

Application of SAN DIEGO GAS & ELECTRIC)
COMPANY for authority to update its gas and)
electric revenue requirement and base rates)
effective January 1, 2016 (U 902-M))

Application No. 14-11-____
Exhibit No.: (SDG&E-02-WP)

WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF DIANA L. DAY
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

NOVEMBER 2014



2016 General Rate Case - APP
INDEX OF WORKPAPERS

Exhibit SDG&E-02-WP - RISK MANAGEMENT

DOCUMENT	PAGE
Overall Summary For Exhibit No. SDG&E-02-WP	1

Overall Summary For Exhibit No. SDG&E-02-WP

Area:	RISK MANAGEMENT
Witness:	Diana L. Day

Description	In 2013 \$ (000) Incurred Costs			
	Adjusted-Recorded	Adjusted-Forecast		
	2013	2014	2015	2016
<i>Non-Shared Services</i>	0	0	0	0
<i>Shared Services</i>	631	1,667	2,965	2,965
Total	631	1,667	2,965	2,965

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
 2016 GRC - APP
 Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day

Summary of Shared Services Workpapers:

Description	In 2013 \$ (000) Incurred Costs			
	Adjusted-Recorded	Adjusted-Forecast		
	2013	2014	2015	2016
A. Risk Management	631	1,667	2,965	2,965
Total	631	1,667	2,965	2,965

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day
 Category: A. Risk Management
 Cost Center: 2100-3590.000

Summary for Category: A. Risk Management

	In 2013\$ (000) Incurred Costs			
	Adjusted-Recorded	Adjusted-Forecast		
	2013	2014	2015	2016
Labor	551	879	1,224	1,224
Non-Labor	79	787	1,740	1,740
NSE	0	0	0	0
Total	630	1,666	2,964	2,964
FTE	4.9	6.5	9.0	9.0

Cost Centers belonging to this Category:

2100-3590.000 Risk Management

Labor	551	879	1,224	1,224
Non-Labor	79	787	1,740	1,740
NSE	0	0	0	0
Total	630	1,666	2,964	2,964
FTE	4.9	6.5	9.0	9.0

Note: Totals may include rounding differences.

Beginning of Workpaper
2100-3590.000 - Risk Management

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day
 Category: A. Risk Management
 Category-Sub: 1. Risk Management Division
 Cost Center: 2100-3590.000 - Risk Management

Activity Description:

SoCalGas' and SDG&E's risk management governance will facilitate for the review and discussion of safety and security risks, risk registries, mitigation strategies, and related investments. This Enterprise Risk Management (ERM) structure will improve consistency for SoCalGas and SDG&E in risk identification, analysis, evaluation and prioritization to focus on the risks that are most critical to our businesses. The framework will be refined, as needed, to reflect ongoing changes in the risk environment of business unit operations, industry practices, Commission priorities, and new regulations. The approaches we use to identify, prioritize and mitigate risks will conform to the stated and emerging expectations of the Commission.

Forecast Explanations:

Labor - Base YR Rec

A base year forecast method because 2013 accurately represents the current activity level. Therefore, the base year provides a reasonable starting point for future expenditures.

Non-Labor - Base YR Rec

A base year forecast method because 2013 accurately represents the current activity level. Therefore, the base year provides a reasonable starting point for future expenditures.

NSE - Base YR Rec

Not applicable.

Summary of Results:

		In 2013\$ (000) Incurred Costs								
		Adjusted-Recorded					Adjusted-Forecast			
Years		2009	2010	2011	2012	2013	2014	2015	2016	
Labor		483	611	477	540	551	879	1,224	1,224	
Non-Labor		62	85	107	90	79	787	1,740	1,740	
NSE		0	0	0	0	0	0	0	0	
Total		544	696	584	630	631	1,667	2,965	2,965	
FTE		3.9	4.2	4.4	4.9	4.9	6.5	9.0	9.0	

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day
 Category: A. Risk Management
 Category-Sub: 1. Risk Management Division
 Cost Center: 2100-3590.000 - Risk Management

Cost Center Allocations (Incurred Costs):

