

Company: Southern California Gas Company (U 904 G) / San Diego Gas & Electric
Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-015/-016 (cons.)
Exhibit: SCG-23-R-E/SDG&E-27-R-E

REVISED

PREPARED DIRECT TESTIMONY OF

DERICK R. COOPER

(CORPORATE CENTER – GENERAL ADMINISTRATION)

ERRATA

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



June 2023

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**Summary of Request – Southern California Gas Company and
San Diego Gas and Electric Company**

CORPORATE CENTER – GENERAL ADMINISTRATION (in 2021\$)¹			
O&M	2021 Adjusted-Recorded (\$000)	Estimated TY 2024 (\$000)	Change (\$000)
SoCalGas Allocations	72,491	67,749	(4,742)
SDG&E Allocations	63,485	62,314	(1,171)
Total Utilities	135,976	130,063	(5,913)

The overall request for Southern California Gas Company (SoCalGas) of \$67,749,000 represents a decrease of \$4,742,000 for TY 2024 over 2021 adjusted-recorded costs. The overall request for San Diego Gas and Electric Company (SDG&E) of \$62,314,000 represents a decrease of \$1,171,000 for Test Year (TY) 2024 from 2021 adjusted-recorded costs. Primary reductions are the following:

- Voluntarily excluding all long-term incentive compensation plan (ICP) costs allocated to SoCalGas and SDG&E, of \$4,630,000 and \$3,770,000, respectively.
- Voluntarily excluding all labor and non-labor costs allocated to SoCalGas and SDG&E for the Chief Financial Officer (CFO), Chief Administrative Officer & Chief Human Resources Officer (CAO & CHRO), and the Senior Vice President (SVP) Controller & Chief Accounting Officer of \$1,581,000 and \$1,147,000, respectively.
- Voluntarily excluding all supplemental compensation costs allocated to SoCalGas and SDG&E, of \$1,273,000 and \$1,163,000, respectively.
- Lower depreciation and rate of return (ROR) of \$994,000 for SoCalGas and \$1,173,000 for SDG&E, primarily due to the transfer of Human Resources (HR) information technology projects in early 2021 to SoCalGas and SDG&E.
- There is an additional reduction in legal fees and services of \$175,000 at SoCalGas and \$339,000 at SDG&E, where costs are not forecasted to recur in the future.

¹ Due to errors discovered after rebuttal testimony (Ex. SCG-223/SDGE-227), as well as errors reflected in rebuttal testimony at DRC-1 FN 1-2 and DRC-4 FN 7-8, SoCalGas and SDG&E corrected the adjusted recorded costs for 2017-2021 to remove non-GRC costs and updated the TY 2024 forecast.

- Other net reductions of \$230,000 at SoCalGas and \$31,000 at SDG&E are included in this prepared direct testimony and supporting workpapers.

These reductions are partially offset by the following pressures:

- Higher rating agency, trustee, and cash management fees at SoCalGas of \$2,438,000 and SDG&E of \$452,000.
- Increased travel and training of \$1,165,000 and \$1,036,000 for SoCalGas and SDG&E, respectively.
- Labor costs increased by \$421,000 for SoCalGas and \$1,407,000 for SDG&E.
- Consulting and contract labor costs, primarily within Audit Services and Tax Services, represent additional pressures of \$656,000 at SoCalGas and \$831,000 at SDG&E.
- A net increase in outside legal services and fees includes an increase at SDG&E of \$1,957,000, offset by a decrease at SoCalGas of \$1,144,000.
- Costs related to the appointment of a Chief Legal Officer of \$406,000 and \$283,000 for SoCalGas and SDG&E, respectively.
- Higher labor overheads (pension and benefits, payroll taxes, and ICP) of \$199,000 for SoCalGas and \$486,000 for SDG&E.

**ERRATA REVISED PREPARED DIRECT TESTIMONY OF
DERICK R. COOPER
(CORPORATE CENTER – GENERAL ADMINISTRATION)**

I. INTRODUCTION

A. Summary of Corporate Center General Administrative Costs and Activities

I sponsor the TY 2024 forecasts for allocations of Shared General Administration costs from Sempra’s Corporate Center to SoCalGas and SDG&E. In Table DC-1A, you will find a summary of total sponsored costs, and the portions attributable to SoCalGas and SDG&E.

The California Public Utilities Commission (Commission or CPUC) in Decision (D.) 98-03-073 approved the application to merge Enova Corporation and Pacific Enterprises, the former parent companies of SoCalGas and SDG&E, respectively (collectively, the Utilities), and form Sempra. Sempra then formed a centralized Corporate Center that combined many shared services of the Utilities and also served Sempra’s other operating companies (referred to as Infrastructure).

Corporate Center, as described in more detail throughout this testimony, provides corporate governance, policy direction, and critical control functions, as well as services that are still performed most effectively as a centralized operation. They are services that would otherwise require additional staffing and Operations and Maintenance (O&M) at SoCalGas and SDG&E, if not performed and allocated by the Corporate Center.

**TABLE DC-1A
TY 2024 Summary of Total Costs**

Services Provided	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
<i>(2021 \$ - 000's)</i>						
A Finance	64,973	6,729	71,702	37,097	3,936	41,033
B Human Resources and Administration	16,927	2,641	19,569	13,196	820	14,016
C Legal, Compliance, and Governance	48,166	(1,312)	46,855	31,317	1,180	32,497
D External Affairs	24,522	(1,010)	23,513	5,286	322	5,608
E Executive	7,441	(1,021)	6,419	-	-	-
F Facilities and Assets	30,937	(2,875)	28,061	19,747	(2,019)	17,728
G Pension and Benefits	89,349	(202)	89,147	29,333	(10,152)	19,181
Total	<u>\$282,315</u>	<u>\$2,950</u>	<u>\$285,266</u>	<u>\$135,976</u>	<u>(\$5,913)</u>	<u>\$130,063</u>
						Escalated
						2024
Allocations						
SDG&E	63,485	(1,171)	62,314			65,768
SoCalGas	72,491	(4,742)	67,749			71,717
Total Utility	<u>135,976</u>	<u>(5,913)</u>	<u>130,063</u>			<u>\$137,485</u>
Infrastructure / Retained	146,339	8,863	155,202			
Total	<u>\$282,315</u>	<u>\$2,950</u>	<u>\$285,266</u>			

1 My testimony presents costs on an incurred basis: the recorded costs for 2021; forecasted
2 costs for 2024; and the allocation of those costs to SoCalGas, SDG&E, and
3 Infrastructure/Retained. For TY 2024, about 46% of all forecasted, un-escalated Corporate
4 Center shared service costs are allocated to SoCalGas and SDG&E. Corporate Center shared
5 service costs not allocated to SoCalGas and SDG&E are not included in this request.

