

**ORA DATA REQUEST
ORA-SDGE-073-TLG
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: DECEMBER 28, 2017
DATE RESPONDED: JANUARY 18, 2018**

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) In an Excel spreadsheet provide the following: 1) a detailed list of O&M expense projects SDG&E received authorized funding for that was included in its 2016 GRC forecast; 2) provide the status of those projects; 3) identify projects that were reclassified or renamed and changed to different maintenance priority levels and/or RAMP; 4) identify the project as fully repaired (maintenance completed) or temporarily repaired; provide the authorized amount and recorded cost of the repair; 5) state if the project was eliminated or deferred; and 6) state if the project included in its 2016 GRC is included again in its 2019 GRC request and state the amount of forecast.

In the response, organize one spreadsheet by category of management as shown in Ex. SDG&E-15, Table WS-6 on page WHS-16 and WHS-17, and organize another spreadsheet as shown in Ex. SDG&E-15, Table WS-5 on pages WHS-9 to WHS-11.

SDG&E Response a:

SDG&E does not track O&M expenses as projects. Rather, costs are captured in relation to workpaper groups and are related to ongoing operations and maintenance programs, as described in SDG&E-15. Please see excel table "ORA-SDGE-073- Q1a.xls" for a breakdown of costs related to amounts requested in the 2016 GRC, amounts authorized, and 2016 adjusted recorded amounts spent.

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b) Referring to SDG&E’s testimony, page WHS-11, lines 14-16, SDG&E states “My incremental request supports ongoing management of these risks that could pose significant safety or reliability consequences to our customers and employees. The anticipated risk reduction benefits that may be achieved by my incremental ask are summarized below by risk.”

SDG&E’s discussion on pages WHS-12 to WHS-14 that summarizes its risks mentioned above in this question associated with its proposed incremental requests, needs specifics and clarification. The discussion appears to be related to proposed enhancements or revisions to existing ongoing and routine maintenance programs and procedures that have costs included in rates instead of new, never done before maintenance programs and activities.

Provide documentation that clearly explains and supports specifically what SDG&E means by the following statements as it relates to each line item shown in Table WS-5 on pages WHS-9 to WHS-11 and Table WS-6 on pages WHS-16 to WHS-17: “supports ongoing management of these risks” (i.e., are these risks currently being managed, and if so explain and provide support and recorded costs), “could pose significant safety or reliability consequences” (i.e., is it possible that there may not be any “significant safety or reliability consequences?”) and “anticipated risk reduction benefits that may be achieved” (i.e., is it possible that there will not be any “risk reduction benefits that may be achieved?”).

SDG&E Response b:

For context, the entire passage of the quote reads “My incremental request supports the ongoing management of these risks that could pose significant safety or reliability consequences to our customers and employees. The anticipated risk reduction benefits that may be achieved by my incremental ask are summarized below by risk. “

The risks being discussed in this passage were the top safety and reliability risks identified in SDG&E’s RAMP report (I.16-10-015/I.16-10-016 Risk Assessment and Mitigation Phase Report of San Diego Gas & Electric Company and Southern California Gas Company, November 30, 2016. Please also refer to Exhibit SCG-02/SDG&E-02, Chapter 1 (Diana Day) for more details regarding the utilities’ RAMP Report and related GRC presentation, and a discussion of D.14-12-025 and D.16-08-018, the Commission orders specifying how SDG&E was required to present its risk management-related costs in its TY 2019 GRC testimony presentation. Exhibit SCG-02/SDG&E-02, Chapter 3 (Jamie York) explains how SDG&E integrated its RAMP Report into its GRC request, per Commission rulings and Safety and Enforcement Division (SED) guidance.

