Adjusted-Forecast		
Years		2014	2015	2016	2014	2015	2016	2014	2015	2016
Labor	Zero-Based	0	0	0	0	0	0	0	0	0
Non-Labor	Zero-Based	0	0	0	0	0	0	0	0	0
NSE	Zero-Based	0	0	0	853	6,216	2,319	853	6,216	2,319
Total		0	0	0	853	6,216	2,319	853	6,216	2,319
FTE	Zero-Based	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Forecast Adjustment Details

<u>Year/Explanation</u>	<u>Labor</u>	<u>NLbr</u>	<u>NSE</u>	<u>Total</u>	<u>FTE</u>	<u>RefID</u>
2014	0	0	853	853	0.0	TCURTIS20140425

In A.13-11-003 SCE was directed by the ALJ to remove SONGS costs, which SCE did in an ERRATA to their 2016 GRC removing all SONGS costs except for on-going Marine Mitigation. Marine Mitigation costs are incurred because of a condition of the California Coastal Commission permit allowing for ocean water cooling of SONGS.

2014 Total	0	0	853	853	0.0	
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2015	0	0	6,216	6,216	0.0	TCURTIS20140425
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In A.13-11-003 SCE was directed by the ALJ to remove SONGS costs, which SCE did in an ERRATA to their 2016 GRC removing all SONGS costs except for on-going Marine Mitigation. Marine Mitigation costs are incurred because of a condition of the California Coastal Commission permit allowing for ocean water cooling of SONGS.

2015 Total	0	0	6,216	6,216	0.0	
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2016	0	0	2,319	2,319	0.0	TCURTIS20140425
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In A.13-11-003 SCE was directed by the ALJ to remove SONGS costs, which SCE did in an ERRATA to their 2016 GRC removing all SONGS costs except for on-going Marine Mitigation. Marine Mitigation costs are incurred because of a condition of the California Coastal Commission permit allowing for ocean water cooling of SONGS.

2016 Total	0	0	2,319	2,319	0.0	
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Note: Totals may include rounding differences.

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2016 GRC - APP
Capital Workpapers

Area: SONGS/DISTRIBUTED GENERATION
Witness: Michael L. De Marco
Budget Code: 00005.0
Category: A. Marine Mitigation
Category-Sub: 1. Marine Mitigation
Workpaper Group: 000050 - SONGS COMMON FACILITIES

Determination of Adjusted-Recorded:

	2009 (\$000)	2010 (\$000)	2011 (\$000)	2012 (\$000)	2013 (\$000)
Recorded (Nominal \$)*					
Labor	0	0	0	0	0
Non-Labor	1,964	2,522	4,870	4,464	4,129
NSE	0	0	0	0	0
Total	1,964	2,522	4,870	4,464	4,129
FTE	0.0	0.0	0.0	0.0	0.0
Adjustments (Nominal \$)**					
Labor	0	0	0	0	0
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
Total	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
Recorded-Adjusted (Nominal \$)					
Labor	0	0	0	0	0
Non-Labor	1,964	2,522	4,870	4,464	4,129
NSE	0	0	0	0	0
Total	1,964	2,522	4,870	4,464	4,129
FTE	0.0	0.0	0.0	0.0	0.0
Vacation & Sick (Nominal \$)					
Labor	0	0	0	0	0
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
Total	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
Escalation to 2013\$					
Labor	0	0	0	0	0
Non-Labor	404	376	534	148	0
NSE	0	0	0	0	0
Total	404	376	534	148	0
FTE	0.0	0.0	0.0	0.0	0.0
Recorded-Adjusted (Constant 2013\$)					
Labor	0	0	0	0	0
Non-Labor	2,368	2,898	5,404	4,612	4,129
NSE	0	0	0	0	0
Total	2,368	2,898	5,404	4,612	4,129
FTE	0.0	0.0	0.0	0.0	0.0

* After company-wide exclusions of Non-GRC costs

** Refer to "Detail of Adjustments to Recorded" page for line item adjustments

Note: Totals may include rounding differences.

