

ORA DATA REQUEST
ORA-SDG&E-DR-074-EJ1
SDG&E 2016 GRC – A.14-11-003
SDG&E RESPONSE
DATE RECEIVED: FEBRUARY 23, 2015
DATE RESPONDED: MARCH 13, 2015

Exhibit Reference: SDG&E-10

Subject: Electric Distribution Operations and Maintenance

Note: For each question where ORA requests historical expenses (i.e., 2009 through 2013, and/or 2014), please provide in base year 2013 dollars.

Please provide the following:

1. When available, please provide adjusted-recorded 2014 expense data (in 2013 dollars) for each “Category of Management” listed on Page JTW-8, Table 2, and in the same format as presented in that table.

SDG&E Response:

The 2014 adjusted recorded expense data (in 2013 dollars) was provided to ORA under separate cover on March 13, 2015.

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Electric Regional Operations

2. SDG&E forecasts \$146,552 in labor costs for Jurisdictional Permitting and OT Drivers.
 - a. Please provide five years of historical labor expenses (2009-2013) for Jurisdictional Permitting and OT Drivers alongside SDG&E's TY 2016 forecast.
 - b. Please explain in detail how SDG&E derived the numbers provided by SDG&E in response to ORA-SDG&E-DR-033-EJ1 Q.20c. Did SDG&E conduct any analyses to derive its numbers? If yes, please provide them. If no, please explain why not.
 - c. Have the restrictions for Metro, Beach Cities, North Coast and Orange County changed in recent years? If yes, identify the year and change in restriction.

SDG&E Response:

- a. Historical labor costs for this work activity are embedded in the total Electric Regional Operations expenses and cannot be broken out separately.
- b. These figures are based on historical analysis of overtime hours for four districts utilizing 2-man fault van crews, and projected out to future years.
- c. The request from agencies for permits for strict encroachment, i.e.; traffic control has been an on-going issue throughout the past five year, and even before. Each year, more agencies are requiring permits for the sole purpose of inspecting traffic control. Many agencies now require permits for inspection and maintenance of SDG&E's facilities where lane closures are required. For example, in 2011, the City of Mission Viejo began charging fees for inspecting lane closures. The City of San Juan Capistrano began requiring permits for traffic control in 2009. In the past, SDG&E was only required to obtain permits for excavation work and could simply notify them of strict encroachment work (such as overhead work or underground facility replacement). However, more cities want to verify that traffic control meets state standards, and therefore, require SDG&E to apply for permits for traffic control (lane closures) and in some cases, are requiring the submittal of traffic control plans. This has increased the number of projects requiring permits.

In addition, many agencies/municipalities have passed ordinances that require their review of the placement (location) of new facilities, i.e., switches, transformers, SCADA poles. These requirements have increased the time required to acquire permits. For example, the Urgency Ordinance passed by the City of Mission Viejo requires written notification to adjacent property owners within 500 feet of any new SDG&E facilities.

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Response to Question 2c (Continued)

In 2013, the City of San Diego passed a new Street Cut Ordinance that includes a new fee schedule for permit requestors to pay when excavating in the public right-of-way. While SDG&E is exempt from these additional fees, due to the Franchise Agreement we have with the City and the agreed upon franchise fee, the process of acquiring permits within the City of San Diego has become more complicated (longer review times, inclusion of City CIP and Undergrounding jobs).

These requirement changes are not global, i.e., for all cities in a district for a certain year. The phasing of these requirements usually occurs over a period of several years.

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3. Jurisdictional Permitting and OT Drivers: According to SDG&E's response to ORA-SDG&E-DR-033-EJ1 Q.21a, SDG&E developed its forecast of \$387k for total TY non-labor expenses by escalating 2013 recorded costs of \$291k by 10% each year. Using SDG&E's proposed forecast method (p. JTW-9), the requested incremental increase over 2013 base year for non-labor costs would be \$96k (total TY 2016 forecasted costs of \$387k minus 2013 base year costs of \$291k). In SDG&E's testimony, SDG&E is requesting an incremental increase of \$387k over 2013 base year costs - this is the total cost of the activity and not the incremental amount needed over 2013 recorded expenses. Please confirm if the incremental amount of funding requested by SDG&E should actually be \$96k and not \$387k. If yes, please correct SDG&E's forecast. If no, please explain why not.

