

ORA DATA REQUEST
ORA-SDGE-045-GAW
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: DECEMBER 4, 2017
DATE RESPONDED: DECEMBER 19, 2017

Exhibit Reference: SDG&E-14, Chapter IV. D, page AFC-33

SDG&E Witness: Alan F. Colton

Subject: Forecast Methodology for Tools/Equipment

Please provide the following:

1. On page AFC-33 of Exhibit SDG&E-14 (line 27), SDG&E states that it used a three-year average, based on historical data, to derive its forecasts for Electric Distribution Tools/Equipment. On page AFC-34, SDG&E states that its justification for using the three-year average is that it “levels out the peaks and valleys in this blanket budget.” However, in its workpapers, SDG&E seems to indicate that a three-year linear trend was used to derive its forecasts. (See, for example, page 106 of Ex. SDG&E-14-CWP.)
 - a. Please clarify whether a three-year average or a three-year trend was used to derive SDG&E’s forecasts for Electric Distribution Tools/Equipment.
 - b. If a three-year trend was actually used, please explain why SDG&E’s justification for the use of a three-year average (as discussed on page AFC-34) is no longer valid.
 - c. If a three-year trend was actually used, please explain why SDG&E believes that it is statistically valid to use a trend that consists of only three data points.
 - d. If a three-year trend was actually used, please provide ORA with the value of the trend.

SDG&E Response 1:

The forecast for this budget was intended to use a 3-year average, which would have resulted in a lower request than the 3-year linear trend that was inadvertently used. Using the intended 3-year average would produce a base forecast of \$1,037,000 for each of the years 2017, 2018 and 2019, resulting in a reduction of \$4,475,000 from the stated forecast for the three-year period, and allowing for the adjustment for uniforms in 2017 of \$2,800,000. This error was found after modeling for preparation of revised testimony was completed and will be noted in a footnote to revised testimony.

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2. Please verify that Exhibit SDG&E-14 contains no other instances where the described forecast methodology in the testimony differs from the forecast methodology contained in the workpapers.

SDG&E Response 2:

We have found the following budgets in SDG&E-14 that contain instances where the described forecast methodology in testimony differs from the forecast methodology contained in the workpapers. Correction of these errors will be noted in a footnote to revised testimony.

Budget	Testimony	Workpapers
236	5-Year Average	4-Year Average
906	Base Year	Zero-Based
8253	5-Year Average	Zero-Based
12243	Zero-Based	3-Year Average

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3. Based on page 108 of Ex. SDG&E-14-CWP, it appears that SDG&E has forecast that a one-time expenditure of \$2.8 million was scheduled to occur in the second quarter of 2017 for the purchase of new uniforms.
- a. Please provide mathematical details showing how SDG&E derived this \$2.8 million forecast.
 - b. Did SDG&E actually purchase \$2.8 million in new uniforms in the second quarter of 2017?
 - c. If the answer to Question 3.b is “No,” please explain what actually occurred, and provide quantitative and qualitative details regarding the expenditures that did occur.

SDG&E Response 3:

- a. SDG&E derived the costs of the new fire retardant (FR) garments and FR safety gear to comply with the new Cal-OSHA and Fed-OSHA requirements that caused a wholesale change out of our garments and employee safety gear to meet the new requirements. The requirement improves safety for employees who are exposed to hazards of electric arc and/or flame exposure. Estimates were calculated for those employees that are exposed to the hazards. The mathematical details showing the forecast is shown below.

Fire Retardant Garments & Safety Gear Cost Breakdown

GARMENT GROUP	Employee Type	#EMPLOYEES IN GARMENT GROUP	ALLOWANCE	GROUP COST
A	Electrical Worker	880	\$ 1,296	\$ 1,140,480
B	Gas Worker	168	\$ 1,080	\$ 181,440
C	Other Field/Plant Worker	153	\$ 324	\$ 49,572
D	Traffic Control	40	\$ 216	\$ 8,640
E	Lab	7	\$ 162	\$ 1,134
F	Admin	469	\$ 162	\$ 75,978
Total Garments				\$ 1,457,244

FR Safety Gear	#ITEMS	ITEM COST	EQUIPMENT COST
Face shield arc rated 40 cal/cm2	162	\$432	\$ 69,984
Rain Gear (Group A,B,C)	1201	\$842	\$ 1,011,722
FR Harness	100	\$378	\$ 37,800
FR Arc Barrier Shields	144	\$319	\$ 45,878
Total Gear			\$ 1,165,385

Total Garments & Gear	\$ 2,622,629
Contingency	\$ 177,371
Total	\$ 2,800,000

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SDG&E Response 3:-CONTINUED

- b. The majority of the new uniforms were purchased in the second and third quarter of 2017. Additional orders were placed in the fourth quarter of 2017.
- c. SDG&E purchased the new uniforms.

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4. SDG&E has elected to include the costs for new uniforms in the forecast of Electric Distribution Tools/Equipment. This capital category is described by SDG&E as a “blanket budget” (page AFC-34, line 2), which ORA understands indicates that capital expenditures are continuously occurring.
 - a. Given that uniform purchases are included in a “blanket” capital category, please verify that recorded data do not include purchases for new uniforms.
 - b. If recorded data for past years do include the costs for new uniforms, please provide ORA with five years of revised recorded expenditures for Electric Distribution Tools/Equipment that exclude the uniform costs.
 - c. Please explain why uniform purchases are not “spread out” over time, with purchases being made as needed.

SDG&E Response 4:

- a. Recorded data for budget 206 – Electric Distribution Tools/Equipment does not include purchases for new uniforms.
- b. The historical recorded data for budget 206 – Electric Distribution Tools/Equipment, does not include purchases for new uniforms.
- c. The purchases of the new Fire Retardant (FR) garments and FR safety gear are due to new Cal-OSHA and Fed-OSHA requirements that caused a wholesale change out of our existing FR garments and employee safety gear to meet the new requirements. SDG&E has made the expenditure of new FR garments and FR safety gear to improve safety for employees who are exposed to hazards of electric arc and/or flame exposure. Fed-OSHA implemented new safety standards for electric power generation, transmission and distribution in 29 CFR 1910.269 and 29 CFR 1926 Subpart S requiring such changes by employers in most other states in 2014, and Cal-OSHA has proposed adopting equally effective standards in 8 CCR Division 1 Chapter 4 to go into effect in California in 2018.