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Exhibit Number : DRA-10  
Commissioner : Ferron  
ALJ : Wong  
Witness : Lindsay Laserson



**DIVISION OF RATEPAYER ADVOCATES  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations  
for  
San Diego Gas & Electric Company  
Southern California Gas Company  
General Rate Case  
Test Year 2012**

**SDG&E Electric Distribution  
Operation & Maintenance Expenses**

San Francisco, California  
September 1, 2011

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1 **SDG&E ELECTRIC DISTRIBUTION**  
2 **OPERATION & MAINTENANCE EXPENSES**

3 **I. INTRODUCTION**

4 This exhibit presents the analyses and recommendations of the Division of  
5 Ratepayer Advocates (DRA) regarding San Diego Gas & Electric Company's  
6 (SDG&E) forecasted Electric Distribution activities for Operation and Maintenance  
7 (O&M) expenses for Test Year (TY) 2012.

8 Electric Distribution expenses are for the operation, maintenance, supervision  
9 and engineering functions for the electric distribution overhead and underground  
10 facilities, public affairs activities and Electric Distribution Division Officer salaries,  
11 and are categorized as described by their respective workpaper group activities.

12 **II. SUMMARY OF RECOMMENDATIONS**

13 SDG&E forecasted \$127,507,000 for its TY 2012 Electric Distribution O&M  
14 expenses. SDG&E's TY 2012 forecasts for its Electric Distribution O&M expenses  
15 were based on its 2009 recorded adjusted expenses plus an additional incremental  
16 expense for proposed projects and activities. The corresponding DRA estimate for  
17 SDG&E's Electric Distribution O&M expenses is \$103,520,000. DRA's estimate is  
18 \$23,987,000 less than SDG&E's forecast.

19 The following summarizes DRA's recommendations:

- 20 • DRA recommends \$34,273,000 for Electric Regional Operations which is  
21 \$7,770,000 less than SDG&E's requested \$42,043,000.
- 22 • DRA recommends \$7,313,000 for Electric Regional Operations  
23 (Troubleshooting) which is \$538,000 less than SDG&E's requested  
24 \$7,851,000.
- 25 • DRA recommends \$3,664,000 for Skills and Compliance Training, which  
26 is \$674,000 less than SDG&E's requested \$4,338,000.
- 27 • DRA recommends \$603,000 for Project Management, which is \$918,000  
28 less than SDG&E's requested \$1,521,000
- 29 • DRA recommends \$258,000 for Service Order Team (SOT), which is  
30 \$12,000 less than SDG&E's requested \$270,000

- 1 • DRA recommends \$1,006,000 for Regional Public Affairs, which is  
2 \$477,000 less than SDG&E's requested \$1,483,000
- 3 • DRA recommends \$327,000 for Grid Operations, which is \$100,000 less  
4 than SDG&E's requested \$427,000.
- 5 • DRA recommends \$8,576,000 for Substation Construction and  
6 Maintenance, which is \$277,000 less than SDG&E's requested  
7 \$8,853,000.
- 8 • DRA recommends \$595,000 for System Protection, which is \$107,000  
9 less than SDG&E's requested \$702,000.
- 10 • DRA recommends \$8,597,000 for Electric Distribution Operations, which  
11 is \$1,878,000 less than SDG&E's requested \$10,475,000.
- 12 • DRA recommends \$1,340,000 for Distribution Operations (EGIM), which is  
13 \$208,000 less than SDG&E's requested \$1,548,000.
- 14 • DRA recommends \$1,550,000 for Equipment Maintenance and Lab  
15 (Kearny), which is \$530,000 less than SDG&E's requested \$2,080,000.
- 16 • DRA recommends \$4,363,000 for Construction Services, which is  
17 \$1,169,000 less than SDG&E's requested \$5,532,000.
- 18 • DRA recommends \$23,504,000 for Vegetation Management (Tree  
19 Trimming), which is \$3,915,000 less than SDG&E's requested  
20 \$27,419,000.
- 21 • DRA recommends \$3,803,000 for Vegetation Management (pole  
22 brushing), which is \$1,551,000 less than SDG&E's requested \$5,354,000.
- 23 • DRA does not take issue with SDG&E's request for \$344,000 for  
24 Management, Policy, & Oversight.
- 25 • DRA recommends \$824,000 for Reliability and Capacity Analysis, which is  
26 \$343,000 less than SDG&E's requested \$1,167,000.
- 27 • DRA recommends \$370,000 for Compliance and Asset Management,  
28 which is \$3,020,000 less than SDG&E's requested \$3,390,000.
- 29 • DRA recommends \$674,000 for Information Management Support &  
30 Support for Electric Distribution, which is \$500,000 less than SDG&E's  
31 requested \$1,174,000.
- 32 • DRA does not take issue with SDG&E's request for \$969,000 for  
33 Distribution Engineering,
- 34 • DRA does not take issue with SDG&E's request for \$417,000 for the  
35 Officer workgroup.
- 36 • DRA does not take issue with SDG&E's request for \$150,000 for  
37 Administration and Management.

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1 Table 10-1 compares DRA's and SDG&E's TY 2012 forecasts of Electric  
 2 Distribution O&M expenses:

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**Table 10-1**  
**Electric Distribution O&M Expenses for TY 2012**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>1</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
Electric Regional Operations	34,273	42,043	7,770	23%
Electric and Regional Operations (Troubleshooting)	7,313	7,851	538	7%
Skills and Compliance Training	3,664	4,338	674	18%
Project Management	603	1,521	918	152%
Service Order Team (SOT)	258	270	12	5%
Regional Public Affairs	1,006	1,483	477	47%
Grid Operations	327	427	100	31%
Substation Construction and Maintenance	8,576	8,853	277	3%
System Protection	595	702	107	18%
Electric Distribution Operations	8,597	10,475	1,878	22%
Distribution Operations (EGIM)	1,340	1,548	208	16%
Equipment Maintenance and Lab (Kearny)	1,550	2,080	530	34%
Construction Services	4,363	5,532	1,169	27%
Vegetation Management (Tree Trimming)	23,504	27,419	3,915	17%
Vegetation Management (pole brush)	3,803	5,354	1,551	41%
Management, Policy, & Oversight	344	344	-	0%
Reliability and Capacity Analysis	824	1,167	343	42%
Compliance and Asset Management	370	3,390	3,020	816%
Infor Management Support & Support for Electric Distribution	674	1,174	500	74%
Distribution Engineering Officer	969	969	-	0%
Admin & MGT	417	417	-	0%
	150	150	-	0%
<b>Total</b>	<b>103,520</b>	<b>127,507</b>	<b>23,987</b>	<b>23%</b>

<sup>1</sup> Exh. SDG&E-5 Workpapers, p. 2.

1 **III. DISCUSSION/ANALYSIS OF ELECTRIC DISTRIBUTION**

2 **A. Overview of SDG&E's Request**

3 SDG&E forecasts \$127,507,000 for its TY 2012 Electric Distribution  
4 O&M expenses.<sup>2</sup> SDG&E's TY 2012 forecasts for its Electric Distribution  
5 O&M expenses were based on its 2009 recorded adjusted expenses plus  
6 incremental expenses for proposed projects and activities. The  
7 corresponding DRA estimate for SDG&E's Electric Distribution O&M  
8 expenses is \$103,520,000. DRA's estimate is \$23,987,000 less than  
9 SDG&E's forecast.

10 Many additional costs located throughout this report are related to  
11 Operation Excellence 20/20 (OpEx). OpEx was established as a program in  
12 2007. It is scheduled to be shut down as a stand alone program in 2012. All  
13 but two of the individual SDG&E-specific projects that constitute the OpEx  
14 program will be complete by then. Those projects will be managed within their  
15 respective operations groups through completion in 2015.

16 SDG&E provided little or no detail in Exhibit SDG&E-19, just merely  
17 gave a short description of each of the OpEx projects and the total dollar  
18 amount associated with each project. No detailed cost breakdown from year  
19 to year was provided. In Exhibit SDG&E-5, several items appear as OpEx  
20 support related items with no support at all.

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<sup>2</sup> Exh. SDG&E-5 Workpapers, p. 2.

1 SDG&E provides the following table:

2 **Table 10-2**  
3 **O&M On-Going Support Costs**  
4 **for SDG&E 19 OpEX**  
5 **(In Thousands of 2009 Dollars)**  
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<b>Description</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Customer Service	\$117	\$233	\$233
Electric Distribution	\$199	\$274	\$273
Gas Distribution	\$28	\$26	\$24
IT	\$279	\$339	\$539
<b>Total (\$1000)</b>	<b>\$623</b>	<b>\$872</b>	<b>\$1,069</b>

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8 OpEx on-going O&M support costs reflected in the Electric Distribution  
9 far exceeded the \$199,000 in 2010, \$274,000 in 2011, and \$273,000 in  
10 2012.<sup>3</sup> No further justification or support for on-going support related items  
11 are given in Exhibit SDG&E-19. DRA recommends disallowance of many of  
12 the items due to lack of support.

13 **B. Electric Regional Operations (ERO) ED011.000**

14 SDG&E requests \$42,043,000 for Electric Regional Operations (ERO)  
15 in TY 2012.<sup>4</sup> ERO is made up of six Districts and eight operating centers  
16 which cover SDG&E's entire electric distribution system and service territory.  
17 The primary job function of this group includes maintaining the electric  
18 distribution system and service territory of approximately 1.2 million  
19 customers.<sup>5</sup> This group maintains the electric distribution system in  
20 compliance with CPUC General Order 95, 128, 165 and SDG&E's Standards,  
21 restoration of service due to outages, and fixing service problems and other

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<sup>3</sup> Exh. SDG&E-19, p. 9.

<sup>4</sup> Exh. SDG&E-5 workpapers, p. 3.

<sup>5</sup> Exh. SDG&E-5 workpapers, p. 5.

1 customer issues.<sup>6</sup> This workgroup contains electric linemen, apprentices, line  
 2 assistants, dispatchers, office support personnel and management  
 3 supervision.<sup>7</sup> SDG&E developed its forecast by utilizing recorded 2009 base  
 4 year expense levels of \$34,193,000 for Labor and Non Labor. The  
 5 corresponding DRA estimate is \$34,273,000, which is \$7,770,000 less than  
 6 SDG&E's request.

7 DRA recommends all fire hazard prevention costs incurred in complying  
 8 with D.09-08-029 continue to be recorded in the FHPMA, because SDG&E  
 9 has provided insufficient evidence to incorporate the costs in GRC rates at  
 10 this time. If the Commission approves funding of these costs, then D. 09-08-  
 11 029, the Fire Hazard Prevention Memorandum Account should be capped at  
 12 \$24 million to prevent excessive spending.

13 Also, SDG&E requests dollars for expenses associated with support for  
 14 on-going OpEx support. DRA recommends the Commission adopt \$0 for any  
 15 projects related to OpEx requested in SDG&E Electric Distribution that have  
 16 to lack of support. DRA recommends a zero based methodology for ERO,  
 17 and utilizes information located in the supplemental workpapers to calculate  
 18 the forecast additional recommendations.<sup>8</sup>

19 **Table 10-3a**  
 20 **2005-2009 Recorded / 2012 Forecast**  
 21 **For Electrical Regional Operations**  
 22 **(In Thousands of 2009 Dollars)**

<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2012</b>
Labor	18,509	19,774	18,567	23,821	24,260	28,949
NL	8,726	11,230	9,841	8,574	9,933	13,094
NSE	0	0	0	0	0	
<b>Total</b>	<b>27,235</b>	<b>31,004</b>	<b>28,408</b>	<b>32,395</b>	<b>34,193</b>	<b>42,043</b>

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<sup>6</sup> Exh. SDG&E-5 workpapers, p. 5.

<sup>7</sup> Exh. SDG&E-5 workpapers, p. 5.

**Table 10-3b**  
**O&M Expenses for TY 2012**  
**For Electric Regional Operations**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>9</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ERO ED011.000	\$34,273	\$42,043	\$7,770	23%

**1. Supplemental Workpapers**

The supplemental workpapers for SDG&E ERO includes a number of issues for 2012, which total \$11,313,362.<sup>10</sup> These issues, which are listed in Table 10-3c, most of which were not included in the original workpapers or in SDG&E’s written testimony. In the original workpapers, the forecast summary for 2012 is \$7,850,000.<sup>11</sup> DRA scrutinized all the accounts for reasonableness and pulled out what it could from the supplemental workpapers to make them applicable to the forecast adjustments.<sup>12</sup> DRA strongly believes all expenses to be paid by ratepayers should have evidentiary support. Although most of the issues in the SDG&E ERO supplemental workpapers do not appear to have been included in SDG&E’s request, Table 10-3c includes DRA’s recommendations for each of those issues. A discussion of each issue follows Table 10-3c.

(continued from previous page)

<sup>8</sup> Exh. SDG&E-5 workpapers, pp. 21-22.

<sup>9</sup> Exh. SDG&E-5 workpapers, p. 5.

<sup>10</sup> Exh. SDG&E-5 workpapers, p. 21.

<sup>11</sup> Exh. SDG&E-5 workpapers, p. 7.

<sup>12</sup> Exh. SDG&E-5 workpapers, p.21 Supplemental.

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**Table 10-3c  
O&M Expenses for TY 2012  
For Electric Regional Operations  
(In 2009 Dollars)**

Description	DRA	SDG&E <sup>13</sup>
<b>Maintain Improved Safety &amp; Reliability</b>		
Culture Change	\$0	\$160,000
Behavior Based Safety training	\$50,000	\$50,000
Overhead Switch Inspection and Maintenance	\$0	\$125,000
Overhead Connector Program	\$0	\$200,000
<b>Safety and Regulatory Compliance</b>		
GO 165 Annual Patrols in Fire Zones	\$0	\$177,000
Rule 18- Notification and repair of Safety Hazards	\$0	\$258,000
OII Quality Control	\$0	\$1,376,344
<b>Fire Preparation</b>		
Red Flag Costs	\$0	\$1,793,506
Elevated Wind Conditions	\$0	\$122,140
Outage Patrolling during High Fire Risk Periods	\$0	\$1,646,100
<b>System Growth</b>		
Badge Access to Military Base	\$39,750	\$39,750
Climbing Gear	\$0	\$151,200
<b>New Technology</b>		
CMP Pathing Increases due to OpEx – Inspections	\$0	\$50,000
CMP Pathing Increases due to OpEx - Repairs	\$0	\$120,000
<b>RIRAT</b>		
Relay setting for Near Sub IR's - red flag profiles	\$0	\$0
Reduce SGF setting (improve L-G load balance)	\$0	\$200,000
Reduce size of expulsion fuse	\$0	\$100,000
<b>OpEx On-Going Support</b>		
Supervisor Enablement	\$0	\$20,000
FSD	\$0	\$153,000
Mobile	\$0	\$100,000
PEV- Electric Vehicle Program	\$0	\$26,990
Smart Meter - Outage management	-\$469,000	-\$469,000
Line Capacitor survey	\$0	\$21,333
O&C Labor-non-work	\$0	\$4,892,000
<b>Total</b>	<b>-\$375,607</b>	<b>\$11,313,362</b>

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<sup>13</sup> Exh. SDG&E-5 workpapers, p. 21

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**Maintain Improved Safety and Reliability**

**Safety Culture Change:** SDG&E requests \$160,000 in 2012.<sup>14</sup>

SDG&E believes that organizational culture plays a role in safety performance. SDG&E selected Culture Change Consultants Incorporated to implement the culture projects. After reviewing their website,<sup>15</sup> DRA obtained a good understanding of what the “Grassroot Teams” entails, with 4 seminars and 4 manuals.<sup>16</sup> DRA recommends that SDG&E receive one of the two training programs requested, which is Behavior Based Safety discussed below. DRA recommends \$0 for Labor for Safety Culture Change for 2012 because SDG&E’s current standards are adequate.

**Behavior Based Safety:** SDG&E requests \$50,000 for Behavior Based

Safety (BBS) training program in 2012.<sup>17</sup> DRA takes no issue with Behavior Based Safety. The Electric Division of SDG&E has successfully been using the BBS program since 2002 and has not seemed to have an issue.<sup>18</sup> BBS essentially indentifies behaviors, performs observations, provides feedback, tracks behaviors and removes barriers.<sup>19</sup>

**Overhead Switch Inspection and Maintenance:** SDG&E requests

\$125,000 in 2012 for Overhead Switch Inspection and Maintenance.<sup>20</sup> The overhead switch and maintenance program is supposed to ensure that overhead switches are in good operating condition which will result in

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<sup>14</sup> Exh. SDG&E-5 workpapers, p. 21 Supplemental.  
<sup>15</sup> <http://www.culturechange.com/index.html>  
<sup>16</sup> <http://www.culturechange.com/index.html>  
<sup>17</sup> Exh. SDG&E-5 workpapers, p. 21 Supplemental.  
<sup>18</sup> Exh. SDG&E-5, p. 8.  
<sup>19</sup> Exh. SDG&E-5, p. 8.  
<sup>20</sup> Exh. SDG&E-5 Workpapers, p. 21 Supplemental.