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Capital Workpapers

Area: SONGS/DISTRIBUTED GENERATION
 Witness: Michael L. De Marco
 Budget Code: 00005.0
 Category: A. Marine Mitigation
 Category-Sub: 1. Marine Mitigation
 Workpaper Group: 000050 - SONGS COMMON FACILITIES

Adjustments to Recorded:

		In Nominal \$(000)				
Years		2009	2010	2011	2012	2013
Labor		0	0	0	0	0
Non-Labor		0	0	0	0	0
NSE		0	0	0	0	0
Total		0	0	0	0	0
FTE		0.0	0.0	0.0	0.0	0.0

Detail of Adjustments to Recorded in Nominal \$:

Year/Explanation	Labor	NLbr	NSE	Total	FTE	RefID
2009 Total	0	0	0	0	0.0	
2010 Total	0	0	0	0	0.0	
2011 Total	0	0	0	0	0.0	
2012 Total	0	0	0	0	0.0	
2013 Total	0	0	0	0	0.0	

Note: Totals may include rounding differences.

**Beginning of Workpaper Sub Details for
Workpaper Group 000050**

San Diego Gas & Electric Company
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Capital Workpapers

Area: SONGS/DISTRIBUTED GENERATION
 Witness: Michael L. De Marco
 Budget Code: 00005.0
 Category: A. Marine Mitigation
 Category-Sub: 1. Marine Mitigation
 Workpaper Group: 000050 - SONGS COMMON FACILITIES
 Workpaper Detail: 000050.001 - SONGS Marine Mitigation

In-Service Date: 12/31/2015

Description:

SONGS Marine Mitigation - Pursuant to the 1991 Coastal Development Permit (CDP), maintenance, monitoring and management of the Marine Mitigation projects is required over a period equivalent to the full operating life of SONGS. The Wheeler Reef Project requires an increase in the acreage of the reef to meet performance standards. The San Diegito Wetlands Restoration Project is expected to meet performance standards starting in 2015. SDG&E is responsible for its 20% share of SONGS Marine Mitigation and submitted intervener testimony to recover its share of Marine Mitigation costs in the SCE 2015 GRC (A.13-11-003). Although SONGS has permanently shutdown, the 30 year operating life of SONGS Units 2 & 3 requires on-going remediation for the full period of operations.

Forecast In 2013 \$(000)				
	Years	2014	2015	2016
Labor		0	0	0
Non-Labor		0	0	0
NSE		853	6,216	2,319
	Total	853	6,216	2,319
FTE		0.0	0.0	0.0

Note: Totals may include rounding differences.

Supplemental Workpapers for Workpaper Group 000050

SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP
Witness: M. De Marco
Workpaper Appendix A
San Diego Gas & Electric Company
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SDG&E's Share of SONGS Unit 2 & 3 Capital Expenditures

2014	SDG&E's Share of 2014 Forecast Capital Expenditures
2015	SDG&E's Share of 2015 Forecast Capital Expenditures
2016	SDG&E's Share of 2016 Forecast Capital Expenditures
Marine Mitigation	SCE 2013-2017 GRC Marine Mitigation Capital Forecast
Capital A&G P&B Payroll Tax	Exhibit Ratio K - Capital A&G Rate - A&G Overhead

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SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP
Witness: M. De Marco
Workpaper Appendix A
San Diego Gas & Electric Company
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Table 2
SDG&E's Share of SONGS Unit 2 & 3 Capital Expenditures
(Nominal Dollars in Thousands)

Calendar Year 2014

<u>Basis</u>	<u>Rate</u>	<u>Cash Flow</u>	<u>Comments</u>
Marine Mitigation		\$ 3,783	Ex. SCE-07, Vol. 3, Part 2 Workpapers
	Total Direct	\$ 3,783	
Participant Overheads (2):			
Imbedded SCE Labor Rate (3)	19.08%		Average Historical Labor Rate
A&G (3)			
On SCE Labor	33.93%	\$ 245	Current Overhead Billing Rate
On Non-Labor	1.00%	\$ 31	Current Overhead Billing Rate
Pension & Benefits (4)	21.25%	\$ 153	Current Overhead Billing Rate
Payroll Taxes (4)	7.36%	\$ 53	Current Overhead Billing Rate
	Sub Total	\$ 482	
Grand Total - 100% SDG&E A&G		\$ 4,265	
Grand Total - SDG&E	20.00%	\$ 853	

- (1) Based on SCE's TY2015 Preliminary Forecast for the GRC application
- (2) Excluding AFUDC
- (3) Labor embedded in the SONGS 2&3 Capital Request 100% Level.
- (4) Participant Overhead Rates are the current billing rates in effect for 2013, based upon 2008 actual.

