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ALJ	:	<u>R. Lirag</u>
Witness	:	<u>F. Hadiprodjo</u>



**OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations
for
San Diego Gas & Electric Company
Southern California Gas Company
Test Year 2019
General Rate Case**

Accounting & Finance / Legal / Regulatory Affairs /
External Affairs

San Francisco, California
April 13, 2018

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1 Table 24-1 compares ORA's and SDG&E's 2019 expense forecasts:

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Table 24-1
SDG&E A&G Divisions Expenses for 2019
(in Thousands of 2016 Dollars)

Description (a)	ORA Recommended (b)	SDG&E Proposed ² (c)	Amount SDG&E>ORA (d=c-b)
Accounting & Finance Division	\$13,435	\$13,535	\$100
Legal Division	\$13,407	\$13,407	\$0
Regulatory Affairs Division	\$5,963	\$5,963	\$0
External Affairs Division	\$3,072	\$3,072	\$0
Total	\$35,877	\$35,977	\$100
Non-Shared Services (NSS)	\$22,019	\$22,119	\$100
Shared Services (USS)	\$13,858	\$13,858	\$0
Total	\$35,877	\$35,977	\$100

5 **B. SoCalGas**

6 The following summarizes ORA's recommendations regarding A&G expenses
7 associated with SoCalGas' Accounting and Finance, Legal, Regulatory Affairs, and
8 External Affairs Divisions:

- 9
- 10 • ORA's forecast for the Accounting and Finance Division is \$20.7
11 million, which is \$1.2 million lower than SoCalGas' request for
12 proposed RAMP non-shared service (NSS) expenses and Incident
13 Support Analysis (ISA) NSS expenses.
 - 14 • ORA does not take issue with SoCalGas' requests for its Legal,
15 Regulatory Affairs, and External Affairs Divisions.

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² Ex. SDG&E-31, p. SKH-1, Table SKH-2.

1 Table 24-2 compares ORA's and SoCalGas' 2019 expense forecasts:

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Table 24-2
SoCalGas A&G Divisions Expenses for 2019
(in Thousands of 2016 Dollars)

Description (a)	ORA Recommended (b)	SCG Proposed ³ (c)	Amount SCG>ORA (d=c-b)
Accounting & Finance Division	\$20,672	\$21,873	\$1,201
Legal Division	\$6,968	\$6,968	\$0
Regulatory Affairs Division	\$4,488	\$4,488	\$0
External Affairs Division	\$1,976	\$1,976	\$0
Total	\$34,104	\$35,305	\$1,201
Non-Shared Services (NSS)	\$27,382	\$28,583	\$1,201
Shared Services (USS)	\$6,722	\$6,722	\$0
Total	\$34,104	\$35,305	\$1,201

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³ Ex. SCG-33, p. SL-i, Table SL-1 (breakdown by Division) and Ex. SCG-33-WP, p. 1 of 148 (breakdown by Non-Shared and Shared).

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PART I: SAN DIEGO GAS & ELECTRIC

2 I. ACCOUNTING AND FINANCE DIVISION

3 SDG&E’s Accounting and Finance Division comprises the following five
4 Departments:⁴

- 5 • Vice President (VP) – Controller and Chief Financial Officer (CFO)
- 6 • Utility Accounting
- 7 • Accounting Operations
- 8 • Financial Systems and Compliance
- 9 • Financial Planning and Business Planning

10 Table 24-3 shows SDG&E’s 5 years (2012-2016) of historical data and
11 compares SDG&E’s TY 2019 forecast to ORA’s TY 2019 forecast of the five
12 departments in the Accounting and Finance Division.

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Table 24-3
SDG&E Accounting & Finance Division Expenses
2012-2016 Recorded and 2019 Forecast
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
VP – Controller & CFO	\$0	\$23	\$146	\$415	\$16	\$120	\$120
Utility Accounting	\$2,731	\$2,418	\$2,534	\$2,390	\$2,394	\$2,487	\$2,487
Acct Operations	\$4,507	\$4,359	\$4,147	\$3,834	\$4,165	\$4,114	\$4,114
Financial Systems and Compliance	\$1,958	\$1,866	\$1,711	\$1,578	\$1,636	\$1,984	\$1,884
Financial & Business Planning	\$4,431	\$4,359	\$4,235	\$4,850	\$4,773	\$4,830	\$4,830
Total	\$13,627	\$13,025	\$12,773	\$13,067	\$12,984	\$13,535	\$13,435

17 Source: 2012-2016 data from Ex. SDG&E-31-WP, pp. 5-35 and pp. 80-152. SDG&E 2019 forecast
18 from Ex. SDG&E-31, p. SKH-10, Table SKH-8.

⁴ Ex. SDG&E-31, p. SKH-9.

1 **A. VP – Controller and CFO; Utility Accounting; Accounting**
 2 **Operations; and Financial & Business Planning**

3 Table 24-4 below shows ORA’s forecast and SDG&E’s request for four of the
 4 five departments within the Accounting and Finance Division, broken down by Non-
 5 Shared and Shared.

