

**ORA DATA REQUEST**  
**ORA-SDG&E-DR-04**  
**SDG&E GRC Phase 2 APPLICATION – A.15-04-012**  
**SDG&E RESPONSE**  
**DATE RECEIVED: DECEMBER 22, 2015**  
**DATE RESPONDED: JANUARY 8, 2016**

1. Please add the functions of capping and flooring to the Consolidated Model for revenue allocation. Please provide a specific timeline for when this add-on can be completed.

**SDG&E Response:**

SDG&E is currently adding the requested capping and flooring functions for distribution and commodity revenue allocations to the Consolidated Model. SDG&E expects to have this addition to the model completed by Tuesday, January 12, 2016.

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2. Can the SDG&E team add a function to the model where the user can select from a menu of different allocators/determinants (based on different methodologies such as total sales, total number of customers, top 100 hour methodology, marginal distribution cost, marginal commodity cost, user defined, etc.) in the Consolidated Model? PG&E and SCE have added that function into their models used for their GRC Phase II Applications.

**SDG&E Response:**

SDG&E is currently adding the requested drop down menu to the Consolidated Model. This menu will offer a selection of allocation methodologies including Distribution Marginal Cost, Commodity Marginal Cost, Top 100 System Hours, % System Sales, % System Non-Lighting Sales, % System Non-Lighting Non-Care Sales, % EE Spending by Class, % System Customers, and user-defined options. SDG&E expects to have this addition to the model completed by January 12, 2016.

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3. Please provide more specific information and methodology on how marginal commodity energy costs and Loss of Load Expectation values are calculated. In previous discussions, SDG&E staff stated that in this round of the GRC Phase II application, SDG&E staff did not run production cost modeling but rather used values from the resource planning group.

**SDG&E Response:**

SDG&E did not use a production cost model for the marginal commodity energy costs. SDG&E calculated marginal commodity energy costs using 2016 SP-15 Forward Prices for the on-peak and off-peak periods by month. These are shown in cells Q4:R15 on the tab “Long Prices” of workpaper “A.15-04-012 Chapter 7 Workpaper MEC (CONFIDENTIAL).xlsx”. To create hourly prices, SDG&E used a net load (forecasted load minus must-take solar and wind generation) shape for the SP-15 zone which is transformed to an hourly price shape by dividing the hourly on-peak (using the market definition) net-load by the average on-peak net-load for a given month. Similarly, the hourly off-peak net load is divided by the average off-peak net load to derive hourly off-peak price factors. The ratios used for the hourly shape within each SP-15 time period are in cells H3:H8785 of the same sheet noted above. These factors are then multiplied by the corresponding monthly forecasted on and off-peak electricity forward prices. The result is that the average price in a given period is the SP-15 Forward Price and the hourly shape within that period is based on the hourly net load compared to the average net load. This is the same methodology used in SDG&E previous two Energy Resource Recovery Account (ERRA) Forecast proceedings (A.14-04-015 and A.15-04-014). SDG&E did not use a production cost model to calculate the hourly energy price shape and did no “stretching” of the production cost model energy price data as in the 2015 Rate Design Window (A.14-01-027).

The Loss of Load Expectation (LOLE) analysis used a Ventyx Planning and Risk model, a system dispatch model tailored to the SDG&E system. It is used stochastically to allocate capacity value to hours as described in the Chapter 3 Testimony of Robert Anderson, submitted on December 1, 2015, on pages RBA-15 and RBA-16. The LOLE analysis uses the same type of modeling done in SDG&E’s 2012 General Rate Case Phase 2 (A.11-10-002).

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4. Please reconcile the data for marginal distribution capacity cost forecasts with the results of the GRC Phase I settlement, if necessary.

**SDG&E Response:**

SDG&E objects to this Data Request on the grounds that it calls for speculation since a GRC Phase 1 decision has yet to be issued. Without waiving this objection, SDG&E responds that it will provide the requested reconciliation, based on the results of a final Commission decision, once such a decision has been issued.

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5. Please provide the data source and workpaper source for the on-peak demand (kW) values from rows 44 to 65 in the MGCC tab in “A.15-04-012 Chapter 7 Workpaper Commodity Allocation and EPMC Proposed TOU (Confidential)”.