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SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP

**Witness: M. De Marco
Workpaper Appendix A
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Calendar Year 2015

<u>Basis</u>	<u>Rate</u>	<u>Cash Flow</u>	<u>Comments</u>
Marine Mitigation		\$ 27,569	Ex. SCE-07, Vol. 3, Part 2 Workpapers & Ex. SCE-23 page 18
Total Direct		\$ 27,569	
Participant Overheads (2):			
Imbedded SCE Labor Rate (3)	19.08%		Average Historical Labor Rate
A&G (3)			
On SCE Labor	33.93%	\$ 1,785	Current Overhead Billing Rate
On Non-Labor	1.00%	\$ 223	Current Overhead Billing Rate
Pension & Benefits (4)	21.25%	\$ 1,118	Current Overhead Billing Rate
Payroll Taxes (4)	7.36%	\$ 387	Current Overhead Billing Rate
Sub Total		\$ 3,513	
Grand Total - 100% SDG&E A&G		\$ 31,081	
Grand Total - SDG&E	20.00%	\$ 6,216	

- (1) Based on SCE's TY2015 Preliminary Forecast for the GRC application
(2) Excluding AFUDC
(3) Labor embedded in the SONGS 2&3 Capital Request 100% Level.
(4) Participant Overhead Rates are the current billing rates in effect for 2013, based upon 2008 actual.

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2015

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SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP

**Witness: M. De Marco
Workpaper Appendix A
San Diego Gas & Electric Company
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Table 1
SDG&E's Share of SONGS Unit 2 & 3 Capital Expenditures
(Nominal Dollars in Thousands)

Calendar Year 2016

<u>Basis</u>	<u>Rate</u>	<u>Cash Flow</u>	<u>Comments</u>
Marine Mitigation		\$ 10,283	
Total Direct		<u>\$ 10,283</u>	Ex. SCE-07, Vol. 3, Part 2 Workpapers & Ex. SCE-23 page 18
Participant Overheads (2):			
Imbedded SCE Labor Rate (3)	19.08%		Average Historical Labor Rate
A&G (3)			
On SCE Labor	33.93%	\$ 666	Current Overhead Billing Rate
On Non-Labor	1.00%	\$ 83	Current Overhead Billing Rate
Pension & Benefits (4)	21.25%	\$ 417	Current Overhead Billing Rate
Payroll Taxes (4)	7.36%	<u>\$ 144</u>	Current Overhead Billing Rate
Sub Total		<u>\$ 1,310</u>	
Grand Total - 100% SDG&E A&G		\$ 11,593	
Grand Total - SDG&E	20.00%	<u><u>\$ 2,319</u></u>	

- (1) Based on SCE's TY2015 Preliminary Forecast for the GRC application
- (2) Excluding AFUDC
- (3) Labor embedded in the SONGS 2&3 Capital Request 100% Level.
- (4) Participant Overhead Rates are the current billing rates in effect for 2013, based upon 2008 actual.

SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP

**Witness: M. De Marco
Workpaper Appendix A
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(U 338-E)

**2015 General Rate Case
NOI**

Workpapers

***Safety, Security, & Compliance (SS&C)
Corporate EH&S
SCE-07 Volume 03, Part 02***

Marine Mitigation

San Diego Gas & Electric Company
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SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP

**Witness: M. De Marco
Workpaper Appendix A**

**San Diego Gas & Electric Company
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SONGS Marine Mitigation Budget 2010-2017 Actuals/Forecast
Wheeler North Reef and San Dieguito Wetlands
\$ at 100% Level (Nominal \$000)

