TURN DATA REQUEST-013
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS PARTIAL RESPONSE #1
DATE RECEIVED: FEBRUARY 7, 2018
DATE RESPONDED: MARCH 6, 2018

SDG&E (SDG&E-28) and SCG (SCG-30)

1. Please provide a copy of the presentation materials (including handouts and slides) from the *Breakout Session Workshop* of November 14, 2017 (for each utility, if applicable).

Utility Response 01:

Please see the file "SoCalGas SDG&E 2019 GRC Breakout Session 11.14.17.pdf" included in this response.

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SDG&E_SOCALGAS RESPONSE PARTIAL #2
DATE RECEIVED: FEBRUARY 7, 2018
DATE RESPONDED: MARCH 9, 2018

SDG&E (SDG&E-28) and SCG (SCG-30)

2. Regarding tables 1a and b on pp. 4 and 5 of the 2019 General Rate Case Total Compensation Study (TCS) (for both the SDG&E and SCG version),

a. The tables reference the variance of the SDG&E and SCG benchmark jobs Against the competitive market average. Please describe the methodology and provide the rationale for the methodology used to determine the competitive market average with reference to the two "peer" groups that are comprised on p. 22 of the TCS. If the average is computed differently for the different types of compensation and/or employee category being compared, please note and provide a description for each case.
b. Please identify the relative weighting of utility-industry "peer" company compensation results and general-industry "peer" company compensation results (from the two groups of companies that are listed on p. 22 of the TCS) that the author used to create the competitive market average against which the target utility is compared.
c. Please provide workpapers that detail the way that the competitive market average was computed from the comparison compensation components of each of the "peer" companies for each employee type.
d. Please disaggregate the following into Base Salary, Variable Cash, and Benefits:
   i. SCG Target Total Cash (i.e., 3rd column)
   ii. Target Total Cash (i.e., 6th column)
   iii. Actual Total Cash (i.e., 7th column)
   iv. Benefits (i.e., 8th column)

Utility Response 02:
The following responses represent SoCalGas and SDG&E's understanding of Willis Towers Watson's methodology, based on information provided by Willis Towers Watson (WTW):

a. The values for all employee categories listed represent the competitive market average for the total compensation elements in the tables on the top of page 4 and 5. The peer group listed on page 22 were specifically utilized to derive only the competitive market value for Benefits (i.e., 8^{th} column) listed in the report based on the employee profiles demographic information within Appendix A-I for each role profile. The competitive market values for Compensation elements were derived based on the methodology outlined on page 15 to 18 of the report.

b. The weighting for each role profile outlined in Appendix A-I for both the utility- and general-industry peers against which Benefits values were compared was as follows:

- Union profiles 1-6: 100% utility-industry (16)
- Broad-based role profiles 7-22: 50% utility-industry (20) and 50% general-industry (20)

Utility Response 02:-Continued

- Executive profiles 23-25: 62.5% utility-industry (20) and 37.5% general-industry (12)

Organization	Industry	Utilized for Union Profiles (1-6)	Utilized for Broad Profiles (7-22)	Utilized for Exec Profiles (23-25)
Ameren Corporation	Utility	X	X	X
American Electric Power System	Utility	X	X	X
CenterPoint Energy, Inc.	Utility	X	X	X
Consolidated Edison Company of New York, Inc.	Utility	X	X	X
Dominion Resources, Inc.	Utility		X	X
DTE Energy	Utility	X	X	X
Duke Energy Corporation	Utility	X	X	X
Energy Future Holdings Corp.	Utility	X	X	X
Entergy Corporation	Utility		X	X
Eversource Energy Service Co.	Utility	X	X	X
Exelon Corporation	Utility		X	X
NextEra Energy, Inc.	Utility	X	X	X
Pacific Gas and Electric Company	Utility	X	X	X
PacifiCorp	Utility	X	X	X
Pinnacle West Capital Corporation	Utility	X	X	X
PPL	Utility	X	X	X
Public Service Enterprise Group	Utility	X	X	X
Southern California Edison	Utility	X	X	X
Southern Company Services, Inc.	Utility		X	X
Xcel Energy Inc.	Utility	X	X	X
Allergan, Inc.	General		X	X
Amgen Inc.	General		X	
Apple Inc.	General		X	X
Bank of America Corporation	General		X	X

Utility Response 02:-Continued

Bechtel Global Corporation	General		X	
Chevron Corporation	General		X	X
Edwards Lifesciences	General		X	X
First American	General		X	X
Fluor Corporation	General		X	X
General Dynamics NASSCO West	General		X	
Intuit Inc.	General		X	X
Jacobs Engineering Group Inc.	General		X	X
Oracle America, Inc.	General		X	X
Pacific Life Insurance Company	General		X	
Parsons Corporation	General		X	
Qualcomm Incorporated	General		X	X
Roche	General		X	
Sony Pictures Entertainment Inc.	General		X	
Teledyne Technologies Incorporated	General		X	X
Western Union	General		X	

c. The employee demographic information (Appendix A - I) for each role profile was run through Willis Towers Watson's BenVal database. This database houses benefit plan data from the listed peer companies. The BenVal methodology utilizes the actuarial assumptions detailed within Appendix E of the report relative to each peer company benefit plan to develop the competitive market value. There are no additional workpapers for this process not already included in the report.

d. i. SCG Target Total Cash (i.e., 3rd column)
The data in the table on the top of page 4 and 5 reflects the total target payroll value for all employees based on the application of cost allocation factors provided by Sempra.

Within Appendix D, the actual Sempra Base Salary for jobs in the report is outlined. In order to derive the (target) Variable Pay values compute the following: Target Total Cash minus (-) Base Salary. There are no Benefits outlined in this column.

Utility Response 02:-Continued

ii. Target Total Cash (i.e., 6th column) See table below.
Within Appendix D, the market value of Base Salary is outlined. In order to derive the (target) Variable Pay values compute the following: Target Total Cash minus (-) Base Salary. There are no Benefits outlined in this column.

iii. Actual Total Cash (i.e., 7th column)
Within Appendix D, the market value of Base Salary is outlined. In order to derive the (actual) Variable Pay values compute the following: Actual Total Cash minus (-) Base Salary. There are no Benefits outlined in this column.

iv. Benefits (i.e., 8th column)
Within Appendix D, the market value for Benefits is outlined. There are no Base Salary and Variable Pay outlined in this column.

3. At p. 22 of the 2019 General Rate Case Total Compensation Study (TCS) (for both the SDG&E and SCG version), the document contains a table of <u>utility</u>-industry "peer" companies:

   a. What were Willis Towers Watson's (WTW) criteria for selecting the proxy companies? (TURN is aware that WTW used "set of selection criteria (i.e., size, industry characteristics, primary geographic labor market, and 2016 GRC Study peers" to make its selections, but is interested in the size range criteria, specific industry characteristics, etc., that WTW/Sempra applied to the universe of possible companies in making the "peer"-company selection.)

   b. Please identify the companies that the 2016 GRC Total Compensation Study contained, but that are not contained in the referenced table from the 2019 study.
   c. Please state each reason that WTW added each of the companies it added to the 2019 GRC version of the TCS, relative to the 2016 GRC version.
   d. Please state each reason that WTW removed each of the companies it removed from the 2019 GRC version of the TCS, relative to the 2016 GRC version.
   e. Please provide documentation of the comparison-company, selection process. The documentation should provide details of the decision to select or not select prospective companies for inclusion in the final comparison list.
   f. Did WTW make any adjustments for size to the compensation results of the comparator companies before comparing the results to the Sempra utilities' results? If not, please explain why. If so, please explain the process and provide documentation.
   g. Please explain the rationale behind the utilities' decision to choose a different set of utility-industry, "peer" companies for the TCS than they chose for the 2017 Sempra Proxy Statement (see Appendix C of the Proxy Statement).
   h. Why do the utilities choose to use Southern California Edison as a comparison company for the TCS, instead of Edison International, which the 2017 Sempra Proxy Statement uses (Appendix C of the Proxy Statement)?
   i. Did WTW make any adjustments for size of the company to the compensation results of the comparator companies before comparing the results to the Sempra utilities' results? If not, why not? If so, please explain the process and provide documentation.

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Utility Response 03:

The following responses represent SoCalGas and SDG&E's understanding of Willis Towers Watson's methodology, based on information provided by Willis Towers Watson (WTW):

a. The detailed listing of all companies considered as peers and the selection decisions are outlined in the following tables which include details on which companies from the 2016 GRC were removed from the 2019 GRC and which new peers were added to the 2019 GRC. Details are separated out by utility- and general-industry peers.

Utility-industry organization	2019 Sempra Peer	2016 Sempra Peer	SCE Peer	PG&E Peer	Comments
Ameren Corporation	Y	Y		Y	
American Electric Power System	Y	Y	Y	Y	
CenterPoint Energy, Inc.	Y	Y		Y	
Consolidated Edison Company of New York, Inc.	Y	Y	Y	Y	
Dominion Resources, Inc.	Y		Y	Y	New Peer - utilized by other CA utilities
DTE Energy	Y	Y	Y	Y	
Duke Energy Corporation	Y	Y	Y	Y	
Energy Future Holdings Corp.	Y	Y	Y	Y	
Entergy Corporation	Y	Y	Y	Y	
Eversource Energy (Northeast Utilities)	Y			Y	New Peer - utilized by PG&E
Exelon Corporation	Y		Y	Y	New Peer - utilized by other CA utilities

Utility Response 03:-Continued

Integrys Energy Group, Inc.		Y		Y	Remove - acquired by WE Energies
NextEra Energy, Inc.	Y	Y	Y	Y	
NV Energy		Y	Y		Remove - available benefit data from 2013 (2014 or later)
Pacific Gas and Electric Company	Y	Y	Y		
PacifiCorp	Y	Y	Y		
Pinnacle West Capital Corporation	Y	Y			
Portland General Electric Company		Y			Remove - size issue; not utilized by other CA utilities
PPL	Y	Y		Y	
Public Service Enterprise Group	Y	Y	Y	Y	
Puget Sound Energy, Inc.		Y			Remove - size issue; not utilized by other CA utilities
Salt River Project					Remove - not publicly traded or subject to rate case realities
Southern California Edison (Edison Internationalis)	Y	Y		Y	
Southern Company Services, Inc.	Y		Y	Y	New Peer - utilized by other CA utilities
Xcel Energy Inc.	Y	Y		Y	

Utility Response 03:-Continued

General-industry Organization	2019 GRC Peer	2016 GRC Peer	SCE Peer	PG&E Peer	Comments
AECOM		Y			Remove - available benefit data from 2013 (2014 or later)
Allergan, Inc.	Y	Y	Y	Y	
Amgen Inc.	Y		Y		New Peer - utilized by SC; large CA employer
Apple Inc.	Y	Y			
Bank of America Corporation	Y	Y			
Bechtel Global Corporation	Y		Y	Y	New Peer - utilized by other CA utilities
Calpine Corporation		Y		Y	Remove - organization is neither a true general - or utility-industry peer or regulated
Chevron Corporation	Y	Y	Y	Y	
Edwards Lifesciences	Y	Y			
Fireman's Fund Insurance Companies		Y			Remove - available benefit data from 2013 (2014 or later); U.S. sub of Allianz
First American	Y	Y			
Fluor Corporation	Y	Y		Y	
General Dynamics NASSCO West	Y				New Peer - large CA employer with relevant roles
Intuit Inc.	Y	Y			
Jacobs Engineering Group Inc.	Y	Y		Y	

Utility Response 03:-Continued

Kaiser Permanente - Southern California		Y	Y		Remove - information in databases only covers the Union plans
Life Technologies		Y			Remove - purchased by Thermo Fisher Scientific
Oracle America, Inc.	Y	Y		Y	
Pacific Life Insurance Company	Y			Y	New Peer - large CA employer with relevant roles
Parsons Corporation	Y		Y		New Peer - large CA employer with relevant roles
Qualcomm Incorporated	Y	Y		Y	
Roche	Y	Y			
Sony Network Entertainment International (SNEI)					Remove - added Sony Pictures (possible duplicative plans)
Sony Pictures Entertainment Inc.	Y				New Peer - large CA employer with relevant roles; utilize this or SNEI
Teledyne Technologies Incorporated	Y	Y			
The Boeing Company		Y	Y		Remove - organization data is now confidential
Western Union	Y	Y			

b. thru d: See the response to question 3a.

e. See the response to question 3a. Supporting information is provided in the meeting notes in Appendix G for Meeting #1 and Meeting #2 in the final report which references the selection decisions.

f. When reviewing benefit values WTW has observed that company size has a less significant impact on the value of the benefits provided by an organization compared to the employee demographics for the role profiles evaluated. For this reason, WTW did not size-adjust the peers. WTW did, however, ensure relativity to Sempra by utilizing role profile demographics (i.e., base salary, age, tenure, gender) specific to the client to ensure

Utility Response 03:-Continued

an "apples to apples" comparison to selected peer company plans. The details regarding this BenVal valuation methodology are detailed in Appendix E. Demographic comparisons help to ensure a better approximation for benefit values. As outlined in the response to question 2a, the peer groups outlined on page 22 only applied to the Benefits market values.

g. When developing the peer group for the Benefits values, WTW began with the list of peers reviewed and approved by Sempra and the ORA in the last rate case. From this list, some utility-industry peer data were available and other data were not (i.e., mergers, database coverage) as outlined in the response to question 3a. With a representative set of 20 utility-industry peers, the utility-industry market was well-represented. Increasing the number of peers beyond the sample 20 companies would not have a substantive change in the Benefits value outcomes.

h. Edison International (EI) is the parent company of Southern California Edison (SCE) and EI has only a small number of employees. The entity's core business is conducted by Southern California Edison, a regulated utility, with EI and SCE filing a joint proxy statement.

i. Same content as question 3f; please see response above.

