

Application of SAN DIEGO GAS & ELECTRIC )  
COMPANY for authority to update its gas and )  
electric revenue requirement and base rates )  
effective January 1, 2024 (U 902-M) )

Application No. 22-05-\_\_\_

Exhibit No.: (SDG&E-31-CWP)

CAPITAL WORKPAPERS TO  
PREPARED DIRECT TESTIMONY  
OF KENNETH J. DEREMER  
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

May 2022



2024 General Rate Case - APP  
**INDEX OF WORKPAPERS**

**Exhibit SDG&E-31-CWP - SAFETY MANAGEMENT SYSTEMS**

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San Diego Gas & Electric Company  
 2024 GRC - APP  
 Capital Workpapers

**Overall Summary For Exhibit No. SDG&E-31-CWP**

<b>Area:</b>	<b>SAFETY MANAGEMENT SYSTEMS</b>
<b>Witness:</b>	<b>Kenneth J. Deremer</b>

**A. Safety**

In 2021 \$ (000)		
Adjusted-Forecast		
	2022	2023
	6,300	6,818
<b>Total</b>	<b>6,300</b>	<b>6,818</b>

*Note: Totals may include rounding differences.*

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Category: A. Safety  
 Workpaper: S09060

**Summary for Category: A. Safety**

	In 2021\$ (000)			
	Adjusted-Recorded	Adjusted-Forecast		
	2021	2022	2023	2024
Labor	0	300	300	300
Non-Labor	1,415	6,000	6,518	6,517
NSE	0	0	0	0
<b>Total</b>	<b>1,415</b>	<b>6,300</b>	<b>6,818</b>	<b>6,817</b>
FTE	0.0	2.8	2.8	2.8

**S09060 Contractor Field Safety Management Pool**

Labor	0	300	300	300
Non-Labor	1,415	6,000	6,518	6,517
NSE	0	0	0	0
<b>Total</b>	<b>1,415</b>	<b>6,300</b>	<b>6,818</b>	<b>6,817</b>
FTE	0.0	2.8	2.8	2.8

*Note: Totals may include rounding differences.*

**Beginning of Workpaper Group**  
**S09060 - Contractor Field Safety Management Pool**

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool

**Summary of Results (Constant 2021 \$ in 000s):**

Forecast Method		Adjusted Recorded					Adjusted Forecast		
		2017	2018	2019	2020	2021	2022	2023	2024
Years									
Labor	Zero-Based	0	0	0	0	0	300	300	300
Non-Labor	Zero-Based	0	0	505	1,623	1,415	6,000	6,518	6,517
NSE	Zero-Based	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>505</b>	<b>1,623</b>	<b>1,415</b>	<b>6,300</b>	<b>6,818</b>	<b>6,817</b>
FTE	Zero-Based	0.0	0.0	0.0	0.0	0.0	2.8	2.8	2.8

**Business Purpose:**

The new OH pool will collect the costs of managing all Class 1 contractors across the company except for those costs associated with major projects. Those costs will be directly charged to the major projects they support

**Physical Description:**

The new OH pool will collect the costs of managing all Class 1 contractors across the company except for those costs associated with major projects. Those costs will be directly charged to the major projects they support

**Project Justification:**

The new OH pool will collect the costs of managing all Class 1 contractors across the company except for those costs associated with major projects. Those costs will be directly charged to the major projects they support

*Note: Totals may include rounding differences.*

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
Witness: Kenneth J. Deremer  
Budget Code: S0906.0  
Category: A. Safety  
Category-Sub: 1. Safety  
Workpaper Group: S09060 - Contractor Field Safety Management Pool

**Forecast Methodology:**

**Labor - Zero-Based**

The forecast method that was chosen to be the most accurate is zero based because the historical costs do not completely include all of the costs as material portion of the these costs were embedded across a multiple of capital projects and were not tracked. Given the lack of complete historical costs, a base, 3 or 5 year average methodology would not accurately predict future costs. Therefore a zero based forecast is the most appropriate to accurately represent future activity

**Non-Labor - Zero-Based**

The forecast method that was chosen to be the most accurate is zero based because the historical costs do not completely include all of the costs as material portion of the these costs were embedded across a multiple of capital projects and were not tracked. Given the lack of complete historical costs, a base, 3 or 5 year average methodology would not accurately predict future costs. Therefore a zero based forecast is the most appropriate to accurately represent future activity

**NSE - Zero-Based**

NA

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Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool

**Summary of Adjustments to Forecast**

In 2021 \$ (000)										
Forecast Method		Base Forecast			Forecast Adjustments			Adjusted-Forecast		
Years		2022	2023	2024	2022	2023	2024	2022	2023	2024
Labor	Zero-Based	300	300	300	0	0	0	300	300	300
Non-Labor	Zero-Based	6,000	6,518	6,517	0	0	0	6,000	6,518	6,517
NSE	Zero-Based	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>6,300</b>	<b>6,818</b>	<b>6,817</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,300</b>	<b>6,818</b>	<b>6,817</b>
FTE	Zero-Based	2.8	2.8	2.8	0.0	0.0	0.0	2.8	2.8	2.8

**Forecast Adjustment Details**

<u>Year</u>	<u>Labor</u>	<u>NLbr</u>	<u>NSE</u>	<u>Total</u>	<u>FTE</u>
<b>2022 Total</b>	0	0	0	0	0.0
<b>2023 Total</b>	0	0	0	0	0.0
<b>2024 Total</b>	0	0	0	0	0.0

*Note: Totals may include rounding differences.*



San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
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 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool

**Determination of Adjusted-Recorded:**

	2017 (\$000)	2018 (\$000)	2019 (\$000)	2020 (\$000)	2021 (\$000)
<b>Recorded (Nominal \$)*</b>					
Labor	0	0	0	0	0
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
FTE	0.0	0.0	0.0	0.0	0.0
<b>Adjustments (Nominal \$)**</b>					
Labor	0	0	0	0	0
Non-Labor	0	0	461	1,552	1,415
NSE	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>461</b>	<b>1,552</b>	<b>1,415</b>
FTE	0.0	0.0	0.0	0.0	0.0
<b>Recorded-Adjusted (Nominal \$)</b>					
Labor	0	0	0	0	0
Non-Labor	0	0	461	1,552	1,415
NSE	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>461</b>	<b>1,552</b>	<b>1,415</b>
FTE	0.0	0.0	0.0	0.0	0.0
<b>Vacation &amp; Sick (Nominal \$)</b>					
Labor	0	0	0	0	0
Non-Labor	0	0	0	0	0
NSE	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
FTE	0.0	0.0	0.0	0.0	0.0
<b>Escalation to 2021\$</b>					
Labor	0	0	0	0	0
Non-Labor	0	0	45	71	0
NSE	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>71</b>	<b>0</b>
FTE	0.0	0.0	0.0	0.0	0.0
<b>Recorded-Adjusted (Constant 2021\$)</b>					
Labor	0	0	0	0	0
Non-Labor	0	0	505	1,623	1,415
NSE	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>505</b>	<b>1,623</b>	<b>1,415</b>
FTE	0.0	0.0	0.0	0.0	0.0

\* After company-wide exclusions of Non-GRC costs

\*\* Refer to "Detail of Adjustments to Recorded" page for line item adjustments

Note: Totals may include rounding differences.

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool

**Summary of Adjustments to Recorded:**

In Nominal \$(000)					
Years	2017	2018	2019	2020	2021
Labor	0	0	0	0	0
Non-Labor	0	0	461	1,552	1,415
NSE	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>461</b>	<b>1,552</b>	<b>1,415</b>
FTE	0.0	0.0	0.0	0.0	0.0

**Detail of Adjustments to Recorded in Nominal \$:**

<u>Year</u>	<u>Labor</u>	<u>NLbr</u>	<u>NSE</u>	<u>Total</u>	<u>FTE</u>
<b>2017 Total</b>	0	0	0	0	0.0
<b>2018 Total</b>	0	0	0	0	0.0
2019	0	461	0	461	0.0
<b>Explanation:</b>	To move historical amounts from Contractor Admin Pool to newly created Contractor Field Safety Management Pool.				
<b>2019 Total</b>	0	461	0	461	0.0
2020	0	1,552	0	1,552	0.0
<b>Explanation:</b>	To move historical amounts from Contractor Admin Pool to newly created Contractor Field Safety Management Pool.				
<b>2020 Total</b>	0	1,552	0	1,552	0.0
2021	0	1,415	0	1,415	0.0
<b>Explanation:</b>	To move historical amounts from Contractor Admin Pool to newly created Contractor Field Safety Management Pool.				
<b>2021 Total</b>	0	1,415	0	1,415	0.0

*Note: Totals may include rounding differences.*

**Beginning of Workpaper Sub Details for  
Workpaper Group S09060**

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool  
 Workpaper Detail: S09060.001 - RAMP Contractor Field Safety Management  
 In-Service Date: 01/31/2022

