

ORA DATA REQUEST
ORA-SDGE-095-TLG
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: JANUARY 19, 2018
DATE RESPONDED: JANUARY XX, 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-R, page WHS-1, line 11, SDG&E forecasts \$164.729 million (revised from \$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 \$42.262 million or 34.51% over 2016 adjusted recorded expenses of \$122.467 million.

- a. SDG&E's testimony in Ex. SDG&E-15-R includes O&M projects associated with proposed capital projects (i.e., Overhead small wire and connector replacement, 4 kV Modernization, Bridged Cutout Switch Replacements, Overhead Switch Inspection and High-Risk Switch Replacement, just to name a few examples (see page WHS-22). SDG&E refers ORA to the testimony of Mr. Alan Colton included in Ex. SDG&E-14 for a discussion of the scope of work.

Provide a spreadsheet that identifies all proposed O&M projects and the detailed calculation of the forecast estimate that is associated with proposed capital projects that SDG&E refers to in Ex. SDG&E-15 (includes all Categories of Management) and that is directly linked to discussions in Mr. Alan Colton's testimony in Ex. SDG&E-14. In the response include a column with the specific page, line numbers, and account numbers for each O&M related project.

If SDG&E's proposed capital projects, which are linked to O&M expense forecasts, are not adopted by the Commission as discussed in SDG&E's capital testimony, provide documentation that explains how SDG&E's O&M expense request will be impacted.

SDG&E Response 1a:

Please see accompanying spreadsheet, ORA-SDGE-095-Q1a.xlsx.

If SDG&E's proposed capital projects, which are linked to O&M expense forecasts, are not adopted by the Commission, the O&M expense forecasts will be removed or adjusted to match the revised capital project scope consistent with the final decision.

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- b. SDG&E's response to data request ORA-SDG&E-014-TLG, shows a forecast of \$0.772 million for its Officer workgroup expenses. SDG&E's adjusted recorded expenses decreased each year between 2012 and 2016 from \$2.145 million in 2012 to \$0.772 million in 2016.

Provide documentation that explains in detail the reason for the decrease in Officer workgroup expenses for each year between 2012 and 2016 and that identifies the associated projects/programs and related expense. In the response provide the adjusted recorded expenses for 2017 for the Officer workgroup.

SDG&E Response 1b:

Historical costs prior to 2016 contained non-recurring items that resulted in the decreased expenses. 2012 included \$1.3M in lease costs for SDG&E's firefighting helitanker, corresponding forecast costs are now found in the workpaper Exhibit SDGE-15-WP in workpaper 1ED011.000 beginning at page 93, and in the testimony Exhibit SDGE-15-R in various locations and in detail at page WHS-44. In 2013, \$490k in legal expenses were incurred. Software expenses ranging from \$520k to \$550k were charged in 2013, 2014, and 2015. Disregarding these costs results in a much more consistent expense pattern. Please note that for this workpaper, a 'base year' forecast methodology was chosen, which nullifies the impact of these one-time historical costs. 2017 expenses are not yet available for reporting.

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- c. Provide documentation that identifies Officer workgroup adjusted recorded expenses incurred between 2012 and 2017 for non-productive labor costs, all training costs, overtime, and costs for bonuses/incentives.

SDG&E Response 1c:

Please see attached workbook “ORA-SDGE-095c-e”.

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- d. SDG&E's response to data request ORA-SDG&E-014-TLG, shows a forecast of \$1.346 million for its Project Management expenses. SDG&E's adjusted recorded expenses fluctuated slightly between 2012 and 2014 averaging \$0.446 million for the three-year period (2012-2014) then increased by \$0.254 million between 2014 and 2016. SDG&E's forecast for 2019 of \$1.346 million is an increase of 104.25% over 2016 adjusted recorded expenses of \$0.659 million. The five-year average (2012-2016) of adjusted recorded expenses for Project Management is \$0.512 million.

Provide documentation that explains in detail the reason for the increase and decrease in Project Management expenses between 2012 and 2016 and that identifies the associated projects/programs and related expense. In the response provide the adjusted recorded expenses for 2017 for Project Management.

SDG&E Response 1d:

As indicated, costs varied slightly between 2012 and 2014; the increase in 2013 can be attributed to a spike in temporary labor to address increased workload and reduced support levels. The increase from 2014 to 2016 is due to an increase in labor costs of approximately \$0.2 million, due to a planning class that began in 2015. 2017 expenses are not yet available.

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- e. Referring to SDG&E’s testimony, Ex. SDG&E-15, page WHS-37, lines 12-13, SDG&E states it “is seeking to fill planner and support staff positions made vacant by recent retirements.”