A list of the RAMP risks covered in SDG&E-15 and a description of each risk is detailed in SDG&E-15 Table WS-4 on pages WHS-6 and WHS-7. Each of the risks listed in Table WS-4 represents a specific chapter of SDG&E’s RAMP Report, which was filed as required in I.16-10-015/-016 and is available (by specific chapter/risk) at <https://www.sdge.com/regulatory-filing/20016/risk-assessment-and-mitigation-phase-report-sdge-socalgas>. Table WS-5 on pages WHS-9 – WHS-11 details the cost of current risk reduction programs (programs with 2016 Embedded Base Costs) and new incremental risk reduction programs (programs with TY 2019 Estimated Incremental Costs) by RAMP risk category and work group.

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SDG&E Response b:-Continued

For example, the table for Wildfire Risk in Table WS-5 shows that SDG&E spent nearly \$35M in wildfire risk mitigation activities in 2016, and shows which work groups contained the costs for these risk mitigation activities. The details of the existing risk mitigation activity can be found in SDG&E-15 in each work group under sub header “RAMP current activities.” Looking at the same risk category the table shows a total of \$1.14M in new proposed Wildfire risk mitigation activities, and the specific work groups where those programs are proposed. Details around those incremental risk reduction programs can be found in SDG&E-15 in each work group under sub header “RAMP proposed activities.” What the passage above means is that the request for incremental funds for new risk reduction programs will help SDGE&E to continue to manage the critical risks identified in the RAMP Report. The last part of the passage introduces the content on SDGE-15 pages WHS-12 – WHS-14 that highlights some of the new proposed risk mitigation activities by RAMP risk category.

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c) Referring to SDG&E’s workpapers, Ex. SDG&E-15-WP, it includes TY 2019 estimates listed under headings for “Low” and “High” for its forecast CPUC Cost Estimates. Provide documentation that explains clearly and specifically what SDG&E means by “Low” and High” estimates for its proposed TY O&M maintenance projects, programs and activities. In the response state clearly if the proposed TY projects and programs can be efficiently and effectively completed to ensure safety and reliability of its operating system and to ensure that safety risks are properly managed, minimized and mitigated by utilizing the “Low” estimates.

SDG&E Response c:

The workpapers numbers reflecting “high” and “low” estimates reflect RAMP-reported numbers, i.e., a range of numbers that were provided in SDG&E’s RAMP Report (available at <https://www.sdge.com/regulatory-filing/20016/risk-assessment-and-mitigation-phase-report-sdge-socialgas>). The RAMP Report shows proposed risk reduction programs that were identified and submitted with a cost estimate range. An estimated range was more appropriate for use in the RAMP Report, because the RAMP Report was not a request for funds, and it would be completed months before the GRC estimates would be finalized. SDG&E is providing the RAMP-reported range of numbers in its GRC workpapers for ease of reference and information only. SDG&E’s incremental GRC estimate for specific risk reduction programs represents SDG&E’s GRC request, and is the more recent estimate of the funding required to achieve the program goals using current information.

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d) In an Excel spreadsheet, provide a detailed list that identifies all employee training programs, and related training costs for SDG&E's Electric Distribution incurred each year (2012-2016 and 2017 and proposed in 2019) and state if the training is mandated, required, frequency of training, one-time special training programs, eliminated training programs, revised training programs, and any other training programs that are required. Include in the response if SDG&E requested and was authorized funding in its 2016 GRC for any of the identified employee training and state the authorized amount.

SDG&E Response d:

SDG&E objects to this request as unduly burdensome and not reasonably tailored to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows: The complete list of all training programs SDG&E provides to its employees is exceedingly large, and does not exist in the requested excel spreadsheet format. For a list of all employee training programs for which costs are supported in SDG&E-15, please see excel table "ORA-SDGE-073- Q1d.xls". A more complete compendium of SDG&E safety and skills-related training programs containing much of the above-described detail is provided in the Employee, Contractor and Public Safety Chapter of SDG&E's Risk Assessment Mitigation Phase (RAMP) Report, available at https://www.sdge.com/sites/default/files/regulatory/SDGE-3_RAMP_Employee_Contractor_and_Public_Safety_FINAL.pdf, and in the Workforce Planning Chapter of SDG&E's RAMP Report, available at https://www.sdge.com/sites/default/files/regulatory/SDGE17_RAMP_Workforce%20Planning_FINAL.pdf. Descriptions and details of SDG&E's training programs covered in SDG&E-15 can be found within the testimony for Skills & Compliance Training. Requests for future training are found within the appropriate testimony and workpapers for the requesting area.