Description:

Contractor Field Safety Management
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<b>Forecast In 2021 \$(000)</b>			
Years	<u>2022</u>	<u>2023</u>	<u>2024</u>
Labor	300	300	300
Non-Labor	6,000	6,000	6,000
NSE	0	0	0
<b>Total</b>	<b><u>6,300</u></b>	<b><u>6,300</u></b>	<b><u>6,300</u></b>
FTE	2.8	2.8	2.8

*Note: Totals may include rounding differences.*

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool  
 Workpaper Detail: S09060.001 - RAMP Contractor Field Safety Management

**RAMP Item # 1**

**RAMP Activity**

RAMP Chapter: SDG&E-Risk-4 Incident Involving a Contractor  
 RAMP Line Item ID: C02  
 RAMP Line Item Name: Field Safety Oversight  
 Tranche(s): Tranche1: Overall

**GRC Forecast Cost Estimates (\$000)**

	2021 Historical Embedded Costs (2021 \$)	2022 Forecast (2021 \$)	2023 Forecast (2021 \$)	2024 Forecast (2021 \$)	2022 to 2024 Forecast (2021 \$)	2022 to 2024 RAMP Range (2020 Incurred \$)	
						Low	High
Tranche 1 Cost Estimate	0	6,300	6,300	6,300	18,900	13,500	16,341

**Cost Estimate Changes from RAMP:**

GRC forecast is outside the RAMP range due to forecast updates

**GRC Work Unit/Activity Level Estimates**

Unit of Measure	2021 Historical Embedded Activities	2022 Forecast Activities	2023 Forecast Activities	2024 Forecast Activities	2022 to 2024 Forecast Activities	2022 to 2024 RAMP Range Activities	
						Low	High
Tranche 1 # 3rd party contractors	20.00	24.00	0.00	0.00	24.00	24.00	29.00

**Work Unit Changes from RAMP:**

GRC forecast is within the RAMP range

**Risk Spend Efficiency (RSE)**

	GRC RSE	RAMP RSE
Tranche 1	60.000	35.000

**RSE Changes from RAMP:**

General changes to risks scores or RSE values are primarily due to changes in the MAVF and RSE methodology , as discussed in the RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2)

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool  
 Workpaper Detail: S09060.002 - RAMP Enterprise-Wide Contractor Incident and  
 In-Service Date: 01/31/2022

Description:

Enterprise-Wide Contractor Incident and Schedule Management
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<b>Forecast In 2021 \$(000)</b>				
	<b>Years</b>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Labor		0	0	0
Non-Labor		0	173	172
NSE		0	0	0
	<b>Total</b>	<u>0</u>	<u>173</u>	<u>172</u>
FTE		0.0	0.0	0.0

*Note: Totals may include rounding differences.*

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool  
 Workpaper Detail: S09060.002 - RAMP Enterprise-Wide Contractor Incident and

**RAMP Item # 1**

**RAMP Activity**

RAMP Chapter: SDG&E-Risk-4 Incident Involving a Contractor

RAMP Line Item ID: M01

RAMP Line Item Name: Enterprise-Wide Contractor Incident and

Tranche(s): Tranche1: NA

**GRC Forecast Cost Estimates (\$000)**

	2021 Historical Embedded Costs (2021 \$)	2022 Forecast (2021 \$)	2023 Forecast (2021 \$)	2024 Forecast (2021 \$)	2022 to 2024 Forecast (2021 \$)	2022 to 2024 RAMP Range (2020 Incurred \$)	
						Low	High
Tranche 1 Cost Estimate	0	0	173	172	345	285	345

**Cost Estimate Changes from RAMP:**

GRC forecast is within the RAMP range

**GRC Work Unit/Activity Level Estimates**

Unit of Measure	2021 Historical Embedded Activities	2022 Forecast Activities	2023 Forecast Activities	2024 Forecast Activities	2022 to 2024 Forecast Activities	2022 to 2024 RAMP Range Activities	
						Low	High
Tranche 1 # of Contractors engaged	0.00	0.00	0.50	0.50	1.00	1.00	1.00

**Work Unit Changes from RAMP:**

GRC forecast is within the RAMP range

**Risk Spend Efficiency (RSE)**

	GRC RSE	RAMP RSE
Tranche 1	0.000	0.000

**RSE Changes from RAMP:**

NA

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool  
 Workpaper Detail: S09060.003 - RAMP Enhanced Verification of Class 1  
 In-Service Date: 01/31/2022