6 **Table 24-4**
 7 **VP–Controller and CFO; Utility Accounting; and Accounting Operations**
 8 **Non-Shared (NSS) and Shared (USS) Expense Forecast for 2019**
 9 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SDG&E Proposed ⁵		
	NSS	USS	Total	NSS	USS	Total
VP - Controller & CFO	\$0	\$120	\$120	\$0	\$120	\$120
Utility Accounting	\$0	\$2,487	\$2,487	\$0	\$2,487	\$2,487
Accounting Operations	\$3,028	\$1,086	\$4,114	\$3,028	\$1,086	\$4,114
Financial & Business Planning	\$4,084	\$746	\$4,830	\$4,084	\$746	\$4,830
Total	\$7,112	\$4,439	\$11,551	\$7,112	\$4,439	\$11,551

10 **1. Overview of SDG&E’s Request**

11 The VP – Controller and CFO department oversees financial and accounting
 12 reporting for both SDG&E and SCG.⁶ The Utility Accounting Department helps with
 13 financial statement accounting and reporting of SDG&E and SCG.⁷ The Accounting
 14 Operations Department is responsible in the operational accounting books and
 15 records for SDG&E.⁸ The Financial and Business Planning department consists of

⁵ Ex. SDG&E-31, p. SKH-11, Table SKH-9; p. SKH-12, Table SKH-10; p. SKH-14, Table SKH-11; p. SKH-19, Table SKH-13.

⁶ Ex. SDG&E-31, p. SKH-10.

⁷ Ex. SDG&E-31, p. SKH-11.

⁸ Ex. SDG&E-31, p. SKH-12.

1 the four group activities: Financial Planning, Business Planning, Regulatory
2 Accounts, and Financial Services.⁹

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2. ORA's Analysis

5 After reviewing SDG&E's testimony, workpapers, and discovery responses
6 pertained to these departments, ORA does not take issue with SDG&E's TY 2019
7 forecasts for these four departments.

B. Financial Systems and Compliance

1. Overview of SDG&E's Request

10 The Financial Systems and Compliance Department consists of the four
11 group activities: Business Controls, Financial Systems, Affiliate Billing and Costing,
12 and Affiliate Compliance.¹⁰ Table 24-5 below shows SDG&E's TY 2019 request for
13 \$1.984 million in Financial Systems and Compliance. SDG&E's TY 2019 request in
14 Financial Systems and Compliance is based on a 5-year average plus incremental
15 expenses for costs related to the mitigation of the RAMP records management risk
16 and an additional employee to perform accounting research and implement new
17 accounting standards.

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Table 24-5
Financial Systems and Compliance
Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019
(in Thousands of 2016 Dollars)

Description	ORA Recommended			SDG&E Proposed ¹¹		
	NSS	USS	Total	NSS	USS	Total
Financial Systems & Compliance	\$468	\$1,416	\$1,884	\$468	\$1,516	\$1,984

⁹ Ex. SDG&E-31, p. SKH-17,

¹⁰ Ex. SDG&E-31, p. SKH-14.

¹¹ Ex. SDG&E-31, p. SKH-16, Table SKH-12.

1 **2. ORA’s Analysis**

2 SDG&E’s request for \$1.984 million for the Financial Systems and
3 Compliance included \$200,000 forecast of RAMP cost related to records
4 management. ORA takes issue with SDG&Es’ TY 2019 request for \$200,000 in
5 expenses associated with RAMP costs related to records management, and
6 recommends \$100,000 in TY 2019. See ORA’s testimony on SoCalGas’ Accounting
7 Systems and Compliance Department, which is 1.B (2) of Part II, as the same
8 arguments presented in that section apply here. Consequently, ORA’s forecast for
9 Financial Systems and Compliance is \$1.884 million, which is \$100,000 lower than
10 SDG&E’s request of \$1.984 million.

11 **II. LEGAL DIVISION**

12 SDG&E’s Legal Division comprises the following Departments:¹²

- 13 • General Counsel (Regulatory Law, Litigation, Commercial Law, and
14 Environmental & Real Estate Law)
15 • Claims (Claims Payments & Recovery Costs)

16 Table 24-6 shows SDG&E’s 5 years of historical data and compares
17 SDG&E’s TY 2019 requests to ORA’s forecast of SDG&E’s Legal Division and its
18 two departments.
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¹² Ex. SDG&E-31, p. SKH-20.

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**Table 24-6
SDG&E Legal Division Expenses
2012-2016 Recorded and 2019 Forecast
(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Legal	\$8,325	\$8,515	\$8,543	\$8,479	\$8,772	\$8,745	\$8,745
Claims	\$767	\$726	\$819	\$794	\$678	\$906	\$906
Subtotal	\$9,092	\$9,241	\$9,362	\$9,273	\$9,450	\$9,651	\$9,651
Claims Payments & Recovery Costs	\$3,190	\$2,196	\$2,999	\$3,804	\$6,591	\$3,756	\$3,756
Total	\$12,282	\$11,437	\$12,361	\$13,077	\$16,041	\$13,407	\$13,407

5 Source: 2012-2016 data from Ex. SDG&E-31-WP, pp. 36-55. SDG&E 2019 forecast from Ex.
6 SDG&E-31, p. SKH-20, Table SKH-14.

7 Table 24-7 below shows ORA’s forecast and SDG&E’s request for the two
8 departments within the Legal Division, broken down by Non-Shared and Shared.

