

BUILDING DECARBONIZATION
SOUTHERN CALIFORNIA GAS COMPANY
(DATA REQUEST CALADVOCATES-SC-SCG-2019-02)

DATE RECEIVED: July 2, 2019
DATE SUBMITTED: July 16, 2019

QUESTION 1:

Please provide all invoices from Marathon Communications for work done from January 26, 2018 to June 30, 2018 and for work done from May1, 2019 to present.

RESPONSE 1:

The attachments include Confidential and Protected Material pursuant to PUC Section 583, GO 66-D, D.17-09-023, and the accompanying declaration.

See the attached files.

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QUESTION 2:

For all Marathon Communication Invoices received for work done from January 26, 2018 to present, please provide all Marathon submitted receipts, invoices from subcontractors, or other explanations of work done.

RESPONSE 2:

All invoices provided in response to Question 1 herein and Question 4 of Data Request CALPA-SCG-051719 include all submitted receipts, invoices from subcontractors, and other explanations of work done that were provided to SoCalGas.

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QUESTION 3:

In attachment A, please complete the provided lists by summarizing the services provided by Marathon Communications for each invoice received for work done from January 26, 2018 to present.



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RESPONSE 3:

The below response includes Confidential and Protected Material pursuant to PUC Section 583, GO 66-D, D.17-09-023, and the accompanying declaration.

As a preliminary matter, as noted in the July 12, 2019 amended response to Data Request CALPA-SCG-051719, SoCalGas recently determined that, in order to prevent further distraction from the important issues in R. 19-01-011, *Order Instituting Rulemaking Regarding Building Decarbonization*, none of the contracts or invoices that are inquired about in this data request response or Data Request CALPA-SCG-051719 would be subject to ratepayer funding. For sake of clarity, all work done pursuant to the contracts and invoices provided in response to this data request and CALPA-SCG-051719 is paid for by shareholders.

Marathon Communications was retained by Southern California Gas Company (SoCalGas) on a fixed-price basis for assistance with customer outreach resulting from the CPUC-proposed moratorium on new natural gas service connections in Los Angeles County at the end of 2017. Requested services were increased as needs increased, which led to an increase in the monthly fixed price, and eventually the scope of work was expanded to assist with forming an organization to represent and advocate on behalf of affected and interested customers.

Marathon Communications provides consulting services and guidance on matters that span multiple months and invoices and thus are not amenable to being divided in the manner requested in the question. Any attempt by SoCalGas to fit the services provided into the attached document would be arbitrary.

Services performed by **Marathon** generally include:

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- Reach out to customers and gas users who expressed concern over what a moratorium on gas service connections would mean for the region and for their operations and assess how customers would like to address regulation that could prevent their continued use of gas;
 - Review testimony by companies and study by the Los Angeles Economic Development Corporation documented to ascertain how widespread concern, and negative economic and employment implications could affect individual users, customer groups, and the region as a whole;
 - Review public opinion research to ascertain public understanding and perspective on the use of gas energy and electricity;
 - Identify ways to support customers and ratepayers by unifying the customer voice to make it heard in a context where there is limited public discourse or public engagement on regulatory decisions;
 - Assess ways to communicate how gas is an integral resource for customers and how broad-based gas users' group could represent the broad spectrum of all gas users, not just consumer segments;
 - Recommend how SoCalGas should address these customer matters, and assess necessary steps that may be needed to see customers' legitimate interests joined and represented in various forums;
 - Identify necessary steps if SoCalGas were to join and support an organization of customer groups and representatives; and
 - Review press and media coverage of issues related to gas use and electric use, and proposals to replace gas use with electric use, to ascertain how customers were responding and reacting to emerging or proposed regulations.

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QUESTION 4:

In attachment B, please complete the provide table with the number of hours spent on tasks conducted for and/or on behalf of C4BES and provide the hourly rate at which those hours were billed for each Marathon Communication invoice received for work done from January 26, 2018 to present.



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RESPONSE 4:

The attachments include Confidential and Protected Material pursuant to PUC Section 583, GO 66-D, D.17-09-023, and the accompanying declaration.

As a preliminary matter, as noted in the July 12, 2019 amended response to Data Request CALPA-SCG-051719, SoCalGas recently determined that, in order to prevent further distraction from the important issues in R. 19-01-011, *Order Instituting Rulemaking Regarding Building Decarbonization*, none of the contracts or invoices that are inquired about in this data request response or Data Request CALPA-SCG-051719 would be subject to ratepayer funding. For sake of clarity, all work done pursuant to the contracts and invoices provided in response to this data request and CALPA-SCG-051719 is paid for by shareholders.

