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Exhibit: SDG&E-211

REBUTTAL TESTIMONY
OF OLIVA REYES
(ELECTRIC DISTRIBUTION CAPITAL)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



May 2023

TABLE OF CONTENTS

I. SUMMARY OF DIFFERENCES1

II. INTRODUCTION2

 A. CAL ADVOCATES4

 B. TURN.....7

 C. CUE.....9

 D. UCAN11

 E. FEA.....12

III. GENERAL REBUTTAL13

 A. CAL ADVOCATES13

 1. CAPITAL PROJECTS WITHIN THE RESULTS OF OPERATIONS
 MODEL13

 B. TURN.....14

 C. CUE.....15

 1. CUE PROPOSED LONG TERM INVESTMENT REPLACEMENT
 PLAN15

 2. CUE PROPOSED INCREASED FORECASTS FOR FOUR ELECTRIC
 DISTRIBUTION PROGRAMS.....16

 D. FEA.....17

 1. FEA PROPOSED FIVE-YEAR AVERAGE FORECAST
 METHODOLOGY17

 E. UCAN20

 1. MICROGRID PORTAL OBSOLECENSE20

 2. INACCURACIES OR MISREPRESENTATIONS21

 F. LITIGATED PROJECT COSTS MEMORANDUM ACCOUNT.....23

IV. REBUTTAL TO PARTIES’ CAPITAL PROPOSALS25

 A. EQUIP/TOOLS/MISC25

 B. FRANCHISE25

 1. CAL ADVOCATES25

 C. MANDATED.....26

 D. OVERHEAD POOLS.....26

 1. CAL ADVOCATES27

 2. TURN.....29

3.	CUE.....	31
E.	RELIABILITY/IMPROVEMENTS	32
1.	CAL ADVOCATES	32
2.	TURN.....	34
3.	CUE.....	35
4.	UCAN	36
F.	SAFETY AND RISK MANAGEMENT	37
1.	CAL ADVOCATES	37
2.	CUE.....	38
G.	TRANSMISSION/FERC DRIVEN.....	40
H.	CAPACITY/EXPANSION.....	40
1.	CAL ADVOCATES	40
2.	UCAN	41
I.	MATERIALS.....	45
1.	CAL ADVOCATES	45
2.	CUE.....	46
J.	NEW BUSINESS.....	47
1.	CAL ADVOCATES	47
V.	CONCLUSION.....	54

APPENDICES - Appendix A – Glossary of Terms
Appendix B – Data Request Responses

**REBUTTAL TESTIMONY OF
OLIVA REYES
(ELECTRIC DISTRIBUTION CAPITAL)**

I. SUMMARY OF DIFFERENCES

The table below summarizes San Diego Gas & Electric Company’s (SDG&E) request and the recommendations of each party regarding electric distribution capital expenses:

Table 1 – Summary of SDG&E Request and Intervenor Party Proposals by Forecast Year

TOTAL CAPITAL¹ - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$438,049	\$532,595	\$425,950	\$1,396,594	\$0
CAL ADVOCATES	\$403,022	\$418,682	\$453,099	\$1,274,803	\$(121,791)
TURN ²	\$438,049	\$513,144	\$406,305	\$1,357,498	\$(39,096)
CUE ³	\$438,049	\$532,595	\$478,351	\$1,448,995	\$52,401
UCAN ⁴	\$430,468	\$519,010	\$411,062	\$1,360,540	\$(36,054)
FEA ⁵	\$438,049	\$532,595	\$409,009⁶	\$1,379,653	\$(16,941)

¹ Forecasts reflect only Non-Collectible Dollars, as Collectible (CO) dollars are not included in Rate Base. Parties did not dispute SDG&E’s forecasted CO dollars contained within my direct testimony. Reference my direct testimony for a forecast of CO dollars for 2022, 2023 and 2024. IT Project costs are not included within the totals, because they are being addressed in the rebuttal testimony of William J. Exon (Information Technology, Ex. SDG&E-225).

² The Utility Reform Network (TURN) only proposed decreases to SDG&E electric-related capital expenditures for 2023 and 2024 and did not address proposed 2022 forecasts. Therefore, the forecasts above assume TURN did not take issue with SDG&E’s forecast for 2022 while reflecting proposed expenditure decreases for 2023 and 2024.

³ The Coalition of California Utility Employees (CUE) only proposed increases to SDG&E electric-related capital expenditures for 2024 and did not address proposed 2022 and 2023 forecasts. Therefore, the forecasts above assume CUE did not take issue with SDG&E’s forecasts for 2022 and 2023, while reflecting proposed expenditure increases for 2024.

⁴ The Utility Consumers’ Action Network (UCAN) did not provide a total summary of recommended increases or reductions to SDG&E’s electric distribution capital forecasts. The reductions noted in Table 1 are estimates based on a review UCAN’s testimony.

⁵ The Federal Executive Agencies (FEA) only proposed decreases to SDG&E electric-related capital expenditures for 2024 and did not address proposed 2022 and 2023 forecasts. Therefore, the forecasts above assume FEA did not take issue with SDG&E’s forecasts for 2022 and 2023, while reflecting proposed expenditure decreases for 2024.

⁶ The reductions FEA recommends are not attributed to a specific spending category, as they merely recommend a broad five-year historical average forecast methodology which I address in my rebuttal testimony below.

1 **II. INTRODUCTION**

2 This rebuttal testimony regarding SDG&E’s request for electric distribution capital
3 addresses the following testimony from other parties:

- 4 • The Public Advocates Office of the California Public Utilities
5 Commission (Cal Advocates) as submitted by Gregory A. Wilson (Exhibit
6 CA-06) dated March 27, 2023.
- 7 • The Public Advocates Office of the California Public Utilities
8 Commission (Cal Advocates) as submitted by Simran Kaur (Exhibit CA-
9 07) dated March 27, 2023.
- 10 • The Utility Reform Network (TURN), as submitted by Garrick Jones
11 (Exhibit TURN-7), dated March 27, 2023.
- 12 • The Coalition of California Utility Employees (CUE), as submitted by Dr.
13 Robert Earle, PH.D., dated March 27, 2023.
- 14 • The Utility Consumer’s Action Network (UCAN), as submitted by Dr.
15 Eric Charles Woychik, PH.D., dated March 27, 2023.
- 16 • The Federal Executive Agencies (FEA), as submitted by Ralph C. Smith,
17 CPA (Exhibit FEA-01) dated March 27, 2023.

18 As a preliminary matter, the absence of a response to any particular issue in this rebuttal
19 testimony does not imply or constitute agreement by SDG&E with the proposal or contention
20 made by these or other parties. The forecasts contained in SDG&E’s direct testimony, performed
21 at the project level, are based on sound estimates of its revenue requirements at the time of
22 testimony preparation.

23 My direct testimony supports SDG&E’s TY 2024 forecasts of electric distribution capital
24 costs for the forecast years 2022, 2023, and 2024, and “demonstrates why these expenditures are
25 necessary and reasonable.”⁷ As explained in my direct testimony and herein, SDG&E’s requests
26 are necessary to provide safe and reliable electric service to SDG&E customers, comply with

⁷ August 2022, Revised Direct Testimony of Oliva Reyes (Electric Distribution Capital), Ex. SDG&E-11-R at OR-1.

1 applicable laws and regulations, and to provide system integrity and reliability in accordance
2 with the Company's commitment to safety.⁸

3 My direct testimony includes detailed summaries for 105 electric distribution capital
4 workpapers. These capital forecasts support SDG&E's goals to deliver and maintain clean, safe,
5 and reliable operation of the electric distribution system. For each of these workpapers, SDG&E
6 provided a detailed forecasting methodology and justification as to the reasonableness of the
7 method. The workpapers associated with my testimony also included significant background
8 information to support the forecasts which make up SDG&E's total electric distribution capital
9 revenue request. In addition, SDG&E responded to numerous data requests providing
10 supplemental detail in support of SDG&E's filed testimony and workpapers.

11 The forecasted costs for electric distribution capital workpapers have also been broken
12 down and associated with Risk Assessment Mitigation Phase (RAMP) projects that increase
13 safety by reducing risk exposure through capital upgrades to electric distribution infrastructure.
14 Section II and Appendix B of my direct testimony provided specific information describing the
15 top risks identified in SDG&E's 2021 RAMP Report, the ongoing and planned capital projects to
16 mitigate those risks, and the 2022-2024 RAMP funding requests to support those projects.

17 SDG&E also included business justification for five IT capital projects within its direct
18 testimony. These IT capital projects enhance SDG&E's capability to manage electric distribution
19 assets, automate processes, meet various CPUC and legislative requirements, and provide
20 options to enhance the customer experience.

21 Parties' analyses of my direct testimony include several recommendations made to
22 increase and/or decrease various category forecasts for Electric Distribution Capital revenue
23 requests. While some parties provide a more detailed analysis of capital programs presented in
24 my direct testimony, others take a broader approach in recommending modifications to Electric
25 Distribution Capital revenue requests. As a general matter, these "broad brush" recommended
26 reductions fail to consider the complexities of SDG&E's electric distribution capital portfolio as
27 described in my direct testimony and are thus inherently flawed. It should also be noted that few
28 parties dispute or deny the overall need for, purpose, and reasonableness of the various capital
29 proposals presented in my direct testimony.

⁸ Id. at OR-1, lines 14-16.

1 The forecasts for the period represented in my direct testimony from 2022 through 2024
2 reflect SDG&E’s reasonable estimate of the work needed to meet safety, reliability, and
3 customer objectives for the electric distribution system. As stated in my direct testimony,⁹
4 SDG&E’s safety-first culture focuses on three primary areas – public, customer, and employee
5 and contractor safety – by integrating employee training, system operations and maintenance,
6 and safe and reliable service. SDG&E prioritizes electric distribution capital investments to
7 comply with applicable laws and regulations, and to provide system integrity and reliability in
8 accordance with our commitment to safety.

9 This rebuttal testimony addresses key areas of disagreement between SDG&E and the
10 parties that provided testimony related to electric distribution capital. A summary of the key
11 points from the parties’ testimony that I will be addressing in this rebuttal testimony is described
12 below, broken out by party and witness where applicable.

13 **A. CAL ADVOCATES**

14 Cal Advocates’ analysis of SDG&E’s electric distribution capital forecasts, dated March
15 27, 2023, was split between two witnesses: Part 1 was provided by Gregory A. Wilson (CA-06)
16 and Part 2 was provided by Simran Kaur (CA-07). The following is a summary of Cal
17 Advocate’s positions.

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⁹ Ex. SDG&E-11-R (Reyes) at OR-16.

1 **CA-06 (Wilson)**

2 **Table 2 – Summary of CA-06 by Forecast Year and Comparison to SDG&E Total Request**

Constant 2021 (\$000) ¹⁰ Spending Category	2022	2023	2024	Totals		Difference
	CA	CA	CA	CA	SDG&E	
Equip/Tools/Misc	\$2,542	\$2,542	\$2,542	\$7,626	\$7,626	\$0
Franchise	\$22,379	\$15,994	\$23,642	\$62,015	\$76,516	\$(14,501)
Mandated	\$30,174	\$31,992	\$31,992	\$94,158	\$94,158	\$0
Overhead Pools	\$160,762	\$161,108	\$156,157	\$478,027	\$518,034	\$(40,007)
Reliability/Improvements	\$64,205	\$73,327	\$108,113	\$245,645	\$276,422	\$(30,777)
Safety and Risk Management	\$21,502	\$33,151	\$33,025	\$87,678	\$87,678	\$0
Transmission/FERC Driven	\$12,689	\$12,331	\$11,185	\$36,205	\$36,205	\$0
Total	\$314,253	\$330,445	\$366,656	\$1,011,354	\$1,096,639	\$(85,285)

3
4 Mr. Wilson provides analysis within his testimony that focuses on the spending
5 categories of Franchise, Overhead Pools, Reliability/Improvements, and Safety and Risk
6 Management.¹¹ The following is a summary of Mr. Wilson’s recommendations which will be
7 addressed in this rebuttal testimony:

- 8 • Cal Advocates identified 13 capital projects listed in SDG&E’s
9 Results of Operation (RO) Model and recommended they be
10 “zeroed” out within the RO Model.
- 11 • Cal Advocates opposes the closing of the one-way Overhead Pools
12 Balancing Account (OPBA).

¹⁰ CA-06 proposed capital expenditures did not expressly parse out the Collectible (CO) dollars from the Non-Collectible dollars. As discussed in my testimony, the Collectible portion is necessary for calculating the proper allocation of overhead amounts to these projects, but the fully loaded Collectible amounts are not included in the requested revenue requirement. CA-07 does parse out the CO dollars and reflects only Non-Collectible dollars in the proposed capital expenditures. Because of this discrepancy between CA-06 and CA-07, SDG&E has normalized the proposed capital expenditures within CA-06 to only reflect Non-Collectible dollars.

¹¹ Ex. CA-06 (Wilson).

- Cal Advocates takes no exception to SDG&E’s forecast for the Equipment/Tools/Misc spending category.
- Cal Advocates’ total recommendation for Franchise capital expenditures is \$62.015 million, in contrast to SDG&E’s \$76.516 million.
- Cal Advocates takes no exception to SDG&E’s forecast for the Mandated spending category.
- Cal Advocates’ total recommendation for Overhead Pools capital expenditures is \$478.027 million, in contrast to SDG&E’s \$518.034 million.
- Cal Advocates’ total recommendation for Reliability/Improvements capital expenditures is \$245.645 million, in contrast to SDG&E’s \$276.422 million.
- Cal Advocates takes no exception to SDG&E’s total forecast for the Safety and Risk Management spending category. Though an \$808 thousand difference between 2022 and 2023 forecast years is noted, the overall total for this spending category is no different between SDG&E and Cal Advocates testimonies.
- Cal Advocates takes no exception to SDG&E’s forecast for the Transmission/FERC Driven spending category.

CA-07 (Kaur)

Table 3 – Summary of CA-07 by Forecast Year and Comparison to SDG&E Total Request

Constant 2021 (\$000) Spending Category	2022	2023	2024	Totals		Difference
	CA	CA	CA	CA	SDG&E	
Capacity/Expansion	\$22,251	\$19,900	\$16,435	\$58,586	\$59,531	\$(945)
Materials	\$24,804	\$26,273	\$27,589	\$78,666	\$90,837	\$(12,171)
New Business	\$41,714	\$42,064	\$42,419	\$126,197	\$149,587	\$(23,390)
<i>Total</i>	<i>\$88,769</i>	<i>\$88,237</i>	<i>\$86,443</i>	<i>\$263,449</i>	<i>\$299,955</i>	<i>\$(36,506)</i>

1 Ms. Kaur provides analysis within her testimony that focuses on the spending categories
2 of Capacity/Expansion, Materials and New Business. The following is a summary of Ms. Kaur's
3 recommendations by spending category which will be addressed in this rebuttal testimony:

- 4 • Cal Advocates' total recommendation for Capacity/Expansion
5 capital expenditures is \$58.586 million, in contrast to SDG&E's
6 \$59.531 million.
- 7 • Cal Advocates' total recommendation for Materials capital
8 expenditures is \$78.666 million, in contrast to SDG&E's \$90.837
9 million.
- 10 • Cal Advocates' total recommendation for New Business capital
11 expenditures is \$126.197 million, in contrast to SDG&E's
12 \$149.587 million.

13
14 **B. TURN**

15 TURN provides an analysis of two SDG&E electric distribution capital spending
16 categories included within my direct testimony. The analysis, dated March 27, 2023, was
17 provided by Garrick Jones. The following is a summary of TURN's positions.
18

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Table 4 – Summary of TURN-7 by Forecast Year and Comparison to SDG&E Total Request

Constant 2021 (\$000) Spending Category	2022	2023	2024	Totals		Difference
	TURN	TURN	TURN	TURN	SDG&E	
Equip/Tools/Misc	\$2,542	\$2,542	\$2,542	\$7,626	\$7,626	\$0
Franchise	\$22,379	\$26,055	\$28,082	\$76,516	\$76,516	\$0
Mandated	\$30,174	\$31,992	\$31,992	\$94,158	\$94,158	\$0
Overhead Pools	\$169,428	\$200,433	\$140,119	\$509,980	\$518,034	\$(8,054)
Reliability/Improvements	\$77,681	\$107,117	\$60,582	\$245,380	\$276,422	\$(31,042)
Safety and Risk Management	\$22,310	\$32,343	\$33,025	\$87,678	\$87,678	\$0
Transmission/FERC Driven	\$12,689	\$12,331	\$11,185	\$36,205	\$36,205	\$0
Capacity/Expansion	\$22,566	\$20,215	\$16,750	\$59,531	\$59,531	\$0
Materials	\$28,827	\$30,255	\$31,755	\$90,837	\$90,837	\$0
New Business	\$49,453	\$49,861	\$50,273	\$149,587	\$149,587	\$0
Total	\$438,049	\$513,144	\$406,305	\$1,357,498	\$1,396,594	\$(39,096)

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Mr. Jones provides analysis within his testimony which focuses on the spending categories of Overhead Pools and Reliability/Improvements.¹² The forecasts for all other remaining spending categories contained within my direct testimony were not directly referenced or challenged by TURN. The following is a summary of Mr. Jones’ recommendations which will be addressed in this rebuttal testimony:

- TURN has requested the Commission order SDG&E to reduce its Overhead Pool Expense for any commission-decided reduction to SDG&E’s GRC capital forecast.
- TURN does not object to SDG&E’s proposal to close the one-way Overhead Pools Balancing Account (OPBA).