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e) In SDG&E’s response to data request ORA-SDGE-014-TLG, it shows a forecast of \$4.610 million for its Asset Management expenses. SDG&E does not show any recorded expenses for 2012-2016. Referring to SDG&E’s testimony, page WHS-62, line 17, SDG&E utilized a “zero based” method to forecast TY expenses. SDG&E states on lines 18-21 that it “estimates the staffing needs of this group at 39 full time employees, and plans to fill 50% of this need from existing overlapping functions in the organization. The funding request covers labor costs for the approximately 20 new hires...and for some consultant fees to help launch the organization.”

Provide documentation that identifies and explains all of the “existing overlapping functions” and the adjusted recorded labor and non-labor expenses for 2012-2016 and 2017. In the response state specifically why SDG&E did not separately identify these historical labor and non-labor costs and related activities for review and analysis along with its request for \$4.610 million for its Asset Management group.

SDG&E Response e:

Please see SDG&E’s response to ORA-SDG&E-066-TLG 1(i). The Asset Management model is currently being developed and therefore specific historical overlapping positions cannot be uniquely identified at this time. The estimate was based on experience from consultants involved in Asset Management implementations in the industry. Functions that include the overlapping positions are systems support and analytics, engineering, planning, quality assurance and Asset Management leadership positions. The total headcount increase related to Asset Management will not exceed the values provided.

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f) Referring to SDG&E’s testimony, page WHS-62, on lines 18-21 that it “estimates the staffing needs of this group at 39 full time employees, and plans to fill 50% of this need from existing overlapping functions”, provide a detailed breakdown of the calculation of the 50% associated with recorded labor expenses for 2012-2016 and 2017.

SDG&E Response f:

Please see SDG&E’s response to ORA-SDG&E-066-TLG 1(i). As discussed above in response to (e), the Asset Management organization is currently being developed, and specific positions have not yet been precisely defined. Pages 325 through 327 of Mr. Speer’s workpapers contain a chart showing the FTE resources needed to perform the functions of the Asset Management organization, detailed in the chart. As opportunities for integration materialize these positions will be leveraged for establishing the Asset Management system. Some functions that have already been allocated include the Compliance Management Group, and the Technology Solutions and Reliability group. Other necessary positions identified in the work paper, might get filled by internal employees, that in turn might get filled by a new employee, making a detailed response complex. While on a higher level the company is confident of the 50% allocation provided, the detailed breakdown is not available at this point.

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g) Provide documentation that explains in detail and demonstrates specifically why SDG&E is not able to reorganize, reallocate and staff its Asset Management group with existing staff that perform “existing overlapping functions.”

SDG&E Response g:

Please see SDG&E’s response to ORA-SDG&E-066-TLG 1(i). As discussed on page WHS-4 of SDG&E-15, the Safety and Enforcement Division of the Commission has recommended that SDG&E pursue an asset management strategy in line with ISO 55000. SDG&E’s incremental request for the Asset Management Organization will establish and operate an ISO 55000-certified asset management program that would exceed existing compliance requirements establishing asset management policies, strategies, and governance for all distribution assets. SDG&E’s proposed certification to ISO 55000 is expected to strengthen SDG&E’s distribution asset management program and its alignment with SDG&E’s overall risk management strategy, as well as to facilitate SDG&E’s Enterprise Risk Management development and compliance with the Commission’s new risk, asset, and investment management expectations and requirements, as described in Exhibit SDG&E-02, Chapters 1-2 (*see also* Chapter 1, Appendix D, “Risk Maturity and Integration of Risk, Asset, and Investment Management at SDG&E, an Assessment Report”).

