

TURN DATA REQUEST-016
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 9, 2018
DATE RESPONDED: FEBRUARY 26, 2018

The following questions relate to SDG&E-33-R, “Rate Base.” References to “workpapers” relate to the relevant workpapers for this Chapter, “SDG&E-33-WP-R.”

To the extent these questions seek data from 2017, if information is not yet available for the full year, please provide information through the latest available month, and update to the full year when the full year is available.

SDG&E Preliminary Statement:

SDG&E objects to the continuing and indefinite nature of the request for 2017 data on the grounds that it is unduly burdensome. Continuing interrogatories are expressly prohibited by California Code of Civil Procedure Section 030.060(g). SDG&E will provide all responsive documents in existence at the time of its response. As of the date of this response, 2017 data is not available. Should TURN seek to update its request, SDG&E will respond to such a request as a new data request in the future. Subject to and without waiving the foregoing objections, SDG&E provides existing responsive data/documents as discussed below.

1. Please provide the monthly amount of customer advances for construction for 2012-2017. Provide separate schedules for electric and gas contributions.

SDG&E Response 01:

Please refer to attachment: “TURN-SEU-016 Q1.xlsx” for the monthly amount of Customer Advances for Construction (CAC) for 2012-2016. The CAC balances include the receipts of cash advances, which are recorded as increases (Credits), and refunds and/or forfeitures of cash advances, which are recorded as decreases (Debits).

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2. Please provide a schedule for each month from 2014-2017, starting with the end of 2013 balance and then showing additions to contributions, refunds of contributions, transfers of Customer Advances for Construction (CAC) to Contributions in Aid of Construction (CIAC), and any other changes that caused the balance to change during each month. Provide separate schedules for electric and gas contributions.

SDG&E Response 02:

SDG&E objects to this request on the grounds that the term “contributions” is vague and ambiguous and subject to speculation in interpretation. Further, this request is not reasonably calculated to lead to the discovery of relevant evidence. Subject to and without waiving these objections, SDG&E responds as follows. SDG&E interprets the term “contributions” to mean Contributions in Aid of Construction (CIAC). There are no transfers of CAC to CIAC. Please refer to the response to Question 1 above.

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3. Please provide the amount of CAC transferred to CIAC in each year from 2012-2017 on a recorded basis. Provide separately for electric and gas contributions.

SDG&E Response 03:

SDG&E objects to this request pursuant to Rule 10.1 of the Commission's Rules of Practice and Procedure on the grounds that the request is neither relevant to the subject matter involved in this proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows. There are no transfers of CAC to CIAC.

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4. Please identify the amount of CAC transferred to CIAC in the 2017, 2018, and 2019 forecasts in SDG&E's application, and identify with specificity (page and line number) where this transfer is shown in SDG&E's testimony and workpapers or results of operations model. Provide separately for electric and gas distribution.

SDG&E Response 04:

SDG&E objects to this request pursuant to Rule 10.1 of the Commission's Rules of Practice and Procedure on the grounds that the request is neither relevant to the subject matter involved in this proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SDG&E responds as follows. Please refer to the response to Question 3 above.

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5. Regarding Workpaper 559, which purports to forecast CAC:
 - a. Who are the entities “Poseidon” and “Penn National” and why are they important?
 - b. There are many lines on this chart that are not given specific labels. Please label each of them, so that the reader will know what each line represents.

SDG&E Response 05:

- a. Poseidon Project – Poseidon Resources, LLC (Poseidon) developed and constructed a seawater desalination plant (Plant) located at the Encina Power Station in Carlsbad, California. Poseidon requested SDG&E to provide electric service to the Plant for the new load addition. To provide electric service to the Plant, SDG&E had to modify an existing substation for an additional 56 MVA, and install two 12kV circuits and service from the substation to the switchgear at the Plant.

Penn National Project – Penn National constructed the Hollywood Casino Jamul (Casino) located in Jamul, California. Penn National requested SDG&E to provide electric service to the Casino, construct and install one 12kV primary distribution circuit, and extend and configure a portion of the circuit to provide a source for electric service at the Casino.

SDG&E filed Advice Letters with the California Public Utilities Commission (Commission) requesting approval for each of these Special Conditions Contracts (SCC) pursuant to Rule 15 – Section I.3 and Rule 16 – Section G. In the SCC, an agreed upon allowance/refund structure was included, that will allow Poseidon and Penn National to receive an annual refund of a portion of the actual cost paid in advance to SDG&E toward the construction and installation of the facilities. The cumulative amount refunded shall not exceed the actual cost paid in advance. The refund period is 10 years, after which any remaining non-refunded balance becomes the property of SDG&E.

Under Commission rules, these two dedicated projects were classified as “Non-Standard” or “Exceptional Case” requiring both Poseidon and Penn National to pay for the estimated installed costs plus any applicable ITTC (Income Tax Component of Contributions) prior to start of construction by SDG&E. As such, the recorded balance was the actual cost paid in advance (based on the estimated installation costs) plus the applicable ITTC. The forecasted balances do not reflect future annual refunds (per the allowance/refund structure described above).

- b. Please refer to attachment: “TURN-SEU-016 Q5b.xlsx.”