SDG&E Response:

Yes, this is an error. The incremental amount requested for jurisdictional permitting and OT drivers should actually be \$96K, not \$387K. This will be corrected at hearings.

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4. Traffic Control Expenses: According to SDG&E's response to ORA-SDG&E-DR-033-EJ1 Q.21b, SDG&E developed its forecast of \$1,488,539 for total TY traffic control expenses by escalating 2013 recorded costs of \$1,118,361 by 10% each year. Using SDG&E's proposed forecast method (p. JTW-9), the requested incremental increase over 2013 base year for traffic control costs would be \$370,178 (TY 2016 forecasted costs of \$1,488,539 minus 2013 base year costs of \$1,118,361). In SDG&E's testimony, SDG&E is requesting an incremental increase of \$1,488,539 over 2013 base year costs - this is the total cost of the activity and not the incremental amount needed over 2013 recorded expenses. Please confirm if the incremental amount of funding requested for Traffic Control Expenses should actually be \$370,178 and not \$1,488,539. If yes, please correct SDG&E's forecast. If no, please explain why not.

SDG&E Response:

Yes, this is an error. The incremental amount of funding requested for traffic control expenses should actually be \$370K, not \$1,489K. This will be corrected at hearings.

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Skills and Compliance Training

5. Please provide a detailed breakdown of 2013 recorded expenses in a similar format as that provided on WP pages 172-173 (include labor, non-labor, FTEs, work activity and explanation).

SDG&E Response:

SDG&E does not have a breakdown of the 2013 recorded expenses in a similar format as provided in the supplemental workpapers. The information provided in the supplemental workpapers are those activities which represent incremental increases and/or decreases for this work group. SDG&E does not track expenses for this work group in the categories shown in the supplemental workpapers.

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6. SDG&E is forecasting an increase of \$1.427 million or 38.99% over 2013 recorded costs. Does SDG&E forecast any cost-savings associated with updated infrastructure and training programs? If yes, please list and quantify them.

SDG&E Response:

SDG&E revises its training program and devices as resources are available; however, there are no quantifiable cost savings associated with updated infrastructure or training.

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7. SDG&E forecasts \$0.180 million for its workforce on WP page 172.
- a. Please provide 5 years (2009-2013) of historical labor and non-labor expenses for this work activity alongside SDG&E's total (not incremental) TY 2016 forecast for the work activity (however, incremental costs should correspond with the data provided in SDG&E's workpapers).
 - b. Please clarify if this is a routine and ongoing work activity. If yes, please explain in detail why current funding is no longer sufficient to address the test year work load. If no, please explain why SDG&E has waited until now to conduct this work. Explain clearly how the forecasted work or positions are different from base load on-going work or positions. Provide all workload analyses conducted by SDG&E that justify an increase over current levels of funding. If SDG&E did not conduct a workload analysis, please explain why not.
 - c. Please show precisely how SDG&E derived the exact forecasted cost for this work activity. Provide all supporting calculations, documentations, explanations, and analyses used to derive the forecast.

SDG&E Response:

- a. Historical costs for this work activity are embedded in the total Skills and Compliance Training expenses and cannot be broken out separately.
- b. The incremental forecast of this activity is to support on-going company training programs. An Equipment Training Specialist is needed due to an increased workload in the commercial driver's training program. Additionally, an Instructional Designer is needed to support the development and maintenance of all training programs administered by the Equipment Training & Operations Services group. These positions were previously outsourced as purchased contract labor. Therefore by converting these positions to in-house labor SDG&E will see a reduction of \$0.235 million in non-labor expenses.
- c. The incremental forecast of \$0.180 million for this activity is the annual salary of the 2 additional positions, mentioned in part b above. The annual salaries for these positions are consistent with other similar positions within the company.

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8. SDG&E forecasts \$0.080 million for Workforce and Safety & Compliance program Support on WP page 172. Please refer to question #7 and address the same questions. Provide an answer for each part of the question.