**SDG&E Response:**

**The spreadsheet “*GRCP2-Determiants Bundled Proposed Case (Confidential).xlsx*” is Confidential/Privileged Pursuant to Applicable Provisions of D.06-06-066, G.O. 66-C and PUC Code Section 583 and Section 454.5 (g).**

**REMOVED DUE TO CONFIDENTIALITY**

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6. Even though the % of Non-CARE Customer Sales and the % of Non-Lighting Customer Sales match between the Updated PPP – Calculation tab in the “CONFIDENTIAL Allocation Workpapers (Chapter 2 – Swartz) Detail” and the Sales % tab in the “CONFIDENTIAL Allocation Workpapers (Chapter 2 – Swartz)”, the Non-Care Sales and the Non-Lighting Sales do not match. Please provide an explanation why those values are different between the two workpapers.

**SDG&E Response:**

SDG&E has identified that the sales found on the Updated PPP – Calculation tab were not reflecting the Updated System Sales (2016 TY), but erroneously were reflecting the Current Sales. SDG&E will correct this as part of an Errata. This has no impact to revenue allocation or rates.

It is important to note that the “Updated PPP – Calculation” tab was created for the purpose of generating a total PPP allocation % for the “Total PPP” tab is within the “CONFIDENTIAL Allocation Workpapers (Chapter 2 – Swartz)” workbook. No other PPP calculations utilize this tab and, therefore, the Sales found on the “Updated PPP – Calculation” tab were not used within the allocation workpapers. As such, the Sales on the “Updated PPP – Calculation” tab have been updated to reflect the same Updated System Sales (2016 TY) that are used within the rest of the Allocation Workpapers without any impact to the Total PPP Allocation percentages reflected on either the “Updated PPP – Calculation” or “Total PPP” tabs, or to any other aspect of the revenue allocations.

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7. Please explain the difference between the present allocation/total for CTC allocation between the CTC tab in the Consolidated Model GRC P2 – ORA Workpaper ( cells S2675 to S2685) and the Revenue Allocation tab in the A.15-04012 Chapter 7 Workpaper CTC Allocation (cells C14 to C19). Are the CTC tab values out of date, reflecting data prior to the 11/1/2015 effective rates?

**SDG&E Response:**

The present revenues shown in the 2016 GRC P2 Consolidated Rates Model are calculated based on current effective rates at the time of the filing (effective 11/1/2015) multiplied by Test Year 2016 GRC P2 determinants. This will result in differences in the presentation of revenues by class in the 2016 GRC P2 Consolidated Rates Model and the revenue allocation factors currently in effect. The allocation of CTC revenues presented in workpaper *A.15-04012 Chapter 7 Workpaper CTC Allocation* includes a presentation of current allocations based on 11/1/2015 effective rate and determinants. The CTC workpaper reflects the currently authorized class allocations pursuant to D.14-01-002.

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8. Please construct marginal customer costs using the New Customer Only (“NCO”) methodology with any relevant updated inputs.
  - a. Please explain how SDG&E developed its replacements rates with supporting documentation if necessary.
  - b. Please provide the most recent five years of historical replacement rates for each customer class.

**SDG&E Response:**

The “*NCO for Q8 of ORA-DR-04.xlsx*” file provides the calculation of the marginal distribution customer costs consistent with how the NCO method was calculated as requested in SDG&E’s previous GRC Phase 2 proceeding (SDG&E 2012 GRC Phase 2, A.11-10-002). This NCO method uses forecasted customers for the four-year period of 2016-2019 which is consistent with the previous GRC Phase 2 NCO method’s use of forecasted customers for the four-year period of 2012-2015.

- a. The replacement rate of customers is based on 1.5% multiplied by the forecasted average number of customers by customer class. SDG&E uses the same 1.5% replacement rate it used to calculate the NCO method in prior SDG&E GRC Phase 2 filings.
- b. The “*NCO for Q8 of ORA-DR-04.xlsx*” file identifies the 2010-2014 actual and 2015-2016 forecasted customer growth rates by customer class.