¹² Ex. TURN-7 (Jones).

- TURN's total recommendation for Overhead Pools capital expenditures is \$509.980 million, in contrast to SDG&E's \$518.034 million.
- TURN's total recommendation for Reliability/Improvements capital expenditures is \$245.380 million, in contrast to SDG&E's \$276.422 million.

C. CUE

CUE provides an analysis of three SDG&E electric distribution capital spending categories included within my direct testimony. The analysis, dated March 27, 2023, was provided by Dr. Robert Earle, PH.D. The following is a summary of CUE's positions.

Table 5 – Summary of CUE by Forecast Year and Comparison to SDG&E Total Request

Constant 2021 (\$000) Spending Category	2022	2023	2024	Totals		Difference
	CUE	CUE	CUE	CUE	SDG&E	
Equip/Tools/Misc	\$2,542	\$2,542	\$2,542	\$7,626	\$7,626	\$0
Franchise	\$22,379	\$26,055	\$28,082	\$76,516	\$76,516	\$0
Mandated	\$30,174	\$31,992	\$31,992	\$94,158	\$94,158	\$0
Overhead Pools	\$169,428	\$196,603	\$152,003	\$518,034	\$518,034	\$0
Reliability/Improvements	\$77,681	\$130,398	\$71,774	\$279,853	\$276,422	\$3,431
Safety and Risk Management	\$22,310	\$32,343	\$74,062	\$128,715	\$87,678	\$41,037
Transmission/FERC Driven	\$12,689	\$12,331	\$11,185	\$36,205	\$36,205	\$0
Capacity/Expansion	\$22,566	\$20,215	\$16,750	\$59,531	\$59,531	\$0
Materials	\$28,827	\$30,255	\$39,688	\$98,770	\$90,837	\$7,933
New Business	\$49,453	\$49,861	\$50,273	\$149,587	\$149,587	\$0
Total	\$438,049	\$532,595	\$478,351	\$1,448,995	\$1,396,594	\$52,401

1 Dr. Earle provides analysis within his testimony which focuses on the spending
2 categories of Reliability/Improvements, Safety and Risk Management and Materials.¹³

3 The forecasts for all other remaining spending categories contained within my direct
4 testimony were not directly referenced by CUE. The following is a summary of Dr.
5 Earle's recommendations which will be addressed in this rebuttal testimony:
6

- 7 • CUE recommends the Commission require SDG&E to develop a
8 Long-Term Infrastructure Replacement (LTIR) Plan and integrate
9 it into the GRC process.
- 10 • CUE recommends the Commission require SDG&E to develop an
11 annual plan for removal or replacement of all SF6 switches and to
12 complete its SF6 switch replacement program by the end of 2028.
- 13 • CUE recommends that any Commission-authorized funds for SF6
14 switch removal or replacement for the year 2024, which are not
15 spent on the program, be returned to the ratepayers unless SDG&E
16 proves it spent those funds on environmental, safety, or reliability
17 programs of equal or greater urgency.
- 18 • CUE recommends the Commission require SDG&E to develop an
19 annual plan for removal or replacement of 600A tee connectors.
- 20 • CUE recommends the Commission require SDG&E to develop an
21 annual plan for removal or replacement of all unjacketed
22 underground cable.
- 23 • CUE recommends the Commission require SDG&E to develop an
24 annual plan for replacement of all distribution transformers.
- 25 • CUE's total recommendation for Reliability/Improvements capital
26 expenditures is \$279.853 million, in contrast to SDG&E's
27 \$276.422 million.

¹³ Ex. CUE (Earle).

- CUE’s total recommendation for Safety and Risk Management capital expenditures is \$128.715 million, in contrast to SDG&E’s \$87.678 million.
- CUE’s total recommendation for Materials capital expenditures is \$98.770 million, in contrast to SDG&E’s \$90.837 million.
- CUE does not propose any adjustments to the Overhead Pools capital workpaper forecast proposed by SDG&E as a result of its recommended adjustments to other electric distribution capital spending categories.

D. UCAN

UCAN provides testimony covering SDG&E’s electric distribution capital revenue request. The testimony, dated March 27, 2023, was provided by Dr. Eric Charles Woychik. The following is a summary of UCAN’s positions.

Table 6 – Summary of UCAN by Forecast Year and Comparison to SDG&E Total Request

Constant 2021 (\$000) Spending Category	2022	2023	2024	Totals		Difference
	UCAN	UCAN	UCAN	UCAN	SDG&E	
Equip/Tools/Misc	\$2,542	\$2,542	\$2,542	\$7,626	\$7,626	\$0
Franchise	\$22,379	\$26,055	\$28,082	\$76,516	\$76,516	\$0
Mandated	\$30,174	\$31,992	\$31,992	\$94,158	\$94,158	\$0
Overhead Pools	\$169,428	\$196,603	\$152,003	\$518,034	\$518,034	\$0
Reliability/Improvements	\$76,305	\$129,022	\$66,967	\$272,294	\$276,422	\$(4,128)
Safety and Risk Management	\$22,310	\$32,343	\$33,025	\$87,678	\$87,678	\$0
Transmission/FERC Driven	\$12,689	\$12,331	\$11,185	\$36,205	\$36,205	\$0
Capacity/Expansion	\$16,361	\$8,006	\$3,238	\$27,605	\$59,531	\$(31,926)
Materials	\$28,827	\$30,255	\$31,755	\$90,837	\$90,837	\$0
New Business	\$49,453	\$49,861	\$50,273	\$149,587	\$149,587	\$0
Total	\$430,468	\$519,010	\$411,062	\$1,360,540	\$1,396,594	\$(36,054)

1 Dr. Woychik specifically addresses analyses of Capacity/Expansion and
2 Reliability/Improvement spending categories as well as a single IT project known as the
3 Microgrid Portal.¹⁴ The forecasts for all other remaining spending categories contained within
4 my direct testimony were neither directly referenced, nor challenged, by UCAN. The following
5 is a summary of Dr. Woychik’s recommendations which will be addressed in this rebuttal
6 testimony:

- 7
- 8 • UCAN compares the electric distribution capital forecast proposed
9 in my direct testimony with the forecast for energy efficiency and
10 demand response programs in an effort to justify cost reductions.
11 UCAN does not, however, address any specific cost reductions by
12 spending category as a part of these cost reductions
13 recommendations.
- 14 • UCAN argues the proposed Microgrid Portal is not an appropriate
15 investment and will be obsolete within this GRC period.
- 16 • UCAN argues that funding should not be approved for the
17 Distribution Substation Reliability Projects program.
- 18 • UCAN argues that funding should not be approved for various
19 Distribution Substation Capacity Projects.
- 20

21 **E. FEA**

22 FEA provides an analysis of SDG&E’s electric distribution capital revenue request as a
23 whole rather than providing any individual analysis of particular spending categories filed within
24 my direct testimony.¹⁵ The analysis, dated March 27, 2023, was provided by Ralph C. Smith,
25 CPA. The following is a summary of FEA’s positions.

14 Ex. UCAN (Woychik).

15 Ex. FEA-01 (Smith).

Table 7 – Summary of FEA by Forecast Year and Comparison to SDG&E Total Request

Constant 2021 (\$000)	2022	2023	2024	Totals		Difference
	FEA	FEA	FEA	FEA	SDG&E	
<i>Total</i>	<i>\$438,049</i>	<i>\$532,595</i>	<i>\$409,009</i>	<i>\$1,379,653</i>	<i>\$1,396,594</i>	<i>\$(16,941)</i>

Mr. Smith provides analysis within his testimony which focuses on comparing previous Commission-authorized electric distribution capital from prior GRCs to SDG&E’s actual spend each year going back to the year 2011. The following is a summary of Mr. Smith’s recommendation which will be addressed in this rebuttal testimony:

- FEA’s total recommendation for SDG&E capital is \$1.379 billion, in contrast to SDG&E’s \$1.396 billion.
- Absent listing the various spending categories¹⁶ contained within my direct testimony, FEA does not provide any individual category analysis nor do they dispute the purpose or need of SDG&E’s various capital programs.
- FEA’s recommendation for an adjusted reduction to SDG&E’s TY 2024 capital forecast is based solely on a five-year average of previous actual spend.

III. GENERAL REBUTTAL

A. CAL ADVOCATES

1. CAPITAL PROJECTS WITHIN THE RESULTS OF OPERATIONS MODEL

As part of Cal Advocates’ review of SDG&E’s testimony contained in Ex. SDG&E-11-R, Cal Advocates compared the forecasts contained in that testimony to the forecasts that SDG&E had included in the comparable portion of its Results of Operations (RO) computer

¹⁶ Ex. FEA-01 (Smith) at 5:3-14.

1 model. Cal Advocates noted that the RO model contains 13 capital projects that are not discussed
2 or justified in Ex. SDG&E-11-R, and their costs are not included in the Ex. SDG&E-11-R capital
3 forecast totals. It is Cal Advocates’ recommendation that these 13 capital projects be “zeroed
4 out” in the RO model.¹⁷

5 SDG&E agrees with Cal Advocate’s review and analysis of the 13 capital projects
6 identified and included in the RO model but not filed included in SDG&E 11-R and its
7 associated revenue requirements. Though SDG&E will remove these projects from the RO
8 model at the next available opportunity, it is not conceding that these projects will not be needed
9 in the future.

10 **B. TURN**

11 TURN recommends a disallowance of \$19.451 million in 2023 and \$19.645 million in
12 2024 from SDG&E’s revenue request.¹⁸ The reductions recommended by TURN represent just
13 two out of the ten spending categories included in my direct testimony.

14 TURN provides input on one overall spending category, specifically taking issue with the
15 proposed revenue request for the Overhead Pools spending category and providing its own
16 recommendation for reduced funding.¹⁹ TURN argues that SDG&E has incorrectly calculated the
17 Pool Expense resulting in an understated forecast for 2023 and an overstated forecast for 2024.
18 SDG&E disagrees with TURN’s position and will address the issue in Section IV.D below.

19 TURN also targeted one specific project forecast within the Reliability/Improvements
20 budget category, which is the 17264 – North Harbor Underground Cable Replacement
21 Program.²⁰ TURN asserts that the North Harbor Underground Cable Replacement Program is not
22 necessary and should be disallowed based on several stated concerns, including a proposed
23 customer-installed microgrid project for the San Diego International Airport (SDIA), lack of a
24 reliability analysis to justify the program, and a low Risk Spend Efficiency (RSE) calculation for
25 the program. As discussed in Section IV.E below, the program is reasonable and necessary to
26 support a major component of San Diego’s vital social and economic infrastructure—the San

¹⁷ Ex. CA-06 (Wilson) at 5:17-32.

¹⁸ Ex. TURN-7 (Jones) at 2:7-10.

¹⁹ Ex. TURN-7 (Jones) at 2:18-22 through 6:1-17.

²⁰ Ex. TURN-7 (Jones) at 6:18-25 through 8:1-20.

1 Diego International Airport—ensuring that it receives reliable service and promoting its
2 continued operations. The alternatives discussed by TURN, including the proposed microgrid,
3 are not reasonable alternatives for this necessary investment.

4 **C. CUE**

5 **1. CUE PROPOSED LONG TERM INVESTMENT REPLACEMENT**
6 **PLAN**

7 At the outset, SDG&E appreciates CUE’s general support of SDG&E’s application.²¹
8 CUE takes issue with SDG&E’s infrastructure replacement plans and recommends the
9 development of a Long-Term Infrastructure Replacement Plan (“LTIR Plan”).²² CUE states that
10 the “[l]ong-term planning is a necessary activity for assets with lives that span decades.”²³

11 As a preliminary matter, CUE’s recommendations regarding a long-term asset
12 replacement strategy are outside the scope of this GRC.²⁴ CUE seeks to have SDG&E describe a
13 twenty year “minimum” LTIR plan developed through a stakeholder process in its next GRC
14 application. But the twenty-year scope anticipated by CUE is not tied to the GRC process,
15 SDG&E’s 2024 Test Year, or the post-test year mechanism. Even CUE acknowledges that such a
16 long-term plan “has not been a typical GRC activity in the past.”²⁵ CUE’s request for, among
17 other things, “a twenty-year forward infrastructure replacement plan,” and “a discussion of
18 potential resource constraints, including personnel constraints, and how SDG&E will address
19 them” within that twenty-year period is better addressed through an alternative proceeding.

20 SDG&E already has an existing comprehensive asset management strategy; thus CUE’s
21 proposed long-term investment replacement plan is also unnecessary. SDG&E’s Asset
22 Management Policy aligns the Company’s corporate strategy and objectives, reinforces
23 SDG&E’s commitment to safety and service quality, and fosters risk-informed operating
24 decisions and investment allocations. In addition, SDG&E has Asset Management Plans that
25 detail the electric distribution underground and overhead strategies. These plans are a

²¹ Ex. CUE (Earle) at 1:1.

²² Ex. CUE (Earle) at 1:16-18.

²³ Id. at 1:9-10.

²⁴ See, Scoping Memo at 4-5.

²⁵ Ex. CUE (Earle) at 1:7-8.

1 comprehensive overview of SDG&E’s overhead and underground electric distribution assets and
2 related life cycle management processes. As detailed in the prepared direct testimony of Kenneth
3 J. Deremer for Safety Management System: Safety, Risk, & Asset Management, SDG&E is
4 building its Asset Management System (AMS) to comport to the provisions of International
5 Organization of Standardization (ISO) 55000 to support regulatory direction on safety, wildfire
6 mitigation, and electric system resilience and to reinforce an integrative approach to electric
7 assets for governance, strategy, analytics, and continuous improvement.²⁶

8 Finally, CUE’s proposed LTIR Plan denies SDG&E the flexibility to “reprioritize []
9 authorized funds in order to ensure safe and reliable operations” where necessary.²⁷ To address
10 CUE’s stated concerns regarding there are existing mechanisms in place that afford CUE the
11 transparency it appears to seek, including the Risk Spend Accountability Reporting (RSAR)
12 process. CUE’s recommendation for the development of a LTIR Plan is therefore unnecessary
13 and redundant with asset management initiatives already in development at SDG&E.

14 **2. CUE PROPOSED INCREASED FORECASTS FOR FOUR** 15 **ELECTRIC DISTRIBUTION PROGRAMS**

16 CUE proposes to increase the forecast amounts for four specific electric distribution
17 capital programs by a total of \$52.401 million.²⁸ The four impacted programs are 214 –
18 Distribution Transformers, 238 – Planned Cable Replacements, 14249 – SF6 Switch
19 Replacements, and 17255 – Tee Modernization. CUE’s recommends these increases based on the
20 need to replace existing aging high-risk equipment to reach a steady-state replacement rate based
21 on useful life.²⁹ Once SDG&E reaches the steady-state, CUE advocates that equipment
22 replacements should be fully funded to maintain this steady-state.

²⁶ Ex. SDG&E-31-R (Deremer) at KJD ii.

²⁷ Energy Division, *Safety-Related Spending Accountability Report for Southern California Edison* (May 2017) (Safety Report) at 10, available at http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/SCESafety-RelatedSpending.pdf; see also Resolution E-4464 (May 10, 2012) at 7 (“Under GRC ratemaking, the utilities are given an authorized revenue requirement to manage various parts of their utility business. Recognizing that the utilities may need to re-prioritize spending and spend more or less in a particular area of their business, the Commission affords them substantial flexibility to decide how much to spend in any particular area.”).

²⁸ Ex. CUE (Earle) at 2:4-19; and at 3:1-12.

²⁹ Ex. CUE (Earle) at 5:20-22.