Provide the adjusted recorded labor (identify all non-productive labor costs, all training costs (identify planner training programs), overtime, and costs for bonuses/incentives) and non-labor expenses for 2012-2016 and 2017 for Project Management. In the response include the staffing level (separately identify the actual number of “recent retirements” for each year), job classification, actual salary, and identify the staffing increase/decrease from 2016 staffing levels.

SDG&E Response 1e:

Please see the accompanying workbooks “ORA-SDGE-095 Q1c-e” and “ORA-SDGE-095-Q1e Staffing_TY19.xlsx”

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- f. Referring to SDG&E’s testimony, Ex. SDG&E-15, page WHS-37, SDG&E states on lines 19-21 that “Additions to the workforce will cause additional upward pressure on O&M at a 2% O&M to capital split. Project Management will also incur additional O&M expenses as a result of maintaining these positions.” The five-year average (2012-2016) of adjusted recorded expenses for Project Management is \$0.512 million.

Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor); do not provide lump sum numbers as support for the forecast) included in the calculation of the forecast of \$1.346 million for Project Management expenses and the basis utilized to calculate each individual estimate. Note that SDG&E’s workpapers included in Ex. SDG&E-15-WP, do not show any detailed calculation for the proposed TY increases that is being requested in this question.

In the response state if SDG&E deferred or eliminated maintenance programs and projects during 2012-2016 due to recent retirements in its Project Management group. If SDG&E did not defer or eliminate maintenance programs or projects during 2012-2016 due to recent retirements in its Project Management, state so, and provide documentation that explains in detail how SDG&E “sustained output”, achieved its operational goals, and trained its project planners and service planners during 2012-2017 while managing retirements.

SDG&E Response 1f: SDG&E utilized the base year 2016 actuals as the base calculation, plus incremental adjustments. The 2016 actuals were \$660k (\$589k labor, \$70k non-labor). There are seven incremental adjustments that added (and subtracted) to this value.

- Fueling our future implementation costs= \$110k
- Customer project planner class. Costs are for 23 weeks of in-class training for 14 customer project planners (100% O&M), productive hours at 2% O&M, and 224 non-productive hours per planner. \$11k in non-labor class costs. Total costs= \$613k
- One C&T service planner. 2% O&M plus 224 non-productive hours= \$8k
- Two C&T staff assistants at 2% O&M and 224 non-productive hours= \$10k
- A total of 10 C&T project management assistants at 2% O&M and 224 non-productive hours= \$70k
- Contract labor to address increased activity in Capital-heavy projects= \$60k
- Fueling our future savings= \$-184k

The total estimate for this work group equals base year plus incremental adjustments which equals: $\$660 + \$110 + \$613 + \$8 + \$10 + \$70 + \$60 - \$184 = \$1.347M$

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SDG&E Response 1f Continued:

The Project Management group is not involved in maintenance programs or projects, thus the staffing issues within this workpaper have not led to deferred or eliminated maintenance programs. The ‘sustained output’ from this work group regarding retirements is managed through a variety of means, including short-term resource reallocations, managing new project assignments based on complexity and expected schedule requirements, and process improvements such as the adoption of new project management technologies. As might be expected, these short-term management tools are useful for short periods and cannot be sustained in the long term. This request is not solely regarding retirements, but also for additional staff to address increased capital project support. Note, too, that retirements do not necessarily all occur at the start of the year and remain unfilled the entire year, and therefore a given position may be vacant for only a few months, while this may occur for several positions throughout the year.

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- g. SDG&E's response to data request ORA-SDG&E-014-TLG, shows a forecast of \$1.803 million for its Regional Public Affairs expenses. SDG&E's adjusted recorded expenses increased by \$1.053 million between 2012 and 2015 from \$1.226 million in 2012 to \$2.279 million in 2015. Provide the documentation that explains in detail the reason for the increase in Regional Public Affairs expenses between 2012 and 2015. In the response provide a detailed and itemized list of all projects, programs, public affairs events (including meetings to educate officials), and related activities that recorded costs for SDG&E's Regional Public Affairs during 2015-2017.

SDG&E Response 1g:

The Regional Public Affairs team's efforts are directed toward ensuring gas and electric infrastructure projects are completed safely, on-time and on-budget, to the benefit of ratepayers. Much of that work involves working closely with representatives of the municipalities we serve, and ensuring local leaders are engaged in these projects to the extent they affect residents and neighborhoods. When the number and kinds of projects fluctuate, so does staffing and external support costs, including such things as mileage and time spent working on these projects. The work occurring within the RPA team is volume dependent and often varies from year to year.