SDG&E Response:

- a. The Workforce and Safety & Compliance program is a new program, therefore there are no historical expenses for this work activity.
- b. The incremental forecast for this program is support routine and ongoing work activity. An Equipment Training Compliance Program Analyst is needed to provide oversight of all regulations and compliance related to equipment and vehicle training programs, as well as interface with the California Highway Patrol and Department of Motor Vehicles for annual audits.
- c. The incremental forecast of \$0.080 million is based on the projected annual salary for the Equipment Training Compliance Program Analyst.

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Project Management

9. How long has SDG&E been aware of problems with growing workforce attrition? Why has SDG&E waited until now to implement a project planner class to help replenish the organization's workers?

SDG&E Response:

Vacancies in Project Management occur through normal attrition and transfers, but does not always occur uniformly throughout the years. Replacements must be adequately trained, planner training is not a one-on-one class for each individual candidate, but is performed in groups and requires a lead time of six months. Conducting these classes also takes resources away from the routine Project Management activity to teach the class. Thus training classes are not performed every year, but when the number of vacancies appears sufficient to warrant the expense and effort of conducting the training. The recent upturn in New Business has increased the workflow through Project Management and heightened the need to fill vacant positions.

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Grid Operations

10. Did SDG&E conduct any analyses to justify its increase of two added electronic control technicians? If yes, please provide them. If no, please explain why not.

SDG&E Response:

SDG&E did not conduct a specific analysis. There has been and will continue to be an increase in the number of Electric Distribution SCADA RTU's that are placed into service. The increase is due to more complex technological enhancements along with SDG&E initiatives. These new RTU units, in addition to the units already deployed, require planned and unplanned maintenance. The two added electronic control technicians are needed to properly maintain the equipment.

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Substation Construction and Maintenance

11. SDG&E forecasts an incremental increase of \$0.022 for a NERC Project Manager (WP page 33). Please refer to question #7 and address the same questions. Provide an answer for each part of the question.

SDG&E Response:

- a. The NERC Project Manager position is a new position effective 2014 business year; therefore, there were no historical labor and non-labor expenses during the 2009-2013 business years.
- b. New NERC CIP cyber security regulations will impact electric substations, structures and lines that will require a manager to manage the implementation and ongoing compliance.
- c. The expense is for V&S only. Productive time will be transmission (non-GRC). V&S expenses are forecasted as a percentage of labor salary projected.

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12. SDG&E forecasts \$0.294 million for 10 Apprentice Electricians (WP page 33). Please refer to question #7 and address the same questions. Provide an answer for each part of the question.

SDG&E Response:

- a. Historical labor expenses for the Apprentice Electricians are unavailable as this classification rotates quarterly between capital, distribution and transmission accounts which track either maintenance or construction activities.
- b. This is a routine and ongoing work activity. The apprentice electrician class was reduced, partially due to the economic slowdown. At the time, SDG&E felt that it had a sufficient workforce to maintain the system. Due to the loss of skilled, experienced substation electricians to retirement and bidding of higher skilled positions, it is necessary to reinstate the training. It takes 3 years of apprenticeship training, plus an additional 2 years of field experience as a journeyman electric, to be certified as a Qualified Electrical Worker. Due to this lag, SDG&E is requesting incremental funding for this activity.
- c. The positions identified are represented by the Union Agreement, and the salary rates are based on job classification and time-in-service per the Agreement.

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13. SDG&E forecasts \$0.200 for “increased labor hours associated with mandated proactive and reactive maintenance compliance regulations” (WP page 33). Please refer to question #7 and address the same questions. Provide an answer for each part of the question.

SDG&E Response:

- a. Historical costs for this work activity are embedded in the total Substation Construction and Maintenance expenses and cannot be broken out separately.
- b. With the implementation of General Order (G.O.) 174, the CPUC has mandated that California utilities formulate uniform requirements for substation inspection programs, the application of which will promote the safety of workers and the public and service reliability. These new rules require mandatory substation inspections, annual documentation of the substation inspection program, and annual reporting summarizing completed and past due inspections with the CPUC. Compliance with the mandated substation inspection program requires an increase in support staff to comply with the inspection tracking and reporting process throughout the year and compliance staff necessary to provide annual reports to the CPUC. Additional substation maintenance will occur as the inspection program continues to evolve and corrective maintenance follow-up activity increases, to comply with the program requirements.
- c. The incremental forecast of \$0.200 million is based on the projected annual salary for 2 FTEs.