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**Table 24-7
SDG&E Legal Division
Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019
(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SDG&E Proposed ¹³		
	NSS	USS	Total	NSS	USS	Total
Legal	\$8,745	\$0	\$8,745	\$8,745	\$0	\$8,745
Claims	\$906	\$0	\$906	\$906	\$0	\$906
Total	\$9,651	\$0	\$9,651	\$9,651	\$0	\$9,651

13 **A. Legal and Claims**

14 **1. Overview of SDG&E’s Request**

15 The Legal department oversees all legal matters pertaining to the following:¹⁴

- 16 • Regulatory Law - responsible for regulatory proceedings at the
17 CPUC, FERC, California Energy Commission (CEC), and
18 Commodity Futures Trading Commission (CFTC).¹⁵

¹³ Ex. SDG&E-31, p. SKH-20, Table SKH-14; p. SKH-20, Table SKH-14.

¹⁴ Ex. SDG&E-31, p. SKH-20.

¹⁵ Ex. SDG&E-31, p. SKH-21.

- 1 • Litigation - responsible for civil litigation proceedings.¹⁶
- 2 • Commercial Law - responsible for legal counsel and aspects on all
- 3 business-related matters.¹⁷
- 4 • Environmental and Real Estate Law - responsible for legal
- 5 counseling on environmental and real estate matters.¹⁸
- 6 • Administrative Staff - consists of legal research attorneys,
- 7 paralegals, and administrative assistants, who are responsible for
- 8 legal support.¹⁹

9 SDG&E Legal Department also manages outside counsel that support and
10 handle matters that require other skills.²⁰ SDG&E's TY 2019 forecast is based on a
11 5-year (2012-2016) average plus incremental expenses for an additional attorney to
12 support regulatory policies.

13 SDG&E's Claims department is responsible for matters related to all third-
14 party property damage and bodily injury claims for SDG&E.²¹ SDG&E's TY 2019
15 forecast is based on a 5-year average plus incremental expenses for an additional
16 manager to assist with third-party claims.

17 **2. ORA's Analysis**

18 After reviewing testimony, workpapers, and discovery requests pertaining to
19 the Legal Department and Claims Department, ORA does not oppose SDG&E's
20 expense requests.

¹⁶ Ex. SDG&E-31, p. SKH-21.

¹⁷ Ex. SDG&E-31, p. SKH-21.

¹⁸ Ex. SDG&E-31, p. SKH-22.

¹⁹ Ex. SDG&E-31, p. SKH-22.

²⁰ Ex. SDG&E-31, p. SKH-23.

²¹ Ex. SDG&E-31, p. SKH-23.

1 **B. Claims Payments & Recovery Costs**

2 **1. Overview of SDG&E’s Request**

3 SDG&E’s Claims Payments and Recovery department is responsible for
4 processing third-party claim payments and recovery costs.²² Table 24-8 below
5 shows SDG&E’s TY 2019 request for \$3.756 million and ORA’s forecast. SDG&E’s
6 TY 2019 in Claims and Recovery request is based on a 5-year average.

7 **Table 24-8**
8 **Claims Payments & Recovery Costs**
9 **Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019**
10 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SDG&E Proposed ²³		
	NSS	USS	Total	NSS	USS	Total
Claims Payments & Recovery Costs	\$3,756	\$0	\$3,756	\$3,756	\$0	\$3,756

11 **2. ORA’s Analysis**

12 ORA reviewed testimony, workpapers, and discovery responses pertaining to
13 the claims payments and recovery costs. ORA also reviewed a list of SDG&E’s
14 claims and recovery expenses. Based on its review, ORA does not take issue with
15 SDG&E’s Claims department expense forecast for TY 2019.

16 **C. FERC Account 925 Costs: Third-Party Claims Balancing**
17 **Account**

18 **1. Overview of SDG&E’s Request**

19 SDG&E is proposing a Third-Party Claims Balancing Account (TPCBA) to
20 manage third-party claims for the entire GRC cycle. The proposed TPCBA is a two-
21 way balancing account to compare the revenue requirement approved in this GRC

²² Ex. SDG&E-31, p. SKH-23.

²³ Ex. SDG&E-31, p. SKH-20, Table SKH-14.

1 for third-party related claims payments and recoveries with actual net expenses
2 booked.²⁴

3 **2. ORA's Analysis**

4 After reviewing testimony, workpapers, and discovery responses pertaining to
5 the TPCBA, ORA does not take issue with SDG&E's proposal to establish the
6 TPCBA.

7 **III. REGULATORY AFFAIRS DIVISION**

8 The Regulatory Affairs Division comprises the following departments:²⁵

- 9 • Vice President – Regulatory Affairs
10 • Case Management, Tariffs & Compliance
11 • GRC & Revenue Requirements

12 Table 24-9 shows SDG&E's 5 years of historical data and compares
13 SDG&E's TY 2019 forecast to ORA's forecast of SDG&E's Regulatory Affairs
14 Division's three departments.

²⁴ Ex. SDG&E-31, p. SKH-26.

²⁵ Ex. SDG&E-31, p. SKH-28.

