ORA DATA REQUEST
ORA-SDGE-024-TCR
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: NOVEMBER 17, 2017
DATE RESPONDED: December 6, 2017

Exhibit Reference: SDG&E-14, Chapter 4.I., page 70
SDG&E Witness: Alan F. Colton
Subject: Overhead Pools, Engineering, Substations

General note 1: This data request refers to three projects based on the assumption that they are typical, as defined in Question 1 below. If SDG&E's response to Question 1 indicates that this assumption was incorrect, and that there are better example projects, please respond to all other questions in this request using the projects provided in SDG&E's response, not the projects listed in the request.

General note 2: This data request uses the term "budget code" in two ways: 1) as specifically used by SDG&E in its workpapers; and 2) as a general term for all codes used by SDG&E to classify and account for different types of work, programs, or projects. Please contact the originator if this is not clear. A subsequent data request will seek to understand and differentiate all the specific accounting and project management codes used by SDG&E.
Please provide the following:

1. In the questions that follow, the following are provided as assumed examples of 1) a distribution only project; 2) a substation only project; and 3) a project with both distribution and substation work

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a. Is the Substation 12 kV Capacitor Upgrades project (budget code 8253) a good example of a typical project that contains only substation work? If not, please explain and provide a better example from the projects included in Ex. SDG&E-14.

b. Is the C1450, MTO New 12 kV Circuit project (budget code 16268) a good example of a typical project that contains only Electric Distribution (ED) work? If not, please explain and provide a better example from the projects included in Ex. SDG&E-14.

c. Is the Ocean Ranch project (budget code 5253) a good example of a typical project that contains both substation and ED work? If not, please explain and provide a better example from the projects included in Ex. SDG&E-14.

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SDG&E Response 1:

a. Yes, the Substation 12 kV Capacitor Upgrades project (budget code 8253) is a good example of a typical project that contains only work.

b. Yes, C1450, MTO New 12 kV Circuit project (budget code 16268) is a good example of a typical project that contains only ED work.

c. Yes, the Ocean Ranch project (budget code 5253) is a good example of a typical project that contains both substation and ED work.

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2. Referring to the "RefID" code on Ex. SDG&E-14 workpaper page 398, for each year, describe in lay terms all information contained within the RefID" codes. A hypothetical response could be "for the 2017 adjustment, John Smith made the adjustment on May 1, 2017 based on engineering judgement and data from the XYZ database."

SDG&E Response 2:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 4; the response is identical.

The RefID code is a data base designation designed to track adjustments made in GRID for audit purposes. This RefID consists of the initials and last name of the person making the adjustment, and a date and time stamp. Thus, the value could be JPJONES20171101154012567, which would indicate the adjustment was made by a J. P. Jones, on November 1st of 2017, at 15:40:12567 hours, or 3:40:12.567 in the afternoon. The RefID contains only information identifying the person who made the adjustment and that date/time stamp described in part a. It contains no other information regarding the nature or purpose of the adjustment.

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3. Referring to Ex. SDG&E-14 workpaper page 398, the statement "net upward adjustment made based on a historical relationship of OH" does not help ORA and the CPUC determine the basis of these adjustments and if they are reasonable or not. Please provide a detailed explanation of these adjustments, and provide all supporting evidence showing that they are reasonable.

SDG&E Response 3:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 5, the response is also nearly identical, the only difference being the former related to the Local Engineering – Electric Distribution Pool and the latter (this question) being related to the Local Engineering - Substation Pool.

The forecast for the Substation Engineering Pool is based on the historical relationship between overhead pools and capital expenditures. This historical trend is applied to the forecasted increase in Electric Distribution Substation capital work in order to determine the overhead pool funding request. Please refer to the Excel file "ORA-SDGE-025-TCR-OH Pools Supporting Tables.XLSX" provided with the response to DR ORA-SDGE-025-TCR.

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4. Referring to the first footnote on Ex. SDG&E-14 workpaper page 399, describe any "Non-GRC" costs excluded from the tabulated values.

SDG&E Response 4:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 6; the response is identical.