4. At p. 22 of the 2019 General Rate Case Total Compensation Study (for both the SDG&E and SCG version), the document contains a table of general-industry peer companies:
   a. What were Willis Towers Watson's (WTW) criteria for selecting the proxy companies? (TURN is aware that WTW used "set of selection criteria (i.e., size, industry characteristics, primary geographic labor market, and 2016 GRC Study peers" to make its selections, but is interested in the size range, specific industry characteristics, etc., that WTW/Sempra applied to the universe of possible companies in making the "peer"-company selection.)
   b. Please provide documentation of the comparison-company, selection process. The documentation should provide details of the decision to select or not select prospective companies for inclusion in the final comparison list.
   c. Did WTW make any adjustments for size to the compensation results of the comparator companies before comparing the results to the Sempra utilities' results? If not, why not? If so, please explain the process and provide documentation.
   d. Please explain why is it reasonable to include Apple, Inc., a high-tech company with considerable overseas operations and an annual revenue of $216MM, in the "peer" sample?
   e. For each company in the table, please identify each of the profile(s) (of the 25 profiles listed on p. A2 of TCS's Appendix A-1) for which the survey data were used to populate the profile data for the TCS.

Utility Response 04:
The following responses represent SoCalGas and SDG&E's understanding of Willis Towers Watson's methodology, based on information provided by Willis Towers Watson (WTW):

a. thru c. Same response as question 3a; please see response above.

d. Apple was a general-industry peer utilized in the last rate case approved by Sempra and the ORA. For consistency between reports, the previous rate case was the starting point for peer selections. Additionally, Apple is a large California employer in WTW's benefit database and is a talent and skill competitor for various roles at Sempra.

e. Survey data were not utilized for any of the role profiles outlined within Appendix A-I. Details are outlined in reference to question 2a and question 2b. The peers outlined on page 22 were utilized only for Benefit market values.

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5. Please provide the recorded Base Pay amount for SDG&E, SCG, and Corporate Center (total, and as allocated to each of SDG&E and SCG) for each year, 2012-2017.

Utility Response 05:

SoCalGas and SDG&E object to this request on the grounds that it is vague and ambiguous with respect to the term "base pay." Subject to and without waiving the foregoing objection, SoCalGas and SDG&E respond as follows: For GRC purposes, SoCalGas and SDG&E interpret this request as calling for the aggregate value of annualized pay, excluding short- and long-term incentive compensation and benefits programs and pension and PBOP benefits. Corporate Center is not available as Labor forecasts were made using total Labor and not broken down by Straight Time Labor. Also, allocations to utilities are made in aggregate of total costs and not separately allocated by labor and non-labor.

Sempra Energy Utilities
2019 GRC: TURN Data Request
Straight-Time Labor: 2012-2017
(in 2016 $ w Standard V&S)

	2012	2013	2014	2015	2016	2017
SDG&E O&M	250,426,495.36	235,674,473.25	222,950,503.70	217,792,796.09	222,854,613.76	203,921,766.19
SDG&E Capital	137,060,105.71	117,888,262.00	111,220,865.50	56,866,827.73	53,060,419.87	47,342,767.18
SDG&E ST Lbr	**387,486,601.07**	**353,562,735.25**	**334,171,369.20**	**274,659,623.82**	**275,915,033.63**	**251,264,533.37**
SoCalGas O&M	456,106,399.58	471,726,957.34	457,659,728.48	447,520,816.93	456,791,862.46	447,513,620.98
SoCalGas Capital	69,693,965.39	82,009,224.56	87,143,680.05	112,180,201.48	125,729,439.46	120,854,501.42
SoCalGas ST Lbr	**525,800,364.97**	**553,736,181.90**	**544,803,408.53**	**559,701,018.41**	**582,521,301.92**	**568,368,122.40**

In the above chart,

- "ST" = Straight Time
- Amounts represent the GRC portion of ST Labor
- Standard annual V&S factor applied
- Amounts escalated/de-escalated to 2016 $
- Categories used to determine ST Labor for 2012-17 are:

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Utility Response 05:-Continued

SEMPSEU2020, Labor	
SEMPSEU3020, Salaries-Straight Time	
SEMPSEU4000	S/T Mgmt
6110000	SALARIES
6110010	SALARIES-EXECUTIVE
6110020	SALARIES-MANAGEMENT STRAIGHT-TIME
SEMPSEU4010	S/T Non-Mgmt
6110080	SALARIES-CLERICAL AND TECHNICAL STRAIGH
6110110	SALARIES-UNION STRAIGHT-TIME
6110200	SALARIES-UNION CALL IN STRAIGHT-TIME
SEMPSEU5111	S/T Temp Full Time
6110140	SALARIES-TEMP FULL-TIME STRAIGHT-TIME
6110141	SALARIES-EMPLOYMENT CONTRACT MGMT S/T
6110142	SALARIES-EMPLOYMENT CONTR CLER/TECH S/T
SEMPSEU5112	S/T Temp Part Time
6110170	SALARIES-TEMP PART-TIME STRAIGHT-TIME
6110171	SALARIES-PART TIME MGMT S/T
6110172	SALARIES-PART TIME CLERICAL/TECH S/T
6110173	SALARIES-PART TIME UNION S/T
SEMPSEU5113	S/T Non-Union Call-In
6110231	SALARIES-CALLIN MGMT S/T
6110232	SALARIES-CALLIN CLERICAL/TECH S/T

6. Please provide the forecasted Base Pay amount for SDG&E, SCG, and Corporate Center (total, and as allocated to each of SDG&E and SCG) for each year, 2017-2019.

Utility Response 06:

SoCalGas and SDG&E object to this request on the grounds that it is vague and ambiguous with respect to the term "base pay." Subject to and without waiving the foregoing objection, SoCalGas and SDG&E respond as follows: For GRC purposes, SoCalGas and SDG&E interpret this request as calling for the aggregate value of annualized pay, excluding short- and long-term incentive compensation and benefits programs and pension and PBOP benefits. Base pay amounts were not specifically forecast for 2017-2019. Please see individual testimonies as to the forecasting methodologies used to project labor cost.

7. Regarding the tables on pp. 11 of the SDG&E-28 workpapers and 12 of the SCG-30 workpapers:
   a. The utilities state: "ICP calculated based on an average of the actual annual 2012 to 2016 ICP expense for all employees. Projection for executives and non-rep. employees is adjusted for changes in salary and headcount… ."
      In the workpapers supporting SDG&E-22 and SCG-21 in the 2016 GRC, the utilities state: "Variable Pay calculated based on salary data as of March 2014, assumes target payout and increases based on changes in salary and headcount" (p. 12 of both SDG&E-22 and SCG-21).

      Please state and support each reason for the apparent change in forecast methodology for variable-cash pay between the 2016 and 2019 GRCs.

   b. Please identify for each category, Executive, Non-Executive, and Union the following for each year, 2012-2015 and 2017:
      i. The recorded Headcount.
      ii. The recorded ICP Costs.
      iii. The target ICP Costs based on the headcount and salaries.

      In so doing, please disaggregate the data for each of the utilities in to utility data and Corporate Center Data.

   c. Please disaggregate the forecasted 2017, 2018, and 2019 headcount and ICP cost into headcount and cost forecasts by Executive, Non-Executive, and Union, located at each of the utilities and the Corporate Center.

Utility Response 07:

a. The use of historical ICP expenses is more reflective of the actual costs SDG&E, SoCalGas and Corporate Center will expect to experience and is what is included in the Total Comp Study as part of compensation. Please see page DSR-18-DSR-20 of the Direct Testimony of Debbie Robinson (Exhibit SCG-30/SDGE-28) for an explanation of ICP recoverability. As described on page DSR-17 of Exhibit SCG-30/SDGE-28, this approach is consistent with SCE's Commission-authorized variable pay in D.15-11-021, which was based on SCE's historical, actual payments: "To calculate STIP forecast, we apply the 12.11% ratio of STIP to total labor, as calculated by SCE based on ORA's proposed six-year average, to SCE's total labor forecast."

Utility Response 07 Continued:

b.

i. The recorded disaggregated headcount for SDG&E and SoCalGas for the requested years are provided below.

SoCalGas	Year				
	2012	2013	2014	2015	2017
Executive	11	12	13	13	15
Management	2,305	2,719	2,863	3,046	2,952
Union	5,447	5,463	5,414	5,382	4,579
Total	7,763	8,194	8,290	8,441	7,546

SDG&E	Year				
	2012	2013	2014	2015	2017
Executive	16	13	15	14	15
Management	3,510	3,204	3,016	3,045	2,879
Union	1,456	1,384	1,269	1,254	1,222
Total	4,982	4,601	4,300	4,313	4,116

The recorded disaggregated headcount for Corporate Center is provided below.

Sempra Corp. Center	Year				
	2012	2013	2014	2015	2017
Executive	14	15	16	15	17
Management	341	327	344	365	406
Total	355	342	360	380	423

Note that the ICP costs for Corporate Center are included in the testimony of Mia DeMontigny.

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Utility Response 07 Continued:

ii. The recorded ICP costs for SDG&E and SoCal Gas for the years requested are provided below.

		$ in Thousands				
SDG&E		**Year**				
		2012	**2013**	**2014**	**2015**	**2017**
	Executive	$ 4,078	$ 2,655	$ 3,887	$ 4,191	$ 4,466
	Non Executive	69,598	47,483	64,731	66,945	60,126
	Union	964	839	859	823	532
	Total	$ 74,640	$ 50,977	$ 69,477	$ 71,959	$ 65,124
SoCalGas		**Year**				
		2012	**2013**	**2014**	**2015**	**2017**
	Executive	$ 2,774	$ 2,738	$ 2,497	$ 3,423	$ 3,949
	Non Executive	47,151	52,946	43,775	68,071	59,516
	Union	2,318	3,037	2,440	3,789	3,100
	Total	$ 52,243	$ 58,721	$ 48,712	$ 75,283	$ 66,565

The recorded disaggregated ICP costs for Corporate Center are provided below.

		$ in Thousands					
Sempra Corp. Center		**Year**					
		2012	**2013**	**2014**	**2015**	**2017**	
	Executive	$ 7,580	$ 8,666	$ 9,137	$ 11,024	$ 11,811	
	Non Executive	7,935	12,000	11,569	13,454	17,829	*
	Total	$ 15,515	$ 20,666	$ 20,706	$ 24,478	$ 29,640	
	* Includes a $3,299 true-up for 2016						

Note that the amounts above are the total Corporate Center ICP costs and only a portion is allocated to SDG&E and SoCal Gas based on various allocation methods as described in Exhibit SCG-28-R/SDG&E-26-R, the Testimony of Mia DeMontigny. The remainder is retained at Sempra.

Utility Response 07 Continued:

During the preparation of this response it was determined that the Corporate Center ICP had been incorrectly allocated to the categories above in Exhibit SCG-28-R-WP/SDG&E-26-R-WP on pages 383 (Executive) and 386 (Management). The Executive ICP above target was included in the Management ICP. This did not impact the allocation of Corporate Center ICP to SDG&E and SoCalGas, and the allocated amounts are still correct. This also did not impact the projection of the Corporate Center ICP costs in the test year, as the projection was based on a 5-year average (based on the years 2012 to 2016), as described in Exhibit SCG-28-R_SDG&E-26-R, except as noted below.