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Table 24-9
SDG&E Regulatory Affairs Division Expenses
2012-2016 Recorded and 2019 Forecast
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
VP – Reg Affairs	\$1,274	\$1,061	\$1,058	\$1,093	\$1,242	\$1,146	\$1,146
Case Mgmt, Tariffs and Compliance	\$3,371	\$3,250	\$3,385	\$3,271	\$3,264	\$3,568	\$3,568
GRC & Revenue Requirements	\$702	\$802	\$904	\$1,040	\$1,132	\$1,249	\$1,249
Total	\$5,347	\$5,113	\$5,347	\$5,404	\$5,638	\$5,963	\$5,963

5 Source: 2012-2016 data from Ex. SDG&E-31-WP, pp. 3-35 and pp. 77-152. SDG&E 2019 forecast
6 from Ex. SDG&E-31, p. SKH-28, Table SKH-15.

7 Table 24-10 below shows ORA’s forecast and SDG&E’s request for the three
8 departments within the Regulatory Affairs Division, broken down by Non-Shared and
9 Shared.

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Table 24-10
VP–Regulatory Affairs; Case Management, Tariffs & Compliance;
and GRC & Revenue Requirements
Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019
(in Thousands of 2016 Dollars)

Description	ORA Recommended			SDG&E Proposed ²⁶		
	NSS	USS	Total	NSS	USS	Total
VP – Reg Affairs	\$0	\$1,146	\$1,146	\$0	\$1,146	\$1,146
Case Mgmt, Tariffs and Compliance	\$1,101	\$2,467	\$3,568	\$1,101	\$2,467	\$3,568
GRC & Revenue Requirements	\$0	\$1,249	\$1,249	\$0	\$1,249	\$1,249
Total	\$1,101	\$4,862	\$5,963	\$1,101	\$4,862	\$5,963

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²⁶ Ex. SDG&E-31, p. SKH-29, Table SKH-16; p. SKH-31, Table SKH-17; p. SKH-32, Table SKH-18.

1 **A. VP–Regulatory Affairs, Case Management, Tariffs &**
2 **Compliance, and GRC and Revenue Requirements**

3 **1. Overview of SDG&E’s Request**

4 SDG&E’s VP of Regulatory Affairs is responsible for interacting with
5 regulatory agencies, such as the CPUC.²⁷ SDG&E’s Case Management, Tariffs,
6 and Compliance department is responsible for the following functions—Case
7 Management, Customer Rates & Tariffs, and Natural Gas Rates.²⁸ SDG&E’s GRC
8 and Revenue Requirements is responsible for all GRC related regulatory
9 proceedings and regulatory matters before the CPUC.²⁹

10 **2. ORA’s Analysis**

11 After reviewing testimony, workpapers, and discovery requests pertaining to
12 the Regulatory Affairs Division’s three departments, ORA does not take issue with
13 SDG&E’s TY 2019 expense forecasts.

14 **IV. EXTERNAL RELATIONS DIVISION**

15 The External Relations Division is in charge of the following departments:³⁰

- 16 • VP External Relations
17 • Communications
18 • Regulatory Policy and Legislative Analysis
19 • Community Relations
20

²⁷ Ex. SDG&E-31, p. SKH-28.

²⁸ Ex. SDG&E-31, p. SKH-29.

²⁹ Ex. SDG&E-31, p. SKH-32.

³⁰ Ex. SDG&E-31, p. SKH-33.

1 Table 24-11 shows SDG&E's 5 years of historical data and compares
 2 SDG&E's TY 2019 forecast to ORA's TY 2019 forecast of SDG&E External
 3 Relations.

4 **Table 24-11**
 5 **SDG&E External Relations Division Expenses**
 6 **2012-2016 Recorded and 2019 Forecast**
 7 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
VP External Rel	\$1,449	\$663	\$233	\$640	\$915	\$727	\$727
Comm, Reg Policy & Leg Analysis	\$1,824	\$1,663	\$1,397	\$1,325	\$1,140	\$1,289	\$1,289
Community Relations	\$1,238	\$1,239	\$1,210	\$1,182	\$1,105	\$1,056	\$1,056
Total	\$4,511	\$3,565	\$2,840	\$3,147	\$3,160	\$3,072	\$3,072

8 Source: 2012-2016 data from Ex. SDG&E-31-WP, p. 70 and pp. 209-239. SDG&E 2019 forecast
 9 from Ex. SDG&E-31, p. SKH-34, Table SKH-19.

10 Table 24-12 below shows ORA's forecast and SDG&E's request for the three
 11 departments within the External Affairs Division, broken down by Non-Shared and
 12 Shared expenses.

13 **Table 24-12**
 14 **VP-External Relations; Communications, Regulatory Policy & Legislative Analysis;**
 15 **and Community Relations**
 16 **Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019**
 17 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SDG&E Proposed ³¹		
	NSS	USS	Total	NSS	USS	Total
VP-External Relations	\$0	\$727	\$727	\$0	\$727	\$727
Comm., Reg Policy & Legislative Analysis	\$0	\$1,289	\$1,289	\$0	\$1,289	\$1,289
Community Relations	\$31	\$1,025	\$1,056	\$31	\$1,025	\$1,056
Total	\$31	\$3,041	\$3,072	\$31	\$3,041	\$3,072

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³¹ Ex. SDG&E-31, p. SKH-34, Table SKH-19; p. SKH-34, Table SKH-19; p. SKH-34, Table SKH-??.