	2013 Adjusted-Recorded					2014 Adjusted-Forecast				
	Labor	Non-Labor	NSE	Total	FTE	Labor	Non-Labor	NSE	Total	FTE
Directly Retained	5	0	0	5	0.00	99	708	0	807	0.80
Directly Allocated	0	0	0	0	0.00	0	0	0	0	0.00
Subj. To % Alloc.	547	79	0	626	4.93	781	79	0	860	5.73
Total Incurred	552	79	0	631	4.93	880	787	0	1,667	6.53
% Allocation										
Retained	93.60%	93.60%				60.64%	60.64%			
SEU	6.40%	6.40%				39.36%	39.36%			
CORP	0.00%	0.00%				0.00%	0.00%			
Unreg	0.00%	0.00%				0.00%	0.00%			

	2015 Adjusted-Forecast					2016 Adjusted-Forecast				
	Labor	Non-Labor	NSE	Total	FTE	Labor	Non-Labor	NSE	Total	FTE
Directly Retained	215	1,661	0	1,876	2.10	215	1,661	0	1,876	2.10
Directly Allocated	0	0	0	0	0.00	0	0	0	0	0.00
Subj. To % Alloc.	1,010	79	0	1,089	6.93	1,010	79	0	1,089	6.93
Total Incurred	1,225	1,740	0	2,965	9.03	1,225	1,740	0	2,965	9.03
% Allocation										
Retained	60.91%	60.91%				60.91%	60.91%			
SEU	39.09%	39.09%				39.09%	39.09%			
CORP	0.00%	0.00%				0.00%	0.00%			
Unreg	0.00%	0.00%				0.00%	0.00%			

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
Witness: Diana L. Day
Category: A. Risk Management
Category-Sub: 1. Risk Management Division
Cost Center: 2100-3590.000 - Risk Management

Cost Center Allocation Percentage Drivers/Methodology:

Cost Center Allocation Percentage for 2013

Shared services allocation was derived by the allocation of employees that directly supported the utilities. Employees allocated a portion to each project according to SDGE and SCG. The method of time spent on projects was used.

Cost Center Allocation Percentage for 2014

Shared services allocation was derived by the allocation of employees that directly supported the utilities. Employees allocated a portion to each project according to SDGE and SCG. The method of time spent on projects was used.

Cost Center Allocation Percentage for 2015

Shared services allocation was derived by the allocation of employees that directly supported the utilities. Employees allocated a portion to each project according to SDGE and SCG. The method of time spent on projects was used.

Cost Center Allocation Percentage for 2016

Shared services allocation was derived by the allocation of employees that directly supported the utilities. Employees allocated a portion to each project according to SDGE and SCG. The method of time spent on projects was used.

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day
 Category: A. Risk Management
 Category-Sub: 1. Risk Management Division
 Cost Center: 2100-3590.000 - Risk Management

Forecast Summary:

In 2013 \$(000) Incurred Costs										
Forecast Method		Base Forecast			Forecast Adjustments			Adjusted-Forecast		
Years		2014	2015	2016	2014	2015	2016	2014	2015	2016
Labor	Base YR Rec	551	551	551	328	673	673	879	1,224	1,224
Non-Labor	Base YR Rec	79	79	79	708	1,661	1,661	787	1,740	1,740
NSE	Base YR Rec	0	0	0	0	0	0	0	0	0
Total		631	631	631	1,036	2,334	2,334	1,667	2,965	2,965
FTE	Base YR Rec	4.9	4.9	4.9	1.6	4.1	4.1	6.5	9.0	9.0

Forecast Adjustment Details:

<u>Year/Expl.</u>	<u>Labor</u>	<u>NLbr</u>	<u>NSE</u>	<u>Total</u>	<u>FTE</u>	<u>Adi Type</u>
2014	160	0	0	160	0.4	1-Sided Adj

This full year impact Director position will be responsible for the leadership, innovation, governance, and management necessary to identify, evaluate, mitigate, and monitor operational and strategic risk and to integrate the risk management and asset management with companies' investment management process.

2014	74	0	0	74	0.4	1-Sided Adj
------	----	---	---	----	-----	-------------

This full year impact Manager position will manage the Risk staff in facilitating the identification of risks throughout the organization, developing, reporting and monitoring formats on risk management issues and developing methodologies for the assessment of risks throughout the organization while working collaboratively with all appropriate business units to ensure a consistent and integral approach is applied to risk governance that aligns to the overall ERM mandate.