SoCalGas is unable to complete the chart for the services contracted with **Marathon Communications** because the work was not done on a time-and-materials basis, but rather was done pursuant to a monthly fixed-price agreement. As such, the work was not invoiced on an hourly basis.

There may be a limited exception for certain work done by **Imprenta Communications**, but it is not clear to SoCalGas because the retention of **Imprenta Communications** for the relevant work performed was by **Marathon Communications**. Analysis of the invoices indicates that before **Imprenta Communications** was retained by **Marathon Communications** on a fixed-price basis, **Imprenta** may have billed on an hourly basis for certain work done in furtherance of setting up a website for the organization that came to be known as Californians for Balanced Energy Solutions. That work is reflected in

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the October 1, 2018 invoice from **Marathon** to SoCalGas. Please note that the invoice indicates work included on that invoice was performed in June, July, and August 2018.

Please note further that the assumption that work may have been performed by **Imprenta** on an hourly basis is premised on the October 1, 2018 invoice from **Marathon** to SoCalGas. However, we cannot be certain since the November 1, 2018 invoice suggests a fixed price for website development, with the balance that did not appear on the October 1, 2018 invoice appearing on the November 1, 2018 invoice. The November 1, 2018 invoice does not list any number of hours. As such, it is not clear whether **Marathon** retained **Imprenta** for this work on a fixed-price basis or hourly basis.

Based on the foregoing, we do not believe we can accurately fill out Attachment B as requested.

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QUESTION 5:

Referencing Amendment No. 1 to the Standard Services Agreement No. 5660052135 (between SoCalGas and Marathon Communication), Schedule D-Scope of Work “For the date period of May 1, 2018 - December 31, 2018 Supplier shall work with the natural gas and renewable natural gas Company users (industry, agriculture, residential) to develop a broad-based nonprofit organization...”:

- a. Does the “organization” stated in the agreement refer to “Californians for Balanced Energy Solutions (C4BES)”?
- b. If “organization” does not refer to C4BES, please specify the name of the organization.

RESPONSE 5:

As a preliminary matter, as noted in the July 12, 2019 amended response to Data Request CALPA-SCG-051719, SoCalGas recently determined that, in order to prevent further distraction from the important issues in R. 19-01-011, *Order Instituting Rulemaking Regarding Building Decarbonization*, Standard Services Agreement No. 5660052135 would not be subject to ratepayer funding. For sake of clarity, all work done pursuant to the contract, as amended from time to time, and invoices issued pursuant thereto, is paid for by shareholders.

- a. The organization referenced in the quoted language in the question became the organization currently known as Californians for Balanced Energy Solutions.
- b. Not applicable.

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QUESTION 6:

Referencing Amendment No. 1 to the Standard Services Agreement No. 5660052135 (between SoCalGas and Marathon Communication), does the scope of work under this agreement include work not done for, on behalf of, or in support of C4BES?

- a. If yes, please specify what other work is encompassed under this agreement.
- b. If yes, please specify the total amount of charges to ratepayers for work done under this agreement, clearly indicate how much of the charges to ratepayers are associated with work done for, on behalf of, or in support of C4BES; and how much of the charges are for other work outside work done for, on behalf of, or in support of C4BES. Please provide all supporting evidence and documentations.

RESPONSE 6:

SoCalGas objects to the request to “provide all supporting evidence and documentations” to the extent the request is overly broad and vague, and, pursuant to Rule 10.1 of the Commission’s Rules of Practice and Procedure, burdensome. Without waiving the foregoing objection, SoCalGas responds as follows.

As a preliminary matter, as noted in the July 12, 2019 amended response to Data Request CALPA-SCG-051719, SoCalGas recently determined that, in order to prevent further distraction from the important issues in R. 19-01-011, *Order Instituting Rulemaking Regarding Building Decarbonization*, Standard Services Agreement No. 5660052135 would not be subject to ratepayer funding. For sake of clarity, all work done pursuant to the contract, as amended from time to time, and invoices issued pursuant thereto, is paid for by shareholders.

- a. The scope of work defined in the referenced amendment includes both work for SoCalGas and work on or on behalf of C4BES. **Marathon Communications** was initially retained by SoCalGas for assistance with customer outreach resulting from the CPUC-proposed moratorium on new natural gas service connections in Los Angeles County in December 2017. There was significant press surrounding the proposal and ensuing political action and analysis. At the time, Los Angeles County Supervisor Kathryn Barger sent a letter to the Commission stating: “If the commission adopts the moratorium, there will likely be significant harm to individual businesses. This is because these businesses will not be able to start operations as a result of the resolution being adopted. This would of course impact their workers and the local

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economy.” The Los Angeles County Economic Development Corporation issued a study that confirmed many fears regarding the effect of such a moratorium on the economy (the executive summary is found at https://laedc.org/wp-content/uploads/2018/01/Gas-Moratorium-Review_20180109.pdf).