The following is a list of projects and events worked on by the SDG&E Regional; Public Affairs team from January 2015 through December 2017 for which costs were recorded:

- Salt Creek Substation
- South Bay Substation Demolition
- PSEP in National City and Lemon Grove
- Pomona Gas Line Replacement Project in Coronado
- 20 A Projects in all Cities
- Fiber Projects (permit resolution)
- Miguel to Bay Boulevard Tie Line Project (ML2BB)
- Climate Action Plan support to reduce GHGs
- City of Chula Vista 100% renewable efforts and goals
- 20A Undergrounding projects in all Cities
- City of Chula Vista Microgrid Battery Project/CEC Grant (in coordination with AB2868)
- City of Coronado Undergrounding efforts/goals
- AB 628
- Bay Boulevard Substation
- Imperial Beach Substation Improvement
- Miguel Substation
- Mobile Home Park Upgrade
- Smart Bayfront Development
- CTTS
- San Diego County Water Authority

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SDG&E Response 1g Continued:

- San Vicente Hydro Pumped Storage Project
- Artesia Substation
- Downtown/East Substation
- Encanto Substation
- Imperial Beach Substation
- Kearny Mesa Substation
- Middletown Substation
- Point Loma Substation
- Streamview Substation
- Vine Substation
- Access to vaults and substructures – work with legal and compliance
- Undergrounding Surcharge Program
- 20A Undergrounding program
- Aerial Markers
- Miguel to Bay Blvd Transmission
- Sycamore to Peñasquitos Transmission
- TL 600
- TL 633
- TL 608
- TL 674/666A
- TL 663
- TL 664
- TL 676
- Mission Trails – Gas Transmission
- Tecolote Canyon – Gas Transmission
- Pt Loma - Gas Transmission
- PSRP L1600
- DIMPS – Distribution gas pipeline replacement to meter
- DREAMS – Various distribution projects
- AB 628
- Climate Action Plan support to reduce GHGs
- Trench Cut Fees
- SANDAG Midcoast Trolley
- Mt. Soledad Pipeline Replacement
- Miguel Substation – VRF
- Aircrane MOUs
- PSRP L1600
- Rancho Santa Fe Substation & Distribution Project
- TL 686
- TL 6926
- TL 6975
- DIMPS – Distribution gas pipeline replacement to meter
- Borrego Springs – tours and noise variance

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SDG&E Response 1g Continued:

- Aircrane MOUs
- Jamul Circuit
- Climate Action Plan support to reduce GHGs
- Los Coches Substation Rebuild
- EMF Concerns in Alpine
- Undergrounding projects
- El Cajon Battery Storage Facility 7.5 MW
- DIMPS – Distribution gas pipeline replacement to meter
- PSEP
- PSRP Alternative Route
- DIMPS– Distribution gas pipeline replacement to meter
- Fanita Junction Reliability Enhancement project
- PSRP L1600
- 69kV Line from Poway to Pomerado Substations
- Drones
- Annual Encroachment Permit
- PSRP L1600
- TL 6975
- Escondido Battery Storage Facility
- Annual Encroachment Permit
- TL 6975
- Annual Encroachment Permit
- DIMPS - Distribution gas pipeline replacement to meter
- DREAMS – Various distribution projects
- TL 674
- TL 666 Removal
- Vault Dewatering
- DIMPS - Distribution gas pipeline replacement to meter
- DREAMS – Various distribution projects
- Vault Dewatering
- DIMPS - Distribution gas pipeline replacement to meter
- DREAMS – Various distribution projects
- San Elijo Pole Removal
- Rancho Santa Fe Circuit SF2 cutover to 12kV Street Lighting
- Drones
- DIMPS - Distribution gas pipeline replacement to meter
- DREAMS – Various distribution projects
- Carlsbad C&O Center Relocation
- San Luis Rey Substation
- Ocean Ranch Substation
- DIMPS - Distribution gas pipeline replacement to meter
- DREAMS – Various distribution projects
- Melrose Substation

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SDG&E Response 1g Continued:

- DIMPS - Distribution gas pipeline replacement to meter
- DREAMS – Various distribution projects
- SOCRE
- San Mateo Substation Rebuild
- Undergrounding program
- Annual Permit – County and Laguna Niguel
- SCADA Installations
- Desalination Plant
- Power Your Drive
- Mobile Home Park
- AB2868 Battery Storage Projects
- AB1082/1083 – EV's at State Parks and Beaches
- Community Fire Safety Program & Emergency Response
- Traffic Control at Secondary Sites Resolution
- MLB All Star Game Readiness & Reliability Team
- SDG&E Electric Load Curtailment Plan
- FiRM
- Mission Control Center Tours
- Emergency Operations Center Tours

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- h. SDG&E's response to data request ORA-SDG&E-014-TLG, shows a forecast of \$4.660 million for its Skills and Compliance Training expenses. SDG&E's adjusted recorded expenses increased by \$1.360 million between 2014 and 2016 from \$2.772 million in 2014 to \$4.132 million in 2016. SDG&E's forecast for 2019 of \$4.660 million is an increase of 12.78% over 2016 adjusted recorded expenses of \$4.132 million. The five-year average (2012-2016) of adjusted recorded expenses for Skills and Compliance Training is \$3.424 million.

