

**ORA DATA REQUEST
ORA-SCG-020-STA
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: NOVEMBER 29, 2017
DATE RESPONDED: DECEMBER 26, 2017**

Exhibit Reference: SCG-30 and SCG-31

SCG Witness: Debbie Robinson

Subject: Compensation and Benefits, Pension, and PBOP

Please provide the following:

1. “Working” copies of the supporting electronic files that were used to derive all benefits calculations, such as Excel-compatible spreadsheets, with data and formulas intact and functioning.

SoCalGas Response 1:

The working copies of the supporting electronic files are in the attached document, ORA-SCG-020-STA Q1 Ex SCG-30-WP.

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2. Actuarial reports to support the Pension and PBOP funding requests.

SoCalGas Response 2:

The actuarial report that supports the Pension and PBOP funding requests were provided in the workpapers, SCG-31-WP_PNPB, on pages 11 to 16 for Pension and 24 to 25 for PBOP.

The historical Pension and PBOP Actuarial Valuations for 2012 to 2016 were provided as attachments in response to question 3 of the ORA Master Data Request for Chapter 22.

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3. Regarding the proposed change to SCG’s Pension Plan funding policy, which amortizes a funding shortfall over a seven-year period to achieve full funding:
 - a. Did SCG consider a policy, similar to PG&E’s, in which the contribution amount would be adjusted annually to reflect updated information?
 - b. If SCG considered such a policy, please provide copies of any actuarial reports or other documents created for the company’s decision-making process.
 - c. If SCG considered such a policy, why was it not adopted?

SoCalGas Response 3:

- a. Yes, a funding policy similar to PG&E’s was one of the options considered in determining the proposed policy.
- b. See below.
- c. See below.

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SOCALGAS PARTIAL RESPONSE #2
DATE RECEIVED: NOVEMBER 29, 2017
DATE RESPONDED: JANUARY 2, 2018

Exhibit Reference: SCG-30 and SCG-31

SCG Witness: Debbie Robinson

Subject: Compensation and Benefits, Pension, and PBOP

Please provide the following:

3. Regarding the proposed change to SCG's Pension Plan funding policy, which amortizes a funding shortfall over a seven-year period to achieve full funding:
 - a. Did SCG consider a policy, similar to PG&E's, in which the contribution amount would be adjusted annually to reflect updated information?
 - b. If SCG considered such a policy, please provide copies of any actuarial reports or other documents created for the company's decision-making process.
 - c. If SCG considered such a policy, why was it not adopted?

SoCalGas Response 3:

- a. Previously answered.
- b. See the attached document "ORA-SCG-020-STA Q3b Sempra Funding Policy.pdf" for the report prepared by the Willis Towers Watson, SCG's actuary proposing various funding methodologies and their final recommendation.
- c. As you will see in the attached document, in arriving at the proposed funding policy, SCG considered a number of different factors, including:
 - Accelerating funding to achieve full funding over a reasonable period of time
 - Amount funded should be sufficient to meet all legal obligations
 - Minimizing long term costs of providing the benefit
 - Provide rate stability, as appropriate
 - Promote intergenerational equity for ratepayers

In weighing those objectives, SCG ultimately decided not to propose an annual re-measurement to promote rate stability. The potential for significant changes in market conditions that could result in an excessive over or under funding of the pension plan during the 3-year rate case period. The proposed funding policy addressed this by placing a floor and a ceiling on actual contributions (as described in Exhibit SDG&E-29 SCG-31, page DSR-13, lines 24 to 31). The ceiling limits contributions to 110% of the funded status and ensures that ratepayers do not significantly overfund the plan in the case of a positive economic environment during the rate case period. The floor requires contributions equal to the greater of the minimum required contribution or the amount required to maintaining an 85% AFTAP and ensures that in the case of negative economic conditions the plan remains adequately funded according to current

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SoCalGas Response 3 Continued:

legislation. The Company believes that the proposed funding policy funding strikes the right balance between adequate funding and rate stability.

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4. Regarding the “Wellness Initiatives” on page 83 of Exhibit SCG-30-WP, please explain in detail:
- a. What is included in the base year expense for this program, and what the costs are for each item.
 - b. Why the expense for this program is expected to increase by 66% from 2016 to 2019. Please include cost estimates.

SoCalGas Response 4:

- a. The funds classified as “Wellness Initiatives” will be used to redesign, develop and launch an integrated online wellness platform that leverages current employee access to benefits information through the “My Info” benefits portal. The ability to focus on key wellness concerns that impact employee health plan utilization (e.g., weight management, smoking cessation, physical fitness, nutrition, high cholesterol, high blood pressure, etc.) using consistent communications and access to information is critical to building employee awareness and influencing life style behavioral changes that improve health and increase productivity.
- b. For line items details and estimates by line, please see the attachment included in this Data Request for Question 1.

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5. Regarding the “Misc. and Parking validation” on page 83 of Exhibit SCG-30-WP, please explain in detail what is included in the base year expense for this program, and what the costs are for each item.