1 **A. VP External Relations; Communications, Regulatory Policy &**
2 **Legislative Analysis; and Community Relations**

3 **1. Overview of SDG&E’s Request**

4 SDG&E’s Vice President of External Relations oversees the following
5 departments: Regional Public Affairs, Communications, Regulatory Policy and
6 Legislative Analysis, and Community Relations departments.³² Communications is
7 responsible for all news media on issues of interest and importance to the public,
8 while Regulatory Policy & Legislative Analysis group is responsible for examining
9 California and Federal legislative issues.³³ The Community Relations department is
10 the primary liaison to non-profits organizations in San Diego and South Orange
11 County.³⁴

12 **2. ORA’s Analysis**

13 After reviewing testimony, workpapers, and discovery requests pertaining to
14 the External Relations Division and its three departments, ORA does not take issue
15 with SDG&E’s TY 2019 expense forecasts.

16 **V. MEALS AND ENTERTAINMENT**

17 **1. Overview of SDG&E’s Request**

18 Meals and Entertainment is used to record expenses incurred by employees
19 during the course of doing business.³⁵ SDG&E is not requesting ratepayer funding
20 of Meals and Entertainment expenses in this GRC. Table 24-13 shows SDG&E’s 5
21 years of historical data and TY 2019 forecast of Meals and Entertainment.

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³² Ex. SDG&E-31, p. SKH-34.

³³ Ex. SDG&E-31, pp. SKH-34-35.

³⁴ Ex. SDG&E-31, p. SKH-35.

³⁵ Ex. SDG&E-31, p. SKH-37

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Table 24-13
SDG&E Meals and Entertainment Expenses
2012-2016 Recorded and 2019 Forecast
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019
Meals & Entertain	\$746	\$589	\$506	\$573	\$420	\$0

5 Source: 2012-2016 data from SDG&E response to ORA data request ORA-SDG&E-166-FH2, Q.1.
6 SDG&E 2019 forecast from Ex. SDG&E-31, p. SKH-37, Table SKH-20.

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2. ORA's Analysis

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ORA does not take issue with SDG&E's TY 2019 forecast which does not
9 request ratepayer funding for Meals and Entertainment costs.

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PART II: SOUTHERN CALIFORNIA GAS

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I. ACCOUNTING AND FINANCE DIVISION

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SoCalGas' Accounting and Finance is responsible for the following

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Departments: ³⁶

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- Vice Accounting & Finance

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- Accounting Operations

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- Accounting Operations

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- Financial Systems and Compliance

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- Incident Support Analysis

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- Finance

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- Financial & Operational Planning

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- Controller

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- Claims Management

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- Claims Payments and Recovery

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Table 24-14 shows SoCalGas' 5 years of historical data and compares

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SoCalGas' TY 2019 forecast to ORA's TY 2019 forecast of Accounting and Finance

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for the ten departments.

³⁶ Ex. SCG-33, p. SL-8.

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Table 24-14
SoCalGas Accounting & Finance Division Expenses
2012-2016 Recorded and 2019 Forecast
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
VP Accounting & Finance	\$232	\$277	\$281	\$666	\$303	\$352	\$352
Acct Operations	\$4,338	\$3,857	\$3,904	\$3,773	\$3,785	\$3,754	\$3,754
Acct Systems & Compliance	\$1,450	\$1,404	\$1,417	\$1,477	\$1,458	\$1,545	\$1,445
Incident Support	\$0	\$0	\$0	\$0	\$0	\$1,101	\$0
Finance	\$1,591	\$1,596	\$1,554	\$1,658	\$1,549	\$1,437	\$1,437
Financial & Oper Planning	\$2,650	\$3,003	\$3,349	\$3,103	\$3,676	\$3,819	\$3,819
Controller	\$553	\$539	\$533	\$756	\$695	\$885	\$885
Claims Mgmt	\$1,460	\$1,374	\$1,369	\$1,440	\$1,304	\$1,579	\$1,579
Subtotal	\$12,274	\$12,050	\$12,407	\$12,873	\$12,770	\$14,472	\$13,271
Claims Payments & Recovery	\$4,861	\$7,559	\$2,674	\$7,475	\$14,434	\$7,401	\$7,401
Total	\$17,135	\$19,609	\$15,081	\$20,348	\$27,204	\$21,873	\$20,672

5 Source: 2012-2016 data from Ex. SCG-33-WP, pp. 3-52 and pp. 76-111. SCG 2019 forecast from
6 Ex. SCG-33, p. SL-8, Table SL-6.

7 Table 24-15 below shows ORA's forecast and SoCalGas' request for the six
8 departments within the Accounting and Finance Division, broken down by Non-
9 Shared and Shared expenses. ORA does not oppose SoCalGas' forecast.

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Table 24-15
VP–Accounting & Finance; Accounting Operations; Finance;
Financial & Operational Planning; Controller; and Claims Management
Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019
(in Thousands of 2016 Dollars)

Description	ORA Recommended			SoCalGas Proposed ³⁷		
	NSS	USS	Total	NSS	USS	Total
VP Acct & Finance	\$352	\$0	\$352	\$352	\$0	\$352
Acct Operations	\$3,754	\$0	\$3,754	\$3,754	\$0	\$3,754
Finance	\$1,437	\$0	\$1,437	\$1,437	\$0	\$1,437
Financial & Operational Planning	\$3,764	\$55	\$3,819	\$3,764	\$55	\$3,819
Controller	\$0	\$885	\$885	\$0	\$885	\$885
Claims Management	\$0	\$1,580	\$1,580	\$0	\$1,580	\$1,580
Total	\$9,307	\$2,520	\$11,827	\$9,307	\$2,520	\$11,827

