ORA DATA REQUEST
ORA-SDGE-103-MCL
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: JANUARY 25, 2018
DATE RESPONDED: JANUARY 13, 2018

Exhibit Reference: SDG&E-04-R, SDG&E-04-CWP
SDG&E Witness: Various
Subject: Gas Distribution – Capital

Please provide the following:

1. In reference to Ex. SDG&E-04-R, page GOM-70, Table GOM-16 Capital Expenditures Summary of Costs: Provide 2017 recorded data for all categories of management in Table GOM-16.

SDG&E Response 01:

Financial data for year-end 2017 is not yet available.

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2. In reference to Ex.SDG&E-04-CWP, page 95, Budget Code 00508.0, SDG&E uses a 3-year average (2014-2016) for labor, non-labor and the number of FTEs to develop its forecast.
   a. The Adjusted Forecast of FTE's in year 2017 is 20.8; provide the number of FTE's hired in year 2017 including the hiring dates of the FTEs, position title(s), and a breakdown for 2017 of the Labor and non-labor cost associated for each FTE hired.
   b. Provide the number of FTE's authorized for 2016 and 2017 as a result of the past general rate case, and how many FTE's were hired in each of those years.
   c. Provide any studies used to determine the need for an additional 47.6 FTEs for year 2018 and the need to hire 70.2 FTEs in 2019.
   d. Provide an Excel spreadsheet showing how the number of FTEs for Replacement of Mains and Services was calculated.
   e. Provide an Excel spreadsheet showing how the requests for Non-labor of $26,226,000 was calculated.

SDG&E Response 02:

a. SDGE does not hire personnel to be specifically assigned to a Budget Code; therefore, we cannot provide information at the requested level of granularity.
b. The TY 2016 GRC decision (D.16-06-054) did not specifically provide for FTEs within Budget Code 00508.0; therefore, we cannot provide information at this level of granularity.

c. Formal studies are not available. This question incorrectly characterizes all FTEs as additional; however, the 3-year-average FTEs of 16.2 are historical values and form the base forecast. See additional information in response Question 2.d below. Total FTEs are distributed as follows:

BC 508 FTEs

	2017	**2018**	**2019**
3-YR Average	16.2	16.2	16.2
Early Vintage Steel Replacement	4.6	13.4	18.0
Threaded Main Removal	0	18.0	36.0
TOTAL	**20.8**	**47.6**	**70.2**

d. Labor for the Early Vintage Steel Replacement and Threaded Main Removal Projects was calculated as 25% of the total project cost. FTEs were calculated using 2080 hours and an average hourly rate of $49.35. Outsourced resources are captured as a non-labor cost. The overall labor/non-labor split in BC 508 is currently 16/84. Based on the type, scope, and quantity of planned work for these projects, a Subject Matter Expert assessment was made that Gas Distribution would utilize a greater percentage of Company crews. Therefore, the 25 labor/75 non-labor split was estimated.

SDG&E Response 02:-Continued

e. The dollar value of $26,226,000 expressed in this question represents the 2019 total labor and non-labor request, not just the non-labor component. The 2019 non-labor forecast alone is $19,184,000, which is calculated as the sum of the 2019 3-year-average non-labor, plus the 2019 Early Vintage Steel Replacement project non-labor, and the 2019 Threaded Main Removal project non-labor, with the latter two being calculated at 75% of the project totals. The information in this response can be converted to an Excel format.

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3. In reference to Ex. SDG&E-04-CWP, pages 105-106:
   a. Provide any studies done and supporting documents for the early vintage steel replacement project.
   b. Provide an Excel spreadsheet showing the breakdown and calculations of how SDG&E arrived at the 2017, 2018 and 2019 forecasts for labor and non-labor for the vintage steel replacement project.
   c. Provide the 2017 recorded labor and non-labor spent for the vintage steel replacement project.

SDG&E Response 03:

a. There are two "vintage" steel replacement/removal projects: the Early Vintage Steel Replacement project and the Pre-1933 Threaded Steel Main Removal project. These are both described in Exhibit SDG&E-04-R, pages GOM-88 to GOM-90. Based on the cited reference in this question and Question 4, it is assumed CUE is referring to the latter project – Pre-1933 Threaded Steel Main Removal.

   SDG&E proactively surveys its gas distribution system for leakage at frequencies determined based on the pipe material involved, the operating pressure, cathodic protection type, and the proximity of the pipe to various population densities. SDG&E has then used the data from these surveys to analyze and study its leak history over the years. Most recently, with the addition of the GIS system, SDG&E has accelerated its ability to analyze pipeline characteristics and leak trends. The GIS system's digitization provides a far easier process to analyze pipeline data compared to our mostly manual paper system of the past.

   There is no definitive single study that can be provided. Studies are done as ongoing analysis in SDG&E's Technical Support, Engineering and Region Engineering groups. Proactive analysis of its pipeline system allows SDG&E to look ahead rather than be reactive and to propose projects such as this one and the Early Vintage Steel Replacement project. An example of fundamental data analysis from GIS data is shown in the accompanying Excel spreadsheet (filename ORA-SDGE-103-Q3.xlsx). This analysis can help study leak data, their timing trends, and where further analysis should be directed.

b. Labor for the Early Vintage Steel Replacement and Threaded Main Removal Projects was calculated as 25% and Non-Labor at 75% of the total project cost for the forecast years 2017 to 2019. Outsourced resources are captured as a non-labor cost. The overall labor/non-labor split in BC 508 is currently 16/84. Based on the type, scope, and quantity of planned work for these projects, a Subject Matter Expert assessment was made that Gas Distribution would utilize a greater percentage of Company crews. Therefore, the 25 labor/75 non-labor split was estimated. The information in this response can be converted to an Excel format.

c. Financial data for year-end 2017 is not yet available.

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4. In reference to Ex. SDG&E-04-CWP, pages 105-106, the description of the Early Vintage Threaded Main Removal Project states that "This program intends to remove 152 miles of early vintage, threaded pipe over a 10-year period at an average of 15 miles per year. This program does not have an historical equivalent."
    a. Provide the studies and plans and any documentation for the development of this project for the next 10-year period.
    b. Provide the Commission decision and approval for SDG&E to do the early vintage steel replacement project SDG&E includes in this general rate case.
    c. SDG&E states that "This program is intended to remove pre-1947, non-piggable high pressure pipeline as well as pre-1955 medium pressure steel mains." Does SDG&E currently perform main maintenance to the pre-1947 pressure pipeline as well as the pre-1955 pressure steel mains? If so, please provide 2017 recorded costs associated with maintaining and repairing the pre-1947 pressure pipeline and pre-1955 pressure steel mains.

SDG&E Response 04:

a. Please refer to the response to Question 3.a, which also asks a related question and references this Pre-1933 Threaded Steel Main Removal project. The 10-year period was chosen as a reasonable time period to remove that block of pre-1933 threaded steel main installed in the early years of the gas system.

b. There is no Commission decision associated with the Early Vintage Pre-1933 Threaded Steel Pipe project. This project is identified as part of SDG&E's RAMP Report as a mitigation measure to reduce the risk of medium-pressure pipe failure.

c. This statement refers to the vintage steel replacement project described in Question 3a, - The Early Vintage Steel Replacement project. Pre-1947 and pre-1955 pipelines that are still active and require maintenance will continue to be maintained by SDG&E. Expenses for this maintenance are covered in workgroups 1GD000.003 and 1GD000.004 found in Exhibit SDG&E-04-WP-R, on pp. 29-39. Financial data for year-end 2017 is not yet available.