1 As discussed in Section C.1 above, with regard to asset management and strategy,
2 SDG&E continues to identify and prioritize equipment modernizations and replacements on its
3 distribution system as that equipment nears the end of its life expectancy for optimal
4 performance. CUE’s suggestions to add funds for additional resources and increase the rate of
5 project completion fail to address or consider other limitations that affect projects and need to be
6 factored into the analysis. These factors may add significant time to each work order and include,
7 but are not limited to, city and county permits that are required during the design process,
8 potential material shortages, and environmental issues that must be addressed during
9 construction. SDG&E’s current forecast considers these factors to the greatest extent possible.
10 In addition, SDG&E utilizes its internal forecasting methods as described in Section I.A of my
11 direct testimony along with its prioritization of capital projects to comply with applicable laws
12 and regulations, to provide system integrity and reliability in accordance with SDG&E’s
13 commitment to safety.

14 SDG&E embraces the claimed “unsexiness”³⁰ of maintenance, replacement, and repair.
15 Maintenance and repair is an essential component of safe and reliable operations, and SDG&E
16 acknowledges there may be value in accelerating the replacement of various aging infrastructure
17 items as recommended by CUE. But SDG&E’s proposed process better balances existing
18 process and resource constraints while appropriately meeting infrastructure replacement rates to
19 maintain its high standard of reliability and safety for its customers, ultimately resulting in just
20 and reasonable costs for customers.

21 **D. FEA**

22 **1. FEA PROPOSED FIVE-YEAR AVERAGE FORECAST**
23 **METHODOLOGY**

24 Through an overly simplified and incorrect comparison of Commission-approved funding
25 amounts and actual SDG&E electric distribution capital spend for years 2012-2021, FEA
26 attempts to establish that SDG&E may not achieve its forecasted spending.³¹ FEA proposes a
27 revised forecast methodology for all of SDG&E’s electric distribution capital portfolio using a

³⁰ Ex. CUE (Earle) at 4:17.

³¹ Ex. FEA-01 (Smith) and 8:12-14.

1 five-year average of past spend.³² Rather than providing in-depth analysis as to why a five-year
2 lagging historical average forecast would render better results in actual spend, FEA appears to
3 simply keep SDG&E within a range of historical spend regardless of what is actually needed to
4 ensure safe and reliable electric service to our customers.

5 FEA's analysis of SDG&E's electric distribution capital costs rests upon inaccuracies and
6 flawed assumptions. Namely, the analysis of SDG&E's authorized capital costs versus actual
7 historical capital expenditures that FEA relies upon³³ to justify its five-year average methodology
8 appears to rely on a data request response that has been taken out of context and lacks important
9 information.³⁴ While, standing alone, the data request response implies a substantial underspend
10 associated with the electric distribution capital expenditures, SDG&E's Risk Spending
11 Accounting Report (RSAR)³⁵ reporting adds additional perspective—demonstrating that SDG&E
12 is in fact significantly *overspent* in several areas due to reprioritization of funding necessary for
13 investments in safety and other operations.³⁶ By relying on limited information, FEA is making
14 an apples to oranges comparison that makes historical underspending appear more severe. This
15 is for two reasons.

16 First, the authorized costs and actual historical spend numbers used by FEA are based on
17 two different GRC frameworks (i.e., universes of activity). The 2019 and 2024 GRCs differ in
18 composition. Specifically, in the last 2019 GRC, the Electric Distribution areas included items
19 that are no longer included in my witness area. For example, SDG&E's Wildfire Mitigation
20 efforts were included in Electric Distribution in the 2019 GRC, but they are now addressed
21 separately. Accordingly, the authorized costs from the TY 2019 GRC Electric Distribution
22 Capital included projects that are now represented in other areas, including the Clean Energy
23 Innovations and Wildfire Mitigation witness areas, and were ultimately reallocated to those areas
24 for purposes of RSAR and other reporting. Comparing TY 2019 authorized costs that include

³² Ex. FEA-01 (Smith) at 7:1 through 10:4.

³³ Ex. FEA-01 (Smith) at 8.

³⁴ Appendix B, SDG&E response to FEA-SDGE-001 q. 1.6 and 1.7

³⁵ See, <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/risk-spending-accountability-reports>.

³⁶ See generally, Rebuttal Testimony of Bruce Folkman for additional discussion of SDG&E's RSAR reporting.

1 areas ultimately not included in actual spend numbers (and not reflected in the data request
2 response), FEA overstates the authorized to actuals spending difference.

3 Second, the authorized costs and historical expenses in the data request responses do not
4 just differ in GRC framework, they also differ in the presentation of dollars. The authorized
5 capital costs in the data request response are presented in nominal dollars, while the historical
6 actuals that FEA used in its comparative analysis were presented in in 2021 constant dollars. A
7 more representative comparison is available in SDG&E’s annual RSAR filed publicly with the
8 CPUC.³⁷ The RSAR affords transparent reporting addressing the same type of data (actual vs.
9 authorized), but in the same framework and dollars, making it an apples-to-apples comparison.
10 Using the RSAR framework, it is readily apparent that the amount of the purported underspend is
11 significantly overstated in FEA’s testimony. As a result, the actual vs authorized percentages
12 presented in FEA’s analysis are an apples-to-oranges comparison and cannot be relied upon to
13 support a five-year average forecasting methodology. FEA’s analysis is thus unsound and
14 should be disregarded.

15 Due to these inherent flaws—in addition to other reasons discussed below—it would be
16 unreasonable to rely on FEA’s analysis to support a five-year average forecasting methodology.
17 SDG&E also disagrees with FEA’s proposed forecast methodology of a five-year average
18 because it fails to acknowledge the diverse portfolio of projects proposed in my direct testimony.
19 At no point does FEA directly contest the priority, purpose, or need for any capital programs
20 contained within my direct testimony, of which a large percentage are inherently zero-based
21 forecasted and are too complex or novel to rely on a simplistic historical average to determine
22 accurate spending amounts year-to-year.³⁸ As described in my direct testimony, a historical
23 average using any number of lagging years would not be applicable for the various projects or
24 programs based on specific unit cost estimates, unique scope, specialized scope, or emergent
25 scope where historical lagging metrics are not available nor adequate to generate a forecast such
26 as the one FEA has proposed.³⁹

³⁷ See, <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/risk-spending-accountability-reports>

³⁸ Ex. SDG&E-11-R (Reyes) at 3:16-18.

³⁹ See, e.g., Id. at 31:18-27, and throughout my direct testimony where a zero-based forecast methodology was utilized.

1 Roughly 72% of SDG&E’s forecasts for electric distribution capital are zero-based and
2 do not rely on historical spending in their development. A zero-based forecasting method builds
3 a bottoms-up forecast based on the needs of the specific project largely by considering the
4 number of forecast units and the applicable costs. In forming these forecasts, SDG&E also
5 considers recently completed similar projects. Utilizing only a historical average as a
6 methodology to fund these projects would not render more accurate results, and could even result
7 in unjust delays of postponement of reasonable and necessary projects or programs without
8 reason due to the generalized cost “cap” that would be imposed by FEA’s proposed
9 methodology.

10 Additionally, the Commission has already recognized the necessity and reasonableness
11 in certain instances of zero-based forecasts when costs cannot be estimated by using a simplified
12 historical methodology.⁴⁰ Such forecasts are reasonable and justifiable because the “specific
13 needs for each project are better taken into account and incorporated into the forecast as opposed
14 to basing costs on budget history.”⁴¹ As with the case for many unique capital projects,
15 SDG&E’s “project-specific evidence is more appropriate” to forecast the projects proposed in
16 my testimony.⁴²

17 **E. UCAN**

18 **1. MICROGRID PORTAL OBSOLECENSE**

19 UCAN asserts that the proposed Microgrid Portal within my direct testimony, of which
20 cost forecasts are reflected in the direct testimony of William J. Exon,⁴³ does not reflect
21 appropriate spending by SDG&E. Citing no support, justification, or explanation, UCAN broadly
22 references the Portal as “limited”, “outmoded” and “obsolete.”⁴⁴ UCAN does not provide an
23 explanation as to why this technology would be obsolete and makes broad statements with no

⁴⁰ For instance, the Commission previously found prior zero-based forecasting methods “appropriate because [like here] certain historical costs have been shifted to other cost centers.” (D.19-05-051 at 53).

⁴¹ D.19-05-051 at 203-204.

⁴² *Id.* at 201-202 (rejecting then ORA’s statistical models for PSEP pressure test and replacement projects based on five years of historical cost data in favor of SoCalGas’s zero-based proposal addressing “more specific details for each project.”).

⁴³ Ex. SDG&E-25 (Exon).

⁴⁴ Ex. UCAN (Woychik) at 252:1-10.

1 background information to explain its case. Contrary to UCAN’s position, this portal will be
2 used and useful in enabling the development of higher quality interconnection applications that
3 take less process cycle time to approve, thereby benefiting both local and tribal communities
4 within SDG&E’s service territory.

5 As referenced in my direct testimony,⁴⁵ providing this information through a customer
6 portal ensures SDG&E will comply with the CPUC’s Order Instituting Rulemaking (OIR)
7 Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies.⁴⁶ UCAN presumes
8 the data and format SDG&E must provide via this new customer portal is readily available
9 within existing systems and that the investment in this new portal would be outmoded.⁴⁷ It is
10 not. The new portal is indeed required to meet obligations as stated above while providing the
11 information through an access-restricted medium.

12 2. INACCURACIES OR MISREPRESENTATIONS

13 Throughout UCAN’s testimony, SDG&E has noted misrepresentations, inaccuracies, or
14 incorrect and unjustified assumptions regarding my direct testimony on electric distribution
15 capital, including the following:

16 UCAN incorrectly references the dollar amount for SDG&E’s 2024 requested capital
17 forecast. UCAN states SDG&E is seeking \$578.43 million⁴⁸ in capital dollars for the year 2024,
18 which is not correct. The amount UCAN references was initially provided as the total capital
19 dollar amount for the year 2023 within my originally filed direct testimony, prior to my revised
20 testimony being filed.⁴⁹ Not only is this dollar amount not for the year 2024, but it also includes
21 both collectible and non-collectible dollars. As stated throughout my revised direct testimony
22 and within this rebuttal testimony, SDG&E only considers the non-collectible dollars for the
23 revenue requirement. Therefore, the correct figure UCAN should have referenced is \$425.949
24 million for the year 2024, a difference of over \$152.481 million.

⁴⁵ Ex. SDG&E-11-R (Reyes) at 176:25-27.

⁴⁶ Rulemaking (R.)19-09-009.

⁴⁷ Ex. UCAN (Woychik) at 283:22 through 284:3.

⁴⁸ *Id.* at 39:6.

⁴⁹ Ex. SDG&E-11 (Reyes) at OR-LOG-1 – the first two rows on the referenced table show the new and old forecasts to show the difference between revenue requested between initial and revised testimonies.

1 In referencing SDG&E’s capital forecast for 2024, UCAN compares⁵⁰ the amount
2 SDG&E proposes to spend on electric distribution infrastructure to deliver safe and reliable
3 electric service to our customers to the amount it proposes to spend on energy efficiency (EE)
4 and demand response (DR). At no point does UCAN represent what a “good” cost split between
5 electric distribution infrastructure and EE/DR is and makes no recommendation to adjust costs
6 other than to say the Commission should “break the cycle of continued expansion of utility
7 owned assets” and “foster higher levels of investment” for EE and DR.⁵¹ UCAN merely points
8 out that SDG&E’s electric distribution capital forecast is higher than its forecast for EE and
9 DR.⁵² But other than arguing for a radical policy shift toward EE and DR and advocating for a
10 “new advanced smart grid infrastructure that will enable DER’s at large scale,”⁵³ UCAN makes
11 no concrete argument disputing the reasonableness of the specific investments proposed in my
12 direct testimony.

13 UCAN generally⁵⁴ asserts that SDG&E’s proposed capital spending should be
14 dramatically reduced, though they do not make any recommendations or acknowledge the details
15 within my direct testimony which justifies the need for the proposed capital forecast to provide
16 safe and reliable electric service to our customers. UCAN in no way disputes the need for
17 funding outlined in my direct testimony nor does it provide detailed justification to reduce
18 funding within any specific spending category SDG&E has proposed. Additionally, UCAN
19 makes sweeping statements calling for a shift toward CSOM DERs⁵⁵ but fails to identify what
20 that investment should be and how it should be directed. Because UCAN does “not contest the
21 scope and projected costs of the projects themselves or the forecast methods that were utilized”⁵⁶
22 it fails to respond to SDG&E’s arguments justifying its requests.

⁵⁰ Ex. UCAN (Woychik) at 39:3 through 40:6.

⁵¹ *Id.* at 37:13-20.

⁵² *Id.* at 39:14-19.

⁵³ *Id.* at 40:1-4.

⁵⁴ Ex. UCAN (Woychik) at 40:5-6.

⁵⁵ *Id.* at 37:17-18.

⁵⁶ D.19-05-051 at 164-165.

1 Contrary to UCAN’s general assertion that SDG&E does not meet its burden of proof and
2 fails to apply unspecified economic criteria,⁵⁷ the forecasts supported by my direct testimony
3 provide reasoned, thoughtful analysis and justification. UCAN fails to identify the “economic
4 criteria” that it seeks from my testimony and other than these generalized statements, UCAN
5 does not reference any specific deficiencies from my direct testimony as proof or evidence that
6 SDG&E fails to support the reasonableness of its proposed capital expenditures by the
7 preponderance of evidence. SDG&E has unequivocally established the purpose and need for the
8 proposed capital programs by a preponderance of evidence, as established in both this rebuttal
9 and my direct testimony, Sections I through VII.

10 **F. LITIGATED PROJECT COSTS MEMORANDUM ACCOUNT**

11 SDG&E has proposed to create a Litigated Project Costs Memorandum Account
12 (LPCMA) to record the capital-related costs for projects that are intended to qualify as a
13 collectible project to be recovered from third-party customers instead of ratepayers, but later are
14 deemed by a court to be non-collectible from third-parties customers.⁵⁸ Doing so would allow
15 SDG&E the opportunity to litigate whether the third-party customer should bear the cost at issue,
16 while preserving the ability to later seek recovery of the incremental capital-related costs from
17 ratepayers associated with the projects that can no longer be collected from a third-party
18 customer if the litigation is unsuccessful. Establishing the LPCMA would also serve to avoid the
19 prohibition against retro-active ratemaking.

20 Cal Advocates objects to the LPCMA, stating that, “given the rarity of these types of
21 court-ordered classification reversals, it is Cal Advocates’ judgment that Sempra is not at a
22 significant risk of experiencing systematic major unfunded capital costs....”⁵⁹ Cal Advocates also
23 objects to the LPCMA on the grounds that this account “[...would not similarly track the costs
24 that ratepayers had incurred (between the time a Non-Collectible capital project had been added
25 to rate base and the time that a court ruled that the same project should be considered a
26 Collectible project) for an eventual return to ratepayers. In Cal Advocates’ judgment, ratepayers

⁵⁷ *Id.* at 176:1-15.

⁵⁸ Ex. SDG&E-11-R (Reyes) at OR-23.

⁵⁹ Ex. CA-06 (Wilson) at 13:19.

1 should receive the same type of financial protection as does the utility.”⁶⁰ SDG&E disagrees on
2 both counts.

3 First, simply stating that these third-party customer disputes are “rare” is not an adequate
4 reason to deny the LPCMA. Indeed, SDG&E proposed the LPMCA in part because of an
5 existing dispute with the City of San Diego regarding the City’s sewage recycling system
6 infrastructure project (known as “Pure Water”). The legal dispute centers around who is
7 financially responsible for the costs of relocating SDG&E’s existing distribution lines to
8 accommodate the City’s infrastructure project. While SDG&E believes that the City bears
9 responsibility, should the courts ultimately find that the costs are not collectible from the City,
10 then SDG&E would utilize the LPCMA to record the historical capital-related costs related to the
11 Pure Water project such that they can be recovered in rates. Given this recent history, SDG&E is
12 prudent to raise this issue in the context of this year’s GRC so that the necessary memorandum
13 account can be established in the event of an adverse legal result.