ISO 55000 adoption requires SDG&E to create, implement and maintain an integrated and systematic approach on how SDG&E manages assets across the organization. The engineers at the operating units will continue to own and implement the asset management plans at the operating organizational level, so they cannot simply be moved to a central organization. The centralized asset management organization is incremental to what exists today, and is needed to oversee the governance structure, the records management function, the data integration across the multitude of asset data systems and the focused analytics that will drive monitoring and continuous improvement. The teams that have moved into the new asset management organization (Compliance Management, Compliance Programs, Enterprise System Solutions, Click/CPD, and Business Process Improvements) have a role in supporting asset management-related functions in addition to other responsibilities, but none of them perform the types of incremental functions described above. The incremental functions are needed to establish and maintain the integrated asset management function that comports with ISO 55000 and aligns with the objectives of our Risk Management strategy, as outlined in Exhibit SDG&E-02, Chapters 1 and 2. In 2017, SDG&E created and filled three critical incremental positions (Director of Asset Management, Asset Management Program Manager and Business Technology Solutions Manager) to begin the design and development of the new asset management program that will comport to ISO 55000. More positions are expected to be added in 2018 and 2019.

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h) Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor) included in the calculation of the forecast of \$4.610 million and the basis utilized to calculate each individual estimate. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP, pages 318-327 show lump sum numbers with brief and general explanations for such a significant increase (\$0.00 to \$4.610 million). These pages lack the detailed breakdown of the calculation of each individual estimate included in the forecast that is being requested.

SDG&E Response h:

The detailed calculation of the asset management needs is provided on SDG&E-15-WP pages 325-327. The calculation for the estimate of the records management needs, as filed in the RAMP report, are 11 project management employees to perform records management as part of the asset management group at an estimated \$116k per employee.

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i) In SDG&E's response to data request ORA-SDG&E-014-TLG, it shows a forecast of \$19.167 million for its Construction Services expenses. SDG&E shows expenses increased by \$3.634 million from \$2.885 million in 2014 to \$6.519 million in 2015, and then declined by \$1.155 million in 2016 to \$5.364 million. SDG&E's forecast for 2019 of \$19.167 million is an increase of 257.33% over 2016 adjusted recorded expenses of \$5.364 million. The five-year average (2012-2016) of adjusted recorded expenses for Construction Services is \$4.156 million.

Provide the documentation that explains in detail and specifically and clearly compares the differences/enhancements in the maintenance projects, programs and procedures that SDG&E utilized, performed and completed during 2012-2016 and what is being proposed in TY 2019.

SDG&E Response i:

SDG&E provides detailed testimony regarding its baseline and incremental Construction Services programs and activities and the reasons behind them, including current and new programs and activities to address risks as presented in its RAMP Report, from pages WHS-19 through WHS-27, and in the associated supporting workpapers. SDG&E has chosen a Base Year plus incremental forecast methodology for the Construction Services workgroup. SDG&E expects the 2016 Base Year costs to continue, and incremental costs associated with new projects and programs to be added. SDG&E has prepared Supplemental Workpapers for Construction Services. SDG&E-15-WP pages 33-34 detail the additional projects and programs that SDG&E has proposed for TY 2019 that are in addition to the Base Year 2016 activities, including RAMP risk mitigation activities (as discussed further in SDG&E-15, see e.g., pages 6-16). The Supplemental Workpapers also include detailed estimates for the following projects: 1) Bridged Cutout Switch Replacement (page 35), 2) OH Switch Replacement (page 35), 3) UG Switch Replacement (page 35), and 4) PRiME (page 36). These four projects account for \$12.312 million (89%) of the \$13.803 million incremental request for Construction Services in TY 2019. More information regarding SDG&E's baseline and incremental RAMP activities is provided in Section II of SDG&E-15, and in the corresponding chapters of SDG&E's RAMP Report (available at <https://www.sdge.com/regulatory-filing/20016/risk-assessment-and-mitigation-phase-report-sdge-socalgas>).

