

**ORA DATA REQUEST
ORA-SDGE-064-TLG
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: DECEMBER 21, 2017
DATE RESPONDED: JANUARY 11, 2017**

Data Request No: ORA-SDGE-064-TLG

Exhibit Reference: SDG&E-15

SDG&E Witness: Darren Weim/Will Speer

Subject: Electric Distribution Operations and Maintenance Expenses

Please provide the following:

1. Referring to SDG&E's testimony, Ex. SDG&E-15, page WHS-1, line 11, SDG&E forecasts \$164.399 million for Non-Shared Services for Test Year 2019 for its Electric Distribution Operations and Maintenance (O&M) expenses. This is an increase of \$41.932 million or 34.24% over 2016 adjusted recorded expenses of \$122.467 million.

a. Referring to SDG&E's Summary Table shown in its workpapers on page 2, a forecast request of \$164.729 million is shown for TY 2019 for its Electric Distribution O&M expenses. SDG&E's testimony, page WHS-17, Table WS-6 shows a 2019 forecast of \$164.399 million for its Electric Distribution O&M expenses. Please provide documentation that clarifies the discrepancy of \$0.330 million (\$164.729 million and \$164.399 million) for SDG&E's forecast for its Electric Distribution O&M expenses.

b. Referring to SDG&E's testimony, page WHS-17, Table WS-6 for its Emergency Management expenses, SDG&E shows a 2019 forecast of \$5.014 million or an increase of 100.32% over 2016 adjusted recorded expenses of \$2.503 million. In SDG&E's Summary Table shown on page 2 of its workpapers, for its Emergency Management expenses, SDG&E shows a 2019 forecast of \$5.344 million or an increase of 113.50% over 2016 adjusted recorded expenses. In SDG&E's response to data request ORA-SDG&E-014-TLG, it shows a forecast of \$5.014 million for its Emergency Management expenses. Please provide documentation that clarifies the discrepancy shown in SDG&E's 2019 forecast request for its Emergency Management expenses.

c. Referring to SDG&E's testimony, page WHS-19, Table WS-8 for its Construction Service expenses, SDG&E shows a 2019 forecast of \$20.690 million or an increase of 286% over 2016 adjusted recorded expenses of \$5.363 million. On page WHS-16, Table WS-6 for its Construction Service expenses, SDG&E shows a 2019 forecast of \$19.167 million or an increase of 257% over 2016 adjusted recorded expenses. In SDG&E's response to data request ORA-SDG&E-014-TLG, it shows a forecast of \$19.167 million for its Construction Service expenses. Please provide documentation that clarifies the discrepancy of \$1.523 million (\$20.690 million and \$19.167 million) shown in SDG&E's 2019 forecast request for its Construction Service expenses.

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SDG&E Response 1:

- a) The total amount of \$164.729MM from the workpaper is the correct amount. The \$.330MM discrepancy came from late adjustments to the Emergency Management section that were made in the workpapers but were not updated in the testimony. This error was corrected in the serving of revised testimony Exhibit SDG&E-15-R. Please see the revision log at the end of that revised testimony.
- b) The discrepancy of \$0.330 million, as described in the response to section a., is attributed to the net of the following: removal of an erroneous \$220k entry for materials for Emergency Mobile Command Trailers (EMCTs, please see testimony at page WHS-85), the reduction of \$20k for costs related to RAMP Weather Stations (please see testimony at page WHS-87), the addition of \$220k for Cloud Computing for Meteorology (please see testimony at page WHS-86), the addition of \$300k for Software Programming Services (please see workpapers SDGE-15-WP at page 269), and the addition of \$50k for a Sprinter Van Outfit (please see workpapers SDGE-15-WP at page 269). Please also see workpapers at page 265 regarding details of Emergency Management, and at supplemental workpaper page 298 for additional detail on several of these items.
- c) The correct amount is the \$19.167 amount shown in table WS-6 and in the workpapers.