14 Second, Cal Advocates’ focus on the perceived benefits to ratepayers from authorizing
15 the LPCMA is misplaced. As an initial matter, SDG&E’s objective in litigating disputes like the
16 Pure Water matter is to avoid incurring ratepayer costs. But SDG&E does not control the state
17 court system, and a court may deem SDG&E responsible for such costs, which thus become
18 costs of owning and operating SDG&E’s system within the City of San Diego. Therefore, Cal
19 Advocates’ concern that the LPCMA fails to track costs that ratepayers had incurred for an
20 eventual return to ratepayers misses the mark. In addition, if an intervenor believed costs in the
21 memo account were unreasonable, they could be challenged accordingly when SDG&E seeks
22 their recovery. Ultimately, the issue is how can SDG&E properly track and recover operational
23 costs that it expected to collect from a third-party entity but was legally prohibited from doing
24 so. The opening of the LPCMA is designed to account for those situations in an open and
25 transparent manner that avoids retroactive ratemaking. For all these reasons, the LPCMA should
26 be approved.

⁶⁰ *Id.* at 14:18.

1 **IV. REBUTTAL TO PARTIES' CAPITAL PROPOSALS**

2 Within this section, I provide rebuttal testimony for the primary areas of difference
3 between SDG&E's electric distribution capital forecast and other parties' forecasts in each
4 spending category.

5 **A. EQUIP/TOOLS/MISC**

6 No parties specifically contested SDG&E's requested revenue for the
7 Equipment/Tools/Misc spending category contained within my direct testimony.

8 **B. FRANCHISE**

9 Cal Advocates is the only party to take issue with and contest SDG&E's requested
10 revenue for the Franchise spending category contained within my direct testimony.

11
12 **Table 8 – Summary of Franchise proposal by forecast year in comparison to SDG&E**
13 **Request**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$22,379	\$26,055	\$28,082	\$76,516	\$0
CAL ADVOCATES	\$22,379	\$15,994	\$23,642	\$62,015	\$(14,501)

14
15 **1. CAL ADVOCATES**

16 Cal Advocates takes issue with the proposed capital forecast for workpaper 202570 -
17 Conversion from OH to UG 20B and has proposed a revision to the overall forecast for the
18 Franchise spending category based on the revised data provided reflecting changes in project
19 schedules. The revised forecast Cal Advocates proposes is \$22.379 million for 2022, \$15.994
20 million for 2023, and \$23.642 million for 2024.⁶¹ Cal Advocates asserts that based on the latest
21 project schedules / estimates received in CalAdv-SDG&E-GAW-094, Question 2.b, SDG&E's
22 request should decrease due to revised information regarding its Franchise programs.⁶²

⁶¹ Ex. CA-06 (Wilson) at 4:8-13. Note that Cal Advocates' cost recommendations contained in Wilson's testimony included Collectible (CO) dollars. The costs represented in my rebuttal testimony only represent the Non-Collectible dollars used for establishing the revenue requirement.

⁶² Ex. CA-06 (Wilson) at 11:21-28 through 12:1-4.

1 SDG&E disagrees with Cal Advocates' position. As previously explained by SDG&E,
2 franchise project schedules and completion dates are continuously evaluated and revised based
3 upon numerous factors specific to each project, including permitting and required authorizations.
4 SDG&E anticipates that many projects may incur immaterial forecast changes which will
5 ultimately be negligible from a total forecast perspective, *i.e.*, some projects will be ahead of
6 schedule, while others will potentially be delayed. Although SDG&E may be experiencing
7 delays when taking momentary snapshots in time of various project schedules, the exact opposite
8 may be the case at a given point in the future. Since the requested revenue proposed within my
9 direct testimony follows a consistent forecast methodology that accounts for potential project
10 delays and accelerations, the Commission should not accept Cal Advocates' recommended
11 modifications to the requests made within my direct testimony associated with this spending
12 category.

13 **C. MANDATED**

14 No parties specifically contested SDG&E's requested revenue for the Mandated spending
15 category contained within my direct testimony.

16 **D. OVERHEAD POOLS**

17 Cal Advocates and TURN are the only parties to take issue with and contest SDG&E's
18 requested revenue for the Overhead Pools spending category contained within my direct
19 testimony.

Table 9 – Summary of Overhead Pools proposal by forecast year in comparison to SDG&E Request

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$169,428	\$196,603	\$152,003	\$518,034	\$0
CAL ADVOCATES	\$160,762	\$161,108	\$156,157	\$478,027	\$(40,007)
TURN	\$169,428	\$200,433	\$140,119	\$509,980	\$(8,054)

1. CAL ADVOCATES

Cal Advocates proposed a revision to the forecasts for the pools as follows: “In Chapter G of Ex. SDG&E-11-R, SDG&E has proposed total capital forecasts of \$169.428 million for 2022, \$196.603 million for 2023, and \$152.003 million for 2024 for the Overhead Pools capital area. Cal Advocates’ corresponding forecasts are \$160.762 million for 2022, \$161.108 million for 2023, and \$156.157 million for 2024. Cal Advocates’ forecasts are lower than SDG&E’s by \$8.666 million for 2022 and \$35.495 million for 2023, but are \$4.154 million higher for 2024.”⁶³ Cal Advocates argues that a linkage between capital forecasts and Overhead Pools forecasts should be developed such that any changes to the costs for capital projects would result in corresponding changes to the Overhead Pools forecasts.

SDG&E did not link changes to capital projects to corresponding changes to the Overhead Pools forecasts in my original direct testimony. But in response to requests from Cal Advocates, SDG&E provided Cal Advocates with a custom model that calculates on a pro-rated basis the appropriate change to each pool as a function of change to the funding of the underlying project.⁶⁴ This calculation is based on each project’s relative contribution to each pool. The Commission should adopt this pro-rated approach to determining appropriate pool change as a function of change to the underlying capital base of each pool. This is important because cost profiles vary widely across projects, and any \$1 reduction in capital project spend rarely results in an equivalent same \$1 reduction in pool activity.

Additionally, other factors also impact the relationship between direct capital and overhead pools such as lead times required for engineering activities that precede the physical

⁶³ Ex. CA-06 (Wilson) at 15:20-25.

⁶⁴ *Id.* at 18:4-9.

1 construction of a project. The timing of these preceding costs may differ from timing of costs
2 associated with the physical construction.

3 SDG&E believes Cal Advocates utilized the provided model to calculate reductions to
4 the proposed Overhead Pools requested revenue based on *recommended* electric distribution
5 capital reductions it has identified in other spending categories. Since SDG&E disagrees with
6 Cal Advocates' recommended reductions to its requested revenue for all spending categories and
7 those capital projects remain subject to approval by the Commission, adopting Cal Advocates'
8 recommended Overhead Pools reductions would be tantamount to funding the capital spend
9 without authorizing the central activities necessary to support, scope, and plan that project.
10 Assuming the Commission adopts SDG&E's pro-rated approach to determining reasonable
11 Overhead Pools forecasts, it should review and authorize SDG&E's Overhead Pools forecast
12 based solely on Commission-Authorized funding at the conclusion of this rate case.

13 Cal Advocates takes the position that the Overhead Pool Balancing Account (OPBA)
14 should remain in place, in part to ensure that Overhead Pools funding relating to specific capital
15 projects (that are cancelled or postponed) are not reassigned to other areas and to protect
16 ratepayers from "faulty calculation assumptions," especially those linked to cancelled or
17 postponed projects.⁶⁵ Because the data, combined with the application of the proposed pro-rata
18 Overhead Pools approach, supports that SDG&E's Overhead Pool costs are managed in
19 proportion to its capital expenditures, the Commission should decline to adopt Cal Advocates
20 recommendation. Capping Overhead Pool costs with one-way balancing treatment fails to
21 account for the growth in capital projects and does not permit SDG&E the resources that may be
22 necessary to address new risk and reliability areas as they arise.

23 Cal Advocates erroneously assumes and implies inaccurate pool accounting, and SDG&E
24 disagrees with the assumption that an OPBA would provide more accurate controls and
25 oversight. OPBA treatment of pool funding for engineering activities at the conceptual and
26 beginning stages of a project is constraining and counterproductive. Furthermore, SDG&E's
27 Electric Distribution Capital project teams have effective cost oversight and forecasting
28 processes and procedures in place which eliminates the need for one-way balancing account
29 treatment.

⁶⁵ *Id.* at 20:19.

1 Additionally, data was furnished by SDG&E in the GRC filing that shows the company’s
2 pool expenses have been managed effectively and in proportion to the associated capital project
3 expenditures in an analysis that spanned over a 7-year historical period from 2015-2021. The
4 study clearly shows that the Compound Annual Growth Rate (CAGR) of the four pools
5 combined was almost identical to the CAGR of their capital project base during the same time
6 period (11.1% vs. 11.2% respectively).⁶⁶ If the pools were not managed effectively, the data
7 would have shown a significant deviation between the CAGR of the pool expense vs. capital
8 base. Because SDG&E has sufficiently demonstrated its ability to account for accuracy in
9 Overhead Pools forecasts and Cal Advocates has failed to specifically identify any “faulty
10 calculation assumptions,” the Commission should close the Overhead Pools Balancing Account.

11 2. TURN

12 TURN does not object to the continuation of SDG&E’s use of the Overhead Pools
13 ratemaking approach but takes issue with the capital forecast for Overhead Pools. On the basis of
14 a correction to a purported calculation error that TURN believes it has found, TURN
15 recommends an increase to SDG&E’s 2023 forecast by \$3.830 million, to \$200.433 million, and
16 a reduction to SDG&E’s 2024 forecast by \$11.884 million to \$140.119 million for Overhead
17 Pools (E09010, E09040, E09050, and E09060). TURN also recommends that the Commission,
18 as it did in the 2019 GRC, order SDG&E to reduce its Overhead Pool Expense for any
19 commission-decided reduction to SDG&E’s GRC capital forecast.⁶⁷

20 SDG&E disagrees that an error exists in the overhead pool calculation model as
21 addressed in its response to a subsequent data request. SDG&E clarified that the actual pool
22 forecast calculations were performed correctly; however, there was a typing error made in the
23 description of the formula in the workbook backup. Since the calculations were done correctly
24 and the error was merely in the wording describing the formula, it is reasonable to use the
25 existing amounts provided in the workpapers listed.⁶⁸

⁶⁶ Ex. SDG&E-11-CWP-R (Reyes) at 478 and 83.

⁶⁷ Ex. TURN-7 (Jones) at 1:11-19.

⁶⁸ *Id.* at 5:5-6. The exact wording from the Data Request is as follows: SDG&E Response 2a: “The calculation formula identified on page 479 of the workpapers is stated incorrectly. Bullet number 4 should state: The Pool Expense is calculated by multiplying the (Prior Year Pool Expense) x (1 + (Capital Base YoY % Change x Pool Sensitivity Ratio)) The actual calculations and values provided in the workbook are correct.” SDG&E Response to TURN DR TURN-SEU-055_SDGE_11_11608.

1 TURN further takes issue with the formula SDG&E uses to calculate the Overhead Pool
 2 forecast.⁶⁹ SDG&E disagrees with any recommendation for a change in the calculation
 3 methodology because the sensitivity ratio is calculated based on historical actual pool recorded
 4 values on an absolute basis. The purpose of this approach is to provide a fair approach to both
 5 increases and reductions of forecasted pool values. SDG&E does not agree with TURN's
 6 proposal to inverse the ratio in the case of year over year reductions to the pool base. TURN's
 7 concern regarding reductions of forecasted projects and associated pool values fails to
 8 acknowledge the negative impacts of failing to consider increases in those same values. TURN's
 9 recommended approach would disproportionately amplify reductions to the pool authorized
 10 amount as illustrated by the following table.

11 In the example below, using the proposed overhead methodology, a 24% increase in
 12 capital base would result in a 19% increase in overhead pool expense for both TURN's proposal
 13 and SDG&E's. However, a 24% decrease in capital base, using TURN's proposed methodology
 14 would result in a 30% reduction in the overhead expense versus SDG&E's methodology which
 15 would result in the inverse 19% impact as the increase.

	Prior Year Expense	Sensitivity Ratio	Base Change	Result	Impact
Capital Base Increase					
Current	\$15,974	0.8	24%	19,041	19%
Capital Base Decrease					
Current	\$15,974	0.8	-24%	12,907	-19%
TURN	\$15,974	1.25	-24%	11,182	-30%

18
 19
 20 TURN's proposed methodology is flawed as the lower the Sensitivity Ratio, the
 21 disproportional result impact increases until it becomes negative. TURN's suggested
 22 methodology is not only inequitable, but it could also potentially result in a negative authorized
 23 total as highlighted in orange within the table below.

⁶⁹ *Id.* at 5, fn. 7.

	Prior Year Expense	Sensitivity Ratio	Base Change	Result	Impact
Capital Base Increase					
Current	\$15,974	0.2	24%	16,741	5%
Capital Base Decrease					
Current	\$15,974	0.2	-24%	15,207	-5%
TURN	\$15,974	5.00	-24%	(3,195)	-120%

3. CUE

CUE proposes an increase to four SDG&E electric capital programs as outlined in the table below. In a scenario where all or part of the funding increase for these programs is approved, SDG&E will ask that the overhead pool(s) associated with these four programs are also adjusted on a pro-rated basis, to account for increased engineering and administrative requirements as result of the increased capital project activities. The following table summarizes the proposed funding increases by program, as followed by the estimated overhead pool impact as calculated based on SDG&E's overhead pools simulator tool, which was provided as a reference document to Cal Advocates in Q4 of 2022.

CUE Proposed Funding Increase by Program

	2022	2023	2024	Total	
Tee Modernization	17255	\$ -	\$ -	\$ 3,075	\$ 3,075
SF6 Switch Replacement	14249	\$ -	\$ -	\$ 37,962	\$ 37,962
Planned Cable Replacements	00238	\$ -	\$ -	\$ 3,431	\$ 3,431
Transformers	00214	\$ -	\$ -	\$ 7,933	\$ 7,933

Estimated Overhead Pool Impact of Program Funding Increase

	2022	2023	2024	Total
DOH	\$ -	\$ -	\$ 2,111	\$ 2,111
CA	\$ -	\$ -	\$ 481	\$ 481
Sub Eng	\$ -	\$ -	\$ -	\$ -
ED Eng	\$ -	\$ -	\$ 10,826	\$ 10,826
Total	\$ -	\$ -	\$ 13,418	\$ 13,418

1 **E. RELIABILITY/IMPROVEMENTS**

2 Cal Advocates, TURN, CUE and UCAN addressed SDG&E’s requested revenue for the
3 Reliability/Improvements spending category contained within my direct testimony.

4 **Table 10 – Summary of Reliability/Improvements proposal by forecast year in comparison**
5 **to SDG&E Request**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$77,681	\$130,398	\$68,343	\$276,422	\$0
CAL ADVOCATES	\$64,205	\$73,327	\$108,113	\$245,645	\$(30,777)
TURN	\$77,681	\$107,117	\$60,582	\$245,380	\$(31,042)
CUE	\$77,681	\$130,398	\$71,774	\$279,853	\$3,431
UCAN	\$76,305	\$129,022	\$66,967	\$272,294	\$(4,128)

6
7 **1. CAL ADVOCATES**

8 Cal Advocates takes issue with capital forecasts for Coronado 69/12kV Transformer
9 Replacement (20274), La Jolla 69/12kV Transformer Replacement (20275), Streamview
10 69/12kV Substation Rebuild (13244), San Marcos Substation 69kV Rebuild & 12kV Switchgear
11 (17160), Substation Modification to Support FLISR (17243), North Harbor (17264), Urban
12 Substation Rebuild (19252), Torrey Pines 12kV Breaker Replacement (20242), El Cajon 12kV
13 Breaker Replacement (20242), Bernardo 12kV Breakers and Transformer (20263), Miramar
14 12kV Replacements (20267), Mission 12kV Replacements (20268), and Stuart 12kV
15 Transformer Replacement (20270). Cal Advocates does not dispute the total forecast estimate for
16 these projects.⁷⁰ Rather, Cal Advocates states that SDG&E’s RAMP forecasts are susceptible to
17 various potential changes,⁷¹ including permitting delays, supply constraint problems, and the
18 deferral of projects in order to undertake other projects deemed to be of more importance,⁷² and
19 recommends an adjustment to the forecasting methodology based on project completion date.

20 SDG&E acknowledges that external factors have pushed out the in-service date of several
21 of these projects.⁷³ The deferral of these dollars is only due to these delays and not due to project

⁷⁰ CA-06 (Wilson) at 25:19-20.

⁷¹ Ex. CA-06 (Wilson) at 23:11-14.

⁷² *Id.* at 23:16-19.

⁷³ Appendix B, SDG&E’s response to PAO-SDGE-081-GAW q. 2-4 & PAO-SDGE-088-GAW q.1.