Also, in the course of preparing this response it was also determined that the Executive ICP costs at Corporate Center were projected based on the 2016 ICP cost at target and not the 5-year average discussed above. This resulted in the requested amount for this cost to be understated. The Companies will not seek to request additional recovery at this time but reserve the right to do so in the future.

iii. The ICP costs calculated at target for SDG&E, SoCal Gas and Corporate Center for the requested years are provided below.

		$ in Thousands				
SDG&E				**Year**		
		2012	**2013**	**2014**	**2015**	**2017**
	Executive	$ 2,436	$ 2,440	$ 2,354	$ 2,448	$ 2,302
	Non Executive	46,038	43,631	43,271	44,153	40,563
	Union	643	771	564	550	367
	Total	$ 49,117	$ 46,842	$ 46,189	$ 47,151	$ 43,232
SoCalGas				**Year**		
		2012	**2013**	**2014**	**2015**	**2017**
	Executive	$ 1,658	$ 1,970	$ 1,933	$ 1,960	$ 2,310
	Non Executive	31,142	38,091	40,920	44,887	45,799
	Union	1,545	2,185	2,309	2,526	2,469
	Total	$ 34,345	$ 42,246	$ 45,162	$ 49,373	$ 50,578
Sempra Corp. Center				**Year**		
		2012	**2013**	**2014**	**2015**	**2017**
	Executive	$ 5,068	$ 4,296	$ 5,027	$ 5,593	$ 6,049
	Non Executive	6,144	6,743	7,183	7,842	8,670
	Total	$ 11,212	$ 11,039	$ 12,210	$ 13,435	$ 14,719

Utility Response 07 Continued

c. The disaggregate forecasted headcount and ICP cost by Executive, Non-Executive, and Union for 2017, 2018, and 2019 is provided on page 12 of Exhibit SCG-30-WP for SoCalGas and on page 11 of Exhibit SDGE-28-WP for SDG&E.

The projected disaggregated headcount for the years 2017 to 2019 for Corporate Center are provided below.

Sempra Corp. Center	**Projected Headcount**		
	2017	**2018**	**2019**
Executive	17	17	17
Management	410	405	405
Total	427	422	422

The projected disaggregated Corporate Center ICP costs on the indicated pages of Exhibit SCG-28-R-WP/SDG&E-26-R-WP are provided below.

Sempra Corporate Center	$ in Thousands		
	Projected ICP Expense		
	2017	**2018**	**2019**
Executive (p. 383)	$ 5,934	$ 5,813	$ 5,813
Management (p. 386)	13,766	14,070	13,959
Total	$ 19,700	$ 19,883	$ 19,772

As discussed above, the Executive ICP expense for Corporate Center was projected based on the 2016 expense calculated at target and not a 5-year average as described in the testimony.

8. For both SDG&E and SCG please identify any instance of compensation in which an award was premised on the outcome of investigations into safety incidents in between 2012 and 2017, inclusive. For each instance, please identify target percentage and the annual payout, both in dollars and as percentages of target.

Utility Response 08:
SoCalGas and SDG&E object to this request on the grounds that it is vague and ambiguous with respect to the meaning of "investigations into safety incidents," and to the extent that it misstates testimony. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows: Please see the discussion in Debbie Robinson's testimony (Exhibit SCG-30/SDG&E-28) regarding how safety is taken into account in assessing incentive compensation. SDG&E and SCG are not aware of any compensation awarded premised on the outcome of investigation into safety incidents.

9. For both SDG&E and SCG please identify under what circumstances does an employee (executive and non-executive) not earn variable pay "up to market" for failure of that individual or company to comply with:
   a. Federal, state, or local laws, rules, and regulations?
   b. CPUC rules and orders?
   c. Please provide specific examples from the past three years.

Utility Response 09:
SoCalGas and SDG&E object to this request on the grounds that it is vague and ambiguous with respect to the meaning of "variable pay 'up to market,'" and is therefore unintelligible, and to the extent that it seeks information that would affect employee privacy rights. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows: SoCalGas and SDG&E interpret this request as calling for the impact on variable pay in the event that job performance does not meet company standards. As discussed in Debbie Robinson's testimony (Exhibit SCG-30/SDG&E-28, *see, e.g.,* page DSR-10), the ICP plan includes an individual performance component. If performance standards are not met, awards may be reduced or eliminated. If an employee is terminated before year's-end, the employee is not eligible to receive variable pay for that year. SoCalGas and SDG&E do not track all of the specific criteria that are taken into consideration when determining each individual award component.

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10. Regarding the excel files, called Attachment TY2019 SDG&E MDR_Specific_Q3_Attachment (attached to Question 3 in Section A of SDG&E's MDR responses) and Attachment TY2019 SCG MDR_Specific_Q3_Attachment (attached to Question 3 in Section A of SCG's MDR responses):

    a. Please identify the recorded values for each line item for each year, 2012-2017 and present the values in an Excel file.
    b. Please identify the ICP expense (as Witness Robinson discusses at pp. 9-20 of SDG&E-28 and SCG-30) that SDG&E and SCG included in the expense lines of each of the respective tables.
    c. Do the recorded costs shown in either of the tables include costs associated with long-term incentives of the type that Witness Robinson discusses on pp. 20-21 of SDG&E-28 and SCG-30? If so, please identify the value of such costs for each of the respective tables.
    d. Do the recorded costs presented in the SCG table include costs associated with the Aliso Canyon leak? If so, please identify the amount of such costs included in each of the line items.

Utility Response 10:

a-d. SoCalGas and SDG&E object to this request on the grounds that it is overbroad, unduly burdensome, and outside the scope of testimony. Subject to and without waiving this objection, SDG&E and SoCalGas respond as follows: The requested information does not exist and would be unduly burdensome to create. The several weeks-long process to create the referenced tables is unduly burdensome. The referenced tables are created only for GRC purposes, and therefore exists only for 2016. SoCalGas and SDG&E have no reason to produce this table for other purposes during their normal course of business, therefore the table does not exist for those years.

11. Regarding Table 28a and Table 26 in Attachment SCG CH23 Q4 Response Measurements to SCG's response to Question 4 in Chapter 23 of Section B - Operating Expenses of the MDR:

General Objection to Question 11, all Subparts: SoCalGas and SDG&E generally object to each of the subparts of Question 11 under Rule 10.1 of the Commission's Rules of Practice and Procedure, on the grounds that the request seeks information outside the scope of the proceeding, and the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. The U.S. Supreme Court has stated that the role of the regulator is not to substitute its own judgment for that of a "board of directors [exercising] proper discretion about [a] matter requiring business judgment":

> It must never be forgotten that, while the state may regulate with a view to enforcing reasonable rates and charges, it is not the owner of the property of public utility companies, and is not clothed with the general power of management incident to ownership. The commission is not the financial manager of the corporation and it is not empowered to substitute its judgment for that of the directors of the corporation …..

Missouri ex rel. Southwestern Bell Tel. Co. v. Public Service Comm'n, 262 U.S. 276, 288-89 (1923). Consistent with this maxim, the Commission has a longstanding policy of not micromanaging utility incentive compensation programs (see, e.g., D.92-12-057, p. 38), and has explicitly rejected TURN's previous efforts to micromanage SDG&E and SoCalGas' ICP metrics in their TY 2012 GRC proceeding, stating:

> With respect to the argument of TURN and UCAN that the metrics for the ICPs of SDG&E and SoCalGas should be revised, we do not adopt that suggestion. SDG&E and SoCalGas are in the best position to decide what metrics to use to measure the performance of its employees, and to revise the metrics as UCAN has suggested would result in the Commission's micromanaging of the Applicants' variable compensation.

D.13-05-010, p. 882. Accordingly, the Commission found:

> SDG&E and SoCalGas are in the best position to decide what metrics to use to measure the performance of its employees, and to revise the metrics as UCAN has suggested would result in the micromanagement of the variable compensation such as ICP.

D.13-05-010 at 1079, Finding of Fact 380; *id.* at 881-82. *See also* D.04-07-022 at 298-299 ("In D.92-12-057, the Commission noted the following conclusions of a workshop conducted by the Commission staff: 'The consensus reached in the workshop was that the Commission should not attempt to micromanage utility incentive compensation programs.'"); D.96-04-050 at 206-208 (The CPUC's approach of examining a utility's total compensation compared with market is "a regulatory process that does not micromanage the utility's employee compensation strategy" and "ensures that ratepayers are not burdened with paying for employee compensation levels beyond that which is necessary for the utility to provide safe, reliable service at reasonable rates.").

SoCalGas and SDG&E also note that the granularity of detail regarding their ICP plans sought in the requests below fall far outside the scope of their Compensation and Benefits testimony chapters. Of primary importance is ensuring that the total compensation of SDG&E and SoCalGas' employees, which includes ICP, is in line with the competitive market, not second-guessing performance metrics. For all of these reasons, SoCalGas and SDG&E object on the grounds that the requests below seek the production of information that is outside the scope of the pending proceedings and is not reasonably calculated to lead to the discovery of admissible evidence.

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11.a. Please explain how each of the utilities developed each of their respective performance measures. Please provide any and all documentation, meeting minutes, analysis, and workpapers supporting the development of each performance measure.

Utility Response 11 a: See General Objection to Question 11 above. SoCalGas and SDG&E object to Question 11.a on the grounds that the request seeks information outside the scope of the proceeding, and the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows:

The table below shows how each utility develops each of their respective performance measures throughout the company.

Development of ICP Goals	
Q3 – Q4 Current year minus one	Senior management team begin discussions on potential ICP goals for following year that support strategic initiatives
Q4 – Current year minus one	Proposed goals for following year and framework, reviewed by President & CEO
Q4 – Current year minus one	Review by BOD of preliminary framework for following plan year
Q1 – Current plan year	Goal owners develop measures, and details for proposed goals
Q1 – Current plan year	In-line officer approves proposed goal details
Q1 – Current plan year	President & CEO review and approve goals
Q1 – Current plan year	SRE earnings for ICP approved by SRE BOD Comp Committee
Q1 – Current plan year	SDG&E and SoCalGas BOD approves ICP plans for current year
Q1 – Q2 Current plan year	Audit services reviews processes and controls
Q1-Q2 – Current plan year	New ICP plans & goals communicated to employees; progress updates communicated quarterly

11.b. Please provide the rationale for each of the performance measures included in the ICP. E.g., what was the basis that SCG used to of set 1.20, 1.16, and 0.98 as the minimum, target, and maximum measures for the SCG Lost Time Incident (LTI) rate measures instead of, say, 3.20, 3.16, and 2.98, and so on, for all of the listed goals for each utility?

Utility Response 11 b: See General Objection to Question 11 above, and chart provided in response to 11.a.

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11.c. Regarding the Funds from Operations (FFO)-to-debt ratio of 22% under the Strategic Initiatives identified in the referenced tables, please explain in detail the financial advantage to (a) shareholders and (b) ratepayers.

Utility Response 11 c: See General Objection to Question 11 above. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows:

Having a healthy FFO to debt ratio results in SDG&E and SoCalGas maintaining strong credit ratings. To pull from the Rebuttal Testimony of Robert Schlax (Exhibit SCG-241 / SDG&E 242 in A.14-11-003/004), "(t)hese credit ratings enable the utilities to access capital markets (debt markets) at favorable market rates to fund on-going operations and projects, thereby preserving their high standards of service and safety and reliability while also providing the ability to finance new customer-driven investments and initiatives authorized by the Commission. ... That is why a financially strong and healthy utility matters to ratepayers."

In past Commission decisions, the CPUC agreed that ratepayers benefit from a financially strong utility, saying: "[t]he financial metric may benefit ratepayers as a result of the companies' lower borrowing costs," (D.13-05-010 at 882) and "[a]s the Applicants point out, a financially strong company usually has lower borrowing costs, which benefits ratepayers by lowering costs" (D.13-05-010 at 883).

11.d. Regarding the deferral of a 2017 issuance of long-term debt under the Strategic Initiatives, please explain in detail the financial advantage to (a) shareholders and (b) ratepayers.

Utility Response 11 d: See General Objection to Question 11 above. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows:

Deferring long-term debt improves the utility debt metrics that are considered when credit agencies issue a rating. To pull from the Rebuttal Testimony of Robert Schlax (Exhibit SCG-241 / SDG&E 242 in A.14-11-003/004), "(t)hese credit ratings enable the utilities to access capital markets (debt markets) at favorable market rates to fund on-going operations and projects, thereby preserving their high standards of service and safety and reliability while also providing the ability to finance new customer-driven investments and initiatives authorized by the Commission. ... That is why a financially strong and healthy utility matters to ratepayers."