	2010 Actuals	2011 Actuals	2012 Actuals	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	Total
Wheeler North Reef									
Project Management Costs									
SCE Labor	101	121	131	123	120	300	215	120	1,228
SCE Expenses		5	10	10	54	50	20	149	300
Dive Boat/SCE Monitoring Activities	18	21	1	60	30	100	75	60	365
Administration	20	7						27	57
CCC Oversight and Independent Monitoring	1,025	1,387	1,079	1,300	1,300	1,400	1,400	1,500	10,341
Permit Requirements/Agreements									
Lease (State Lands Commission)	137	159	157	160	160	160	160	160	1,293
Kelp Wreck Monitoring	38	50	42	50					180
CEOA/CCO/State Lands/COE						300	300		600
Construction						20,000	6,326	116	26,421
Misc. (Other Costs)	67	6	24	96		140	300	40	695
Reef Sub-Total	1,426	1,793	1,369	1,796	1,620	22,494	8,605	2,016	41,299
San Dieguito Wetlands									
Project Management Costs									
SCE Labor	210	254	237	240	240	240	240	180	1,821
Lease/Office Space	53	51	8						112
SCE Expenses			20	10	10	20	20	20	90
Project Management Support	63	61	45	90	70	70	70	20	419
Administration	50	25	43						118
CCC Oversight and Independent Monitoring	952	959	969	1,200	1,200	1,300	1,300	1,300	8,720
JPA	307	247	296	280	280	280	280	300	2,270
Construction									
Construction Management	345	280	694	200	30	50	50	11	1,663
General Construction	411	354	11	600	58	250	220	50	2,284
Riverbank Revegetation	151		1,236						1,387
BMP/Hydroseeding	903	633	200	229	50	30	30	20	2,095
Drainage									
Inlet Dredging	291	2178		300		300		300	3,372
Drainage Oversight		899		50		50		50	1,039
Regulatory/Agreements/Compliance									
Coastal Processes Technical Panel		158		50		50	50	40	273
Wetland Management		197	82	100	-35	-30	-30	20	647
Least Tern Nesting Sites		230	108	150	75	75	75	75	854
Beach Profile Monitoring		207	309	200	50	100	60	60	1,549
Bacteria and Water Quality Monitoring		375							375
Misc.		123							123
Railroad Encroachment									
NCTD Mitigation		691		50					741
NCTD Bridge Repair/Retreatment	573			50					1,517

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Marine Mitigation

SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP

Witness: M. De Marco
 Workpaper Appendix A
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SONGS Marine Mitigation Budget 2010-2017 Actuals/Forecast
 Wheeler North Reef and San Dieguito Wetlands
 \$ at 100% Level (Nominal \$000)

	2010 Actuals	2011 Actuals	2012 Actuals	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	Total
Technical Consulting Expertise									
Design/Inspection Services	181	85	81	100	40	70	30	30	627
Hydrology Consulting	17	12	2	70	30	50	30	30	221
Wetlands Consulting	21	14	18	70	30	70	50	40	313
Biological Monitoring	53	52	50	50	20	40	30	20	385
Estuaries Surveys/Monitoring		48	16	20	-	-	-	-	82
Public Outreach	25	20	6	-	-	-	-	-	51
Misc Consulting	64	69	72	40	-	20	-	-	265
Wetlands Sub-Total	5,251	5,036	4,465	4,459	2,163	3,105	2,585	2,816	29,715
SONGS Marine Mitigation Total @ 100% level	6,677	10,728	9,632	6,235	3,783	25,389	11,370	4,632	51,299
SONGS Marine Mitigation Total @ 78.21% level	5,222	8,156	4,577	4,892	2,959	19,990	8,892	3,623	40,336

Notes:
 (1) Forecasting methodology. With the exception of Wheeler North Reef - Construction, all item forecasts are based on prior years' spend on CDC oversight and monitoring, and SCE staff and consulting support. The Reef Construction forecast is based on Phase 1 & II reef subtasks including permitting, planning, design, engineering and construction. See workpaper titled "Reef Construction Forecast" for more details.
 (2) SCE share. All line items are forecast at 100% of the estimated mitigation costs. The last line in the table shows SCE's 78.21% share of total mitigation costs, which is consistent with the forecast shown in CEHS' testimony in EDHM 06E-07, Vol. 3.

