

ENERGY SAFETY DATA REQUEST: OEIS-P-WMP-2024- SDGE-03
SDG&E RESPONSE

Date Received: April 29, 2024

Date Submitted: May 2, 2024

I. GENERAL OBJECTIONS

1. SDG&E objects generally to each request to the extent that it seeks information protected by the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or evidentiary doctrine. No information protected by such privileges will be knowingly disclosed.

2. SDG&E objects generally to each request that is overly broad and unduly burdensome. As part of this objection, SDG&E objects to discovery requests that seek “all documents” or “each and every document” and similarly worded requests on the grounds that such requests are unreasonably cumulative and duplicative, fail to identify with specificity the information or material sought, and create an unreasonable burden compared to the likelihood of such requests leading to the discovery of admissible evidence. Notwithstanding this objection, SDG&E will produce all relevant, non-privileged information not otherwise objected to that it is able to locate after reasonable inquiry.

3. SDG&E objects generally to each request to the extent that the request is vague, unintelligible, or fails to identify with sufficient particularity the information or documents requested and, thus, is not susceptible to response at this time.

4. SDG&E objects generally to each request that: (1) asks for a legal conclusion to be drawn or legal research to be conducted on the grounds that such requests are not designed to elicit facts and, thus, violate the principles underlying discovery; (2) requires SDG&E to do legal research or perform additional analyses to respond to the request; or (3) seeks access to counsel’s legal research, analyses or theories.

5. SDG&E objects generally to each request to the extent it seeks information or documents that are not reasonably calculated to lead to the discovery of admissible evidence.

6. SDG&E objects generally to each request to the extent that it is unreasonably duplicative or cumulative of other requests.

7. SDG&E objects generally to each request to the extent that it would require SDG&E to search its files for matters of public record such as filings, testimony, transcripts, decisions, orders, reports or other information, whether available in the public domain or through FERC or CPUC sources.

8. SDG&E objects generally to each request to the extent that it seeks information or documents that are not in the possession, custody or control of SDG&E.

9. SDG&E objects generally to each request to the extent that the request would impose an undue burden on SDG&E by requiring it to perform studies, analyses or calculations or to create documents that do not currently exist.

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10. SDG&E objects generally to each request that calls for information that contains trade secrets, is privileged or otherwise entitled to confidential protection by reference to statutory protection. SDG&E objects to providing such information absent an appropriate protective order.

II. EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.

2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.

3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.

4. These responses are made solely for the purpose of this proceeding and for no other purpose.

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III. RESPONSES

QUESTION 1

Q01. Regarding SDG&E’s Allocation Methodology Development and Application (WMP.523):

a. SDG&E indicates a decrease in both capital and O&M expenditures for 2025 for Allocation Methodology Development and Application (WMP.523), -85 percent and -31 percent respectively (p. 22, Table 7 “Qualifying Changes in Expenditures only,” SDG&E 2025 Update). SDG&E indicates that the O&M expenditures projection was decreased “to align with 2023 actual expenditures” and adds that it is putting on hold plans to hire more personnel to manage PSPS protocols “as PSPS de-energizations and reporting have been effectively managed with the current personnel” (p. 37, SDG&E 2025 Update)

i. Regarding SDG&E’s 2025 projection for capital expenditures for this initiative:

- (1) Why is SDG&E decreasing its projected capital expenditures by 85 percent?
- (2) What were SDG&E’s projected and actual capital expenditures for 2023 for this initiative?
- (3) Does the difference between the 2023 projected and actual capital expenditures explain SDG&E’s decrease in projected capital expenditures for 2025? (a) If yes, explain how.

ii. Regarding SDG&E’s 2025 projection for O&M expenditures for this initiative:

- (1) Why is SDG&E decreasing its projected O&M expenditures by 31 percent?
- (2) What were SDG&E’s projected and actual O&M expenditures for 2023 for this initiative?
- (3) Does the difference between the 2023 projected and actual O&M expenditures explain SDG&E’s decrease in projected O&M expenditures for 2025? (a) If yes, explain how.

iii. Regarding the decision to delay hiring more personnel to manage PSPS protocols:

- (1) How does this decision impact projected capital expenditures?
- (2) How does this decision impact projected O&M expenditures?

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RESPONSE 1

- i. (1) 2025 projected capital expenditures for this initiative are decreasing by 85% as a result of remapping capital spend previously associated with WMP.523 to another initiative – namely, WMP Data Platform (WMP.519). Accordingly, this shift in capital spend results in a 96% increase for WMP.519 as stated in Section 2.2.7.2 of SDG&E 2025 WMP Update.

(2) SDG&E's 2023 projected capital was \$5,277,000 and its 2023 actual capital was \$5,155,000.

(3) No.

- ii. (1) The 2025 projected O&M expenditures were decreased to align with 2023 actual expenditures. Plans to add additional headcount to manage PSPS protocols have been placed on hold as PSPS de-energizations and reporting have been effectively managed with the current personnel.

(2) SDG&E's 2023 projected O&M was \$5,291,000 and its 2023 actual O&M was \$5,432,000.

(3) No. The 31% decrease in projected O&M is due placing plans to add additional headcount in 2025 on hold.