1 need. The Commission has explicitly recognized that “new programs or projects may come up,
2 others may be cancelled, and there may be reprioritization. This process is expected and is
3 necessary for the utility to manage its operations in a safe and reliable manner.”⁷⁴ It is for these
4 reasons that “utilit[ies] [are] allowed the flexibility to reprioritize the authorized funds in order to
5 ensure safe and reliable operations.”⁷⁵

6 Project schedules and completion dates are continuously evaluated and revised based
7 upon numerous factors of each specific project/workpaper including permitting and required
8 authorizations. SDG&E anticipates that many projects may have minor scheduling changes that
9 will ultimately be negligible from an aggregate perspective (some projects will be ahead of
10 schedule while others will potentially be delayed). SDG&E is not requesting modifications to
11 the request associated with each workpaper regardless of project accelerations or delays.

12 In no instance did Cal Advocates recommend any adjustments to SDG&E’s original total
13 forecast estimates for any of the projects they identified.⁷⁶ Rather, they recommend a “uniform”
14 shift in an assumed construction starting point but based on the timing of the project’s
15 completion.⁷⁷ However, this proposed method is flawed as projects may in fact commence on
16 time and still incur delays affecting the completion date. Thus, Cal Advocates’ proposed
17 methodology to address any deferred or delayed projects should not be adopted. These projects
18 remain necessary to maintain/improve reliability on the system and SDG&E should maintain the
19 flexibility to perform them as schedules and resources allow, which is facilitated by SDG&E’s
20 requested forecast. In no part of Cal Advocates testimony, do they argue the need and
21 justification for the projects.

⁷⁴ D.11-05-018 at 27 (emphasis added).

⁷⁵ Energy Division, *Safety-Related Spending Accountability Report for Southern California Edison* (May 2017) (Safety Report) at 10, available at http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/SCESafety-RelatedSpending.pdf; see also Resolution E-4464 (May 10, 2012) at 7 (“Under GRC ratemaking, the utilities are given an authorized revenue requirement to manage various parts of their utility business. Recognizing that the utilities may need to re-prioritize spending and spend more or less in a particular area of their business, the Commission affords them substantial flexibility to decide how much to spend in any particular area.”).

⁷⁶ Ex. CA-06 (Wilson) at 25:19-20.

⁷⁷ *Id.* at 25:3-7.

1 **2. TURN**

2 TURN’s objections to SDG&E’s capital forecast for North Harbor (17264) rests
3 primarily on faulty assumptions and speculation.⁷⁸ The North Harbor Underground Cable
4 Replacement Program is well supported and necessary to replace the aging infrastructure
5 supporting a hub of San Diego’s commerce and infrastructure, the San Diego International
6 Airport. The scope of the project is reasonable given the scale of the importance of the airport
7 and the need to address its resiliency. TURN’s speculation that San Diego *might* install
8 additional microgrid capacity, citing a 2019 article with one line noting San Diego among the
9 many cities “exploring and creating”⁷⁹ microgrids fails to sufficiently counter the need for
10 reliable infrastructure serving the airport. To the contrary, the article lends support for the need
11 for the North Harbor project, noting that airports “fuel the economic vitality of a community,”
12 and describing the 2017 11-hour power outage at Hartsfield-Jackson Airport in Atlanta, resulting
13 in the cancellation of hundreds of flights, thousands of stranded passengers, and costing Delta
14 Airlines alone an estimated \$50 million in lost business.⁸⁰

15 SDG&E acknowledges microgrids have been proven to support grid resiliency and can
16 support large critical load temporarily,⁸¹ but disagrees with TURN that the San Diego Airport is
17 installing a microgrid with enough capacity to allow them to leave the grid entirely for anything
18 but a short duration, if that. As of 2019 the San Diego Airport has installed a 2MW/5MWH
19 system with 5.5MW of solar capacity.⁸² This system has been shown to only support 40% of the
20 airport’s existing monthly electricity costs and fails to take into account the ongoing airport
21 expansion which could result in additional demand for electricity, as well as larger impacts of
22 prolonged unplanned outages.

⁷⁸ Ex. TURN-7 (Jones) at 8.

⁷⁹ TURN-7 Attachment 3.

⁸⁰ Id.

⁸¹ Office of Electricity (Available: <https://www.energy.gov/oe/role-microgrids-helping-advance-nations-energy-system#:~:text=Because%20they%20are%20able%20to,faster%20system%20response%20and%20recovery.>)

⁸² Renewable Energy World (June 27, 2019) (Available: <https://www.renewableenergyworld.com/storage/san-diego-airport-installs-2-mw4-mwh-storage-system-to-complement-existing-pv-array/#gref>).

1 TURN then wrongfully extrapolates the proposed scope of the North Harbor project and
2 argues that it begins a slippery slope leading to proactive replacement of the entire system’s
3 worth of cable.⁸³ Such a proposal is not at issue and such speculation should be disregarded.
4 Projected costs for this project should not be extrapolated and used as a method to project
5 forecasted costs to the proactive cable replacement program. The mixed cable types, along with
6 the challenges with airport traffic, groundwater, and contaminated soil, are some of the specific
7 underlying cost drivers behind this particular capital project.

8 SDG&E also disagrees with TURN for stating that a low RSE and benefit-cost ratio is
9 grounds for the Commission to not adopt funding for this proposal. These calculations do not
10 consider the economic impact of a prolonged outage for one of the largest commercial customers
11 in the North Harbor region as well as the impacts such an outage could have on thousands of
12 stranded travelers. Maintaining reliability for the San Diego Airport should be prioritized to
13 prevent cascading impacts to all entities and patrons which leverage its services. Additionally,
14 the North Harbor project also provides benefit to not just the San Diego Airport, but rather four
15 distribution circuits that have been identified to be at risk of having a prolonged outage
16 restoration time.⁸⁴

17 **3. CUE**

18 The Coalition of California Utility Employees (CUE) takes issue with capital forecast for
19 Planned Cable Replacements (238). The Coalition of California Utility Employees states that
20 SDG&E should increase their forecast for underground cable replacement by \$3.431 million to
21 \$6.862 million. CUE also proposes that the Commission should require SDG&E to develop a
22 detailed yearly plan for removal/replacement of all unjacketed underground cable.⁸⁵

23 CUE states that, “it is vital to speed up the replacement of unjacketed cable and not wait
24 until the 2040-2045 timeframe (when SDG&E says it will have replaced all unjacketed cable) in
25 order to replace jacketed cable.”⁸⁶ SDG&E disagrees with CUE’s proposed approach. While

⁸³ Ex. TURN-7 (Jones) at 8:6-9.

⁸⁴ Ex. SDG&E-11-R (Reyes) at OR-120:19-21.

⁸⁵ Ex. CUE (Earle) at 3:4-9.

⁸⁶ Ex. CUE (Earle) at 21:7-9.

1 SDG&E will continue to evaluate the risk posed of remaining unjacketed cable and jacketed
2 cable, SDG&E will focus on the underground cable that poses the greatest risk.

3 CUE states that, “To accelerate the removal of all unjacketed cable by 2040 to 2045, it
4 would be necessary to remove roughly 25 miles per year in addition to the 38 miles per year of
5 the current rate.”⁸⁷ SDG&E replaces unjacketed cable through reactive and proactive programs.
6 Based on the current trajectory of proactive and reactive projects, SDG&E anticipates unjacketed
7 cable will be removed by 2040 to 2045. As the age of unjacketed cable increases, SDG&E will
8 assess the risk of the assets and assess the quantity of cable needed to be replaced each year.
9 SDG&E anticipates this mileage will increase as the age of the asset type increases.

10 Although SDG&E acknowledges there may be value in accelerating the replacement of
11 underground cable as recommended by CUE, SDG&E believes the proposed plan in my direct
12 testimony balances resource constraints while maintaining a high standard of reliability and
13 safety for our customers.

14 4. UCAN

15 UCAN takes issue with capital forecast for Distribution Substation Reliability Projects
16 workpaper 002030. UCAN states that SDG&E did not provide adequate justification for the
17 requested funds and that the funding should not be approved.⁸⁸ Other than this general statement,
18 UCAN provides no specific, substantive critique of the workpapers or the testimony supporting
19 the Distribution Substation Reliability Project request.

20 SDG&E has met its burden to establish the reasonableness of the Distribution Substation
21 Reliability Projects. This program provides funding for reactive improvements to electrical
22 distribution substation facilities.⁸⁹ Due to the reactive nature of the program, exact project
23 descriptions cannot be provided and are based on a 3-year historical average. However, SDG&E
24 provides the general project categories including safety related improvements, replacement of
25 failed/obsolete equipment, and capital additions typically under \$500,000, which are all
26 unpredictable in nature. These projects are necessary to maintain the reliability and integrity of
27 distribution substations and should be approved.

⁸⁷ Ex. CUE (Earle) at 22:1-3.

⁸⁸ Ex. UCAN (Woychik) at 278:16-21 and 279:1-6.

⁸⁹ Ex. SDG&E-11-R (Reyes) at OR-94:6-19.

1 **F. Safety and Risk Management**

2 Cal Advocates and CUE are the only parties to take issue with and contest SDG&E’s
3 requested revenue for the Safety and Risk Management spending category contained within my
4 direct testimony.

5
6 **Table 11 – Summary of Safety and Risk Management proposal by forecast year in**
7 **comparison to SDG&E Request**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$22,310	\$32,343	\$33,025	\$87,678	\$0
CAL ADVOCATES	\$21,502	\$33,151	\$33,025	\$87,678	\$0
CUE	\$22,310	\$32,343	\$74,062	\$128,715	\$41,037

8
9 **1. CAL ADVOCATES**

10 Cal Advocates neither challenges the necessity of projects contained within the
11 Safety and Risk Management spending category nor takes exception to SDG&E’s total
12 forecast for years 2022-2024. However, Mr. Wilson notes within his testimony a
13 difference of \$0.808 million forecasted for years 2022 and 2023 due to a delay from a
14 single project under this spending category.⁹⁰ SDG&E confirms that its RAMP-Energized
15 Test Yard project has been delayed and is the difference between SDG&E and Cal
16 Advocates 2022 and 2023 forecasts. SDG&E agrees with Cal Advocates’ revised annual
17 forecast of \$21.502 million for 2022 and \$33.151 million for 2023 for this spending
18 category.⁹¹

⁹⁰ Ex. CA-06 (Wilson) at 26, Table 06-01 and 27:7-16.

⁹¹ Updated forecasts for SDG&E’s Revenue Request are included in the conclusion of this Rebuttal Testimony.

1 **2. CUE**

2 **Workpaper 172550 Tee Modernization**

3 The Coalition of California Utility Employees (CUE) takes issue with capital forecast for
4 Tee Modernization (17255). CUE states that SDG&E should increase their forecast for the Tee
5 Modernization Program by \$3.075 million to \$6.610 million. CUE also proposes that the
6 Commission should require SDG&E to develop a detailed yearly plan for removal or
7 replacement of all 600A Tee connectors including the number of connectors to be removed or
8 replaced per year. SDG&E disagrees with CUE’s proposals regarding this program.

9 SDG&E replaces 600A Tees through reactive and proactive programs. As the age of
10 600A Tees increases, SDG&E will assess the risk of the assets and assess the quantity of 600A
11 Tees to be replaced each year. SDG&E anticipates this quantity will increase as the age of the
12 asset type increases. Although SDG&E acknowledges there may be value in accelerating the
13 replacement of 600A Tees as recommended by CUE, SDG&E believes the proposed plan in my
14 direct testimony balances resource constraints while maintaining its high standard of reliability
15 and safety for its customers.

16 As discussed in Section B of this rebuttal, SDG&E has an existing comprehensive asset
17 management strategy. This Asset Management Policy aligns our corporate strategy and
18 objectives, reinforces SDG&E’s commitment to safety and service quality, and fosters risk-
19 informed operating decisions and investment allocations. Therefore, SDG&E disagrees with
20 CUE’s recommendation to develop a detailed yearly plan for removal or replacement of all 600A
21 Tee connectors including the number of tees to be removed or replaced per year.

22
23 **Workpaper 142490 SF₆ Switch Replacement**

24 CUE takes issue with capital forecast for Sulfur Hexafluoride (SF₆) Switch Replacement
25 or Removal (workpaper142490). CUE states that SDG&E should increase their forecast for SF₆
26 switch removal or replacement by \$37.962 million to \$44.244 million. CUE proposes that the
27 Commission should require SDG&E to complete our SF₆ switch replacements by the end of
28 2028. CUE proposes that whatever amount the Commission authorizes for the 2024 forecast for
29 SF₆ switch removal or replacement, any of the funds authorized but not spent on SF₆ switch
30 removal or replacement, should be returned to the ratepayers unless SDG&E can show those
31 funds were spent on environmental, safety, or reliability programs of equal or greater urgency.

1 Finally, CUE proposes that the Commission should require SDG&E to develop a detailed yearly
2 plan for removal or replacement of all SF₆ switches including the number of switches to be
3 removed or replaced per year.

4 SDG&E disagrees with CUE’s SF₆ Switch Replacement proposals. SDG&E removes or
5 replaces SF₆ switches through reactive and proactive programs. As the age of SF₆ switches
6 increases, SDG&E will assess the risk of the assets and assess the quantity of SF₆ switches to be
7 removed or replaced each year. SDG&E anticipates this quantity will increase as the age of the
8 asset type increases. Although SDG&E acknowledges there may be value in accelerating the
9 replacement or removal of SF₆ switches as recommended by CUE, SDG&E believes the
10 proposed plan in my direct testimony balances the resource constraints while maintaining its
11 high standard of reliability and safety for its customers.

12 CUE cites SDG&E’s previously stated goals of removing or replacing SF₆ switches,
13 which admittedly contains GHG; contrasting that with the relatively slow rate of removals or
14 replacements over the 2014-2024 period. It is true that the pace of this program reflects
15 SDG&E’s “attempts to balance the process and resource constraints.”⁹² The Commission has
16 routinely recognized that “new programs or projects may come up, others may be cancelled, and
17 there may be reprioritization. This process is expected and is necessary for the utility to manage
18 its operations in a safe and reliable manner.”⁹³ While SDG&E is taking a less aggressive
19 approach to the timeline for SF₆ switch replacement than originally foreseen, this reflects
20 reprioritization to address other necessary areas of safety, reliability, and service. At the same
21 time, it remains SDG&E’s goal to deploy only non-SF₆ equipment, where feasible, by 2040.

22 As discussed in Section B of this rebuttal, SDG&E does have a comprehensive asset
23 management strategy that aligns our corporate strategy and objectives, reinforces SDG&E’s
24 commitment to safety and service quality, and fosters risk-informed operating decisions and
25 investment allocations. Therefore, SDG&E disagrees with CUE’s recommendation to develop a
26 detailed yearly plan for removal or replacement of all SF₆ switches including the number of
27 switches to be removed or replaced per year.

⁹² Ex. CUE (Earle) at 12:1.

⁹³ D.11-05-018 at 27.

1 **G. TRANSMISSION/FERC DRIVEN**

2 No parties specifically contested SDG&E’s requested revenue for the
3 Transmission/FERC Driven spending category contained within my direct testimony.

4 **H. CAPACITY/EXPANSION**

5 Cal Advocates and UCAN are the only parties to take issue with and contest SDG&E’s
6 requested revenue for the Capacity/Expansion spending category contained within my direct
7 testimony.

8
9 **Table 12 – Summary of Capacity/Expansion proposal by forecast year in comparison to**
10 **SDG&E Request**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$22,566	\$20,215	\$16,750	\$59,531	\$0
CAL ADVOCATES	\$22,251	\$19,900	\$16,435	\$58,586	\$(945)
UCAN	\$16,361	\$8,006	\$3,238	\$27,605	\$(31,926)

11
12 **1. CAL ADVOCATES**

13 Cal Advocates takes issue with capital forecast for workpaper 972480 – Distribution
14 System Capacity Improvement. Cal Advocates states that SDG&E should decrease our non-
15 collectible capital revenue request to \$5.886 million based on using an average historical
16 collectible percentage which could vary and is based on factors outside of SDG&E’s control.

17 The Commission should not adopt Cal Advocates approach because the variation in
18 percent collectible can change significantly from year to year based on timing of customer
19 payments received, which is not within SDG&E’s control. Cal Advocates cites to SDG&E’s
20 response to a data request⁹⁴ that provided historical costs and percent collectible from 2017
21 through 2021 by program, resulting in a 44% collectible for Distribution System Capacity
22 Improvement. However, when SDG&E provided a response to that data request SDG&E
23 provided a total collectible percent that included both direct and indirect costs. Because GRC
24 forecasts are based on direct costs only, the percentages reflected in the data request response
25 inadvertently inflated the stated collectible percentages. To correct this issue, SDG&E has

⁹⁴ Appendix B, SDG&E’s response to PubAdv-SDGE-SIK-164, Question 2.

