

ORA DATA REQUEST
ORA-SDGE-055-TCR
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: DECEMBER 8, 2017
DATE RESPONDED: DECEMBER 29, 2017

Exhibit Reference: SDG&E-14 and SDG&E-24

SDG&E Witness: Alan F. Colton and Christopher R. Olmsted

Subject: Unadjusted historic data

Please provide the following:

1. SDG&E provided Excel file “MDR General Requirements Item 17 SDGE 5-Yr Hist w Fcst.xls” in response to ORA’s Master Data Request (MDR). The tabs for exhibits 14 and 24 include historical data labeled “Adj-Rec.” Is it correct that this label indicates that the data in adjusted recorded data? If not, please explain.

SDG&E Response 1:

Yes, ‘Adj-Rec’ indicates adjusted-recorded data.

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2. Please describe in general terms the adjustments discussed in Question 1, including but not limited to whether they were made as part of SDG&E's routine accounting process, or as part of the GRC process.

SDG&E Response 2:

The general process for preparing historical data for use in GRC forecast modeling and inclusion in the workpapers consists of these steps:

1. Assign organization cost centers and capital budgets into 'witness areas' for sponsorship in the GRC. Those cost centers and budgets can be further grouped into 'workpaper_groups' for like-kind or related items. For example, regional electric inspection activities can be grouped together and treated as one rather than for each separate cost center for each region. Similarly, capital budgets for new business construction can be grouped together
2. Extract historical financial data from the enterprise-wide SAP financial system, this is the 'recorded' data.
3. Exclude costs not subject to CPUC recovery through the General Rate Case and make ready for use in the GRID system.
4. Make 'adjustments' to historical costs as necessary through credit or debit adjustments that may include the following:
 - a. Reconcile reorganizations that have occurred during the 2012-2016 period, to align historic cost centers and their expenses with the current organization.
 - b. Collect costs from various company areas for sponsorship in a single witness area, such as some training costs.
 - c. Removal of any non-GRC items that were not removed in the initial filtering.
 - d. Removal of significant one-time items that may not be expected to be repeated within average or trend forecast methodologies.

This is now the 'adjusted-recorded' data.

These adjustments are made for GRC purposes within the GRID application, and are not part of SDG&E's routine accounting process.

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3. Were the adjustments discussed in Question 1 made within the SAP system or the GRID system?

SDG&E Response 3:

The adjustments described in Question 1 were made in the GRID system.

The general data movement is as follows:

- Recorded historical data is obtained from the SAP accounting system using a Business Warehouse query which creates a data ‘cube’.
- Data from that Business Warehouse ‘cube’ is used to initially populate the GRID database. This is ‘recorded’ historical data.
- Adjustments are made to that historical data. This is ‘adjusted-recorded’ historical data.
- Potential forecasts are calculated from that adjusted-recorded historical data as 3, 4 and 5 year averages or 3, 4 and 5 year linear trends. Forecasts can also be based on the 2016 Base Year adjusted-recorded data, or derived by a zero-base method in which historical expenses may be considered but are not necessarily used. The selection of an underlying forecast methodology is left to the witness and his or her planning assistant(s), and is based on the characteristics of the activity being forecasted.
- Adjustments may be made to the underlying forecast based on known or anticipated future events. This becomes ‘forecast’ data.
- Data from the GRID system is used to populate the RO model.
- Data from the GRID system is used to create workpapers using a database reporting tool called Crystal Reports.

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4. SDG&E's response to data request ORA-SDGE-012-TCR question 3 describes the FERC accounts used to account for substation work, accounts 362 and 353. Are FERC account codes assigned to all T&D and IT expenditures? If not, please explain and describe the exceptions. If so, please explain how the FERC codes are assigned in the accounting process. For example, are they added in SAP soon after the expenditure is initially logged, or later in a reconciliation process or in GRID?

SDG&E Response 4:

SDG&E's SAP system has been configured for the use of 'Internal Orders' (IOs), among other accounting characteristics. In many cases, these IOs originated from legacy FERC accounts and retain some or all of the numerical labeling that identifies the originating FERC account. In other cases new or updated IOs do not have any legacy recognizable labelling, but are mapped to FERC accounts for certain reporting requirements. All electric T&D and IT expenses are ultimately mapped to FERC accounts.

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5. Provide a revised Excel file that includes all data, and in the same format, included in “MDR General Requirements Item 17 SDGE 5-Yr Hist w Fcst.xls” for the Exhibit 14 and 24 tabs, and adds the following:
 - a. FERC accounting codes for each capital code provided in column “A”,
 - b. Unadjusted recorded data for 2012-2016 inclusive, in nominal dollars,
 - c. Unadjusted recorded data for 2012-2016 inclusive, in constant dollars.

SDG&E Response 5:

An Excel file with those characteristics does not exist. Much of the data requested can be found in the individual witness workpapers. In the file mentioned above and provided to ORA will be found, in each tab, the adjusted-recorded historical costs in both nominal and constant 2016 dollars. Unadjusted recorded data is found in the workpapers of each witness, corresponding to each tab, along with each adjustment made. Those historical costs are shown in both constant 2016 dollars as well as in nominal dollars. For example, in Exhibit SDG&E-14-CWP:

- a. At page 251 begins the category of Materials, which includes the Budget 002140 Transformers
- b. At page 260 begins the detail for that budget code 002140 Transformers
- c. At page 261 the table shows the adjusted-recorded historical expenses in constant 2016 dollars
- d. At page 264 begins the reconciliation of the labor, nonlabor and NSE components of all adjustments made to the recorded values in nominal dollars. These are shown also in groups (the gray bands with titles), in a stepwise fashion beginning with the recorded nominal dollars: the sum of all adjustments, the resultant recorded-adjusted values, the addition of vacation and sick leave, the addition of escalation to 2016 dollars, and finally the resultant recorded-adjusted in constant 2016 dollars.
- e. At page 265 begins the detail of all adjustments made to the recorded values, in nominal dollars. In the case of capital expenses, many budgets require no historical adjustments. In this case there is one adjustment shown for 2016, a reduction to the historical value.