Provide documentation that explains in detail the reason for the increase in Skills and Compliance Training expenses between 2014 and 2016 and that identifies the associated projects/programs and related expense. In the response provide the adjusted recorded expenses for 2017 for Skills and Compliance Training.

SDG&E Response 1h:

The Skills Training and Compliance workgroup increased its FTE count by over 10 from the years 2014-2016, which accounts for the increases in those years to the base-year 2016 level of 31.5 FTE. Please refer to the workpapers Exhibit SDG&E-15-WP at page 150. This was done to add the capacity to create and administer additional training programs for Electric Regional Operations job classifications. Please see the testimony Exhibit SDG&E-15-R at pages WHS 46-50, regarding Skills & Compliance Training that identifies the projects and programs managed by this group, and the associated RAMP Report¹ Chapter 3, Employee Contractor and Public Safety at page SDGE 3-13, and RAMP Report Chapter 17, Workforce Planning at page SDGE 17-7.

The Skills Training and Compliance workgroup will continue to staff at approximately this level in order to meet the training needs of SDG&E's workforce, which is why the 2016 base year estimate was used as opposed to an average. 2017 expenses are not available at this time.

¹ 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.

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- i. Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor); do not provide lump sum numbers as support for the forecast) included in the calculation of the forecast of \$4.660 million and the basis utilized to calculate each individual estimate for Skills and Compliance Training expenses. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP, do not show any detailed calculation for the proposed TY increases that is being requested in this question.

SDG&E Response 1i:

SDG&E utilized the base year 2016 actuals as the base calculation, plus incremental adjustments. The 2016 actuals were \$4,133k (\$3,451k labor, \$682k non-labor). There are four incremental adjustments that added (and subtracted) to this value.

- Hire two project coordinators for the Skills Safety Center of Excellence. Calculation: 2 employees * 70k O&M component of salary = \$140k labor
- Hire two field safety advisors for the Skills Safety Center of Excellence. Calculation: 2 employees * 70k O&M component of salary = \$140k labor
- The cost of an incremental apprentice class to support the hiring of 15 additional apprentices in 2019. Includes instructor time, apprentice time, and course materials. \$360k Total (\$278k labor, \$82k non-labor)
- Fueling our future savings = \$-112k

The total estimate for this work group equals base year plus incremental adjustments which equals: $\$4,133 + \$140 + \$140 + \$360 - \$112 = \4.661 .

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- j. Referring to SDG&E’s testimony, Ex. SDG&E-15, page WHS-46, lines 21-22, SDG&E states “The Skills and Compliance Training (SCT) organization is responsible for the development and training of the electric distribution workforce.” ORA needs clarification on SDG&E’s TY forecasts for its proposed training programs and projects and the associated incremental funding request for training for its Electric Distribution workforce.

In addition to incremental funding requests for training activities for the Skills and Compliance Training group that is supposed to develop and train SDG&E’s electric distribution workforce, SDG&E also requests incremental funding for training in other areas of its testimony (i.e., Kearny Operations Services for Workforce Development (see page WHS-33), Workforce Planning for Electric Distribution Operations (see page WHS-30), Workforce Development for Project Management (see page WHS-37), Training programs for engineering groups for Distribution and Engineering (see page WHS-59), just to name a few examples).

In a spreadsheet, provide documentation that identifies each proposed training program and project (identify the training as mandated, required, employee elective training, and/or one-time/special training programs) and the associated incremental funding request for each category of management included in SDG&E’s testimony on page WHS-16 and WHS-17. In the response provide documentation that clearly explains, distinguishes and compares the proposed training programs and projects from the historical training programs and projects that have costs embedded in rates during 2012-2016. If any of the proposed training programs or projects are enhancements to training programs or projects currently in place, state so, and describe the specific changes and revisions.

In the response include documentation that explains and demonstrates the reason why SDG&E is not requesting incremental funding in the TY for its Electric Distribution workforce training programs and projects in one location in its testimony for review and analysis.

SDG&E Response 1j:

Please see accompanying spreadsheet, ORA-SDGE-095-Q1j.xlsx. SDG&E is not requesting incremental funding in the TY for its Electric Distribution workforce training programs and projects in one location, as the costs for these programs will be spread amongst the different departments. In order to demonstrate where the incremental costs will be incurred, and allow for comparison with previous filings, SDG&E has shown the costs in their respective workgroups.