- iii. (1) The decision to delay additional headcount does not impact projected capital expenditures.

(2) Projected O&M expenditures are forecasted based on current headcount and does not include expenditures for additional headcount to manage PSPS protocols.

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QUESTION 2

Q02. Regarding SDG&E’s Target for Strategic Undergrounding (WMP.473):

SDG&E notes that its 2025 Update projected expenditures are informed by its Test Year 2024 General Rate Case (GRC) Proposed Settlement Agreement with Cal Advocates (p. 19, SDG&E 2025 Update). SDG&E also notes that this agreement is the basis for the 17 percent reduction in SDG&E’s 2025 target for Strategic Undergrounding (WMP.473), reduced from 150 to 125 miles (p. 26, SDG&E 2025 Update).

- a. Provide a description of how the GRC Proposed Settlement Agreement forms the basis for this 25-mile decrease in undergrounding.
- b. Provide any reference documents SDG&E used to determine the need for a 25-mile decrease to align with the GRC Proposed Settlement Agreement, including relevant page numbers.
- c. In response to OEIS-P-WMP-2024-SDGE-02 Question 5, SDG&E states that the “reduction from 150 to 125 miles in the forecast is based on the Project’s assessment of how quickly capacity can be raised.”
 - i. How does this relate to the GRC Proposed Settlement Agreement?
 - ii. Of the projects listed in SDG&E’s response to OEIS-P-WMP-2024-SDGE-02 Question 5 part (a), provide the specific constraints SDG&E is facing that may cause delays in completion of the following projects in 2025:
 - (1) C0909 B
 - (2) C0220 T
 - (3) C0220 V
 - (4) C1215 H
 - (5) C1215 I
 - (6) C1215 J
 - (7) C1215 K
 - (8) C0220 O

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RESPONSE 2

- a. The GRC Proposed Settlement Agreement¹ accepts SDG&E’s proposed Test Year 2024 capital costs associated with Grid Design and System Hardening, which includes SDG&E’s proposal of 125 miles of undergrounding but does not include the escalation SDG&E initially proposed to increase the capital costs commensurate with 150 miles in 2025, 160 miles in 2026, and 170 miles in 2027. Therefore, SDG&E’s proposed settlement costs and the associated mileage for Strategic Undergrounding remain constant for 2024 through 2027.

- b. The 125-mile decrease that would result from CPUC approval of the proposed settlement agreement reflects a compromise between certain parties in SDG&E’s General Rate Case and an effort to balance wildfire risk reduction with affordability and other constraints. SDG&E notes that several parties, including but not limited to TURN, recommended significant reductions to SDG&E’s undergrounding forecasts that would constrain SDG&E’s ability to reduce wildfire and PSPS risk in the manner proposed by SDG&E and reflected in its 2025 WMP Update. SDG&E’s General Rate Case remains pending; a proposed decision is anticipated mid-2024.

Notably, the settlement agreement itself does not include specific mileage targets for the four-year GRC cycle, which, if approved, will facilitate flexibility to continually prioritize work based on updated cost information, feedback from stakeholders, and input from Energy Safety.² Based upon current cost projections, if adopted, the settlement agreement would result in SDG&E completing 500 miles of undergrounding and 240 miles of covered conductor installation from 2024 through 2027. A forecasted breakdown of these miles is as follows (the “original application” represents SDG&E’s GRC request):

Comparison	2024	2025	2026	2027	Total
Original Application	125	150	160	170	605
Forecasted Miles Based on Settlement	125	125	125	125	500

¹ [A.22-05-015_016_2024_GRC_SCG,_SDG&E,_CalPA_Joint_Motion_for_Adoption_of_Settlement.pdf](#); *See also, A.22-05-016, Joint Reply of Southern California Gas Company, San Diego Gas & Electric Company, and the Public Advocates Office for Adoption of the Settlement Agreements Resolving Various Issues in the 2024 General Rate Case, (Dec. 12, 2023) at 48-55. Available here: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M520/K647/520647938.PDF>.*

² *See, A.22-05-016, Joint Reply of Southern California Gas Company, San Diego Gas & Electric Company, and the Public Advocates Office for Adoption of the Settlement Agreements Resolving Various Issues in the 2024 General Rate Case, (Dec. 12, 2023) at 50. Available here: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M521/K424/521424993.PDF>*

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SDG&E’s proposed 2024 units and costs for Strategic Undergrounding are included within the capital workpapers.³ A screenshot of the supplemental workpaper for Strategic Undergrounding is provided below for convenience.

