

**ORA DATA REQUEST
ORA-SDGE-149-TCR
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: MARCH 1, 2018
DATE RESPONDED: MARCH 23, 2018**

Exhibit Reference: SDG&E-14
SDG&E Witness: Alan F. Colton
Subject: Overhead Pools

Please provide the following:

1. Regarding columns Q to T of tab “Detail May-17:”
 - a. Explain the meaning of the yes or no values in each cell of these columns,
 - b. Are the yes or no values based on 2016 actual activity or forecast activity?
 - c. Explain the process used to populate these columns and verify that the data are correct,
 - d. Is it possible that a budget code that had overhead pool costs in 2016 might not have overhead pool costs in 2017-2019? Please explain.

SDG&E Response 01:

- a. The yes or no values are designations used to determine if the budget code incurs a certain type of overhead pool (i.e. distribution, substation, department overhead and contract administration). This designation is used to include or exclude costs to arrive at an accurate forecast by overhead pools category.
- b. The values are based on 2016 actual activity.
- c. 2016 recorded overhead data was extracted querying the enterprise Business Warehouse database and is shown in the tab labeled “Actual Pool Costs”. This tab shows which overheads were applied to each project. Columns Q to T in the tab labeled “Detail May-17” were then designated with either a “Yes”, “No” or “N/A” based on what type of OH pool was allocated to each budget code. The values on the columns are correct.
- d. Overhead pools are charged on a project depending on what type of work is being performed at the time. Therefore, it is possible that a budget code may incur a certain type of overhead pool cost in 2016, but not that same pool type in 2017-2019, although it may or may not incur a different pool type if the work performed shifts during the duration of the project.

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2. The sum values for columns K, M, and O in tab “Detail May-17” for 2017, 2018, and 2019 respectively do not agree with the annual forecasts provided in Exhibit SDG&E-14-R, p. AFC-16. Please explain which values are correct and explain the discrepancy.

SDG&E Response 02:

The data shown in tab “Detail May-17” was extracted from the GRID database as a snapshot as of May 2017 and was used only to designate columns Q to T with either “Yes”, “No” or “N/A” based on what type of OH pool was allocated to each budget code. The final values provided in Exhibit SDG&E 14-R AFC-16 are the correct ones.

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3. The sum values for column I in tab “Detail May-17” for 2016 does not agree with the recorded values provided in SDG&E spreadsheet “MDR General Requirements Item 17 SDGE 5-Yr Hist w Fcst.xls,” tab “SDG&E-14, cell N1353 for 2016. Please explain which value is correct and explain the discrepancy.

SDG&E Response 03:

Please see table below for the reconciliation of 2016 data shown in the tab “Detail May-17” and the MDR submission.

Budget Code	MDR	Detail May-17	Variance	Comments
906	0	5,415	(5,415)	The GRC forecast modeling application database (GRID) does not record the Contract Administration pools recorded cost. It was manually recorded as a supplemental submission
8165	7,176	1,800	5,376	Some CPUC cost Internal Orders (IOs) were not included in GRID at the point of time when the “Detail May-17” data was queried.
15258	0	3,148	(3,148)	This BC was assigned to a different witness area which was then corrected and now is under SDG&E-14

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4. Please provide a summary description of the data in the tab “Actual Pool Costs” and how this data is used in the calculation of SDG&E’s overhead pool forecasts for budget codes 901, 904, 905, and 906.

SDG&E Response 04:

As described in our response to question 1c, the 2016 data in “Actual Pool Costs” tab was extracted by querying the enterprise Business Warehouse database. The purpose of this tab was to show which overheads were applied to each project during the year. Columns Q to T in the tab labeled “Detail May-17” were then designated with either a “Yes”, “No” or “N/A” based on what type of OH pool was allocated to each budget code. The data in that file was not used to calculate the pool forecasts.

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5. The sum of all 2016 monthly cost data in tab “Actual Pool Costs” is \$91,877,947. The subtotal of 2016 data from column I of the tab “Detail May-17” is \$69.282 million when filtered for budget codes 901, 904, 905, and 906. Please explain which value is correct for 2016 overhead pool expenditures and explain the discrepancy.