"Non-GRC" costs excluded from the GRC request include costs recovered through:

- Customer billables
- FERC regulatory mechanism
- Other regulatory proceedings

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5. Referring to Ex. SDG&E-14 workpaper pages 398 and 399, it appears that SDG&E forecast a nearly **five fold** increase in FTEs in 2019 compared to the highest level of prior years ((330.6-56.1)/56.1 = 489%. Describe the drivers of this increase in forecast work for budget code 904. Please provide supporting workpapers for the 2019 increase.

SDG&E Response 5:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 7; the response is similarly nearly identical.

Full-Time Equivalents (FTEs) are calculated as a standard formula which divides all labor costs by an average salary of $100 thousand. The increase in FTEs in these overhead pools is being driven by the increase in forecasted labor cost in other budgets such as New Business. These pools incur the costs for the activities described in the response to data request ORA-SDGE-025-TCR.

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6. Referring to Ex. SDG&E-14 workpaper page 399, it appears that SDG&E recorded expenditures for 2015 before adjustments were approximately 25% of prior years. Please explain why expenditures, and FTEs, were reduced in 2015.

SDG&E Response 6:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 8, the response is similar.

In 2015, the internal order number associated with the Substation Engineering Pool was changed in the SAP accounting system to align with SOX Compliance and separation of duties. However, the historical costs in GRID did not capture this internal order change. As a result, 2015 expenditures and FTEs before adjustments represent only the portion of the costs up to the date the new internal order was created. After the adjustment is made to account for the new internal order, the 2015 and 2016 Labor, Non-Labor and FTE results are consistent with prior years historical costs.

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7. Is it generally the case that if electric distribution OH pool expenditures are reduced in a given year, such as 2015, that substation OH pool expenditures are also reduced by approximately the same amount? If not, please explain why that was the case in 2015.

SDG&E Response 7:

No, generally there is no correlation between changes in the electric distribution overhead pools versus the substation overhead pools. The electric distribution overhead pool includes engineering work associated with construction of Electric Distribution assets (FERC accounts 108, 364-373 and 397), while the substation overhead pool includes engineering work associated with construction of Substation assets (FERC accounts 108, 352-353, 361-362 and 397). Please note that although the Substation Engineering pool includes work for both Electric Transmission and Electric Distribution assets, the Transmission portion of the pool costs has been excluded from the GRC request.

Expenditures in both electric distribution and substation overhead pools went down in 2015 (prior to adjustments) due to changes in internal orders that were not captured in GRID.

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8. Referring to Ex. SDG&E-14 workpaper page 399, explain the adjustment for "Vacation and sick" and provide support for the specific values shown, including a description of the methodology and any quantification values used.

SDG&E Response 8:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 9, the response is identical.

Vacation and Sick Leave costs are estimated based on an aggregate average for the entire company, as a factor on direct labor using annual factors sponsored by the Shared Services Policy & Billing witness. Vacation and Sick (V&S) Factors for 2016 - 2019 applicable to forecast O&M and capital labor costs and hours are based on a three-year average rate through 2016 recorded V&S data. Please see the testimony and associated workpapers of James Vanderhye, Exhibit SDG&E-32.

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9. Referring to Ex. SDG&E-14 workpaper page 399, explain the adjustment for "escalation to 2016$" and provide support for the specific values shown, including a description of the methodology and any quantification values used.

SDG&E Response 9:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 10, the response is identical.

Escalation to 2016$ for historical values is accomplished by factors sponsored by the Cost Escalation witness Scott Wilder, and are obtained from the firm Global Insight, 1st Quarter 2017. Please see the testimony and associated workpapers to Exhibit SDG&E-39.

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10. Referring to Ex. SDG&E-14 workpaper page 400, define the work included in IO 7074266 and why 2015 and 2016 recorded expenditures should be adjusted upward because it was excluded from GRID.

SDG&E Response 10:

The internal order 7074266 is a cost collector for Engineering Electric Substation Capital charges. This new internal order was created to comply with SOX Segregation and separation of duties. As mentioned in SDG&E's response to Q6, an adjustment was made to 2015 and 2016 historical costs within the Substation Engineering Pool to account for internal order changes that were not captured within the GRID database.

