ORA DATA REQUEST
ORA-SDGE-155-TCR-SUPPLEMENTAL
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: MARCH 9, 2018
DATE RESPONDED: MARCH 28, 2018
DATE RESPONDED: APRIL 4, 2018

Data Request No: ORA-SDGE-155-TCR-SUPPLEMENTAL
Exhibit Reference: SDG&E-14
SDG&E Witness: Alan F. Colton
Subject: Planning Overhead Rates

4. Is the rate for "Engineering/ Elect Distribution" based on expenditures recorded to BC 901? If not, please explain.

SDG&E Response 04:

No – Rates were not used in the forecast for Engineering/Electric Distribution (the 901 pool). The forecast for the pool was based on 2016 capital expenditures and the historical relationship of Local Engineering – Electric Distribution Capital overhead to capital expenditures.

SDG&E provides additional information to supplement their previous response at ORA's request:

There are no "rates" in the GRC forecasting model and there are no "rates" in the GRC Results of Operations ("RO") model. "Rates" are used to distribute indirect costs to direct costs, and this type of cost movement does not occur in GRC.

However, the expenditures in BC 904, as they relate to the "Engineering/Electric Distribution" capital pool, are initially captured from actual cost processes and financial results in our Accounting system and seeded into our GRC forecasting model as 2016 base year costs. Therefore, barring any adjusting entries to BC 901 in our GRC forecasting model, 2016 base year costs would be a match to funding in the "Engineering/Electric Distribution" overhead pool in our Accounting system for fiscal year 2016.

SDG&E identifies a rate to distribute indirect costs based on objective and subjective parameters, but ensures the indirect processing meets FERC guidelines. An overhead rate consists of two components, funding and base costs. Funding (initial unadjusted 2016 base year expenditures in BC 901) in each fiscal monthly period would represent the numerator. Base costs are capital Electric Distribution construction costs in each fiscal monthly period and would represent the denominator. A true overhead rate would simply be funding divided by base in each fiscal monthly period, but SDG&E considers prior month ending balance of undistributed costs, historical trends of indirect funding and direct cost base, as well as known factors forecasted into the next 12 months to make a subjective determination for the appropriate overhead rate.

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5. Is the rate for "Engineering/ Elect Substation" based on expenditures recorded to BC 904? If not, please explain.

SDG&E Response 05:

No – Rates are not used in the forecast for Engineering/Electric Substation (the 904 pool). The forecast for the pool was based on 2016 capital expenditures and the historical relationship of Local Engineering Substation capital overhead to capital expenditures.

SDG&E provides additional information to supplement their previous response at ORA's request:

Please see the response to Question 4, the response to this question is identical except referring to the "Engineering/Electric Substation" capital pool, BC904.