6 The expenses requested are required so that both SoCalGas and SDG&E can continue to
7 comply and be in good standing with existing and potentially new governmental, legal, and
8 regulatory requirements. Examples of governing federal, state, and local authorities are the
9 Internal Revenue Service (IRS), Securities and Exchange Commission (SEC), Financial
10 Accounting Standards Board (FASB), the Federal Energy Regulatory Commission (FERC) and
11 the CPUC. Compliance is a basic requirement of corporate governance. The expenses requested
12 are also necessary for basic corporate support functions and services, such as payroll and benefits
13 administration, tax services, and internal audit, among others. These are provided to the
14 operating areas of the Companies in an efficient, effective, and timely manner.

15 SoCalGas and SDG&E infrastructure programs are also growing and evolving in
16 response to customer preferences and the changing energy, regulatory, and policy environment.
17 Their future capital and operating plans call for significant investments in:

- 18 • Safety and Reliability – Enhancing and updating electric and natural gas
19 infrastructure.
- 20 • System Modernization – Investments in natural gas and electric distribution and
21 integration of new storage technology.
- 22 • Electrification and Decarbonization – Transitioning to electric and natural gas
23 based transportation solutions to address environmental concerns and societal
24 preferences.
- 25 • Sustainability – Supporting Sempra’s overall environmental, social, and
26 governance efforts and the collection and tracking of key objectives and data
27 across all the operating companies.

28 This growth creates pressure on services at Corporate Center that support capital
29 investment, primarily within the Legal and Finance functions, both of which assist in activities to
30 obtain the financing necessary for construction. While the cost of capital is not at issue in this

1 proceeding, financing-related expenses such as short-term credit, banking, and rating agency fees
2 are included.

3 This request also includes legal fees paid to outside firms and consultants, directly
4 attributable to SoCalGas and SDG&E matters, as well as allocations for Sempra matters.

5 **B. Support To and From Other Witnesses**

6 In addition to sponsoring my own organization's costs, I provide the Multi-Factor
7 allocation methodology to be used in the Corporate Insurance Direct Testimony of Dennis
8 Gaughan (Exhibit (Ex.) SCG-24/SDG&E-28). Because insurance is also centrally procured on
9 behalf of Sempra's operating companies, any policies that are not directly assigned are subject to
10 the same allocation hierarchy and methodologies I discuss in section III.B, particularly the Multi-
11 Factor (III.B-3).

12 In section III.A, I also describe the flow of shared services that are charged to Corporate
13 Center by SoCalGas and SDG&E, subject to the Corporate Re-Allocation method, whose
14 calculation is provided in the Shared Services & Shared Assets Billing, Segmentation, & Capital
15 Reassignments Direct Testimonies of Angel Le and Paul Malin (Ex. SCG-30/Ex. SDG&E-34,
16 respectively).

17 While the direct salaries for each Corporate Center function are included in my
18 testimony, the corresponding benefits and payroll tax overheads are classified separately in
19 section IV.G and were determined to be consistent with the plans described in the Compensation
20 & Benefits Direct Testimony of Debbie Robinson (Ex. SCG-25/SDG&E-29), and in the Direct
21 Testimony on Pension and Post-Retirement Benefits Other Than Pensions (PBOPs) of Peter
22 Andersen (Ex. SCG-26/SDG&E-30).

23 **II. RISK ASSESSMENT MITIGATION PHASE INTEGRATION**

24 Certain costs supported in my testimony are driven by activities described in SoCalGas's
25 and SDG&E's respective 2021 Risk Assessment Mitigation Phase (RAMP) Report (the 2021
26 RAMP Reports).² The 2021 RAMP Reports presented an assessment of the key safety risks for
27 SoCalGas and SDG&E and proposed plans for mitigating those risks. As discussed in the
28 testimony of the RAMP to GRC Integration witnesses R. Scott Pearson and Gregory S. Flores

² See Application (A.) 21-05-011/-014 (cons.) (RAMP Proceeding). Please refer to the RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2) for more details regarding the 2021 RAMP Reports.

(Ex. SCG-03/SDG&E-03, Chapter 2), the costs of risk mitigation projects and programs were translated from the 2021 RAMP Reports into the individual witness areas.

In the course of preparing the Corporate Center General Administration GRC forecasts, I continued to evaluate the scope, schedule, resource requirements, and synergies of RAMP-related projects and programs. Therefore, the final presentation of RAMP costs may differ from the ranges shown in the 2021 RAMP Reports. Table DC-2A provides a summary of the RAMP-related costs supported in my testimony.

TABLE DC-2A
Summary of RAMP O&M Costs³

	BY 2021 Embedded Costs	TY 2024 Estimated Total	TY 2024 Estimated Incremental
RAMP Report Cross-Functional Factor (CFF) Chapter			
SCG-CFF-5 – Physical Security	\$ 940	\$ 944	\$ 4
SDG&E-CFF-5 – Physical Security	\$ 568	\$ 570	\$ 2
Sub-Total	\$ 1,508	\$ 1,514	\$ 6
Total RAMP O&M Costs	\$ 1,508	\$ 1,514	\$ 6

A. RAMP Risk and Cross-Functional Factor Overview

As summarized in Table DC-2A above, my testimony includes costs to mitigate the risks and cross-functional factors (CFFs) included in the 2021 RAMP Report.⁴ These risks and CFFs are described in Table DC-2B below:

TABLE DC-2B
RAMP CFF Chapter Descriptions

SCG-CFF-5: Physical Security	Physical security encompasses the systems and activities that maintain the safety of employees, contractors, vendors, the public, SDG&E facilities, and infrastructure, through people, processes, and technology. Having a strong physical security program is foundational to many of our RAMP risks.
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³ CFF-related information in accordance with the March 30, 2022, Assigned Commissioner Ruling in A.21-05-011/-014 (cons.) is provided in the RAMP to GRC Integration testimony of R. Scott Pearson and Gregory S. Flores (Ex. SCG-03/SDG&E-03, Chapter 2). Other than changes noted in the RAMP to GRC Integration chapter, the RAMP-related activities discussed in my GRC testimony are consistent with the activities presented in the 2021 RAMP Report.

⁴ Unless otherwise indicated, references to the 2021 RAMP Report refer to SoCalGas’s and SDG&E’s respective RAMP Report.