1 improved safety, reliability, and contribute to fire preparedness measures.<sup>21</sup>  
2 SDG&E's overhead distribution construction standards are based on and in  
3 compliance with General Order 95.<sup>22</sup> Because this is related to a fire hazard  
4 prevention program, this expense should be recorded in the FHPMA<sup>23</sup>  
5 because SDG&E has provided insufficient evidence to incorporate the costs in  
6 GRC rates at this time. Therefore, DRA recommends \$0 for Overhead Switch  
7 Inspection and Maintenance in SDG&Es ERO Electric Distribution.

8 **Overhead Connector Program:** SDG&E requests \$200,000 for the  
9 Overhead Connector Program in 2012.<sup>24</sup> Overhead connectors are  
10 mechanical devices used to join overhead wires.<sup>25</sup> SDG&E's overhead  
11 distribution construction standards, are based on and in compliance with  
12 General Order 95. This fire hazard prevention related item should be  
13 recorded in FHPMA because SDG&E has provided insufficient evidence to  
14 incorporate the costs in GRC rates at this time.<sup>26</sup> DRA recommends \$0 for  
15 the Overhead Connector Program in SDG&E's ERO Electric Distribution.

### 16 **Safety and Environmental Compliance**

17 **PCB Reassessment of Use Authorization:** SDG&E requests two way  
18 balancing account treatment for costs associated with implementing the PCB  
19 phase-out that the U.S Environmental Protection Agency (EPA) is  
20 contemplating for electrical equipment.<sup>27</sup> The EPA published an Advance  
21 Notice of Proposed Rulemaking (ANPRM) announcing that it is reassessing,

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<sup>21</sup> Exh. SDG&E-5, p. 9.

<sup>22</sup> I.08-11-007, p. 1.

<sup>23</sup> D.09-08-029.

<sup>24</sup> Exh. SDG&E-5 workpapers, p. 21 Supplemental.

<sup>25</sup> Exh. SDG&E-5, p. 9.

<sup>26</sup> D.09-08-029.

<sup>27</sup> Exh. SDG&E-5, p. 9.

1 among other things, existing authorization that allow for (a) the use,  
2 distribution in commerce, marking and storage for reuse of liquid  
3 Polychlorinated Biphenyls (PCBs) in electric and non-electric equipment; and  
4 (b) the use of the 50 parts per million (ppm) level for excluded PCB  
5 products.<sup>28</sup> Because the EPA is “contemplating” the PCB phase-out, it is too  
6 early to determine whether or not establishing a two-way balancing account  
7 called New Environmental Regulations Balancing Account (NERBA) is  
8 appropriate.<sup>29</sup> DRA recommends \$0 for this account, and that SDG&E  
9 include this item in its next GRC cycle once the EPA has established revised  
10 rules.

11 **General Order 165 Annual Patrols in Fire Zones – Repairs:** SDG&E  
12 requests \$177,000 for “GO 165 Annual Patrols in Fire Zones- Repairs” as  
13 seen in the supplemental workpapers, or “General Order 165 Annual Patrols  
14 in Fire Zones/Rule 12 Patrols of Communication Facilities on Electric Poles”  
15 as seen in exhibit SDG&E-5. In D.09-08-029, the Commission required  
16 SDG&E to debit expenses related to increasing maintenance and  
17 inspection/patrolling requirements (changes to GO 165) into the FHPMA.<sup>30</sup>  
18 Therefore, DRA recommends \$0 for GO 165 Annual Patrols in Fire Zones  
19 Repairs in ERO Electric Distribution because SDG&E has provided  
20 insufficient evidence to incorporate the costs in GRC rates at this time.

21 **Rule 18 Notifications and Repair of Safety Hazards:** SDG&E  
22 requests \$258,000 for “Rule 18- Notification and Repair of Safety Hazards –  
23 Repairs – O&M cost to repair conditions identified by CIPs<sup>31</sup> or “Rule 18  
24 Notifications and Repair of Safety Hazards”. SDG&E asserts that The Electric

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<sup>28</sup> Exh. SDG&E-5, p. 9.

<sup>29</sup> Exh. SDG&E-5, p. 9.

<sup>30</sup> D.09-08-029.

<sup>31</sup> Communication Infrastructure Provider, R.08-11-005.

1 Safety OIR Phase 1 requires an auditable maintenance program, a 10-day  
2 notification procedure for safety hazards and a method to prioritize and record  
3 corrective actions for GO 95 violations.<sup>32</sup> Given that Rule 18 is part of GO 95,  
4 which directs SDG&E to debit expenses into the FHPMA, DRA recommends  
5 \$0 for Rule 18 Notifications and Repair of Safety Hazards in ERO Electric  
6 Distribution because SDG&E has provided insufficient evidence to incorporate  
7 the costs in GRC rates at this time.

8 **Oil Quality Control Inspections:** SDG&E requests \$1,376,344 for Oil  
9 Quality Control Inspections.<sup>33</sup> SDG&E asserts that the Oil settlement  
10 agreement approved in D.10-14-047 uses a three year cycle for Quality  
11 Control inspections of distribution poles in High Risk Fire Areas (HRFA).<sup>34</sup>  
12 Given that SDG&E is supposed to debit expenses related to increased  
13 maintenance and inspection/patrolling requirements into FHPMA, DRA  
14 recommends \$0 for Oil Quality Control Inspections in SDG&E ERO Electric  
15 Distribution because SDG&E has provided insufficient evidence to incorporate  
16 the costs in GRC rates at this time.

17 **Screening of Commercial Drivers:** ERO lineman are commercial  
18 vehicle drivers that are required to be screened for respiratory dysfunctions  
19 associated with sleep apnea as required by the Federal Motor Carrier Safety  
20 Administration per the Skills and Compliance Training Regulatory &  
21 Environmental Compliance section of exhibit SDG&E-5.<sup>35</sup> DRA recommends  
22 the Commission adopt DRA's forecast for Skills and Compliance training for  
23 Screening of Commercial Drivers located in section III D of this exhibit.

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<sup>32</sup> Exh. SDG&E-5, p. 11.

<sup>33</sup> Exh. SDG&E-5, p. 21, Supplemental Workpapers.

<sup>34</sup> Exh. SDG&E-5, p. 11.

<sup>35</sup> Exh. SDG&E-5, p.11.

1            **Fire Preparation**

2            **Red Flag Warning Operations:** SDG&E requests \$1,793,505 for Red  
3 Flag Warning Operations or “Red Flag Costs” in TY 2012.<sup>36</sup> Red Flag  
4 warnings are declared by the National Weather Service and indicate higher  
5 fire risk due to weather conditions in San Diego. Warnings are flagged when  
6 high winds are coupled with low humidity and dry lighting conditions.<sup>37</sup> In  
7 D.09-08-029, the Commission directed SDG&E to debit each month an  
8 amount equal to expenses incurred to mitigate fire hazard in high wind areas  
9 in the FHPMA.<sup>38</sup> Thus, DRA recommends SDG&E receives \$0 for Red Flag  
10 Warning Operations in ERO Electric Distribution because SDG&E has  
11 provided insufficient evidence to incorporate the costs in GRC rates at this  
12 time.

13            **Elevated Wind Conditions:** SDG&E requests \$122,140 for Elevated  
14 Wind Conditions in TY 2012.<sup>39</sup> In D.09-08-029, the Commission required  
15 SDG&E to debit each month an amount equal to expenses incurred to  
16 mitigate fire hazard in high speed wind area into the FHPMA.<sup>40</sup> Therefore,  
17 DRA recommends \$0 for Elevated Wind Conditions in SDG&E’s ERO Electric  
18 Distribution because SDG&E has provided insufficient evidence to incorporate  
19 the costs in GRC rates at this time.

20            **Outage Patrolling during High Fire Risk Periods:** SDG&E requests  
21 \$1,646,100 for Safety Patrol Costs for Restoration of Outages or “Outage  
22 Patrolling during High Fire Risk Periods.”<sup>41</sup> In D.09-08-029, the Commission

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<sup>36</sup> Exh. SDG&E-5 workpapers p. 21.

<sup>37</sup> Exh. SDG&E-5, p.12.

<sup>38</sup> D.09-08-029.

<sup>39</sup> Exh. SDG&E-5 workpapers, p.21.

<sup>40</sup> D.09-08-029.

<sup>41</sup> Exh. SDG&E-5 workpapers, p. 21.

1 required SDG&E to debit expenses associated with increased maintenance  
2 and inspection/patrolling requirements into the FHPMA.<sup>42</sup> Therefore, DRA  
3 recommends \$0 for Safety Patrol Costs for Restoration of Outages in ERO  
4 Electric Distribution because SDG&E has provided insufficient evidence to  
5 incorporate the costs in GRC rates at this time.

6 **Workforce Development**

7 SDG&E requests one additional Line Assistant Class and one  
8 additional Apprentice class to safely and reliably maintain the electric  
9 distribution system and fulfill the requirements of SDG&E's state approved  
10 Apprentice Program.<sup>43</sup> Additionally, SDG&E requests a Standby Lineman  
11 training program for 2011 and a training program designed for the relief of  
12 Fault Finding Specialists (lineman) on SDG&E's new fault finding equipment.  
13 SDG&E asserts that all these instruction costs are captured in Skills and  
14 Compliance Training workpapers.<sup>44</sup> DRA recommends the Commission  
15 adopt DRA's forecast for Skills and Compliance training for Line Assistant and  
16 Apprentice Training, Standby Lineman Training, and Fault Finding Training  
17 found in section III D of this exhibit.

18 **System Growth**

19 **Badge Access to Military Bases:** SDG&E requests \$39,750 for Badge  
20 Access to Military Bases.<sup>45</sup> The military bases in San Diego have imposed  
21 more stringent policies for access onto military property.<sup>46</sup> DRA does not  
22 oppose the new badges for Military access at this time.

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<sup>42</sup> D.09-08-029.

<sup>43</sup> Exh. SDG&E-5, p. 12.

<sup>44</sup> Exh. SDG&E-5, p.13.

<sup>45</sup> Exh. SDG&E-5 workpapers, p. 21.

<sup>46</sup> Exh. SDG&E-5, p. 13.

1           **Climbing Gear:** SDG&E requests \$151,200 for climbing gear in  
2 2012.<sup>47</sup> However, SDG&E does not provide any justification in its testimony  
3 or workpapers for the need or use for climbing gear. Without any evidence  
4 that this is necessary, DRA recommends \$0 for Climbing Gear.

5           **New Technology**

6           **CMP Pathing Increases due to OpEx – Inspections:** SDG&E  
7 requests \$50,000 for TY 2012 in CMP Pathing Increases due to OpEx –  
8 Inspections.<sup>48</sup> Pathing is a term used to describe the nature of the route, or  
9 path, taken through the distribution system so that it can systematically and  
10 repeatedly inspect the various poles, transformers and other facilities in  
11 compliance to the timing of General Order 165.<sup>49</sup> Because GO 165 requires  
12 a maximum time between inspections of any given facility, the path must  
13 remain the same from cycle-to-cycle or else some facilities may exceed the  
14 allowable interval.<sup>50</sup> Starting in 2010, the number of inspection required per  
15 year will increase from historical projections.<sup>51</sup> DRA performed extensive  
16 analysis and review of all costs captured in Exhibits SDG&E-19 and SCG-13  
17 OpEx and could not find any write up or support for the need for CMP Pathing  
18 Increases due to OpEx – Inspections. Thus DRA recommends \$0 for CMP  
19 Pathing Increases due to OpEx – Inspections due to lack of support.

20           **CMP Pathing Increases due to OpEx – Repairs:** SDG&E requests  
21 \$120,000 in TY 2012 for CMP Pathing Increases due to OpEx – Repairs.<sup>52</sup>  
22 DRA performed extensive analysis and review of all costs captured in Exhibits

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<sup>47</sup> Exh. SDG&E-5, workpapers, p.21 Supplemental.

<sup>48</sup> Exh. SDG&E-5 workpapers, p. 21 Supplemental.

<sup>49</sup> Exh. SDG&E-5 p. 15.

<sup>50</sup> Exh. SDG&E-5, p.15.

<sup>51</sup> Exh. SDG&E-5, p.15.

<sup>52</sup> Exh. SDG&E-5 workpapers, p. 21.

1 SDG&E-19 and SCG-13 OpEx and could not find any write up or support for  
2 the need for CMP Pathing Increases due to OpEx – Repairs. Thus DRA  
3 recommends \$0 for CMP Pathing Increases due to OpEx – Repairs due to  
4 lack of support.

5 **Smart Grid Portfolio:** SDG&E claims that it is committed to meeting  
6 California’s policy goals of promoting increased levels of renewable  
7 resources.<sup>53</sup> SDG&E utilizes various environmentally friendly technologies  
8 including solar and wind generation, plug-in electric vehicles, and electric  
9 storage, as well as the deployment of new customer empowering Smart Meter  
10 technology.<sup>54</sup> The activities needed to support the Smart Grid infrastructure  
11 are located in the Substation workgroup 1ED015.000.<sup>55</sup> DRA recommends  
12 that the Commission adopt DRA’s forecast for Substation Construction and  
13 Maintenance as seen in this exhibit. The ongoing costs related with operating  
14 and maintaining this new infrastructure is reflected in ERO.

15 **RIRAT**

16 SDG&E requests \$300,000 in 2012 for RIRAT in SDG&E’s Electrical  
17 regional operations group.<sup>56</sup> RIRAT’s functions are to relay settings for Near  
18 sub IR’s – red flag profiles, Reduce SGF setting (improve L-G load balance),  
19 and reduce the size of expulsion fuses.<sup>57</sup> DRA could not identify any  
20 evidence or support for this item and SDG&E offers no explanation of what  
21 RIRAT is. It does not appear to have provided any testimony or supporting  
22 documents for this item in Exhibit SDG&E-5. DRA performed extensive  
23 analysis and review of all costs captured in Exhibits SDG&E-19 and SGC-13

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<sup>53</sup> Exh. SDG&E-5, p. 13.

<sup>54</sup> Exh. SDG&E-5, p. 14.

<sup>55</sup> Exh. SDG&E-5, p. 14.

<sup>56</sup> Exh. SDG&E-5 workpapers, p. 21 supplemental workpapers.

<sup>57</sup> Exh. SDG&E-5 workpapers, p. 21 supplemental workpapers.

1 OpEx and could not find any write up or support for the need for RIRAT. DRA  
2 recommends \$0 for RIRAT due to lack of support.

3 **Operational Excellence 20/20 On-Going Support:**

4 **Supervisor Enablement:** SDG&E requests \$20,000 in 2012 for  
5 supervisor enablement.<sup>58</sup> The Supervisor Enablement initiative within the  
6 OpEx Program will equip supervisors with mobile data terminals (MDT's),  
7 printers and software enabling them to spend at least 60% of their work day in  
8 the field supervising crews, estimating work and serving customers.<sup>59</sup> As  
9 discussed in the beginning of this exhibit, Supervisor Enablement has already  
10 been captured in Exhibits SDG&E-19 and SGC-13. SDG&E states:

11 The Supervisor Enablement project was completed and mobile data  
12 terminals with wireless access to back-office systems were deployed  
13 to over 300 field supervisors. Additionally, an organizational  
14 structure was implemented to support supervisors with additional  
15 training, resolution of technical issues, analysis and reporting  
16 enhancements, and on-going change support. Survey results  
17 indicate that supervisors have been able to increase their time  
18 supporting crews in the field as a result of the new technology.<sup>60</sup>  
19

20 Supervisor enablement has already been completed.<sup>61</sup> Therefore DRA  
21 recommends \$0 for additional supervisor enablement in ERO.

22 **Construction Crew Dispatch:** SDG&E requests \$153,000 in 2012 for  
23 "FSD" as labeled in the supplemental workpapers<sup>62</sup>. New ClickSchedule  
24 software enables dispatchers to dispatch technicians and construction crews

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<sup>58</sup> Exh. SDG&E-5 workpapers, p. 21.

<sup>59</sup> Exh. SDG&E-5, p. 14.

<sup>60</sup> Exh. SDG&E-19, p. 4.

<sup>61</sup> Exh. SDG&E-19, p. 4.

<sup>62</sup> Exh. SDG&E-5 workpapers p.21, Supplemental Workpapers.

1 more efficiently from two regional area resource scheduling locations.<sup>63</sup>  
2 SDG&E seems to be ambiguous with its requests labeling the line item FSD,  
3 DRA interpreted this to be “Frontline Supervision Dispatch.” DRA requests  
4 that in future rate cases SDG&E clearly label each line item rather than use  
5 an acronym.

6 All projects within the OpEx program are managed in three work  
7 streams: Asset Management, Customer Care and Field Force.<sup>64</sup> SDG&E  
8 states:

9 The Field Force projects will establish integrated work management,  
10 scheduling, dispatch and mobile systems and processes for  
11 maintenance and inspection and construction, from work order  
12 initiation through planning, design, scheduling, execution and  
13 closure. This includes replacement or enhancement of all back-office  
14 work management and field operations work execution systems and  
15 processes associated with inspection, maintenance, and  
16 construction activities. The applications, systems and processes that  
17 will be implemented include; standard planning and design tools,  
18 common scheduling and dispatch tools, and mobile data terminals  
19 and GPS technology for field workers.<sup>65</sup>  
20

21 DRA researched this item and found that ClickSchedule does exist and  
22 is also used by SCE.<sup>66</sup> However, due to lack of support and no detailed costs  
23 provided in Exhibit SDG&E-5 and its supporting workpapers, DRA  
24 recommends \$0 in ERO.