SoCalGas Response 5:

The entire amount of \$8,897 in the “Misc. and Parking validation” line item is the projected annual parking costs for vendors and presenters for wellness events at the Gas Tower facility in downtown Los Angeles.

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6. Please confirm that flu shots are covered as free preventative care under every medical plan offered by SCG.

SoCalGas Response 6:

Flu shots are covered under every medical plan at no additional cost if rendered by a licensed medical provider. The Company provides these flu shots on-site to increase use of such preventative care, which in turn would help reduce the long-term healthcare costs and lost productivity of employees in the best interest of the ratepayers.

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7. Please confirm that health screenings for cholesterol, glucose, skin cancer, and bone density are covered as free preventative care under every medical plan offered by SCG.

SoCalGas Response 7:

The medical plans provide the following preventive care at no additional cost:

- Cholesterol
- Glucose Test
- Skin Cancer Test for children only; counseling is provided for covered individuals for ages 10–24 with fair skin as to how lower risk
- Bone Density Test

The Company provides these services on-site to increase use of such preventative care, which in turn would help reduce the long-term healthcare costs and lost productivity of employees in the best interest of the ratepayers.

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8. Please provide the following information for the Retirement Savings Plan:

- a. Actual employee RSP contribution rates for the years 2012-2016.
- b. Actual employee participation rates in the RSP program for the years 2012-2016.

SoCalGas Response 8:

The requested information is provided below.

	Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
a. Average Participation Rate	88.7%	90.3%	91.9%	92.5%	93.0%
b. Average Contribution Rate	7.9%	9.6%	8.4%	8.8%	9.3%

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9. Regarding the “ICP Company Match” on page 127 of Exhibit SCG-30-WP, which refers to a 5-year average of historical payouts, please provide:

- a. The ICP company match payout amount for each year.
- b. Information about how the company match was calculated each year. For example, was it a percentage of an employee’s ICP payout which is deposited into the employee’s retirement saving plan whether or not the employee contributes to the RSP, or was it a percentage of the ICP payout that the employee contributes to his or her RSP? If it was the latter, please provide employee contribution rates for each year.
- c. If the actual ICP payout is above or below target, will the match be adjusted?

SoCalGas Response 9:

a. The ICP payout match payout amount for each year was follows:

	Year					2012 -2016
	2012	2013	2014	2015	2016	Average
ICP Matching Contribution	\$ 1,273,983	\$ 1,317,982	\$ 1,076,219	\$ 1,908,750	\$ 1,692,211	\$ 1,453,829
Contribution Rate - Employer Match						
as a % of Acutal Exec & Non-Exec ICP	2.6%	2.3%	2.3%	2.7%	2.6%	2.5%

b. The ICP company match calculation is described in Exhibit SDG&E-28 SCG-30 on page DSR-42, lines 2 to 6, which is copied below:

“The basic company matching contribution is equal to one-half of the first six percent of the employee’s contributions of eligible pay. In addition, employees receive a “stretch match” equal to one-fifth of the next five percent of the employee’s contributions.”

c. Yes, actual ICP Matching Contribution is calculated as explained in the answer to question 9b. above and would be dependent upon the ICP paid and the elected percentages contributed by the employee. To arrive at the GRC forecast, the ICP Matching Contribution was projected using an average of the actual 2012 to 2016 amounts to be consistent with the approach used in projecting ICP expense. An adjustment would be necessary if another basis is used.

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10. Please provide details about the “FOF Savings” that are referenced on numerous pages in Exhibit SCG-30-WP. For example, page 53 shows Medical Plan FOF Savings of \$1,431,683 for the test year 2019, but there is no clear indication of how this amount was calculated, nor is there any description of it in testimony.

SoCalGas Response 10:

The “FOF Savings” on page 53 of Exhibit SCG-30-WP are discussed in footnote 20 on page DSR-26 of Exhibit SDG&E-28/SCG-30 as follows:

“The transition of the Anthem HealthCare Plus+ and Out of Area to a self-insured design and the pharmacy carve out, along with similar transitions of dental and vision plans to self-insured designs, were included in the Fueling Our Future initiative. Exhibits SDG&E-28WP and SCG-30WP provide information on the cost avoidance associated with these changes.”

The Medical Plan FOF Savings of \$1,431,683 for the test year 2019 is the difference between the total post-FOF projected medical cost of \$96,023,486 on page 51 of Exhibit SCG-30-WP and the total pre-FOF projected medical cost of \$97,455,169 on page 53 of the same exhibit. Pages 52 and 53 of that Exhibit SCG-30-WP provide a summary of pre-FOF projected expenses. The workpaper that provides the detailed calculation of the pre-FOF cost and corresponds to the detailed post-FOF calculation on pages 49 to 51 was inadvertently omitted from the October 6 submission and is attached in the file “ORA-SCG-020 STA Q10 Medical-FOF Detail.pdf.” The workpapers will be updated at the next opportunity. The total projected Medical costs on page 3 of that attachment are the same as those in the summary (pages 52 and 53 of Exhibit SCG-30-WP).