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- k. Referring to SDG&E’s testimony, Ex. SDG&E-15, page WHS-50, lines 6-9, SDG&E is requesting incremental funding for four additional positions and states “The Skill Compliance and Training group will be initiating the Safety Center of Readiness and Excellence (SCORE). SCORE advises ERO leadership and the field workforce on the integration of safety and risk management into ERO. SCORE also facilitates operational safety training and provides technical advice and assistance to the work crews.”

Provide documentation that explains in detail and demonstrates specifically how SDG&E was able to advise its leadership in its Electric Regional Operations (ERO) and “the field workforce on the integration of safety and risk management” and how SDG&E was able to facilitate operational safety training and provide technical advice and assistance to the work crews during 2012-2016, without the existence of SCORE. In the response, state if SDG&E performed the same or similar activities as proposed by SCORE during 2012-2016, and if so, provide the adjusted recorded expenses for 2012-2016.

SDG&E Response 1k:

SDG&E was able to advise its leadership and field workforce in Electric Regional Operations (ERO), and facilitate operational safety training work crews during 2012-2016 through a number of different programs, including:

- Overhead Safety Partnership
- Operations, Field, and Emergency Readiness
- Behavior Based Safety
- Grassroots Safety Culture Change

These programs are detailed in Ex. SDG&E-15 p.14-16, and are a part of SDG&E’s training and educational programs promoting safety culture. A description of SDG&E’s training and educational safety programs can be found in the Human Resources, Disability & Workers Compensation and Safety testimony of Tashonda Taylor (Ex. SDG&E-30), and is discussed in the direct policy testimony chapters of Caroline Winn (Policy Overview, SDG&E-01) and Diana Day (Risk Management and Policy, SoCalGas-02/SDG&E-02, Chapter 1). Additional details can also be found in SDG&E’s RAMP Report.

SCORE is a new program that seeks to further improve SDG&E’s safety performance. The new employees will focus on making field visits to observe the work practices of SDG&E’s employees and improve:

- Safety education and awareness;
- Safety communications;
- Safety oversight of operations; and
- Incident review and reporting.

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1. Regarding SDG&E's incremental funding request to initiate its SCORE program, provide documentation that demonstrates specifically why SDG&E is not able to implement this program with any of its existing staff to justify funding for four additional positions. In the response provide a detailed breakdown of the calculation of the proposed labor and non-labor expenses associated with SCORE.

SDG&E Response 11:

The proposed Safety Center of Readiness and Excellence (SCORE) program advisors will work with district leadership and field workforce on the integration of new and enhanced safety and risk management procedures into Electric Regional Operations (ERO). SCORE will also facilitate operational safety training and provide technical advice and assistance. SCORE requires qualified electrical workers with extensive experience in electrical distribution and transmission work to fill the field safety advisor positions, to effectively execute the program. These individuals will be tasked with conducting crew safety visits, and providing technical advice and assistance to electric crews as needed. The goal is to be available and visible in the field where crews are performing their hazardous work each day. The project coordinators are to assist with other functions including safety communications, training, incident reporting, and other duties as assigned. The two project coordinators and two field safety advisor positions are estimated at an annual salary of \$70k each at 100% O&M. These four positions do not exist today, and current positions do not exist to whom the four SCORE positions' responsibility and activities could be assigned.

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- m. Referring to SDG&E’s testimony, Ex. SDG&E-15, page WHS-46, lines 7-9, regarding SDG&E’s Electric Regional Operations group, it “proposes the establishment of a project management office. In addition to repurposing existing personnel, this organization will add a Manager, Project Manager, and Business Analyst.”

Provide documentation that demonstrates specifically how SDG&E managed its project management activities during 2012-2016 and the related costs. In the response include documentation that clearly demonstrates the reason SDG&E is not able to utilize its repurposed existing personnel and funding already included in rates to support its “Fueling our Future” (FOF) efforts and “business process evaluations and improvements.” Provide the adjusted recorded expenses for 2012-2017 for repurposed existing personnel.

SDG&E Response 1m:

Historically, SDG&E has managed ERO efforts in a more decentralized fashion. As a result, there are no costs compiled to quantify the associated costs. The establishment of a formal project management office represents a new organizational structure. This new initiative requires additional resources to effectively execute. The position of manager of this initiative will be filled from existing staff, this change will reduce the requested funding from three FTEs to two.

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- n. SDG&E's response to data request ORA-SDG&E-014-TLG, shows a forecast of \$5.322 million for its Substation Construction and Operations expenses. SDG&E's adjusted recorded expenses declined each year between 2012 and 2016 from \$7.009 million in 2012 to \$4.581 million in 2016. SDG&E's forecast for 2019 of \$5.322 million is an increase of 16.18% over 2016 adjusted recorded expenses of \$4.581 million. The five-year average (2012-2016) of adjusted recorded expenses for Substation Construction and Operations is \$5.718 million. SDG&E utilized a five year average plus adjustments to forecast its Substation Construction and Operations TY expenses.