SDG&E-CFF-5: Physical Security	Physical security encompasses the systems and activities that maintain the safety of employees, contractors, vendors, the public, SoCalGas facilities, and infrastructure, through people, processes, and technology. Having a strong physical security program is foundational to many of our RAMP risks.
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TABLE DC-2C
Summary of RAMP CFF Activities

RAMP ID	Activity	Description
SCG-CFF-5	Corporate Security Planning, Awareness, Risk Management, and Incident Management	The Corporate Security organization develops planning, awareness, risk management and incident management projects and programs to prevent, mitigate, or respond to security incidents.
SDG&E-CFF-5	Corporate Security Planning, Awareness, Risk Management, and Incident Management	The Corporate Security organization develops planning, awareness, risk management and incident management projects and programs to prevent, mitigate, or respond to security incidents.

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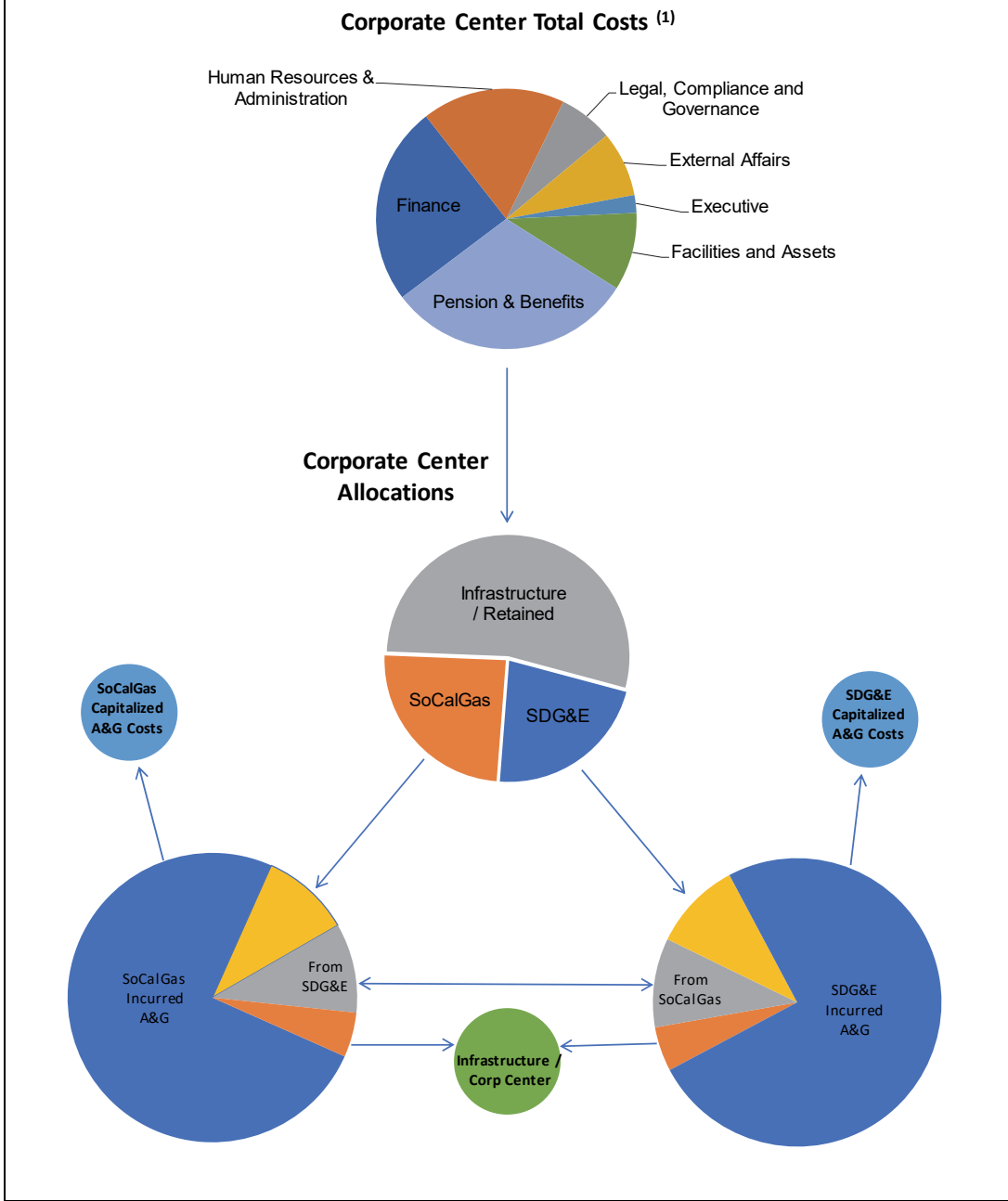
These activities are discussed in Section IV.B-10 (Corporate Security) of my testimony. Messrs. Pearson and Flores (Ex. SCG-03/SDG&E-03, Chapter 2) discuss all of the risks and CFFs included in the 2021 RAMP Reports and the RAMP to GRC integration process.

III. CORPORATE CENTER POLICIES

A. Shared Services

The following Shared Service Cost Flow chart shows how shared service costs are allocated among entities within Sempra.

SEMPRA SHARED SERVICE COST FLOW



(1) Only includes costs sponsored by this testimony.

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2
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1 The Corporate Center incurs costs for functions and services discussed below. These
2 costs are charged out using direct assignment and allocation to SoCalGas, SDG&E,
3 Infrastructure or are retained at the Corporate Center. The costs charged from the Corporate
4 Center to SoCalGas and SDG&E are recorded in the appropriate accounts as defined by the
5 FERC. Most of those costs are related to FERC Administrative & General (A&G) accounts, but
6 some charges support other FERC operational accounts as applicable.

7 For the TY 2024 forecast, all Corporate Center expenses billed to SoCalGas and SDG&E
8 are reflected in their respective A&G costs as depicted in the chart above. Each utility also
9 capitalizes a portion of their total A&G costs.

10 Each utility may not only charge shared A&G costs (Utility Shared Services) between
11 each other, they may also charge costs to the Corporate Center for shared services that are
12 located at each utility. These services are referred to as Corporate Shared Services (CSS) and are
13 primarily Rent and Facilities Maintenance, Real Estate Services, Information Technology (IT),
14 Document and Supply Management Services, and some Accounting Services (*e.g.*, Accounts
15 Payable). Rather than duplicate these business functions across the organization, Corporate
16 Center benefits from the structure that already exists at SoCalGas and SDG&E. This results in
17 more cost-effective Corporate Center overhead. The CSS charges to Corporate Center are
18 determined at the Utilities based on appropriate direct assignment or cost allocation methods,
19 which the Corporate Center reviews annually for reasonableness and applicability. Since
20 SoCalGas and SDG&E calculate and retain their share of CSS charges using the Corporate
21 Center's overall allocation rate, known as the "Corporate Re-Allocation" method, any remaining
22 charges to the Corporate Center are retained and not re-allocated to the operating companies.