Description:

Enhanced Verification of Class 1 Contractor Employee Specific Training

Forecast In 2021 \$(000)				
	Years	2022	2023	2024
Labor		0	0	0
Non-Labor		0	345	345
NSE		0	0	0
	<b>Total</b>	<b>0</b>	<b>345</b>	<b>345</b>
FTE		0.0	0.0	0.0

*Note: Totals may include rounding differences.*



San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

Area: SAFETY MANAGEMENT SYSTEMS  
 Witness: Kenneth J. Deremer  
 Budget Code: S0906.0  
 Category: A. Safety  
 Category-Sub: 1. Safety  
 Workpaper Group: S09060 - Contractor Field Safety Management Pool  
 Workpaper Detail: S09060.003 - RAMP Enhanced Verification of Class 1

**RAMP Item # 1**

**RAMP Activity**

RAMP Chapter: SDG&E-Risk-4 Incident Involving a Contractor  
 RAMP Line Item ID: M02  
 RAMP Line Item Name: Enhanced Verification of Class 1  
 Tranche(s): Tranche1: Overall

**GRC Forecast Cost Estimates (\$000)**

	2021 Historical Embedded Costs (2021 \$)	2022 Forecast (2021 \$)	2023 Forecast (2021 \$)	2024 Forecast (2021 \$)	2022 to 2024 Forecast (2021 \$)	2022 to 2024 RAMP Range (2020 Incurred \$)	
						Low	High
Tranche 1 Cost Estimate	0	0	345	345	690	570	690

**Cost Estimate Changes from RAMP:**  
 GRC forecast is within the RAMP range

**GRC Work Unit/Activity Level Estimates**

Unit of Measure	2021 Historical Embedded Activities	2022 Forecast Activities	2023 Forecast Activities	2024 Forecast Activities	2022 to 2024 Forecast Activities	2022 to 2024 RAMP Range Activities	
						Low	High
Tranche 1 # of contractors engaged	0.00	0.00	1.00	1.00	2.00	1.00	2.00

**Work Unit Changes from RAMP:**  
 GRC forecast is within the RAMP range

**Risk Spend Efficiency (RSE)**

	GRC RSE	RAMP RSE
Tranche 1	110.000	86.000

**RSE Changes from RAMP:**  
 General changes to risks scores or RSE values are primarily due to changes in the MAVF and RSE methodology , as discussed in the RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2)

**Supplemental Workpapers for Workpaper Group S09060**

San Diego Gas & Electric Company  
2024 GRC - APP  
Capital Workpapers

San Diego Gas & Electric Company  
2022 GRC – APP  
Non-Shared Service Workpapers

**Contractor Field Safety Management Pool:**

The new OH pool will collect the costs of managing all Class 1 contractors across the company except for those costs associated with major projects. Those costs will be directly charged to the major projects they support. These costs were previously charged to capital projects and the Contractor Administration Pool. The historical costs below are the costs from the Contractor Administration Pool.

in thousands

				Forecasted		
	2019	2020	2021	2022	2023	2024
<b>Field Safety Advisors</b>	461	1,552	1,415*	6,300	6,300	6,300
<b>Schedule Management</b>					173	172
<b>Training</b>					345	345
<b>Total</b>	461	1,552	-	6,300	6,818	6,817

\* 1,415 represents the costs currently tracked within existing Contract Admin Pool and is only a portion of these costs. The totality of the Contractor Field Safety advisors historical costs cannot be captured with a meaningful level of accuracy as these costs are embedded in the overall costs of a multitude of capital projects. Adoption of a Contractor Field Safety Management Overhead Pool will allow these costs to be tracked and managed within the Contractor Safety group going forward. Incremental costs for 2022, 2023 and 2024 include 3-4 additional contracted employees to perform Contractor Safety program oversight.

RAMP Line Item ID: C02 - Field Safety Oversight

Contractor Oversight (est 24 observers at 2000 hours a year @\$125/hour)	6,000	6,000	6,000
Internal Labor Charged to Pool (40% of 7 Employees)	300	300	300

RAMP Line Item ID: M01 -

Enterprise-Wide Contractor Incident and Schedule Management Contractor Spend (est 1000 hours per year of contractor)		173	172
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RAMP Line Item ID: M02 -

Enhanced Verification of Class 1 Contractor Employee Specific Training Contractor Spend (est 2000 hours per year of contractor)		345	345
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	6,300	6,818	6,817
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