In past Commission decisions, the CPUC agreed that ratepayers benefit from a financially strong utility, saying: "[t]he financial metric may benefit ratepayers as a result of the companies' lower borrowing costs," (D.13-05-010 at 882) and "[a]s the Applicants point out, a financially strong company usually has lower borrowing costs, which benefits ratepayers by lowering costs" (D.13-05-010 at 883).

11.e. Please indicate for both companies whether the company retained a goal of delaying long-term debt issuance for 2018? Why or why not? Does the company (whether SDG&E or SCG) expect to retain such a goal in 2019? Why or why not?

Utility Response 11 e: See General Objection to Question 11 above. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows: SDG&E and SoCalGas do not have 2018 ICP goals approved and therefore specific goals can not be addressed. 2019 goals are likewise not available.

11.f. Please identify each way that a deferment in the cost-of-capital application would benefit (a) shareholders and (b) ratepayers.

Utility Response 11 f: See General Objection to Question 11 above. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows:

On Page 8 of the Decision granting the Cost of Capital deferment (D.17-07-005), the Commission states: "We find merit in the proposal to reduce the authorized ROE by the amounts set forth in the table above for the reasons outlined by the Joint Petitioners. Moreover, we note that the PFM proposal is jointly sponsored not only by the affected public utilities but also by two well-recognized consumer interest groups (i.e., ORA and TURN). Because of this, we would like to conclude that the interests of both ratepayers and utility investors were properly represented in the development of the PFM. The fact that these parties all recommend adoption of the same ROE reductions on an uncontested basis should provide some indication that the proposed ROE reductions fairly balance the interests at issue here."

Further, according to the Petition For Modification filed by parties including TURN , SDG&E, and SoCalGas on February 7, 2017: "Combined with the proposed reduction in ROE and the cost reset of long-term debt and preferred stock in 2018, utility customers share the benefit of lower utility borrowing rates realized since 2012. By reducing ROE and resetting the cost of long-term debt and preferred stock, the utilities will be authorized a lower cost of capital than what was approved in D.12-12-034." (see page 3 of JOINT PETITION FOR MODIFICATION OF DECISIONS 12-12-034 AND 13-03-015).

11.g. For both SDG&E and SCG, did the company achieve the "develop GRC filing strategy"-based Cost of Capital, strategic initiative sufficiently for the achievement to play a role in the ICP payment that is based at least in part on the achievement? If not, what was lacking? If so, please provide the GRC filing strategy that SDG&E and/or SCG considered to be sufficient for the payment of the ICP to executives.

Utility Response 11 g: See General Objection to Question 11 above. . SoCalGas and SDG&E also object to this request on the grounds that it is unintelligible in that it assumes facts that do not exist.

Subject to and without waiving the foregoing objections, SoCalGas/SDG&E responds as follows: The "cost of capital" goal described in MDR tables 28a (for SDG&E) and 26 (for SoCalGas) describe two discrete goals, one of which would need to be achieved to meet the goal: (1) obtain deferral of filing the next Cost of Capital application or file the case, **or** (2) develop formal strategy for filing the next Federal Energy Regulatory Commission (FERC) rate case. This goal was met. The remaining question assumes inaccurate facts and is unintelligible, such that SDG&E and SoCalGas are unable to respond.

11.h. Please provide each utility's 2018 and 2019 performance goals and measures.

Utility Response 11 h: See General Objection to Question 11 above. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows: SDG&E and SoCalGas do not have 2018 ICP goals approved and therefore specific goals cannot be addressed. 2019 goals are likewise not available.

11.i. Why does SCG include the measure, "Fueling our Future ideas completed to support 2017 budget" for Strategic Initiatives while SDG&E does not? What is the difference between the two companies, such that it is reasonable and necessary to incent capital optimization and growth for SCG and not for SDG&E?

Utility Response 11 i: See General Objection to Question 11 above. SoCalGas and SDG&E also object to this request on the grounds that it is unintelligible in that it is vague and ambiguous and assumes facts that do not exist.

Subject to and without waiving the foregoing objections, SoCalGas and SDG&E respond as follows: SoCalGas and SDG&E modify their incentive compensation plans on a yearly basis, in accordance with management goals and objectives. See response to 11.a. Not all management goals and objectives can be included in each year's incentive compensation plan, for each utility. There are many differences between the two utilities, including different size, different customers, different service provided (electric/gas versus gas-only), different geographic concerns, different service territory, different community and regional concerns, etc. The companies may also have different goals, from year to year. Not all company goals are able to be included in the incentive compensation plan. It is incorrect to assume that a determination was made that any particular goal in any particular year was reasonable for one company but not for another.

11.j. Why does SCG include the measure, "Optimize capital investments and growth" for Strategic Initiatives while SDG&E does not? What is the difference between the two companies, such that it is reasonable and necessary to incent capital optimization and growth for SCG and not for SDG&E?

Utility Response 11 j: See General Objection to Question 11 above. SoCalGas and SDG&E also object to this request on the grounds that it is unintelligible in that it is vague and ambiguous and assumes facts that do not exist.

Subject to and without waiving the foregoing objections, SoCalGas and SDG&E respond as follows: SoCalGas and SDG&E modify their incentive compensation plans on a yearly basis, in accordance with management goals and objectives. See response to 11.a. Not all management goals and objectives can be included in each year's incentive compensation plan, for each utility. There are many differences between the two utilities, including different size, different customers, different service provided (electric/gas versus gas-only), different geographic concerns, different service territory, different community and regional concerns, etc. The companies may also have different goals, from year to year. Not all company goals are able to be included in the incentive compensation plan. It is incorrect to assume that a determination was made that any particular goal in any particular year was reasonable for one company but not for another.

11.k. Why does SCG include the measure, "Miles of Pipeline Completed Close Out," at the same time that SDG&E does not? What is the difference between the two companies, such that it is reasonable and necessary to incent Miles of Pipeline Completed Close Out for SCG and not for SDG&E?

Utility Response 11 k: See General Objection to Question 11 above. SoCalGas and SDG&E also object to this request on the grounds that it is unintelligible in that it is vague and ambiguous and assumes facts that do not exist.

Subject to and without waiving the foregoing objections, SoCalGas and SDG&E respond as follows: SoCalGas and SDG&E modify their incentive compensation plans on a yearly basis, in accordance with management goals and objectives. See response to 11.a. Not all management goals and objectives can be included in each year's incentive compensation plan, for each utility. There are many differences between the two utilities, including different size, different customers, different service provided (electric/gas versus gas-only), different geographic concerns, different service territory, different community and regional concerns, etc. The companies may also have different goals, from year to year. Not all company goals are able to be included in the incentive compensation plan. It is incorrect to assume that a determination was made that any particular goal in any particular year was reasonable for one company but not for another.

11.l. Why does SCG include the measure, "Incomplete Orders Reduction: Customer Service Field Efficiency," at the same time that SDG&E does not? What is the difference between the two companies, such that it is reasonable and necessary to incent Incomplete Orders Reduction: Customer Service Field Efficiency for SCG and not for SDG&E?

Utility Response 11 l: See General Objection to Question 11 above. SoCalGas and SDG&E also object to this request on the grounds that it is unintelligible in that it is vague and ambiguous and assumes facts that do not exist.

Subject to and without waiving the foregoing objections, SoCalGas and SDG&E respond as follows: SoCalGas and SDG&E modify their incentive compensation plans on a yearly basis, in accordance with management goals and objectives. See response to 11.a. Not all management goals and objectives can be included in each year's incentive compensation plan, for each utility. There are many differences between the two utilities, including different size, different customers, different service provided (electric/gas versus gas-only), different geographic concerns, different service territory, different community and regional concerns, etc. The companies may also have different goals, from year to year. Not all company goals are able to be included in the incentive compensation plan. It is incorrect to assume that a determination was made that any particular goal in any particular year was reasonable for one company but not for another.

11.m. Please provide an Excel spreadsheet that comprises for each of class, Executive, Non-Executive, Union, the target and actual payouts for each goal (e.g., Sempra Earnings, PSEP Miles Remediated, SAIDI performance, etc.) for each year's ICP from 2016-2017. Each given year should have target and actual payouts identified for goals that correspond to the given year's set of goals (e.g., the 2012 goals are categorically much different than the set of goals for 2017; we would like to see data for the 2012 goals for the 2012 ICP, therefore).

Utility Response 11m:

See General Objection to Question 11 in this data request sent in a partial response on March 15, 2018. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows:

Actual payouts for each goal for ICP years 2016-2017 are included in the attachments "TURN-DR-13 Q11m SDG&E 2016-17 ICP Payout.xlsx" for SDG&E and "TURN-DR-13 Q11m SCG 2016-17 ICP Payout.xlsx" for SoCalGas.

12. Please provide copies of any presentations addressing the ICP that SCG and/or SDG&E made to board members during the period spanning 2014-present.

Utility Response 12:

SoCalGas and SDG&E object to this request on the grounds that it is overbroad, unduly burdensome, out of scope, not reasonably tailored to lead to the discovery of admissible evidence, and on grounds that the burden, expense and intrusiveness of the request outweighs the likelihood that it will lead to the discovery of admissible evidence. SoCalGas and SDG&E also object to the extent that this request seeks information that would affect employee privacy and confidentiality rights. SoCalGas and SDG&E note that detailed and thorough information regarding SoCalGas and SDG&E compensation is publicly reported and available via their annual G.O. 77 reports. SoCalGas and SDG&E also provide extensive information regarding their compensation and benefits policies via the Direct Testimony of Debbie Robinson (SCG-30/SDG&E-28), and have provided TURN with their actual ICP plans in response to the Master Data Request for the identified years.

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13. Regarding the Long-Term Incentive supplemental workpaper (p. 19 of SDG&E-28 workpapers, p. 20 of SCG-30 workpapers), please identify the recorded, plan participant counts for each year, 2012-2015 and 2017.

Utility Response 13:

The number of participants in the Long-Term Incentive Plan for the years requested are as follows.

	Year				
	2012	**2013**	**2014**	**2015**	**2017**
SDG&E	89	87	81	84	85
SoCalGas	61	71	73	71	73

14. Regarding the Spot Cash Special Recognition award, whose recorded and forecasted costs are depicted in the tables on p. 21 of the SDG&E-28 workpapers and p. 22 of the SCG-30 workpapers, please identify the 2017 recorded cost for each company.

Utility Response 14:

2017 data will not be available until mid-March 2018.

15. Regarding the Employee Recognition program, whose recorded and forecasted costs are presented in the tables on p. 21 of the SDG&E-28 workpapers and p. 30 of the SCG-30 workpapers, for each company:
    a. Please identify the 2017 recorded cost.
    b. Please identify the number of Employee Recognition awards awarded in each year, 2012-2017.

Utility Response 15:

a. The 2017 recorded cost for Employee Recognition for each company are as follows.

SDG&E	$41,535
SoCalGas	$78,370

b. Sempra tracks Employee Recognition by expense incurred, rather than by number of awards. An incurred expense may contain several awards. For example, a manager may sponsor an employee breakfast for four employees, in recognition for excellence in completion of a significant project. The total amount of the breakfast could be $40, the equivalent of 4 awards of $10 per employee. Sempra would track the total amount of the breakfast, or $40, rather than a per capita amount of awards granted (4 awards of $10).

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DATE RESPONDED: MARCH 27, 2018

16. Regarding the Employee Recognition program supplemental workpaper on p. 27 of the SDG&E workpapers and p. 36 of the SCG-30 workpapers, for each company:
    a. Please identify the recorded, annual *# of Employees* for each year, 2012-2015 and 2017 on the same basis as the 2016 value in the table.
    b. Please identify and explain the basis of the $75 cost per employee of Employee Recognition Awards.

Utility Response 16:

a. The annual number of employees for each year, 2012-2015 and 2017 on the same basis as the 2016 value in the table is provided below.

	Year				
	2012	**2013**	**2014**	**2015**	**2017**
SoCalGas	7,763	8,194	8,290	8,441	7,546
SDG&E	4,982	4,601	4,300	4,313	4,116

b. $75 per employee is the amount internally budgeted for Employee Recognition.

17. At p. 152 of D.16-06-054, the Commission states the following:
"Pursuant to Pub. Util. Code § 706(f) and the Commission's broad ratemaking and enforcement authorities, SDG&E and SoCalGas are ordered to file advice letters establishing Executive Compensation Memorandum Accounts. The memorandum accounts should track all monies for the annual salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to the officers of the utility which are authorized in this decision, and to track that against the salaries, bonuses, benefits, and all other consideration of any value, paid to its officers. The Tier 2 advice letters should also define "officers" of each company subject to Pub. Util. Code § 706, and the definitions and the scope of salaries, bonuses, benefits, and all other consideration of any value shall be subject to Commission approval."

a. How do the utilities propose to track the revenue that a decision in the instant case may authorize for annual salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to the officers of the utilities? If such information is set forth within the material supporting the instant application, please identify the location. If such information is not set forth within the material supporting the instant application, why is it not?
b. Please "define "officers" of each company subject to Pub. Util. Code § 706, and the definitions and the scope of salaries, bonuses, benefits, and all other consideration of any value that may be subject to Commission approval," according to each of the utilities.
c. Please provide a copy of any Tier 2 advice letter that SCG has filed in response to this order.