23 **B. Cost Allocations**

24 The goal in Corporate Center allocation practices is to reasonably and equitably bill its
25 costs to Sempra Companies, associating the costs as closely as possible to the level of service
26 being provided. To achieve this, the Corporate Center uses a hierarchy to allocate its costs to
27 SoCalGas, SDG&E, and Infrastructure:

- 28 1. Direct Assignment
- 29 2. Causal/Beneficial
- 30 3. Multi-Factor

1 First, where an expense, such as labor, can be directly attributed to Sempra or a Sempra
2 Company, it is **directly assigned**.

3 Second, Corporate Center functions supporting multiple Sempra Companies are charged
4 using a **Causal/Beneficial** factor.

5 Third, areas such as corporate oversight or governance functions that support the Sempra
6 companies as a whole are allocated using a **Multi-Factor** method.

7 Corporate Center applies generally accepted accounting practices for cost allocation, and
8 those expenses which are deemed to solely benefit the Corporate Center (e.g., lobbying,
9 contributions, corporate branding) are not billed to Sempra Companies and are referred to as
10 “**retained**” at Corporate Center.

11 All cost centers will use direct assignment when possible and any remaining costs are
12 allocated by an appropriate Causal/Beneficial or Multi-Factor method as applicable. This
13 process is illustrated in the following example: Assume a total cost center budget of \$1.5
14 million, of which \$0.5 million is directly assigned and the remaining \$1.0 million portion is
15 allocated using a Causal/Beneficial method, with 37% going to SDG&E, 45% to SoCalGas, and
16 18% to Infrastructure.

<i>\$ - 000's</i>	<u>Total Budget</u>	<u>SDG&E</u>	<u>SoCal Gas</u>	<u>Infrastructure/ Retained</u>
	\$ 1,500			
Direct Assignment:	<u>\$ (500)</u>	\$ 50	\$ 100	\$ 350
Remaining Amount to be Allocated:	\$ 1,000	<u>\$ 370</u>	<u>\$ 450</u>	<u>\$ 180</u>
	<i>x 37%</i>	<i>x 45%</i>	<i>x 18%</i>	
Total of \$1,500 Charged to Sempra Companies		<u>\$ 420</u>	<u>\$ 550</u>	<u>\$ 530</u>

17 Following is a more complete description of Corporate Center’s cost allocation methods.

18 **1. Direct Assignment**

19 All costs that relate to a specific Sempra Company are directly assigned. An example
20 would be outside legal costs associated with a specific case. Non-labor costs can be specifically
21 identified to a Sempra Company directly by entering charges through the accounts payable
22 system or through journal entries to the general ledger. Labor costs can be specifically identified
23 upon entering employee work hours into Sempra’s Timekeeping System (My Time). Labor
24

1 overheads, including payroll taxes and employee benefits, follow in proportion to the labor
2 dollars charged to the Sempra Company.

3 Some cost centers use customized timekeeping systems to track hours by project or cases
4 in detail. For example, summaries of the Legal cost center's tracked hours by activity are also
5 used as the basis for Causal/Beneficial rates, rather than use of the My Time system. The
6 resulting allocations are nevertheless the same as if direct assignment had been used in My Time.

7 **2. Causal/Beneficial Methods**

8 When costs cannot be directly assigned, they are allocated using a Causal/Beneficial
9 method, which is based on drivers that would be comparable for all Sempra Companies and that
10 would indicate the level of benefit received by each. An example of drivers for
11 Causal/Beneficial methods is the number of employees per Sempra Company for HR-related
12 services. Such cost-related drivers, budget plans, or historical work studies are the basis for
13 Causal/Beneficial methods developed to allocate costs. Some administrative cost centers use a
14 weighted average of the various methods employed within their department. Causal/Beneficial
15 methods are re-evaluated each year during the planning process, or whenever major
16 organizational changes occur, to ensure their reasonableness for the costs being allocated.

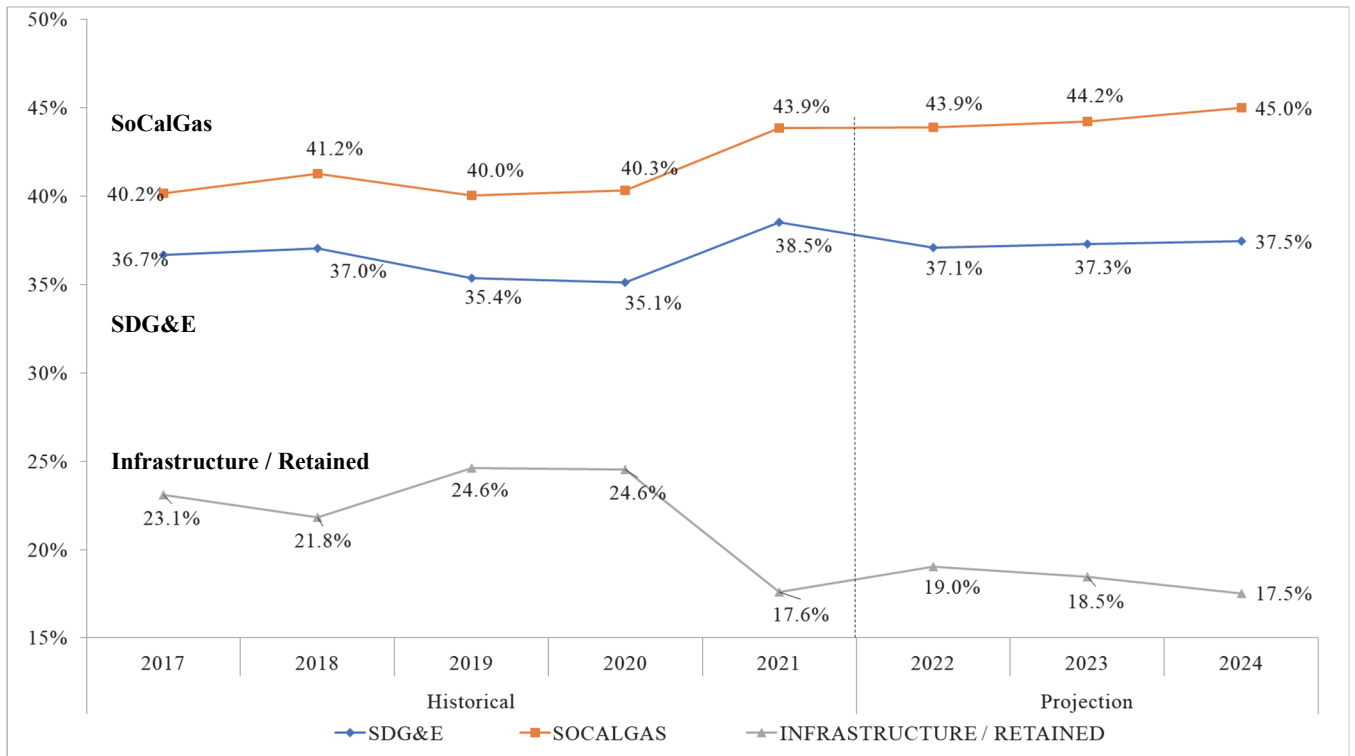
17 **3. Multi-Factor Methods**

18 The four-factor allocation method, also referred to as "Multi-Factor," is used for
19 functions that serve all Sempra Companies but for which there is not a causal relationship, such
20 as Investor Relations, or Financial Reporting. The Multi-Factor weighs four factors from all
21 Sempra Companies:

- 22 a. Revenues;
- 23 b. Operating Expenses;
- 24 c. Gross Plant Assets and Investments; and
- 25 d. Full-Time Employees or Equivalentents.

