

ORA DATA REQUEST
ORA-SDGE-090-GAW
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: JANUARY 16, 2018
DATE RESPONDED: JANUARY 30, 2018

Exhibit Reference: SDG&E-14, Chapter IV. I, pages AFC-72 through 74

SDG&E Witness: Alan F. Colton

Subject: Questions Regarding Overhead Pool Projects 905 and 906

Please provide the following:

1. On pages AFC-72 and 73 of Exhibit SDG&E-14, SDG&E provides testimony on Budget Code project 905, Department Overhead Pool. The following questions seek clarification and/or additional information on various aspects of this project; page references to SDG&E's testimony (Exhibit SDG&E-14) are prefaced by "AFC," while page references to SDG&E's workpapers (Exhibit SDG&E-14-CWP) are prefaced by "WP".

- a. On lines 4 through 6 of page AFC-73, SDG&E states that its forecast "is derived by taking the base year expenditures and applying a net upward adjustment based on a historical relationship of electric and gas distribution capital overhead to capital expenditures."
 - i. In the above quotation, is 2016 the "base year" that is referenced?
 - ii. On workpaper page WP-414, SDG&E provides a series of tables that appear to ultimately derive SDG&E's forecasts for project 905. Are the tables on page WP-414 meant to calculate the "net upward adjustment based on a historical relationship of electric and gas distribution capital overhead to capital expenditures" that is referenced in the above quotation?
- b. In the first table on page WP-414 (identified as Step 1a), ORA has been unable to determine how the included numbers are obtained. These numbers do not appear to match either recorded or forecast expenditures. These numbers also do not match the numbers found on a comparable table located on page WP-422. Please explain how the numbers found in the first table were derived, and provide calculations showing how they were calculated.
- c. In the second table on page WP-414 (identified as Step 1b), ORA has been unable to determine how the included numbers are obtained. These numbers do not appear to match either recorded or forecast expenditures. These numbers also do not match the numbers found on a comparable table located on page WP-422. Please explain how the numbers found in the second table were derived, and provide calculations showing how they were calculated.
- d. Ultimately, ORA will be deriving its own forecasts for the various capital categories shown in the tables on page WP-414. Please provide Excel tables (comparable to those found on page WP-414) that will allow ORA to input its own forecasts and thereby derive its own estimates for Budget Code project 905.

SDG&E Response 01:

- a.
 - i. Correct, the base year is 2016
 - ii. Correct, tables on page WP-414 are meant to calculate the "net upward adjustment

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SDG&E Response 01:-Continued

based on a historical relationship of electric and gas distribution capital overhead to capital expenditures” Please see the accompanying file “ORA-SDGE-090-GAW OH Pools Supporting Tables.xlsx”.

- b. SDG&E values were derived based on historical costs in those pools and compared to expected capital construction activity levels. The accompanying file “ORA-SDGE-090-GAW OH Pools Supporting Tables.xlsx” details how the Department Overhead Pool (DOH) forecast was derived. The tab ‘Forecast Summary’ contains a summarization of each of the pools, Local Engineering, Substation, Department Overhead (DOH) and Contract Administration (CA). In response to this question regarding the DOH pool, the tab “Summary – DOH” is where the DOH table is derived. In cell H9 appears the actual recorded cost for the base year 2016 for the Department Overhead Pools. The table section on that same tab labeled “Basis of Forecast” is where the total was derived by category after exclusions, which are detailed also on that same tab in the table below that labeled “Exclusion from Basis”. Those exclusions are for non-GRC costs such as for Electric Transmission FERC-related costs. The % increases/decrease found in row 20 are based on the forecast for capital for 2017 through 2019. The percentages in turn are used in cells I9 through K9 to derive the Department Overhead Pool forecast for 2017, 2018 and 2019. Similar methodology is used for the other pools, each appearing on the appropriately labeled tabs in that workbook. The remaining tabs are historic cost extracts used for that summary purpose.
- c. See response to 1b.
- d. See response to 1b. Please see the accompanying file “ORA-SDGE-090-GAW OH Pools Supporting Tables.xlsx”.

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2. On pages AFC-73 and 74 of Exhibit SDG&E-14, SDG&E provides testimony on Budget Code project 906, Contract Administration Pool. The following questions seek clarification and/or additional information on various aspects of this projects.

- a. On lines 10 through 12 of page AFC-74, SDG&E states that its forecast “is derived from the base year Recorded expenditures with a net upward adjustment based on a historical relationship of contract administration overhead to capital expenditures.”
 - i. In the above quotation, is 2016 the “base year” that is referenced?
 - ii. On workpaper page WP-422, SDG&E provides a series of tables that appear to ultimately derive SDG&E’s forecasts for project 906. Are the tables on page WP-422 meant to calculate the “net upward adjustment based on a historical relationship of contract administration overhead to capital expenditures” that is referenced in the above quotation?
- b. In the first table on page WP-422 (identified as Step 1a), ORA has been unable to determine how the included numbers are obtained. These numbers do not appear to match either recorded or forecast expenditures. These numbers also do not match the numbers found on a comparable table located on page WP-414. Please explain how the numbers found in the first table were derived, and provide calculations showing how they were calculated.
- c. In the second table on page WP-422 (identified as Step 1b), ORA has been unable to determine how the included numbers are obtained. These numbers do not appear to match either recorded or forecast expenditures. These numbers also do not match the numbers found on a comparable table located on page WP-414. Please explain how the numbers found in the second table were derived, and provide calculations showing how they were calculated.
- d. Ultimately, ORA will be deriving its own forecasts for the various capital categories shown in the tables on page WP-422. Please provide Excel tables (comparable to those found on page WP-422) that will allow ORA to input its own forecasts and thereby derive its own estimates for Budget Code project 906.

SDG&E Response 02:

- a.
 - i. Correct, the base year is 2016
 - ii. Correct, tables on page WP-422 are meant to calculate the “net upward adjustment based on a historical relationship of electric and gas distribution capital overhead to capital expenditures” Please see the accompanying file “ORA-SDGE-090-GAW OH Pools Supporting Tables.xlsx”.
- b. Please see response to question 1b. Please also see the accompanying file “ORA-SDGE-090-GAW OH Pools Supporting Tables.xlsx” within the tab “Summary-Contract Admin” for the detailed forecasting methodology of the contract administration pool.
- c. Please see the accompanying file “ORA-SDGE-090-GAW OH Pools Supporting Tables.xlsx”
- d. Please see the accompanying file “ORA-SDGE-090-GAW OH Pools Supporting Tables.xlsx”