

## SOUTHERN CALIFORNIA GAS COMPANY

**(DATA REQUEST CALADVOCATES-AW-SCG-2020-08)**

Responses to Questions [2-6] Submitted: January 15, 2021

Responses to Questions [1, 7-9, 11-13] Submitted: January 29, 2021

Response to Question 10 Submitted: March 1, 2021

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### **GENERAL OBJECTIONS AND OBJECTIONS TO “INSTRUCTIONS”**

1. SoCalGas objects to the Instructions and Definitions submitted by Cal Advocates on the grounds that they are overbroad and unduly burdensome. Special interrogatory instructions of this nature are expressly prohibited by California Code of Civil Procedure Section 2030.060(d). SoCalGas further objects to the Instructions to the extent they purport to impose requirements exceeding that required by CPUC General Order 66-D or the Discovery Custom and Practice Guidelines provided by the CPUC.
2. SoCalGas objects to the Data Request’s imposition of a deadline of January 15, 2021 as unduly burdensome and unreasonable, particularly given the holidays and the fact that Cal Advocates served another data request on December 31, 2020.
3. The highlighted sentence in the second paragraph under “General” states that if SoCalGas “acquire[s] additional information after providing an answer to any request, [it] must supplement [its] response following the receipt of such additional information.” SoCalGas objects to this instruction on the grounds that it is a continuing interrogatory expressly prohibited by Code of Civil Procedure § 2030.060(g), has no basis in the Commission’s Rules of Practice and Procedure, and exceeds that required by the Discovery Custom and Practice Guidelines provided by the CPUC.
4. The highlighted paragraph under “Responses” purports to require SoCalGas identify “the person providing the answer to each question and his/her contact information.” SoCalGas objects to this instruction because it has no basis in the Commission’s Rules of Practice and Procedure and exceeds that required by the Discovery Custom and Practice Guidelines provided by the CPUC.
5. The highlighted portion of the paragraph under “Requests for Clarification” purports to require SoCalGas to notify Cal Advocates “within five (5) business days” if “a request, definition, or an instruction is unclear”; the highlighted paragraph under “Objections” purports to require SoCalGas to “submit specific objections, including the specific legal basis to the objection . . . within five (5) business days”; and the highlighted portion of the paragraph under “Assertions of Privilege” in the “Instructions” section of this Request further purports to require SoCalGas to “assert any privilege for documents responsive to this data request . . . within five (5) business days.” SoCalGas objects to these requirements as unduly burdensome and unreasonable as SoCalGas cannot determine which aspects of the Request need clarification, formulate objections or identify privileged information and documents until SoCalGas has otherwise completed its investigation and prepared its response to the Request.
6. The highlighted paragraph under “Assertions of Confidentiality” purports to require SoCalGas, “[i]f it assert[s] confidentiality for any of the information provided,” to “please identify the information that is confidential with highlights and provide a specific explanation of the basis for each such assertion.” SoCalGas objects to this request the extent it purports to impose requirements exceeding the process for submitting confidential information to the Commission outlined in GO 66-D § 3, has no basis in the Code of Civil Procedure or the Commission’s Rules of Practice and Procedure, and exceeds that required by the Discovery Custom and Practice Guidelines provided by the CPUC.