26 This cost allocation methodology is consistent with previous CPUC decisions, such as the
27 Merger Decision (D.98-03-073), the 2004 Cost of Service Decision (D.04-12-015), and prior
28 GRC Decisions in 2008 (D.08-07-046), 2012 (D.13-05-010), 2016 (D.16-06-054), and 2019
29 (D.19-09-051). These four factors are compiled at the beginning of each year, using prior years'
30 data as the basis for the following year's actual allocations.

1 To arrive at the forecasted rates for 2023 and 2024, historical data from 2017-2021 were
 2 projected using a trend forecasting method.



	Historical					Projection		
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
SDG&E	36.7%	37.0%	35.4%	35.1%	38.5%	37.1%	37.3%	37.5%
SOCALGAS	<u>40.2%</u>	<u>41.2%</u>	<u>40.0%</u>	<u>40.3%</u>	<u>43.9%</u>	<u>43.9%</u>	<u>44.2%</u>	<u>45.0%</u>
CA UTILITIES	76.9%	78.2%	75.4%	75.4%	82.4%	81.0%	81.5%	82.5%
INFRASTRUCTURE / RETAINED	<u>23.1%</u>	<u>21.8%</u>	<u>24.6%</u>	<u>24.6%</u>	<u>17.6%</u>	<u>19.0%</u>	<u>18.5%</u>	<u>17.5%</u>
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Data from Audited Financials:</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>		

3
 4 The chart above illustrates the trend results for the current GRC period. These trends
 5 show that the Utilities' overall share in TY 2024 is projected to be 82.5%. The Base Year (BY)
 6 allocation shift can be noted throughout this testimony and in related workpapers for cost areas
 7 that use the Multi-Factor for allocation.

1 **C. Forecasting Approach**

2 My TY 2024 forecasts for each Corporate Center division were developed through an
3 examination of cost elements and drivers for each cost center. Budget planners worked with
4 division vice presidents, directors, and managers and where possible, used a zero-based
5 forecasting approach for costs such as salaries, contract fees, and actuarial calculations. This
6 means the budget for such costs was not established based on prior year spending, but was built
7 by examining individual job positions and cost elements and providing a supporting rationale for
8 each item. Forecasted outside legal costs are based on a trend that uses recorded expenses going
9 back five years through the 2021 base year, adjusted for any non-recoverable matters or those
10 considered significant and non-recurring, because unknown future legal matters cannot be
11 predicted and the overall demand for legal services has steadily increased. For all other
12 supporting costs, forecasted estimates are based on the most recent year’s activity. Thus, the
13 division-level testimony in section IV will contain a blend of forecasting methods.

14 The allocation method for each cost center was reviewed and updated to reflect services
15 provided in these forecasts. In most cases, the forecast allocation method is the same method as
16 used in historical actuals (and accepted in prior GRCs), although rates may vary by year. The
17 TY 2024 cost forecasts were analyzed in terms of both rate and volume changes from 2021.

18 The division forecasts exclude labor overheads such as payroll tax and benefits, which
19 are shown separately in the Pension & Benefits division (Section IV.G). Corporate Center’s
20 costs were forecast by cost center and then allocated to SoCalGas, SDG&E, and
21 Infrastructure/Retained. None of the costs allocated to Infrastructure or costs that are being
22 retained at the Corporate Center are included in this application.

23 **D. Escalation Approach**

24 Total labor and non-labor costs are presented in this testimony in 2021 dollars. Forecasts
25 for labor and non-labor in 2024 are stated in both 2021 and 2024 escalated dollars. Exceptions to
26 these guidelines are items that are considered “non-standard” or not subject to standard inflation,
27 for example costs that have contractual rates of increase, such as multi-year service agreements.
28 Other non-standard items are fixed expenses such as depreciation or amortization of financing
29 costs. Still, there may be other areas for which costs will increase at a different rate than that of
30 general inflation. Contractual and other-than-standard inflation areas are itemized as drivers

1 within the testimony and workpapers, and all non-standard items are excluded from further
2 escalation.

3 Because of the variety of standard and non-standard costs, and the blending of labor and
4 non-labor standard expenses allocated to SoCalGas and SDG&E, the approach taken in this
5 filing is for the Corporate Center to escalate forecasted costs for the Utilities. SoCalGas and
6 SDG&E incorporate their respective allocated costs as “non-standard,” so they are not escalated
7 a second time.

8 The escalation factors used by the Corporate Center for TY 2024 from the BY 2021 are
9 1.0516 for non-labor and 1.1035 for labor. The factors are composed of indices used by
10 SDG&E, as discussed in the direct testimonies on escalation of Scott R. Wilder (Ex. SCG-36 and
11 SDG&E-41). SDG&E indices were selected as the basis for Corporate Center since both entities
12 are primarily located in the San Diego market. For non-labor, a simple average of electric and
13 gas indices for Administrative & General (except for FERC account 926, Employee pensions and
14 benefits) was used. For labor, a simple average of indices for Managers & Administrators and
15 Professional & Technical was used, as these most closely correspond to the employee population
16 at Corporate Center.

17 **IV. SHARED COSTS**

18 The Corporate Center is made up of the divisions listed below. The divisions are
19 arranged in the testimony with the reference/section letters shown below.

20	Finance	A
21	Human Resources and Administration	B
22	Legal, Compliance, and Governance	C
23	External Affairs	D
24	Executive	E
25	Facilities/Assets (including Depreciation)	F
26	Pension & Benefits	G

27 I am sponsoring the cost forecasts herein on a total incurred basis, as well as the shared
28 services allocation percentages related to those costs. Those percentages are presented, along
29 with a description explaining the activities being allocated.