Utility Response 17:
SoCalGas and SDG&E object to this request to the extent that it calls for legal conclusions. Subject to and without waiving the foregoing objections, SoCalGas and SDG&E responds as follows: Please see the Compliance testimony of Jamie York at page JKY-25 and SoCalGas' and SDG&E's respective advice letters establishing their Officer Compensation Memorandum Accounts (OCMA) Pursuant to Decision (D.) 16-06-054, available at http://regarchive.sdge.com/tm2/pdf/2940-E.pdf and https://www.socalgas.com/regulatory/tariffs/tm2/pdf/5010.pdf.

18. Does Sempra and/or SDG&E and/or SCG have discretion to withhold, deny, or claw back compensation, bonuses, severances, or any other benefit relative to any aspect of the management, funding, operation, and oversight of their systems that are involved in safety incidents?

a. If so,
   i. Has Sempra and/or SDG&E and/or SCG exercised those rights consistent with Pub. Util. Code §§ 451, 706, and/or 963(b)(3) and the state policy of placing the safety of the public and of employees as the top priority in any year, from 2012-current?
   ii. Please identify and explain any such instance(s)
   iii. Identify the value of the claw back and the amount that was returned to ratepayers, if any.

Utility Response 18:
SoCalGas and SDG&E object to this request to the extent that it is vague, ambiguous, and unintelligible; seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence; and to the extent that it seeks legal conclusions and/or assumes incorrect facts and/or law. SoCalGas and SDG&E also object to extent this request seeks information affecting employees' privacy rights. Subject to and without waiving these objections, SoCalGas and SDG&E respond as follows:

As stated in the direct testimony of Debbie Robinson (SCG-30/SDG&E-28, Compensation and Benefits, at DSR-5, emphasis added):

> The compensation and benefits programs provided to SoCalGas and SDG&E employees, retirees and their dependents reflect the impacts of the marketplace, collective bargaining and government regulation. *Compensation programs are designed to focus employees on the companies' key priorities, the most important of which is safety.* As noted in the Risk Management and Policy testimony of Diana Day (SCG-02/SDG&E-02, Chapter 1), safety is a core value of SoCalGas and SDG&E, and a strong safety culture directly influences the safety performance of an organization. SoCalGas' and SDG&E's strong safety culture is demonstrated in my testimony, through the companies' use of compensation metrics and key performance indicators to drive improved safety performance. *Both SoCalGas and SDG&E have increased the weighting of their safety measures in variable pay plans over the past two years, such that safety measures now comprise 70% of the company performance component.* Benefit programs that promote employee health and welfare also contribute to SoCalGas and SDG&E's safety performance and culture.

SDG&E and SoCalGas have the discretion to withhold, deny or claw back certain types of compensation and benefits within the terms of employment and applicable law. The GRC requests compensation at an aggregate level, and the CPUC authorizes ratepayer funding of

Utility Response 18 Continued:
compensation at an aggregate level. The level at which ratepayers have funded compensation and benefits in prior GRCs has not covered the actual amounts SDG&E and SoCalGas incur for compensation and benefits, by a significant percentage, even though reasonable compensation expenses should be recoverable in rates (*see* DSR-18-DSR-20). The above request appears to assume inaccurate facts and legal conclusions, such that it is unintelligible, and on that basis, SDG&E and SoCalGas are otherwise unable to respond.

19. At pp. 155-157 of D.16-06-054, the Commission states, "…in [the companies' 2019] GRC applications, SDG&E and SoCalGas are directed to provide testimony of the actions taken during the 2016-2018 GRC cycle, supported by relevant workpapers, data, company documents, and reports containing the following information:

1. Describe what Board committees (for example, compensation committee, safety committee, or other committees) at Sempra, and at SDG&E or SoCalGas, are responsible for determining the guidelines for establishing any compensation, bonuses, severances, and benefits.

2. Describe what direction Sempra provides to SDG&E or SoCalGas in formulating their compensation, bonuses, severances, and benefits.

3. Describe the qualifications of the Board members at Sempra and at SDG&E or SoCalGas who are responsible for determining the guidelines for establishing compensation, bonuses, severances, and benefits, and what committees they sit on.

4. Describe the coordination, if any, between the different committees that are responsible for developing the guidelines for establishing compensation, bonuses, severances, and benefits, and the frequency that these committees meet.

5. Describe the performance metrics and the measures used to set compensation, bonuses, severances, and benefits for non-represented employees and executives, and how these are used to determine them.

6. If applicable, describe how the compensation structure: creates long term and sustainable value for the utility; incentivizes employees; makes executives and managers personally accountable for safety and operational risks; creates a safer working environment and utility system; results in a demonstrated improvement of the utility's processes, policies, and performance; discourages below standard performance, or actions that are contrary to the interests of the utility and the utility's customers; holds employees, managers, and executives accountable for failure to comply with management's guidance, policies and instructions, and for below standard performance.

7. Describe how engaged and effective Sempra's Board is on operations, performance metrics, and safety-related incidents, including: how often Sempra's Board requests reports and/or presentations from SDG&E or SoCalGas regarding safety incidents, the effectiveness of risk management plans, and the effectiveness of operational processes; what Sempra's Board did or directed in response to these reports and/or presentations; and whether and how frequently Sempra's Board followed-up or sought updates on the reports, presentations, and the Board's actions and directions.

Question 19 Continued:

8. Describe how risk management information is used by Sempra, SDG&E and SoCalGas; how the utilities share this information with their employees; describe the type of training or education that employees receive about management of risks; describe what processes are in place, if any, that allows the employees in the field to provide feedback on the management of risks, and the reporting of unsafe practices or unsafe incidents."

a. Please identify the testimony and/or workpaper location(s) that document "the actions taken during the 2016-2018 GRC cycle", as required by D.16-06-054,

b. Please identify the testimony and/or workpaper location(s) of the "relevant workpapers, data, company documents, and reports" that that contain the information requested in the eight information requirements.

TURN would like for the companies to address the request comprised by each of the three subparts in the request (i.e., subparts a-c) for each of the eight items comprised in the referenced passage, such that it is easy to follow how the companies respond to each of the subparts for each of the individual items in the referenced passage, in order.

Utility Response 19:

SoCalGas and SDG&E object to this request to the extent that it is unintelligible. Subject to and without waiving the foregoing objection, SoCalGas and SDG&E responds as follows: Please refer to the Risk Management and Policy testimony of Diana Day at Appendix E, the Compliance testimony of Jamie York at Appendix B, and the Compensation and Benefits testimony of Debbie Robinson. The Risk Management and Policy testimony of Diana Day at Appendix E states, in relevant part:

> SDG&E and SoCalGas provide their informational showing in responses to requirements 1-4 in the Compliance testimony of Jamie York, Exhibits SDG&E-45/SCG-45; and the information responding to requirements 5 and 6 are provided in the testimony of Compensation and Benefits witness Debbie Robinson, Exhibits SDG&E-28/SCG-30. Information responding to requirements 7 and 8 are provided below.

20. At p. 157 of D.16-06-054, the Commission states,

"During the TY 2016 GRC cycle, the assigned Commissioner's office may request the staff of SED or the Energy Division to issue data requests of SDG&E and SoCalGas to provide further information regarding the operations and policies of the utilities, and the interrelationship with Sempra. All of the above information will provide the Commission with a better understanding of how risks are assessed and managed, and how safety and risks are considered in the awarding of any compensation, bonus, severance, or benefit."

a. Please provide the responses to any and all of the data requests that SED or the Energy Division issued of SDG&E and SCG in order to obtain further information regarding the operations and policies of the utilities, and the interrelationship with Sempra.
b. Please provide any report, findings, etc. that the Energy Division has issued as a result of such data requests.

Utility Response 20:

SoCalGas and SDG&E objects to this request on the grounds that it is overbroad, unduly burdensome, vague, ambiguous, unintelligible, out of scope, outside SoCalGas and SDG&E's knowledge, and not reasonably tailored to lead to the discovery of admissible evidence. Commission Staff issues countless data requests to SoCalGas and SDG&E on an ongoing basis, covering many topics. SoCalGas and SDG&E do not track data request responses provided to the Commission in the manner requested.

21. SDG&E/SCG state at p. DSR-26 (lines 16-18):

"In 2018, a new Anthem HMO will be introduced and the Anthem HMO with Scripps will be discontinued. The new HMO will focus on delivery of highquality health care while controlling costs through its selection of network providers and its plan design."

a. Please describe in detail the way(s) that the utilities and/or the medicalcost consultant accounted for the presence of "a new Anthem HMO," which the company will institute in lieu of the more expensive, Anthem HMO with Scripps.
b. Please identify the amount by which each of the utilities reduced its respective 2019 forecast on the basis of the new Anthem HMO (which replaces the Anthem HMO with Scripps), all else equal, to account for the lower-cost plan, if at all. If either of the utilities did not make the reduction, or is unable to provide this information, please explain why so.

Utility Response 21:

a. SoCalGas and SDG&E object to this request to the extent that it assumes misstaken facts. Subject to and without waiving this objection, SoCalGas and SDG&E state as follows: The new Anthem HMO medical plan option was not introduced in lieu of the more expensive Anthem HMO with Scripps. In fact, Scripps network providers are not accessible thru the Anthem HMO plans. The Anthem HMO with Scripps was eliminated effective 1-1-18 due to low enrollment [81 employees at SDG&E and 4 employees at SCG] and high employee cost. Employees impacted by the elimination of the Anthem HMO with Scripps plan made new plan selections for 2018 and could continue to access their Scripps providers thru the high deductible Anthem Health Care Plus^{+} medical plan option.

b. At the time the 2019 forecast was prepared, the expected 2018 medical plan options remained unchanged. Consequently, the forecast reflected 2017 enrollment allocations, premium levels as adjusted for expected trend rate, and cost sharing structures.

22. Please provide the amount of recorded Medical Expense costs for each utility for each year, 2005-2011 and 2017 in constant 2016$, such that the costs are akin to the constant-dollar costs that are comprised in the Summary of Costs tables on p 38 of the SDG&E workpapers and p. 40 of the SCG-30 workpapers.

Utility Response 22:

SoCalGas and SDG&E objects to this request on the grounds that it is overbroad, unduly burdensome, out of scope, and not reasonably tailored to lead to the discovery of admissible evidence. Subject to and without waiving these objections, SDG&E and SoCalGas respond as follows:

2005-2011 and 2017 data is not available in the requested format, out of scope and was not used to develop forecasts in this case. Nonetheless, SoCalGas and SDG&E have agreed to provide bulk 2017 data to the parties when it becomes available. 2017 data is not yet available.

23. Please identify the number of employees for each utility, as of the end of each year, separated into part-time and full-time, recorded for 2004-2017 and forecasted for 2017-2019.