SDG&E Response 05:

The variance between the 2016 actuals for budget codes 901, 904, 905, and 906 in tab “Actual Pool Costs” and the values shown in tab ‘Detail May-17’ for the same budget codes is driven by changes in the accounting Internal Orders as described in our workpapers (see SDG&E 14 – Electric Distribution Capital CWP-R page 388 as an example). The final data within the base forecast for the overhead pools matches what is recorded in our workpapers.

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6. Regarding tab “Actual Pool Costs,” is it correct that there are eight (8) cost elements in Column H which distinguish recorded costs for the overhead pool work associated with budget codes 901, 904, 905, and 906, and labor versus non-labor? If not, please explain. If so, please explain when and how these codes are assigned to recorded costs in SDG&E’s SAP accounting system.

SDG&E Response 06:

Yes, it is correct that there are eight cost elements that distinguish recorded costs for the overhead pool work associated with budget codes 901, 904, 905, and 906. When there is base activity (direct charges on orders that are part of the base of the OH pool), then the Overhead pools apply. Both the labor and non-labor will apply on base activity – the segregation between the OH labor cost element and the OH non-labor cost element is for the pool funding, not the base activity. Each will apply at the monthly OH rate – and the result is base x rate = OH posted. Costs are charged to these cost elements by persons performing work associated with the capital projects that receive overhead charges from the pools, for example persons working on engineering design of electric distribution capital project will charge labor to cost element 9131600, and nonlabor such as travel expenses to cost element 9132600. Labor is normally recorded through the SDG&E timekeeping system and then passed to SAP, where that data can be viewed through Business Warehouse.

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7. Regarding tab “Actual Pool Costs,” it appears that costs recorded to budget codes for projects listed in column F contain costs for overhead pools work as designated by the cost elements in column H. Is it correct that total recorded costs for projects includes costs for overhead pools within the project budget code? If not, please explain. If so, explain how SDG&E avoids double-counting overhead pool costs: once in the base budget code and again in the overhead budget codes 901, 904, 905, and 906. For example, recorded 2016 costs for budget code 230, for “REPLACEMENT OF UNDER” include \$ 5,404,679 for overhead in the “Actual Pool Costs” tab and \$17.637 million for 2016 in tab “Detail May-17.” Explain whether the \$17.6 million value includes the \$5.4 million for overhead pools and provide evidence to support this.

SDG&E Response 07:

The recorded costs shown in tab “Actual Pool Costs” include only Overhead Pools charged to the respective projects. SDG&E avoids double-counting of overhead pools as the direct labor and direct non- labor are identified separately (highlighted in green below) and other costs, which include the overhead pools (highlighted in yellow below). For budget code 230 the direct cost shown for Labor and Non-Labor is \$5,109M and \$6,467M respectively. This does not include the adjustments shown in our workpapers SDG&E-14-CWP-R on page 456. The overhead pools for budget code 230 of \$5,405M are categorized under “other costs” and are not double counted as shown below from the data base extract.

Compar	Functional Area	Budget	Cost element	Total Costs w/o AFUDC
2100	ELECTRIC DISTRIBUTIO	00230.0	SEMPSEU-GRP	Sempra Energy Utilit \$ 22,975,130
			SEMPSEU-COSTS	Costs \$ 22,975,130
			SEMPSEU2020	Labor \$ 5,109,339
			SEMPSEU2030	Non-Labor \$ 6,467,467
			SEMPSEU2040	Other Costs \$ 11,398,324
			SEMPSEU3150	AFUDC
			SEMPSEU3200	Overheads \$ 11,392,988
			SEMPSEU4430	Labor Loaders \$ 4,199,630
			SEMPSEU4440	NonLabor Loaders \$ 7,193,358
			SEMPSEU5290	Fleet \$ 907,964
			SEMPSEU5300	Purchasing \$ 27,317
			SEMPSEU5310	Stores / Warehouse \$ 143,259
			SEMPSEU5320	Exempt Material \$ 144,657
			SEMPSEU5330	Contract Administrat \$ 160,499
			SEMPSEU5340	DOH \$ 1,320,470
			SEMPSEU5350	Engineering \$ 3,923,710
			SEMPSEU5360	Shop Orders \$ 21,083
			SEMPSEU5370	Small Tools \$ 180,741
			SEMPSEU5380	Capital A&G \$ 363,657
			SEMPSEU3206	Property Taxes \$ 24,580
			SEMPSEU3210	Other Misc. Costs -\$ 19,244
	Result			\$ 22,975,130

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8. Was the data in tab “Actual Pool Costs” obtained via a query of SDG&E’s SAP accounting data? If so, describe the SAP module that was queried. If not, explain the source of the data and how it was compiled.