Provide 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, especially considering its decline in adjusted recorded expenses each year. In the response provide documentation that explains in detail if SDG&E deferred or eliminated substation equipment maintenance programs and projects during 2012-2016 or experienced equipment failures for its Substation Construction and Operations group.

SDG&E Response 1n:

In TY 2019, SDG&E is proposing two new projects that are incremental to activities performed in historical years. The first is the O&M component of the proposed 4kV modernization project, a capital-driven program that falls under the electric infrastructure integrity RAMP risk category (RAMP Report Chapter SDG&E-12). The 4 kV modernization project is described in detail in SDG&E-15 WP, page 168. The second is another RAMP activity addressing the electric infrastructure integrity risk, a program to begin the replacement of sensors used to provide asset health alerts on large substation transformers. The costs of these new incremental programs are anticipated to be offset through savings achieved by the Fueling-Our-Future initiative, see SDG&E-15 WHS-52.

As for activities performed in years 2012-2016, please see SDG&E-15, page WHS-51, which details the underlying costs and activities performed by this work group, primarily the construction and maintenance of substation equipment. SDG&E did not defer or eliminate substation maintenance activities during this time. The cost to maintain substations are variable with required maintenance activities, which are time-based and cyclical. Both visual inspections and preventative diagnostic testing can lead to variable amounts of follow up repair which themselves vary in scope and magnitude. This is why a five-year average was utilized as the base estimate for this forecast, as it includes the potential for high- and low-maintenance years, and provides a reasonable estimate for future years.

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- o. Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor); do not provide lump sum numbers as support for the forecast) included in the calculation of the forecast of \$5.322 million for Substation Construction and Operations expenses and the basis utilized to calculate each individual estimate. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP, do not show any detailed calculation for the proposed TY increases that is being requested in this question.

SDG&E Response 1o:

SDG&E utilized a five-year average base estimate plus incremental adjustments to develop the TY2019 forecast. As stated in question part n, the five-year average was calculated at \$5.718M (\$3.762 labor, \$1.957M non-labor). From there, three incremental adjustments were made as detailed in the workpapers on SDG&E-15-WP page 168-169.

- RAMP 4kV modernization – Substations: Calculation: The capital forecast for this program is \$2.279M. The O&M is estimated at 5% of this forecast, this equals \$114k. Please note this is different from the \$152k requested in the testimony and workpapers for this activity. The capital estimate was revised causing the discrepancy. This results in a \$38k reduction to the current forecast.
- RAMP Condition Based Maintenance: Calculation labor = 2-man crew * 8 hours * \$55per hour = \$13k labor. Sensors are \$8.5k each * 15 sensors = \$125k
Total = \$138k
- Fueling our future savings estimated at \$311k labor and \$375k non-labor = \$686k total.

The original calculation to get to the forecast is as follows: \$5.718 (5-year average) + \$152 (RAMP 4kV) + \$138k (RAMP CBM) - \$686k (FOF) = \$5.322

The revised calculation is as follows: \$5.718 (5-year average) + \$114 (RAMP 4kV) + \$138k (RAMP CBM) - \$686k (FOF) = \$5.284

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- p. Provide the documentation that explains in detail the reason for the decrease in Substation Construction and Operations expenses between 2012 and 2016 and that identifies the associated projects/programs and related expense. In the response provide the adjusted recorded expenses for 2017 for Substation Construction and Operations.

SDG&E Response 1p:

The cost to maintain substations are variable, with required maintenance activities that are time-based and cyclical. Both visual inspections and preventative diagnostic testing can lead to variable amounts of follow up repair, which themselves vary in scope and magnitude. This is why a five-year average was utilized as the base estimate for this forecast, as it includes the potential for high and low maintenance years, and provides a reasonable estimate for future years. The 2017 data is not currently available.

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- q. Referring to SDG&E’s testimony, Ex. SDG&E-15, page WHS-62, lines 29-31, SDG&E states that it “will create a centralized records management group focused on managing field asset records” and that this proposed activity “mitigates the safety and reliability risks associated with incorrect or incomplete asset records.”

Provide documentation that explains in detail and demonstrates if during 2012-2016, SDG&E did not utilize any authorized funding and does not have any embedded funding in rates that was utilized to manage its asset records to ensure that safety and reliability risks associated with incorrect or incomplete asset records were mitigated. If SDG&E did utilize authorized funding during 2012-2016 to ensure that safety and reliability risks associated with incorrect or incomplete asset records were mitigated, state so and provide the adjusted recorded expenses associated with this activity.