Following the proposal of the moratorium, customers and gas users increasingly contacted SoCalGas expressing confusion and concern over what a moratorium on new gas service connections would mean for their region and operations. Many of these customers wanted to know how they could stop or avoid the moratorium, or any other regulation that would prevent their use of gas, and how they could be assured that gas would continue to be available to them to choose as an energy source.

Marathon was retained in order to assist SoCalGas in exploring ways to assist these customers. They reached out to customers to understand their use of gas, their alternatives to use of gas, and sensitivities to relocation if gas was no longer available in their area.

Through continued interaction and research, it became clear that there was a need for a broad-based gas users’ group—an organization that gave a voice to the gas users who wanted to continue to enjoy the right to choose gas. In the past, SoCalGas was able to be a voice for its 21.6 million customers who use its service; however, increasingly, SoCalGas inaccurately has been characterized as representing the interests of just its shareholders, and SoCalGas has not been accorded the weight of the millions of customers who rely on, and want to continue to rely on, its services. The intent was for such an organization to be a self-funded entity to represent the wide spectrum of gas users (including those affected by rate impacts from a smaller ratepaying base) before the Air Resources Board, the California Energy Commission, the Commission, and the State Legislature. It was determined that the work related to founding and supporting such an organization, even before it was fully self-functioning, should not be ratepayer funded.

The proposal for the gas moratorium ultimately was not approved by the Commission, and the Public Utilities Code was amended as of September 18, 2018 by the State Legislature with Section 2775.7 in order to avoid the customer confusion and chaos that ensued from the proposal for the moratorium. Section 2775.7 reads:

- (a) (1) If the commission determines that a moratorium on new natural gas service connections is necessary to prevent substantial and imminent harm or to ensure gas system reliability, the commission shall state the necessity for the action in a report provided to all of the following entities:
 - (A) The Assembly Committee on Utilities and Energy.
 - (B) The Senate Committee on Energy, Utilities and Communications.

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- (C) All affected gas corporations.
- (2) The commission shall include in the report to the policy committees of the Legislature specified in paragraph (1) factual findings supporting the need to propose a moratorium on new natural gas service connections. The report shall include, but is not limited to, all of the following:
 - (A) The number of pending gas service connection applications with each affected gas corporation.
 - (B) The estimated gas load deferred under the proposed moratorium.
 - (C) The system constraints that led to the proposed moratorium.
 - (D) Alternative actions considered to address the proposed need for a moratorium, including increasing or restoring natural gas transmission and storage infrastructure, and the reason those actions were not taken or were insufficient.
 - (E) The process for a customer to request an exemption from the moratorium.
- (b) When a gas corporation receives notification from the commission that an action is pending to suspend new gas service connections, the gas corporation shall immediately notify any known potential or current customers that may experience a service impact as a result of the proposed suspension.
- (c) The commission shall, at the yearly informational hearings pursuant to Section 321.6, present to the Assembly Committee on Utilities and Energy and the Senate Committee on Energy, Utilities and Communications the status of natural gas service connections and efforts to provide natural gas supply.

This will serve customers well, but the need for their interests to be voiced and heard—because SoCalGas is not accorded the weight of the millions of customers who want the right to continue to choose gas—remains.

b. Work done by **Marathon** to found and support Californians for Balanced Energy Solutions is not paid for with ratepayer funds. A separate invoice/order that is not ratepayer funded accounts for all work done by **Marathon** to found and support Californians for Balanced Energy Solutions.

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QUESTION 7:

Referencing Amendment No. 3 to the Standard Services Agreement No. 5660052135 (between SoCalGas and Marathon Communication) Schedule E1, does the “ramp-up” period refer to increased activity related to C4BES (such as the public launch or an increased recruiting effort)?

- a. If yes, please indicate what portion of the retainer fee was used for work done for or on behalf of C4BES.
- b. If no, please detail what the “ramp-up” period is referring to. Please include specific organization names or campaign name/goals.

RESPONSE 7:

As a preliminary matter, as noted in the July 12, 2019 amended response to Data Request CALPA-SCG-051719, SoCalGas recently determined that, in order to prevent further distraction from the important issues in R. 19-01-011, *Order Instituting Rulemaking Regarding Building Decarbonization*, Standard Services Agreement No. 5660052135 would not be subject to ratepayer funding. For sake of clarity, all work done pursuant to the contract, as amended from time to time, and invoices issued pursuant thereto, is paid for by shareholders.

- a. The term “ramp-up” refers to increased activity related to Californians for Balanced Energy Solutions.
- b. Not applicable.