1 provided Table 15 below with revised collectible percentages that includes the additional
2 historical information and direct costs only, to mirror the GRC forecasting methodology.
3 Therefore, despite historical billable percentages SDG&E is not requesting modifications to the
4 requests associated with each workpaper due to fluctuations that occur outside of SDG&E's
5 control.

6 2. UCAN

7 UCAN incorrectly infers that the distribution planning process (DPP) will change as a
8 result of the Cal-Fuse Program.⁹⁵ DPP evaluates forecast end-use customer loads to determine
9 whether these loads would result in a violation of planning criteria, and if so, identifies cost-
10 effective mitigations to address those violations. This evaluation is necessary regardless of the
11 forecast level of end-use loads, so the DPP itself will not be affected by whatever Cal-Fuse
12 approach the Commission may ultimately adopt. This approach could change the quantity and
13 timing of customers' end-use consumption decisions, but this will depend on the specific rate-
14 setting methodologies which are implemented. Further, the California Energy Commission's
15 (CEC) Integrated Energy Policy Report (IEPR) load forecasts, which the utilities are required to
16 use in their DPPs, already incorporate implicit or explicit assumptions about future rate
17 structures and their expected impact on end-use consumption. Accordingly, it would be
18 speculative to assume the Cal-Fuse approach will result in material changes to the load levels
19 currently being forecast in the CEC's IEPR; and simply wrong to assume the Cal-Fuse Program
20 will change the DPP itself.

21 SDG&E agrees with UCAN on the benefits that increased load switching capabilities
22 provide the grid. However, UCAN does not consider the fact that SDG&E has incorporated the
23 maximum cost-effective switching capabilities in its GRC request.⁹⁶ There is an optimal amount
24 of circuit cutovers that can be implemented until it becomes less economical, or physically
25 infeasible, to continue this approach for alleviating loading constraints. Circuit cutovers have
26 always been a part of SDG&E's solution to grid needs where possible, and if they present a low-
27 cost solution to mitigate a thermal overload or other grid need. If circuit ties are not readily
28 available, then new ties can be proposed to mitigate grid needs. These solutions, along with

⁹⁵ Ex. UCAN (Woychik) at 271:13-22.

⁹⁶ Ex. UCAN (Woychik) at 272:15-18.

1 others, are part of an evaluation within the DPP to ensure the least-cost/best-fit solution is
2 selected for each grid need, and in support of SDG&E’s long-term goals to maintain a safe and
3 reliable grid at an affordable cost.

4 UCAN incorrectly references the cost of SDG&E’s programs which provide new or
5 enhanced distribution switching capabilities.⁹⁷ UCAN states that SDG&E provided a data request
6 response⁹⁸ containing a list of budget codes with have a total cost of \$478 million for years 2019-
7 2021. SDG&E disagrees with this figure, as it is nowhere near correct. Within the data request
8 response, these programs add to approximately \$78.5 million. (A difference of approximately
9 \$400 million) UCAN goes on to characterize this amount as providing a “massive increase in
10 circuit switching (upgrades)” that eliminates the need for “a blanket fund for reconstruction and
11 extension of underground and overhead facilities.” As UCAN clearly made errors calculating the
12 cost of these budget codes, their argument for a “massive increase” must be disregarded.
13 However, regardless of the costs for these budget codes, their argument is also unfounded.
14 Switching capabilities do not increase system capacity. They simply make better use of capacity
15 that already exists. Therefore, this argument is not valid in denying needed capacity upgrades on
16 SDG&E’s system.

17 UCAN claims that the increased load-carrying flexibility that switching capability
18 provides will diminish the need for the relatively small capital projects that workpaper 202470
19 supports.⁹⁹ UCAN’s claim ignores the facts that (i) SDG&E’s DPP exhausts all feasible and cost-
20 effective switching opportunities, and (ii) where switching is not feasible, SDG&E evaluates all
21 other feasible solutions to mitigate potential thermal or voltage violations when a new customer
22 interconnects or an existing customer expands. New underground and overhead facilities are
23 constructed to mitigate grid needs and allow for future load growth in a particular area when it is
24 uneconomic or infeasible to implement circuit switching.

25 UCAN’s recommendation to deny \$3.53 million in capital funds requested by SDG&E
26 pursuant to workpaper 202470 is based on incorrect inferences from the workpapers.¹⁰⁰ The
27 workpapers support funding for planned small capital projects to address system needs that are

⁹⁷ Ex. UCAN (Woychik) at 272:19 through 273:3.

⁹⁸ Appendix B, SDG&E’s response to UCAN-SEU-001, Question 29.

⁹⁹ Ex. UCAN (Woychik) at 273:8-9.

¹⁰⁰ Ex. UCAN (Woychik) at 273:17 through 274:1-2.

1 identified through the annual DPP. These projects are developed in accordance with current
2 SDG&E design standards and are required to address primary distribution system overloads and
3 to resolve voltage related issues. The specific projects funded through this workpaper will be
4 documented in SDG&E's annual Grid Needs Assessment (GNA) reports. These projects will be
5 screened for possible deferral by USOM and/or CSOM DERs through the distribution
6 investment deferral framework (DIDF). The results of the screening will be reported in
7 SDG&E's annual distribution deferral opportunities report (DDOR). The GNA report and
8 DDOR are put together outside of the GRC, and the DIDF operates independent of the GRC.
9 Money for projects that are not deferred by USOM or CSOM DERs, and compensation to
10 USOM or CSOM DERS that do defer projects, comes through funding authorized through the
11 GRC process. Workpaper 202470 provides the basis for this funding.

12 UCAN's recommendation that the commission eliminate SDG&E's \$7.69 million request
13 pursuant to workpaper 212760 is similarly based on a misunderstanding of the costs that this
14 workpaper is intended to support.¹⁰¹ Workpaper 212760 has no connection to Rule 15 line
15 extensions. Instead, this workpaper provides the funding justification for future distribution
16 capacity improvement projects with costs that exceed \$1 million. These projects will be
17 identified in future DPP cycles and documented in the annual GNA report. Since the specific
18 projects will emerge from the results of future DPP cycles, there are no individual capital project
19 budget numbers to assign at present.

20 UCAN states there is no basis for forecasting workpaper 212760.¹⁰² However, the unit
21 costs and scopes related to this workpaper are based on historical costs for similar jobs that
22 require similar equipment and work scope to execute. Without funding for these future projects,
23 the distribution grid will experience thermal and voltage violations as a result of load growth,
24 which includes customer requests to connect new loads such as electric vehicle charging
25 facilities. SDG&E has an obligation to serve and it would be unacceptable to knowingly under-
26 build the system and force customers to accept service disruptions as a result of thermal
27 overloads or voltage violations.

¹⁰¹ Ex. UCAN (Woychik) at 274:6-9.

¹⁰² Ex. UCAN (Woychik) at 275:1-10.

1 UCAN makes generic, general critiques of SDG&E’s approach to estimating future
2 capital requirements, without identifying the specific changes that UCAN believes SDG&E
3 should adopt. It is unclear what “economic justification” beyond historical costs UCAN would
4 find acceptable, or why UCAN believes SDG&E’s workpapers fail to provide sufficient
5 justification.

6 UCAN recommends the removal of workpaper 012950 due to failure to justify and the
7 assumption that SDG&E does not need to manage loads.¹⁰³ SDG&E load research samples are
8 not used for managing loads, but rather to create representative subgroup load shapes to analyze
9 the impact of technologies on aggregate electric consumption behavior. These samples are used
10 as a basis for estimating and forecasting the impact of different technologies on customer’s daily
11 load shapes. The data supports internal work processes in the Distribution Planning, Electric
12 Fuels & Procurement and Electric Forecasting organizations.

13 The solar sample has been used for over a decade to estimate solar generation output for
14 all of our customers and serves as an input for the estimation of Dynamic Load Profiles, which
15 are CPUC-Mandated. This model serves as a calibration mechanism to our metered data, and
16 when metered data is incomplete, provides hourly levels for our customer classes. SDG&E is not
17 the only company that benefits from this information: Community Choice Aggregations (CCAs)
18 and Electric Service Providers (ESPs) rely on this data for settlement and billing. Inaccurate
19 levels could lead to incorrect billing or settlements. Additionally, both short term models and
20 long-term models use generation profiles built with these samples to gauge the impact of rooftop
21 solar generation on a customer class and system load levels through the day and year. Not all
22 Net Energy Metering (NEM) customers have solar generation output measured separately;
23 instead, data is limited to the net imports and/or exports measured by the utility at the customer’s
24 primary meter. For these customers SDG&E selects representative solar samples, making these
25 samples crucial to ensuring accuracy in forecasts and minimizing the over- or under-procurement
26 of energy, as well as adjusting long term forecasting sales levels helping mitigate over- or under-
27 collection because of inaccurate sales levels.

28 Growth in Electric Vehicle (EV) adoption has similar energy forecasting concerns, but
29 additionally creates capacity concerns. Having representative EV samples that can be

¹⁰³ Ex. UCAN (Woychik) at 271:1-8.

1 incorporated in forecasting models is critically important for the reasons previously mentioned.
 2 SDG&E’s current samples are outdated and depleted as meters have been removed due to
 3 customers opting out over the last six years. SDG&E needs to supplement these samples so it can
 4 continue to gauge the changing effects of these technologies on customer’s load shapes and
 5 ensure they are properly accounted for in forecasts, rate setting, and distribution grid
 6 management.

7 **I. MATERIALS**

8 Cal Advocates and CUE are the only parties to take issue with and contest SDG&E’s
 9 requested revenue for the Materials spending category contained within my direct testimony.

10
 11 **Table 13 – Summary of Materials proposal by forecast year in comparison to SDG&E**
 12 **Request**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$28,827	\$30,255	\$31,755	\$90,837	\$0
CAL ADVOCATES	\$24,804	\$26,273	\$27,589	\$78,666	\$(12,171)
CUE	\$28,827	\$30,255	\$39,688	\$98,770	\$7,933

13
 14 **1. CAL ADVOCATES**

15 Cal Advocates has recommended decreases in SDG&E’s revenue request resulting in a
 16 forecast of \$24.804 million, \$26.273 million, and \$27.589 million for years 2022, 2023 and
 17 2024, respectively.¹⁰⁴ These decreases coincide with issues Cal Advocates takes with regard to
 18 the capital forecast for workpaper 002140 – Distribution Transformers. Cal Advocates states that
 19 SDG&E should decrease its revenue request to \$20.002 million, \$21.231 million and \$22.295
 20 million for 2022, 2023 and 2024, respectively, based on leveraging previously purchased
 21 transformers and historical costs from 2017-2021.¹⁰⁵

22 SDG&E disagrees with Cal Advocates’ recommended decreases. While the historic
 23 distribution transformers received and the actual dollars spent yield an average of approximately

¹⁰⁴ Ex. CA-07 (Kaur) at 4.

¹⁰⁵ *Id.* at 30:1-5; at 30:18-23; and at 31:1-7.

1 \$3,800 per unit, the current average market price per unit is \$7,961. The current market price,
2 also provided in a data request¹⁰⁶, is based on actual open purchase orders as of February 2023
3 with six different vendors for approximately 82 different stock number/transformer types.

4 The increased cost per unit is being driven by several factors such as:

- 5 • Extra costs associated with seeking alternative supply due to general industry high
6 demand, resource constraints and supply chain disruption
- 7 • Short supply of raw materials and skilled labor in the manufacturing sector
- 8 • An increase in the demand for higher priced, larger rated transformers caused by
9 applications for install of vehicle charging infrastructure

10 Based on several open purchase orders and existing agreements with vendors, SDG&E
11 affirms that the original forecast contained in my revised direct testimony remains correct.
12 Decreasing funding levels would not allow SDG&E to maintain critical levels of inventory for
13 emergency work and various compliance programs.

14 2. CUE

15 CUE takes issue with capital forecast for workpaper 002140 – Distribution Transformers.
16 CUE proposes revenue request increases above SDG&E’s proposal for this workpaper by \$7.933
17 million to a total of \$34.394 million. CUE justifies the recommended increases by stating that
18 greater funding will allow SDG&E to replace transformers to reach a more steady-state
19 replacement rate based on equipment age.¹⁰⁷

20 SDG&E disagrees with CUE’s proposed increases to the forecast for Distribution
21 Transformers. As defined in my revised direct testimony, this activity provides funding to
22 purchase distribution transformers necessary to operate and maintain the electric distribution
23 system. SDG&E purchases the new transformers, supplies new and replacement equipment, and
24 maintains inventory at each electric distribution service center.¹⁰⁸ Although SDG&E
25 acknowledges there may be value in accelerating the replacement of various aging infrastructure
26 items as recommended by CUE, the purpose of this program is not to provide a mechanism to
27 replace transformers based on life expectancy. Rather, it is meant to maintain adequate stock

¹⁰⁶ Appendix B, SDG&E’s response to CCUE-SDG&E-002, Question 3; Subpart 3e.

¹⁰⁷ Ex. CUE (Earle) at 26:1-3.

¹⁰⁸ Ex. SDG&E-11-R (Reyes) at OR-65:9-12.

1 levels of transformers to ensure they are available for various needs such as compliance, capital
2 or emergency work. My direct testimony proposal appropriately balances risk, resources, and
3 current long lead time material constraints while meeting reasonable infrastructure replacement
4 rates.

5 Additionally, CUE argues that SDG&E should be required to develop plans and forecasts
6 for distribution transformer replacement. This program’s sole purpose is to plan and forecast
7 distribution transformer material needs and keep stock levels at an optimum level to support its
8 various programs requiring these materials. SDG&E forecasts this program by factoring in
9 historical usage for emergency work, planned capital work and transformer needs for those
10 programs, compliance work and a six-month buffer stock in warehouses due to lead times of one
11 year for transformers. Lastly, as mentioned in Section III.C above, SDG&E already has an
12 existing comprehensive asset management strategy it feels adequately addresses the need for
13 effective management of transformer equipment lifecycle.

14 **J. NEW BUSINESS**

15 Cal Advocates is the only party to take issue with and contest SDG&E’s requested
16 revenue for the New Business spending category contained within my direct testimony.
17

18 **Table 14 – Summary of New Business proposal by forecast year in comparison to SDG&E**
19 **Request**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	\$49,453	\$49,861	\$50,273	\$149,587	\$0
CAL ADVOCATES	\$41,714	\$42,064	\$42,419	\$126,197	\$(23,390)

20 **1. CAL ADVOCATES**

21 **Workpaper 002150 – OH Residential**

22 Cal Advocates takes issue with capital forecast for workpaper 002150 – OH Residential.
23 Cal Advocates states that SDG&E should decrease our non-collectible capital revenue request to
24 \$0.577 million for 2022, \$0.582 million for 2023, and \$0.587 million for 2024 based on using an
25 average historical collectible percentage¹⁰⁹ which could vary and is outside of SDG&E’s control.
26

¹⁰⁹ Ex. CA-07 (Kaur) at 33:10-17.

SDG&E disagrees with Cal Advocates approach because the variation in percent collectible can change significantly from year to year based on timing of customer payments received which is not within SDG&E’s control. Additionally, the New Business forecasting methodology is consistent with that used in prior approved General Rate Cases. SDG&E’s response to a data request¹¹⁰ that provided historical costs and percent collectible from 2017 through 2021 by program for New Business, resulted in 15% collectible for OH Residential. However, when SDG&E provided a response to that data request SDG&E provided a total collectible percent, including both direct and indirect costs. Due to GRC forecasts being based on direct costs only, the percentages originally provided inflated the collectible percentages. As such, SDG&E has provided Table 15 with revised collectible percentages that includes the additional historical information and direct costs only, which closely align the original forecasting methodology contained within my revised direct testimony. Therefore, despite historical billable percentages, SDG&E is not requesting modifications to the requests associated with each workpaper due to fluctuations that occur outside of SDG&E’s control.

Table 15 – Summary of Collectible Percentages

Workpaper	Percentage from GRC Workpapers	Percentage from SDGE-SIK-64	Revised Percentage on Rebuttal
972480	35%	44%	39%
002150	15%	30%	16%
002160	10%	20%	11%
002170	11%	21%	10%
002180	15%	25%	13%
002190	22%	36%	19%
002240	3%	6%	3%
002250	25%	47%	26%
002350	3%	5%	2%
212520	35%	60%	32%
212530	55%	96%	52%

Workpaper 002160 – OH Non-Residential

Cal Advocates takes issue with capital forecast for workpaper 002160 – OH Non-Residential. Cal Advocates states that SDG&E should decrease our non-collectible capital

¹¹⁰ Appendix B, SDG&E’s response to PubAdv-SDGE-SIK-164, Question 2.

