**A.14-11-003 and A.14-11-004 Sempra Utilities’ 2016 TY GRC**

**TURN Data Request**

**Data Request Number:** TURN-SCG-9 (Corporate Real Estate, OpEx 20/20, IT, AMI)

**Date Sent:** April 3, 2015

**Response Due:** April 17, 2015

Please provide an electronic response to the following questions. A hard copy response is unnecessary. The response should be provided on a CD sent by mail or as attachments sent by e-mail to the following:

|  |  |  |
| --- | --- | --- |
| Bob FinkelsteinThe Utility Reform Network (TURN)785 Market Street, Suite 1400San Francisco, CA 94103bfinkelstein@turn.org  | Garrick JonesJBS Energy311 D Street, Suite AWest Sacramento, CA 95605garrick@jbsenergy.com  |  |

For each question, please provide the name of each person who materially contributed to the preparation of the response. If different, please also identify the Sempra Utilities witness who would be prepared to respond to cross-examination questions regarding the response.

For any questions requesting numerical recorded data, please provide all responses in working Excel spreadsheet format if so available, with cells and formulae functioning.

For any question requesting documents, please interpret the term broadly to include any and all hard copy or electronic documents or records in the possession of either of the Sempra Utilities.

**SCG-16 – Corporate Real Estate**

1. Regarding Gas Company Tower (GCT) Rents (p. JCS-4)
	1. Please explain the term “base rent” as it appears in the testimony, and state the amount of “base rent” recorded in each year from 2009-2014, inclusive.
	2. Please provide excerpts of the contracts containing GCT Rents escalations and that set the rent expense for each year from 2012 through 2018, or the latest period covered by the contracts if they do not extend to 2018.
	3. Please divide all recorded and forecasts costs shown on p. SCG-16 of ‘ORA Request 4\_B summary SCG.xlsx’ between base rent, “certain other expenses such as parking”, and “utilities, insurance and landlord provided maintenance”. Please identify and describe the top three expenses included in “certain other expenses such as parking.”
	4. Please state the recorded 2014 cost, and break it out by base rent, “certain other expenses such as parking”, and “utilities, insurance and landlord provided maintenance.”
	5. For each year from 2009-2013, inclusive, please identify and briefly explain each of the five factors that most contributed to the decrease in expenses over that period.

**Utility of the Future/Operational Excellence 20/20 (UoF/OpEx 20/20)**

1. Regarding UoF/OpEx 20/20:
	1. Please provide copies of all studies, business cases, analysis, comments, etc., that contain information regarding the cost-reducing result(s) of SCG’s UoF/OpEx 20/20 on a forecast or recorded basis from 2012 to the present.
	2. Please quantify all annual avoided costs resulting from UoF/OpEx 20/20 activities in 2012-2014 (recorded) and 2014-2017 (forecasted), broken out between O&M expenses and capital expenditures.
	3. Please identify the category of and quantify the annual O&M benefits ratepayers have received as a result of UoF/OpEx 20/20 activities relative to the O&M categories.
	4. Please identify by volume and page number each location within SCG’s testimony and workpapers that shows the magnitude of the O&M benefits that ratepayers have derived (whether implied or explicit) as a result of SCG’s implementation of UoF/OpEx 20/20 programs. If the benefits are implied, please briefly explain how SCG’s showing contains implied benefits, and provide SCG’s best estimate of the amount of benefits.

**SCG-18 – Information Technology (IT)**

1. Regarding sheet SCG-18 of ‘ORA Request 4\_B summary SCG’, were forecasts of capital expenditures for OpEx 20/20, as identified in item 008100, included in SCG’s 2012 GRC IT showing?
	1. If so, please identify the forecasts SCG included in the 2012 GRC (in 2013$) IT showing, and identify by volume and page number where within the 2012 GRC application materials the forecasts can be found. Please also separately state the information for each relevant OpEx 20/20 IT activity, if available.
	2. If not, please explain why not and identify the business unit the forecasts for such costs were included.
2. Regarding p. JCN-CWP-157-R in SCG-12-CWP-R in the 2012 GRC,
	1. Please identify the recorded expenses for each line item in the comprised table for each year, 2011-2014. Please break out the Total Direct Capital line by costs related to the (i.) “laptop and desktop devices” upgrade and (ii.) all costs in the category.
	2. For each of the costs for which the recorded costs reflect a10-percent or greater deviation when compared to the costs forecasted in the workpaper table. please identify and explain in detail each reason the increase in recorded costs. If for any of the costs it would be unduly burdensome to address each of the reasons, please identify and explain the five reasons that SoCalGas believes are most material.
	3. Please explain how the items included in Budget No. 827.0 in this table are different than the items for the Hardware Refresh program forecasted in the 2016 GRC, which are included in the table on p. 316 of SCG-18-CWP-R\_IT.
	4. Does SCG forecast costs for 2014-17 similar to PC hardware replacement included in Budget No. 827.0 from the 2012 case (as shown on p. JCN-CWP-157-R of SCG-CWP-R in the 2012 GRC) in the instant case? If so, please identify the costs by budget number and identify by volume and page number each place the location of SCG’s forecast of the costs in the instant case.
3. Please identify 2014 recorded/adjusted costs (in 2013$) for the following:
	1. Line-items contained in Table CRO-13.
	2. Line-items contained on p. SCG-11 of ‘ORA Request 4\_B summmary SCG.xlsx’.

