

**PUBLIC ADVOCATES OFFICE DATA REQUEST:
CALADVOCATES-SDGE-2023WMP-14
SDG&E RESPONSE**

Date Received: May 1, 2023

Date Submitted: May 5, 2023

GENERAL OBJECTIONS

1. SDG&E objects generally to each request to the extent that it seeks information protected by the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or evidentiary doctrine. No information protected by such privileges will be knowingly disclosed.

2. SDG&E objects generally to each request that is overly broad and unduly burdensome. As part of this objection, SDG&E objects to discovery requests that seek “all documents” or “each and every document” and similarly worded requests on the grounds that such requests are unreasonably cumulative and duplicative, fail to identify with specificity the information or material sought, and create an unreasonable burden compared to the likelihood of such requests leading to the discovery of admissible evidence. Notwithstanding this objection, SDG&E will produce all relevant, non-privileged information not otherwise objected to that it is able to locate after reasonable inquiry.

3. SDG&E objects generally to each request to the extent that the request is vague, unintelligible, or fails to identify with sufficient particularity the information or documents requested and, thus, is not susceptible to response at this time.

4. SDG&E objects generally to each request that: (1) asks for a legal conclusion to be drawn or legal research to be conducted on the grounds that such requests are not designed to elicit facts and, thus, violate the principles underlying discovery; (2) requires SDG&E to do legal research or perform additional analyses to respond to the request; or (3) seeks access to counsel’s legal research, analyses or theories.

5. SDG&E objects generally to each request to the extent it seeks information or documents that are not reasonably calculated to lead to the discovery of admissible evidence.

6. SDG&E objects generally to each request to the extent that it is unreasonably duplicative or cumulative of other requests.

7. SDG&E objects generally to each request to the extent that it would require SDG&E to search its files for matters of public record such as filings, testimony, transcripts, decisions, orders, reports or other information, whether available in the public domain or through FERC or CPUC sources.

8. SDG&E objects generally to each request to the extent that it seeks information or documents that are not in the possession, custody or control of SDG&E.

9. SDG&E objects generally to each request to the extent that the request would impose an

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undue burden on SDG&E by requiring it to perform studies, analyses or calculations or to create documents that do not currently exist.

10. SDG&E objects generally to each request that calls for information that contains trade secrets, is privileged or otherwise entitled to confidential protection by reference to statutory protection. SDG&E objects to providing such information absent an appropriate protective order.

II. EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.

2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.

3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.

4. These responses are made solely for the purpose of this proceeding and for no other purpose.

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QUESTION 1

- a) Describe SDG&E's standard process for retiring an asset from service.
- b) Describe how SDG&E records the retirement of an asset from service.

RESPONSE 1

SDG&E objects to the request on the grounds set forth in General Objections 2, 3, 5, and 6. SDG&E's response is limited to its WMP and related activities. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. SDG&E's process for retirements differs depending on whether the asset being removed is accounted for on a unit basis or on a group basis. For assets accounted for on a unit basis, a separate record is maintained for each item placed into service, each item is individually depreciated over its expected remaining service life, and retirements are processed using information specific to the retired asset. For assets accounted for on a group basis, the cost of all assets in that class are combined and depreciated over the weighted average remaining service life of all assets in that group. When assets accounted for on a group basis are retired the average unit cost for the appropriate vintage of the asset class of the asset being retired is used as the cost basis for processing the retirement.
- b. As outlined in CPUC Standard Practice U-4, assets accounted for on the unit basis are retired by reducing (crediting) Plant In Service (FERC 101) by the value of the asset in that account and reducing (debiting) Accumulated Depreciation (FERC 108) by the depreciation taken on that asset recorded to that account.

As outlined in CPUC Standard Practice U-4, assets accounted for on a group basis are retired by reducing (crediting) Plant In Service (FERC 101) by the average unit cost for the appropriate vintage of the asset class of the asset being retired, with a corresponding reduction (debit) to Accumulated Depreciation (FERC 108).

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QUESTION 2

- a) During the period from 2020-2022, did SDG&E replace any distribution conductor as part of its WMP activities for which SDG&E had not fully recovered the original cost of the conductor? This may involve undergrounding a previously hardened line, or replacing a bare overhead line with covered conductor.
- b) If the answer to part (a) is yes, what was SDG&E's practice regarding cost recovery on the unrecovered portion of the value associated with the replaced conductor?
- c) If the answer to part (a) is yes, please provide the number of circuit miles of such conductor that SDG&E replaced.

RESPONSE 2

SDG&E objects to the request on the grounds set forth in General Objections 2, 3, 5, 6, and 9. SDG&E's response is limited to its WMP and related activities. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. Yes.
- b. Distribution conductor is accounted for on a group basis. As outlined in CPUC Standard Practice U-4, for assets accounted for on a group basis any unrecovered portion of retired assets remains in Net Property, Plant, and Equipment, which is a component of rate base.

Net Property, Plant, and Equipment is recovered through the depreciation component of a utility's revenue requirement.