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14. SDG&E forecasts \$0.300 for “increased labor hours associated with added infrastructure of new substations” (WP page 33). Please refer to question #7 and address the same questions. Provide an answer for each part of the question.

SDG&E Response:

- a. Historical costs for this work activity are embedded in the total Substation Construction and Maintenance expenses and cannot be broken out separately.
- b. This is a routine maintenance activity. With the added infrastructure of new substations, the equipment maintenance procedures base is increased and additional labor hours are required in order to remain compliant with SDG&E maintenance programs, CPUC and other regulatory programs for the safe and reliable operation of substation equipment.
- c. The incremental forecast of \$0.300 million is based on the projected annual salary for 3 FTEs.

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15. SDG&E forecasts \$0.120 million for additional employees for new NERC CIP cyber security regulations (WP page 33). Please refer to question #7 and address the same questions. Provide an answer for each part of the question.

SDG&E Response:

In researching this data request response, SDG&E has determined that this activity is 100% transmission (non-GRC), and therefore the cost for V&S of this activity should not have been included as an incremental upward pressure. This will be corrected at hearings.

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16. SDG&E forecasts \$0.060 million for two equipment operator washers, one equipment operator construction, and one lineman. Please refer to question #7 and address the same questions. Provide an answer for each part of the question.

SDG&E Response:

In researching this data request response, SDG&E has determined that this activity is 100% transmission (non-GRC), and therefore the cost for V&S of this activity should not have been included as an incremental upward pressure. This will be corrected at hearings.

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Electric Distribution Operations

17. In response to DR-002-EJ1 Q24c, SDG&E states: “There were ten vacancies for each of the years of 2011 through 2013. The ten vacancies are all related to the Distribution System Operator (DSO) position.” Why has SDG&E waited until now to fill 10 positions that were vacant from 2011 through 2013? What analyses did SDG&E conduct that support SDG&E’s need for the 10 employees?

SDG&E Response:

In 2011, the operations training supervisor resigned and therefore new DSO training was not conducted. SDG&E attempted to re-assign internal resources to provide the DSO training but was not successful. As a result, SDG&E bid the position externally and made several attempts at hiring personnel with proper qualifications until it was successful in hiring a training supervisor.

The analysis for the additional 10 DSOs is to support SDG&Es need to provide 24/7 coverage for three 8 hour shifts, throughout the year. As well as develop, manage, verify and execute planned and forced outages that occur daily. Along with providing skill, compliance and system training, these positions will provide coverage for vacations and sick leave.

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18. In response to DR-002-EJ1 Q24c., SDG&E states: “The cost increase shown in 2013 is due to the Apprentice Distribution System Operators class.” Please elaborate on the Apprentice Distribution System Operators class. Is this an ongoing class?

SDG&E Response:

The Apprentice Distribution System Operator training program is a 2-year program. The first year involves electrical theory, electric system overview, switch plan preparation and training on real-time response to system stress and emergencies. The second year involves on-the-job training with rotating coaches. The apprentices are provided with a binder of activities, pre-requisites and evaluations that must be fulfilled before the close of the program. Apprentices are only successful if they pass all of the requisites and final exam.

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Kearny Operation Services

19. In response to ORA-SDG&E-DR-002-EJ1 Q.26, SDG&E states: “SDG&E’s request of \$261k represents the transfer of employees into the Kearny Operations Services group during the period of 2013 and 2014. It also reflects a shift in charging allocations from Refundable to O&M due to that transfer.” Please show the transfer of expenses from Refundable (transmission) to O&M (distribution). Show that embedded costs for transmission were removed from their previous category or account for SDG&E’s TY forecast.