25 **Construction Work Scheduling:** SDG&E requests \$100,000 for  
26 “Mobile” or ClickMobile software which construction and maintenance crews  
27 will use on their MDT’s to process all work orders, including on-the-job

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<sup>63</sup> Exh. SDG&E-5, p.14.

<sup>64</sup> Exh. SDG&E-19, p. 6.

<sup>65</sup> Exh. SDG&E-19, p. 6.

<sup>66</sup> [www.clicksoftware.com/solutions-mobile-field-service-software-clickmobile-overview.htm](http://www.clicksoftware.com/solutions-mobile-field-service-software-clickmobile-overview.htm)

1 electronic time reporting.<sup>67</sup> However, due to lack of support and no detailed  
2 costs provided in Exhibit SDG&E-5 and its supporting workpapers, DRA  
3 recommends \$0 for Mobile in ERO.

4 **Training:** Twelve subject matter experts within the construction and  
5 operations centers will receive ClickSchedule, ClickMobile and Systems,  
6 Applications, and Products (SAP) software training and assist the OpEx staff  
7 in training over 900 ERO employees from August until November 2010.<sup>68</sup>  
8 Again, SDG&E is ambiguous with this request and offers no detailed  
9 explanations of these costs for training. Thus, DRA recommends \$0 for OpEx  
10 related training due to lack of support.

11 **O&M Drivers for T&D Impacts Due to EV Chargers:** SDG&E  
12 requests \$26,990 in 2012 for Plug-in Electric Vehicles (PEVs).<sup>69</sup>

13 In DRA's exhibit on SDG&E Smart Grid Policy, DRA states:  
14 PEVs are both battery powered and plug in-in electric hybrid  
15 vehicles are in the process of interconnecting to the SDG&E grid.  
16 The O&M portions of Plug in Electric Vehicles (PEV's) of these  
17 costs are reflected in the ERO workgroup. Although a recent  
18 Commission decision articulated interim ratemaking policy for the  
19 charging station infrastructure,<sup>70</sup> DRA is proposing \$0 towards  
20 the investment in public access charging facilities. Until larger  
21 volumes of EV's penetrate the SDG&E territory, DRA does not  
22 support the use of ratepayer funds for such an effort.

23  
24 EPRI released a report on the potential roles that utilities might  
25 have with regard to transportation and charging stations.<sup>71</sup> This

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<sup>67</sup> Exh. SDG&E-5, p. 14.

<sup>68</sup> Exh. SDG&E-5, p. 14.

<sup>69</sup> Exh. SDG&E-5, p. 21, supplemental workpapers.

<sup>70</sup> D.11-07-029.

<sup>71</sup>

[http://my.epri.com/portal/server.pt/gateway/PTARGS\\_0\\_241402\\_317\\_205\\_776\\_43/http%3B/uspalecp604%3B7087/publishedcontent/publish/epri\\_report\\_defines\\_potential\\_roles\\_for\\_utilities\\_as\\_electric\\_vehicles\\_take\\_to\\_the\\_road\\_da\\_795076.html](http://my.epri.com/portal/server.pt/gateway/PTARGS_0_241402_317_205_776_43/http%3B/uspalecp604%3B7087/publishedcontent/publish/epri_report_defines_potential_roles_for_utilities_as_electric_vehicles_take_to_the_road_da_795076.html)

1 report reaches some interesting conclusions about system  
2 impacts, penetration levels, where to focus efforts (i.e. on the  
3 devices closest to the customer,) and the implication of older  
4 systems (including underground systems.) This same report also  
5 discusses roles for utilities with regard to charging stations. It  
6 raises a lot of caveats about the EV owner's behaviors, home  
7 configurations, and penetration levels. While it also suggests that  
8 the utilities have a positive role to play in keeping costs down for  
9 charging stations, it overwhelmingly demonstrates how much  
10 more information needs to be gleaned about the owners of EV,  
11 their homes and habits before SDG&E can make reasonable  
12 investments in charging station infrastructure. The next GRC  
13 cycle is the best place for these dollars to be evaluated.<sup>72</sup>  
14

15 Thus, DRA recommends \$0 for PEVs in O&M expenses for Electric  
16 Distribution TY 2012 and recommends SDG&E request this in its next GRC  
17 cycle.

18 **Smart Meter Program or Smart Meter – Outage Management:**

19 SDG&E requests a \$469,000 reduction for SDG&E's Smart Meter  
20 program.<sup>73</sup> The benefits associated with customer outage calls, automated  
21 outage analysis, crew deployment and emergency/planned switching will  
22 begin in 2012 in the amount of \$469,000 (labor and costs).<sup>74</sup> These benefits  
23 were deducted from the overall drivers within the Electric Regional  
24 Construction and Operation workpaper group.<sup>75</sup> DRA does not oppose this  
25 issue.

26 **Line Capacitor survey:** SDG&E requests \$21,333 for Line Capacitor  
27 Survey for its Test Year 2012.<sup>76</sup> DRA could not find any evidence or support

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<sup>72</sup> Exh. DRA-14. pp. 16-17.

<sup>73</sup> Exh. SDG&E-5 workpapers, p. 21 supplemental.

<sup>74</sup> Exh. SDG&E-5, p. 15.

<sup>75</sup> Exh. SDG&E-5, p. 15.

<sup>76</sup> Exh. SDG&E-5, p. 15.

1 for this item in Exhibits SDG&E-5, SDG&E-19 or SGC-13. SDG&E offers no  
2 explanation of what Line Capacitor survey is, no write up exists for this item.  
3 Because DRA can not be certain where these costs are embedded, and  
4 because of lack of support, DRA recommends \$0 for Line Capacitor Survey.

5 **O&C Labor Non-Work (V&S)** - In TY 2012, SDG&E is requesting  
6 \$4,892,000 for O&C Labor Non-Work.<sup>77</sup> SDG&E provides no support or  
7 evidence of this item being necessary. DRA could not locate anywhere  
8 throughout Exhibits SDG&E-5, SDG&E-19, or SCG-13 and their associated  
9 workpapers a discussion of costs associated with "O&C labor non-Work  
10 (V&S)". Furthermore in response to DRA data requests, this item was omitted  
11 twice.<sup>78</sup> DRA recommends \$0 and 0 employees for O&C Labor Non-Work  
12 due to lack of support.

13 **Area Resource Scheduling Organization (ARSO)** - The Area  
14 Resource Scheduling Organization (ARSO) is a newly developed department  
15 created under the OpEx Field Force initiative.<sup>79</sup> The function of the ARSO is  
16 to organize, schedule and dispatch all gas and electric distribution work within  
17 the SDG&E's system.<sup>80</sup> DRA could not locate a discussion of costs  
18 associated with ARSO anywhere throughout Exhibits SDG&E-5, SDG&E-19,  
19 or SCG-13 and their associated workpapers. Because DRA cannot be certain  
20 where these costs are embedded due to lack of support, DRA recommends  
21 \$0 for ARSO and recommends 0 employees requested for ARSO.

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<sup>77</sup> Exh. SDG&E-5 workpapers, p. 21.

<sup>78</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q. 6 and Q.10.

<sup>79</sup> Exh. SDG&E-5, p. 16.

<sup>80</sup> Exh. SDG&E-5, p. 16.



1           **Smart Grid**

2           In DRA's Smart Grid exhibit, DRA makes the following  
3 recommendations for the Smart Grid supplemental workpapers<sup>84</sup> and adds  
4 this to DRA's ERO supplemental workpapers as seen above in Table 10-3 to  
5 calculate the total ERO number for 2010, 2011, and 2012.

6           **Advanced Energy Storage (AES):** In DRA's Smart Grid Policy exhibit,  
7 DRA recommends \$6.2 million which is 79.2% less than SDG&E's proposed  
8 \$29.70 million.<sup>85</sup> DRA used this percentage to calculate DRA's  
9 recommendation of \$261,000, which is 79.2% less than SDG&E's requested  
10 \$1,255,000.<sup>86</sup>

11           **Dynamic Line Ratings:** In DRA's Smart Grid Policy exhibit, DRA  
12 recommends \$0.39 million which is 80% less than SDG&E's proposed \$1.96  
13 million.<sup>87</sup> However, in this exhibit, DRA takes no issue with the SDG&E's  
14 requested \$0 for Dynamic Line Ratings.<sup>88</sup>

15           **Smart Transformers:** In DRA's Smart Grid Policy exhibit, DRA takes  
16 no issue with the proposed \$52,000 for Smart Transformers.<sup>89</sup> Thus, DRA  
17 takes no issue with the \$70,000 proposed in 2012.<sup>90</sup>

18           **Fault Circuit Indicators:** In DRA's Smart Grid Policy exhibit, DRA  
19 recommends \$0 while SDG&E proposed \$2.20 million.<sup>91</sup> Therefore, DRA

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<sup>84</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>85</sup> Exh. DRA-14, p.12.

<sup>86</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>87</sup> Exh. DRA-14, p.14.

<sup>88</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>89</sup> Exh. DRA-14, p.16.

<sup>90</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>91</sup> Exh. DRA-14, p.18.

1 recommends \$0 in associated expenses compared to SDG&E's request for  
2 \$296,000 in 2012.<sup>92</sup>

3 **Phasor Measurement Units:** DRA takes no issue with the \$0  
4 requested by SDG&E in 2012 for Phasor Measurement Units.

5 **Phase Identification:** In DRA's Smart Grid Policy exhibit, DRA  
6 recommends \$0.<sup>93</sup> Therefore, DRA recommends \$0 in associated expenses  
7 compared to SDG&E's request for \$159,000 in 2012.<sup>94</sup>

8 **SCADA Capacitors:** DRA takes issue with the \$249,000 requested by  
9 SDG&E in 2012 for SCADA Capacitors and recommends \$125,000.

10 **SCADA Expansion:** In DRA's Smart Grid Policy exhibit, DRA  
11 recommends \$2.98 million which is 50% less than SDG&E's proposed \$5.96  
12 million.<sup>95</sup> DRA used this to calculate DRA's recommendation of \$251,000  
13 which is 50% less than SDG&E's requested \$502,000 in 2012.<sup>96</sup>

14 **Condition Based Maintenance (CBM):** DRA takes no issue with the  
15 \$0 requested by SDG&E in 2012 for Condition Based Maintenance.

16 **Public Access Charging Facilities:** In DRA's Smart Grid Policy  
17 exhibit, DRA recommends \$0 for Public Access Charging Facilities.<sup>97</sup>  
18 Therefore, DRA recommends of \$0 in associated expenses compared to  
19 SDG&E's requested \$1.11 million in 2012.<sup>98</sup>

20

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<sup>92</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>93</sup> Exh. DRA-14, p. 6.

<sup>94</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>95</sup> Exh. DRA-14, p. 18.

<sup>96</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>97</sup> Exh. DRA-14, p. 6.

<sup>98</sup> Exh. SDG&E-5 workpapers, p. 22.

1           Based on these totals for TY 2012, DRA recommends \$34,273,000 for  
2 ERO ED011.000, which is \$7,770,000 less than SDG&E's requested  
3 \$42,043,000, as shown on Table 10-5. DRA also recommends only 4.3  
4 additional FTE's since the FTE count was only included in the Smart Grid  
5 Supplemental workpaper<sup>99</sup> and not included in the Electrical Regional  
6 Operations Supplemental Workpaper.<sup>100</sup> The additional 79.3 FTE's in 2010,  
7 34.2 FTE's in 2011, and 37.8 in 2012 were not justified. Because there was  
8 no FTE count provided in the ERO supplemental workpapers, DRA uses a  
9 zero based methodology for the FTE count.

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<sup>99</sup> Exh. SDG&E-5 workpapers, p. 22.

<sup>100</sup> Exh. SDG&E-5 workpapers, p. 22.

1 **C. Electric and Regional Operations (Troubleshooting)**  
 2 **ED020.00**

3 SDG&E forecasted \$7.9 million for its Electric and Regional Operations  
 4 (troubleshooting) expenses.<sup>101</sup> Electric Troubleshooters are SDG&E's first  
 5 line of response and their skills are vital in restoring electric service during  
 6 emergencies and unplanned interruptions while ensuring the public's  
 7 safety.<sup>102</sup> SDG&E developed its forecast by utilizing a 3-year average using  
 8 years 2007, 2008, and 2009 and then adds incremental costs in addition to its  
 9 base forecast.<sup>103</sup> DRA takes issue with these additional costs as discussed  
 10 below. DRA recommends \$7.313 million which is \$538,000 less than  
 11 SDG&E's proposed \$7.851 million. DRA also recommends that SDG&E  
 12 receive ratepayer funding for 63.3 FTEs of the 68.8 FTE's requested by  
 13 SDG&E. SDG&E proposes to recover several costs that should have been  
 14 recorded in the FHPMA.

15 **Table 10-6a**  
 16 **2005-2009 Recorded / 2012 Forecast<sup>104</sup>**  
 17 **For Electric and Regional Operations (Troubleshooting)**  
 18 **(In Thousands of 2009 Dollars)**

19

<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2012</b>
Labor	5794	6063	6147	6603	6962	7,590
NL	419	408	271	255	258	261
NSE	0	0	0	0	0	0
<b>Total</b>	<b>6213</b>	<b>6471</b>	<b>6418</b>	<b>6858</b>	<b>7220</b>	<b>7851</b>

20  
21  
22  
23

<sup>101</sup> Exh. SDG&E-5 workpapers, p. 25.

<sup>102</sup> Exh. SDG&E-5 workpapers, p. 25.

<sup>103</sup> Exh. SDG&E-5 workpapers, p. 25.

<sup>104</sup> Exh. SDG&E-5 workpapers, p. 25.

**Table 10-6b**  
**O&M Expenses for TY 2012**  
**For Electric Regional Operations Troubleshooting**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>105</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED020.000	\$7,313	\$7,851	\$538	7%

SDG&E requests \$418,000 in 2012 for GO 165 Annual Patrols (Inspections) for ETs time to complete incremental patrols, \$2,413 incremental maps, 3 hrs/map and \$50/hr direct costs.<sup>106</sup> SDG&E also requests 4 additional employees for this item.<sup>107</sup> In D.09-08-029, the Commission required SDG&E to debit expenses related to increasing maintenance and inspection/patrolling requirements into the FHPMA because SDG&E has provided insufficient evidence to incorporate the costs in GRC rates at this time.<sup>108</sup> DRA recommends \$0 in 2010-2012 for GO 165 Annual Patrols (Inspections) in Fire Zones Repairs in ERO Troubleshooting/Engineering for Electric Distribution and zero additional employees of the 4 requested.

SDG&E requests \$120,000 for 2012 for Electric Troubleshooters response to red flag and one additional employee.<sup>109</sup> Red Flag warnings are declared by the National Weather Service and indicate higher fire risk due to weather conditions in San Diego. Warnings are flagged when high winds are coupled with low humidity and dry lighting conditions.<sup>110</sup> SDG&E asserts that

<sup>105</sup> Exh. SDG&E-5 workpapers, p. 5

<sup>106</sup> Exh. SDG&E-5 workpapers, p. 26.

<sup>107</sup> Exh. SDG&E-5 workpapers, p. 26.

<sup>108</sup> D.09-08-029.

<sup>109</sup> Exh. SDG&E-5 workpapers, pp. 26-28.

<sup>110</sup> Exh. SDG&E-5, p.12.

1 Electric Troubleshooters provide updated weather data to SDG&E's  
2 Distribution Control Center using hand held anemometers.<sup>111</sup> In D.09-08-  
3 029, the Commission required SDG&E to debit each month equal to expenses  
4 incurred to mitigate fire hazard in high wind areas in the FHPMA because  
5 SDG&E has provided insufficient evidence to incorporate the costs in GRC  
6 rates at this time.<sup>112</sup> Thus, DRA recommends SDG&E receives \$0 for Red  
7 Flag Warning Operations in ERO Electric Distribution and no new employees.

8 Table 10-6 shows the DRA recommended and SDG&E requested  
9 amounts.

#### 10 **D. Skills and Compliance Training ED013.000**

11 SDG&E forecasted \$4,338,000 for its Skills and Compliance  
12 Training.<sup>113</sup> SDG&E provides a Skills Training Center which conducts  
13 classes annually which provides developmental and compliance training to  
14 employees that are new to the job, require refresher training, promoted to a  
15 position requiring additional skills in need of additional skills due to new  
16 equipment or technology, or due to safety, environmental and other  
17 compliance requirements.<sup>114</sup> SDG&E developed its forecast by utilizing 2009  
18 recorded as its base year for Labor and a five year average for Non Labor and  
19 then adds incremental costs in addition to its base forecast. No Non Standard  
20 Escalation items were included in this forecast. The corresponding DRA  
21 estimate for SDG&E's Skills and Compliance Training is \$3,664,000 which is  
22 \$674,000 less than SDG&E's request. DRA takes no issue with SDG&E's  
23 forecasting methodology utilizing 2009 base year for Labor, however DRA

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<sup>111</sup> Exh. SDG&E-5, p. 19.

<sup>112</sup> D.09-08-029.

<sup>113</sup> Exh.SDG&E-5 workpapers, p. 34.