Utility Response 23:

SoCalGas and SDG&E object to this request on the grounds that it is overbroad, unduly burdensome, and not reasonably tailored to lead to the discovery of admissible evidence. Further, 2004-2011 data is out of scope of this case, not available and was not used to produce projections in this case. Notwithstanding this objection, SDG&E and SoCalGas respond as follows:

Below are the number of employees for each utility as of the end of each year, recorded for 2012-2017 and projected for 2017-2019:

SDG&E	Actual						Projected		
	2012	2013	2014	2015	2016	2017	2017	2018	2019
Full-Time									
Executive	16	13	15	14	15	15	15	15	15
Management	3,446	3,125	2,958	3,010	2,882	2,861	2,924	3,014	3,193
Union	1,421	1,362	1,268	1,245	1,200	1,208	1,241	1,251	1,272
Total Full-Time	4,883	4,500	4,241	4,269	4,097	4,084	4,180	4,280	4,480
Part-Time									
Executive	-	-	-	-	-	-	-	-	-
Management	64	79	58	35	28	18	26	26	26
Union	35	22	1	9	9	14	9	9	9
Total Full-Time	99	101	59	44	37	32	35	35	35
Total									
Executive	16	13	15	14	15	15	15	15	15
Management	3,510	3,204	3,016	3,045	2,910	2,879	2,950	3,040	3,219
Union	1,456	1,384	1,269	1,254	1,209	1,222	1,250	1,260	1,281
Total Full-Time	4,982	4,601	4,300	4,313	4,134	4,116	4,215	4,315	4,515

Utility Response 23:-Continued

SoCalGas									
	Actual						Projected		
	2012	2013	2014	2015	2016	2017	2017	2018	2019
Full-Time									
Executive	11	12	13	13	15	15	15	15	15
Management	2,226	2,634	2,772	2,956	2,894	2,892	3,081	3,291	3,711
Union	4,256	4,475	4,610	4,775	4,602	4,269	4,451	4,483	4,545
Total Full-Time	6,493	7,121	7,395	7,744	7,511	7,176	7,547	7,789	8,271
Part-Time									
Executive	-	-	-	-	-	-	-	-	-
Management	79	85	91	90	79	60	86	86	86
Union	1,191	988	804	607	451	310	267	267	267
Total Full-Time	1,270	1,073	895	697	530	370	353	353	353
Total									
Executive	11	12	13	13	15	15	15	15	15
Management	2,305	2,719	2,863	3,046	2,973	2,952	3,167	3,377	3,797
Union	5,447	5,463	5,414	5,382	5,053	4,579	4,718	4,750	4,812
Total Full-Time	7,763	8,194	8,290	8,441	8,041	7,546	7,900	8,142	8,624

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SDG&E_SOCALGAS RESPONSE PARTIAL #4
DATE RECEIVED: FEBRUARY 7, 2018
DATE RESPONDED: MARCH 15, 2018

24. Regarding Figure DSR-6 on p. DSR-30 of the testimony (SDG&E-28 and SCG-30):

a. Please provide the data represented in the figure in tabular form.
b. Please identify the 2007 datum.

Utility Response 24:

a. The data used to generate Figure DSR-6 on p. DSR-30 is presented below in a tabular format.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-yr Avg
SDG&E/SoCalGas Premium Increases	9.5%	7.0%	3.5%	13.0%	7.0%	8.0%	4.20%	7.0%	3.3%	5.7%	6.8%
SDG&E/SoCalGas 2008-2017 Average Premium Incre	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	
California - 10-Year Average Premium Increases	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	

b. Out understanding is that this question is requesting the datum for 2017 and not 2007. The datum for 2017 is presented above as indicated.

25. Please provide a copy of Willis Towers Watson's *2017 High Performance Insights in Health Care Study*, which is referenced on p. DSR-31 of the testimony (SDG&E-28 and SCG-30).

Utility Response 25:

SoCalGas and SDG&E have been unable to secure release of a copy of the requested study from the vendor, Willis Towers Watson, who considers the requested study to be proprietary and confidential. However, SoCalGas and SDG&E will make available a copy of the study for TURN's confidential review in Sempra's San Francisco office.

26. Please provide a copy of Willits Towers Watson's reports that supports its escalation forecasts of each of the following for each utility:
    i. Medical Expense
    ii. Dental
    iii. Vision

Utility Response 26:

i. The Willis Towers Watson (WTW) report that supports the medical escalation forecast can be found in on page 25 of Exhibits SDGE-28-WP and SCG-31-WP on the line titled "Healthcare Cost Trend (Pre-age 65)."
ii. The WTW report supporting the dental escalation forecast can be found on p. 28 of Attachment *TURN-SEU-DR-005_Q1-2017 SDGE PBOP Val* for SDG&E and p. 30 of Attachment *TURN-SEU-DR-005_Q1-2017 SDGE PBOP Val* for SoCalGas on the line titled "All other dental benefits."
iii. The vision escalation forecast is based on the dental escalation provided by WTW.

27. Referring to p. 122 of SDG&E workpapers and p. 122 of the SCG-30 workpapers:
    a. What is driving the apparent increase to the recorded cost of SCG's Retirement Savings Plan?
    b. Please explain the difference in circumstances faced by the two companies, such that SCG's Retirement Savings Plan costs appear to have increased essentially throughout the recorded period and SDG&E's costs have essentially remained constant during the same period.

Utility Response 27:

a. The increase in the recorded Retirement Savings Plan cost for SoCalGas is due to salary inflation and an increase in employee participation and the average contribution rate. The increase in these rates was due to the implementation of auto-enrollment in the plan at a 6% contribution rate for the union employees in 2015, and the addition of a "stretch match" discussed on DSR-42 of Exhibit SDG&E-28 SCG-30 Robinson Prepared Direct Testimony, in April 2015 for non-union and in January 2016 for union employees.

b. The reason that the costs for the SoCalGas Plan have increased from 2012 to 2016 and those for the SDG&E Plan have remained flat is due to a greater increase in the employee participation rate and the average contribution rate for the SoCalGas. From 2012 to 2016 the employee participntion rate increased by 4.6% and 22.8%, respectively, while those for the SDG&E Plan only 1.2% and 13.5%, respectively. This is because SoCalGas had a much greater ratio of union to total employees than SDG&E and a larger number of new hires, which resulted in greater impact from the changes discussed in a. above.

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DATE RECEIVED: FEBRUARY 7, 2018
DATE RESPONDED: MARCH 6, 2018

28. The following items in SDG&E-28-WP and SCG-30-WP are at least in part forecasted on the basis of headcount.
    a. Please identify each of the following for which the companies' results of operations models will not reduce the forecast on the basis of a hypothetical reduction that the Commission may make to either of the companies' forecasted headcount.
    b. For each item where a reduction in the forecast will not be accomplished by the results of operations model, please explain why this is appropriate.

- Short-Term Incentive Compensation
- Special Recognition Awards
- Health Benefits – Medical
- Health Benefits – Dental
- Health Benefits – Vision
- Health Benefits – Wellness
- Health Benefits – EMP Assistance Program
- Health Benefits – Mental Health Plan
- Welfare Benefits - AD&D Insurance
- Welfare Benefits – Business Travel Insurance
- Welfare Benefits - Life Insurance
- Retirement Benefits - Retirement Savings Plan
- Retirement Benefits – Non-Qualified Savings
- Retirement Benefits – Supplemental Pension
- Other Benefits - Educational Assistance
- Other Benefits - Wellness and Emergency Child Care
- Other Benefits - Educational Assistance
- Other Benefits - Transportation Subsidy
- Other Benefits - Special Events

Utility Response 28:

a. The Results of operations Model (RO Model) will not make automatic adjustments for Special Recognition Awards, Health Benefits – Wellness, Health Benefits – Mental Health Plan, Other Benefits - Educational Assistance, Other Benefits - Wellness and Emergency Child Care, Other Benefits - Educational Assistance or Other Benefits - Transportation Subsidy.

b. Please the testimony of Debbie S. Robinson (Ex. SDG&E-28 / SCG-30) for forecasting justifications.

29. The following items in SDG&E-28-WP and SCG-30-WP are at least in part forecasted on the basis of salaries.

a. Please identify each of the following for which the companies' results of operations models will not reduce the forecast on the basis of a hypothetical reduction that the Commission may make to either of the utilities' forecasted salaries:
b. For each item where a reduction in the forecast will not be accomplished by the results of operations model, please discuss why such is appropriate.

- Short-Term Incentive Compensation
- Special Recognition Awards
- Welfare Benefits - AD&D Insurance
- Welfare Benefits - Life Insurance
- Retirement Benefits - Retirement Savings Plan
- Retirement Benefits – Non-Qualified Savings
- Retirement Benefits – Supplemental Pension

Utility Response 29:

a. The Results of Operations Model (RO Model) will not make automatic adjustments for Special Recognition Awards.

b. Please the testimony of Debbie S. Robinson (Ex. SDG&E-28 / SCG-30) for forecasting justifications.

30. Please identify the recorded, annual values for each year, 2012-2017 for each of the following:

a SRE Earnings.

b. SEU Earnings.

c. Please identify each value on the same basis as they are used as measures in Table 26 in Attachment *SCG CH23 Q4 Response Measurements* to SCG's response to Question 4 in Chapter 23 of Section B - Operating Expenses of the MDR and provide the data in an Excel file.

Utility Response 30:

See attachment: TURN-SEU-013 Q30a and Q30b 2012 – 2017 Earnings Attachment.xlsx.

31. Regarding utilities' responses to Question 3 in Chapter 21 (for SDG&E) and Chapter 23 (for SCG) of Section B - Operating Expenses of the MDR:

a. Please provide a copy of the incentive compensation plan summaries for executives and non-executives for SCG, SDG&E and the SCGSDG&E/SDG&E-SCG shared services for 2017 and, if available, 2018.

b. The 2016 Incentive Compensation Plan Summary – Shared Services states on p. 1, "The plan aligns with Sempra Energy's goal of sustained earnings growth and the utilities' regulatory framework with goals that encourage employees to…[f]ocus on business efficiencies and investments that produce long-term efficiency benefits… ."

i. Please indicate which of the items in the tables on p. 3 (i.e., 2016 Performance Goals And Measures for SDG&E) that SDG&E identifies as being items that further the "focus on business efficiencies and investments that produce long-term efficiency benefits." For each, please provide a brief explanation of the way in which the item furthers SDG&E's focus on business efficiencies and investments.

ii. Please indicate which of the items in the tables on p. 4 (i.e., 2016 Performance Goals And Measures for SCG) that SCG identifies as being items that further the "focus on business efficiencies and investments that produce long-term efficiency benefits." For each, please provide a brief explanation of the way in which the item furthers SCG's focus on business efficiencies and investments.

c. If the 2017 and/or 2018 compensation plans contain the same or similar language regarding a "focus on business efficiencies and investments,"

i. Please indicate which of the items in the tables similar to those on page 3 of the 2016 document that SDG&E identifies as being items that further the "focus on business efficiencies and investments that produce long-term efficiency benefits." For each, please provide a brief explanation of the way in which the item furthers SDG&E's focus on business efficiencies and investments.

ii. Please indicate which of the items in the tables similar to those on page 4 of the 2016 document that SCG identifies as being items that further the "focus on business efficiencies and investments that produce long-term efficiency benefits." For each, please provide a brief explanation of the way in which the item furthers SCG's focus on business efficiencies and investments.

Utility Response 31:

SDG&E and SoCalGas object to this request as seeking information that is outside the scope of the case and not reasonably tailored to lead to the discovery of admissible evidence. Subject to and without waiving this objection, SoCalGas and SDG&E respond as follows:

a. See attachment: TURN-SEU-013 Q31a 2017 Plan Documents attachment.zip. 2018 Plans are not available.

Utility Response 31:-Continued

b. i, ii, and c. ii, ii: The referenced statement in the incentive compensation plan summaries are guiding principles used to establish goals. Each year, goals are developed to support the strategic initiatives for the plan year.

SDG&E ONLY (SDG&E-28)

32. Regarding p. 5 of the SDG&E-28 workpapers:

Please quantify the annual amount of the variable compensation related to the outcome of A.15-09-010 (i.e., the proceeding that addresses wildfire costs), if any, that SDG&E included in the recorded values comprised in the table on p. 6 of the SDG&E-28 workpapers and/or in costs recorded in 2017.

SDG&E Response 32:

The 2017 ICP (variable compensation) was not impacted by the outcome of A.15-09-010.

33. Please identify the recorded, annual values for each year, 2012-2017 for each of the following:

a. SDG&E Earnings
b. Miles of pipeline remediated
c. Number of base valves retrofitted
d. Miles of non-state-of-the-art pipe replaced (Distribution System Integrity)
e. Damages per USA ticket rate
f. SAIDI (system)
g. SAIDI (worst circuit)
h. SAIFI (worst circuit)
i. Zero employee electric contacts
j. Lost Time Incident (LTI) rate
k. Controllable Motor Vehicle Incidents (CMVI)
l. Customer Connection Survey
m. Overall Self-Service
n. Supplier Diversity

Please identify each value on the same basis as they are used as measures in Table 30 in Attachment *SDG&E CH21 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 21 of Section B - Operating Expenses of the MDR and provide the data in an Excel file.

SDG&E Response 33:

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.

Subject to and without waiving the foregoing objection, SDG&E responds as follows: Please see the attached file, "2017 ICP Goals: Results from 2012-2017.xlsx"

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SDG&E_SOCALGAS PARTIAL RESPONSE
DATE RECEIVED: FEBRUARY 7, 2018
DATE RESPONDED: MARCH 12, 2018

34. Regarding the Customer Connection Survey (CCS):
a. Please provide a copy of the latest CCS and all related documents.
b. Identify and describe in detail any changes that have been made to this survey over the past five years.