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j) Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor) included in the calculation of the forecast of \$19.167 million and the basis utilized to calculate each individual estimate. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP, pages 33-36 show lump sum numbers with brief and general explanations for such a significant increase of 257.33%. These pages lack the detailed breakdown of the calculation of each individual estimate included in each line item that is included in the forecast of \$19.167 million.

SDG&E Response j:

SDG&E-15-WP pages 33-34 detail the additional projects and programs that SDG&E has proposed for TY 2019 that are in addition to the Base Year 2016 activities. The Supplemental Workpapers also include detailed estimates for the following projects: 1) Bridged Cutout Switch Replacement (page 35), 2) OH Switch Replacement (page 35), 3) UG Switch Replacement (page 35), and 4) PRiME (page 36). These four projects account for \$12.312 million (89%) of the \$13.803 million incremental request in TY 2019.

The detailed estimates for the switch replacement programs include the number of switches expected to be replaced and the O&M cost for each switch replacement. Multiplying these two numbers gives the total O&M cost for the program. SDG&E is assuming a seven-year program, so dividing the total O&M Program cost by seven will give the annual cost for the program included in Test Year 2019.

The detailed estimate for the PRiME program shows the number of poles to be analyzed and the assumed number of poles to be replaced (7%) and rearranged (3%). Multiplying the number of poles to be replaced/rearranged by the cost for each replacement/rearrangement yields the total cost for the pole replacements/rearrangements. The O&M portion of the costs are 15% of pole replacements and 95% of pole rearrangements. The total O&M costs for Test Year 2019 include the O&M costs associated with both the pole replacements and rearrangements.

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k) Provide documentation that SDG&E’s management prepared and relied upon that clearly explains and demonstrates specifically why SDG&E did not utilize, perform, incorporate, or complete those proposed TY activities for its Construction Services which will cause its expenses to increase by 257.33% during 2012-2016 if those proposed maintenance activities were important to ensure safety and reliability of its operating system and to ensure that safety risks were properly managed, minimized and mitigated.

SDG&E Response k:

SDG&E objects to this question in that it assumes facts not supported, e.g. that “SDG&E did not utilize, perform, incorporate, or complete those proposed TY activities for its Construction Services which will cause its expenses to increase”. Subject to and without waiving this objection, SDG&E responds as follows:

SDG&E utilizes its Corrective Maintenance Program to ensure the safe and reliable operation of its system. SDG&E strives to continually improve in the areas of safety and reliability, and new projects or programs are developed to address improvements in these areas. SDG&E provides detailed testimony regarding its baseline and incremental Construction Services programs and activities and the reasons behind them, including current and new programs and activities to address risks as presented in its RAMP Report, from pages WHS-19 through WHS-27, and in the associated supporting workpapers. Section II of SDG&E-15 provides a summary of the RAMP chapters discussing risk mitigation activities supported by Construction Services, and associated costs. The corresponding RAMP Report chapters are available (by risk name) at <https://www.sdge.com/regulatory-filing/20016/risk-assessment-and-mitigation-phase-report-sdge-socialgas>.

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1) Provide documentation that explains in detail and identifies all projects and programs that were proposed in 2016 GRC for Construction Services but were deferred and is included in the TY 2019 increase of 257.33%.

SDG&E Response 1:

SDG&E objects to this question in that it assumes facts not supported, e.g., that there exist “projects and programs that were proposed in 2016 GRC for Construction Services but were deferred”. Subject to and without waiving this objection, SDG&E responds as follows: There are no projects or programs that were proposed in the 2016 GRC for Construction Services but were deferred and included in TY 2019.

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m) If all proposed TY activities and initiatives are new, never performed or implemented for Construction Services, clearly state so and explain why the proposed maintenance projects were never required or necessary during 2012-2016 to ensure safety and reliability of its operating system and to ensure that safety risks were properly managed, minimized and mitigated.

