

**San Diego Gas & Electric Company
Transmission Project Review (TPR) Process
CPUC Energy Division Staff Comments on SDG&E's First TPR Process Cycle
June 7, 2024**

As part of the Transmission Project Review (TPR) Process approved by the California Public Utilities Commission (CPUC) in Resolution E-5252, Energy Division Staff of the CPUC (CPUC Staff) provide these Comments to San Diego Gas & Electric Company (SDG&E) on its first cycle of the TPR Process, including the necessary revisions to SDG&E's TPR Process Project Spreadsheet (PS) and supporting information, the TPR Process Stakeholder Meeting of April 10, 2024, and the information provided to Stakeholders in response to data requests.

A. Background

On January 2, 2024, SDG&E issued its TPR Process Project Spreadsheet (PS) containing information on its forecast electric transmission capital projects for the 2024 to 2028 period, as well as actual capital additions made during the 2019 to 2023 period, in the required template format. Following discussions with the CPUC's Energy Division on January 11, 2024, SDG&E provided an updated PS on January 26, 2024, to incorporate corrections to numerous data fields and attempt to resolve data quality issues, including the Project Description, Transmission Voltage Level, and Notes fields. Subsequent discussions with Energy Division Staff led to a second update on February 7, 2024, to incorporate modifications to Field 15(a), "Alternative Solutions and Costs – Solutions," of the PS. Finally, on March 18, 2024, SDG&E issued its fourth version of the PS to correct inaccuracies in the cost information for more than half of the submitted projects. These inaccuracies were identified by CPUC Staff in their review and documented through responses to multiple data requests.

B. SDG&E Data Issues

After three data updates and identification of numerous errors, CPUC Staff believe that the CPUC and Stakeholders need to be provided more accurate information. SDG&E's necessary data updates in response to the pre-March 18th errors hampered the CPUC's and Stakeholders' ability to review the project information and gain understanding of SDG&E's transmission projects included in the PS. SDG&E's data collection appears to have lacked reliability and necessary controls to ensure accurate and timely data.

During the April 10, 2024, TPR Process Stakeholder Meeting, SDG&E provided an overview of its process for assembling the PS information. SDG&E indicated that it started using work order information within the work order management system and then went to project managers for specific information. SDG&E developed efficiencies along the way with "lessons learned" to apply in future TPR Process cycles. SDG&E noted its learning curve for this first time assembling the information, with significant differences from past stakeholder processes.¹ SDG&E also expressed difficulty in locating where data was within the organization and who the data owners were, noting the need to add cross-checks and a validation process. SDG&E shared that in Cycle 2, it will have a higher level of data validation and CPUC Staff look forward to previewing these efforts before the kickoff of the next cycle.

¹ The previous utility stakeholder processes (PG&E's Stakeholder Transmission Asset Review (STAR) Process, SCE's Stakeholder Review Process (SRP), and SDG&E's Evaluation of Forecast Period Capital Additions) were a result of the different TO rate case settlements. The TPR Process was established by the passage of CPUC Resolution E-5252.

Even with SDG&E’s acknowledging the flaws in its TPR Cycle 1 data, CPUC Staff remain concerned about the robustness of SDG&E’s processes in preparing the PS. CPUC Staff identified numerous data quality issues in SDG&E’s PS, including the omission of projects with capital expenditures of \$1 million or more, which are required by CPUC Resolution E-5252 and were discussed with CPUC Staff during TPR Process implementation meetings and the TPR Process Stakeholder Meeting.

Spreadsheet Data Errors

There were numerous changes to individual project data in the PS between the January 2024 and the March 2024 versions, including the annual capital expenditure information for approximately 60 of the 137 projects. The increase in the total capital costs of programs and projects (not including the new projects discussed below) was approximately \$220 million. In multiple data request responses, SDG&E identified errors in capital expenditures (Data Fields 57/58) for certain projects which impacted the projected capital expenditures for all future years.²

A careful review of the changes in the PS capital expenditures by project revealed that the data issues, in large part, appeared to stem from a misalignment of project name and project cost. For example, in the March 2024 PS, the project “CAST Security Upgrades” had capital expenditures equal to what was previously shown in January 2024 for “TL611 Direct Buried Cable Replacement (Old Town - Point Loma).” The new amount for “TL611 Direct Buried Cable Replacement (Old Town - Point Loma)” was previously shown for “TL697 Direct Buried Cable Replacement (Oceanside Sub Getaway).” Table 1 below illustrates three examples of these changes; this phenomenon was observed across a total of 56 projects.