SDG&E/SONGS/DISTRIBUTED GENERATION/Exh No:SDG&E-12-CWP

**Witness: M. De Marco
Workpaper Appendix A
San Diego Gas & Electric Company
2016 GRC - APP
Capital Workpapers**

Application No.: A.13-11-003
Exhibit No.: SCE-23
Witnesses: D. Daigler
R. Fisher
C. Miller
D. Neal
J. Shotwell



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(U 338-E)

2015 General Rate Case

Rebuttal Testimony

Safety, Security, & Compliance (SS&C)

Before the
Public Utilities Commission of the State of California

Rosemead, California
September 2014

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Revised Reef Testimony

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Table III-2
SCE Reef Construction Forecast – Application and Rebuttal

Year	SCE Forecast – Application (Nominal \$000's)	SCE Forecast – Rebuttal (Nominal \$000's)
2015	20,000	19,133
2016	6,305	6,036
2107	116	105
Total 2015-2017	26,421	25,273

Source: SCE-23, page 18

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Wheeler Reef Cost Projection:

	2013	2014	2015*	2016*	2017*	
SCE's Ownership 78.21%			\$ 19,133,000	\$ 6,036,000	\$ 105,000	
100%	\$ 1,796,000	\$ 1,620,000	\$ 24,463,624	\$ 7,717,683	\$ 134,254	
SDG&E 20%	\$ 359,200	\$ 324,000	\$ 4,892,725	\$ 1,543,537	\$ 26,851	
Estimated OHD (@4%)	\$ 14,368	\$ 12,960	\$ 195,709	\$ 61,741	\$ 1,074	
SDG&E Forecast Cost	\$ 373,568	\$ 336,960	\$ 5,088,434	\$ 1,605,278	\$ 27,925	\$ 7,432,165

Source: 2013-2014 SCE GRC Testimony SCE-07 Vol 3 Page 24

[*2015-2017 SCE GRC Rebuttal Testimony SCE-23 Page 18](#)

78.21% SCE Share 2015-2017 to derive 100% level

	5.03%	4.53%	68.47%	21.60%	0.38%	100%	
100% Level w/out OHDS							
Reef	\$ 1,796,000	\$ 1,620,000	\$ 24,463,624	\$ 7,717,683	\$ 134,254	\$ 35,731,561	
Wetlands	\$ 4,459,000	\$ 2,163,000	\$ 3,105,000	\$ 2,565,000	\$ 2,616,000	\$ 14,908,000	
Total	\$ 6,255,000	\$ 3,783,000	\$ 27,568,624	\$ 10,282,683	\$ 2,750,254	\$ 50,639,561	\$ -

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Revised Reef

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SAN DIEGUITO WETLANDS RESTORATION

	2013	2014	2015	2016	2017	
100%	\$ 4,459,000	\$ 2,163,000	\$ 3,105,000	\$ 2,565,000	\$ 2,616,000	\$ 14,908,000
SDG&E 20%	\$ 891,800	\$ 432,600	\$ 621,000	\$ 513,000	\$ 523,200	
Estimated OHD (@4%)	\$ 35,672	\$ 17,304	\$ 24,840	\$ 20,520	\$ 20,928	
SDG&E Forecast Cost	\$ 927,472	\$ 449,904	\$ 645,840	\$ 533,520	\$ 544,128	\$ 3,100,864

Source: 2013-2014 SCE GRC Testimony SCE-07 Vol 3 Page 25

29.91% 14.51% 20.83% 17.21% 17.55% 100%

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Wetlands

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SECOND AMENDED SAN ONOFRE OPERATING AGREEMENT
EXHIBIT G
PAYROLL TAX RATIO
2008

The payroll tax ratio is determined in the following manner using, where indicated, expenses reported in the Annual Report of Edison to the Federal Energy Regulatory Commission ("FERC Form 1") :

Payroll Taxes

Payroll taxes applicable to labor charged to operation and maintenance, construction and other accounts per FERC Form 1, pages 262 and 263, column (d).

FICA	Sch 2	\$112,658,201
FUTA		1,076,941
SUI (All States)		3,327,598
Total		<u>\$117,062,740</u>

Labor Base

Total labor charged to operation and maintenance, construction and other accounts, per FERC Form 1, page 355, column (d), line 96.