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2. For each line item/category of management, shown in Ex. SDG&E-15, Table WS-6 on page WHS-16 to WHS-17, provide a detailed and itemized listing for all non-labor expenses for 2012-2016 and 2017 (note: do not lump expenses together in the response, separate and identify the expenses by the categories as requested below) incurred for 1) employee meals, 2) employee luncheons, 3) vendor payments for offsite meetings and events (provide copies of contracts for costs and services provided), 4) all entertainment expenses, 5) employee recognition activities, 6) sporting events, 7) all bonuses and Rewards, 8) employee/company memberships and dues (identify the organization), 9) all contributions, 10) charitable events, 11) brand awareness and loyalty surveys/campaigns/events, 12) lobbying activities, 13) events for educating regulators, and 14) other employee reimbursable expenses.

SDG&E Response 2:

Please see the accompanying file “ORA-SDGE-064- Q2.xls.”

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3. For each line item/category of management, shown in Ex. SDG&E-15, Table WS-6 on page WHS-16 to WHS-17, provide a detailed and itemized listing of all costs incurred for one-time, unusual or non-recurring costs for the years 2012-2016 and 2017, including but not limited to studies, special projects/programs, equipment demonstrations and testing, pilot programs, surveys, training, contract expenses, product/project development, testing and/or implementation, etc.

SDG&E Response 3:

In 2016 in the Electric Grid Operations work group, there was a one-time O&M non-labor cost associated with a new training program. The downward adjustment was made in 2017, 2018, and 2019 to appropriately adjust the forecast, using a 2016 base year estimate. This was the only case of a one-time charge or activity.

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4. For each line item/category of management, shown in Ex. SDG&E-15, Table WS-6 on page WHS-16 to WHS-17, that are proposing additional positions over 2016 staffing levels, provide the number of additional positions forecast over 2016 staffing levels, job titles, job descriptions, breakdown of annual salary (exclude employee incentives, bonuses, benefits, overhead, fleet, and taxes from salary) for each position and separate the proposed positions by line item/category of management.

SDG&E Response 4:

Please see accompanying file “ORA-SDGE-064-Q4.xls”

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5. For each line item/category of management, shown in Ex. SDG&E-15, Table WS-6 on page WHS-16 to WHS-17, provide a detailed explanation and supporting documentation that clearly demonstrates why each of SDG&E's Business Units recording expenses shown in Table WS-6 that are requesting funding for additional positions in the TY cannot address proposed TY activities with the 2016 staffing levels.

SDG&E Response 5:

Please see excel table "ORA-SDGE-064-Q4.xls"

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6. Provide documentation that demonstrates the funding amount authorized in SDG&E's 2016 GRC and the associated number of positions filled in each Electric Distribution category/line item.

SDG&E Response 6:

Please see excel table "ORA-SDGE-064- Q6-Q8-Q10.xls."

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7. Provide documentation that explains in detail why SDG&E is not able to reallocate embedded funding (costs already included in rates) from eliminated projects, maintenance costs from eliminated projects/programs, costs incurred for eliminated procedures and processes, and overtime costs to fund proposed activities and additional FTEs in TY 2019.

SDG&E Response 7:

SDG&E objects to this question to the extent that it assumes eliminated projects, programs, procedures, processes and overtime costs. Subject to and without waiving this objection, SDG&E responds as follows:

The proposed additions to headcount are for activities and programs that are incremental to the baseline estimate of existing costs. Each justification is different and is evaluated based on the circumstance, but generally the head count additions are to support new projects and programs, or provide the necessary resources to meet increased performance requirements of existing activities, or to provide necessary labor where attrition has exceeded average or baseline FTE forecasts. For example, FTE counts in Electric Regional Operations were 200.6 in 2012, 194.6 in 2013 and 181.2 in 2016. Since the 2016 value of 181.2 was used for the FTE forecast, an incremental add was needed to meet historical staffing levels required to perform these functions. To start a significant new program like PRiME, additional headcount will be needed to implement and execute the program. Efficiencies have been captured and forecasts adjusted down through the Fueling our Future efficiencies initiative. Some of these requests have been funded in part through those savings.