SDG&E Response m:

SDG&E provides detailed testimony regarding its baseline and incremental Construction Services programs and activities and the reasons behind them, including current and new programs and activities to address risks as presented in its RAMP Report, from pages WHS-19 through WHS-27, and in the associated supporting workpapers SDG&E 15 WP pages 33 and 34. More detail regarding the current and new RAMP risk mitigation activities described in the Construction Services testimony (and the reasons for performing those activities) are discussed in the corresponding RAMP chapters (as shown in SDG&E-15, Section II):

SDG&E-1 Wildfires Caused by SDG&E Equipment
SDG&E-3 Employee, Contractor and Public Safety
SDG&E-12 Electric Infrastructure Integrity, and
SDG&E-17 Workforce Planning

These RAMP Report chapters are available (by risk name) at <https://www.sdge.com/regulatory-filing/20016/risk-assessment-and-mitigation-phase-report-sdge-socalgas>.

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n) If SDG&E performed the same or similar maintenance programs, projects, and activities as being proposed in TY 2019 for Construction Services, to ensure safety and reliability of its operating system and to ensure that safety risks were properly managed, minimized and mitigated, state so and provide the documentation that demonstrates the costs incurred and the accounts where the costs were recorded.

SDG&E Response n:

SDG&E provides detailed testimony regarding its baseline and incremental Construction Services programs and activities and the reasons behind them, including current and new programs and activities to address risks as presented in its RAMP Report, from pages WHS-19 through WHS-27, and in the associated supporting workpapers. Further information regarding RAMP is provided in Section II of the testimony. The Base Year 2016 activities account for \$5.363 million of the Test Year 2019 request. The Base activities for Construction Services are discussed in the testimony of Mr. William Speer (Exhibit SDG&E-15) under the “Description of Costs and Underlying Activities” heading (pages WHS-19-21) of the Construction Services workgroup. The costs incurred and the accounts, appearing as workpaper groups, can be found there and in the associated workpapers.

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o) Provide the documentation that explains in detail the reason for the increase and decrease in Construction Services expenses each year between 2014 and 2016 and that identifies the associated projects/programs and related expense.

SDG&E Response o:

SDG&E provides detailed testimony regarding its baseline and incremental Construction Services programs and activities and the reasons behind them, including current and new programs and activities to address risks as presented in its RAMP Report, from pages WHS-19 through WHS-27 in SDG&E-15, and in the associated supporting workpapers. Further information regarding RAMP risk mitigation activities is provided in Section II of the testimony, and in the corresponding RAMP chapters available at <https://www.sdge.com/regulatory-filing/20016/risk-assessment-and-mitigation-phase-report-sdge-socalgas>. Construction Services costs, as with any activity, will vary from year to year depending on the number and types of projects that are being constructed.

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p) Provide the adjusted recorded labor (identify all non-productive labor costs, all training costs, overtime, and costs for bonuses/incentives) and non-labor expenses for 2012-2016 and 2017 for Construction Services. In the response include the staffing level, job classification, actual salary, and identify the staffing increase/decrease from 2016 staffing levels.

SDG&E Response p:

Please see excel table “ORA-SDGE-073- Q1p-t-x.xls”

Please see excel table “ORA-SDGE-073 Staffing_TY19.xlsx”

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q) SDG&E's response to data request ORA-SDG&E-014-TLG, it shows a forecast of \$4.297 million for its Distribution and Engineering expenses. SDG&E's adjusted recorded expenses were relatively flat between 2012 and 2015 averaging \$1.635 million during the four- year period (2012-2015). SDG&E shows adjusted recorded expenses increased between 2015 and 2016 by \$0.705 million, from \$1.636 million to \$2.341 million. SDG&E's forecast for 2019 of \$4.297 million is an increase of 84% over 2016 adjusted recorded expenses of \$2.341 million.

Provide the documentation that explains in detail and specifically and clearly compares the differences/enhancements in the maintenance projects, programs and procedures that SDG&E utilized, performed and completed during 2012-2016 and what is being proposed in TY 2019.