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11. Referring to the "RefID" code on Ex. SDG&E-14 workpaper page 400, describe in lay terms all information contained within the RefID" codes. A hypothetical response could be "for the 2017 adjustment, John Smith made the adjustment on May 1, 2017 based on engineering judgement and data from the XYZ database."

SDG&E Response 11:

Please see the response to question 2

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12.Referring to Ex. SDG&E-14 workpaper page 404:

a. Provide an Excel worksheet version of this table with all formulas and links active. If it is not possible to provide a suite of files with links that work, disable the links in a separate file. To clarify, if the spreadsheet used by SDG&E includes links to other files, provide all files such that the links are functional, or provide two sets of files: a) the original file which will not calculate due to invalid links, and b) a version of the file with links inactivated. If the numbers were not calculated in Excel, explain how they were calculated.

b. If not provided in the spreadsheet provided in response to subpart a, explain how the values tabulated for Step 1a were derived, and show this derivation relative to the values in Table AFC-4 on Page AFC-18 of Exhibit SDG&E-14.

c. If not provided in the spreadsheet provided in response to subpart a, explain how the values tabulated for Step 1b were derived, and provide an Excel spreadsheet with annual values for each budget code that was excluded.

d. In the table provided in response to subpart c above, provide a description of the work included in each budget code listed.

e. If not provided in the spreadsheet provided in response to subpart a, explain how the values tabulated for Step 2 were derived, and provide an Excel spreadsheet showing the derivation for each annual value.

SDG&E Response 12:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 14, the response is nearly identical.

Please refer to the Excel file “ORA-SDGE-025-TCR-OH Pools Supporting Tables.XLSX” provided with the response to DR ORA-SDGE-025-TCR.

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13.Provide a history of budget code 904 that includes the following:

a. When the code was first opened,

b. When the code was first used,

c. Annual recorded expenditures from SAP, unadjusted, for each year expenditures were recorded to this budget code,

d. Any and all changes in the scope of work included in this budget code. Describe each change and when it occurred. As a hypothetical example, "in March 2003, work on communications systems that tied back to a substation was transferred from budget code 901 to budget code 904."

SDG&E Response 13:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 15, the response is similarly nearly identical.

Budget code 904 has existed for many years prior to the filing of this GRC application. In conformance to the requirements to provide 5 years of historical data with this application, the unadjusted historical costs from SAP can be found in the workpapers to this budget code in exhibit SDG&E-014-CWP. Changes in scope for this period are described in any adjustments shown in those workpapers.

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14. List all budget or other accounting codes that aggregate to get the tabular recorded values for budget code 904 provided on Ex. SDG&E-14 workpaper page 399.

SDG&E Response 14:

As described in SDG&E's response to question 7, the substation overhead pool includes engineering work associated with FERC accounts 108, 352-353, 361-362 and 397. As stated previously, although the Substation Engineering pool includes work for both Electric Transmission and Electric Distribution assets, the Transmission portion of the pool costs has been excluded from the GRC request.

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15. Where SDG&E has provided the recorded expenditures for specific projects in Exhibit SDG&E-14, do the values provided generally include expenditures for budget code 904?

SDG&E Response 15:

No, only direct costs are included in the forecasted expenditures for specific projects.

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16. For the project listed in Question 1 above, do the recorded expenditure values provided include expenditures for budget code 904?

SDG&E Response 16:

No, please see SDG&E's response to question 15.

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17. Does SDG&E have the ability to provide the recorded expenditures for specific projects in Exhibit SDG&E-14 that include expenditures for budget code 904? If not, please explain.

SDG&E Response 17:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 22, the response is similarly nearly identical.

Yes, SDG&E is able to provide fully loaded project costs that include electric substation engineering loaders, although this would be a time-consuming effort based on the nature and count of projects involved.

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18. List all SDG&E organizations that perform work tracked by, assigned to, or aggregated into budget code 904.