<sup>114</sup> Exh.SDG&E-5 workpapers, p. 34.

1 takes issue with the additional costs as discussed below. DRA takes issue  
 2 with SDG&E's 5-year average methodology for its base forecast for non Labor  
 3 and utilizes a 4-year average instead to help normalize fluctuations from year  
 4 to year since 2005 appears to be significantly higher than 2006-2009. DRA  
 5 also takes issue with the additional costs associated with non Labor as  
 6 discussed below.

7 **Table 10-7a**  
 8 **2005-2009 Recorded / 2012 Forecast**  
 9 **For Skills and Compliance Training**  
 10 **(In Thousands of 2009 Dollars)**

<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2012</b>
Labor	4722	4001	5142	2876	2924	3559
NL	1084	701	720	681	857	779
NSE	0	0	0	0	0	0
<b>Total</b>	<b>5806</b>	<b>4702</b>	<b>5862</b>	<b>3557</b>	<b>3781</b>	<b>4338</b>

15 **Table 10-7b**  
 16 **O&M Expenses for TY 2012**  
 17 **For Skills and Compliance Training**  
 18 **(In Thousands of 2009 Dollars)**

<b>Description (a)</b>	<b>DRA Recommended (b)</b>	<b>SDG&amp;E Proposed<sup>115</sup> (c)</b>	<b>Amount SDG&amp;E&gt;DRA (d=c-b)</b>	<b>Percentage SDG&amp;E&gt;DRA (e=d/b)</b>
ED013.000	\$3,664	\$4,338	\$674	18%

19  
 20 SDG&E added costs with little or no evidentiary support. In a data  
 21 request sent by DRA, DRA requested 5 years of historical recorded costs for  
 22 each line item and a description of each line item.<sup>116</sup> SDG&E was unable to  
 23 provide 5 years of historical costs for these items because a lot of these items  
 24 are new and have never been necessary before.

<sup>115</sup> Exh. SDG&E-5 workpapers, p. 35.

<sup>116</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

1 **1. Supplemental Workpapers**

2 Below is DRA’s discussion of SDG&E’s supplemental workpapers for  
 3 SDG&E’s Skills and Compliance Training. Most of the issues listed were not  
 4 included in the original workpapers, nor were they discussed in the text of the  
 5 testimony. They are listed on Table 10-8, followed by a discussion of each. If  
 6 they are included as proposed costs in this GRC, DRA has provided its  
 7 recommendation for each in Table 10-8 and in the discussion that follows.

8 **Table 10-8**  
 9 **O&M Expenses for TY 2012**  
 10 **For Supplemental Workpaper in Skills and Compliance Training**  
 11 **(In 2009 Dollars)**

Description	DRA	SDG&E
Instructional Designer	\$0	\$90,000
RFID tracking tool		
Miscellaneous tools		
Borrowed labor WFD		
Travel and seminar		
Compressor for Laborer		
three 40' steel containers		
Tool Technician		
2 Trainers for Compliance	\$0	\$69,000
Update Flex Center		
Lap top Computers	\$0	
Hendrix cable classes	\$0	\$36,000
Add'l Line Orientation class	\$0	\$15,000
Add'l Apprentice Class	\$0	\$80,000
Wire Stringer Tension		
Rubber Goods	\$0	
Circuit 11 cable replacement	\$0	\$35,000
SCADA switches for Circuit 11	\$0	\$23,000
UG vault	\$0	\$24,000
Program and Curriculum		
Install GPS system		
Equipment Operations training		
O&C Labor-non-work	\$0	\$800,000
<b>Total</b>	<b>\$0</b>	<b>\$1,172,000<sup>117</sup></b>

12  
 117 Exh. SDG&E-5 workpapers, p. 41.

1           **Permanent Instructional Designer Assigned to Skills Training**

2           **Center:** SDG&E requests \$90,000 for Labor in 2012.<sup>118</sup> In response to data  
3 request DRA-SDG&E-005-LJL Q.6, SDG&E only provided a definition of the  
4 “Permanent Instructional Designer Assigned to Skills Training Center,”<sup>119</sup> and  
5 did not provide a cost breakdown of the \$90,000 for Labor in years 2010-  
6 2012. According to the data request, the purpose of “Permanent Instructional  
7 Designer assigned to Skills Training Center” is to update current and develop  
8 future course curriculum that is specific to high voltage field activities,  
9 equipment operations and instructor development curriculum.<sup>120</sup> No where is  
10 this position discussed in SDG&E’s workpapers or Exhibit SDG&E-5. SDG&E  
11 offers no support for the position other than a definition for which DRA had to  
12 inquire. SDG&E offers no compelling reason or support for this position;  
13 therefore ratepayers should not be required to fund it. DRA recommends \$0  
14 for a Permanent Instructional Designer assigned to the Skills Training Center.

15           **Two Added Trainers to Fulfill Additional Compliance and Required**

16 **Training:** SDG&E requests \$69,000 for Labor in 2012 for two additional  
17 trainers.<sup>121</sup> In response to data request DRA-SDG&E-005-LJL Q.6, SDG&E  
18 provided a definition of Two Added Trainers to Fulfill Additional Compliance  
19 and Required Training.<sup>122</sup> No breakdown of the \$69,000 for Labor in 2012  
20 was provided nor was support for two added Trainers provided, other than a  
21 definition for which DRA had to inquire. According to the data response, the  
22 purpose of two added Trainers is to lessen the impact on district

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<sup>118</sup> Exh. SDG&E-5 workpapers, p. 41 Supplemental.

<sup>119</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>120</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>121</sup> Exh. SDG&E 05 workpapers, p. 41 Supplemental.

<sup>122</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

1 Operations.<sup>123</sup> These two additional positions are known as “Performance  
2 Support Analysts.”<sup>124</sup> The “Performance Support Analysts” are not  
3 discussed in SDG&E’s workpapers or Exhibit SDG&E-5. SDG&E did not offer  
4 any compelling reason or support for “Performance Support Analysts”, other  
5 than to lessen the impact on District Operations. There are no specific  
6 projects which SDG&E has designated for the employees. Due to SDG&E's  
7 lack of support, DRA recommends \$0 and 0 employees for “Two Added  
8 Trainers to Fulfill Additional Compliance and Required Training.”

9 **Laptop Computers used for Training:** SDG&E requests  
10 \$140,000 for Non-Labor in 2012.<sup>125</sup> SDG&E explains that with the expansion  
11 of system processing technologies Mobile Data Terminals (MDTs) are part of  
12 daily field activities; current training curriculum protocols do not match up with  
13 field activities.<sup>126</sup> SDG&E had requested this item in the ERO section of this  
14 report. As discussed before in the ERO section:

15 The Supervisor Enablement initiative within the OpEx Program  
16 will equip supervisors with mobile data terminals (MDT’s), printers  
17 and software enabling them to spend at least 60% of their work  
18 day in the field supervising crews, estimating work and serving  
19 customers.<sup>127</sup>

20  
21 Consistent with DRA’s discussion of MDTs above, this program has  
22 already been completed. This expense was already addressed in Exhibit  
23 SDG&E-19.<sup>128</sup> DRA recommends \$0 for laptop computers for training due to  
24 lack of support.

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<sup>123</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>124</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>125</sup> Exh. SDG&E-5 workpapers, p. 41 Supplemental.

<sup>126</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>127</sup> Exh. SDG&E-5, p. 14.

<sup>128</sup> Exh. SDG&E-19, p. 6.

1           **Hendrix Cable Classes:** SDG&E requests \$36,000 for Labor in  
2 2012.<sup>129</sup> In response to data request DRA-SDG&E-005-LJL Q.6, SDG&E  
3 only provided a definition of Hendrix Cable Classes.<sup>130</sup> SDG&E did not  
4 provide a breakdown of the \$36,000, nor did it include any write up for  
5 Hendrix Cable Classes in its testimony. According to the data request  
6 response, the purpose of Hendrix Cable Classes is to provide training for the  
7 anticipated increase usage of the new cable system (Hendrix High Voltage  
8 Cable).<sup>131</sup> SDG&E is only “anticipating” an increase in this new cable  
9 system; this is not definitive. Ratepayers should not have to fund the \$36,000  
10 for an anticipated increase in the Hendrix High Voltage Cable system if there  
11 is such uncertainty associated with the need for such funds and the classes.  
12 Thus, DRA recommends \$0 Hendrix Cable Classes due to lack of support.

13           **Additional Annual Line Orientation (Apprentice) Class and**  
14 **Additional Apprentice Class:** These two items were grouped together in  
15 this discussion for simplicity reasons, though they are categorized as separate  
16 line items in the Supplemental Workpapers. SDG&E requests \$15,000 for an  
17 Additional Line orientation class annually in Labor in 2012.<sup>132</sup> SDG&E also  
18 requests \$80,000 for an Additional Apprentice Class annually in 2012 for  
19 Labor. In its ERO section of its Exhibit, SDG&E states the following:

20           Line Assistant and Apprentice Training: As detailed in the Skills  
21           and Compliance Training section of this testimony, one additional  
22           Line Assistant Class and one additional Apprentice class will be  
23           required to safely and reliably maintain our electric distribution  
24           system and fulfill the requirements of our state approved  
25           Apprentice Program. The Apprentice training has a required  
26           duration of 155 weeks over a three year period. Each Apprentice

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<sup>129</sup> Exh. SDG&E-5 workpapers, p. 41 Supplemental.

<sup>130</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>131</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6

<sup>132</sup> Exh. SDG&E-5 workpapers, p. 41 Supplemental.

1 class requires associated Line Assistant training classes. The  
2 Line Assistant and Apprentice labor costs for this training are  
3 captured in the ERO workpaper groups and the instruction costs  
4 are captured in Skills and Compliance Training Workpapers.<sup>133</sup>  
5

6 In the paragraph above, no discussion was offered about new  
7 employees, only that training classes will be required and discussed in the  
8 Skills and Compliance Training. In the Skills and Compliance Training  
9 section, SDG&E states the following:

10  
11 Prior to 2009, SDG&E conducted two classes per year for  
12 apprentice lineman and line assistants. In addition, linemen were  
13 hired from outside the company. This was necessary to offset  
14 attrition levels and balance the workforce needed for maintaining  
15 and operating the system. In response to the economic  
16 turndown, SDG&E re-prioritized its apprentice classes for 2009  
17 and 2010, reducing them to one class per year, while ensuring  
18 that a capable work force continued to operate the system in a  
19 safe and efficient manner. Going forward, **ERO** is seeking to add  
20 14 additional apprentices that will be required to fulfill all  
21 requirements as stated in the State Approved Apprentice  
22 Program created by SDG&E. Along with each apprentice class  
23 14 additional Line Assistants will be required to begin training to  
24 fill the vacated positions as employees advanced into apprentice  
25 classifications. These employees will remain in this classification  
26 until the next apprentice class begins. Overhead and  
27 Underground Training for Apprentices is required to last up to 155  
28 weeks over a 3 year period. **ERO anticipates** that upon  
29 successful completion from the Apprentice Program, along with  
30 successfully completing the Lineman Journeyman's test, all  
31 employees will be assigned to different districts with in the  
32 SDG&E service territory. This process will ensure a robust  
33 workforce that is responsive to its customer's needs' as well as  
34 the system's safety and reliability.<sup>134</sup>  
35

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<sup>133</sup> Exh. SDG&E-5, p. 12.

<sup>134</sup> Exh. SDG&E-5, p. 23 (emphasis added).

1           SDG&E asserts above that linemen were hired from outside the  
2 company prior to 2009. Also, San Diego Community College offers the  
3 courses for SDG&E lineman training. San Diego Community College’s  
4 website, states “All applicants for apprenticeship must be current employees  
5 of SDG&E for approximately 6 months.”<sup>135</sup> New linemen are no longer hired  
6 outside the company and SDG&E uses existing employees. It is not  
7 reasonable to request 28 additional employees when these training courses  
8 are only given to current employees. Furthermore SDG&E states “ERO  
9 **anticipates** that upon successful completion from the Apprentice Program,  
10 along with successfully completing the Lineman Journeyman’s test, all  
11 employees will be assigned to different districts within the SDG&E service  
12 territory.”<sup>136</sup> If employees do not pass their 3 year course, they will not be  
13 admitted to become Linemen Apprentices. If they do not complete their  
14 Linemen Apprentice courses, they will not become Line Assistants. By DRA's  
15 count, there are 28 employees that SDG&E only “anticipates” will join the  
16 lineman workforce. To request dollars for 2012 for 28 new employees who  
17 have not successfully completed this course is optimistic and overly  
18 aggressive.

19           SDG&E requires such an aggressive expansion of linemen due to  
20 OpEx, which coincidentally also starts ramping up in years 2010-2012. If  
21 these new employees are imperative to the ERO, SDG&E should have  
22 mentioned the **28** new employees. Due to these costs being “anticipated” and  
23 not definite, and due to lack of support, DRA recommends \$0 and 0 new  
24 employees.

25           **Circuit 11 Cable Replacement – Fault Finding and Apprentice**  
26 **Development:** SDG&E requests \$13,000 in Labor for 2012 and \$22,000 in

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<sup>135</sup> [http://careertech.sdccd.edu/programs/apprenticeship/sdge\\_lineman.html](http://careertech.sdccd.edu/programs/apprenticeship/sdge_lineman.html)

<sup>136</sup> Exh. SDG&E-5, p. 23 (emphasis added).

1 Non Labor for Circuit 11 Cable Replacement – Fault Finding and Apprentice  
2 Development.<sup>137</sup> SDG&E did not provide any breakdown of the \$13,000 in  
3 Labor and the \$22,000 in Non Labor, nor was there any write up in SDG&E's  
4 testimony regarding Circuit 11 Cable Replacement – Fault Finding and  
5 Apprentice Development. In a data request response, DRA learned that  
6 Circuit 11 Cable Replacement – Fault Finding and Apprentice Development is  
7 the underground cable network located throughout the Skills Training  
8 Facility.<sup>138</sup> This cable was installed when the facility was built in 1980, and is  
9 in need for replacement as it is nearing its life expectancy.<sup>139</sup> SDG&E asserts  
10 “The Skills and Compliance Training (SCT) organization is responsible for the  
11 development and training of the workforce within Electric Regional  
12 Operations.”<sup>140</sup> This is not skills training nor is it compliance training, thus  
13 DRA recommends \$0 for Circuit 11 Cable Replacement – Fault Finding and  
14 Apprentice Development.

15 **SCADA Switches for Circuit 11:** SDG&E requests \$4,000 in Labor for  
16 2012 and \$18,000 in Non Labor for SCADA Switches for Circuit 11.<sup>141</sup>  
17 SDG&E did not provide any breakdown of the \$4,000 in Labor and \$18,000 in  
18 Non Labor costs, nor did SDG&E provide adequate support for SCADA  
19 Switches for Circuit 11. As discussed above, Circuit 11 is the underground  
20 cable network located throughout the Skills Training Facility.<sup>142</sup> This cable  
21 was installed when the facility was built in 1980, and is in need for

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<sup>137</sup> Exh. SDG&E-5 workpapers, p. 41.

<sup>138</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>139</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>140</sup> Exh. SDG&E-5, p. 21.

<sup>141</sup> Exh. SDG&E-5 workpapers, p. 41.

<sup>142</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

1 replacement as it is nearing its life expectancy.<sup>143</sup> SDG&E asserts “The Skills  
2 and Compliance Training (SCT) organization is responsible for the  
3 development and training of the workforce within Electric Regional  
4 Operations.”<sup>144</sup> This is not skills training nor is it compliance training, it is  
5 installing SCADA switches for Circuit 11. Thus DRA recommends \$0 for  
6 SCADA Switches for Circuit 11.

7 **UG (Underground) Vault for Apprentice Lineman Development:** In  
8 2012, SDG&E requests \$7,000 for Labor and \$17,000 for non Labor. In a  
9 response to a data request, SDG&E asserts that as the underground electrical  
10 system expands, and maintenance requirements are met, underground  
11 training for apprentices continue to evolve.<sup>145</sup> Currently, there is no  
12 underground teaching vault where instructors can observe apprentices  
13 practicing underground work methods and procedures.<sup>146</sup> DRA does not  
14 dispute the necessity for underground training as SDG&E continues to shift  
15 overhead facilities to underground.<sup>147</sup> However, assuming that there is  
16 proper supervision out in the fields, apprentices should already be receiving  
17 underground training without the need for an additional training vault.  
18 SDG&E has operated successfully without an underground vault for training  
19 as underground development has continued to grow. Thus, DRA  
20 recommends \$0 for labor and non labor in 2012.

21 **Replacement of Video Projectors at End of Life:** According to  
22 SDG&E, video equipment that is used to conduct training in the classroom is

---

<sup>143</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>144</sup> Exh. SDG&E-5, p. 21.

<sup>145</sup> DRA-SDG&E-005-LJL, Q.6.

<sup>146</sup> DRA-SDG&E-005-LJL,Q.6.

<sup>147</sup> Exh. SDG&E 05, p. 24.

1 in need of replacement.<sup>148</sup> Yearly maintenance costs are rising, as parts are  
2 becoming difficult to obtain for replacement.<sup>149</sup> SDG&E makes no request for  
3 dollars in Labor and Non Labor in years 2010-2012. In coordination with  
4 SDG&E's recommendation and for accounting purposes, DRA removes this  
5 line item from its calculations.