30 Within the division sections, each table presents the related division’s total costs, broken
31 down first to departments within the division, and then to the lowest organizational level,

referred to as “cost centers.” For each cost center, 2021 adjusted-recorded costs are presented, with the TY 2024 forecast and incremental change from BY 2021. Of these total amounts, the portion applicable only to SoCalGas and SDG&E (combined) is shown in the columns to the right. The lower half of each table, for each department, shows the amounts allocated to each of SoCalGas and SDG&E, with all remaining costs, not requested, summarized as Infrastructure/Retained.

Please refer to applicable workpapers for detailed calculations and explanations of changes. Workpapers are referenced by the index codes shown next to each division, department, and cost center name within the testimony and tables.

A. Finance

The Finance division is responsible for maintaining the financial integrity of the Sempra companies, including raising and managing capital. The role of each department within the Finance division is discussed in this section, with major functions highlighted in the table below.

**TABLE DC-3A
Finance Summary of Costs**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided						
A-1 CFO	1,465	(171)	1,294	921	(921)	-
A-2 Accounting Services	20,362	(676)	19,686	14,171	254	14,424
A-3 Tax Services	11,221	(434)	10,786	6,906	101	7,007
A-4 Treasury	19,513	6,633	26,146	7,924	3,111	11,036
A-5 Investor Relations	2,377	150	2,527	1,646	438	2,084
A-6 Audit Services	6,688	918	7,606	4,361	1,102	5,463
A-8 Corporate Development & Strategy	1,265	854	2,120	-	-	-
A-9 Financial Leadership Program	1,397	140	1,537	784	236	1,020
Total	\$64,973	\$6,729	\$71,702	\$37,097	\$3,936	\$41,033
Allocations						Escalated 2024
SDG&E	19,275	1,535	20,810			22,083
SoCalGas	17,822	2,401	20,223			21,463
Total Utility	37,097	3,936	41,033			\$43,546
Infrastructure / Retained	27,876	2,793	30,669			
Total	\$64,973	\$6,729	\$71,702			

The Finance division costs allocated to SoCalGas and SDG&E are projected to increase by \$3.9 million from BY 2021 to TY 2024. The primary drivers are:

\$ - millions

2.9 Higher rating agency, trustee, and cash management fees

1.0 Higher travel and training

0.8 Higher contract labor and consulting

0.5 Higher labor costs

(1.3) Voluntarily excluding CFO and Controller costs

\$ 3.9

1. Chief Financial Officer (A-1)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
<u>Services Provided</u>							
A-1.1	1100-0039-EXECUTIVE VP & CFO	1,465	(171)	1,294	921	(921)	-
	Total	<u>\$1,465</u>	<u>(\$171)</u>	<u>\$1,294</u>	<u>\$921</u>	<u>(\$921)</u>	<u>-</u>
<u>Allocations</u>							Escalated 2024
	SDG&E	402	(402)	-			-
	SoCalGas	519	(519)	-			-
	Total Utility	921	(921)	-			<u>-</u>
	Infrastructure / Retained	544	750	1,294			
	Total	<u>\$1,465</u>	<u>(\$171)</u>	<u>\$1,294</u>			

The CFO is responsible for the development of Sempra's short- and long-term financial goals as well as operating and capital budgets. Distinct from the CFOs at its subsidiaries, the Sempra CFO oversees the functions of the Corporate Controller, Treasury, Tax Services, Investor Relations, Internal Audit Services, Corporate Development & Strategy, and the Financial Leadership Program. The CFO maintains relationships with members of the financial community, such as investment bankers, credit analysts and long-term lenders. In addition, the CFO oversees preparation of all external financial reports and analyses and is responsible for certifying them under SEC requirements. The CFO also provides management and the Board of Directors with reports that evaluate performance against operating objectives, actively participates with other members of senior management to develop long-term business strategy and provides leadership and strategic direction to all business units.

1 Allocation of Costs

2 Because of the diversity of allocation methods used by the various functions working
 3 under the CFO, a weighted average of the allocation methodologies used by each department
 4 reporting to the CFO was developed. This allocation method is referred to as “EVP - CFO.”
 5 Sempra has voluntarily excluded from its 2024 forecast all CFO labor and non-labor costs
 6 allocated to SoCalGas and SDG&E.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
EVP - CFO	SDG&E	28.5%	0.0%
	SoCalGas	26.8%	0.0%
	Infrastructure / Retained	44.7%	100.0%
		<u>100.0%</u>	<u>100.0%</u>

7
8 **2. Accounting Services (A-2)**

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
A-2.1	1100-0338-SVP CONTROLLER & CAO	603	49	652	371	(371)	-
A-2.2	1100-0054-ASSISTANT CONTROLLER	328	(7)	321	269	(4)	265
A-2.3	1100-0347-TECHNICAL ACCOUNTING, ADVISORY & POLICIES	756	274	1,030	618	231	850
A-2.4	1100-0051-CORPORATE ACCOUNTING	1,984	(256)	1,728	944	(80)	864
A-2.5	1100-0047-FINANCIAL REPORTING	2,519	88	2,607	1,991	158	2,150
A-2.6	1100-0053-STRATEGIC PLANNING	1,170	189	1,359	585	95	680
A-2.7	1100-0137-HR ACCOUNTING	731	50	782	705	51	756
A-2.8	1100-0193-HR ACCOUNTING COMPLIANCE	525	13	538	507	14	520
A-2.9	1100-0021-CORPORATE FINANCIAL TECHNOLOGY	656	409	1,064	536	342	878
A-2.10	1100-0342-FINANCIAL SYSTEMS & REPORTING	1,514	(80)	1,434	777	(39)	738
A-2.11	1100-0502-BANK RECON & ESCHEATMENT	529	(14)	514	414	(2)	411
A-2.12	1100-0219-FINANCIAL REPORTING AUDIT FEES	9,050	(1,395)	7,655	6,454	(142)	6,312
Total		<u>\$20,362</u>	<u>(\$676)</u>	<u>\$19,686</u>	<u>\$14,171</u>	<u>\$254</u>	<u>\$14,424</u>
Allocations							Escalated 2024
SDG&E		6,212	316	6,528			7,004
SoCalGas		7,959	(62)	7,897			8,475
Total Utility		<u>14,171</u>	<u>254</u>	<u>14,424</u>			<u>\$15,479</u>
Infrastructure / Retained		6,192	(930)	5,262			
Total		<u>\$20,362</u>	<u>(\$676)</u>	<u>\$19,686</u>			

9
10 Accounting Services includes the SVP Controller & Chief Accounting Officer, Assistant
 11 Controller, Financial Reporting, Strategic Planning, Corporate Accounting, Financial
 12 Technology, HR Accounting, HR Accounting Compliance, Financial Systems and Reporting,
 13 Bank Reconciliation and Escheatment (BRE), Technical Accounting, Advisory, and Policies, and
 14 Financial Reporting Audit Fees. These functions are centralized at the Corporate Center for
 15 efficiencies in volume, system support, management oversight, standardization, and compliance.