SDG&E Response:

In the preparation to forecast SDG&E’s expenses for GRC purposes, FERC jurisdiction electric transmission costs are excluded from the historical figures used as the basis for test-year forecasting, they do not originate as distribution expenses which require a transfer. Although SDG&E is not requesting funding for FERC-jurisdiction costs in this GRC, the amount excluded is \$261K. There are no recorded expenses to be transferred, rather the expenses are simply booked to the appropriate new accounts once the ‘employee transfer’ is made.

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20. In response to DR-033-EJ1 Q.44a, SDG&E states: “Nine(9) employees with a limited emphasis on GRC-related expenses were transferred from Substation C&O into Kearny Operations Services – See Question #37.” Please show that SDG&E removed expenses associated with the nine employees from the Substation C&O forecast (based on 2013 recorded data) in order to account for the transfer of employees. Please note that the answer to Question#37 does not provide this information or mention Kearny Operations Services.

SDG&E Response:

Please see the response provided to Question 19 above.

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Construction Services

21. Please explain why non-labor costs decreased continually from \$7.257 million in 2009 to \$4.284 million in 2011.

SDG&E Response:

The decrease in non-labor costs from 2009 through 2011 can be attributed primarily to the slowdown in the economy as a result of the recession. This resulted in a reduction in associated O&M costs related to capital construction activities. In addition, a \$1.092 million charge for a heavy lift firefighting helicopter incurred in 2009, which did not occur in 2010 or 2011.

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22. Please explain why non-labor costs increased from \$4.284 million in 2011 to \$5.684 million in 2012.

SDG&E Response:

The increase in non-labor costs from 2011 through 2012 is due primarily to two factors: a \$1.323 million charge for bringing back a heavy lift firefighting helicopter, and an increase in associated O&M costs resulting from both increased construction activities and a change in the work mix as work was more O&M intensive.

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23. Please explain why non-labor costs decreased from \$5.648 million in 2012 to \$4.757 million in 2013.

SDG&E Response:

The decrease in non-labor costs from 2012 through 2013 can be attributed to the following: construction activities that were more capital intensive (reduced O&M), reduced heavy lift firefighting helicopter costs, reduced type 3 small lift/transport helicopter utilization.

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24. On WP page 104, SDG&E forecasts an incremental increase of \$0.354 million for “non-productive labor for additional in-house contract administration & capital” and for “O&M associated with construction and Transformer Installations.” Please provide a detailed breakdown of SDG&E’s forecast of \$0.354 million. Provide all supporting calculations, documentations, explanations, and workload analyses used to derive the forecast. If SDG&E did not conduct any workload analyses, please explain why not.

SDG&E Response:

Due to an aging workforce among Contract Administrators, SDG&E estimates a total of 4 new employees will be brought in each year to replace the existing manpower. Assuming \$1k in O&M training costs per employee, the total training costs are estimated at approximately \$4k. In accordance with the forecast levels of capital construction, SDG&E estimates an increase of roughly \$7M in work related to Franchise, Capacity, Reliability, and New Business construction being worked through the Construction Services department. At a historical average rate of 5% O&M (95% capital), this equates to an O&M impact of \$350k. The combined total is \$354k.

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Vegetation Management (Tree Trimming)

25. SDG&E provides “Tree Pruning and Removal” as one of its cost drivers (page 53). Has SDG&E see an increase in costs in recent years due to tree pruning and removal? If yes, please show how this trend is reflected in historical expenses.

SDG&E Response:

As stated in the testimony, there has been a general increase in historical expenses (\$17.2 million in 2011, increasing to \$19.5 million in 2013). In addition, upward pressures exist that are expected to increase the pruning and removal costs in future years. These pressures, include tree composition, impacts from the prolonged drought and other environmental factors, increased hazard tree inspections and off-cycle inspections in high risk fire areas. Additionally, recent regulatory pressures include the changes in General Order 95 Rule 35 for increased clearance requirements from 18 inches to 4 feet in portions of SDG&E’s service territory identified as Fire Threat Zone, and expanded hazard tree inspection to maintain these clearances which in some cases require removal verses prune.

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26. Please explain in detail why costs decreased from \$26.107 million in 2012 to \$23.104 million in 2013.

SDG&E Response:

The driver behind the \$3 million decrease was a decrease in contractor insurance reimbursement costs (\$2.835 million).