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6. Exhibit SDG&E-33-R, p. RCG-12, lines 1-7 states: “The forecast data begins with recorded December 2016 month-end balances, and then incorporates estimated activity for routine projects. Routine projects are projected based on non-farm employment forecasts for San Diego County and estimated activity for planned major projects based on construction forecasts for individual projects. The CAC balances include the receipts of cash advances, which are recorded as increases, and refunds and/or forfeitures of cash advances, which are recorded as decreases. Please see supporting my work papers for the detailed computation.”

- a. Please identify in detail where in SDG&E’s workpapers for SDG&E-33-R, pp. 557-559 it shows how non-farm employment forecasts for San Diego County are used to forecast routine projects. If such a relationship is not forecast in those workpapers, please provide an additional workpaper showing the methodology by which SDG&E forecasts routine projects using non-farm employment forecasts for San Diego County (a) in 2017; (b) in 2018 and beyond.
- b. Please identify in detail the “construction forecasts for individual [major] projects” in (a) 2017 and (b) 2018 and beyond on SDG&E-33, Workpapers 557-559. If these items are not forecast in those workpapers, please provide additional workpapers showing how SDG&E forecasts construction forecasts for individual projects.
- c. Please identify in detail where in SDG&E-33-WP-R, pp. 557-559 it shows how SDG&E forecasts receipts of cash advances, refunds of cash advances, and forfeitures of cash advances in (a) 2017 and (b) 2018 and beyond. If these items are not forecast in those workpapers, please provide additional workpapers showing how SDG&E forecasts each of these items individually.

SDG&E Response 06:

- a. The CAC language in Exhibit SDG&E-33-R, p. RCG-12, lines 1-7 cited in this question is an inadvertent carry-over from the Test Year (TY) 2016 General Rate Case (GRC) proceeding and is outdated and no longer applicable. Since TY 2016, rather than forecasting based on non-farm labor employment forecasts, SDG&E’s CAC forecast is now based on a 5-year historical average of recorded CAC net activity for routine projects, and recorded activity for planned major projects based on estimated construction costs for individual projects. The forecast for 2017 -2019 is reflected in Exhibit SDG&E-33-WP-R (Revised Workpapers to the Prepared Direct Testimony of R. Craig Gentes) at page 562.

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SDG&E Response 06:-Continued

- b. Construction forecasts for individual (major) projects for 2017-2019 is set forth in Exhibit SDG&E-33-WP-R at page 562. Additionally, please see the responses to Questions 5(a) and 5(b) above.

- c. SDG&E's forecast does not show forecasts of receipts of cash advances, refunds of cash advances, and forfeitures of cash advances, but utilizes a forecast for CAC-Electric and CAC-Gas routine projects based on a 5-year average of recorded net activity, excluding any major projects. For major projects forecast, please see the responses to Questions 5(a) and 5(b) above.

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7. Please provide materials and supplies (M&S) separately for electric distribution, electric generation, and gas on a monthly basis for 2012-2017.

SDG&E Response 07:

Please refer to the attachment “TURN-SEU-016 Q7.xlsx.”

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8. Please identify the relevant inflation factors for M&S 2012-2016. If they differ by component, please explain.

SDG&E Response 08:

There are no inflation factors that impact M&S balances for 2012-2016.

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9. Please provide the amount of obsolete M&S inventory removed from service and expensed on a monthly basis in each year from 2012-2017, divided into electric distribution, electric generation, and gas.

SDG&E Response 09:

SDG&E objects to this question on the grounds that the investigation required to compile the requested information is overly burdensome, overbroad, and unnecessarily time-consuming, and not reasonable calculated to lead to the discovery of relevant evidence. Subject to and without waiving these objections, SDG&E responds as follows. The information requested, even if compiled, does not factor in to the basis for the SDG&E M&S forecast. The forecast is calculated by escalating 2016 ending M&S balances as shown in Exhibit SDG&E-33-WP-R on pages 545-558.

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10. Identify the accounts where obsolete M&S inventory is expensed for each of electric distribution, electric generation, and gas.

SDG&E Response 10:

SDG&E objects to this question on the grounds that the investigation required to compile the requested information is overly burdensome, overbroad, and unnecessarily time-consuming, and not reasonably calculated to lead to the discovery of relevant evidence. Subject to and without waiving these objections, SDG&E responds as follows. The information requested, even if compiled, does not factor in to the basis for the SDG&E M&S forecast. The forecast is calculated by escalating the 2016 ending M&S balance as shown in Exhibit SDG&E-33-WP-R on pages 545-558.

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11. Provide the forecast of obsolete M&S inventory expenses in each year for 2017-2019 in real and nominal dollars for each of electric distribution, electric generation, and gas.

Utility Response 11:

SDG&E does not forecast obsolete M&S inventory expenses.

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12. Please explain what specific gas fuel in storage is included in rate base. (SDG&E-33-WP-R, p. 541).

Utility Response 12:

Please refer to Exhibit SDG&E-33 (Revised Prepared Direct Testimony of R. Craig Gentes) at page RCG-16, lines 9-13, which states: “Gas fuel in storage consists of gas line pack only. Annually, the line pack values are computed based on line pack volumes in therms, valued at the current weighted average cost of gas (WACOG). The monthly recorded December 2015 through December 2016 line pack values were used to develop the weighted average amount included in Gas rate base, with no forecasted changes in value for 2017 to 2019, as shown in [Exhibit SDG&E-33-WP-R at page 541].”

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13. Please provide gas fuel in storage on a monthly basis for 2012-2017.

Utility Response 13:

Please refer to attachment “TURN-SEU-016 Q13.xlsx.”