6 **O&C Labor Non-Work (V&S):** SDG&E requests \$800,000 for Labor in  
7 2012 for O&C Labor Non-Work (V&S).<sup>150</sup> In the ERO section of Exhibit  
8 SDG&E-5, SDG&E is requesting \$4,892,000 for O&C Labor Non-Work (V&S)  
9 in TY 2012.<sup>151</sup> In its testimony and workpapers, SDG&E did not provide  
10 support or evidence of the necessity for these costs. Furthermore, in data  
11 request responses, this item was seemingly intentionally omitted for a second  
12 time (three times throughout this report).<sup>152</sup> DRA recommends \$0 and 0  
13 employees for O&C labor non-work due to lack of support.

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<sup>148</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>149</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>150</sup> Exh. SDG&E-5 workpapers, p. 41.

<sup>151</sup> Exh. SDG&E-5 workpapers p. 21.

<sup>152</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL Q.6 and Q.10.

1  
2

### 3 **E. Project Management ED010.000**

4 In account number ED010.000, Project Management, SDG&E  
5 forecasted \$1.5 million and 19.5 employees for TY 2012.<sup>153</sup> Project  
6 Management designs and engineers gas and electric distribution systems for  
7 individual customers and for large complex distribution systems.<sup>154</sup> SDG&E  
8 developed its forecast by utilizing a 5 year average 2005-2009 for Labor and  
9 Non-Labor and then adds incremental costs in addition to its base forecast.<sup>155</sup>  
10 No NSE items were included in this forecast. DRA utilizes 2009 base year  
11 recorded for Labor and Non Labor because it is most indicative of SDG&E's  
12 current spending. The corresponding DRA estimate is \$603,000 and 11.5  
13 FTEs which is \$918,000 less than SDG&E's request.

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**Table 10-9a**  
**2005-2009 Recorded / 2012 Forecast**  
**For Project Management**  
**(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	1179	731	942	569	351	1321
NL	219	14	103	484	80	200
NSE	0	0	0	0	0	0
<b>Total</b>	<b>1398</b>	<b>745</b>	<b>1045</b>	<b>1053</b>	<b>431</b>	<b>1521</b>

18

<sup>153</sup> Exh. SDG&E-5 workpapers, p. 44.

<sup>154</sup> Exh. SDG&E-5 workpapers, p. 44.

<sup>155</sup> Exh. SDG&E-5 workpapers, p. 44.

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**Table 10-9b**  
**O&M Expenses for TY 2012**  
**For Project Management**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>156</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED010.000	\$603	\$1,521	\$918	152%

5

6 SDG&E asserts that Project Management seeks to hire and train  
7 individuals and put them through a comprehensive Planner Training Class in  
8 2011-2012.<sup>157</sup> SDG&E gives no indication of what the comprehensive  
9 Training Class entails nor does it provide any need or support for these  
10 classes. SDG&E fails to provide salaries for all new positions and what the  
11 duties from these new positions entail. SDG&E asserts that Project  
12 Management expects that only 63% (10 of the 16 planners) will be hired and  
13 trained in 2011 and 2012.<sup>158</sup> It is excessive and burdensome to ratepayers to  
14 hire employees that will not even be useful to the utility. DRA opposes all 8  
15 employees and \$415,000 associated with Labor for Planner/Designer Class  
16 for staff reinforcement, due to lack of support. DRA takes no issue with any of  
17 the other employees requested or their associated costs.

18

19 **F. Service Order Team ED014.000**

20 In account number ED014.000, Service Order Team (SOT), SDG&E is  
21 requesting \$270,000 in TY 2012.<sup>159</sup> SOT is responsible for planning,  
22 overseeing, and managing new additions and modifications to the electrical

<sup>156</sup> Exh. SDG&E-5 workpapers, p. 45.

<sup>157</sup> Exh. SDG&E-5, p. 27.

<sup>158</sup> Exh. SDG&E-5, p. 27.

1 and gas distribution systems, primarily related to those services, with variation  
 2 in scope.<sup>160</sup> SDG&E developed its forecast by utilizing 2009 Base Year  
 3 recorded data for Labor and a 5 year average for Non-Labor and then adds  
 4 incremental costs in addition to its base forecast.<sup>161</sup> No NSE items were  
 5 included in this forecast. The corresponding DRA estimate for Service Order  
 6 team is \$258,000 which is \$12,000 less than SDG&E's forecast.

7 **Table 10-10**  
 8 **2005-2009 Recorded / 2012 Forecast**  
 9 **For Service Order Team**  
 10 **(In Thousands of 2009 Dollars)**

	2005	2006	2007	2008	2009	2012
Labor	108	78	150	72	117	117
NL	228	243	265	224	193	153
NSE	0	0	0	0	0	0
<b>Total</b>	336	321	415	296	310	270

11  
 12  
 13 **Table 10-11**  
 14 **O&M Expenses for TY 2012**  
 15 **For Service Order Team**  
 16 **(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>162</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED014.000	\$258	\$270	\$12	5%

17  
 18 DRA disagrees with SDG&E's 2009 Base Year forecasting  
 19 methodology for Labor and utilizes a 5 year average to normalize fluctuations

(continued from previous page)

<sup>159</sup> Exh. SDG&E-5 workpapers, p. 53.

<sup>160</sup> Exh. SDG&E-5 workpapers, p. 53.

<sup>161</sup> Exh. SDG&E-5 workpapers, p. 53.

<sup>162</sup> Exh. SDG&E-5 workpapers, p. 45.

1 from year to year, which results in an estimate of \$105,000 for Labor. DRA  
2 takes no issue with SDG&E's request of \$153,000 for Non Labor. Table 10-  
3 11 shows 5 years of recorded 2005-2009 Labor and non Labor.

4 DRA's recommendation is consistent with the forecasting methodology  
5 utilized in Labor. SDG&E states "There are anticipated changes in the labor  
6 to support projected customer growth and an increase in compliance and new  
7 technology training for this organization."<sup>163</sup> After reviewing SDG&E's  
8 workpapers and forecast adjustment details.<sup>164</sup>

9

### 10 **G. Regional Public Affairs ED022.000**

11 In account ED022.000, Regional Public Affairs, SDG&E is requesting  
12 \$1,483,000 for TY 2012.<sup>165</sup> Regional Public Affairs (RPA) primarily supports  
13 field operations through its work with regional and local governments on  
14 issues regarding proposed regulations, and emergency preparedness and  
15 response.<sup>166</sup> SDG&E developed its forecast by utilizing 2009 Base Year  
16 recorded for Labor and Non-Labor and then adds incremental costs in  
17 addition to its base forecast.<sup>167</sup> No NSE items were included in this forecast.  
18 DRA takes issue with SDG&E's additional costs as discussed below. The  
19 corresponding DRA estimate for Regional Public Affairs is \$1,006,000 which  
20 is \$477,000 less than SDG&E's forecast.

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<sup>163</sup> Exh. SDG&E-5, p. 53.

<sup>164</sup> Exh. SDG&E-5 workpapers, p. 54.

<sup>165</sup> Exh. SDG&E-5 workpapers, p. 60.

<sup>166</sup> Exh. SDG&E-5 workpapers, p. 60.

<sup>167</sup> Exh. SDG&E-5 workpapers, p. 60.

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**Table 10-12a**  
**2005-2010 Recorded / 2012 Forecast**  
**For Regional Public Affairs**  
**(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2010	2012
Labor	1333	1175	757	732	814	816	925
NL	830	657	304	256	997	629	558
NSE	0	0	0	0	0	0	0
<b>Total</b>	<b>2163</b>	<b>1832</b>	<b>1061</b>	<b>988</b>	<b>1811</b>	<b>1445</b>	<b>1483</b>

5 DRA utilized 2010 last recorded year data for base forecasting because  
6 it provides a reasonable starting point for estimating future level expenses for  
7 this account and because the last recorded year reflects incremental costs  
8 forecasted to “meet challenging business needs”<sup>168</sup> and is “adjusted to  
9 exclude non-recurring costs.”<sup>169</sup>

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**Table 10-12b**  
**O&M Expenses for TY 2012**  
**For Regional Public Affairs**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>170</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED022.000	\$1,006	\$1,483	\$477	47%

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SDG&E requests \$111,000 for 2012 for the incremental addition of One Public Affair Manager per year to serve as a primary company representative to municipalities and Communities in SDG&E’s service territory. This was the only support given for the new employees, no further discussion of these new positions duties were offered in SDG&E’s workpapers or testimony. During the difficult time the current economy is in, \$111,000 for an unjustified new employee is excessive and should not burden ratepayers. SDG&E has

<sup>168</sup> Exh. SDG&E-5 workpapers, p. 60.  
<sup>169</sup> Exh. SDG&E-5 workpapers, p. 60.  
<sup>170</sup> SDG&E-5 workpapers, p. 60.

1 operated as a successful utility without the additional Public Affairs Managers,  
2 and a \$111,000 increase in 2010-2012 is unnecessary. Thus, DRA  
3 recommends \$0 and 0 new employees due to lack of support.  
4

5 **H. Grid Operations ED008.000**

6 In account number ED008.000, Grid Operations, SDG&E is requesting  
7 \$427,000 in TY 2012.<sup>171</sup> Grid Operations is responsible for the overall  
8 installation, testing, calibration and maintenance for all Supervisory, Control &  
9 Data Acquisition (SCADA) equipment that interfaces with both the  
10 Transmission Emergency Management Systems (EMS) and Distribution  
11 Operations master stations, system totals & major intertie load reads to the  
12 Independent System Operator (ISO), as well as the A-6 and AV signals from  
13 customer facilities to SDG&E.<sup>172</sup> SDG&E developed its forecast by utilizing a  
14 3-year average (2007-2009) for Labor and Non-Labor and then adds  
15 incremental costs in addition to its base forecast.<sup>173</sup> No NSE items were  
16 included in this forecast. DRA takes issue with SDG&E's additional costs as  
17 discussed below. The corresponding DRA estimate for Grid Operations is  
18 \$327,000, which is \$100,000 less than SDG&E's forecast.

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<sup>171</sup> Exh. SDG&E-5 workpapers, p. 70.

<sup>172</sup> Exh. SDG&E-5, pp. 32-33.

<sup>173</sup> Exh. SDG&E-5 workpapers, p.70.

**Table 10-13a**  
**2005-2009 Recorded / 2012 Forecast**  
**For Grid Operations**  
**(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	242	263	297	262	296	385
NL	22	17	16	109	1	42
NSE	0	0	0	0	0	0
<b>Total</b>	264	280	313	371	297	427

**Table 10-13b**  
**O&M Expenses for TY 2012**  
**For Grid Operations**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>174</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED008.000	\$327	\$427	\$100	31%

DRA takes issue with the one Electronic Control Technician in 2012 requested to support an increase in the number of SCADA RTU's put into service as a result of various SDG&E initiatives including OpEx.<sup>175</sup> This item was not well supported in Exhibit SDG&E-5. DRA performed extensive analysis and review of all costs captured in Exhibits SDG&E-19 and SGC-13 OpEx and could not find any write up or support for the need for an Electronic Control Technician. DRA recommends \$0 for this position due to lack of support.

<sup>174</sup> Exh. SDG&E-5 workpapers, p. 70.

<sup>175</sup> Exh. SDG&E-5 workpapers, p. 71.



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**Table 10-14b**  
**O&M Expenses for TY 2012**  
**For Substation Construction and Maintenance**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>179</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED015.000	\$8,576	\$8,853	\$278	3%

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**1. Supplemental Workpapers**

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Below is DRA’s discussion of SDG&E’s supplemental workpapers for Substation Construction and Maintenance. These are new incremental costs. They are listed on Table 10-15, followed by a discussion of each. DRA has provided its recommendation for each in Table 10-15 and the discussion that follows. Smart Grid incremental costs that are included in the supplemental workpapers are listed on Table 10-16.

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**Table 10-15**  
**O&M Expenses for TY 2012**  
**For Supplemental Workpaper for Substation C&O**  
**(TY 2012 in Thousands of 2009 Dollars)**

Description	DRA	SDG&E <sup>180</sup>
<b>Helicopter</b>	\$0	\$500,000
<b>Aging Infrastructure</b>	\$0	\$500,000
<b>Red Flag, Wind, etc</b>	\$0	\$900,000
<b>Field Crew laptops</b>	\$0	\$50,000
<b>O&amp;C Labor non work (V&amp;S)</b>	\$0	\$1,000,000
<b>Total</b>	\$0	\$2,950,000

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**Red Flag, Elevated Wind and Other Fire Related Events:** SDG&E requests \$900,000 for Red Flag, Elevated Wind, and other fire related events in TY 2012.<sup>181</sup> Red Flag warnings are declared by the National Weather

<sup>179</sup> Exh. SDG&E-5 workpapers, p. 76.

<sup>180</sup> Exh. SDG&E-5 workpapers p. 84.

<sup>181</sup> Exh. SDG&E-5 workpapers, p. 84.

1 Service and indicate higher fire risk due to weather conditions in San Diego.  
2 Warnings are flagged when high winds coupled with low humidity and dry  
3 lighting conditions.<sup>182</sup> In D.09-08-029, the Commission required SDG&E to  
4 debit each month equal to expenses incurred to mitigate fire hazard in high  
5 wind areas in the FHPMA.<sup>183</sup> DRA recommends SDG&E receives \$0 for Red  
6 Flag, elevated wind and other related events and continue the use of the  
7 memo account because SDG&E has provided insufficient evidence to  
8 incorporate the costs in GRC rates at this time.<sup>184</sup>

9 SDG&E requests 10.5 new FTE's in 2010. Because DRA has  
10 recommended the Commission deny SDG&E using ratepayer money for Red  
11 Flag, Elevated Wind, and Other fire-related events, DRA recommends that the  
12 Commission also deny the costs associated with the new FTEs.

13 **Helicopter Utilization Expense Transferred from Fleet Department:**

14 SDG&E requests \$1,079,000 for Helicopter Utilization expense. SDG&E  
15 responded to a data request inquiring about this line item: "Prior to 2010, the  
16 Blackhawk Helicopter contract service was monitored by the Fleet  
17 Department. For 2010 and future years, this responsibility transferred to  
18 Kearny Maintenance and Operations. This contract has been set up as a  
19 contracted service for overhead line corrective maintenance, restoration of  
20 primary outages, and fire preparedness and prevention."<sup>185</sup> For fire  
21 preparedness and prevention, SDG&E's expenses associated with helicopter  
22 use should continue to be recorded in the FHPMA because SDG&E has

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<sup>182</sup> Exh. SDG&E-5, p. 12.

<sup>183</sup> D.09-08-029.

<sup>184</sup> D.09-08-029.

<sup>185</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

1 provided insufficient evidence to incorporate the costs in GRC rates at this  
2 time.<sup>186</sup> DRA recommends \$0 for Helicopter Utilization.

3 **Field Crew Laptop Computers:** DRA takes issue with the requested  
4 \$50,000 in 2012 for field crew laptop computers.<sup>187</sup> SDG&E explains that  
5 with the expansion of system processing technologies Mobile Data Terminals  
6 (MDTs) are part of daily field activities and current training curriculum  
7 protocols do not match up with field activities.<sup>188</sup> SDG&E had requested this  
8 item in the ERO section of this report. As discussed before in the ERO  
9 section:

10 The Supervisor Enablement initiative within the OpEx Program  
11 will equip supervisors with mobile data terminals (MDT's) printers  
12 and software enabling them to spend at least 60% of their work  
13 day in the field supervising crews, estimating work and serving  
14 customers.<sup>189</sup>  
15 DRA recommends \$0 for laptop computers for training also due to lack of  
16 support.

17 **O&C Labor Non-Work V&S:** This item comes as no surprise to be the  
18 highest dollar amount line item located in the supplemental workpapers.  
19 SDG&E requests \$1,000,000 for Labor in 2010-2012 for O&C Labor Non-  
20 Work (V&S).<sup>190</sup> In the ERO section of this exhibit, SDG&E is requesting  
21 \$4,892,000 for O&C Labor Non-Work (V&S) in TY 2012.<sup>191</sup> SDG&E provides  
22 no support or evidence for this item being necessary. DRA could not find  
23 anywhere throughout SDG&E's testimony a discussion of costs associated

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<sup>186</sup> D.09-08-029.

<sup>187</sup> Exh. SDG&E-5 workpapers, p. 84.

<sup>188</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.6.

<sup>189</sup> Exh. SDG&E-5, p. 14.

<sup>190</sup> Exh. SDG&E-5 workpapers, p. 41.

<sup>191</sup> Exh. SDG&E-5 workpapers p. 21.

1 with or any write up pertaining to “O&C labor Non-Work (V&S),” even after  
2 exhaustive searching throughout Exhibit SDG&E-5 and its respective  
3 workpapers. Furthermore in data request responses, this item was  
4 purposefully omitted twice.<sup>192</sup> DRA recommends \$0 and 0 employees for  
5 O&C Labor Non-Work due to lack of support. This is the second time so far  
6 (3<sup>rd</sup> time total) in Exhibit SDG&E-5 that SDG&E has requested ratepayer  
7 dollars for “O&C Labor Non-Work V&S”, without any support. SDG&E  
8 deliberately did not include O&C Labor Non-Work V&S in its response and  
9 only addressed the other four items, just as it had done in the past throughout  
10 this rate case any time supplemental workpapers are requested. DRA does  
11 not believe that SDG&E should receive ratepayer funding for projects with no  
12 support or evidence that they are even necessary.