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8. For each line item/category of management, shown in Ex. SDG&E-15, Table WS-6 on page WHS-16 to WHS-17, recording expenses for Electric Distribution, provide the documentation that explains in detail and demonstrates all overtime/double time costs incurred during 2012-2016 and 2017. In the response, separate overtime/double time cost calculation by specific line item/category management.

SDG&E Response 8:

Please see excel table “ORA-SDGE-064- Q6-Q8-Q10.xls.”

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9. Provide documentation that explains in detail and demonstrates if/how SDG&E incorporated labor dollars from employee overtime/double time into its Test Year forecast for additional funding for new positions.

SDG&E Response 9:

The only overtime/double time that is incorporated into the Test Year forecast for additional funding is within Workpaper 1ED011.000 – Electric Regional Operations, \$25k per employee for 20 additional linemen. The lineman position is an historically overtime-intensive labor classification, justifying the estimate.

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10. Provide the documentation that explains and demonstrates the amount SDG&E requested, the amount authorized, and the 2016 adjusted recorded amount for each line item/category of management, shown in Ex. SDG&E-15, Table WS-6 on page WHS-16 to WHS-17.

SDG&E Response 10:

Please see excel table “ORA-SDGE-064- Q6-Q8-Q10.xls.”

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11. Provide the documentation that demonstrates the 2016 projects and associated costs that SDG&E completed as forecast in its 2016 GRC for Electric Distribution, and the forecast projects that were deferred or eliminated.

SDG&E Response 11:

The operations and maintenance of the electric system is constant and cyclical. SDG&E does not track all O&M costs as shown in Exhibit SDG&E-15 by program; rather, historical costs and activities are shown on a workpaper-group basis. The programs that are performed by the personnel represented in these workpaper groups are described in the testimony and generally correspond to identical or like-kind activities from the 2016 GRC for Electric Distribution Operations.

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12.Regarding SDG&E’s 2016 GRC authorized funding for Electric Distribution, if SDG&E underspent the amount that it was authorized in certain line items/category management, provide the documentation that explains in detail and demonstrates the specific accounts, business units, and projects/programs that received and recorded the reallocated funding.

SDG&E Response 12:

SDG&E does not track re-allocations and therefore cannot explain in detail and demonstrate the specific accounts, business units, and projects/programs that received and recorded any reallocated funding. Reallocations may be necessary due to emergencies, emergent work, new regulatory requirements or realigned priorities. As described in response to Question 11, the programs that are performed by the personnel represented in these workpaper groups are described in the testimony and generally correspond to identical or like-kind activities from the 2016 GRC for Electric Distribution Operations. The workpaper Exhibit SDG&E-015-WP demonstrates five years of historical costs for each workpaper group / category of management with the 2017, 2018 and 2019 forecast amounts, thus changes in expenses amongst those workpaper groups may be seen and in some cases are explained in the detailed adjustments found in the workpapers.

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13. Referring to SDG&E's testimony, Ex. SDG&E-15, page WHS-5, Table WS-3 for its Fueling our Future (FOF) expenses, SDG&E states on lines 15-17 that its "forecasts include approximately \$8.6M in downward pressure due to FOF efficiency saving, with approximately \$4.8M coming from the Electric Regional Operations work group."