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7. The first highlighted paragraph under “Signed Declaration” purports to require SoCalGas to provide “a signed declaration from a responsible officer or an attorney under penalty of perjury that [SoCalGas has] used all reasonable diligence in preparation of the data response, and that to the best of [his or her] knowledge, it is true and complete.” SoCalGas objects to this instruction because it has no basis in the Code of Civil Procedure or the Commission’s Rules of Practice and Procedure, and exceeds that required by the Discovery Custom and Practice Guidelines provided by the CPUC. SoCalGas further objects to the extent it purports to limit SoCalGas from amending its responses should additional information be later discovered. SoCalGas reserves its right to amend its responses to these requests should additional information relevant to SoCalGas’s responses is discovered at a later date.
8. SoCalGas objects to the second highlighted paragraph under “Signed Declaration” to the extent it purports to impose requirements exceeding the process for submitting confidential information to the Commission outlined in GO 66-D § 3, has no basis in the Code of Civil Procedure or the Commission’s Rules of Practice and Procedure, and exceeds that required by the Discovery Custom and Practice Guidelines provided by the CPUC. SoCalGas further objects to this paragraph as unduly interfering with the attorney-client relationship and forcing waiver of the attorney-client privilege and attorney work product doctrines. This violates Evidence Code sections 954, 955, 915, and 912, and exceeds the power of the Commission by seeking to modify the legislatively mandated privilege. It further violates Cal. Code Civ. Pro. sections 128.7, 2018.030(a), and 2031.250(a), and as such exceeds the power of the Commission by setting rules in conflict with statute.
9. SoCalGas will produce responses only to the extent that such response is based upon personal knowledge or documents in the possession, custody, or control of SoCalGas, as set forth in the California Public Utilities Commission (“Commission or CPUC”) Rules of Practice and Procedure. SDG&E and SoCalGas possession, custody, or control does not include any constructive possession that may be conferred by SoCalGas’ right or power to compel the production of documents or information from third parties or to request their production from other divisions of the Commission.
10. SoCalGas objects to the definition of “you,” “your(s),” “Company,” “SCG,” and “SoCalGas” to the extent it seeks information from Sempra Energy. The responses below are made on behalf of SoCalGas only.

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**QUESTION 10:**

10. In its June 28, 2020 response to Question 7 of DATA REQUEST CALADVOCATES-TB-SCG-2020-02, SoCalGas explained how costs are excluded from general rate cases. Among other things, it stated:

SoCalGas classifies some employee labor as “shareholder” or “ratepayer” prior to developing its GRC forecasts; however, most employee labor is classified as “shareholder” or “ratepayer” during the GRC process. The accounting system utilizes internal orders to aggregate and classify costs to the appropriate FERC accounts as established by the Code of Federal Regulations. Costs for activities that are deemed “shareholder” are excluded from cost recovery proceedings such as the GRC. There are various methods for excluding “shareholder” costs from a GRC. The first method is to exclude internal orders that settle to FERC accounts that capture shareholder activities, such as account 426.4. Additionally, specific internal orders for activities that will be excluded from the GRC are established and flagged for removal. Still further, other costs such as the Sacramento office that supports SoCalGas and SDG&E operations, charges its labor activities to a cost center unique to that organization and that entire cost center is excluded from the GRC. During the financial analysis phase of the GRC, the business unit and the GRC team remove these costs from the GRC request based upon the cost center number used to record these costs.

- a. Please identify all employees whose “labor” was classified as “shareholder” for purposes of SoCalGas’ last GRC and all employees whose “labor” is currently classified as “shareholder” for purposes of SoCalGas’ next GRC.
  - i. To the extent that labor is allocated to both shareholders and ratepayers, please identify the percentage of allocation for each employee.
- b. General Order (GO) 77-M requires Sempra and its affiliates to identify “the proportion of compensation” for employees earning over \$125,000 “that is paid, directly or indirectly, by the utility’s ratepayers (e.g. 100% or some lesser percentage).” To the extent subsection (a) can be answered by reference to GO 77-M filings, please provide those filings and identify where this information is provided.
- c. Please identify with specificity where in SoCalGas’ 2019 GO 77-M filing the proportion of compensation allocated to ratepayers is identified.

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- d. Are all employee benefits, such as pension and insurance, included in SoCalGas' calculation of an employee's "cost" for purposes of allocating employee costs to shareholders?
- i. If so, please provide documentary evidence.
  - ii. If not, please explain why these costs are not paid for with shareholder funds where employee work has not been to the benefit of ratepayers.
- e. Please identify all internal orders – as that term is used in SoCalGas' response quoted above - that were excluded from SoCalGas' last GRC and those that SoCalGas has already identified for exclusion from its next GRC. If none exist, please state that.
- f. Please identify all internal orders for activities that were "established and flagged for removal" from SoCalGas' last GRC, and those anticipated to be flagged for removal from SoCalGas' next GRC.
- g. Please identify all cost centers, by number, that were excluded from SoCalGas' last GRC and that will be excluded from its next GRC and the total costs booked to those cost centers on an annual basis from 2015 to the present.