2014	94	0	0	94	0.8	1-Sided Adj
------	----	---	---	----	-----	-------------

Principal level professionals will develop and maintain enterprise governance frameworks, standards and practices relating to risk governance and effectively implementing them throughout the Utilities. In addition, they will be responsible for coordinating a comprehensive process for identifying, assessing, reducing, monitoring, controlling and reporting key business risks that might impair the achievement of the Utilities' business goals and objectives.

2014	0	500	0	500	0.0	1-Sided Adj
------	---	-----	---	-----	-----	-------------

Third-party consultants skilled in developing and upgrading risk management processes, systems and tools that will enhance SDG&E's asset management processes, procedures and systems and integrate risk management and asset management into their strategic planning and investment optimization processes, to develop an industry-leading ERM program.

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day
 Category: A. Risk Management
 Category-Sub: 1. Risk Management Division
 Cost Center: 2100-3590.000 - Risk Management

<u>Year/Expl.</u>	<u>Labor</u>	<u>NLbr</u>	<u>NSE</u>	<u>Total</u>	<u>FTE</u>	<u>Adi Type</u>
2014	0	208	0	208	0.0	1-Sided Adj

Software upgrade designed to meet the requirements in linking together the three components of risk management including asset management, investment management and risk management.

2014 Total	328	708	0	1,036	1.6	
-------------------	------------	------------	----------	--------------	------------	--

2015	275	0	0	275	1.0	1-Sided Adj
------	-----	---	---	-----	-----	-------------

These additional Director positions will be responsible for the leadership, innovation, governance, and management necessary to identify, evaluate, mitigate, and monitor operational and strategic risk and to integrate the risk management and asset management with companies' investment management process.

2015	188	0	0	188	1.0	1-Sided Adj
------	-----	---	---	-----	-----	-------------

These additional Manager positions will manage the Risk staff in facilitating the identification of risks throughout the organization, developing, reporting and monitoring formats on risk management issues and developing methodologies for the assessment of risks throughout the organization while working collaboratively with all appropriate business units to ensure a consistent and integral approach is applied to risk governance that aligns to the overall ERM mandate.

2015	210	0	0	210	2.1	1-Sided Adj
------	-----	---	---	-----	-----	-------------

Principal level professionals will develop and maintain enterprise governance frameworks, standards and practices relating to risk governance and effectively implementing them throughout the Utilities. In addition, they will be responsible for coordinating a comprehensive process for identifying, assessing, reducing, monitoring, controlling and reporting key business risks that might impair the achievement of the Utilities' business goals and objectives.

2015	0	1,500	0	1,500	0.0	1-Sided Adj
------	---	-------	---	-------	-----	-------------

Third-party consultants skilled in developing and upgrading risk management processes, systems and tools that will enhance SDG&E's asset management processes, procedures and systems and integrate risk management and asset management into their strategic planning and investment optimization processes, to develop an industry-leading ERM program.

2015	0	161	0	161	0.0	1-Sided Adj
------	---	-----	---	-----	-----	-------------

Software upgrade designed to meet the requirements in linking together the three components of risk management including asset management, investment management and risk management.

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day
 Category: A. Risk Management
 Category-Sub: 1. Risk Management Division
 Cost Center: 2100-3590.000 - Risk Management

<u>Year/Expl.</u>	<u>Labor</u>	<u>NLbr</u>	<u>NSE</u>	<u>Total</u>	<u>FTE</u>	<u>Adi Type</u>
2015 Total	673	1,661	0	2,334	4.1	

2016	275	0	0	275	1.0	1-Sided Adj
------	-----	---	---	-----	-----	-------------

These additional Director positions will be responsible for the leadership, innovation, governance, and management necessary to identify, evaluate, mitigate, and monitor operational and strategic risk and to integrate the risk management and asset management with companies' investment management process.