	If you do not have recorded/adjusted, please respond using unadjusted values.
4. Do the costs contained in Table JCN-9 on p. JCN-36 in SCG-12R in the 2012 GRC include costs related to AMI? If so, please divide the costs shown therein between those (i.) related to AMI and (ii.) not related to AMI.
5. Regarding the IT Capital costs listed on p. SCG-18 of ‘ORA Request 4\_B summary SCG.xlsx’:
	1. Do the recorded capital costs in the historical period include costs related to IT activities in SCG’s business units (as opposed to costs only related to the IT Division)?

	If so, please identify which business unit each of the line items belongs to.

	If not, please update the table to include IT costs related to business units on a program basis and identify which business unit each line in the updated table comes from.
	2. Please identify the capital programs with forecast-year spending that SCG considers to be part of OpEx 20/20. For those programs that SCG does not consider to be part of OpEx 20/20 please explain, briefly, their nature such that they are not considered part of OpEx 20/20.
	3. Does SCG consider the *PT81424 SCG IVR Ph 4* project to be part of OpEx 20/20? If not, why not, given that SCG considered the *Upgrade IVR* to be an OpEx 20/20 project in its 2008 GRC application (see p. 3 of Ex. 107 in A.06-12-010).
	4. Does SCG consider the *PT16888 Identity & Access Management* project to be part of OpEx 20/20? If not, why not, given that SCG considered the *Identity (Enterprise) and Access Management* to be an OpEx 20/20 project in its 2008 GRC application (see p. 3 of Ex. 107 in A.06-12-010).
	5. Does SCG consider the *PT81355 SCG WAN REBUILD PH IV* project to be part of OpEx 20/20? If not, why not, given that SCG considered the *LAN/WAN Equipment Refresh Project* to be an OpEx 20/20 project in its 2008 GRC application (see p. 4 of Ex. 107 in A.06-12-010).
6. Regarding the Desktop Hardware Refresh costs shown on p. 316 of SCG-18-CWP-R\_IT,
	1. Why has SCG not recorded any costs in the years 2009-2013?
	2. Why did SCG not replace any computers in this program in the historical period?
	3. Why did SCG not forecast the replacement of any computers in this program before 2016?
	4. Did SCG replace any desktop or laptop computers in any other program in 2009-2013? If so, please identify by volume and page number where in the application materials such spending can be found and where in the testimony such replacements are described and justified.
	5. Is there anywhere in the 2012 GRC case material where SCG forecasted similar costs? If so, please identify where such forecasts are justified and identified.
7. At p. JCN-CWP-27-R in SCG’s 2012 GRC, SCG indicated that it planned to spend $9.329 million of capital to “Complete [the] Data Center Rebuild initiated in 2009”. ‘ORA Request 4\_B summary SCG’ indicates that SCG did not expend any capital funds on this project, but instead plans spending for them in 2014.
	1. Please identify SCG’s recorded 2014 spending on this program.
	2. Please explain in detail why SCG did not execute the project in 2011.

**SCG-39 – Automated Metering Infrastructure (AMI)**

1. SCG states at SCG-39, p. RFG-3:

“Given that AMI’s deployment continues beyond the TY 2016 GRC and consistent with AL 4110, SoCalGas seeks authority to extend the AMIBA [AMI Balancing Account] at least one year beyond the seven year deployment period (2010-2017) through 2018, or until the associated costs and benefits are incorporated in a subsequent GRC.[Footnote excluded] Specifically, SoCalGas requests that the AMI revenue requirement be updated and extended to reflect the total costs and benefits per the AMI business case adopted in D.10-04-027, which will be collected in rates during the post-deployment period beginning on January 1, 2018.”
	1. What amount will SCG use as the benefit offset to the AMI revenue requirement when calculating the amount to charge ratepayers through the balancing account during the 2018? If it will use the O&M Benefits amount for 2018 shown on p. RFG-B3, please so state identify. If the amount SCG ultimately will use will be otherwise determined at a later date (e.g., if SCG plans its expense experience through the end of 2017) , please explain how SCG would calculate the cost reduction.
	2. Does the AMI Business Case benefit calculation account for customer growth? If so, please provide a brief explanation that describes how it did so.
2. At SCG-39, p. RFG-13, SCG states, “In 2018, the revenue requirement includes the capital related costs resulting from the deployment period capital expenditures, as well as capital related costs resulting from $6.8 million in capital expenditures due to customer growth and the deployment of new AMI modules.”
	1. Please divide the $6.8 million between customer growth and new AMI modules.
	2. Please identify the customer growth estimate SCG used to derive the customer growth-related capital expenditures. Is the customer-growth rate SCG assumes for AMI the same as it assumes elsewhere in its GRC testimony? If not, please explain why it is different and identify the rate SCG assumes elsewhere in the GRC.
3. Regarding SCG-39, p. RFG-B3, please provide an Excel workpaper that shows the calculation of the O&M Benefits line, including itemization of all benefit input values and assumptions.