SDG&E Response 1q:

SDG&E defines its Records Management risk as relating “to the potential public safety, property, reliability, regulatory, or financial impacts that result from the use of inaccurate or incomplete records,” as discussed in its RAMP Report at Chapter SDG&E-13 (available at https://www.sdge.com/sites/default/files/regulatory/SDGE-13_RAMP_Records_Management_FINAL.pdf).

SDG&E has historically managed its records in a non-centralized fashion, such that nearly every work group at SDG&E performs some form of records management. Records management is considered routine, and costs to manage records are most often not specifically identified in an accounting fashion. The cost of records management is thus embedded in the historical costs over all work groups that manage records. The difficulty of tracking Baseline Records Management costs are discussed in the RAMP Report (at page SDG&E 13-2), as follows:

SDG&E and Southern California Gas Company (SoCalGas) (collectively, the utilities) take compliance and managing risks seriously, as can be seen by the number of actions taken to mitigate each risk. This is the first time, however, that the utilities have presented a RAMP Report, so it is important to consider the data presented in this plan in that context. Expenditures during 2015 for the baseline mitigations are provided; however, the utilities do not currently track expenditures in this way, so the baseline amounts are the best effort of each utility to benchmark both capital and operations and maintenance (O&M) costs during that year. The level of precision in process and outcomes is expected to evolve through work with the California Public Utilities Commission (Commission or CPUC) and other stakeholders over the next several General Rate Case (GRC) cycles.

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SDG&E Response 1q Continued:

Baseline and incremental records management costs are shown and discussed beginning at page SDG&E 13-12 of the RAMP Report.

SDG&E's new proposed Records Management RAMP program will centralize the governance of the records management function; in particular, for records related to assets. Effective records management is a critical component of ISO55000 certification, and part of the overall asset management strategy. The requested positions are incremental, as records will still need to be managed at the work group level. The focus of the incremental positions will be to establish a more centralized platform to manage asset data and records, that would include an enhanced governance structure, increase in completeness, availability and understanding of data and data systems, and improved analytics to reduce risk and enhance asset performance. Additional discussion of SDG&E's trajectory for risk and asset management maturity can be found in Section IV of the Risk Management and Policy testimony of Diana Day (SoCalGas-02/SDG&E-02, Chapter 1).

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- r. SDG&E's response to data request ORA-SDG&E-014-TLG, shows a forecast of \$3.259 million for its Technology Solutions and Reliability workgroup expenses. SDG&E's adjusted recorded expenses increased by \$0.568 million between 2012 and 2013 from \$2.539 million in 2012 to \$3.107 million in 2013. SDG&E's adjusted recorded expenses decreased by \$0.727 million between 2013 and 2015 from \$3.107 million to \$2.380 million in 2015 before returning to 2012 adjusted recorded expense levels of \$2.544 million in 2016. SDG&E's forecast for 2019 of \$3.259 million is an increase of 28.11% over 2016 adjusted recorded expenses of \$2.544 million. The five-year average (2012-2016) of adjusted recorded expenses for Technology Solutions and Reliability workgroup is \$2.612 million.

Provide documentation that explains in detail the reason for the decreases and increases in Technology Solutions and Reliability workgroup expenses between 2012 and 2016 and that identifies the associated projects/programs and related expense. In the response, provide the adjusted recorded expenses for 2017 for Technology Solutions and Reliability workgroup.

SDG&E Response 1r:

Aside from the normal and expected annual cost variations, the increase from 2012 to 2013 was driven by the increased labor costs. The corresponding decrease from 2013 to 2015 was primarily the net result of a \$225k increase in software licensing/leases, offset by a \$624k decrease in consulting/contract labor, with the remaining change from a decrease in other labor costs. 2016 increases were likewise driven by the increase in labor costs, along with increased software licensing/leases of \$40k. Across the years, changes in labor costs are due not only to changes in headcount, but also due to varying levels of support for capital projects. 2017 costs are not yet available.

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- s. Referring to SDG&E’s testimony, Ex. SDG&E-15, page WHS-78, lines 1-2, regarding SDG&E’s Technology Solutions and Reliability workgroup, SDG&E’s TY request of \$3.259 million includes incremental funding for additional positions “to address resource gaps.” SDG&E utilized a five-year average to calculate its TY forecast plus incremental funding. SDG&E’s adjusted recorded expenses were relatively stable between 2014-2016 averaging \$2.471 million over the three year period (2014-2016).

Provide documentation that explains in detail and demonstrates specifically how SDG&E addressed each of the proposed activities discussed on pages WHS-78 and WHS-79 due to its “resource gaps” (i.e., deferring maintenance work, eliminating projects). If SDG&E never performed any of these activities during 2012-2016, state so, and explain why these activities are now necessary and required in the TY, and why its current expense levels and staffing (expenses averaged \$2.612 million over the five-year period) is insufficient.

