

**ORA DATA REQUEST  
ORA-SDGE-070-CL8  
SDG&E 2019 GRC – A.17-10-007  
SDG&E RESPONSE  
DATE RECEIVED: DECEMBER 22, 2017  
DATE RESPONDED: JANUARY 10, 2017**

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

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

**Subject:** Depreciation

**Please provide the following:**

1. Referring to Ex. SDG&E-34, page MCV-3, please confirm that the inclusion of “Electric” in the title of Table MCV-2 and line 9 of Table MCV-2 is incorrect, and that line 9 is the utility’s CPUC-jurisdictional total. Please provide corrections if necessary.

**SDG&E Response 1:**

Confirmed, in Ex. SDG&E-34, page MCV-3 the word “Electric” in the title of Table MCV-2 and “ELEC.” in line 9 of Table MCV-2 should be removed. Line 9 of Table MCV-2 provides SDG&E’s CPUC-jurisdictional total. The term “ELEC.” on line 9 of Table MCV-2 was removed in the revised testimony, Ex. SDG&E-34-R, served on December 20, 2017. Below is Table MCV-2, which removes the word “Electric” from the title.



**Table MCV-2**

SAN DIEGO GAS & ELECTRIC COMPANY  
TEST YEAR 2019  
END-OF-YEAR DEPRECIATION & AMORTIZATION RESERVES  
(Thousand of Dollars)

| Line No. | Description                 | 2016<br>Recorded<br>(2016\$) | 2019<br>Test Year<br>(2019\$) |
|----------|-----------------------------|------------------------------|-------------------------------|
|          | <u>Depreciation Expense</u> |                              |                               |
| 1        | Common Tangible Plant       | 237,004                      | 292,763                       |
| 2        | Electric Tangible Plant     | 3,146,581                    | 3,787,740                     |
| 3        | Gas Tangible Plant          | 947,192                      | 1,046,481                     |
| 4        | TOTAL DEPRECIATION          | <u>4,330,777</u>             | <u>5,126,984</u>              |
|          | <u>Amortization Expense</u> |                              |                               |
| 5        | Limited Term Investments    | 289                          | 289                           |
| 6        | Land Rights                 | 49,271                       | 54,552                        |
| 7        | Software                    | 300,720                      | 536,507                       |
| 8        | TOTAL AMORTIZATION          | <u>350,280</u>               | <u>591,348</u>                |
| 9        | TOTAL DEPR. & AMORT.        | <u>4,681,057</u>             | <u>5,718,332</u>              |

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2. Please provide workpapers detailing SDG&E's recorded 2016 amortization expense and reserve, in total, broken down by FERC Account, and organized by subtotals for 'Limited term investments,' 'Land rights,' and 'Software,' as in Table MCV-2.

a. If SDG&E believes it has already provided this information to ORA, please explain and provide references to specific workpapers, materials provided in response to ORA-SDGE-011-CL8, or other.

b. Please identify which Asset IDs are subtotaled for each of Limited term investments, Land rights, and Software.

**SDG&E Response 2:**

Please refer to the attached document, ORA-SDGE-070-CL8-Q2.xlsx, for a summary of recorded 2016 amortization expense and reserve, by FERC account, including Asset IDs.

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**Please provide the following:**

3. Please provide a reconciliation and narrative explanation of any apparent differences between the depreciation/amortization expense and reserve calculations of Exhibit SDG&E-34, Workpapers SDG&E-34-WP, and the RO Model. See tables below for reference.

a. Please include a description of how shared plant is accounted for in each of Exhibit SDG&E-34 (Table MCV-2), Workpapers SDG&E-34-WP (p. 6-8), and the RO Model.

b. If the response to Question 2 provides figures that do not match those in Exhibit SDG&E-34, p. MCV-3, please include a reconciliation and narrative explanation for those differences as well.

NB:

| <b>2016 Recorded year-end reserves (\$000s)</b> | <b>SDG&amp;E-34, p. MCV-3</b> | <b>SDG&amp;E-34-WP, p. 6-8</b> | <b>RO Model, sheet rbSDGEPlantSum</b> |
|---|-------------------------------|--------------------------------|---------------------------------------|
| Common tangible                                 | 237,004                       | 271,877                        | 269,575                               |
| Electric tangible                               | 3,146,581                     | 3,154,115                      | 3,170,011                             |
| Gas tangible                                    | 947,192                       | 949,870                        | 947,193                               |
| <b>Total depreciation reserve</b>               | <b>4,330,777</b>              | <b>4,375,862</b>               | <b>4,386,779</b>                      |
| Limited term investments                        | 289                           |                                |                                       |
| Land rights                                     | 49,271                        |                                |                                       |
| Software  | 300,720                       |                                |                                       |
| <b>Total amortization reserve</b>               | <b>350,280</b>                |                                | <b>383,346</b>                        |
| <b>Total</b>                                    | <b>4,681,057</b>              |                                | <b>4,770,125</b>                      |

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**Question 3-Continued:**

| <b>Test Year 2019 year-end reserves (\$000s)</b> | <b>SDG&amp;E-34, p. MCV-3</b> | <b>RO Model, tab rbSDGEPlantSum</b> |
|--|-------------------------------|-------------------------------------|
| Common tangible                                  | 292,762                       | 336,793                             |
| Electric tangible                                | 3,787,778                     | 3,819,810                           |
| Gas tangible                                     | 1,046,454                     | 1,046,454                           |
| <b>Total depreciation reserve</b>                | <b>5,126,994</b>              | <b>5,203,057</b>                    |
| Limited term investments                         | 289                           |                                     |
| Land rights                                      | 54,551                        |                                     |
| Software   | 536,508                       |                                     |
| <b>Total amortization reserve</b>                | <b>591,348</b>                | <b>649,054</b>                      |
| <b>Total</b>                                     | <b>5,718,342</b>              | <b>5,852,111</b>                    |

**SDG&E Response 3:**

Please refer to the attached document, ORA-SDGE-070-CL8-Q3.xlsx, for a reconciliation of Exhibit SDG&E-34, Exhibit SDG&E-34-WP, and the RO Model.

Reserves that support the depreciation rate calculation are per book, meaning that they encompass the full utility account that ties to the filed FERC Form 1 and 2 and are included in Exhibit SDG&E-34-WP, while rate base reserves included in the RO Model are for ratemaking purposes. SDG&E has reconciliation differences attributable to having assets in more than one jurisdiction. Although amounts are recorded in specific FERC accounts for ‘per book’ purposes, there are re-assignments for ratemaking. For example, a substation asset is always recorded in FERC Account E-353, but some of the assets in Account E-353 actually serve a distribution function when it comes to ratemaking. Therefore, the distribution portion is reassigned from electric transmission to electric distribution. For ratemaking purposes, SDG&E also carves out the allocation of electric general and common plant to electric transmission. These carve outs are excluded from Exhibit SDG&E-34.

- a. Shared assets are a subset of the other asset id categories. The shared assets are embedded in the normal asset id, but then carved out as a subset, in order to isolate the appropriate amount of depreciation, return, and taxes to bill the primary user of the assets. Shared assets do not contribute to any differences between the depreciation/amortization expense and reserve calculations of Exhibit SDG&E-34, Exhibit SDG&E-34-WP, and the RO Model.
- b. Not applicable.