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<sup>192</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL Q. 6 and Q.10.

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**Table 10-16**  
**O&M Expenses for TY 2012**  
**For Smart Grid included in Substation Construction and Maintenance**  
**Combined Labor and Non Labor**  
**(TY 2012 in Thousands of 2009 Dollars)**

Description	DRA Recommended	SDG&E Proposed <sup>193</sup>
AES (Advanced Energy Storage)	186	897
Dynamic Line Ratings	18	89
Smart Transformers	-	-
Fault Circuit Indicators (FCI)	-	-
Phasor Measurement Units	116	116
Phase Identification (ID)	-	-
SCADA Capacitor	20	40
SCADA Expansion	44	88
Condition Based Maintenance (CBM)	-	34
Public Access Charging Facilities	-	382
<b>TOTAL</b>	<b>\$384</b>	<b>\$1,646</b>

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**Smart Grid**

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In DRA's Smart Grid exhibit, DRA makes the following  
recommendations for the Smart Grid supplemental workpapers<sup>194</sup> and adds  
this to DRA's supplemental workpapers as seen above in table 10-14 to  
calculate the total Substation Construction and Maintenance numbers for  
2010, 2011, and 2012.

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**Advanced Energy Storage (AES):** In DRA's Smart Grid Policy exhibit,  
DRA recommends \$6.2 million which is 79.2% less than SDG&E's proposed

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<sup>193</sup> Exh. SDG&E-5 workpapers, p. 85.

<sup>194</sup> Exh. SDG&E-5 workpapers, p. 85.

1 \$29.70 million.<sup>195</sup> DRA used this percentage to calculate DRA's  
2 recommendation of \$186,000 in 2012, which is 79.2% less than SDG&E's  
3 requested \$897,000.<sup>196</sup> DRA recommends 0.52 FTEs which is 79.2% less  
4 than the 2.52 FTEs requested by SDG&E.<sup>197</sup>

5 **Dynamic Line Ratings:** In DRA's Smart Grid Policy exhibit, DRA  
6 recommends \$0.39 million which is 80% less than SDG&E's proposed \$1.96  
7 million.<sup>198</sup> DRA used this percentage to calculate DRA's recommendation of  
8 \$17,800, which is 80% less than SDG&E's requested \$89,000. DRA  
9 recommends 0.13 FTEs which is 80% less than the requested 0.67 FTEs  
10 requested by SDG&E.<sup>199</sup>

11 **Smart Transformers:** In DRA's Smart Grid Policy exhibit, DRA takes  
12 no issue with the proposed \$52,000 for Smart Transformers.<sup>200</sup> Thus, DRA  
13 takes no issue at this time with Smart Grid associated with Substation O&M  
14 expenses.

15 **Fault Circuit Indicators:** In DRA's Smart Grid Policy exhibit, DRA  
16 recommends \$0 compared to SDG&E's proposed \$2.20 million.<sup>201</sup> DRA  
17 takes no issue with the \$0 requested by SDG&E.

18 **Phasor Measurement Units:** DRA takes no issue with the \$116,000  
19 requested by SDG&E in 2012 for Phasor Measurement Units.

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<sup>195</sup> Exh. DRA-14, p. 12.

<sup>196</sup> Exh. SDG&E-5 workpapers, p. 85.

<sup>197</sup> Exh. SDG&E-5 workpapers, p. 85.

<sup>198</sup> Exh. DRA-14, p.14.

<sup>199</sup> Exh. SDG&E-5 workpapers, p. 85.

<sup>200</sup> Exh. DRA-14, p. 16.

<sup>201</sup> Exh. DRA-14, p. 18.

1           **Phase Identification:** In DRA's Smart Grid Policy exhibit, DRA  
2 recommends \$0.<sup>202</sup> In Smart Grid associated costs, DRA takes no issue with  
3 the \$0 requested by SDG&E.<sup>203</sup>

4           **SCADA Capacitors:** DRA takes issue with the \$40,000 requested by  
5 SDG&E in 2012 for SCADA Capacitors and recommends \$20,000.

6           **SCADA Expansion:** In DRA's Smart Grid Policy exhibit, DRA  
7 recommends \$2.98 million which is 50% less than SDG&E's proposed \$5.96  
8 million.<sup>204</sup> DRA used this to calculate DRA's recommendation of \$44,000  
9 which is 50% less than SDG&E's requested \$88,000 in 2012.<sup>205</sup> DRA  
10 recommends 0.225 FTE's which is 50% less than the requested 0.45 FTEs  
11 requested by SDG&E.<sup>206</sup>

12           **Condition Based Maintenance (CBM):** In DRA's Smart Grid Policy  
13 exhibit, DRA recommends \$0 for condition based maintenance.<sup>207</sup> DRA  
14 takes issue with the \$34,000 requested by SDG&E in 2012 for Condition  
15 Based Maintenance and recommends \$0 consistent with DRA's Smart Grid  
16 exhibit. DRA also recommends 0 FTEs compared to SDG&E's request for  
17 0.17 FTEs.

18           **Public Access Charging Facilities:** In DRA's Smart Grid Policy  
19 exhibit, DRA recommends \$0 for Public Access Charging Facilities.<sup>208</sup> DRA  
20 used this to calculate DRA's recommendation of \$0 compared to SDG&E's

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<sup>202</sup> Exh. DRA-14, p. 6.

<sup>203</sup> Exh. SDG&E-5 Workpapers, p. 85.

<sup>204</sup> Exh. DRA-14, p. 18.

<sup>205</sup> Exh. SDG&E-5 workpapers, p. 85.

<sup>206</sup> Exh. SDG&E-5 workpapers, p. 85.

<sup>207</sup> Exh. DRA-14, p. 6.

<sup>208</sup> Exh. DRA-14, p. 6.

1 request for \$382,000 in 2012.<sup>209</sup> DRA takes no issue with the 0 FTE's  
2 requested.

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4 **J. System Protection ED017.000**

5 In account number ED017.000, System Protection, SDG&E is  
6 requesting \$702,000 in TY 2012.<sup>210</sup> System Protection is responsible for  
7 maintaining protective relays and control systems within SDG&E's substations  
8 which involve routine preventative maintenance on time-based intervals,  
9 calibrating and trip testing protective relays, and trouble shooting existing  
10 systems that alarm or fail to function properly.<sup>211</sup> SDG&E developed its  
11 forecast by utilizing a 4-year average (2006-2009) for both Labor and Non-  
12 Labor and then adds incremental costs in addition to its base forecast.<sup>212</sup> No  
13 NSE items were included in SDG&E's forecast. The corresponding DRA  
14 estimate for System Protection is \$595,000 which is \$107,000 less than  
15 SDG&E's forecast.

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**Table 10-17a**  
**2005-2010 Recorded / 2012 Forecast**  
**For System Protection**  
**(In Thousands of 2009 Dollars)**

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<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2012</b>
Labor	539	583	599	543	584	396	577
NL	79	98	50	62	67	80	125
NSE	0	0	0	0	0	0	0
<b>Total</b>	<b>618</b>	<b>681</b>	<b>649</b>	<b>605</b>	<b>651</b>	<b>476</b>	<b>702</b>

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<sup>209</sup> Exh. SDG&E-5 workpapers, p. 85.

<sup>210</sup> Exh. SDG&E-5 workpapers, p. 88.

<sup>211</sup> Exh. SDG&E-5, p. 37.

<sup>212</sup> Exh. SDG&E-5 workpapers, p. 88.

**Table 10-17b**  
**O&M Expenses for TY 2012**  
**For System Protection**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>213</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED017.000	\$595	\$702	\$107	18%

DRA incorporated 2010 recorded information in its 4-year average (2007-2010) to reflect SDG&E's current spending levels for fire preparedness, compliance with mandated maintenance requirements, system growth and aging infrastructure, and safety performance. DRA used 2009 base year recorded 5.4 FTEs to calculate the number of FTEs.

SDG&E requests \$56,000 for 2012 in forecast adjustments attributable to Aging Infrastructure and Growth.<sup>214</sup> The only discussion SDG&E provided in its testimony was "As infrastructure ages, there is increased call-out activity for corrective maintenance measures."<sup>215</sup> This was the only support given for the forecast adjustments. Because DRA cannot be certain what the breakdown of the costs needed for aging infrastructure and how SDG&E plans to deal with it, DRA recommends \$0 and 0 new employees for System Protection.

**K. Electric Distribution Operations ED004.000:**

In account number ED004.000, Electric Distribution Operations, SDG&E is requesting \$10.47 million in TY 2012.<sup>216</sup> Electric Distribution Operations (Dist Ops) are used to deliver safe and reliable electricity to

<sup>213</sup> Exh. SDG&E-5 workpapers, p. 89.

<sup>214</sup> Exh. SDG&E-5 workpapers, p. 90.

<sup>215</sup> Exh. SDG&E-5, p. 38.

<sup>216</sup> Exh. SDG&E-5 workpapers, p. 96.

1 customers and are coordinated from SDG&E's Electric Distribution Operations  
 2 Control Center, which directs the activities of Electric Troubleshooters, Fault-  
 3 Finding Specialists and crews throughout the service territory, service  
 4 restoration, Red Flag Warnings, storm response and G.O. 166  
 5 requirements.<sup>217</sup> SDG&E developed its forecast by utilizing a 5-year  
 6 average. No NSE items were included in this forecast. The corresponding  
 7 DRA estimate for Electric Distribution Operations is \$8,597,000 which is  
 8 \$1,878,000 lower than SDG&E's forecast.

9 **Table 10-18a**  
 10 **2005-2010 Recorded / 2012 Forecast**  
 11 **For Electric Distribution Operations**  
 12 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2010	2012
Labor	2497	2534	2324	2658	2570	2640	3302
NL	7591	8623	6165	5862	6801	5957	7173
NSE	0	0	0	0	0	0	0
<b>Total</b>	10088	11157	8489	8520	9371	8597	10475

17 **Table 10-18b**  
 18 **O&M Expenses for TY 2012**  
 19 **For Electric Distribution Operations**  
 20 **(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>218</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED004.000	\$8,597	\$10,475	\$1,878	22%

21  
 22 DRA takes issue with SDG&E's 5-year (2005-2009) forecasting  
 23 methodology. DRA utilized 2010 last recorded year because it provides a  
 24 reasonable starting point for estimating future level expenses for this account.  
 25 The last recorded year, 2010, reflects incremental costs forecasted for  
 26 maintaining improved safety performance and reliability, new technology,

<sup>217</sup> Exh. SDG&E-5 workpapers, p. 39.

<sup>218</sup> Exh. SDG&E-5 workpapers, p. 97.

1 work force development and fire preparedness. No specific breakdowns of  
2 salaries were provided associated with the new positions SDG&E requests,  
3 only what the new positions are for. Due to lack of support, DRA  
4 recommends \$0 for all new positions associated with Labor (\$786,000 in  
5 2012). DRA utilizes 2009 base year forecasting methodology for 25 FTEs  
6 due to lack of support for the need for additional employees and because it  
7 provides a reasonable starting point for estimating future expenses for this  
8 account.

9 SDG&E requests an additional Team Lead for the Distribution System  
10 Operators (DSOs) to ensure that there is sufficient management coverage  
11 during emergency conditions (Red Flag Warnings, Elevated Wind Conditions,  
12 Storms, etc.) and to backfill the existing Team Lead's duties during vacations  
13 and sick days.<sup>219</sup> SDG&E has been a successfully operating the Utility  
14 without the need of an additional Team Lead. Furthermore, because this is a  
15 fire hazard prevention new position, it should continue to be recorded in the  
16 FHPMA because SDG&E has provided insufficient evidence to incorporate  
17 the costs in GRC rates at this time.<sup>220</sup> DRA recommends 0 employees and  
18 \$0 for the additional Team Lead.

19 SDG&E requests a new meteorologist in addition to the current one to  
20 be able to provide 24/7 coverage and support for SDG&E's Construction and  
21 Operations Center.<sup>221</sup> During high fire risk periods, real time support is  
22 essential to understand the changing weather conditions to ensure the system  
23 is operated safely for the given positions.<sup>222</sup> Again, this is fire hazard  
24 prevention related and should continue to be recorded in the FHPMA because

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<sup>219</sup> Exh. SDG&E-5, pp. 40-41.

<sup>220</sup> D.09-08-029.

<sup>221</sup> Exh. SDG&E-5 pp. 41-42.

<sup>222</sup> Exh. SDG&E-5, p. 42.

1 SDG&E has provided insufficient evidence to incorporate the costs in GRC  
2 rates at this time.<sup>223</sup> Also, the current meteorologist has allowed the utility to  
3 operate successfully in the past; if this is a Smart Grid or OpEx related  
4 employee SDG&E needs to identify that. DRA recommends that the  
5 Commission deny SDG&E's request for a new meteorologist.

6 SDG&E discusses that the Supervisory Control and Data Acquisition  
7 (SCADA) sites in the next two to three years will double, which will require  
8 additional support staff.<sup>224</sup> SDG&E provided no breakdown of salaries for  
9 this new staff, and the only support provided was "This will require that  
10 support staff be increased, equipment be upgraded, and facilities are  
11 adequate to effectively manage these additional sites."<sup>225</sup> Because of lack of  
12 support, DRA recommends \$0 with new SCADA employees.

13 SDG&E discusses the Apprentice Distribution System Operator (ADSO)  
14 training program which is a two year program that consists of both classroom  
15 and on-the-job training.<sup>226</sup> SDG&E provides no breakdown of costs, only a  
16 description of this training item. Due to lack of support, DRA recommends \$0  
17 for increased training, program and program support needs located in the Non  
18 Labor portion of forecast adjustments for 2012.

#### 19 **L. Distribution Operations (EGIM) ED003.000**

20 In account number ED003.000, Distribution Operations (EGIM),  
21 SDG&E is requesting \$1.55 million in TY 2012.<sup>227</sup> Distribution Operations is  
22 comprised of the Electric Geographic Information System (EGIM) group which

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<sup>223</sup> D. 09-08-029.

<sup>224</sup> Exh. SDG&E-5, p. 42.

<sup>225</sup> Exh. SDG&E-5, p. 42.

<sup>226</sup> Exh. SDG&E-5, p. 41.

<sup>227</sup> Exh. SDG&E-5 workpapers, p. 105.

1 is responsible for updating the electronic mapping system for changes in the  
 2 overhead and underground electric system, including circuit design and  
 3 equipment changes.<sup>228</sup> SDG&E developed its forecast by utilizing a 5-year  
 4 average (2005-2009) for Labor and Non-Labor.<sup>229</sup> No NSE items were  
 5 included in this forecast. The corresponding DRA estimate for Distribution  
 6 Operations is \$1.34 million which is \$208,000 or 16% less than SDG&E's  
 7 forecast.

8 **Table 10-19a**  
 9 **2005-2009 Recorded / 2012 Forecast**  
 10 **For Distribution Operations (EGIM)**  
 11 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	1238	1279	1435	1361	1238	1350
NL	421	370	104	35	61	198
NSE	0	0	0	0	0	0
<b>Total</b>	1659	1649	1539	1396	1299	1548

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 13  
 14  
 15 DRA takes issue with SDG&E's forecasting methodology for both Labor  
 16 and Non-Labor. DRA incorporated recorded 2010 data, and after a review  
 17 and evaluation of the 2005 to 2010 historical spending recorded for Labor,  
 18 and Non-Labor, DRA utilized a 3-year average (2008-2010) as the basis for  
 19 its forecast. DRA used 2009 base year recorded for the FTE count. Based  
 20 on the fluctuations of costs from year to year and the anticipated GIS training  
 21 classes and the addition of 2 EGIM coordinators, DRA believes that a 3-year  
 22 average (2008-2010) is more indicative for SDG&E's future spending with  
 23 Distribution Operations (EGIM).

<sup>228</sup> Exh. SDG&E-5 workpapers, p. 105.

<sup>229</sup> Exh. SDG&E-5 workpapers, p. 105.

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**Table 10-19b**  
**O&M Expenses for TY 2012**  
**For Distribution Operations (EGIM)**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>230</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED003.000	\$1,340	\$1,548	\$208	16%

5

SDG&E requests the addition of new EGIM Coordinating positions in 2012.<sup>231</sup> SDG&E asserts that all new coordinator positions are needed to support the Op/Ex GIS initiative implementation. DRA takes issue with the addition of new EGIM coordinating positions as a result of various SDG&E initiatives including OpEx. DRA performed extensive analysis and review of all costs captured in Exhibits SDG&E-19 and SGC-13 OpEx and could not find any write up or support for the need for EGIM coordinating positions. Thus DRA recommends \$0 for EGIM coordinating positions due to lack of support.

DRA recommends the Commission adopt \$0 for any projects related to OpEx which are requested in SDG&E's Electric Distribution area, which includes the additional employee forecasted at \$40,000<sup>232</sup> for 2012.