1 revenue request to \$0.802 million for 2022, \$0.809 million for 2023, and \$0.816 million for 2024
2 based on using an average historical collectible percentage¹¹¹ which could vary and is outside of
3 SDG&E's control.

4 SDG&E disagrees with Cal Advocates approach because the variation in percent
5 collectible can change significantly from year to year based on timing of customer payments
6 received which is not within SDG&E's control. Additionally, the New Business forecasting
7 methodology is consistent with that used in prior approved General Rate Cases. SDG&E's
8 response to a data request¹¹² that provided historical costs and percent collectible from 2017
9 through 2021 by program for New Business, resulted in 10% collectible for OH Non-Residential.
10 However, when SDG&E provided a response to that data request SDG&E provided a total
11 collectible percent, including both direct and indirect costs. Due to GRC forecasts being based on
12 direct costs only, the percentages originally provided inflated the collectible percentages. As
13 such, SDG&E has provided Table 15 with revised collectible percentages that includes the
14 additional historical information and direct costs only, to mirror the GRC forecasting
15 methodology. Therefore, despite historical billable percentages SDG&E is not requesting
16 modifications to the requests associated with each workpaper due to fluctuations that occur
17 outside of SDG&E's control.

18 19 **Workpaper 002170 – UG Residential**

20 Cal Advocates takes issue with capital forecast for workpaper 002170 – UG Residential.
21 Cal Advocates states that SDG&E should decrease our non-collectible capital revenue request to
22 \$5.632 million for 2022, \$5.681 million for 2023, and \$5.732 million for 2024 based on using an
23 average historical collectible percentage¹¹³ which could vary and is outside of SDG&E's control.

24 SDG&E disagrees with Cal Advocates approach because the variation in percent
25 collectible can change significantly from year to year based on timing of customer payments
26 received which is not within SDG&E's control. Additionally, the New Business forecasting
27 methodology is consistent with that used in prior approved General Rate Cases. SDG&E's

¹¹¹ Ex. CA-07 (Kaur) at 34:5-13.

¹¹² Appendix B, SDG&E's response to PubAdv-SDGE-SIK-164, Question 2.

¹¹³ Ex. CA-07 (Kaur) at 34:16-22 through 35:1-2.

1 response to a data request¹¹⁴ that provided historical costs and percent collectible from 2017
2 through 2021 by program for New Business, resulted in 11% collectible for UG Residential.
3 However, when SDG&E provided a response to that data request SDG&E provided a total
4 collectible percent, including both direct and indirect costs. Due to GRC forecasts being based on
5 direct costs only, the percentages originally provided inflated the collectible percentages. As
6 such, SDG&E has provided Table 15 with revised collectible percentages that includes the
7 additional historical information and direct costs only, to mirror the GRC forecasting
8 methodology. Therefore, despite historical billable percentages SDG&E is not requesting
9 modifications to the requests associated with each workpaper due to fluctuations that occur
10 outside of SDG&E's control.

11 12 **Workpaper 002180 – UG Non-Residential**

13 Cal Advocates takes issue with capital forecast for workpaper 002180 – UG Non-
14 Residential. Cal Advocates states that SDG&E should decrease our non-collectible capital
15 revenue request to \$5.703 million for 2022, \$5.753 million for 2023, and \$5.805 million for 2024
16 based on using an average historical collectible percentage¹¹⁵ which could vary and is outside of
17 SDG&E's control.

18 SDG&E disagrees with Cal Advocates approach because the variation in percent
19 collectible can change significantly from year to year based on timing of customer payments
20 received which is not within SDG&E's control. Additionally, the New Business forecasting
21 methodology is consistent with that used in prior approved General Rate Cases. SDG&E's
22 response to a data request¹¹⁶ that provided historical costs and percent collectible from 2017
23 through 2021 by program for New Business, resulted in 15% collectible for UG Non-
24 Residential. However, when SDG&E provided a response to that data request SDG&E provided
25 a total collectible percent, including both direct and indirect costs. Due to GRC forecasts being
26 based on direct costs only, the percentages originally provided inflated the collectible
27 percentages. As such, SDG&E has provided Table 15 with revised collectible percentages that

¹¹⁴ Appendix B, SDG&E's response to PubAdv-SDGE-SIK-164, Question 2.

¹¹⁵ Ex. CA-07 (Kaur) at 35:5-13.

¹¹⁶ Appendix B, SDG&E's response to PubAdv-SDGE-SIK-164, Question 2.

1 includes the additional historical information and direct costs only, to mirror the GRC
2 forecasting methodology. Therefore, despite historical billable percentages SDG&E is not
3 requesting modifications to the requests associated with each workpaper due to fluctuations that
4 occur outside of SDG&E's control.

6 **Workpaper 002190 – New Business Infrastructure**

7 Cal Advocates takes issue with capital forecast for workpaper 002190 – New Business
8 Infrastructure. Cal Advocates states that SDG&E should decrease our non-collectible capital
9 revenue request to \$3.245 million for 2022, \$3.274 million for 2023, and \$3.303 million for 2024
10 based on using an average historical collectible percentage¹¹⁷ which could vary and is outside of
11 SDG&E's control.

12 SDG&E disagrees with Cal Advocates approach because the variation in percent
13 collectible can change significantly from year to year based on timing of customer payments
14 received which is not within SDG&E's control. Additionally, the New Business forecasting
15 methodology is consistent with that used in prior approved General Rate Cases. SDG&E's
16 response to a data request¹¹⁸ that provided historical costs and percent collectible from 2017
17 through 2021 by program for New Business, resulted in 22% collectible for New Business
18 Infrastructure. However, when SDG&E provided a response to that data request SDG&E
19 provided a total collectible percent, including both direct and indirect costs. Due to GRC
20 forecasts being based on direct costs only, the percentages originally provided inflated the
21 collectible percentages. As such, SDG&E has provided Table 15 with revised collectible
22 percentages that includes the additional historical information and direct costs only, to mirror the
23 GRC forecasting methodology. Therefore, despite historical billable percentages SDG&E is not
24 requesting modifications to the requests associated with each workpaper due to fluctuations that
25 occur outside of SDG&E's control.

26 **Workpaper 002250 – Customer Requested Upgrades & Services**

27 Cal Advocates takes issue with capital forecast for workpaper 002250 – Customer
28 Requested Upgrades & Services. Cal Advocates states that SDG&E should decrease our non-
29

¹¹⁷ Ex. CA-07 (Kaur) at 35:16-22 through 36:1-2.

¹¹⁸ Appendix B, SDG&E's response to PubAdv-SDGE-SIK-164, Question 2.

1 collectible capital revenue request to \$7.004 million for 2022, \$7.065 million for 2023, and
2 \$7.128 million for 2024 based on using an average historical collectible percentage¹¹⁹ which
3 could vary and is outside of SDG&E's control.

4 SDG&E disagrees with Cal Advocates approach because the variation in percent
5 collectible can change significantly from year to year based on timing of customer payments
6 received which is not within SDG&E's control. Additionally, the New Business forecasting
7 methodology is consistent with that used in prior approved General Rate Cases. SDG&E's
8 response to a data request¹²⁰ that provided historical costs and percent collectible from 2017
9 through 2021 by program for New Business, resulted in 25% collectible for Customer Requested
10 Upgrades & Services. However, when SDG&E provided a response to that data request SDG&E
11 provided a total collectible percent, including both direct and indirect costs. Due to GRC
12 forecasts being based on direct costs only, the percentages originally provided inflated the
13 collectible percentages. As such, SDG&E has provided Table 15 with revised collectible
14 percentages that includes the additional historical information and direct costs only, to mirror the
15 GRC forecasting methodology. Therefore, despite historical billable percentages SDG&E is not
16 requesting modifications to the requests associated with each workpaper due to fluctuations that
17 occur outside of SDG&E's control.

18 19 **Workpaper 212520 – Conversion from OH to UG Rule 20B**

20 Cal Advocates takes issue with capital forecast for workpaper 212520 – Conversion from
21 OH to UG Rule 20B. Cal Advocates states that SDG&E should decrease our non-collectible
22 capital revenue request to \$0.946 million for 2022, \$0.955 million for 2023, and \$0.963 million
23 for 2024 based on using an average historical collectible percentage¹²¹ which could vary and is
24 outside of SDG&E's control.

25 SDG&E disagrees with Cal Advocates approach because the variation in percent
26 collectible can change significantly from year to year based on timing of customer payments
27 received which is not within SDG&E's control. Additionally, the New Business forecasting

¹¹⁹ Ex. CA-07 (Kaur) at 36:5-13.

¹²⁰ Appendix B, SDG&E's response to PubAdv-SDGE-SIK-164, Question 2.

¹²¹ Ex. CA-07 (Kaur) at 36:17-22.

1 methodology is consistent with that used in prior approved General Rate Cases. SDG&E’s
2 response to a data request¹²² that provided historical costs and percent collectible from 2017
3 through 2021 by program for New Business, resulted in 35% collectible for Conversion from OH
4 to UG Rule 20B. However, when SDG&E provided a response to that data request SDG&E
5 provided a total collectible percent, including both direct and indirect costs. Due to GRC
6 forecasts being based on direct costs only, the percentages originally provided inflated the
7 collectible percentages. As such, SDG&E has provided Table 15 with revised collectible
8 percentages that includes the additional historical information and direct costs only, to mirror the
9 GRC forecasting methodology. Therefore, despite historical billable percentages SDG&E is not
10 requesting modifications to the requests associated with each workpaper due to fluctuations that
11 occur outside of SDG&E’s control.

12 **Workpaper 212530 – Conversion from OH to UG Rule 20C**

13 Cal Advocates takes issue with capital forecast for workpaper 212530 – Conversion from
14 OH to UG Rule 20C. Cal Advocates states that SDG&E should decrease our non-collectible
15 capital revenue request to \$0.080 million for 2022, \$0.081 million for 2023, and \$0.081 million
16 for 2024 based on using an average historical collectible percentage¹²³ which could vary and is
17 outside of SDG&E’s control.

18 SDG&E disagrees with Cal Advocates approach because the variation in percent
19 collectible can change significantly from year to year based on timing of customer payments
20 received which is not within SDG&E’s control. Additionally, the New Business forecasting
21 methodology is consistent with that used in prior approved General Rate Cases. SDG&E’s
22 response to a data request¹²⁴ that provided historical costs and percent collectible from 2017
23 through 2021 by program for New Business, resulted in 55% collectible for Conversion from OH
24 to UG Rule 20C. However, when SDG&E provided a response to that data request SDG&E
25 provided a total collectible percent, including both direct and indirect costs. Due to GRC
26 forecasts being based on direct costs only, the percentages originally provided inflated the
27 collectible percentages. As such, SDG&E has provided Table 15 with revised collectible
28

¹²² Appendix B, SDG&E’s response to PubAdv-SDGE-SIK-164, Question 2.

¹²³ Ex. CA-07 (Kaur) at 37:4-9.

¹²⁴ Appendix B, SDG&E’s response to PubAdv-SDGE-SIK-164, Question 2.

1 percentages that includes the additional historical information and direct costs only, to mirror the
2 GRC forecasting methodology. Therefore, despite historical billable percentages SDG&E is not
3 requesting modifications to the requests associated with each workpaper due to fluctuations that
4 occur outside of SDG&E's control.

5 **V. CONCLUSION**

6 My rebuttal primarily addresses the submitted proposals for SDG&E's Electric
7 Distribution Capital by Cal Advocates, TURN, FEA, UCAN, and CUE.

8 Overall, Cal Advocates addressed all but three spending categories presented within my
9 direct testimony and recommended adjustments to the others based on a combination of various
10 forecasting methods. TURN challenged specific workpapers and forecasting methodologies
11 related to Overhead Pools and Reliability/Improvements spending categories. FEA provided a
12 flawed analysis comparing Commission-authorized funding to SDG&E's actual spend from
13 2017-2021 to justify applying a 100% five-year historical forecast methodology for all electric
14 distribution capital programs. UCAN challenged specific workpapers under the spending
15 categories of Reliability/Improvements and Capacity at a general policy level, but failed to
16 specifically justify their recommendations. CUE recommended expenditure increases to four
17 specific workpapers within Reliability/Improvements, Safety and Risk Management and
18 Materials spending categories. In this application, SDG&E has put forth the best and most
19 feasible forecast for electric distribution capital, given the information available at the time.
20 While SDG&E appreciates the fact that CUE is focused on enhancing reliability through the
21 increased pace of aging infrastructure replacement and newer technology installations, SDG&E
22 already does an excellent job of maintaining a reliable electric system while balancing an overall
23 portfolio of projects and programs through a risk informed approach.

24 SDG&E has provided a substantial amount of detail supporting the forecasts in
25 testimony, workpapers, and data requests. It is encouraging that intervenors in large part do not
26 appear to challenge the underlying need of any proposed projects and programs, but instead
27 largely take exception to forecasting methodologies.

28 Forecast methodologies outlined within my direct testimony were carefully selected
29 based on the underlying cost drivers and detailed scope of work of each project or program.
30 Since a large portion of the electric capital distribution projects are specific projects that are non-
31 recurring in nature, use of historical averages to forecast and fund such a diverse portfolio of

1 projects would be inaccurate and unjustified. FEA’s request to use a flat five-year average to
2 fund SDG&E’s electric distribution capital portfolio in totality is not appropriate, reasonable, or
3 consistent with past precedents in similar areas. Approximately three-quarters of the workpapers
4 included in the electric distribution request are not ongoing year after year and have
5 characteristic set durations. Use of a historical average or trend does not account for the inherent
6 variabilities of projects that are not ongoing.

7 My original testimony and workpapers support SDG&E’s commitment to provide safe
8 and reliable service, and to ensure this obligation will continue long into the future. With the
9 exception of changes noted within the Safety and Risk Management section of this rebuttal
10 testimony, SDG&E respectfully requests the Commission to authorize the requested funding as
11 presented in my testimony and shown in the table below.

12
13 **Table 16 – SDG&E’s TY 2024 Rebuttal Position Summary of Total Costs**

Total Capital – Constant 2021 (\$000)			
Capital	2022	2023	2024
	\$437,241¹²⁵	\$533,403¹²⁶	\$425,950

14
15 This concludes my prepared rebuttal testimony.

¹²⁵ Includes \$0.808 million reduction as recommended by Cal Advocates.

¹²⁶ Includes \$0.808 million increase as recommended by Cal Advocates.

APPENDIX A
GLOSSARY OF TERMS

ACRONYM	DEFINITION
AMS	Asset Management System
CA	California Public Advocates Office
CCA	Community Choice Aggregation
CUE	The Coalition of California Utility Employees
DER	Distributed Energy Resource
ESP	Electric Service Provider
EV	Electric Vehicle
FEA	The Federal Executive Agencies
FERC	Federal Energy Regulatory Commission
NEM	Net Energy Metering
OPBA	Overhead Pools Balancing Account
RAMP	Risk Assessment Mitigation Phase
RO	Results of Operation
SCADA	Supervisory Control and Data Acquisition
SDG&E	San Diego Gas & Electric Company
TURN	The Utility Reform Network
UCAN	Utility Consumers' Action Network

APPENDIX B
DATA REQUEST RESPONSES

This appendix includes data request responses referenced in this rebuttal. Confidential data responses are redacted, unredacted versions are available on request.

Data Request Number: CCUE-SDGE-002

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Coalition of California Utility Employees

Date Received: 2/6/2023

Date Responded: 2/27/2023

Question 3 – Continued

e. The per unit cost for the replacement of a distribution transformer.

SDG&E Response 3e:

The average current cost per unit across varying types of distribution transformers and suppliers is \$7,961.

Data Request Number: PAO-SDGE-081-GAW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 9/27/2022

Date Responded: 10/11/2022

2. Please review the 44 RAMP-related capital projects contained in Appendix B, and provide a list (showing both the Budget Code number and the project name) of any of the 44 projects that SDG&E has determined will have its In-Service date postponed beyond the 2024 test year. For any and all projects so listed, please provide the original and the new In-Service dates.

SDG&E Response 2:

Project schedules and completion dates are continuously evaluated and revised based upon numerous factors of each specific project/budget code including permitting and required authorizations. SDG&E anticipates that many projects may have immaterial forecast changes but will ultimately be negligible from an aggregate perspective (some projects will be ahead of schedule while others will potentially be delayed). SDG&E is not requesting modifications to the requests associated with each budget regardless of project accelerations or delays. Notwithstanding this, the following projects may have their in-service dates postponed beyond the 2024 test year.

