

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-015/-016 (cons.)
Exhibit: SDG&E-233

REBUTTAL TESTIMONY
OF RAJAN AGARWAL
(ADMINISTRATIVE AND GENERAL)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



May 2023

TABLE OF CONTENTS

I. SUMMARY OF DIFFERENCES1

II. INTRODUCTION1

 A. Cal Advocates2

III. REBUTTAL TO PARTIES’ O&M PROPOSALS.....3

 A. NON-SHARED SERVICES O&M3

 1. Disputed Cost.....3

IV. CONCLUSION.....5

APPENDIX A – GLOSSARY OF TERMS

**REBUTTAL TESTIMONY OF
RAJAN AGARWAL
(ADMINISTRATIVE AND GENERAL)**

I. SUMMARY OF DIFFERENCES

TOTAL O&M - Constant 2021 (\$000)				
	Base Year (BY) 2021¹	Test Year (TY) 2024²	Change	Variance to SDG&E Ask
SDG&E	38,864	41,885	3,021	-
CAL ADVOCATES	38,864³	41,393	2,529	492

TOTAL CAPITAL – Constant 2021 (\$000)					
	2022	2023	2024	Total	Variance to SDG&E Ask
SDG&E	1,799	1,265	1,265	4,329	-
CAL ADVOCATES	1,799	1,265	1,265	4,329	-

TOTAL FRANCHISE FEES - Constant 2021 (\$000)					
	2022	2023	2024	Total	Change from SDG&E
SDG&E	77,957	82,391	93,791		-
CAL ADVOCATES	77,957	82,391	93,791		-

II. INTRODUCTION

This rebuttal testimony regarding San Diego Gas & Electric Company’s (SDG&E) request for Administrative and General (A&G) expenses addresses the following testimony from other parties:

¹ A reduction to the BY 2021 is being made in the amount of \$2 thousand dollars to remove costs that were identified while responding to data request CEJA-SEU-007, question 3a, that should have been excluded. This does not impact the 5-year average forecasted, so the TY 2024 amount is not impacted by this change.

² *Id.*

³ Due to the error that SDG&E identified in the base year, the Cal Advocates base year 2021 amount should also be adjusted downward by \$2 thousand dollars. The adjustment does not impact the test year amount as described in footnote 1.

- 1 • The Public Advocates Office of the California Public Utilities
2 Commission (Cal Advocates) as submitted by Refat Amin (Ex. CA-14
3 (Amin)), dated March 27, 2023.⁴
- 4 • The Public Advocates Office of the California Public Utilities
5 Commission (Cal Advocates) as submitted by L. Mark Waterworth (Ex.
6 CA-11 (Waterworth)), dated March 27, 2023.⁵

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

12 **A. Cal Advocates**

13 The following is a summary of Cal Advocates' position(s) on SDG&E A&G expenses:⁶

- 14 • Cal Advocates does not oppose SDG&E's TY Operations and
15 Maintenance (O&M) forecast for shared services O&M.
- 16 • Cal Advocates does not oppose SDG&E's methodology for forecasting its
17 Franchise Fees expenses.
- 18 • Cal Advocates does not oppose SDG&E's capital forecast for the three
19 Information Technology capital projects.
- 20 • Cal Advocates recommends a \$492,000 reduction to SDG&E's \$6.37
21 million TY 2024 forecast for the Financial and Business Planning
22 workpaper based on its assertion that SDG&E has not adequately
23 supported the requested increase in expense in the TY forecast over the
24 historical expenses.

⁴ Ex. CA-14 (Amin) at 71-76.

⁵ Ex. CA-11 (Waterworth) at 67, Table 11-34.

⁶ Ex. CA-14 (Amin) at 71-76 and CA-11 (Waterworth) at 67, Table 11-34.

1 **III. REBUTTAL TO PARTIES’ O&M PROPOSALS**

2 **A. Non-Shared Services O&M**

NON-SHARED O&M - Constant 2021 (\$000)			
	BY 2021⁷	TY 2024	Change
SDG&E	28,444	30,118	1,670
CAL ADVOCATES	28,444	29,626	1,182

3
4 **1. Disputed Cost**

5 **a. Cal Advocates**

6 Cal Advocates takes issue with the TY 2024 O&M forecast for the Financial and
7 Business Planning workpaper. Cal Advocates states that SDG&E did not provide adequate
8 documentation to support the additional funding requested in TY 2024 over BY 2021 recorded
9 expenses and therefore the BY 2021 recorded expenses are sufficient for TY 2024 activities.⁸

10 SDG&E disagrees with Cal Advocates’ position to disallow \$492,000 for its Financial
11 and Business Planning workpaper and to instead use the BY 2021 adjusted recorded amount for
12 the TY 2024 forecast. Substantially all (99%) of SDG&E’s Financial and Business Planning’s
13 BY 2021 and TY 2024 cost is comprised of labor expense. SDG&E’s increase of \$492,000 from
14 BY 2021 to TY 2024 is comprised of filling the 1.3 full-time equivalent (FTE) partial year
15 vacancies in the base year and a request for three additional FTEs to support the additional work.