SDG&E Response 18:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 28, the response is similarly nearly identical.

Please refer to the Electric Distribution Engineering group in the Organization chart previously provided. While the employees in Electric Substation Engineering are the source of most of the labor charged to Budget Code 904, there can be labor charges originating from temporary assignment by personnel from nearly any part of the company based on the need for additional skills or resources.

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19. If not provided in organization charts previous provided to ORA, provide an organization chart showing organization names, employee names, and head counts for all organizations provided in response to Question 18 above, and extend this chart up two levels in the organization. For example, if the organizations using budget code 904 reach up to the line manager level, provide information for all second-level managers and directors responsible for these organizations.

SDG&E Response 19:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 29, the response is similarly nearly identical.

SDG&E objects to provide the specific names of those individuals under Rule 10.1, on grounds that the request is intrusive and neither relevant to the subject matter involved in the pending proceeding nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows: The organization charts previously provided to ORA include the Electric Distribution Engineering organization and associated boxes and position titles for each employee. Please see page 379 of the SDG&E Organization Charts file provided for the start of the Electric Transmission and Distribution Engineering segment of the company.

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20. Do any of the SDG&E personnel or subcontractors in the organizations provided in response to Question 18 above perform work for So Cal Gas, Sempra Corporation, other Sempra companies, or any other company? If so, explain the situations in which this occurs, and how SDG&E ensures that only expenditures for SDG&E projects and programs are attributed to budget code 904.

SDG&E Response 20:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 30, the response is similarly nearly identical.

SDG&E objects to the request to the extent that it seeks information that is outside of SDG&E's knowledge and/or outside the scope of this proceeding. Subject to and without waiving this objection, SDG&E responds as follows: Personnel and contractors within the Electric Distribution Engineering organization primarily perform work in support of electric distribution projects. There are occasions when employees are temporarily assigned to assist in engineering work to support various other activities within SDG&E. However, in all instances the costs are tracked separately and are charged to the appropriate pool/project. SDG&E does not track the work performed by its contractors that may be performed for SoCalGas or other Sempra companies.

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21. Does the work included in the budget code 904 forecast apply only to electric distribution facilities that directly serve customers (e.g., current carrying conductors, poles, communication equipment, etc.), or are other engineering services also included in this budget code, for example support for operational decisions such as planning outages for maintenance, or design of SDG&E buildings, labs, and other facilities that support SDG&E staff? If so, please list the other types of work performed and provide an example, including specific project budget code and project data, for each type of work.

SDG&E Response 21:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 31, the response is similarly nearly identical.

Yes, budget 904 applies only to engineering, supervisory and/or support capacity for electric distribution facilities that directly serve customers, as stated in SDG&E's response to question 7, the Electric Distribution Engineering Pool includes work associated with construction of Electric Distribution assets.

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22. If budget code 904 is forecast based on a fixed rate, provide the annual rates for this GRC period and what they are applied to, including all conditions and exceptions. As a hypothetical example, "the 2019 forecast for budget code 904 is determined based on 10% of forecast construction expenditures for projects identified elsewhere in this [TY 2019] GRC application for projects with an in-service date of 2019."

SDG&E Response 22:

This question is nearly identical to data request ORA-SDGE-022-TCR Question 32, the response is similarly nearly identical.

As described in SDG&E's response to question 7, the forecast for the Substation Engineering Pool is based on the historical relationship between overhead pools and capital expenditures, which is then applied to the forecasted increase in Electric Distribution Substation capital work to determine the overhead pool funding request. Please refer to the Excel file "ORA-SDGE-025-TCR-OH Pools Supporting Tables.XLSX" provided with the response to DR ORA-SDGE-025-TCR.

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23. If budget code 904 forecasts have historically been based on a fixed rate, provide the annual rates and what they were applied to for the last ten years, including all conditions and exceptions. As a hypothetical example, "from 2005 to 2010 the forecast for budget code 904 was determined based on 10% of forecast construction expenditures for projects identified elsewhere in the applicable GRC application."

SDG&E Response 23:

Please see SDG&E's response to question 22.