2016	188	0	0	188	1.0	1-Sided Adj
------	-----	---	---	-----	-----	-------------

These additional Manager positions will manage the Risk staff in facilitating the identification of risks throughout the organization, developing, reporting and monitoring formats on risk management issues and developing methodologies for the assessment of risks throughout the organization while working collaboratively with all appropriate business units to ensure a consistent and integral approach is applied to risk governance that aligns to the overall ERM mandate.

2016	210	0	0	210	2.1	1-Sided Adj
------	-----	---	---	-----	-----	-------------

Principal level professionals will develop and maintain enterprise governance frameworks, standards and practices relating to risk governance and effectively implementing them throughout the Utilities. In addition, they will be responsible for coordinating a comprehensive process for identifying, assessing, reducing, monitoring, controlling and reporting key business risks that might impair the achievement of the Utilities' business goals and objectives.

2016	0	1,500	0	1,500	0.0	1-Sided Adj
------	---	-------	---	-------	-----	-------------

Third-party consultants skilled in developing and upgrading risk management processes, systems and tools that will enhance SDG&E's asset management processes, procedures and systems and integrate risk management and asset management into their strategic planning and investment optimization processes, to develop an industry-leading ERM program.

2016	0	161	0	161	0.0	1-Sided Adj
------	---	-----	---	-----	-----	-------------

Software upgrade designed to meet the requirements in linking together the three components of risk management including asset management, investment management and risk management.

2016 Total	673	1,661	0	2,334	4.1	
-------------------	------------	--------------	----------	--------------	------------	--

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
Witness: Diana L. Day
Category: A. Risk Management
Category-Sub: 1. Risk Management Division
Cost Center: 2100-3590.000 - Risk Management

Determination of Adjusted-Recorded (Incurred Costs):

	2009 (\$000)	2010 (\$000)	2011 (\$000)	2012 (\$000)	2013 (\$000)
Recorded (Nominal \$)*					
Labor	382	492	400	464	476
Non-Labor	56	80	103	88	79
NSE	0	0	0	0	0
Total	438	572	503	552	555
FTE	3.4	3.6	3.8	4.2	4.2
Adjustments (Nominal \$) **					
Labor	0	0	0	0	0
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
Total	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
Recorded-Adjusted (Nominal \$)					
Labor	382	492	400	464	476
Non-Labor	56	80	103	88	79
NSE	0	0	0	0	0
Total	438	572	503	552	555
FTE	3.4	3.6	3.8	4.2	4.2
Vacation & Sick (Nominal \$)					
Labor	59	78	59	67	75
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
Total	59	78	59	67	75
FTE	0.6	0.6	0.6	0.7	0.7
Escalation to 2013\$					
Labor	42	40	18	9	0
Non-Labor	5	6	4	2	0
NSE	0	0	0	0	0
Total	47	46	22	11	0
FTE	0.0	0.0	0.0	0.0	0.0
Recorded-Adjusted (Constant 2013\$)					
Labor	483	611	477	540	551
Non-Labor	62	85	107	90	79
NSE	0	0	0	0	0
Total	544	696	584	630	631
FTE	4.0	4.2	4.4	4.9	4.9

* After company-wide exclusions of Non-GRC costs

** Refer to "Detail of Adjustments to Recorded" page for line item adjustments

Note: Totals may include rounding differences.

San Diego Gas & Electric Company
2016 GRC - APP
Shared Services Workpapers

Area: RISK MANAGEMENT
 Witness: Diana L. Day
 Category: A. Risk Management
 Category-Sub: 1. Risk Management Division
 Cost Center: 2100-3590.000 - Risk Management

Summary of Adjustments to Recorded:

In Nominal \$ (000) Incurred Costs					
Years	2009	2010	2011	2012	2013
Labor	0	0	0	0	0
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
Total	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0

Detail of Adjustments to Recorded:

<u>Year/Expl.</u>	<u>Labor</u>	<u>NLbr</u>	<u>NSE</u>	<u>FTE</u>	<u>Adj Type</u>	<u>From CCtr</u>	<u>RefID</u>
2009 Total	0	0	0	0.0			
2010 Total	0	0	0	0.0			
2011 Total	0	0	0	0.0			
2012 Total	0	0	0	0.0			
2013 Total	0	0	0	0.0			

Note: Totals may include rounding differences.