- 1 • The Controller & Chief Accounting Officer has overall responsibility for
2 maintaining the financial reporting and internal controls of Sempra companies
3 with support from the Assistant Controller.
- 4 • Technical Accounting, Advisory & Policies analyzes accounting, financial
5 reporting, and regulatory issues as needed to comply with General Accepted
6 Accounting Principles (GAAP) in the United States of America and SEC rules
7 and regulations.
- 8 • Corporate Accounting maintains assets, costs, and financial accounting functions
9 for the parent companies.
- 10 • Financial Reporting consolidates and prepares internal financial analyses and
11 prepares external reports filed with the SEC. External reporting for regulatory
12 agencies (*i.e.*, CPUC, FERC) is primarily handled by SoCalGas and SDG&E.
- 13 • Strategic Planning facilitates the short- and long-term strategic planning and
14 performance measurement process for Sempra. While SoCalGas and SDG&E
15 both have operational planning and budgeting functions, Corporate Center sets
16 policy and provides long-range planning services that are essential to all business
17 units in attracting and allocating capital. This cost center also tracks and reports
18 on Corporate Center, operating companies, and Sempra consolidated performance
19 versus budgets. In addition, this group is responsible for shared service
20 allocations to all operating companies and supports SoCalGas's and SDG&E's
21 GRCs and other regulatory filings by developing Corporate Center testimony and
22 workpapers and responding to data requests.
- 23 • The HR Accounting group is responsible for various aspects of accounting and
24 quarterly and annual financial/SEC reporting associated with all Sempra
25 companies' employee compensation, retirement and benefit plans, including
26 coordination with external actuaries, third-party administrators, trustees, and
27 independent auditors. The group also supports preparation of the pension and
28 benefits budgets for all Sempra companies as well as assists in evaluations of the
29 HR-related financial and operational impacts of all major business and regulatory
30 issues, including for reorganizations, divestitures, acquisitions, GRC and other
31 regulatory proceedings. In addition, the group reviews, analyzes, and processes all

1 benefit plan payments including savings plan contributions, benefit premiums,
2 professional service fees, administrative charges, and other related expenses.

- 3 • The HR Accounting Compliance group is responsible for financial accounting and
4 financial regulatory compliance activities related to the employee benefit plans of
5 Sempra and its U.S.-based subsidiaries, which includes savings (401(k)), cash
6 balance/pension, and health and welfare plans. These activities include preparing
7 and filing, where required, annual audited plan financial statements with the
8 applicable regulatory bodies, in addition to preparing and filing other financial
9 regulatory forms (Form 5500, etc.) with the Department of Labor, IRS, and other
10 regulators. Such activities require coordination with third party actuaries,
11 recordkeepers/plan administrators, trustees, and independent auditors.
12 Additionally, HR Accounting Compliance group reconciles monthly cash
13 balance/pension and health and welfare benefit plan trust account activities and
14 administers cash balance/pension distributions to participants. The group also
15 supports the audits of employee benefit plans by various federal and state
16 regulators, including the Department of Labor and IRS, assists with evaluating the
17 financial accounting and financial regulatory compliance impacts of plan changes,
18 and supports general employee benefit plan compliance activities.
- 19 • Corporate Financial Technology works with Corporate Finance and Accounting
20 departments to evaluate technology solutions that will help achieve desirable
21 operational and/or process efficiencies. The group introduces technology
22 solutions and supports enablement to use selected technologies throughout all
23 levels of the departments. The group also works with Corporate Center
24 department leadership teams to organize, prepare, and strategize the onboarding
25 and implementation of proposed technology solutions. In addition, it collaborates
26 with Corporate Center departments to identify training programs intended to
27 upskill internal resources on technology solutions.
- 28 • Financial Systems and Reporting provides systems support across all operating
29 companies for Sempra's corporate financial systems. This includes training and
30 support for the consolidation system, Hyperion Financial Management (HFM),

1 planning systems (Hyperion Strategic Finance and Clarity) as well as various
2 reporting tools.

- 3 • Bank Reconciliation and Escheatment (BRE) performs bank account
4 reconciliations and escheatment filings for SoCalGas, SDG&E, and the
5 Infrastructure/Retained companies. The BRE group’s responsibilities are
6 preparing and being the repository for all bank account reconciliations for
7 SDG&E, SoCalGas, and Corporate Center, preparing the escheatment filings with
8 the 50 states and US territories for unclaimed property, and providing copies of
9 customer checks to the Customer Operations groups and filing and following up
10 with the banks on customer’s forged endorsements or check fraud.
- 11 • Sempra’s audit fees paid to our external auditors are also included in this
12 department.

13 Allocation of Costs

14 Accounting Services are primarily enterprise-wide functions that benefit SoCalGas,
15 SDG&E, and all other operating companies, and all non-direct costs for these functions are
16 allocated using the “Multi-Factor Basic” method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		100.0%	100.0%

17
18 Exceptions are Strategic Planning, Financial Systems and Reporting, and Corporate
19 Accounting. Because of additional reliance by Infrastructure affiliates on these groups, it is more
20 equitable to use the “Multi-Factor Split” method, a variation which equally divides the overall
21 allocation between Infrastructure and the Utilities.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Split	SDG&E	23.4%	22.7%
	SoCalGas	26.6%	27.3%
	Infrastructure / Retained	<u>50.0%</u>	<u>50.0%</u>
		100.0%	100.0%

1 HR Accounting and HR Accounting Compliance costs are allocated by the
 2 Causal/Beneficial (CB) – Full-Time Equivalent (FTE) “CB - FTE” method, which appropriately
 3 reflects the level of service provided to each operating company based on active employees. The
 4 cost of Corporate Center FTEs is reallocated using the Multi-Factor Basic method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - FTE	SDG&E	36.1%	35.6%
	SoCalGas	60.5%	61.1%
	Infrastructure / Retained	3.4%	3.3%
		<u>100.0%</u>	<u>100.0%</u>

5
 6 The BRE team also has a unique allocation method. It is determined by the estimated
 7 bank reconciliation and escheatment activity it is expected to perform in the future. This
 8 allocation method is referred to as “CB – Bank Rec & Escheatment.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Bank Rec & Escheatment	SDG&E	30.0%	50.0%
	SoCalGas	50.0%	30.0%
	Infrastructure / Retained	20.0%	20.0%
		<u>100.0%</u>	<u>100.0%</u>