SDG&E Response 34:
SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is outside the scope of testimony and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, SDG&E responds as follows.

a. Please see the attached files:

- SDGE Residential Survey
- SDGE Branch Office Survey
- SDGE PMSOT Survey

The following files were also provided to SDCAN in response to SDCAN-SDG&E-DR-01, Q21a:

- TURN-SEU-DR013 Q34 Attachment Q3 2017 - Overall Report.pdf
- TURN-SEU-DR013 Q34 Attachment Q3 2017 - Branch Offices Report.pdf
- TURN-SEU-DR013 Q34 Attachment Q3 2017 - CSF Report.pdf
- TURN-SEU-DR013 Q34 Attachment Q3 2017 - ETS Report.pdf
- TURN-SEU-DR013 Q34 Attachment Q3 2017 - IVR Self-Service Report.pdf
- TURN-SEU-DR013 Q34 Attachment Q3 2017 - My Account Report.pdf
- TURN-SEU-DR013 Q34 Attachment Q3 2017 - Residential Customer CCC Report.pdf
- TURN-SEU-DR013 Q34 Attachment Q3 2017 - SOT Report.pdf

See al

b. **2013 -** For Branch Office survey, began surveying Payment Arrangements and Turn-Ons
2015 - Added new question to the Customer Contact Center Residential Survey: How reasonable or unreasonable was the amount of time it took to get through the automated phone system? Would you say the total amount of time was…? (READ SCALE: Very reasonable, Somewhat reasonable, Neither reasonable nor unreasonable, Somewhat unreasonable)
2016 - Added new question to the Customer Contact Center Residential Survey: How do you feel about how SDG&E handled your recent experience regarding [INSERT: transaction] (READ SCALE: Delighted, Satisfied, Neutral, Disappointed, Irritated)
2017 - Discontinued Business Contact Center Survey

35. Regarding tables 1 and 10 in Attachment *SDGE CH21 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 21 of Section B - Operating Expenses of the MDR, SDG&E eliminates as of the 2013 the Billing Accuracy and Paperless Enrollment measures that the company included in the 2012 version.

a. Please state the rationale for doing so.
b. Why does SDG&E no longer think that Billing Accuracy requires incentivizing, as of 2013?
c. Why does SDG&E no longer think that Paperless Enrollment requires incentivizing, as of 2013?
d. Why does SDG&E no longer think that Paperless Enrollment requires incentivizing, as of 2013, given that SCG does think that Paperless Enrollment requires incentivizing, according to Table 32a?.

SDG&E Response 35:

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. SDG&E also objects to this request to the extent that it assumes mistaken facts.

Subject to and without waiving the foregoing objections, SDG&E responds as follows.

a. Please state the rationale for doing so.

See above objections. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. It is incorrect to assume that because a goal does not appear within the incentive compensation plan in a given year, that a particular reason exists for not including it; therefore, SDG&E does not track discrete decisions made regarding the annual design of its incentive compensation plan in this manner. Not every goal can be included within the incentive compensation plan every year. SDG&E management prioritizes between competing goals on an annual basis, depending on circumstances and need.

b. Why does SDG&E no longer think that Billing Accuracy requires incentivizing, as of 2013?

See above objections and response to a.

c. Why does SDG&E no longer think that Paperless Enrollment requires incentivizing, as of 2013?

See above objections and response to a.

SDG&E Response 35 Continued:

d. Why does SDG&E no longer think that Paperless Enrollment requires incentivizing, as of 2013, given that SCG does think that Paperless Enrollment requires incentivizing, according to Table 32a?.

See above objections and response to a.

36. Regarding tables 10 and 15 in Attachment *SDGE CH21 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 21 of Section B - Operating Expenses of the MDR, the goals for the Miles of Pipe Remediated under the PSEP were increased from 4/6/8 (for Minimum/Target/Maximum) in the 2013 Executive ICP to 5/7/10 in the 2014 version. Please explain in detail each reason that SDG&E increased the goal values between 2013 and 2014.

SDG&E Response 36:

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. 2014 goals were developed based on specific projects tentatively planned for that year. Previous year's goals were not a factor in developing the new year goals.

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37. Regarding tables 15 and 20 in Attachment *SDGE CH21 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 21 of Section B - Operating Expenses of the MDR:

a. The goals for (system) SAIDI were decreased from 68/63/58 (for Minimum/Target/Maximum) in the 2014 Executive ICP to 64/62/60 in the 2015 version. Please explain in detail each reason that SDG&E decreased the goal values between the 2014 and 2015.

b. The goals for the Miles of Pipe Remediated under the PSEP were reduced from 6/7 (for Target/Maximum) in the 2014 Executive ICP to 6/7 in the 2015 version. Please explain in detail each reason that SDG&E reduced the goal values between the 2014 and 2015.

c. The goal for the Miles of Pipe Remediated under the PSEP remained the same (at 5) for the Minimum target in the 2014 and 2015 Executive ICPs. Please explain in detail each reason that SDG&E chose to keep the Minimum target the same in 2015 as it was in 2014.

d. The goals for Self Service were increased from 20%/23%/25% (for Minimum/Target/Maximum) in the 2014 Executive ICP to 28%/30%/32% in the 2015 version. Please explain in detail each reason that SDG&E increased the goal values between the 2014 and 2015.

SDG&E Response 37:

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

a. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. Electric reliability goals are typically based on historical averages. Note that a decrease reflects an improvement in the SAIDI metric.
b. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. 2014 goals were developed based on specific projects tentatively planned for that year. Previous year's goals were not a factor in developing the new year goals.
c. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. 2014 goals were developed based on specific projects tentatively planned for that year. Previous year's goals were not a factor in developing the new year goals.
d. SDG&E objects to this request on the grounds that the numbers stated are incorrect, and therefore the request is unintelligible. Subject to and without waiving this objection, SDG&E responds as follows: SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis.

38. Regarding tables 25 and 30 in Attachment *SDGE CH21 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 21 of Section B - Operating Expenses of the MDR:

a. The goal for the Miles of Pipe Remediated under the PSEP was reduced from 7 (for Maximum) in the 2016 Executive ICP to 6 in the 2017 version. Please explain in detail each reason that SDG&E reduced the goal value between the 2016 and 2017.

b. The goals for the Number of Valves Retrofitted under the PSEP were reduced from 4/5/6 (for Minimum/Target/Maximum) in the 2016 Executive ICP to 3/4/5 in the 2017 version. Please explain in detail each reason that SDG&E reduced the goal values between the 2016 and 2017.

c. The goals for the Miles of Non State-of-the-Art Pipe Replaced under Distribution System Integrity were increased from 5.5/6.5/7.5 (for Minimum/Target/Maximum) in the 2016 Executive ICP to 10/12/13 in the 2017 version. Please explain in detail each reason that SDG&E increased the goal values between the 2016 and 2017.

d. The goals for (system) SAIDI were increased from 64/62/60 (for Minimum/Target/Maximum) in the 2016 Executive ICP to 68/65/62 in the 2017 version. Please explain in detail each reason that SDG&E increased The goal values between the 2016 and 2017.

e. The goals for Lost Time Incident (LTI) Rate remain unchanged between the 2016 and 2017 versions of the Executive ICP. Please identify the rationale for leaving the goals unchanged between the two years.

f. The goals for the Customer Connection Survey under the Customer Service & Stakeholders goals were increased from 52%/56%/60% (for Minimum/Target/Maximum) in the 2016 Executive ICP to 53%/57%/61% in the 2017 version. Please explain in detail each reason that SDG&E increased the goal values between the 2016 and 2017.

g. The goals for the Overall Self-Service under the Customer Service & Stakeholders goals were increased from 56%/57%/58% (for Minimum/Target/Maximum) in the 2016 Executive ICP to 58%/59%/60% in the 2017 version. Please explain in detail each reason that SDG&E increased the goal values between the 2016 and 2017.

h. The 2016 Executive ICP contains an OSHA Rate measure; the 2017 version does not. Why did SDG&E make the decision to remove the OSHA Rate measure from its 2017 Executive ICP?

i. The 2016 Executive ICP contains a Contractor OSHA Rate measure; the 2017 version does not. Why did SDG&E make the decision to remove the Contractor OSHA Rate measure from its 2017 Executive ICP?

Question 38 – Continued

j. The 2017 Executive ICP contains a Controllable Motor Vehicle Incidents (CMVI) is added to the 2017 Executive ICP (i.e., the 2016 version does not include it). Why did SDG&E make the decision to add the CMVI to the 2017 Executive ICP?

SDG&E Response 38:
SDG&E objects to each subpart of this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope, is neither relevant to the subject matter involved in the pending proceeding nor likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. SDG&E also objects to these requests to the extent that they assume mistaken facts.

Subject to and without waiving the foregoing objections, SDG&E responds as follows:

a. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. 2017 goals were developed based on specific projects tentatively planned for that year. Previous year's goals were not a factor in developing the new year goals.
b. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. 2017 goals were developed based on specific projects tentatively planned for that year. Previous year's goals were not a factor in developing the new year goals.
c. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. 2017 goals were developed based on specific projects tentatively planned for that year. Previous year's goals were not a factor in developing the new year goals.
d. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. Electric reliability goals are typically based on historical averages.
e. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. The same goals for Lost Time Incident (LTI) Rate were determined to be appropriate in both 2016 and 2017.
f. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. The overall company CCS index ICP Goal recommendation was adjusted in response to the removal of the Business Contact Center (BCC) survey module in 2017 in order to neutralize the effect of not measuring business customer transactions during that year. .
g. SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. The 2017 goal was increased due to a projected increase in self-service after the implementation of two projects planned in 2017: (1) improve functionality to allow customers to more easily report an outage though the IVR (automated phone system) and SDGE.com, (2) expand proactive outage communications to customers to receive to outage alerts and updates. Both projects were implemented successfully in 2017.

SDG&E Response 38 Continued:

h-j SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. The OSHA Recordable Injury Rate was eliminated due to the Occupational Safety and Health Administration's general concern that such a metric could discourage employees from reporting workplace injuries and illnesses. For purposes of the incentive compensation plan, SDG&E opted instead to focus on other measurable safety metrics that are less likely to present the same issues, such as lost-time incident rate, controllable motor vehicle incidents, and electric contacts.

39. Regarding tables 28 and 29 in Attachment *SCG CH23 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 23 of Section B - Operating Expenses of the MDR, what is the rationale for providing the following goals for executives while not providing them for non-executives:

a. Clean Transportation: Regulatory filings and Substantial Progress on VGI1 implementations
b. Energy Storage: Commission and place into service the 37.5MW/150MWh battery arrays by the end of Q2.

SDG&E Response 39:
SDG&E objects to each subpart of this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope, is neither relevant to the subject matter involved in the pending proceeding nor likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving these objections, SDG&E responds as follows:

SDG&E establishes its incentive compensation plans, goals and metrics on an annual basis. Performance goals are established to incent behavior that aligns with overall company goals for the year. Company goals change based on the circumstances faced in a given year. When projects begin, goals may roll on as an ICP measure (and conversely, when projects are completed, goals may roll off as an ICP measure). When new company goals are initiated, those goals might begin at the executive level only, in order to establish an executive support foundation for the goals, before moving those goals into non-executive ICP measures.

40. Regarding p. 6 in the SCG-30 workpapers:

What are the significant factors that SCG believes account for the substantial increase in ICP cost between the period 2012-2014, when the annual cost averaged $51.5MM, and 2015, when the cost increased to $75.2MM? Please explain each factor.

SoCalGas Response 40:

The primary factors contributing to the increase in ICP costs from 2012 to 2015 were headcount, salary increases, and performance. As shown in Question 7b(i), headcount for executive and management was 2,316 in 2012 vs. 2,876 in 2015. Salary planning adjustments increase ICP because target ICP is based on a percentage of salary. ICP payouts also vary from year to year due to performance results. In order to separate the effects of headcount and salary planning increases from the impact of performance results, please see the responses to Question 7b(ii) and 7b(iii). Recorded (actual) ICP was $52M in 2012 vs. $75M in 2015, an increase of $23M. ICP at target, which does not include the impact of performance results, was $34M in 2012 vs. $49M in 2014, an increase of $15M.

	2012	**2015**	**Difference**	**Key Drivers**
Mgmt & Exec Headcount (see 7b(i)	2,316	2,876	560	
Actual ICP (see 7b(ii))	$52M	$75M	$23M	
ICP at Target (see 7b(iii)	$34M	$49M	$15M	Headcount and salary planning increases
Actual Less Target ICP	$18M	$26M	$8M	Performance results

41. Please identify the recorded, annual values for each year, 2012-2017 for each of the following:

a. SoCal Gas Earnings
b. Miles of pipeline remediated
c. Number of base valves retrofitted
d. Miles of pipeline projects completed, closed out
e. Damages per USA ticket rate
f. Main and service replacement count
g. Incomplete Orders Reduction
h. AMI Installations – Network DCUs Constructed
i. AMI Financials - Cost-Cap Variance
j. AMI Performance - Meters Advanced and Automated for Billing
k. Storage Integrity Management Program (SIMP)
l. Customer Insight Study (CIS): Public Opinion
m. Paperless Billing count
n. Supplier Diversity rate

Please identify each value on the same basis as they are used as measures in Table 26 in Attachment *SCG CH23 Q4 Response Measurements* to SCG's response to Question 4 in Chapter 23 of Section B – Operating Expenses of the MDR and provide the data in an Excel file.