SDG&E Response 1s: The incremental funding increase for the Technology Solutions and Reliability workpaper is intended to address the expansion and enhancement of systems and hardware, as well as to provide support for additional organizations. Enterprise System Solutions (ESS) and ESS Production Support will utilize new system analysts to assist in the development and rollout of new projects and enhancements, as well as providing functional support for existing systems utilized by SDG&E field personnel. The Electric Business Process group will bring on new Project Managers to provide support for an expanded client area, including Clean Transportation, Generation, Distribution Operations, System Planning, and Distributed Energy Resources. As the Construction Planning and Design team expands the use of its systems and implements enhancements to improve functionality, additional analysts are needed to maintain the support level for Electric Regional Operations. Many activities at SDG&E have an increasing reliance on GIS technology and applications to support business requirements. New analysts for Geographic Business Solutions (GBS) and Operations Technology Integration (OTI) will provide support for continued implementation of new technology. The enhancements to ARCOS Mobile Functionality will provide managers, supervisors, and other field personnel additional tools to provide real-time information related to active callouts; this information can be used to better manage resources and more effectively respond to callouts. As part of SDG&E’s continued efforts to reduce restoration times, an Outage Management System (OMS) Damage Assessment function, utilizing mobile devices, will allow damage information to be disseminated to appropriate decision-makers in near-real-time during an outage. Furthermore, as device or model changes occur, SDG&E intends to upgrade/enhance to the OMS. As the new technology and tools necessary for improved response and to meet customer expectations become available, the existing staffing and expense levels become insufficient to adopt and integrate those tools.

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- t. Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor); do not provide lump sum numbers as support for the forecast) included in the calculation of the forecast of \$3.259 million and the basis utilized to calculate each individual estimate for Technology Solutions and Reliability workgroup expenses. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP, do not show any detailed calculation for the proposed TY increases that is being requested in this question.

SDG&E Response 1t:

Please see accompanying spreadsheet, ORA-SDGE-095 Q1t.xlsx.

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- u. SDG&E's response to data request ORA-SDG&E-014-TLG, shows a forecast of \$2.390 million for its Strategic Planning and Business Optimization expenses. SDG&E's adjusted recorded expenses increased by \$1.986 million between 2012 and 2014 from \$1.508 million in 2012 to \$3.494 million in 2014. SDG&E's adjusted recorded expenses decreased by \$1.864 million between 2014 and 2016 from \$3.494 million to \$1.630 million in 2016. SDG&E's forecast for 2019 of \$2.390 million is an increase of 46.63% over 2016 adjusted recorded expenses of \$1.630 million. SDG&E utilized a five-year average to calculate its TY forecast.

Provide documentation that explains in detail the reason for the decreases and increases in Strategic Planning and Business Optimization expenses between 2012 and 2016 and that identifies the associated projects/programs and related expense. In the response provide the adjusted recorded expenses for 2017 for Strategic Planning and Business Optimization.

SDG&E Response 1u:

Variations in expenses from year-to-year are to be expected in the normal course of business and can be attributed to a number of factors, including but not limited to changes in activity levels, weather and emergency event response, changes in organization such as the combining or separation of activities, new regulatory requirements, customer needs and the like. The range of variation in a given activity is often not significant, and not all of these causes are identifiable or tracked in an accounting fashion. For these reasons, a number of forecasts utilized an averaging technique to account for those historical variations both high and low. Similarly, as the forecast estimate is also often an average, it is to be expected that actual future expenses will vary around that average.

The main driver for the increases and decreases in non-labor between 2012 through 2016 was due to consulting fees, with the purpose of improving efficiencies in business process. The strategic planning and business optimization group contributes to the development of the company's strategic planning efforts, including supporting business improvements and efficiency initiatives. Supporting these efforts, requires the group to rely on consultants and external studies which would require non-labor funding for such activities. Relying on historical average spend in this area is reasonable for forecasting future costs, which will reflect variances in spending activity in any given year. 2017 costs are not yet available.

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- v. Provide a detailed breakdown of the calculation of each individual estimate (labor and non-labor); do not provide lump sum numbers as support for the forecast) included in the calculation of the forecast of \$2.390 million for Strategic Planning and Business Optimization expenses and the basis utilized to calculate each individual estimate. Note that SDG&E's workpapers included in Ex. SDG&E-15-WP, do not show any detailed calculation for the proposed TY increases that is being requested in this question.

SDG&E Response 1v:

As described in SDG&E-15-WP pages 303-306 Strategic Planning and Business Optimization forecast is based on a 5-year average. See also response to 1.u. There are no incremental increases are being requested, and therefore, there is no additional calculation for the TY proposed increase.