- c. It is unduly burdensome to provide the full number of assets and circuit miles not fully depreciated and such an analysis is not relevant to SDG&E's WMP submission. SDG&E's answer is limited to the circuit miles of conductor that previously underwent bare wire hardening to mitigate the risk of ignition, and now may be re-hardened due to being on a circuit segment targeted for underground and/or covered conductor installation. Currently 1.75 circuit miles of hardened assets were replaced with installation of covered conductor. SDG&E is still reviewing its Strategic Undergrounding historical information to determine if any miles of undergrounding in 2020-2022 included rehardening.

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QUESTION 3

a) In 2022, as part of its WMP system hardening activities, did SDG&E retire from service (i.e., replace, remove, destroy, or decommission) any assets that had not been fully depreciated at the time of retirement?

b) Please describe how SDG&E recorded the retirement of assets during 2022 system hardening activities.

RESPONSE 3

SDG&E objects to the request on the grounds set forth in General Objections 2, 3, 5, 6, and 9. SDG&E's response is limited to its WMP and related activities. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. Yes.
- b. As outlined in CPUC Standard Practice U-4, assets accounted for on a group basis are retired by reducing (crediting) Plant In Service (FERC 101) by the average unit cost for the appropriate vintage of the asset class of the asset being retired, with a corresponding reduction (debit) to Accumulated Depreciation (FERC 108).

This methodology applies to WMP system hardening activities that were retired in 2022 as these assets are accounted for on a group basis.

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QUESTION 4

- a) In 2023, as part of its WMP system hardening activities, does SDG&E intend to retire from service (i.e., replace, remove, destroy, or decommission) any assets that are not fully depreciated at the time of retirement?
- b) Please describe how SDG&E will record the retirement of assets during 2023 system

RESPONSE 4

SDG&E objects to the request on the grounds set forth in General Objections 2, 3, 5, 6, and 9. SDG&E's response is limited to its WMP and related activities. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. Yes
- b. As outlined in CPUC Standard Practice U-4, assets accounted for on a group basis will be retired by reducing (crediting) Plant In Service (FERC 101) by the average unit cost for the appropriate vintage of the asset class of the asset being retired, with a corresponding reduction (debit) to Accumulated Depreciation (FERC 108).

This methodology applies to WMP system hardening activities that will be retired in 2023 as these assets are accounted for on a group basis.

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QUESTION 5

What is SDG&E's standard practice for tracking assets that are retired from service before they are fully depreciated?

RESPONSE 5

SDG&E objects to the request on the grounds set forth in General Objections 2, 3, 5, 6, and 9. SDG&E's response is limited to its WMP and related activities. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

As outlined in CPUC Standard Practice U-4, assets accounted for on a group basis are depreciated as a group rather than individually. In accordance with this methodology, SDG&E does not specifically track assets that are retired from service before they are fully depreciated.

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QUESTION 6

- a) If SDG&E retires from service an asset that has not been fully depreciated, does it remove the remaining undepreciated value of the asset from its rate base?
- b) How does SDG&E determine the remaining undepreciated value of an asset at the time the asset is retired from service?
- c) Please describe any scenario in which SDG&E would retire from service an asset that has not been fully depreciated, but would keep the remaining undepreciated value of the asset in its rate base.

RESPONSE 6

SDG&E objects to the request on the grounds set forth in General Objections 2, 3, 5, 6, and 9. SDG&E's response is limited to its WMP and related activities. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. No. As outlined in CPUC Standard Practice U-4, for assets accounted for on a group basis any unrecovered portion of retired assets remains in Net Property, Plant, and Equipment, which is a component of rate base.
- b. As outlined in CPUC Standard Practice U-4, assets accounted for on a group basis are depreciated as a group rather than individually. In accordance with this methodology, SDG&E does not determine the remaining undepreciated value of assets that are retired from service.
- c. As outlined in CPUC Standard Practice U-4, assets accounted for on a group basis are retired by reducing (crediting) Plant In Service (FERC 101) by the average unit cost for the appropriate vintage of the asset class of the asset being retired, with a corresponding reduction (debit) to Accumulated Depreciation (FERC 108).

For assets accounted for on a group basis any undepreciated value of retired assets remains in Net Property, Plant, and Equipment, which is a component of rate base.

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QUESTION 7

- a) As of the date of this data request, does SDG&E's rate base currently include any portion of the value of any assets that are no longer in service?
- b) If the answer to part (a) is yes, please explain why.
- c) If the answer to part (a) is no, list the controls in place that ensure SDG&E's rate base does not currently include any portion of the value of assets that are no longer in service.

RESPONSE 7

SDG&E objects to the request on the grounds set forth in General Objections 2, 3, 5, 6, and 9. SDG&E's response is limited to its WMP and related activities. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. Yes
- b. SDG&E's practice for accounting for retired assets is consistent with CPUC Standard Practice U-4.
- c. N/A

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END OF REQUEST