17

**M. Equipment Maintenance and Lab (Kearny) ED006.000**

In account number ED006.000, Equipment Maintenance & Lab (Kearny) SDG&E is requesting \$2.08 million in TY 2012.<sup>233</sup> The Equipment Maintenance & Lab include activities related to refurbishment and scrapping of transformers and electrical equipment, safely-related protective equipment

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<sup>230</sup> Exh. SDG&E-5 workpapers, p. 105.

<sup>231</sup> Exh. SDG&E-5 workpapers, p. 105.

<sup>232</sup> Exh. SDG&E-5 workpapers, p. 106.

<sup>233</sup> Exh. SDG&E-5 workpapers, p. 113.

1 testing activities, support for C&O District specialized tooling repair and  
2 calibration and failed cable/connector analysis.<sup>234</sup> SDG&E developed its  
3 forecast by utilizing a 5-year linear methodology for Labor and Non-Labor. No  
4 NSE items were included in this forecast. The corresponding DRA estimate  
5 for Equipment Maintenance and Lab (Kearny) is \$1.6 million, which is  
6 \$580,000 less than SDG&E's forecast.

7 DRA takes issue with SDG&E's use of a 5-year linear forecasting  
8 methodology and instead uses a 5-year average (2005-2009). A 5-year  
9 average reflects fluctuations in incremental costs forecasted for updating non-  
10 capital equipment, expanding the Protective Equipment Testing Lab rubber  
11 goods testing equipment, and increased storage containers from year to year.  
12 DRA is concerned that SDG&E's linear methodology overstates 2012  
13 expense levels because it assumes that the historical trend in expense levels  
14 will continue into the future.

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<sup>234</sup> Exh. SDG&E-5 workpapers, p. 113.

**Table 10-20a**  
**2005-2009 Recorded / 2012 Forecast**  
**For Distribution Operations (EGIM)**  
**(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	1118	1360	1325	1458	1573	1845
NL	267	273	285	318	272	235
NSE	0	0	0	0	0	0
<b>Total</b>	<b>1385</b>	<b>1633</b>	<b>1610</b>	<b>1776</b>	<b>1845</b>	<b>2080</b>

SDG&E never discussed the 2 additional employees in 2012 and associated salaries, thus DRA recommends 0 additional FTE's. DRA used a 5-year average to calculate employees.

**Table 10-20b**  
**O&M Expenses for TY 2012**  
**For Equipment Maintenance and Lab (Kearny)**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>235</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED006.000	\$1,550	\$2,080	\$530	34%

**N. Construction Services ED002.000**

In account number ED002.000, Construction Services, SDG&E is requesting \$5.53 million in TY 2012.<sup>236</sup> Construction Services is responsible for O&M associated with capital and transformer installs, fire coordination, street light maintenance, locating administration, design review and small tools. SDG&E developed its forecast by utilizing a zero based methodology for Labor and Non-Labor. The corresponding DRA estimate for Construction Services is \$4.36 million, which is \$1.17 million less than SDG&E's forecast.

<sup>235</sup> Exh. SDG&E-5 workpapers, p. 113.

<sup>236</sup> Exh. SDG&E-5 workpapers, p. 120.

1 In response to data request DRA-SDG&E-005-LJL, Q.14d, SDG&E  
 2 states “The activities on this page were zero-based because future year  
 3 forecasts are different than historical trends. This includes activities that do  
 4 not have a consistent history such as activities without a full five years of  
 5 history and activities (fire coordination) which has increased from 1 FTE to 3  
 6 FTE since 2005. Also, one-time activities (special fire helicopter lease in  
 7 2009).”<sup>237</sup> Because SDG&E has no consistent history and because SDG&E  
 8 had a special fire helicopter lease in 2009, DRA believes it to be reasonable  
 9 to use a 4-year average between 2005 and 2008.

10 **Table 10-21a**  
 11 **2005-2009 Recorded / 2012 Forecast**  
 12 **For Construction Services**  
 13 **(In Thousands of 2009 Dollars)**

<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2012</b>
Labor	148	185	185	175	209	295
NL	3793	3626	4347	3270	5265	1049
NSE	0	0	0	0	0	0
<b>Total</b>	<b>3941</b>	<b>3811</b>	<b>4532</b>	<b>3445</b>	<b>5474</b>	<b>5532</b>

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 20  
 21 **Table 10-21b**  
 22 **O&M Expenses for TY 2012**  
 23 **For Construction Services**  
 24 **(In Thousands of 2009 Dollars)**

<b>Description (a)</b>	<b>DRA Recommended (b)</b>	<b>SDG&amp;E Proposed<sup>238</sup> (c)</b>	<b>Amount SDG&amp;E&gt;DRA (d=c-b)</b>	<b>Percentage SDG&amp;E&gt;DRA (e=d/b)</b>
ED002.000	\$4,363	\$5,532	\$1,169	27%

25  
<sup>237</sup> Exh. SDG&E-5 workpapers, p. 120.

<sup>238</sup> Exh. SDG&E-5 workpapers, p. 120.

1 In a data request, DRA requested a breakdown of all NSE associated  
2 items.<sup>239</sup> SDG&E responded with the data shown in Table 10-21c.

3 **Table 10-21c**  
4 **2005-2010 Recorded / 2012 Forecast**  
5 **For NSE Items Associated with Construction Services**  
6 **(In Thousands of 2009 Dollars)**

7

Description	2010	2011	2012
O&M Associated with Capital	1655	1821	1876
Transformer Installs on Capital Projects	1296	1426	1469
Street Light Maintenance	406	418	431
CFSP & QC Inspections	0	412	412

8  
9  
10  
11

12 NSE items “O&M Associated with Capital” and “Transformer Installs on  
13 Capital Projects” should be booked in Electric Distribution, Capital because  
14 they are projects associated with O&M Capital and not Non-Capital.

15 SDG&E tries to recover several costs that should be required in the  
16 FHPMA. Because expenses incurred in design, construction, and  
17 maintenance of facilities to mitigate fire hazard in high speed wind areas  
18 should be recorded in FHPMA,<sup>240</sup> the NSE line item CFSP and Q&C  
19 Inspection and Repairs should be recorded in the FHPMA until the  
20 Commission issues a decision for Phase II of the Electric Safety OIR.<sup>241</sup> Thus  
21 DRA recommends \$0 for 2012.

22 DRA takes no issue with the remaining item street light maintenance.  
23 For calculation purposes, DRA calculated the additional NSE item as a  
24 forecast adjustment because NSE was never used prior to this Rate Case and  
25 was not utilized in the 2010 recorded information DRA received from SDG&E.  
26

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<sup>239</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.14d.

<sup>240</sup> D.09-08-029.

<sup>241</sup> D.09-08-029.

1 **O. Vegetation Management (Tree Trimming)**

2 In account number ED021.001, Vegetation Management (tree  
3 trimming), SDG&E is requesting \$27,419,000 in TY 2012.<sup>242</sup> The Tree  
4 Trimming Program includes the labor, materials and other expenses  
5 associated with SDG&E's tree pruning, tree removal, and other vegetation  
6 management expenses.<sup>243</sup> The expenses are currently treated in the Tree  
7 Trimming Balancing Account (TTBA) which is a one way balancing account to  
8 manage vegetation around overhead electric distribution lines, primarily to  
9 maintain mandated clearances.<sup>244</sup> SDG&E developed its forecast by using a  
10 zero based methodology because of upward pressures that supposedly are  
11 not reflected in historical data.<sup>245</sup>

12 **Table 10-22a**  
13 **2005-2009 Recorded / 2012 Forecast**  
14 **For Tree Trimming**  
15 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	912	1054	989	908	903	1002
NL	16406	17131	15398	17175	24340	22502
NSE	0	0	0	0	0	3915
<b>Total</b>	<b>17318</b>	<b>18185</b>	<b>16387</b>	<b>18083</b>	<b>25243</b>	<b>27419</b>

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<sup>242</sup> Exh. SDG&E-5 workpapers, p. 135.

<sup>243</sup> Exh. SDG&E-5, p. 48.

<sup>244</sup> Exh. SDG&E-5 workpapers, p. 135.

<sup>245</sup> Exh. SDG&E-5 workpapers, p. 135.

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**Table 10-22b**  
**O&M Expenses for TY 2012**  
**For Tree Trimmings**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>246</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED021.001	\$23,504	\$27,419	\$3,915	17%

5

6 DRA takes issue with SDG&E request for a two-way balancing account  
7 for its tree-related program expenses. SDG&E asserts that high variability  
8 and costs associated with the number of trees requiring line clearance pruning  
9 annually, combined with more stringent environmental factors, recent  
10 regulatory changes to G.O. 95 Rule 35 and increased inspection and removal  
11 of hazard trees in response to concerns expressed by the California  
12 Department of Forestry and Fire Protection (CalFire), has led to increased  
13 vegetation management costs. SDG&E is requesting a two-way balancing  
14 account for its tree-related program expense<sup>247</sup>. SDG&E believes that a two-  
15 way balancing account will protect its customers from the regulatory  
16 uncertainty and the natural pattern of workload fluctuations from year to  
17 year.<sup>248</sup> SDG&E expected precipitation in late 2009 and early 2010 to  
18 cause trees to respond with more growth than in previous years and more  
19 trees will need to be trimmed.<sup>249</sup>

20 SDG&E's tree trimming expenses are subject to one-way balancing  
21 account treatment. Currently, whatever SDG&E spends on this activity will be  
22 reimbursed to the company through rates, up to its cap. Prior to 2009, tree  
23 trimming has never exceeded the cap. DRA recommends retention of the

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<sup>246</sup> Exh. SDG&E-5 workpapers, p. 120.

<sup>247</sup> Exh. SDG&E-5, pp. 48-49.

<sup>248</sup> Exh. SDG&E-5, p. 49.

1 one-way tree trimming balancing account (TTBA). Given the company's  
2 forecast for trimming expenses to escalate rapidly, the high level of expense  
3 forecasted by SDG&E for this activity, and the uncertainty associated with the  
4 amount of tree trimming required, DRA concludes that the one-way balancing  
5 account should be continued. Retaining the TTBA ensures financial stability  
6 for SDG&E whatever future precipitation levels may be, while not necessarily  
7 burdening ratepayers. In D.04-12-015 the Commission required SDG&E to  
8 continue its Vegetation Management one-way balancing account effective  
9 January 1<sup>st</sup>, 2008.<sup>250</sup>

10 SDG&E is requesting \$27,419,000 for its TY 2012 estimate which is  
11 \$2,176,000 more than the recorded 2009 amount of \$25,243,000. SDG&E  
12 historically did not include NSE in its forecast prior to TY 2012. SDG&E  
13 states "NSE is the incremental costs for work partially begun in 2009 and  
14 increasing in future years. Includes biomass disposal, increased off cycle  
15 work in high risk areas, continued QC, higher contracted rates, more reliability  
16 and hazard tree work (on-going insect & drought impacts); higher growth rates  
17 due to predicted El Nino."<sup>251</sup> SDG&E also asserts "a substantial amount of  
18 hazard tree work was completed on dead, dying, diseased or structurally  
19 unsound trees in 2008 and 2009 in order to maintain a safe overhead electric  
20 system."<sup>252</sup>

21  
22 Because SDG&E claims a substantial amount of hazard tree work was  
23 completed in 2008 and 2009 without use of NSE, DRA believes it to be

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(continued from previous page)

<sup>249</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.15.

<sup>250</sup> D.08-07-046, Appendix 1, p. 7.

<sup>251</sup> Exh. SDG&E-5 workpapers, p. 135.

<sup>252</sup> Exh. SDG&E-5, p. 51.

1 excessive to request further spending on projects in NSE that have already  
2 been completed. Also, SDG&E states that “Non-labor includes field services  
3 up to the current TTBA limit plus TTBA share of contractor insurance (all  
4 years) and VMS re-write (through 2011).”<sup>253</sup> If Non-Labor already covers  
5 contract insurance, there is no need to include it as an NSE item. In DRA-  
6 SDG&E-005-LJL #15b, DRA asked SDG&E to provide a more detailed  
7 explanation why NSE is used as a forecast methodology. SDG&E failed to  
8 provide cost information on the increase in spending on biomass disposal,  
9 increased off cycle work in high risk areas, continued QC, higher contracted  
10 rates, more reliability and hazard tree work (on-going insect & drought  
11 impacts).<sup>254</sup>

12 DRA developed its forecast by using SDG&E’s zero based forecasting  
13 methodology without the use of the NSE. DRA also believes that all items  
14 included in NSE have been performed adequately previously without the use  
15 of NSE and can continue going forward at current spending levels without it.  
16 DRA also acknowledges that “most of the charges are for field services paid  
17 through the Vegetation Management cost centers within Construction  
18 Services.”<sup>255</sup> The corresponding DRA estimate for Vegetation Management  
19 (tree trimming) is \$23,504,000 which is \$3,915,000 less than SDG&E’s  
20 request.

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<sup>253</sup> Exh. SDG&E-5 workpapers, p. 135.

<sup>254</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.15b.

<sup>255</sup> Exh. SDG&E-5 workpapers, p. 135.

1 **P. Vegetation Management (Pole Brush) ED021.000**

2 In account number ED021.000, Vegetation Management (Pole Brush),  
3 SDG&E is requesting \$5,354,000 in TY 2012<sup>256</sup>. Pole brushing for SDG&E  
4 involves the clearing of flammable brush and vegetation away from SDG&E  
5 distribution poles subject to the California Public Resource Code (PRC),  
6 section 4292.<sup>257</sup> Pole brushing expenses have been treated as non-  
7 balancing account expenses and SDG&E now requests to include the  
8 treatment for pole brushing expenses under a two-way balancing account.<sup>258</sup>  
9 In its workpapers, SDG&E developed its forecast by using zero based  
10 methodology because current and future expanded efforts are not reflected in  
11 historical costs and then adds incremental costs in addition to its base  
12 forecast.<sup>259</sup> DRA takes issue with SDG&E's additional costs as discussed  
13 below. DRA also recommends 2009 Base year for FTE count. DRA  
14 recommends \$3,803,000 which is \$1,551,000 less than SDG&E's request of  
15 \$5,345,000.

16 **Table 10-23a**  
17 **2005-2009 Recorded / 2012 Forecast**  
18 **For Vegetation Management (Pole Brush)**  
19 **(In Thousands of 2009 Dollars)**

20

Description	2005	2006	2007	2008	2009	2012
Labor	233	236	227	247	174	204
NL	3197	3199	3086	2827	3629	5150
NSE	0	0	0	0	0	0
<b>Total</b>	<b>3430</b>	<b>3435</b>	<b>3313</b>	<b>3074</b>	<b>3803</b>	<b>5354</b>

21  
22  
23

<sup>256</sup> Exh. SDG&E-5 workpapers, p. 142.

<sup>257</sup> Exh. SDG&E-5, p. 54.

<sup>258</sup> Exh. SDG&E-5, p. 54.

<sup>259</sup> Exh. SDG&E-5 workpapers, p. 142.

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**Table 10-23b**  
**O&M Expenses for TY 2012**  
**For Pole Brush**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>260</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED021.000	\$3,803	\$5,354	\$1,551	41%

5

6 DRA takes issue with SDG&Es request for a two-way balancing  
7 account for its pole brushing related expenses. SDG&E asserts that its poles  
8 are requiring multiple visits annually in order to maintain compliance, and the  
9 reasons for doing so include leaf litter blown back into the managed clearance  
10 zone during windy conditions, or weeds and grasses that cannot be easily  
11 controlled by mechanical clearing or herbicide treatments.<sup>261</sup> SDG&E also  
12 claims that a two-way balancing account is necessary to protect the public  
13 and support fire prevention, and to maintain compliance.<sup>262</sup> A two-way  
14 balancing account is unnecessary. Historical data proves that SDG&E  
15 operates adequately without the use of a balancing account at all. DRA  
16 recommends Pole Brushing continue without the use of a balancing account.

17 In SDG&E's NOI, SDG&E states "Non-labor includes field work plus  
18 pole brushing's share of contractor insurance (all forecast years) and the VMS  
19 system re-write (through 2011). The increase in 2010 & 2011 add or expand  
20 several pole brushing activities to comply with **Internal Audit**  
21 **recommendations** & fire risk improvements."<sup>263</sup> However, in SDG&E's  
22 application, SDG&E includes this same text but removes the words "Internal

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<sup>260</sup> Exh. SDG&E-5 workpapers, p. 142.

<sup>261</sup> Exh. SDG&E-5, pp. 54-55.

<sup>262</sup> Exh. SDG&E-5, p. 55.

<sup>263</sup> Exh. SDG&E-5 NOI workpapers, p. 124 (emphasis added).

1 Audit recommendations.”<sup>264</sup> DRA requested SDG&E provide the **audit**  
2 **report** described for 2010 and 2011 pole brushing costs; SDG&E refused to  
3 provide **audit information** on the basis that the document requested is  
4 subject to the attorney-client and attorney work product privilege, and is  
5 confidential.<sup>265</sup> DRA is surprised to learn that SDG&E’s *auditors* have an  
6 *attorney-client* relationship with the company, and that SDG&E’s *auditors* are  
7 producing work product that is supposedly protected by the *attorney-client*  
8 privilege, which is usually reserved for attorneys and their clients.