SDG&E Response q: SDG&E-15, page WHS-56 – WHS-58 describes in detail the Distribution and Engineering maintenance projects, programs and procedures that SDG&E utilized, performed and completed during 2012-2016. The new proposed maintenance programs and activities are discussed as cost drivers in SDG&E-15 pages WHS-58 – WHS-60. More information regarding SDG&E's baseline and incremental RAMP activities is provided in Section II of SDG&E-15, and in the corresponding chapters of SDG&E's RAMP Report (available at <https://www.sdge.com/regulatory-filing/20016/risk-assessment-and-mitigation-phase-report-sdge-socalgas>).

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r) Provide the documentation that explains in detail the reason for the increase in Distribution and Engineering expenses between 2015 and 2016 and that identifies the associated projects/programs and related expenses.

SDG&E Response r:

The primary cost driver for the 2016 increase was increased maintenance expenses for emergency backup generators utilized as part of SDG&E's Fire Prevention Plan. SDG&E's October 31, 2016 Fire Prevention Plan is available at <https://www.sdge.com/documents/fireprevention-plan>.

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DATE RECEIVED: DECEMBER 28, 2017
DATE RESPONDED: JANUARY 18, 2018**

s) Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor) included in the calculation of the forecast of \$4.297 million and the basis utilized to calculate each individual estimate for Distribution and Engineering. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP, pages 200-202 show lump sum numbers with brief and general explanations for an increase of 84%. These pages lack the detailed breakdown of the calculation of each individual estimate included in the forecast.

SDG&E Response s:

As can be seen at workpaper page 188, the forecast is derived from a 3 year average and not entirely from individual estimates. SDG&E-15-WP pages 200-202 detail the additional projects and programs that SDG&E has proposed for TY 2019 that are in addition to the 3-year average forecast. The Supplemental Workpapers also include detailed estimates for estimates for PRiME (page 201) and the Increased Outreach Program (page 202)

The detailed estimate for the PRiME program (page 201) shows the non-labor engineering support for analysis and assessment will cost \$200 per pole, as-built true up construction work on 10% of all poles at \$250 per pole and PLS CADD model of 5% of all poles at \$350 per pole. For Contractor Staffing, SDG&E lists by line item the positions needed and cost, with 27% O&M. For Internal adds, SDG&E lists detail for three FTEs and cost at 10% O&M.

The detailed estimate for the Increased Outreach Program (page 202) shows each line item for the program and frequency of the item. For example, Radio Ads will be done quarterly for a total cost of \$20,000 or \$5,000 per quarter.

ORA DATA REQUEST
ORA-SDGE-073-TLG
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: DECEMBER 28, 2017
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t) Provide the adjusted recorded labor (identify all non-productive labor costs, all training costs, overtime, and costs for bonuses/incentives) and non-labor expenses for 2012-2016 and 2017 for Distribution and Engineering. In the response include the staffing level, job classification, actual salary, and identify the staffing increase/decrease from 2016 staffing levels.

SDG&E Response t:

Please see excel table “ORA-SDGE-073- Q1p-t-x.xls”

Please see excel table “Staffing_TY19.xlsx”

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u) SDG&E's response to data request ORA-SDGE-014-TLG shows a forecast of \$22.547 million for its Electric Distribution Operations expenses. SDG&E's adjusted recorded expenses were flat between 2012 and 2014 averaging \$10.575 million during the three-year period (2012-2014). SDG&E shows adjusted recorded expenses increased between 2014 and 2016 by \$4.676 million, from \$10.913 million in 2014 to \$15.589 million in 2016. SDG&E's forecast for 2019 of \$22.547 million is an increase of 45% over 2016 adjusted recorded expenses of \$15.589 million.

Provide the documentation that explains in detail and specifically and clearly compares the differences/enhancements in the maintenance projects, programs and procedures that SDG&E utilized, performed and completed during 2012-2016 and what is being proposed in TY 2019.