- a. Provide documentation that clearly explains the estimated TY savings in more detail.
- b. Provide documentation that demonstrates the itemized and detailed breakdown of each number included in the calculation that totals the TY 2019 Estimated Savings shown in Table WS-3 for each line item/Category of Management shown.
- c. Regarding the identified efficiencies, SDG&E states on lines 17-19 that the "efficiencies were established through a variety of means including improving processes, leveraging technology for more targeted maintenance, and improved cost controls."
 - i. Provide the documentation that clearly identifies and contrasts the processes SDG&E utilized between 2012-2016 and 2017 and the specific differences that will be utilized by SDG&E in TY 2019 that is referred to in SDG&E's statement regarding "improved processes" (i.e., identify each "improved processes").
 - ii. Provide the documentation that clearly explains specifically what SDG&E is referring to in regards to "leveraging technology for more targeted maintenance" (i.e., what is meant by "leveraging technology").
 - iii. Provide documentation that clearly identifies and contrasts the processes utilized for identifying O&M maintenance projects related to Electric Distribution SDG&E utilized between 2012-2016 and 2017.
 - iv. Provide documentation that demonstrates the specific differences related to "leveraging technology for more targeted maintenance" that will be utilized by SDG&E in TY 2019 that is referred to in SDG&E's statement (i.e., was maintenance projects not properly planned or "targeted" during 2012-2017).
 - v. Provide documentation that clearly identifies and contrasts the procedures utilized for identifying inefficient and costly processes related to O&M projects for Electric Distribution SDG&E utilized between 2012-2016 and 2017.
 - vi. Provide documentation that demonstrates the specific differences related to "improved cost controls" that will be utilized by SDG&E in TY 2019 that is referred to in SDG&E's statement (i.e., were there no "cost control" procedures/processes utilized for maintenance projects during 2012-2017).

SDG&E Response 13:

- a. Please see the accompanying file "ORA-SDGE-064 FOF Efficiencies.xlsx."
- b. Please see the accompanying file "ORA-SDGE-064 FOF Efficiencies.xlsx."
- c. i. There are a total of 30 different process improvement related efficiencies represented in Exhibit SDG&E-15 gained through the fueling the future program. One example, is the process change to "Reduce costs by working with customers to reduce the number of pre-arranged outages." found at line 31 on the tab 'Efficiency Programs' in the aforementioned file "ORA-SDGE-064 FOF Efficiencies.xlsx." The prior process during which maintenance jobs required an outage, the job was planned during off

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SDG&E Response 13 Continued:

hours to reduce the impacts on businesses. The new process involves contacting all customers in order to work with them to attempt to schedule an acceptable outage time during regular working hours to avoid utility overtime cost. While many customers may not be able to accommodate planned outages during business hours, it is estimated that some may be able to do so resulting in a utility reduction in overtime of an estimated \$189k per year.

- i. There are a total of 24 efficiency programs represented in Exhibit SDG&E-15 that leverage technology to improve efficiency. One example of this is to leverage condition based maintenance data to reduce manual substation oil sampling (line 53 on the tab 'Efficiency Programs). Under the old technology, as part of SDG&E's maintenance procedures manual oil samples were taken every year in every substation distribution transformer to be tested for dissolved gas analysis and oil quality. It is important to obtain at least one sample each year as dissolved gas analysis is a trend-based analysis and not based on absolute values, where oil quality is based on not-to-exceed values. SDG&E recently installed dissolved gas monitors on all distribution transformers that will send automated email alerts at different set-values; that data is then available for trend analysis through software. While it was determined the manual sampling is still needed for oil quality metrics, it was determined the annual frequency was driven by the need for dissolved gas trend analysis. It has further been determined that the manual samples could be taken every other year with little risk to the health of the transformer asset, reducing the maintenance costs by half, a savings of \$72k dollars annually.
- ii. There are a total of 12 efficiency programs related to increased controls. An example of this is to reduce spend on small tools by implementing more stringent controls (line 32 on the tab 'Efficiency Programs). The previous process for small tools (drill bits, blades, sockets, etc.) was for a lineman to be issued them from stores using an identification badge. This was monitored by a monthly report showing total tools checked out and total costs by employee number. This control was considered to be reactive, occurring after the charges had been incurred. The new control is to require supervisor signatures to receive tools from stores. This will alert supervisors if tools are being replaced too frequently. This control is estimated to save \$240k per year.
- iii. See ii
- iv. See i
- v. See iii