Budget Code	Description	Original ISD	New ISD
17264	North Harbor	4/30/2024	5/31/2025
19252	Urban Substation Rebuild	11/30/2023	5/31/2025
17160	San Marcos Substation 69kV Rebuild & 12kV Switchgear	6/30/2024	9/30/2026
20263	Bernardo 12 kV Breakers and Transformer Replacements	11/30/2024	12/31/2025
20267	Miramar 12kV Replacements	7/31/2024	4/30/2025
20270	Stuart 12kV Breakers and Transformer Replacements	12/31/2024	4/30/2027
20275	La Jolla 69/12kV Transformer Replacement	9/30/2024	9/30/2026

Data Request Number: PAO-SDGE-081-GAW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 9/27/2022

Date Responded: 10/11/2022

3. Please review the 44 RAMP-related capital projects contained in Appendix B, and provide a list (showing both the Budget Code number and the project name) of any of the 44 projects that SDG&E has determined will still be undertaken and completed by the end of 2024, but that will experience delays to their original In-Service dates. For any and all projects so listed, please provide the original and the new In-Service dates.

SDG&E Response 3:

Project schedules and completion dates are continuously evaluated and revised based upon numerous factors of each specific project/budget code including permitting and required authorizations. SDG&E anticipates that many projects may have immaterial forecast changes but will ultimately be negligible from an aggregate perspective (some projects will be ahead of schedule while others will potentially be delayed). SDG&E is not requesting modifications to the requests associated with each budget regardless of project accelerations or delays. Notwithstanding this, the following projects will still be undertaken and completed by the end of 2024, but have forecasted delays to in-service dates:

Budget Code	Description	Original ISD	New ISD
17259	Energized Test Yard	12/31/2022	12/31/2023
17243	Substation Modification To Support FLISR	12/31/2022	2/27/2023
20242	Torrey Pines 12kV Breaker Replacements	12/31/2022	8/25/2023
20245	El Cajon 12kV Breaker Replacements	12/31/2022	1/25/2024

Data Request Number: PAO-SDGE-081-GAW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 9/27/2022

Date Responded: 10/11/2022

4. Similar to Question 3, please provide a list (showing both the Budget Code number and the project name) of any of the 44 projects that SDG&E has determined will still be undertaken and completed by the end of 2024, but that will be completed earlier than their original InService dates. For any and all projects so listed, please provide the original and the new In-Service dates.

SDG&E Response 4:

Project schedules and completion dates are continuously evaluated and revised based upon numerous factors of each specific project/budget code including permitting and required authorizations. SDG&E anticipates that many projects may have immaterial forecast changes but will ultimately be negligible from an aggregate perspective (some projects will be ahead of schedule while others will potentially be delayed). SDG&E is not requesting modifications to the requests associated with each budget regardless of project accelerations or delays. Notwithstanding this, the following projects will still be undertaken and completed by the end of 2024 and currently are expected to be completed earlier than their initial in-service dates:

Budget Code	Description	Original ISD	New ISD
14143	Poway 69kV Substation Rebuild	6/30/2022	4/22/2022
20268	Mission 12kV Replacements	6/30/2023	6/08/2023
20274	Coronado 69/12kV Transformer Replacement	12/31/2024	6/12/2024

Data Request Number: PAO-SDGE-088-GAW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 9/30/2022

Date Responded: 10/13/2022

On page 669 of the workpapers for Ex. SDG&E-11, which is submitted as an attachment for your convenience, SDG&E provided a 1-page table that appears to provide a more detailed breakdown of the 2022, 2023, and 2024 capital forecast costs for the Streamview 69/12kV Substation Rebuild project. Cal Advocates has the following questions regarding the forecasts for that project.

1. In the top-left portion of workpaper page 669, SDG&E provided an “Estimated In-Service Date” of 12/31/2024 for this project. Based on more recent data, does SDG&E continue to estimate that the Streamview project will be completed by the end of 2024? If not, please provide the new in-service date for the Streamview project.

SDG&E Response 1:

Project schedules and completion dates are continuously evaluated and revised based upon numerous factors of each specific project/budget code including permitting and required authorizations. SDG&E anticipates that many projects may have immaterial forecast changes but will ultimately be negligible from an aggregate perspective (some projects will be ahead of schedule while others will potentially be delayed). SDG&E is not requesting modifications to the requests associated with each budget regardless of project accelerations or delays. Notwithstanding this, the in-service date for this project is no longer expected end of 2024 and is now expected April 2026.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

2. Referring to workpapers SDG&E-11-CWP-R, the historical costs from 2017 through 2021 for programs in the New Business category include both Non-Collectible and Collectible components. Please provide the actual Non-Collectible costs from 2017 to 2021 for the following programs:

a. Electric Distribution Easements

SDG&E Response 2a:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

b. Overhead Residential New Business

SDG&E Response 2b:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

c. Overhead Non-Residential New Business

SDG&E Response 2c:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

d. Underground Residential New Business

SDG&E Response 2d:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

e. Underground Non-Residential New Business

SDG&E Response 2e:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

f. New Business Infrastructure

SDG&E Response 2f:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

g. New Service Installations

SDG&E Response 2g:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

h. Customer Requested Upgrades & Services

SDG&E Response 2h:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

i. Transformer & Meter Installations

SDG&E Response 2i:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

j. Conversion from Overhead to Underground Rule 20B

SDG&E Response 2j:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

Data Request Number: PAO-SDGE-164-SIK

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 1/11/2023

Date Responded:01/26/2023

Question 2-Continued

k. Conversion from Overhead to Underground Rule 20C

SDG&E Response 2k:

Non-Collectible historical costs have been provided in attachment PAO_SDGE-164_SDGE-11_8789.

All \$'s in Thousands

Budget Code - Name	Billable %	2017			Check	2018			Check	2019			Check	2020			Check	2021		
		Total \$	Collectible	Non-Collectible		Total \$	Collectible	Non-Collectible		Total \$	Collectible	Non-Collectible		Total \$	Collectible	Non-Collectible		Total \$	Collectible	Non-Collectible
97248 – Distribution System Capacity Improvement	44%	\$ 1,622	\$ 19	\$ 1,603	\$ -	\$ 704	\$ 44	\$ 660	\$ -	\$ 3,533	\$ 1,555	\$ 1,978	\$ -	\$ 4,540	\$ 1,998	\$ 2,542	\$ -	\$ 2,440	\$ 1,074	\$ 1,366
00204 – Electric Distribution Easements	0%	\$ 1,751	\$ -	\$ 1,751	\$ -	\$ 1,878	\$ -	\$ 1,878	\$ -	\$ 2,023	\$ -	\$ 2,023	\$ -	\$ 1,992	\$ -	\$ 1,992	\$ -	\$ 2,766	\$ -	\$ 2,766
00215 – Overhead Residential New Business	30%	\$ 512	\$ 154	\$ 358	\$ -	\$ 615	\$ 185	\$ 431	\$ -	\$ 753	\$ 226	\$ 527	\$ -	\$ 898	\$ 269	\$ 629	\$ -	\$ 802	\$ 241	\$ 561
00216 – Overhead Non-Residential New Business	20%	\$ 626	\$ 125	\$ 501	\$ -	\$ 888	\$ 178	\$ 710	\$ -	\$ 1,503	\$ 301	\$ 1,202	\$ -	\$ 631	\$ 126	\$ 505	\$ -	\$ 851	\$ 170	\$ 681
00217 – Underground Residential New Business	21%	\$ 9,544	\$ 2,004	\$ 7,540	\$ -	\$ 9,400	\$ 1,974	\$ 7,426	\$ -	\$ 8,109	\$ 1,703	\$ 6,406	\$ -	\$ 5,780	\$ 1,214	\$ 4,566	\$ -	\$ 7,333	\$ 1,540	\$ 5,793
00218 – Underground Non-Residential New Business	25%	\$ 4,405	\$ 1,101	\$ 3,304	\$ -	\$ 6,022	\$ 1,506	\$ 4,517	\$ -	\$ 5,783	\$ 1,446	\$ 4,337	\$ -	\$ 7,215	\$ 1,804	\$ 5,411	\$ -	\$ 9,638	\$ 2,410	\$ 7,229
00219 – New Business Infrastructure	36%	\$ 9,690	\$ 3,488	\$ 6,202	\$ -	\$ 7,538	\$ 2,714	\$ 4,824	\$ -	\$ 4,663	\$ 1,679	\$ 2,984	\$ -	\$ 3,580	\$ 1,289	\$ 2,291	\$ -	\$ 6,851	\$ 2,466	\$ 4,385
00224 – New Service Installations	6%	\$ 5,289	\$ 317	\$ 4,972	\$ -	\$ 9,011	\$ 541	\$ 8,470	\$ -	\$ 7,404	\$ 444	\$ 6,960	\$ -	\$ 5,895	\$ 354	\$ 5,541	\$ -	\$ 7,073	\$ 424	\$ 6,649
00225 – Customer Requested Upgrades & Services	47%	\$ 9,610	\$ 4,517	\$ 5,093	\$ -	\$ 12,095	\$ 5,685	\$ 6,410	\$ -	\$ 12,476	\$ 5,864	\$ 6,612	\$ -	\$ 13,266	\$ 6,235	\$ 7,031	\$ -	\$ 13,595	\$ 6,390	\$ 7,205
00235 – Transformer & Meter Installations	5%	\$ 9,134	\$ 457	\$ 8,677	\$ -	\$ 9,061	\$ 453	\$ 8,608	\$ -	\$ 7,458	\$ 373	\$ 7,085	\$ -	\$ 8,623	\$ 431	\$ 8,192	\$ -	\$ 11,203	\$ 560	\$ 10,643
18143 – 3 ROOTS TL6906, TL677 & TL668 Customer Relocation	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191	\$ 191	\$ -	\$ -	\$ 51	\$ 51	\$ -	\$ -	\$ (22)	\$ (22)	\$ -
18242 – Pure Water Electric	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69	\$ 69	\$ -	\$ -	\$ 111	\$ 111	\$ -	\$ -	\$ 1,152	\$ 1,152	\$ -
20256 – Camp Pendleton Stuart Mesa Housing	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101	\$ 101	\$ -
21252 – Conversion from Overhead to Underground Rule 20B	60%	\$ 1,267	\$ 760	\$ 507	\$ -	\$ 1,091	\$ 655	\$ 436	\$ -	\$ 1,461	\$ 877	\$ 584	\$ -	\$ 1,584	\$ 950	\$ 634	\$ -	\$ 3,998	\$ 2,399	\$ 1,599
21253 – Conversion from Overhead to Underground Rule 20C	96%	\$ 1,712	\$ 1,644	\$ 68	\$ -	\$ 1,517	\$ 1,456	\$ 61	\$ -	\$ 2,029	\$ 1,948	\$ 81	\$ -	\$ 2,199	\$ 2,111	\$ 88	\$ -	\$ 1,736	\$ 1,667	\$ 69

Data Request Number: UCAN-SEU-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Utility Consumers' Action Network

Date Received: 9/1/2022

Date Responded: 9/15/2022

29. What was SDG&E's budget for new distribution switching capabilities during each year in the last GRC?

SDG&E Response 29:

SDG&E objects to this request on the grounds that it is vague and ambiguous, particularly with respect to the phrase "new distribution switching capabilities." Subject to and without waiving the foregoing objection, SDG&E responds as follows:

SDG&E does not have one overall budget code for tracking added or enhanced distribution switching capabilities, instead, SDG&E has budget codes to capture each of multiple programs which provide new or enhanced distribution switching capabilities.

These programs and respective historical spend during 2019-2021 are listed in the table below.

Budget Code	Description	Historical Spend (\$Thousands)		
		2019	2020	2021
289	Switch Replacement and Manhole Repair	\$ 2,679	\$ 4,690	\$ 4,208
6260	4kV Modernization	\$ 594	\$ 3,076	\$ 4,698
11249	Install SCADA On-Line Capacitors	\$ 207	\$ 64	\$ 834
11253	Wireless Fault Indicators	\$ -	\$ -	\$ 62
14249	SF6 Switch Replacement	\$ 3,970	\$ 2,775	\$ 6,958
15243	Substation SCADA Expansion-Distribution	\$ -	\$ 237	\$ 796
15259	Advanced Protection	\$ 3,836	\$ 9,583	\$10,787
16255	RTU Modernization	\$ 137	\$ 1,807	\$ 1,033
93240	Distribution Circuit Reliability	\$ 437	\$ 4,523	\$ 4,260
99282	Replace Obsolete Substation Equipment	\$ 54	\$ 4,258	\$ 2,007

Data Request Number: FEA-SDGE-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Proceeding Number: A2205015_016 2024 GRC

Publish To: Federal Executive Agencies

Date Received: 10/17/2022

Date Responded: 10/31/2022

The SDG&E Electric Distribution prepared direct testimony and workpaper page numbers were revised on August 16, 2022, and as such, the page number references in this data request may differ from the revised versions.

FEA-01-6. Electric Distribution Capital Expenditures. Refer to Exhibit SDG&E-11, page OR-24. Provide the annual amount of capital expenditures authorized by the Commission for each of the years 2017, 2018, 2019, 2020 and 2021 for each of the categories shown.

SDG&E Response 1.6:

TY 2019 GRC – Electric Distribution Authorized Capital (In Nominal Dollars)

Categories of Management	2017 (000s)	2018 (000s)	2019 (000s)	2020 (000s)	2021 (000s)
A. CAPACITY/EXPANSION	13,759	11,922	28,300	13,226	13,650
B. EQUIP/TOOLS/MISC	5,011	1,124	1,166	2,052	2,118
C. FRANCHISE	35,735	43,539	39,557	41,125	42,445
D. MANDATED	34,393	37,251	36,715	41,167	42,488
E. MATERIALS	25,694	27,434	29,582	27,301	28,177
F. NEW BUSINESS	56,078	49,855	52,395	53,660	55,381
G. OVERHEAD POOLS	87,923	123,987	172,405	117,591	121,364
H. RELIABILITY/IMPROVEMENTS	77,624	111,895	107,748	82,323	84,964
I. SAFETY & RISK MANAGEMENT	86,861	115,352	199,291	83,200	85,859
J. DER INTEGRATION	3,420	13,490	11,353	9,547	9,853
K. TRANSMISSION/FERC DRIVEN	33,352	62,370	53,566	29,459	30,404
TOTAL CAPITAL	459,849	598,218	732,078	500,652	516,704
NON-COLLECTIBLE (NC)	428,093	565,719	698,034	467,132	482,108
COLLECTIBLE (CO)	31,756	32,499	34,044	33,520	34,595

Data Request Number: FEA-SDGE-001

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Proceeding Number: A2205015_016 2024 GRC

Publish To: Federal Executive Agencies

Date Received: 10/17/2022

Date Responded: 10/31/2022

FEA-01-7. Electric Distribution Capital Expenditures. Refer to Exhibit SDG&E-11, page OR-24. Provide the actual amount of capital expenditures spent by the Company for each of the years 2017, 2018, 2019, 2020 and 2021 for each of the categories shown.

SDG&E Response 1.7:

ELECTRIC DISTRIBUTION (In 2021 \$) (\$ are in thousands)					
Categories of Management	2017	2018	2019	2020	2021
A. CAPACITY/EXPANSION	22,209	9,314	11,082	18,790	14,482
B. EQUIP/TOOLS/MISC	10,174	3,829	1,739	2,622	2,973
C. FRANCHISE	38,307	26,129	49,476	53,961	21,912
D. MANDATED	29,718	31,256	21,764	27,650	29,908
E. MATERIALS	22,337	21,994	29,119	25,160	24,447
F. NEW BUSINESS	69,708	60,983	56,180	53,892	68,622
G. OVERHEAD POOLS	150,063	176,162	146,103	159,808	180,547
H. RELIABILITY/IMPROVEMENTS	95,349	66,770	42,845	60,514	75,430
I. SAFETY & RISK MANAGEMENT	26,486	28,292	10,842	15,972	29,123
J. DER INTEGRATION	18	(93)	167	429	124
K. TRANSMISSION/FERC DRIVEN	20,371	24,679	17,267	15,129	16,933
Total CAPITAL	484,738	449,315	386,583	433,927	464,500
NON-COLLECTIBLE (NC)	456,205	427,715	340,536	404,761	447,951
COLLECTIBLE (CO)	28,534	21,601	46,047	29,166	16,549

FEA-01-8. Capital Budget Variance Reports. Refer to Exhibit SDG&E-11, page OR-