² SDG&E Response to CPUC’s Data Request Question 01-23a (March 18, 2024).

Table 1: Selected Projects' Capital Expenditures (\$000) – January 26, 2024 (orange cells) versus March 18, 2024 (green cells)³

Project Name	Capital Expenditures by Year (\$000)									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CAST Security Upgrades	18,496	11,160	35,750	35,347	24,944	42,521	41,981	43,692	33,867	0
CAST Security Upgrades	2,100	580	13,084	1,012	2,583	11,564	8,191	154	0	0
TL611 Direct Buried Cable						244	3,259	17,324	0	0
TL 611 Direct Buried Cable	18,496	11,160	35,750	35,347	24,944	42,521	41,981	43,692	33,867	0
TL697 Direct Buried Cable Replacement (Oceanside Sub Getaway)						438	438	439	6,125	2,257
TL697 Direct Buried Cable Replacement (Oceanside Sub Getaway)						244	3,259	17,324	0	0

This mismatch of project names and capital expenditures resulted in an inability to accurately assess SDG&E’s past, current, and future capital expenditures. Because of this need for SDG&E’s follow-up corrections, Stakeholders spent extensive time and resources to reverify the values for these projects, which further delayed the ability to perform their analyses.

In addition to capital expenditures, other items remain unclear to CPUC staff. These include:

- amounts being added to FERC rate base before projects appear to be energized,⁴
- information that seems to incorrectly indicate projects were granted a Permit to Construct but were actually exempt from that process,⁵
- projects that were initially identified as “on hold” when they were not,⁶ and
- projects that appeared to be 100% customer funded but showed dollars being added to rate base.⁷

³ Note the January 26, 2024 PS version is used in this comparison, given SDG&E updated the January 2, 2024 submittal after discussions with the CPUC’s Energy Division.

⁴ SDG&E Response to CPUC’s Data Request Question 01-38 (March 18, 2024).

⁵ SDG&E Response to CPUC’s Data Request Question 01-28 (March 18, 2024).

⁶ SDG&E Response to CPUC’s Data Request Question 01-16 (March 18, 2024).

⁷ SDG&E Response to CPUC’s Data Request Question 01-59 (March 18, 2024).

CPUC Staff look forward to SDG&E's efforts to facilitate Stakeholders' review and analysis of the July TPR Process PS.

New Interconnection Projects

In the March 2024 version of the PS, SDG&E included 14 new generator interconnection projects that were not previously included (though it appears all had interconnection agreements in place prior to 2024). SDG&E did not denote in the spreadsheet to what extent these projects replaced what was previously reported in a single "Generator Interconnection Projects" line (Line 125). For these new projects, Data Field 57 ("Actual Capital Expenditures") included the same data for all 14 projects, which were the same numbers shown in the earlier aggregated Generator Interconnection Projects line.

Further, while the previous Generation Interconnection Projects blanket included forecast generation interconnection costs, these 14 individual projects appeared to have \$0 in forecast capital expenditures.

CPUC Staff sought additional information on these projects and in its response to the questions,⁸ SDG&E indicated that numerous errors had been reported for these projects. These errors included:

- incorrect reporting of the "current projected total or actual final cost,"
- improper reporting the same amount (\$2.606 million) being added to rate base for 14 projects, rather than just one project, and
- providing incomplete information for the 14 new generator interconnection projects.

SDG&E indicated that these errors would be resolved in the Cycle 2 July PS and that SDG&E's efforts to break out the subprojects of this blanket budget are ongoing and will be reflected in the July PS⁸. The CPUC looks forward to more accurate and comprehensive information being provided in the next TPR Process cycle.

Disaggregation of Blanket Programs

While SDG&E's blanket programs appear to include some individual projects with a value of \$1 million or more, SDG&E did not separately report these projects. Responses to CPUC Data Requests 01-12, 01-26, 01-27, 01-32, 01-39, 01-40, 01-48, 01-49, 01-55, 01-56, 01-57, 01-58, 01-60, and 01-68, among others, explained that, in total, SDG&E's review identified more than 75 projects, each with more than \$1 million in capital expenditures, embedded in the blanket programs, rather than detailed separately in the TPR PS as required by Resolution E-5252. This impeded the CPUC's and Stakeholders' ability to review the activities in these projects.

While acknowledging this deficiency in a meeting to discuss needed corrections in the initial TPR Process data, SDG&E indicated it did not have sufficient time to provide the detailed information required on these projects in the current PS. Rather, SDG&E intends to provide this information in its July 2024 TPR Process submittal. While it remains unclear to CPUC Staff why SDG&E was not able to implement steps to identify these projects between the passage of Resolution E-5252 in April

⁸ SDG&E Response to CPUC's Data Request Question 01-18 (March 18, 2024).

