

ORA DATA REQUEST
ORA-SCG-073-NS4
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 5, 2018
DATE RESPONDED: JANUARY 23, 2018

-Exhibit Reference: Ex. SCG-02

SCG Witness: Flores

Subject: Enterprise Risk Management Organization

Please provide the following:

1. Please provide the job descriptions, duty statements, or equivalent documents for the following positions described on pages GSF-3 through GSF-6 of Ex. SCG-02:
 - a) Vice President of Enterprise Risk Management
 - b) Director of Operational Risk Management
 - c) Director of Enterprise Risk Management & Compliance
 - d) Project Managers (s) reporting to the Directors

SoCalGas Response 1:

General descriptions are provided below for the positions listed in parts a-c; duty statements do not exist for those positions. Detailed job descriptions for the positions listed in part d are separately attached. It should be noted that the Enterprise Risk Management department is a shared service organization with the Vice President, Directors and Project Managers supporting both SoCalGas and SDG&E. As such, while this data request references only SoCalGas, the positions described herein support both SoCalGas and SDG&E.

a. Vice President:

- Responsible for setting the policy, governance, structures, process, and guidelines for SoCalGas and SDG&E's risk management practices.
- Develop, implement, and support applications of risk management at SoCalGas and SDG&E.
- Promote the integration of risk concepts and analysis in asset management and investment processes.
- Support the strengthening safety culture at SoCalGas and SDG&E.

b. Director of Operational Risk Management:

- Refresh the risk registries.
- Oversee the application of new risk models to the risk identification, analysis, and evaluation processes, and support the implementation of operating unit registries.
- Share risk management expertise to help implement asset management conformance to asset management standards.
- To help educate and grow risk the risk culture at SoCalGas and SDG&E.

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c. Director of Enterprise Risk Management & Compliance:

- Oversee the development and implementation of increased application of probabilistic and quantitative processes based on data to assess risk and measure results of the risk management effort.
- Support regulatory proceedings, such as the Safety Model Assessment Proceeding (S-MAP)
- Work with other business units to support accountability reporting requirements.
- Enhance the inclusion of risks in the in the investment management process.
- Oversee the monitoring and improvement of opportunities identified in the Risk Maturity and Integration of Risk, Asset, and Investment Management at SoCalGas [SDG&E]: An Assessment Report, prepared in July 2017 (see Appendices C and D of the Revised Direct Testimony of the Risk Management and Policy witness Diana Day – Exhibit SCG-02-R/SDG&E-02-R Chapter 1).
- Oversee the Quantitative Risk and Controls Group which performs risk analysis, oversight, and administers fleet fuel hedging.

d. Project Manager(s) reporting to Directors:

- Please see separately attached document *ORA-SCG-073 QID_Attachment A.pdf* for job descriptions.

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2. Please provide compensation plans/programs for each of the five positions listed in Question 01 above.

To the extent that any of the positions' compensation includes bonuses, profit-sharing, incentive plans, or similar, please describe the mechanisms and structures of such compensation, including the metrics that will be used in assessment.

SoCalGas Response 2:

Compensation plans/programs of SoCalGas and SDG&E are described in the Direct Testimony of Compensation and Benefits witness Debbie S. Robinson (Exhibit SCG-30/SDG&E-28). The positions listed in Question 1 are compensated in accordance with Ms. Robinson's testimony.

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3. Please provide job description, duty statement, or equivalent document for the additional full-time equivalent position described on pages GSF-6 through GSF-7 of Ex. SCG-02.

SoCalGas Response 3:

The FTE described on pages GSF-6 through GSF -7 will be responsible for:

- Drive risk identification, analysis, and evaluation for both SoCalGas and SDG&E.
- Develop and maintain the risk register(s) and enhance methodologies for evaluating risks.
- Help integrate asset management processes and systems.
- Develop and maintain reporting and monitoring processes related to risk management.
- Interact with leadership team and support executive oversight needs.
- Work collaboratively with all business units to ensure a consistent and systematic approach to risk management throughout the companies.
- Facilitate communications and share best practices among business units.
- Perform other duties as assigned.

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4. Please provide compensation plans/programs for the position listed in Question 03 above.

To the extent that the position's compensation includes bonuses, profit-sharing, incentive plans, or similar, please describe the mechanisms and structures of such compensation, including the metrics that will be used in assessment.

SoCalGas Response 4:

Compensation plans/programs of SoCalGas and SDG&E are described in Ms. Robinson's Compensation and Benefits (Exhibit SCG-30-SDG&E-28). It is anticipated that the position listed in Question 3 will be compensated in accordance with Ms. Robinson's testimony.

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5. Please provide a reference to workpapers or testimony showing the incremental costs of the full-time equivalent described on pages GSF-6 through GSF-07 of Ex. SCG-02.

If the incremental costs of this full-time equivalent are not separately called out in testimony/workpapers, please provide supporting workpapers.

SoCalGas Response 5:

In the Enterprise Risk Management workpaper (Exhibit SDG&E-02-WP), an adjustment was made to cost center 2100-3945 related to the new FTE (see page 20). The additional FTE is expected to relieve some workload on the Operations Risk Management group, therefore lessening the need for external consultants to complete such tasks. The adjustment to the Operation Risk Management forecast increases labor with a direct offset to non-labor.

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6. On page GSF-6 of Ex. SCG-02, SCG/SDG&E state “As seen in Table GF-3, this increase in funding will be primarily used to obtain support from experts within the industry (...), which will allow our organization to continue to mature our risk management practices.”
- a) Do SCG/SDG&E have any existing or draft contracts with experts within the industry in effect or planned to be in effect in the manner described? If so, please provide a listing of the contracts.
 - b) Please provide any draft scopes of work, engagement plans, or similar documents to be used by/for the experts in the manner described to “continue to mature [SCG/SDG&E’s] risk management practices.”
 - c) Please provide the proposed deliverables or outputs from the experts within the industry that would be produced by the support work. If none are available or if they are currently unknown, please explain why.
 - d) Aside from expert support, please describe any/all additional planned uses for the funding requested on page GSF-6 of Ex. SCG-02, lines 26-30.

SoCalGas Response 6:

- a. ERM is a shared service organization, as described in the response to Question 1 above. SoCalGas and SDG&E have contracted (with costs to be shared between the two) with Accenture to aid in, but not limited to, the following types of activities: (1) advising on the evolution of the risk management program, including the development of operating risk registries; (2) furthering the integration of risk, asset, and investment management; and (3) supporting regulatory proceedings.
- b. In addition to the work described above in response to question a, the scope of work and plans for other projects to be supported by experts are currently under development. The nature of the work is consistent as presented in the Revised Direct Testimony of Risk Management and Policy witness Diana Day (DD-24 – DD-27). These efforts include supporting the development of the accountability reports, increasing the use of quantification in our assessment of risk and mitigation plans, continued involvement participation in the S-MAP proceedings, creation of operating risk registries, and the integration of asset life cycle data with risk mitigation action and investment planning.
- c. The need for external, expert support may vary throughout the year and year-over-year based on regulatory changes, competing priorities, and timing considerations. The proposed deliverables as it relates to support from Accenture and other potential experts are still being scoped; however, it is anticipated that assistance from experts may include, but is not limited to: further quantification, metrics, development of the operating unit risk registries, and implementation of regulatory directives.

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SoCalGas Response 6: -Continued

- d. While the material portion of the requested funding is planned for support from outside experts, the remaining non-labor expenses are planned for employee related expenses such as materials and supplies, continuing professional education, training and travel.