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A. VP Accounting and Finance; Accounting Operations;
Finance; Financial & Operational Planning; Controller;
Claims Management

1. Overview of SCG’s Request

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The VP of Accounting & Finance is responsible for overseeing the financial and accounting functions at SoCalGas.³⁸ Accounting Operations is responsible for the following departments: Asset & Project Accounting, Accounts Payable (AP), and Sundry Services.³⁹ The Finance Department consists of Financial and Strategic Analysis, Rate Base, and Regulatory Accounts.⁴⁰ The Controller function consists of the Controller/Chief Financial Officer (CFO), Assistant Controller, and

³⁷ Ex. SCG-33, p. SL-9, Table SL-?; p. SL-10, Table SL-8; p. SL-14, Table SL-11; p. SL-17, Table SL-12; p. SL-19, Table SL-13; p. SL-20, Table SL-14.

³⁸ Ex. SCG-33, p. SL-9.

³⁹ Ex. SCG-33, p. SL-10.

⁴⁰ Ex. SCG-33, p. SL-15.

1 administrative support.⁴¹ The Claims Management department is responsible for
2 processing all third-party claims for the utilities.⁴²

3 2. ORA's Analysis

4 After reviewing testimony, workpapers, and discovery requests pertaining to
5 these six departments within the Accounting and Finance Division, ORA does
6 not take issue with SoCalGas' TY 2019 expense forecasts associated with them.

7 B. Accounting Systems and Compliance

8 1. Overview of SCG's Request

9 Accounting Systems and Compliance is responsible for the following
10 functions: Financial Systems, Business Controls, Affiliate Billing and Costing (ABC),
11 and Affiliate Compliance.⁴³ Table 24-16 below shows SoCalGas' TY 2019 request
12 for \$1.5 million in Accounting Systems and Compliance. SoCalGas' TY 2019 request
13 in Accounting Systems and Compliance is based on a 5-year average plus
14 incremental expenses for consultants to support RAMP risk-mitigation efforts.

15 **Table 24-16**
16 **Accounting Systems and Compliance**
17 **Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019**
18 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SCG Proposed ⁴⁴		
	NSS	USS	Total	NSS	USS	Total
Acct Systems & Compliance	\$1,054	\$391	\$1,445	\$1,154	\$391	\$1,545

⁴¹ Ex. SCG-33, p. SL-19.

⁴² Ex. SCG-33, p. SL-20.

⁴³ Ex. SCG-33, p. SL-12.

⁴⁴ Ex. SCG-33, p. SL-12, Table SL-9.

2. ORA's Analysis

SoCalGas' request for \$1.545 million for the Accounting Systems and Compliance Department included \$200,000 forecast of RAMP costs related to records management. In response to discovery, SoCalGas explains why the \$100,000-\$300,000 range was used to get the average cost forecast of \$200,000:⁴⁵

- The low forecast of \$100,000 was derived from the \$75,000 assessment of the records management process provided by a third-party.
- The high forecast of \$300,000 was developed by items of criteria that illustrate characteristics of the RAMP project.

ORA requested a working spreadsheet to explain how to arrive at its range in the TY 2019 forecast.⁴⁶ However, SoCalGas did not provide it. Instead, SoCalGas provided the Records Management risk chapter and its workpaper, which only listed the forecast range, from the RAMP proceeding that covers it.⁴⁷ These documents did not explain how SoCalGas arrived at the range to develop the forecast of \$200,000. SoCalGas pointed out that "this mitigation has an uncertain range of costs."⁴⁸

Due to the uncertainty associated with SoCalGas' forecast of \$200,000, ORA recommends \$100,000 in TY 2019 for the RAMP costs related to records management activity, since the low range forecast is close to the historical cost that SoCalGas spent on the assessment of the records management. Consequently, ORA's forecast for the Accounting Systems and Compliance Department is \$1.445 million, which is \$100,000 lower than SoCalGas' request of \$1.545 million.

⁴⁵ SCG response to ORA data request ORA-SCG-084-FH2, Q.1.

⁴⁶ SoCalGas' e-mail response on 1/31/2018 regarding data request ORA-SCG-DR-084-FH2.

⁴⁷ Risk Assessment Mitigation Phase - Risk Mitigation Plan Records Management (Chapter SCG-8), pp. 14-15; 2016 Risk Assessment Mitigation Phase I6-10-016 Workpapers to Records Management (Chapter SCG-8-WP).

⁴⁸ Risk Assessment Mitigation Phase - Risk Mitigation Plan Records Management (Chapter SCG-8), p. 15.

1 **C. Incident Support and Analysis**

2 **1. Overview of SCG’s Request**

3 SoCalGas is requesting a new department, the Incident Support and Analysis
4 (ISA) department, to handle and respond to major incidents.⁴⁹ Table 24-17 below
5 shows SoCalGas’ TY 2019 request for \$1.101 million in ISA.

