

**ORA DATA REQUEST**  
**ORA-SDGE-052-CL8**  
**SDG&E 2019 GRC – A.17-10-007**  
**SDG&E RESPONSE**  
**DATE RECEIVED: DECEMBER 6, 2017**  
**DATE RESPONDED: DECEMBER 20, 2017**

**Exhibit Reference:** SDG&E-34 and SDG&E-34-WP

**SDG&E Witness:** Matthew C. Vanderbilt

**Subject:** Depreciation

**Please provide the following:**

1. Follow-up question to the Master Data Request response, Chapter 27, Question 2.
  - a. Please provide 5 years of historical data (2012-2016) of actual net salvage dollars collected in rates.
  - b. Please provide 5 years of historical data (2012-2016) of year-end accumulated net salvage, *i.e.*, total accumulated net salvage dollars accounted for within the depreciation reserve.
  - c. Please explain why 2012 appears to be a historical outlier with a particularly high recorded cost of removal, whereas subsequent years start at a much lower level and show a time trend towards increasing costs.

**SDG&E Response 1:**

- a. The actual net salvage dollars collected in rates for 2012-2016 are the amounts authorized per the Commission's decision on SDG&E's TY 2012 GRC (D.13-05-010) and TY 2016 GRC (D.16-06-054). As stated in the Master Data Request response, Chapter 27, Question 2: "The annual negative net salvage authorized in rates for 2012 through 2015 was approximately \$319,604,000 and \$118,607,000 for 2016."

- b. Shown below is 5 years of historical data (2012-2016) of year-end accumulated net salvage accounted for within the depreciation reserve.

2012 = \$ (1,036,952,763)

2013 = \$ (1,065,827,421)

2014 = \$ (1,106,367,549)

2015 = \$ (1,142,188,481)

2016 = \$ (1,204,601,037)

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**SDG&E Response 1 (cont.)**

- c. When preparing the responses for the Master Data Request, some removal costs related to the San Onofre Nuclear Generating Station (SONGS) Steam Generator Replacement Project, which were never a part of any SDG&E General Rate Case, were inadvertently included. The correct amount for 2012, excluding the SONGS Steam Generator Replacement Project, is \$45,394,037.52.

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2. Follow-up question to Data Request ORA-SDG&E-005-CL8, Question 5:
- a. Please provide a copy of the DSEC lease. Reference the section(s) of the lease that govern the return of the property to the City of Boulder.
  - b. Please provide a copy of the independent auditor's report regarding DSEC, as referenced in Finding and Conclusion 19 on page 19 of Resolution E-4465.
  - c. Please provide historical data for the DSEC for each year since 2011, inclusive, as of December 31 of each year, plus data that were current when SDG&E assumed ownership of DSEC in October 2011. Break the data down by FERC account. Please include:
    - i. Accumulated cost;
    - ii. Additions;
    - iii. Retirements;
    - iv. Accumulated reserves;
    - v. Future net salvage;
    - vi. Recoverable balance (accumulated cost plus net salvage, less reserves);
    - vii. Any applicable adjustments.
  - d. Please provide a reconciliation of each annual amount of capital additions. Include cross-references to all relevant regulatory filings according to which the additions were approved.
  - e. Were the terms of the lease reviewed during the Commission's examination of any of the regulatory filings identified under (d) above?
  - f. Please explain why SDG&E did not request this change to the decommissioning date during its 2016 GRC proceeding.
  - g. Do the depreciation amounts embedded within the revenue requirements that were identified and approved by Resolution E-4465 correspond to a date for the commencement of decommissioning in mid-2026?
    - i. If so, please explain why this differs from the 2016 GRC filing.
    - ii. If not, please explain what date was used for the estimated date of decommissioning commencement when the Commission issued Resolution E-4465, and explain why this date did not account for the lease terms that require a mid-2026 date.
  - h. Given the 18-month decommissioning schedule noted in response to Question 5(a), please explain why the commencement of decommissioning in "mid-2026" noted in response to 5(b) is apparently less than 18 months prior to April 2027.

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**SDG&E Response 2:**

- a. Please refer to Sections 1.3, 2.10, 28.1, and 28.2 of the attached document: ORA-SDGE-052-CL8\_Attachment 1.xlsx.<sup>1</sup>
- b. Please refer to the attached document: ORA-SDGE-052-CL8\_Attachment 2.xlsx.
- c. Please refer to the attached document: ORA-SDGE-052-CL8\_Attachment 3.xlsx.
- d. Please refer to the attached document for a summary of capital additions: ORA-SDGE-052-CL8\_Attachment 3.xlsx.

D.07-11-046 approved SDG&E's request to exercise an option to purchase the Desert Star Energy Center (DSEC), formerly the El Dorado Power Plant. SDG&E assumed ownership of DSEC on October 1, 2011. SDG&E is not aware of any regulatory filings approving upgrades to DSEC outside of the general rate case proceedings. Capital costs related to DSEC are addressed in SDG&E's General Rate Case. DSEC was first included in SDG&E's TY 2016 GRC.

- e. SDG&E is not aware of a Commission review of the lease terms during its 2016 GRC or any other regulatory filings.
- f. Review of the lease terms in 2017 necessitated a change in the decommissioning date.
- g. No, the revenue requirements that were identified and approved by Resolution E-4465 did not correspond to commencement of decommissioning in mid-2026. The revenue requirements approved in Resolution E-4465 did not consider the lease terms.
- h. Pursuant to Section 2.10 of the lease, the Tenant must remove all improvements from the leased premises "within one hundred eighty (180) days after (i) the expiration or earlier termination of this Lease or (ii) notice from Landlord given not later than one hundred (180) days after the expiration or termination of this Lease, whichever is later, as to that portion of the Leased Premises upon which Improvement to be removed is situated". Commencement of decommissioning in mid-2026 is based on the requirement that removal of improvements is complete 180 days after expiration of the lease in April 2027. With an 18-month decommissioning schedule, work must begin in approximately mid-2026 to be complete 180 days after termination of the lease.

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<sup>1</sup> Original effective date of the lease is April 30, 1997.