16 The increase in work is due to increased volume of O&M and capital planning activities,
17 and to support increased O&M and capital projects and Commission reporting requirements.
18 The basic functions of this group are not anticipated to change; however, the volume and
19 complexity of the work are forecasted to increase. These additional FTEs are needed to provide
20 financial support and analysis related to the increased capital projects and O&M initiatives, and
21 to comply with Commission Risk Spending Accountability Reporting (RSAR) requirements that
22 continue to evolve and increase as described in Decision (D.) 19-04-020 and D.22-10-002.
23 Rulemaking (R.) 20-07-013, which began in 2020, was broken into several tracks as “part of the

⁷ A reduction to the base year 2021 is being made in the amount of \$2 thousand dollars to remove costs that were identified while responding to data request CEJA-SEU-007, question 3a, that should have been excluded. This does not impact the 5-year average forecasted, so the TY 2024 amount is not impacted by this change.

⁸ Ex. CA-14 (Amin) at 74:10-13.

1 Commission’s efforts to continuously improve the risk-based decision-making framework that
2 regulated energy utilities use to assess, manage, mitigate and minimize safety risks.”⁹ Phase 1,
3 Tracks 3 and 4, which began in November 2020, refines certain reporting requirements for the
4 RSAR, updates requirements for the Risk Assessment and Mitigation Phase (RAMP) and
5 clarifies information requirements related to RAMP filings for submittal in General Rate Case
6 (GRC) applications. As one example, the Safety Model Assessment Proceeding (S-MAP) Track
7 3 Decision¹⁰ requires SDG&E to report on all of SDG&E’s GRC workpapers, instead of just the
8 safety, reliability, and maintenance workpapers starting with SDG&E’s first annual RSAR
9 following approval of this TY 2024 GRC application. As another example, Table RA-1 below
10 highlights the additional funding requested in SDG&E TY 2024 GRC, which will also
11 necessitate an increased level of financial and accounting activities by the Business Planning
12 organization.

13 **TABLE RA-1**
14 **Forecasted Year Over Year Changes in Revenue Requirement in the TY 2024 GRC**
15

2024 ¹¹	2025 ¹²	2026 ¹³	2027 ¹⁴
\$462M	\$364M	\$339M	\$308M

16 My revised direct testimony describes the types of financial and accounting support that
17 the Business Planning organization provides across all of SDG&E’s operating divisions.¹⁵ The
18 combination of additional regulatory financial reporting requirement activities, additional safety
19 and reliability activities and associated funding levels requires three additional FTEs.¹⁶ These
20 additional resources are needed to review, analyze, and ensure that capital and O&M costs are
21 recorded to the correct projects and that activities are correctly tracked for compliance with
22 reporting requirements.
23

⁹ D.22-10-002 at 2.

¹⁰ D.22-10-002, Ordering Paragraph 1 and Appendix A.

¹¹ Ex. SDG&E-52 (Hom) at RH-B-1, Table RH-1U.

¹² Ex. SDG&E-45-R (Hancock) at MEH-2, Table MH-1.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Ex. SDG&E-33-R (Agarwal) at RA-17:10-28.

¹⁶ Ex. SDG&E-33-R (Agarwal) at RA-19: 8-19 and Ex. SDG&E-33-WP-R at 31 of 203.

1 **IV. CONCLUSION**

2 To summarize, for the reasons described above, Cal Advocates has failed to show their
3 proposal is valid or a superior recommendation that should be adopted by the Commission. Cal
4 Advocates disallowance is arbitrary and lacks support. SDG&E has provided detailed evidence
5 supporting the forecast in testimony, workpapers, and data requests. Any material reduction to
6 SDG&E's TY 2024 forecast for A&G is unwarranted.

7 This concludes my rebuttal testimony.

8

APPENDIX A
GLOSSARY OF TERMS

ACRONYM	DEFINITION
A&G	Administrative and General
BY	Base Year
Cal Advocates	Public Advocates Office of the California Public Utilities Commission
CPUC	California Public Utilities Commission
D.	Decision
FTE	Full Time Equivalent
O&M	Operations and Maintenance
R.	Rulemaking
RAMP	Risk Assessment and Mitigation Phase
RSAR	Risk Spending Accountability Reporting
SDG&E	San Diego Gas & Electric Company
TY	Test Year