\$1,591,238,131

\$1,591,238,131

Payroll tax ratio for 2008	$\frac{\$117,062,740}{\$1,591,238,131}$	=	<u>7.36%</u>
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Capital A&G P&B Payroll Tax

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SECOND AMENDED SAN ONOFRE OPERATING AGREEMENT

EXHIBIT I
BENEFITS RATIO
2008

The benefits ratio shall be determined in the following manner using, where indicated, expenses reported in the Annual Report of the Operating Agent to the Federal Energy Regulatory Commission ("FERC Form 1") :

Pensions and Benefits Expenses

	Labor	Total
Employee pensions and benefits charged to account 926, per FERC Form 1, page 323 column (b), line 187	Sch D, E \$8,265,763	\$216,464,570
Less direct Billed costs	Sch 8 (892,496)	(598,269)
Plus employee pensions and benefits transferred: Sch E supt		108,794,157
Plus employee pensions and benefits charged to/paid by others		11,933,398
	Jul - Dec	(689,837)
Subtotal	7,373,267	335,904,019
Payroll taxes	7.36%	542,672
Workers' compensation	1.41%	103,963
Total pensions and benefits expenses		\$336,550,654
Total labor charged to operation and maintenance, construction, and other accounts, per FERC Form 1, page 355, column (d) line 96		\$1,591,238,131
Less: labor charged to employee pensions and benefits (see above)	\$7,373,267	
Less: labor deducted from base for calculation of employee benefits:		
Corporate Temporary Labor	(A) -	
Premium time adjustment:		
O&M	-	
Construction	-	7,373,267
Net labor base		\$1,583,864,864
Benefits ratio for 2008	\$336,550,654	
	\$1,583,864,864 =	21.25%

(A) Temporary labor is currently under review to identify labor that is not subject to pension and benefits.

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SECOND AMENDED SAN ONOFRE OPERATING AGREEMENT

EXHIBIT K
CAPITAL A&G RATIO
2008

The capital A & G ratio is determined in the following manner using, where indicated, expenses reported in the Annual Report of Operating Agent to the Federal Energy Regulatory Commission ("FERC Form 1") :

**Administrative and General Expenses Allocable to
Construction for 2008 per FERC Form 1, page 322 - 323**

	<u>Labor</u>	<u>Total</u>
Account 920 Administrative and General Salaries	\$378,987,725	\$378,987,725
921 Office supplies and expenses w/ Exclusions		\$157,971,038
920 Exclusions (Jan-Jun) Exh 6	(\$23,065,696)	(\$23,065,696)
920 Exclusions (Jul-Dec) Exh 6	(\$22,100,419)	(\$22,100,419)
921 Exclusions (Jan-Jun) Exh 6	\$0	(\$1,393)
921 Exclusions (Jul-Dec) Exh 6	\$0	(\$5,811,843)
920 Remove Results Sharing Sch 3	(89,197,987)	(89,197,987)
Add Results Sharing for A&G Sch 3		29,644,707
LTI Adjustment		(8,228,092)
	<u>\$244,623,623</u>	<u>\$418,198,040</u>
39.35% See Exhibit K-4 Portion of 920 and 921 applicable to construction	<u>\$96,259,396</u>	\$164,560,929
Payroll taxes 7.36%		7,084,692
Workers' compensation 1.41%		1,357,257
Pensions and benefits 21.25%		20,455,122
Results Sharing Payroll Taxes For A&G Dept. Labor	29,644,707	<u>858,558</u>
Total A & G expenses allocable to construction		194,316,558
Less: A & G allocable to construction nonlabor @ 1% (see Exhibit J-3 Supplement)		<u>16,220,612</u>
A & G expenses allocable to construction labor		<u>\$178,095,946</u>

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Capital A&G P&B Payroll Tax

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EXHIBIT K
CAPITAL A&G RATIO
2008

Construction Labor Base

Total labor charged to construction accounts per FERC Form 1, page 355, column (d), line 71		\$539,030,215	
Less: A & G Labor allocated to construction accounts	Sch K	14,129,429	
Capital Paid Severance Labor	Sch 5	<u>0</u>	<u>14,129,429</u>
Construction labor base subtotal			524,900,786
Less: premium time deducted from labor base for calculation of A&G expense	Sch N-0		<u>0</u>
Net construction labor base			<u><u>\$524,900,786</u></u>
Capital A&G ratio for 2008		<u>\$178,095,946</u>	
		<u>\$524,900,786</u>	= 33.93%

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Capital A&G P&B Payroll Tax