6 **Table 24-17**
7 **Incident Support and Analysis Department**
8 **Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019**
9 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SCG Proposed ⁵⁰		
	NSS	USS	Total	NSS	USS	Total
Incident Support & Analysis	\$0	\$0	\$0	\$1,101	\$0	\$1,101

10 **2. ORA’s Analysis**

11 ORA opposes SoCalGas’ proposal to fund the new department. SoCalGas
12 did not provide any studies to support its \$1.101 million forecast. Even though
13 SoCalGas provided a list of positions and the corresponding salary for each position,
14 it did not justify how it derived the salary amounts nor did it conduct a workload
15 analysis to support the proposed number of ten full-time employees.⁵¹

16 Since SoCalGas has not prepared any analysis or studies to justify the
17 funding of the ISA department, ORA recommends that the Commission should not
18 approve SoCalGas’ request for \$1.10 million.

⁴⁹ Ex. SCG-33, p. SL-14.

⁵⁰ Ex. SCG-33, p. SL-14, Table SL-10.

⁵¹ SoCalGas response to ORA data request ORA-SCG-010-FH2, Q.1.

1 **D. Claims Payments and Recovery**

2 **1. Overview of SCG’s Request**

3 The Claims Payments and Recovery department is responsible for net
4 payments for all third-party claims for SoCalGas.⁵² Table 24-18 below shows
5 SoCalGas’ TY 2019 request for \$7.401 million in Claims Payment and Recovery.
6 SoCalGas’ TY 2019 request in Claims Payment and Recovery is based on a 5-year
7 average.

8 **Table 24-18**
9 **Claims Payments and Recovery Department**
10 **Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019**
11 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SCG Proposed ⁵³		
	NSS	USS	Total	NSS	USS	Total
Claims Payment & Recovery	\$7,401	\$0	\$7,401	\$7,401	\$0	\$7,401

12 **2. ORA’s Analysis**

13 ORA reviewed a list and supporting documents of SoCalGas claim payments
14 and recovery expenses from years 2012-2016 and does not take issue with
15 SoCalGas’ Claims Payments and Recovery forecast for TY 2019.

16 **II. LEGAL DIVISION**

17 SoCalGas’ Legal Division provides legal services to the company and is
18 headed by a Vice President and General Counsel (GC).⁵⁴ The Legal Division
19 includes the Regulatory, Litigation, and Commercial & Environmental departments.

⁵² Ex. SCG-33, p. SL-22.

⁵³ Ex. SCG-33, p. SL-20, Table SL-14.

⁵⁴ Ex. SCG-33, p. SL-23.

1 SoCalGas' Legal Division expense forecast also includes costs associated with its
 2 administrative staff, and for outside counsel.

3 Table 24-19 shows SoCalGas' 5 years of historical data and compares
 4 SoCalGas' TY 2019 forecast to ORA's forecast.

5 **Table 24-19**
 6 **SoCalGas Legal Division Expenses**
 7 **2012-2016 Recorded and 2019 Forecast**
 8 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
Legal	\$6,159	\$6,894	\$6,196	\$6,458	\$6,652	\$6,968	\$6,968
Total	\$6,159	\$6,894	\$6,196	\$6,458	\$6,652	\$6,968	\$6,968

9 Source: 2012-2016 data from Ex. SCG-33-WP, p. 55. SCG 2019 forecast from Ex. SCG-33, p. SL-
 10 23, Table SL-16.

11 **A. Overview of SCG's Request**

12 Table 24-20 below shows SoCalGas' TY 2019 request for \$6.968 million in
 13 Legal, broken down by Non-Shared and Shared costs. SoCalGas' TY 2019 request
 14 in Legal is based on a 5-year average, plus incremental costs for two senior
 15 counselors and one legal administrator.⁵⁵

16 **Table 24-20**
 17 **Legal Division**
 18 **Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019**
 19 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SCG Proposed ⁵⁶		
	NSS	USS	Total	NSS	USS	Total
Legal	\$6,968	\$0	\$6,968	\$6,968	\$0	\$6,968

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⁵⁵ Ex. SCG-33, p. SL-23.

⁵⁶ Ex. SCG-33, p. SL-23, Table SL-16.

1 Table 24-22 below shows ORA’s forecast and SoCalGas’ request for the
 2 departments within the Regulatory Affairs Division, broken down by Non-Shared and
 3 Shared expenses, which ORA does not oppose.

4 **Table 24-22**
 5 **Director – Reg Affairs; Regulatory Tariffs & Info; Case Management; Gas Rates &**
 6 **Analysis; Gas Forecasting & Analysis; GRC & Rev Requirements**
 7 **Non-Shared (NSS) and Shared Expense (USS) Forecast for 2019**
 8 **(in Thousands of 2016 Dollars)**

Description	ORA Recommended			SoCalGas Proposed ⁵⁹		
	NSS	USS	Total	NSS	USS	Total
Director – Reg Affairs	\$0	\$215	\$215	\$0	\$215	\$215
Reg Tariffs & Info	\$676	\$0	\$676	\$676	\$0	\$676
Case Management	\$0	\$1,094	\$1,094	\$0	\$1,094	\$1,094
Gas Rates & Analysis	\$0	\$322	\$322	\$0	\$322	\$322
Gas Forecasting & Economic Analysis	\$0	\$877	\$877	\$0	\$877	\$877
GRC & Revenue Requirements	\$0	\$1,304	\$1,304	\$0	\$1,304	\$1,304
Total	\$676	\$3,812	\$4,488	\$676	\$3,812	\$4,488