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Compliance and Asset Management

27. SDG&E forecasts \$0.193 million for an engineer, program analyst, and new QA administrator.
- a. Please explain why current positions are no longer sufficient to address future workloads. Explain why SDG&E has waited until now to add these positions.
 - b. Provide all workload analyses conducted by SDG&E that justify an increase over current levels of funding. If SDG&E did not conduct a workload analysis, please explain why not.

SDG&E Response:

- a. Due to an increased emphasis on fire hardening and system integrity, there has been a recent increased focus on pole loading and pole loading calculations that has added significant review and analysis requirements to SDG&E's maintenance program and Communication Infrastructure Provider (CIP)-related attachments. Specifically, the engineer and the program analyst will be tasked with reviewing pole loading and pole histories to determine cause for complex poles found to have loading issues.

SDG&E is initiating a post-construction audit process of CIP attachments. The QA administrator will be the primary auditor of new attachments added to the system. The need for increased QA staffing stems from the large growth CMRS (commercial mobile radio service) attachments program, which adds complexity and warrants a more detailed audit process.

- b. SDG&E did not conduct a work load analysis. The need for increased staffing is reactionary based on the changing landscape. As mentioned in the response to question 27(a), the recent changes to pole loading calculations and post-construction audits has created a need for additional funding.

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28. SDG&E forecasts \$0.115 million for OIR Phase 3 Track 2 (WP page 85).
- a. Please show precisely how SDG&E derived the exact forecasted cost for this work activity. Provide all supporting calculations, documentations, explanations, and analyses used to derive the forecast.
 - b. Please identify the year that the OIR Phase Three changes were implemented.

SDG&E Response:

- a. All poles that are receiving increased loads are now required to have recent intrusive inspections. Previous to this, inspections had to have taken place depending on pole history- within the last ten years for existing poles, or 15 years for new poles. The new OIR requirement shortens that requirement to five years. This creates an increase in the number of intrusive inspections required. In 2013, there were 3,703 CIP-related load increase applications requiring loading calculations that fell into the intrusive inspection requirement. Based on the new five year requirement, it is assumed that half of these required a new inspection. At \$40 per inspection, this represents an increased cost of \$75,000. In addition, SDG&E believes that the combination of load increases from customer upgrades, as well as system capacity and system reliability upgrades, represents an additional 2,000 pole load increases. Using the same logic as with the CIPs, this represents an additional \$40,000.
- b. The OIR Phase Three changes were implemented in 2014.

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Distribution Engineering

29. Historical labor costs for Distribution Engineering have remained relatively flat for the past three years. Please explain why SDG&E chose to use a 4-year linear forecast over alternative methodologies, including a 3-year average, 3-year linear forecast, or 5-year linear forecast.

SDG&E Response:

The 4-YR Linear Forecast was chosen due to the increasing need for support in the Net Energy Metering (NEM) group. The NEM team has seen incredible growth in the number of customers installing solar. Last year there was a 35% growth in authorizations for NEM customers over the prior year. In total, over the last 5 years, the Customer Generation team has seen a 351% growth. A conservative forecast predicts growth year over year through 2016 at 35%.

The 3-year average forecast does not provide enough funding to support the increasing need described above. The 3-year linear forecast shows declining funding which is opposite of SDG&E's need. The 5-year linear forecast results in slightly lower funding that would not cover the conservative forecast of NEM growth.

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Technology Innovation and Development

30. SDG&E lists the costs drivers for Technology, Innovation, and Development on page 70 of its testimony. Does SDG&E directly link its costs drivers to the amount of its forecasted increase in expenses? If so, please identify the forecasted cost driver, the associated expenses, and how those expenses were derived.

SDG&E Response:

The forecasted increases are not linked to the cost drivers for this work group. SDG&E's forecast is based on the escalation for 2013 costs along with adjustments for the additional staffing requirements.

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31. Did SDG&E conduct any workload analyses for its Associate Engineer Program in deriving its test year forecast?

SDG&E Response:

SDG&E did not conduct a work-study analysis. However, the Associate Engineer Program is an ongoing training program. This is a key component of the effort to develop and maintain engineers in SDG&E's workforce. The program allows new engineers to rotate through three organizations during an 18-month period. It provides a diverse, cross-functional experience and serves to accelerate the growth of our engineering workforce.