### **RESPONSE 10:**

#### **Response to 10.a.**

SoCalGas objects to this Request to the extent that it purports to require SoCalGas to create documents or compile information in a format that it does not create or maintain in the ordinary course of business. Such an obligation exceeds the requirements under the CPUC's Discovery Custom and Practice Guidelines and California Code of Civil Procedure Section 2031.230 (proper response stating inability to comply with discovery request includes a statement that "the particular item or category [of records] has never existed"). See also A.05-04-020, In the Matter of the Joint Application of Verizon Communications Inc. and MCI, Inc., Administrative Law Judge's Ruling Addressing Motion of Qwest to Compel Responses, Aug. 5, 2005, at p. 7 (regarding motion to compel, emphasizing that "Verizon is not required to create new documents responsive to the data request") (also available at 2005 WL 1866062); A.05-02-027, In the Matter of the Joint Application of SBC Communications Inc. and AT&T Corp., Administrative Law Judge's Ruling Regarding ORA's Second Motion to Compel, June 8, 2005, at p.23 (on motion to compel, stressing that SBC Communications "shall not be required to produce new studies specifically in response to this DR") (also available at 2005 WL 1660395). Further, SoCalGas objects to this request to the extent that it effectively pre-litigates the next General Rate Case (GRC). The allocations and valuations that Cal Advocates requests for 2017 to present are not litigated until the next GRC where the 5- year historical period of actual costs is examined. As such, this request, in its current scope, is premature because the ultimate funding for activities from 2017 to present has not yet been "allocated."

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SoCalGas also objects to this request as it is overly broad and unduly burdensome as it would require SoCalGas to determine all of the reasons why certain costs were excluded from the last GRC. The request assumes that all costs excluded from the GRC are because such costs are shareholder-funded. However, excluded costs may be funded by shareholders, but costs excluded from the GRC may also consist of projects or programs that are funded by non-GRC cost recovery mechanisms. This request is also overbroad as it relates to Cal Advocates's investigation of the use of ratepayer funds for lobbying. Accordingly, SoCalGas limits its response to include only those employees whose activities appear to meet the definition of lobbying as defined by FERC 426.4 for the historical analysis period of the TY 2019 GRC, which was 2012-2016.

Notwithstanding these objections and the General Objections and the Objections to the Instructions which are expressly incorporated herein, SoCalGas responds as follows:

Please see SoCalGas's response to CalAdvocates-TB-SCG-2020-02, Question 10.

**Response to 10.b.**

SoCalGas objects to the Request on the grounds that GO-77 M reports are public record. Thus, this information is equally available to Cal Advocates. SoCalGas objects to this Request on the grounds that it misstates the requirements of a GO-77M report to the extent it claims that it requires that the proportion of compensation relates to employees earning over \$125,000, whereas the requirement refers to employees earning over \$250,000.

Notwithstanding these objections and the General Objections and the Objections to the Instructions which are expressly incorporated herein, SoCalGas responds as follows:

Subsection (a) cannot be answered by analyzing the GO 77-M reports.

**Response to 10.c.**

SoCalGas further objects to the Request on the grounds that GO-77 M reports are public record. Thus, this information is equally available to Cal Advocates.

Notwithstanding these objections and the General Objections and the Objections to the Instructions which are expressly incorporated herein, SoCalGas responds as follows:

SoCalGas did note on page 8 of the 2019 GO 77-M report that "pursuant to Public Utilities Code 706, compensation for certain officers are paid solely by shareholders effective January 1, 2019". SoCalGas will enhance the disclosure in its 2020 General Order No. 77-M and provide the estimated percentage of compensation that is not funded by ratepayers.

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See response to Question 10.b.

**Response to 10.d.**

SoCalGas objects to this Request as it is argumentative. Notwithstanding this objection and the General Objections and the Objections to the Instructions which are expressly incorporated herein, SoCalGas responds as follows:

No. Employees are required to track costs of activities that meet the FERC 426.4 definition of lobbying in an appropriate below-the-line internal order or FERC Standing Order FG4264002200. These internal orders include both direct costs and associated overheads such as pension and insurance. However, the portion of benefits related to O&M activities such as pension and insurance are recorded in FERC account 926 (Employee Pensions and Benefits).