9 **A. Director of Regulatory Affairs; Regulatory Tariffs &**
 10 **Information; Case Management; Gas Rates & Analysis; Gas**
 11 **Demand Forecasting & Economic Analysis; GRC & Revenue**
 12 **Requirements**

13 **1. Overview of SCG’s Request**

14 The Director of Regulatory Affairs oversees Case Management, Tariff
 15 Administration, Rates Analysis, and Forecasting groups.⁶⁰ The Regulatory Tariffs
 16 and Information department does the following activities: filing advice letters and
 17 responding to protests and draft resolutions; maintaining, interpreting, revising, and
 18 developing tariff schedules and new tariffs; providing guidance on regulatory

⁵⁹ Ex. SCG-33, p. SL-27, Table SL-18; p. SL-28, Table SL-19; p. SL-29, Table SL-20; p. SL-30, Table SL-21; p. SL-31, Table SL-22; p. SL-31, Table SL-23.

⁶⁰ Ex. SCG-33-WP, p. 114.

1 compliance with tariffs; and responding to CPUC staff inquiries.⁶¹ Regulatory Case
2 Management is responsible for the following: coordinate participation in regulatory
3 proceedings and related activities before the CPUC, including rate and non-rate
4 applications, CPUC-initiated investigations and rulemakings and related legislative
5 activities; manage all regulatory filings with the CPUC; and be in compliance with all
6 CPUC directives and requirements.⁶²

7 The Gas Rates and Analysis department is responsible for policy support,
8 gas-cost based rate design, analysis, and coordination/consultation for use in
9 business development and regulatory proceedings.⁶³ The Gas Forecasting and
10 Analysis group is responsible for economic analysis, demographics, gas customer
11 forecasts; alternate fuel price and gas price forecasts; gas demand forecasts and
12 analyses for use in business development and regulatory proceedings.⁶⁴ The GRC
13 and Revenue Requirement department provides GRC Case project management for
14 both SoCalGas and SDG&E.⁶⁵

15 2. ORA's Analysis

16 After reviewing testimony, workpapers, and discovery requests pertaining to
17 the Legal Division and its departments, ORA does not take issue with SoCalGas' TY
18 2019 expense forecasts.

⁶¹ Ex. SCG-33, p. SL-28.

⁶² Ex. SCG-33-WP, p. 121.

⁶³ Ex. SCG-33, p. SL-30.

⁶⁴ Ex. SCG-33-WP, p. 134.

⁶⁵ ⁶⁵ Ex. SCG-33-WP, p. 140.

1 **IV. EXTERNAL AFFAIRS DIVISION**

2 The External Affairs division consists of the following departments: Office of
3 Media and Public Information (OMPI), Community Relations, Regional Public Affairs,
4 and Energy and Environmental Affairs.⁶⁶ Table 24-23 below shows SoCalGas' TY
5 2019 request for \$1.976 in External Affairs. SoCalGas' TY 2019 request in the
6 External Affairs division is based on a 5-year average, plus incremental expenses.

7 **Table 24-23**
8 **SoCalGas External Affairs Division Expenses**
9 **2012-2016 Recorded and 2019 Forecast**
10 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
External Affairs	\$1,877	\$1,743	\$1,687	\$1,370	\$1,864	\$1,976	\$1,976
Total	\$1,877	\$1,743	\$1,687	\$1,370	\$1,864	\$1,976	\$1,976

11 Source: 2012-2016 data from Ex. SCG-33-WP, p. 68. SCG 2019 forecast from Ex. SCG-33, p. SL-
12 33, Table SL-24.

13 **A. Office of Media and Public Information; Community**
14 **Relations; Regional Public Affairs; Energy &**
15 **Environmental Affairs**

16 **1. Overview of SCG's Request**

17 OMPI is responsible for providing leadership and guidance over the
18 department's activities.⁶⁷ Community Relations is responsible for philanthropic
19 activities across SoCalGas' service area.⁶⁸ Regional Public Affairs' focus on the
20 Gas Distribution function can be found in Ex. ORA-11 and Energy & Environmental
21 Affairs' focus on the Customer Solutions function can be found on Ex. ORA-17.

⁶⁶ Ex. SCG-33, p. SL-32.

⁶⁷ Ex. SCG-33, p. SL-33.

⁶⁸ Ex. SCG-33, p. SL-34.

1

WITNESS QUALIFICATIONS

2 My name is Fransiska Hadiprodjo. My business address is 505 Van Ness
3 Avenue, San Francisco, California. I am employed by the Office of Ratepayer
4 Advocates (ORA) as a Financial Examiner II in the Energy Cost of Service and
5 Natural Gas Branch.

6 I received a Bachelor of Sciences degree in Accounting from California State
7 University, Fullerton. Since joining the Commission in 2014, I have reviewed the
8 SONGS Settlement Agreement figures back to Southern California Edison
9 Company's (SCE) and San Diego Gas & Electric Company's (SDG&E) General
10 Ledgers; rate base filed in the SONGS OII; and Claims Payments, Corporate Office
11 – General Administration, and Operations & Maintenance as part of ORA's Report
12 on the Results of Examination in the Sempra 2016 General Rate Case. I submitted
13 prepared testimony on Administrative and General expenses in the Pacific Gas and
14 Electric 2017 GRC, as well as on Property and Payroll Taxes in the SCE 2018 GRC.

15 This completes my prepared testimony.