9 SDG&E’s requested increase is without justification and support,  
10 especially since SDG&E refuses to provide details of its internal audit.  
11 Therefore, DRA recommends that the Commission deny all incremental  
12 additions to Non-Labor in this area. The corresponding DRA Non-Labor  
13 estimate for 2012 is \$3,629,000, which is equal to SDG&E’s base year 2009  
14 recorded expense level.

15 SDG&E also did not provide support or breakdowns of its requested  
16 additions to Labor. Therefore, DRA also uses base year 2009 for its Labor  
17 forecast, i.e., DRA recommends \$0 for additions to labor.

18 **Q. Management, Policy, & Oversight ED001.000**

19 In account number ED001.001, Asset Management (Management,  
20 Policy, and oversight), SDG&E is requesting \$344,000 in TY 2012. The  
21 Management, Policy, and Oversight workgroup oversees all aspects of the  
22 leadership and supervision of the Asset Management organization, including  
23 the Policy Management and Oversight group, the Associate Engineer

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<sup>264</sup> Exh. SDG&E-5 workpapers, p. 142.

<sup>265</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.18a.

1 Program, and Technology Innovation & Development.<sup>266</sup> DRA does not take  
 2 issue with SDG&E's request.

3 **Table 10-24a**  
 4 **2005-2009 Recorded / 2012 Forecast**  
 5 **For Management, Policy, & Oversight**  
 6 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	652	569	481	346	422	300
NL	545	381	297	129	63	44
NSE	0	0	0	0	0	0
<b>Total</b>	1197	950	778	475	485	344

11 **Table 10-24b**  
 12 **O&M Expenses for TY 2012**  
 13 **For Management, Policy, & Oversight**  
 14 **(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>267</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED001.000	\$344	\$344	\$0	0%

15  
 16 **R. Reliability and Capacity Management ED001.001**

17 SDG&E requests \$1,167,000 in its TY 2012 for Asset Management –  
 18 reliability and capacity. The reliability and capacity workgroups provide  
 19 technical support services related to the operations and maintenance of the  
 20 electric distribution system. These services are carried out by two main  
 21 workgroups: Technical Analysis and Distribution Planning.<sup>268</sup> SDG&E utilizes  
 22 a 3-year average for its base forecasting methodology and then adds  
 23 incremental costs in addition to its base forecast. DRA takes issue with

<sup>266</sup> Exh. SDG&E-5 workpapers, p. 152.

<sup>267</sup> Exh. SDG&E-5 workpapers, p. 152.

<sup>268</sup> Exh. SDG&E-5, p. 58.

1 SDG&E’s additional costs as discussed below. DRA recommends \$824,000,  
 2 which is \$343,000 less than SDG&E’s request of \$1,167,000.

3 **Table 10-25a**  
 4 **2005-2009 Recorded / 2012 Forecast**  
 5 **For Reliability and Capacity Management**  
 6 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	23	41	409	340	358	562
NL	11	20	114	31	131	326
NSE	0	0	0	0	0	279
<b>Total</b>	<b>34</b>	<b>61</b>	<b>523</b>	<b>371</b>	<b>489</b>	<b>1167</b>

11 **Table 10-25b**  
 12 **O&M Expenses for TY 2012**  
 13 **For Reliability and Capacity Analysis**  
 14 **(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>269</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED001.001	\$824	\$1,167	\$343	42%

15  
 16 SDG&E states “The technical Analysis Group is also responsible for  
 17 analyzing the data coming from the sensors and monitors of the Condition  
 18 Based Maintenance (CBM) Op-Ex 20/20 program.”<sup>270</sup>

19 In 2012, SDG&E is proposing a new Engineering Analyst in the  
 20 Technical Analysis workgroup and \$154,000 is supposed to be charged to  
 21 Labor. SDG&E states the job description for this new employee is to provide  
 22 technical direction and support for advanced engineering analysis and  
 23 database development projects with an emphasis on Condition Based  
 24 Maintenance.<sup>271</sup> Due to lack of support regarding the CBM Program in

<sup>269</sup> Exh. SDG&E-5 workpapers, p. 160.

<sup>270</sup> Exh. SDG&E-5, p. 59.

<sup>271</sup> Exh. SDG&E-5 workpapers, p. 161.

1 Exhibit SDG&E-5, DRA recommends the Commission disallow this position  
2 and \$0 for the new Engineering Analyst.

3 Also in 2012, SDG&E requests \$150,000 in Non-Labor costs for a  
4 software application consultant.<sup>272</sup> SDG&E states “the \$150K is an  
5 aggregate estimate based on preliminary costing information supplied by the  
6 software consultant. A detailed cost breakdown from the software application  
7 consultant is not available at this time.”<sup>273</sup> DRA recommends that SDG&E  
8 include these consultant costs in the next GRC because a detailed cost  
9 breakdown is unavailable at this time and DRA has no way to know whether  
10 or not these costs are reasonable.

11 SDG&E requests \$39,000 in 2012 for 3 planners needed to support  
12 major increases in engineering projects, especially in the areas of hardening  
13 distribution system for the high fire risk areas, upgrading poles from wood to  
14 steel, undergrounding the overhead system and replacing aging equipment.  
15 Because these new positions are fire hazard prevention related, they should  
16 continue to be recorded in the FHPMA because SDG&E has provided  
17 insufficient evidence to incorporate the costs in GRC rates at this time.<sup>274</sup>

18

## 19 **S. Compliance and Asset Management ED001.002**

20 SDG&E’s Compliance and Asset Management Group requests  
21 \$3,390,000 in TY 2012.<sup>275</sup> The Compliance and Asset Management group  
22 consists of the Compliance Management Group (CMG) that manages  
23 regulatory compliance to General Order 95, 128, 165 and 166. The

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<sup>272</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q. 24a.

<sup>273</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.24a.

<sup>274</sup> D.09-08-029.

<sup>275</sup> Exh. SDG&E-5 workpapers, p. 168.

1 Compliance and Asset Management group also consists of the Program  
 2 Management group that develops and centrally manages the patrol,  
 3 inspection and maintenance elements related to GO 165 Corrective  
 4 Maintenance Program. SDG&E utilizes a zero based methodology for its  
 5 forecast and then adds incremental costs in addition to its base forecast.  
 6 DRA takes issue with SDG&E's additional costs as discussed below for  
 7 Compliance and Asset Management. DRA recommends \$370,000 for  
 8 Compliance and Asset Management which is \$3,020,000 less than SDG&E's  
 9 request for \$3,390,000.

10 **Table 10-26a**  
 11 **2005-2009 Recorded / 2012 Forecast**  
 12 **For Compliance and Asset Management**  
 13 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	80	90	161	141	170	636
NL	828	1481	1301	968	1473	1000
NSE	0	0	0	0	0	1754
<b>Total</b>	<b>908</b>	<b>1571</b>	<b>1462</b>	<b>1109</b>	<b>1643</b>	<b>3390</b>

19 **Table 10-26b**  
 20 **O&M Expenses for TY 2012**  
 21 **For Asset Management**  
 22 **(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>276</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED001.002	\$370	\$3,390	\$3,020	816%

23  
 24 In 2012, SDG&E requests \$420,000 for Electric Fire Safety support  
 25 which includes additional employees required for electric fire safety  
 26 current/proposed rule changes. SDG&E states "Rule 18, Infraction  
 27 Notifications and Repair of Safety Hazards, changes requires 4 additional

<sup>276</sup> Exh. SDG&E-5 workpapers, p. 168.

1 Compliance Management employees: 2 QA Administrators (\$206K), 1  
2 Technical Advisor (\$83.2K) and 1 Technical Support Assistant (\$47.5K). Rule  
3 44, Pole Overloading, proposed rule change requires 1 additional Compliance  
4 Management employee: 1 Engineer (\$83.2K).<sup>277</sup>

5 This item is fire hazard prevention related and should continue to be  
6 recorded in FHPMA because SDG&E has provided insufficient evidence to  
7 incorporate the costs in GRC rates at this time.<sup>278</sup> DRA recommends \$0 for  
8 annual wood pole inspections in Compliance and Asset Management in Labor  
9 for TY 2012.

10 In 2012, SDG&E requests \$1,600,000 in NSE for an annual wood pole  
11 inspection for compliance with GO 165 inspections.<sup>279</sup> SDG&E's annual  
12 wood pole inspections are based on and in compliance with General Order  
13 95. This item is fire hazard prevention related and should continue to be  
14 recorded in FHPMA because SDG&E has provided insufficient evidence to  
15 incorporate the costs in GRC rates at this time.<sup>280</sup> DRA recommends \$0 for  
16 annual wood pole inspections in Compliance and Asset Management in NSE  
17 for TY 2012.

18 In 2012, SDG&E requests \$1,000,000 in Non Labor for an annual cost  
19 for a 5 year pole loading study and audit of existing foreign utility attachments  
20 in compliance with proposed Rule 44 – Pole Overloading. SDG&E  
21 acknowledges that Rule 44 “addresses public safety issues related to pole  
22 overloading and resulting increased fire hazards.”<sup>281</sup> This item is fire hazard  
23 prevention related and should continue to be recorded in FHPMA because

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<sup>277</sup> Exh. SDG&E-5 workpapers, p. 171

<sup>278</sup> D.09-08-029.

<sup>279</sup> Exh. SDG&E-5 workpapers, p. 169.

<sup>280</sup> D.09-08-029.

<sup>281</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.28.

1 SDG&E has provided insufficient evidence to incorporate the costs in GRC  
2 rates at this time.<sup>282</sup> DRA recommends \$0 for annual pole loading in  
3 Compliance and Asset Management in Non Labor.

4

5 **T. Information Management Support & Support for Electric**  
6 **Distribution ED001.003**

7 SDG&E requests \$1,174,000 for TY 2012 for Information  
8 Management.<sup>283</sup> The Information Management group is responsible for  
9 acting as a liaison group between the business units and Information  
10 Technology in support of software solutions and field hardware.<sup>284</sup> The  
11 department is divided into three groups: Implementation Support and  
12 Hardware, Production Support and Governance and Service Improvement.<sup>285</sup>  
13 SDG&E uses a 3-year average for its base forecasting methodology and then  
14 adds incremental costs in addition to its base forecast. DRA takes issue with  
15 the SDG&E's additional costs as discussed below. DRA recommends  
16 \$674,000 which is \$500,000 less than SDG&E's request of \$1,174,000.

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**Table 10-27a**  
**2005-2009 Recorded / 2012 Forecast**  
**For Information Management & Support**  
**(In Thousands of 2009 Dollars)**

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<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2012</b>
Labor	328	327	316	290	368	724
NL	100	186	272	129	126	450
NSE	0	0	0	0	0	
<b>Total</b>	<b>428</b>	<b>513</b>	<b>588</b>	<b>419</b>	<b>494</b>	<b>1174</b>

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<sup>282</sup> D.09-08-029.

<sup>283</sup> Exh. SDG&E-5 workpapers, p. 176.

<sup>284</sup> Exh. SDG&E-5 workpapers, p. 176.

<sup>285</sup> Exh. SDG&E-5, p. 66.

**Table 10-27b**  
**O&M Expenses for TY 2012**  
**For Information Management Support**  
**(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>286</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED001.003	\$674	\$1,174	\$500	74%

DRA takes issue with the addition of 2 Technical Support Assistants (TSAs) with salaries estimated at \$40,000 annually with \$10,000 annually in Non-Labor costs.<sup>287</sup> The two TSAs will provide technical administration tasks for new systems, including GIS, work management and mobile hardware.<sup>288</sup> The TSAs will maintain security roles across systems, including terminations and transfers to meet increased system security requirements.<sup>289</sup> The TSAs will also participate in data entry and validation, asset tracking, and assist in project management tasks.<sup>290</sup> This was the only write up provided for duties of the two TSAs, which DRA had to request in a data request. SDG&E provides little support for the salaries of these additional employees. DRA recommends the Commission deny the 2 new TSAs positions which would be \$0 and 0 FTE's due to lack of support.

Also, DRA takes issue with the remaining \$450,000 after \$50,000 was subtracted out for the new TSAs for line item "2010 & 2011 Labor Pressures."<sup>291</sup> No write up or support was given for Labor Pressures. DRA recommends \$0 for "2010 & 2011 Labor Pressures" due to lack of support.

<sup>286</sup> Exh. SDG&E-5 workpapers, p. 176.

<sup>287</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.31.

<sup>288</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.31.

<sup>289</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q.31.

<sup>290</sup> SDG&E response to DRA data request DRA-SDG&E-005-LJL, Q. 31.

<sup>291</sup> Exh. SDG&E-5 workpapers, p. 179.

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2 **U. Distribution Engineering ED018.000**

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SDG&E requests \$969,000 in TY 2012 for Distribution Engineering.<sup>292</sup>

4

Distribution Engineering is responsible for developing and maintaining

5

construction standards that apply to electric distribution. This group also

6

develops and maintains electric standard practices for use by company field

7

forces.<sup>293</sup> SDG&E utilizes a 3-year average using 2009 recorded for its

8

forecast.<sup>294</sup> DRA takes no issue with SDG&E's request.

9

**Table 10-28a**

**2005-2009 Recorded / 2012 Forecast**

**For Distribution Engineering**

**(In Thousands of 2009 Dollars)**

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<b>Description</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2012</b>
Labor	828	798	697	732	741	723
NL	205	228	128	151	71	246
NSE	0	0	0	0	0	
<b>Total</b>	1033	1026	825	883	812	969

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**Table 10-28b**

**O&M Expenses for TY 2012**

**For Distribution Engineering**

**(In Thousands of 2009 Dollars)**

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<b>Description (a)</b>	<b>DRA Recommended (b)</b>	<b>SDG&amp;E Proposed<sup>295</sup> (c)</b>	<b>Amount SDG&amp;E&gt;DRA (d=c-b)</b>	<b>Percentage SDG&amp;E&gt;DRA (e=d/b)</b>
ED018.000	\$969	\$969	\$0	0%

23

<sup>292</sup> Exh. SDG&E-5 workpapers, p. 187.

<sup>293</sup> Exh. SDG&E-5, p. 71.

<sup>294</sup> Exh. SDG&E-5 workpapers, p. 185.

<sup>295</sup> Exh. SDG&E-5 Workpapers, p. 186.

1 **V. Officer ED009.000**

2 SDG&E requests \$417,000 for TY 2012 for the Officer Workgroup,  
 3 which includes the non-labor costs for an officer (one Vice President) and  
 4 administrative staff, and staff of business analysts serving electric  
 5 distribution.<sup>296</sup> The salaries are a charge to Labor and the amount allocated  
 6 to Electric transmission is transferred from this account as an indirect charge,  
 7 and not included in the requested expenses.<sup>297</sup> SDG&E utilized a 4-year  
 8 average for their forecasting methodology.<sup>298</sup> DRA takes no issue with  
 9 SDG&E's request.

10 **Table 10-29a**  
 11 **2005-2009 Recorded / 2012 Forecast**  
 12 **For Officer**  
 13 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	66	287	311	317	304	304
NL	31	157	56	111	129	113
NSE	0	0	0	0	0	
<b>Total</b>	<b>97</b>	<b>444</b>	<b>367</b>	<b>428</b>	<b>433</b>	<b>417</b>

14  
 15  
 16  
 17 **Table 10-29b**  
 18 **O&M Expenses for TY 2012**  
 19 **For Officer**  
 20 **(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>299</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED009.000	\$417	\$417	\$0	0%

21  
<sup>296</sup> Exh. SDG&E-5, p. 74.

<sup>297</sup> Exh. SDG&E-5, p. 74.

<sup>298</sup> Exh. SDG&E-5 workpapers, p. 195.

<sup>299</sup> Exh. SDG&E-5 workpapers, p. 186.

1 **W. Administration and Management ED000.000**  
2 SDG&E requests \$150,000 for its TY 2012 in the Administration and  
3 Management group, which is responsible for supporting the Electric  
4 Distributions' financial system.<sup>300</sup> Planners in this group have the  
5 responsibility to support their respective business units through budget  
6 development and oversight, financial analysis, and the production of monthly  
7 variance reports to track financial performance.<sup>301</sup> SDG&E utilizes 2009 base  
8 year recorded for their forecasting methodology.<sup>302</sup> DRA takes no issue with  
9 SDG&E's request.

10 **Table 10-30a**  
11 **2005-2009 Recorded / 2012 Forecast**  
12 **For Administration and Management**  
13 **(In Thousands of 2009 Dollars)**

Description	2005	2006	2007	2008	2009	2012
Labor	119	109	88	84	145	145
NL	21	15	19	22	5	5
NSE	0	0	0	0	0	
<b>Total</b>	140	124	107	106	150	150

14  
15 **Table 10-30b**  
16 **O&M Expenses for TY 2012**  
17 **For Administration and Management**  
18 **(In Thousands of 2009 Dollars)**

Description (a)	DRA Recommended (b)	SDG&E Proposed <sup>303</sup> (c)	Amount SDG&E>DRA (d=c-b)	Percentage SDG&E>DRA (e=d/b)
ED000.000	\$150	\$150	\$0	0%

19  
<sup>300</sup> Exh. SDG&E-5, p. 75.

<sup>301</sup> Exh. SDG&E-5, p. 74.

<sup>302</sup> Exh. SDG&E-5 workpapers, p. 201.

<sup>303</sup> Exh. SDG&E-5 workpapers, p. 201.