SDG&E Response u:

SDG&E provides testimony regarding its baseline and incremental Electric Distribution Operations programs and activities from pages WHS-28 through WHS-31 in SDG&E-15, and in the associated supporting workpapers. Page WHS-32 details the incremental expenses for this work group, which includes a training class for distribution system operators so that Electric Distribution Operations can be staffed to maintain its ability to safely and reliably operate the distribution system, and also an upward pressure due to increased SCADA maintenance contract expenses. Additional detail regarding distribution system operator training can be found in the RAMP chapter describing Workforce Planning risk mitigation activities (Chapter SDG&E-17).

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v) Provide the documentation that explains in detail the reason for the increase in Electric Distribution Operations expenses between 2014 and 2016 and that identifies the associated projects/programs and related expenses.

SDG&E Response v:

The cost increases are primarily due to an increased amount of exempt materials necessary to complete construction projects. Please see the testimony section III D (pages WHS-28 through WHS-31) for details related to the increase in expenses.

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w) Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor; do not include lump sum numbers in the response) included in the calculation of the forecast of \$22.547 million and the basis utilized to calculate each individual estimate for Electric Distribution Operations. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP do not include the requested information.

SDG&E Response w:

SDG&E's estimate for this work group is a combination of a base forecast (utilizing historical values that base forecast is not derived from individual estimates) plus incremental estimates for new programs or staffing requirements. For this work group, SDG&E utilized a three-year linear trend for a base estimate of \$22,326, detailed in the chart on SDG&E-15 WP page 52. Please see the testimony section III D (pgs. 28-31 for details on the reasons behind this estimate methodology.

The test year 2019 incremental request is a net request of \$220k which includes the following adjustments on SDG&E-15 WP page 53.

“Class of 9 Distribution System Operators...”

The calculation for the estimate is as follows:

9 operators * 72k salary * 77.5% O&M split while in class (1 year) = \$501k

9 operators * 72k salary * 35% O&M split when OJT (1 year) = \$227k

Average annual expense for 9 DSO's = $(\$501k + 227k) / 2 = \363

Addition of 2 management employees

The calculation for the estimate is as follows:

2 employees * 100k salary * 50% O&M split = \$100k

SCADA System Support and Maintenance = \$45k This is incremental software maintenance contract cost, there is no calculation.

\$288 k in efficiency savings due to FOF initiatives.

Total incremental = $\$363k + \$100k + \$45k - \$288k = \$220k$

Total Cost Estimate for Electric Distribution Operations = Base \$22,326 + Incremental \$220 = \$22,546

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x) Provide the adjusted recorded labor (identify all non-productive labor costs, all training costs, overtime, and costs for bonuses/incentives) and non-labor expenses for 2012-2016 and 2017 for Electric Distribution Operations. In the response include the staffing level, job classification, actual salary, and identify the staffing increase/decrease from 2016 staffing levels.

SDG&E Response x:

Please see excel table “ORA-SDGE-073- Q1p-t-x.xls”

Please see excel table “Staffing_TY19.xlsx”

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y) If all proposed TY activities and initiatives are new, never performed or implemented for Electric Distribution Operations and Distribution and Engineering, clearly state so and explain why the proposed maintenance projects were never required or necessary during 2012-2016 to ensure safety and reliability of its operating system and to ensure that safety risks were properly managed, minimized and mitigated.

SDG&E Response y:

The incremental upward pressures are not new, they relate to staffing requirements to continue performing critical activities and additional software maintenance costs. These incremental cost drivers are explained in detail in SDG&E-15 page WHS-31 and include additional classes for distribution system operators and additional expenses due to an increase in the SCADA system maintenance contract costs.

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z) If SDG&E performed the same or similar maintenance programs, projects, and activities as being proposed in TY 2019 for Electric Distribution Operations and Distribution and Engineering, to ensure safety and reliability of its operating system and to ensure that safety risks were properly managed, minimized and mitigated, state so and provide the documentation that demonstrates the costs incurred and the accounts where the costs were recorded.

SDG&E Response z:

Programs and activities performed by Electric Distribution Operations are discussed in WS-15 pages WHS-28 – WHS-30. Recorded historical costs from 2012 – 2016 are provided in SDG&E-15 WP page 51.