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32. Please provide year-to-date ITF expenses and the year-to-date number of staff positions for the ITF.

SDG&E Response:

There are no year to date recorded O&M expenses for the ITF. There are no staff positions currently assigned to the ITF. A requisition to fill the needed staff positions is currently in progress.

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33. In response to DR-008-EJ1, 26.b, SDG&E states: “The analysis consisted of management estimates for the labor requirements needed to maintain a productive yet efficiently staffed lab that would fulfill the expectations of the testing needed to identify viable projects. The non-labor requirements are expected”
- a. Please provide the management estimates that were used to derive SDG&E’s TY forecasts.
 - b. The DR response seems to be cut off. If this is the case, please provide the full response.

SDG&E Response:

- a. The incremental labor forecast of \$215K is based on the salary of 1 full time position, along with 4 part time positions, all of which will be charging 50% of their time to O&M.

The incremental non-labor forecast of \$35K is based on the following:

Non-Labor ITF Forecast	
Training	15,000
Travel, Conferences, etc.	15,000
Misc Supplies	5,000
Total Non-Labor	35,000

- b. The workload analysis consisted of management estimates for the labor requirements needed to maintain a productive yet efficiently staffed lab that would fulfill the expectations of the testing needed to identify viable projects. The non-labor requirements are expected to increase for equipment and facility maintenance as the lab continues to be operational.

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Administration and Development

34. SDG&E forecasts \$0.100 million for two business analysts.
- a. Please explain why current positions are no longer sufficient to address future workloads. Explain why SDG&E has waited until now to add these positions.
 - b. Provide all workload analyses conducted by SDG&E that justify an increase over current levels of funding. If SDG&E did not conduct a workload analysis, please explain why not.

SDG&E Response:

- a. The current staffing levels are not sufficient to address the volume and complexity of financial analysis and data requests in addition to the special projects that are undertaken by the performance and budgets department. Over the past few years, the performance and budgets department has expanded the scope of its responsibilities and service levels to its internal clients in response to the need to better identify cost drivers and operational efficiencies. Additionally, the performance and budgets department is routinely asked to perform special projects that had at one time been performed by project managers or business analysts that were embedded within the operational units that the performance and budgets department supports.
- b. A specific workload analysis was not performed in connection with the request for increased staffing other than the identification that approximately 50% of the productive time for each analyst would be dedicated to O&M projects and 50% would be dedicated to Capital projects.

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Exempt Materials, Small Tools, Department Overhead Pool (DOH)

35. Exempt Materials and Small Tools are “forecasted at the 100% level for direct costs” (p. JTW-80). Please elaborate on this statement. What is the 100% level for direct costs? Are their absolute numbers attached to SDG&E’s forecast for exempt materials and small tools? If yes, please provide the numbers or provide the exact location in the SDG&E’s testimony where they can be found.

SDG&E Response:

The cost for exempt material and small tools is 100% O&M. Small tools are lower-value (<\$5,000) tools that are not capitalized and are not directly charged to the O&M account or Capital Budgets on which they are used. The cost of these small tools is allocated to the different O&M accounts and Capital Budgets based on the direct labor hours charged to the O&M accounts and Capital Budgets.

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36. Department Overhead Pool (DOH) “represents the remaining 40% and is charged directly to respective cost centers” (p. JTW-81). Please elaborate on this statement. Are their absolute numbers attached to SDG&E’s forecast for DOH? If yes, please provide the numbers or provide the exact location in the SDG&E’s testimony where they can be found.

SDG&E Response:

The O&M component of the DOH is 40% and is charged directly to respective cost centers. Thus, the O&M component of DOH is escalated in the base activities and is captured in the respective workpaper groups.

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37. How do these three accounts correlate to SDG&E's total forecast of \$141.598 million for Electric Distribution Operations and Maintenance (p. JTW-8, Table 2)?

SDG&E Response:

The expenses for these accounts are included in the 2013 base activities cost and escalated to arrive at the test year forecast with no adjustments.