**Response to 10.e.**

SoCalGas objects to this Request to the extent that it purports to require SoCalGas to create documents or compile information in a format that it does not create or maintain in the ordinary course of business. Such an obligation exceeds the requirements under the CPUC's Discovery Custom and Practice Guidelines and California Code of Civil Procedure Section 2031.230 (proper response stating inability to comply with discovery request includes a statement that "the particular item or category [of records] has never existed"). See also A.05-04-020, In the Matter of the Joint Application of Verizon Communications Inc. and MCI, Inc., Administrative Law Judge's Ruling Addressing Motion of Qwest to Compel Responses, Aug. 5, 2005, at p. 7 (regarding motion to compel, emphasizing that "Verizon is not required to create new documents responsive to the data request") (also available at 2005 WL 1866062); A.05-02-027, In the Matter of the Joint Application of SBC Communications Inc. and AT&T Corp., Administrative Law Judge's Ruling Regarding ORA's Second Motion to Compel, June 8, 2005, at p.23 (on motion to compel, stressing that SBC Communications "shall not be required to produce new studies specifically in response to this DR") (also available at 2005 WL 1660395). Further, SoCalGas objects to this request to the extent that it effectively pre-litigates the next General Rate Case (GRC). The allocations and valuations that Cal Advocates requests for 2017 to present are not litigated until the next GRC where the 5- year historical period of actual costs is examined. As such, this request, in its current scope, is premature because the ultimate funding for activities from 2017 to present has not yet been "allocated."

SoCalGas also objects to this request as it is overly broad and unduly burdensome as it would require SoCalGas to determine all of the reasons why certain costs were excluded from the last GRC. The request assumes that all costs excluded from the GRC are because such costs are shareholder-funded. However, excluded costs may be funded by shareholders, but costs excluded from the GRC may also consist of projects or programs that are funded by non-GRC cost recovery mechanisms. This

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request is also overbroad as it relates to Cal Advocates’s investigation of the use of ratepayer funds for lobbying. Accordingly, SoCalGas limits its response to include only those activities which appear to meet the definition of lobbying as defined by FERC 426.4 for the historical analysis period of the TY 2019 GRC, which was 2012-2016.

Notwithstanding these objections and the General Objections and the Objections to the Instructions which are expressly incorporated herein, SoCalGas responds as follows:

As a preliminary matter, as discussed in detail in its response to Question 7 in CALADVOCATES-TB-SCG-2020-02, the method for recording costs (accounting) does not dictate ratemaking treatment. They are related, but not the same. SoCalGas does not have a list of all internal orders that were excluded from the TY 2019 GRC because there are a variety of other SAP data attributes that may have been used for the exclusion criteria such as O&M category code, that would likewise exclude several hundred internal orders. However, internal orders that have been set-up by SoCalGas as of January 15, 2021 for the purposes of identifying costs that capture FERC 426.4 activities include the following:

<b>Order</b>	<b>Description</b>
300796601	BALANCED ENERGY
300800547	NATURAL GAS SYSTEM ISSUES
300804634	SB 1352 LETTER-WRITING CAMPAIGN
300807352	SAN LUIS OBISPO-CLEAN ENERGY CHOICE PROG
300807867	LA COUNTY - 2021 SUSTAINABILITY PLAN
300807868	VENTURA COUNTY - 2020 ENERGY CHOICE PRGM
300808809	CA ENERGY COMM TITLE 24; 2022 CYCLE
300808916	CULVER CITY
300808917	SOUTH PASADENA
300809526	LOS ANGELES CITY FRANCHISE
300809577	OJAI REACH CODE
300810464	SANTA BARBARA
FG4264002200	EXPENDITURES-CIVIC & RELATED ACTIVITIES