SDG&E Response 08:

The data in the tab “Actual Pool Costs” is obtained via a Business Warehouse data base, referred to as a data ‘cube’. It is compiled by a query that filters for costs within the CPUC jurisdiction only and shows recorded data by month and year.

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9. Can the project manager for budget code 230, or his/her direct reporting staff, perform a query of the data system provided in response to question 8 above to obtain data such as that provided in tab “Actual Pool Costs?” If not, provide the name of the organization that the project manager would contact to request such a query.

SDG&E Response 09:

Yes, the project manager for budget code 230, or his/her direct reporting staff, can perform a query of the Business Warehouse database used to provide the recorded values presented in the tab “Actual Pool Costs.” In the event the project manager is unable to obtain the data, he/she can request the data to be provided by contacting his/her department business planner.

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10. Provide an excel spreadsheet with a line for each 2016 recorded cost and accounting adjustment for budget code 230 as follows:

- a. Provide one row of data for each recorded cost (e.g., time sheet entry, invoice paid, expense report paid, etc.), collected income or credits earned, and any other accounting journal entries,
- b. Provide a column with the recorded expenditures or journal values, credits and debits,
- c. Provide a column with the cost elements,
- d. Provide a column with the cost element descriptions,
- e. Provide a column with the work order number if that data is in SAP,
- f. Provide a column with the department number for direct labor expenditures if that data is in SAP,
- g. Provide a column with vendor ID for non-labor expenditures if that data is in SAP,
- h. Provide a column with the contract ID number for applicable non-labor expenditures if that data is in SAP,
- i. Provide additional columns with any other data that could help SDG&E's project manager for budget code 230 evaluate if the costs recorded to his/her project have been accurately recorded,
- j. For each additional column added in response to subpart e, provide a legend that describes the data in the column and any acronyms used.

SDG&E Response 10:

SDG&E objects to this request as seeking production of documents that do not exist, and to the instructions in Question 10 as unduly burdensome. SDG&E is not required to create new data or present existing data in a different form beyond that which is readily available. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

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SDG&E Response 10:Continued

Please see the accompanying worksheet “ORA-SDG&E-149 Q10.xlsx” for responses to question 10, a through j. Budget code 230 is for Underground Cable Replacements. It is a blanket budget that receives costs for hundreds of individual cable replacements each year. To provide a listing of each time sheet entry, invoice paid, expense report paid, journal entry, work order number, vendor ID, legend and acronym would require creation of voluminous new data sets and reports, as well as manual intervention, and would produce a report that may be many thousands of pages in length. The report provided is a summary of those costs by cost element and contains the list of work orders that charge to that budget code 230.

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11. If the sum of 2016 recorded expenditures provided in SDG&E's response to question 10 above does not equal the \$17.637 million for 2016 in tab "Detail May-17," explain why and provide evidence to support the discrepancy.

SDG&E Response 11:

The sum recorded for Budget Code 230 directs for Labor and Non-Labor are \$5,194M and \$6,470M respectively. The workpaper shown as \$17.637M includes a labor and non-labor adjustment that should not have been included and should be corrected. Please see the details in work papers SDG&E-14-CWP-R, page 456.

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12. Regarding tab “Actual Pool Costs,” provide the code that engineers entered on their time sheets to record direct labor costs provided in row 483. If this code is not the cost element 9131600 shown in cell H483, explain how the recorded time is mapped to cost element 9131600.

SDG&E Response 12:

The Over Head pools charged by engineers is recorded through the time sheet using the corresponding IO’s. Please see screen shot below. The actuals shown in row 486 under the cost element 9131600 is a percentage allocation for each qualified dollar spent for budget code 230 for direct labor and non-labor costs.

Start Date: 01/01/1900 Active record

	Order	Percentage
	FE580200: ... EDO ENGINEERING	20.000
	7074264 ... ENGINEERING - ELEC. DIST. CAPITAL	30.000
	7074265 ... ENGINEERING - ELEC. TRANS. CAPITAL	30.000
	FE560200: ... ETO ENGINEERING	20.000
	Total	100.000%