SoCalGas Response 41:

SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.

Subject to and without waiving the foregoing objection, SoCalGas responds as follows: Please see the attached file, "TURN SEU-013 Q41 SCG.xlsx".

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42. Regarding the Customer Insight Study (CIS):

a. Please provide a copy of the latest CIS and all related documents.

b. Identify and describe in detail any changes that have been made to this study over the past five years.

SoCalGas Response 42:

SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is outside the scope of testimony and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, SoCalGas responds as follows:

a. Copied below is the portion of the Customer Insight Study (CIS) that is relevant to SoCalGas's Incentive Compensation Plan goal for 2016, which is defined as follows:

> Based on the CIS Residential Favorability Top 2- Box %. The metric consists of Top-2 Box score for Residential Overall Favorability. Minimum 74.8%, Target 77.6%, and Maximum 80.3%. This goal refers to the following question from the CIS:
> "How would you rate SoCalGas overall on a scale of 1 to 7 where 1 means very unfavorable and 7 means very favorable?"

b. This question has remained unchanged for the past 5 years.

43. Regarding Table 26 in Attachment *SCG CH23 Q4 Response Measurements* to SCG's response to Question 4 in Chapter 23 of Section B - Operating Expenses of the MDR:

a. Please identify and provide brief explanations of the benefits of each of the following:
   i. AMI Financials - Cost-Cap Variance
   ii. Paperless Billing Increase
   iii. Incomplete Orders Reduction

b. Did SCG complete the Fueling our Future ideas with sufficient time to support the 2017 budget? If so, please provide those ideas and provide a detailed explanation of the effect(S) that each idea affected the 2017 budget.

c. Regarding "Optimize capital investments and growth":
   i. Please define "Optimize capital investments."
   ii. Please define "Optimize…growth."
   iii. Are SCG's capital investments optimized for shareholder or ratepayer benefit? Please explain. If the answer is that capital investments are optimized for both shareholder and ratepayer benefit, please explain how this is possible and how the optimal point is determined.
   iv. Is SCG's growth optimized for shareholder or ratepayer benefit? Please explain. If the answer is that capital investments are optimized for both shareholder and ratepayer benefit, please explain how this is possible and how the optimal point is determined.
   v. Please identify and describe the metrics SCG uses to determine the level of "optimization" of its capital investments.
   vi. Please identify and describe the metrics SCG uses to determine the level of "optimization" of its growth.

d. SCG adds a Paperless Enrollment measure in 2017 that was not present in the ICPs recorded for the rest of the years included in the attachment. Please state the rationale for doing so.

e. SCG does not have a billing-accuracy measure in any of the years comprised in the ICPs provide in the attachment (i.e., 2012-2016).

   Please state the rationale for this.

SoCalGas Response 43:
SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, SoCalGas responds as follows:

a.

i. Benefits of AMI Financials - Cost-Cap Variance
Per CPUC Decision 10-04-027, the authorized AMI budget (cost-cap) is: $1,050.7 million. The AMI financial goal measures progress towards completing the AMI project on budget, and preventing cost overruns. Completing 2017 with a negative cost-cap variance (under budget) was in support of that goal.

ii. Benefits of Paperless Billing Increase -
Paperless Billing reduces paper, postage and printing costs by over $5 per new customer sign-up. Enrolled paperless billing customers generally also enroll in electronic payment further reducing costs.

iii. Benefits of Incomplete Orders Reduction -
The incomplete order reduction ICP performance measure focuses on reducing the number of overall field visits needed by a field technician to complete customer service work. The most common reason a field technician is unable to complete the work is due to access issues, e.g., customer not home, locked gates, unrestrained dogs, etc. The benefit of the incomplete order reduction is the avoided field labor cost associated with field technician's time to go to a customer's facility and being unable to complete the work.

b. SoCalGas objects to this request as seeking information outside the scope of the TY 2019 GRC. Subject to and without waiving this objection, SoCalGas states as follows: Please see the attached file, TURN-SEU-013 Q43b.xslx, for the ideas that were reflected in 2017. As described in section III. H. of the Fueling Our Future (FOF) Policy testimony Exhibit SCG-03-R/SDG&E-03-R, FOF is a work-in-progress initiative and it is possible that some of the approved FOF ideas may shift into 2018, may be brought forward from 2018 or may not move forward to implementation. Regardless, the overall FOF savings are committed in SDG&E and SoCalGas GRC filings, whether or not the savings are realized.

c.

i. "Optimize capital investments" means allocating capital investments for serving ratepayers/customers to ensure that infrastructure is maintained and developed to provide safe, clean, and reliable service with the highest risk mitigation. (e.g. Distribution Integrity Management Program (DIMP), Transmission Integrity Management Program (TIMP), etc.).

SoCalGas Response 43 Continued:

ii. "Optimize…growth" means allocating capital investments for serving ratepayers/customers to ensure that infrastructure is maintained and developed to provide safe, clean, and reliable service by expanding growth projects (please see response iv below) or new offerings to customers.

iii. SoCalGas' capital investments are optimized for all stakeholders (e.g. ratepayers, customers, shareholders, etc.). SoCalGas' integrity programs are designed to continually identify and assess risks, remediate conditions that present a potential threat to pipeline integrity, monitor program effectiveness, and promote safety and reliability to its customers. Optimizing investments for our customers to achieve safe, reliable service, at a reasonable cost, is also the best investment for our shareholders. By deploying capital to this type of capital investments, SoCalGas' shareholder is provided an opportunity to earn a reasonable return, as authorized by the California Public Utilities Commission (CPUC).

iv. SoCalGas' growth is optimized for all stakeholders (e.g. ratepayers, customers, shareholders, etc.). To the extent that "growth" capital investments (e.g. heavy duty transportation, Compression Services Tariff, Distributed Energy Resources Services Tariff, etc.) result in an expansion of the use of Combined Heat and Power (CHP) systems and Natural Gas Vehicles (NGV) in SoCalGas' service territory, ratepayers benefit from avoidance of emissions from conventional generation of electricity and reduced pollution from gasoline and diesel vehicles (lower GHG levels). Increase use of natural gas as a vehicle fuel also creates a potential natural gas transportation rate reduction associated with increased system throughput. Furthermore, SoCalGas' shareholders are provided an opportunity to earn a reasonable return as authorized by the CPUC.

v. SoCalGas uses the capital expenditures amount established under the 2017 capital investment plan as the bench mark for this goal. If actual capital expenditures exceed plan, then this goal has been accomplished, and vice versa.

vi. SoCalGas uses the capital expenditures amount established under the 2017 capital investment plan for growth projects or approval from CPUC of any new gas pipeline system expansions project as the bench mark for this goal. If actual capital expenditures exceed plan or approval from CPUC on any new gas pipeline system expansions project, then this goal has been accomplished, and vice versa.

SoCalGas Response 43 Continued:

d. Enrolling additional customers in SoCalGas' paperless billing program is an effective cost reduction measure. SoCalGas determined that by including this component as an ICP goal, we could raise awareness throughout the company to support acceleration of this measure as a customer service focus in 2017. This proved to be an effective measure because paperless billing increased by 28% year-over-year.

e, SoCalGas' ICP goals are only a subset of the numerous metrics that the company sets and manages to. SoCalGas does track billing accuracy as an important measure of company operations.

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SCG ONLY (SCG-30)

44. Regarding tables 6 and 11 in Attachment *SDGE CH21 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 21 of Section B - Operating Expenses of the MDR:

a. In the 2014 version of the ICP (Table 11), SCG eliminates the Hazardous Infrastructure Leak Rate measure, which present in the 2013 version (Table 6), from the Distribution System Integrity goal and appears to replace it with the measure, Main and Service Replacement. Please provide the complete rationale for the replacement.

b. The goals for the Miles Completed or Verified under the PSEP were decreased from 30/40/60 (for Minimum/Target/Maximum) in the 2013 Executive ICP to 15/20/25 in the 2014 version. Please explain in detail each reason that SCG decreased the goal values between 2013 and 2014.

SoCalGas Response 44:

SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence, and to the extent it assumes mistaken facts. Subject to and without waiving the foregoing objections, SoCalGas responds as follows:

a. SoCalGas establishes its incentive compensation plans, goals and metrics on an annual basis. Performance goals are established to incent behavior that aligns with overall company goals for the year. Company goals change based on the circumstances faced in a given year. Not every goal can be included within the incentive compensation plan every year. When projects begin, goals may roll on as an ICP measure (and conversely, when projects are completed, goals may roll off as an ICP measure). When new company goals are initiated, those goals might begin at the executive level only, in order to establish an executive support foundation for the goals, before moving those goals into non-executive ICP measures.

b. SoCalGas establishes its incentive compensation plans, goals and metrics on an annual basis. 2015 goals were developed based on specific projects tentatively planned for the year. Previous year's goals were not a factor in developing the new year goals.

45. Regarding tables 11 and 16 in Attachment *SDGE CH21 Q4 Response Measurements* to SDG&E's response to Question 4 in Chapter 21 of Section B - Operating Expenses of the MDR: The goals for the Miles of (Phase 1) Pipe Remediated under the PSEP were increased from 15/20/25 (for Minimum/Target/Maximum) in the 2014 Executive ICP to 50/60/70 in the 2015 version. Please explain in detail each reason that SCG increased the goal values between 2014 and 2015.

SoCalGas Response 45:

SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor is likely reasonably calculated to lead to the discovery of admissible evidence, and on the grounds that the burden, expense and intrusiveness of this request outweigh the likelihood that the information sought will lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, SoCalGas responds as follows:

SoCalGas establishes its incentive compensation plans, goals and metrics on an annual basis. 2015 goals were developed based on specific projects tentatively planned for the year. Previous year's goals were not a factor in developing the new year goals.

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46. At p. 154 of D.16-06-054, the Commission states: "…nothing in this decision forecloses the Commission's ability to institute a formal investigation into the leak at the Aliso Canyon underground storage facility. Irrespective of any other pending or future proceeding, we place Sempra Sempra and SoCalGas on notice that we will scrutinize their management and governance that preceded, coincided with, and which followed safety incidents, particularly significant ones.

   a. Has the Commission instituted a formal investigation into the leak at Aliso Canyon? If so, please provide the proceeding number and an explanation of the status of the investigation.
   b. To SCG's knowledge, has the Commission scrutinized SCG's management and governance that preceded, coincided with and/or followed the Aliso Canyon leak? If so, please provide the proceeding, any relevant decisions and/or ruling, and any SCG materials provided by SCG to the Commission regarding this topic.
   c. To SCG's knowledge, has the Commission scrutinized its management and governance that preceded, coincided with and/or followed any other incident since January 1, 2013? If so, please provide the proceeding, any relevant decisions and/or ruling, and any SCG materials provided by SCG to the Commission regarding this topic.

SoCalGas Response 46:

a.-c. SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor reasonably calculated to lead to the discovery of admissible evidence, to the extent that it seeks legal conclusions, calls for speculation, seeks information not within SoCalGas' knowledge, and/or seeks information within the public domain, that is equally available to TURN. Subject to and without waiving these objections, SoCalGas states as follows: The Commission maintains an Aliso Canyon incident webpage that contains information about the CPUC's actions, and links to information that is available on other state agency websites. Please see: http://www.cpuc.ca.gov/aliso/

47. Please identify any investigations by the Commission and/or CPUC staff or any other government agency that includes consideration of the impact of the Aliso Canyon leak on executive-compensation levels. For any investigations identified, please identify the investigation, describe its status, and identify any actions/decisions taken by the Commission and/or other agencies regarding such investigations.

SoCalGas Response 47:

SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure as it seeks the production of information that is out of scope and neither relevant to the subject matter involved in the pending proceeding nor reasonably calculated to lead to the discovery of admissible evidence, to the extent that it seeks legal conclusions, calls for speculation, seeks information not within SoCalGas' knowledge, and/or seeks information within the public domain, that is equally available to TURN. Subject to and without waiving these objections, SoCalGas states as follows: The Commission maintains an Aliso Canyon incident webpage that contains information about the CPUC's actions, and links to information that is available on other state agency websites. Please see: http://www.cpuc.ca.gov/aliso/