**Response to 10.f.**

SoCalGas objects to this Request to the extent that it purports to require SoCalGas to create documents or compile information in a format that it does not create or maintain in the ordinary course of business. Such an obligation exceeds the requirements under the CPUC’s Discovery Custom and Practice Guidelines and California Code of Civil Procedure Section 2031.230 (proper response stating inability to comply with discovery request includes a statement that “the particular item or category [of records] has never existed”). See also A.05-04-020, In the Matter of the Joint Application of Verizon Communications Inc. and MCI, Inc., Administrative Law Judge’s Ruling Addressing Motion of Qwest to Compel Responses,

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SoCalGas also objects to this request as it is overbroad as it relates to Cal Advocates’s investigation of the use of ratepayer funds for lobbying. Accordingly, SoCalGas limits its response to include only those activities which appear to meet the definition of lobbying as defined by FERC 426.4 for the historical analysis period of the TY 2019 GRC, which was 2012-2016.

Notwithstanding these objections and the General Objections and the Objections to the Instructions which are expressly incorporated herein, SoCalGas responds as follows:

Please see the response to Question 10.e.

#### **Response to 10.g.**

SoCalGas objects to this Request to the extent that it purports to require SoCalGas to create documents or compile information in a format that it does not create or maintain in the ordinary course of business. Such an obligation exceeds the requirements under the CPUC’s Discovery Custom and Practice Guidelines and California Code of Civil Procedure Section 2031.230 (proper response stating inability to comply with discovery request includes a statement that “the particular item or category [of records] has never existed”). See also A.05-04-020, In the Matter of the Joint Application of Verizon Communications Inc. and MCI, Inc., Administrative Law Judge’s Ruling Addressing Motion of Qwest to Compel Responses, Aug. 5, 2005, at p. 7 (regarding motion to compel, emphasizing that “Verizon is not required to create new documents responsive to the data request”) (also available at 2005 WL 1866062); A.05-02-027, In the Matter of the Joint Application of SBC Communications Inc. and AT&T Corp., Administrative Law Judge’s Ruling Regarding ORA’s Second Motion to Compel, June 8, 2005, at p.23 (on motion to compel, stressing that SBC Communications “shall not be required to produce new studies specifically in response to this DR”) (also available at 2005 WL 1660395). Further, SoCalGas objects to this request to the extent that it effectively pre-litigates the next General Rate Case (GRC). The allocations and valuations

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that Cal Advocates requests for 2017 to present are not litigated until the next GRC where the 5- year historical period of actual costs is examined. As such, this request, in its current scope, is premature because the ultimate funding for activities from 2017 to present has not yet been “allocated.”

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Notwithstanding these objections and the General Objections and the Objections to the Instructions which are expressly incorporated herein, SoCalGas responds as follows:

As a preliminary matter, as discussed in detail in its response to Question 7 in CALADVOCATES-TB-SCG-2020-02, the method for recording costs (accounting) does not dictate ratemaking treatment. They are related, but not the same. SoCalGas hasn’t excluded whole cost centers that were identified as containing lobbying as defined by FERC 426.4. However, cost centers that may have been partially excluded from the TY2019 GRC or are anticipated to be partially excluded from the next GRC because they may include costs that have been associated with FERC 426.4 activities are:

Cost Center	TY 2019 GRC WP		Flagged for Next GRC <sup>1</sup>		
	2015	2016	2017	2018	2019
2200-2480	(1)	(3)	(0)	0	0
2200-1212	0	0	0	0	(6)
2200-2204	0	0	0	0	(3,381)
2200-2288	(12)	(41)	(0)	(2)	(3)
2200-2396	(2)	(3)	(1)	0	(2)
2200-2504	0	0	0	(3)	(15)
2200-2505	(2)	(6)	(3)	0	0
2200-2282				(90)	(103)
2200-2285					(3)
2200-2318					(33)

<sup>1</sup> Expenses for 2020 are not yet final and are subject to such accounting adjustments as, but not limited to reassignments, delayed postings, journal entries, accrual and settlements, which also affect 2020 expenses, so they’re not provided here.

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2200-2229				(10)	0
2200-0429					(8)
2200-2609					(10)
Total All (in \$000 Nominal Dollars)	(17)	(52)	(4)	(105)	(3,565)