TY2024 GRC FORECAST - DETAILS

Budget Code:
Estimated In Service Date: (If this is an ongoing blanket or program, please input "ongoing")

19246 - Strategic Undergrounding Program				2022			2023			2024			
Line Item	Unit Description	Labor/Non-Labor	RAMP/Non-RAMP	Unit Metr	# of units	Cost per unit*	Total cost	# of units	Cost per unit*	Total cost	# of units	Cost per unit*	Total cost
1	Engineering & Design	Non-Labor	RAMP	Miles	104	\$ 300,000	\$ 31,200,000	163	\$ 321,000	\$ 52,323,000	195	\$ 343,470	\$ 66,976,650
2	Construction	Non-Labor	RAMP	Miles	65	\$ 1,200,000	\$ 78,000,000	80	\$ 1,320,000	\$ 105,600,000	125	\$ 1,386,000	\$ 173,250,000
3	Material	Non-Labor	RAMP	Miles	65	\$ 120,000	\$ 7,800,000	80	\$ 126,000	\$ 10,080,000	125	\$ 132,300	\$ 16,537,500
4	Contract Services	Non-Labor	RAMP	Miles	65	\$ 92,308	\$ 6,000,020	80	\$ 71,250	\$ 5,700,000	125	\$ 58,400	\$ 7,300,000
5	Labor	Labor	RAMP	Miles	65	\$ 23,077	\$ 1,500,005	80	\$ 20,000	\$ 1,600,000	125	\$ 13,312	\$ 1,664,000
6	Construction Provision (WINGS)	Non-Labor	RAMP	Miles	1	\$ 1,481,074	\$ 1,481,074	12	\$ 1,320,000	\$ 15,840,000	19	\$ 1,386,000	\$ 26,334,000

*Costs should be reported in direct costs only (no overheads)

Summary										
		Labor	RAMP			\$ 1,500,005		\$ 1,600,000		\$ 1,664,000
		Non-Labor	RAMP			\$ 124,481,094		\$ 189,543,000		\$ 290,398,150
	Subtotal RAMP					\$ 125,981,099		\$ 191,143,000		\$ 292,062,150
		Labor	Non-RAMP			\$ -		\$ -		\$ -
		Non-Labor	Non-RAMP			\$ -		\$ -		\$ -
	Subtotal Non-RAMP					\$ -		\$ -		\$ -
	Total Project Forecast					\$ 125,981,099		\$ 191,143,000		\$ 292,062,150

- c. (i) The response to OEIS-P-WMP-2024-SDGE-02 Question 5 when stating “Project’s assessment of how quickly capacity can be raised” was not in reference to the overall reduction in projected miles, but rather addressed which *specific* projects were being delayed based on how complicated the project is and how quickly it can be completed. This reference was not in relation to the overall target reduction, but rather the projects that make up the mileage associated with that target. The response to OEIS-P-WMP-2024-SDGE-02 does not relate to the Proposed GRC Settlement and how the overall target was modified.
- c. (ii) Specific constraints SDG&E is facing that may cause delays in the completion of the following projects listed below in 2025 include challenges in land acquisition with the BIA and certain customers, end of year (EOY) schedule delays due to unforeseen events, and overall possible delays in material delivery from suppliers and manufacturers.

Project	Est. Completion date	Miles	Constraints
C0909 B	19-Sep-25	0.55	BIA land acquisition
C0220 T	8-Dec-25	2.08	EOY schedule delays due to unforeseen events
C0220 V	10-Dec-25	1.54	EOY schedule delays due to unforeseen events
C1215 H	4-Feb-26	4.21	BIA land acquisition
C1215 I	4-Feb-26	3.03	BIA land acquisition
C1215 J	4-Feb-26	3.1	BIA land acquisition
C1215 K	4-Feb-26	4.3	BIA land acquisition
C0220 O	2-Mar-26	1.42	Specific Land Owner Issue

³ SDG&E Capital workpapers are available at page 229:
https://www.sdge.com/sites/default/files/regulatory/SDGE-13-CWP-2R_Jonathan%20Woldemariam%20-%20Wildfire%20Mitigation%20and%20Vegetation%20Management%2010%2028%202022.pdf

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QUESTION 3

Q03. Regarding SDG&E's Operations & Maintenance Expenditures for Covered Conductors (WMP.455):

In its 2025 Update, SDG&E proposes increasing its projected operations & maintenance expenditures for Covered Conductors (WMP.455) in 2025 from \$592,000 to \$3,090,000, a 422 percent increase (p. 20, Table 6 "Qualifying Changes in Targets and Expenditures," SDG&E 2025 Update).

- a. Explain the basis for this increase.
- b. What is the cost-per-mile basis for this increase?
- c. Is this increase specific to 2025 or will it also apply to future years?
- d. Will this increase in O&M expenditures impact SDG&E's basis for mitigation selection decisions (such as risk-spend efficiency calculations)?
 - i. If so, will it impact just 2025 or will it impact future years?

RESPONSE 3

- a. The basis for the increase in projected O&M for Covered Conductor (WMP.455) is due to the miles of hardening being increased from 40 miles to 60 miles, due to the increase in O&M costs based on recent historical actual costs, and due to more projects being in Stage 6 (Close-out) that are expected to have post construction True-up analysis and remediation work that typically have higher O&M costs.
- b. See response a.
- c. Yes, the increase in O&M for Covered Conductor (WMP.455) will apply to future years but will be revised each year based on prior year actuals.
- d. Although the increase in O&M expenditure has a minimal impact on risk-spend efficiency calculation, its impact on mitigation selection is negligible. The O&M costs account for less than 5% of overall costs used in the risk-spend efficiency calculation.

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END OF REQUEST