2023 and January 2024, CPUC Staff look forward to SDG&E's complete reporting in the July 2024 PS.

Inclusion of CPUC Jurisdictional Costs in the Project Spreadsheet

SDG&E acknowledged it continues to refine its TPR Process data for project cost allocation between CPUC jurisdictional distribution and its FERC jurisdictional transmission. Because of how SDG&E maintains its project records and how SDG&E described its internal project organization, it appears to have been difficult for SDG&E to break out only the FERC-jurisdictional costs.⁹

SDG&E described the comingling of FERC and CPUC jurisdictional costs for a number of projects. For example, in response to Data Request 02-22 on Drone Assessments, SDG&E indicated that the "Construction Work in Progress" amount of \$61.3 million "is expected to be significantly less once CPUC electric distribution is removed."¹⁰ In the same response, SDG&E also noted that the "Current Projected Total or Actual Final Cost" amount of \$110.7 million also was inclusive of both CPUC and FERC jurisdictional costs in error," and that the \$110.7 million amount was predominantly electric distribution.

In response to CPUC Data Request 02-14, on HFTD Undergrounding, SDG&E described similar results. "SDG&E has determined that Field 59 inadvertently had comingled FERC and CPUC jurisdictional costs. The updated Field 59 value with just FERC-specific transmission CWIP is approximately \$1.1 million."¹¹ CPUC Staff note that SDG&E originally reported \$147.3 million in this field.

As the TPR Process is only to include FERC jurisdictional transmission projects and data, CPUC Staff look forward to the July 2024 PS including only FERC jurisdictional data.

C. SDG&E's April 10, 2024 Stakeholder Meeting

CPUC Staff request that SDG&E adopt a more effective format in its TPR Process Stakeholder Meeting. During the April 10, 2024, TPR Process Stakeholder Meeting, SDG&E simply responded orally to stakeholder-provided topics and questions, rather than providing any meaningful visual information to Stakeholders. A more prepared presentation was expected, particularly considering the clarification still needed after the discovery of numerous errors. In its presentation, SDG&E repeated stakeholder questions and responded with prepared remarks that were not included in its presentation or provided in written form.

The purpose of the Stakeholder Meeting is to present further information on topics of interest to Stakeholders, as well as other relevant info SDG&E would like to present. Stakeholders provided topics in advance so that SDG&E could present on and fully address CPUC Staff's and Stakeholders' questions. Engagement beyond providing oral "data request" responses would be more effective. Going forward, CPUC Staff believe it is reasonable for Stakeholders to expect more effective presentation and a copy of the presentation in advance of the meeting.

⁹ SDG&E Response to CPUC Data Request 01-12 (March 18, 2024).

¹⁰ SDG&E Response to CPUC Data Request 02-22 (May 14, 2024).

¹¹ SDG&E Response to CPUC Data Request 02-14 (May 14, 2024).

D. Conclusion

CPUC Staff acknowledge that these early phases of the TPR Process have been a “heavy lift” for SDG&E and appreciate SDG&E’s efforts to continue to improve the quality of information it provides to Stakeholders. Staff expect SDG&E to continue developing and implementing more robust processes and quality control to ensure that accurate data is provided in the TPR Process. Not doing so impedes Stakeholders’ review of the information and their ability to gain meaningful understanding from the TPR Process. CPUC Staff request that SDG&E, in its next PS submittal on July 1, 2024, includes a description of the specific steps that it has taken to ensure the accuracy and comprehensiveness of the information included in its PS and supporting data submittal.

Some of the changes that CPUC Staff expect from SDG&E in the subsequent TPR Process cycle in July include:

- Only FERC jurisdictional transmission projects and data in TPR Process submittals,
- Accurate accounting of costs being added to FERC rate base,
- Confirmation that each project’s status (e.g., “on hold”) is accurate,
- Accurate representation of any CPUC permitting requirements,
- Clarity that projects with 100% customer funding are not showing dollars being added to rate base,
- Inclusion of all projects previously included under the “Generator Interconnection Projects” blanket project (Line 125) using their appropriate UID1/UID2 and having all TPR Data Fields correctly filled out, and
- Overall data validation/quality check.

Please direct any questions or comments SDG&E may have related to these comments to tpprocess@cpuc.ca.gov. CPUC Staff look forward to continuing to work with SDG&E on the TPR Process this summer.