9
 10 Because of the diversity of allocation methods used by the various functions reporting to
 11 the SVP Controller & Chief Accounting Officer, a weighted average of the allocation
 12 methodologies used by each cost center was developed for purposes of allocating the
 13 Controller’s costs. This allocation method is referred to as “SVP - Controller.” Sempra has
 14 voluntarily excluded from its 2024 forecast all Controller labor and non-labor costs allocated to
 15 SoCalGas and SDG&E.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
SVP - Controller	SDG&E	28.8%	0.0%
	SoCalGas	33.2%	0.0%
	Infrastructure / Retained	38.0%	100.0%
		<u>100.0%</u>	<u>100.0%</u>

3. Tax Services (A-3)

(2021 \$ - 000's)		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
A-3.1	1100-0045-VP-CORPORATE TAX	137	240	377	91	170	261
A-3.2	1100-0046-VP-CHIEF TAX COUNSEL	608	(441)	167	320	(205)	115
A-3.3	1100-0373-CORPORATE TAX SERVICES	10,475	(233)	10,242	6,495	136	6,630
	Total	\$11,221	(\$434)	\$10,786	\$6,906	\$101	\$7,007
Allocations							Escalated 2024
	SDG&E	3,292	94	3,386			3,670
	SoCalGas	3,613	7	3,620			3,924
	Total Utility	6,906	101	7,007			\$7,594
	Infrastructure / Retained	4,315	(535)	3,780			
	Total	\$11,221	(\$434)	\$10,786			

The Tax Services department is responsible for federal, state, local, and international tax compliance and planning, tax accounting, regulatory tax research and compliance, and establishing tax policy governance for Sempra and its operating companies.

- Federal, state, and local tax compliance and planning includes research and preparation of all income tax filings, research and preparation of filings for state-assessed property taxes, franchise fees, utility user tax, sales taxes, and handling of any other local taxes and fees. This group also handles federal, state, local, and international audits of tax issues by taxing authorities and regulatory bodies.
- Regulatory compliance responsibilities comprise research and reporting of ratemaking tax impacts of proposed transactions; preparation of ratemaking taxes reported to federal, state, local, and foreign regulatory bodies; and, where necessary, assisting in litigating tax positions. The Tax Department evaluates and quantifies the impacts of tax legislation and regulatory decisions and proposals. The group is also responsible for preparing quarterly tax sections of the FERC form regulatory filings and interfacing with internal and external auditors on tax accounting issues.
- Tax accounting is responsible for the reconciliation and integrity of all tax accounts, tax accounting research for the accounting for income taxes under GAAP, management reporting of tax issues, balance sheet, income statement, and cash flow account analytics, and income tax related disclosures in our SEC filings.

1 Allocation of Costs

2 The VP of Corporate Tax and the VP Chief Tax Counsel costs are allocated using an
 3 average of their annual time estimate. This Causal/Beneficial allocation method is referred to as
 4 the “VP – Corporate Tax.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
VP - Corporate Tax	SDG&E	28.5%	31.2%
	SoCalGas	30.4%	33.5%
	Infrastructure / Retained	41.1%	35.3%
		<u>100.0%</u>	<u>100.0%</u>

5
 6 The Corporate Tax Services costs are allocated using an average based on an annual time
 7 estimate from every staff member. This Causal/Beneficial allocation method is referred to as
 8 “CB – Tax Services.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Tax Services	SDG&E	33.1%	31.2%
	SoCalGas	33.9%	33.5%
	Infrastructure / Retained	33.0%	35.3%
		<u>100.0%</u>	<u>100.0%</u>

9
 10 **4. Treasury (A-4)**

Services Provided	<i>(2021 \$ - 000's)</i>					
	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
A-4.1 1100-0112-VP & TREASURER	646	(152)	495	458	(137)	320
A-4.2 1100-0119-FINANCE	811	38	849	486	23	509
A-4.3 1100-0113-CASH MANAGEMENT	1,320	(280)	1,040	821	(104)	718
A-4.4 1100-0225-CORPORATE TRUSTEE & RATING AGENCY FEES	15,336	6,722	22,058	4,923	2,932	7,855
A-4.5 1100-0224-CORPORATE CASH MANAGEMENT FEES	1,372	332	1,704	1,237	397	1,634
A-4.10 1100-0162-SOUTH AMERICA FINANCE	28	(28)	-	-	-	-
Total	<u>\$19,513</u>	<u>\$6,633</u>	<u>\$26,146</u>	<u>\$7,924</u>	<u>\$3,111</u>	<u>\$11,036</u>
Allocations						Escalated 2024
SDG&E	5,265	502	5,767			5,842
SoCalGas	2,660	2,609	5,269			5,349
Total Utility	<u>7,924</u>	<u>3,111</u>	<u>11,036</u>			<u>\$11,191</u>
Infrastructure / Retained	11,589	3,522	15,111			
Total	<u>\$19,513</u>	<u>\$6,633</u>	<u>\$26,146</u>			

11 Corporate Treasury is responsible for Corporate Finance and Cash Management.

- 12 • Corporate Finance and Cash Management collectively manage the liquidity needs
 13 and overall capital structure of the Sempra companies, which includes
 14

maintaining adequate liquidity through committed bank lines and cash-on-hand, issuance of short-term debt via commercial paper programs, and the issuance and redemption of long-term debt and equity. These groups oversee day-to-day banking and investment activities and maintain relationships with commercial and investment banks and credit rating agencies. These functions are centralized at the Corporate Center for efficiencies in volume, management oversight, standardization, and compliance. Credit and banking fees are a significant cost, necessary for backstop liquidity, short-term financing, and the high volume of banking transactions involved in utility revenue operations. Most lines of credit are arranged for and directly assigned to the operating company they benefit. Trustee fees and rating agency fees are necessary costs in the marketing of new long-term financings, and include fees for Standard & Poor’s, Moody’s, and Fitch Rating Services as well as other holding and remarketing expenses. Interest expense on debt for operating companies is not included in these O&M charges.

Allocation of Costs

As with other officer positions that oversee a variety of functions, a weighted average of the allocation methodologies used by each cost center reporting to the Treasurer was developed. This allocation is referred to as “VP – Treasurer.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
VP - Treasurer	SDG&E	32.1%	32.1%
	SoCalGas	32.6%	32.6%
	Infrastructure / Retained	35.3%	35.3%
		<u>100.0%</u>	<u>100.0%</u>

The Corporate Finance cost center estimates percentages of effort for the operating companies based on overall activity level and projects requiring financing or advisory work, resulting in allocating costs using a method called “CB – Treasury.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Treasury	SDG&E	30.0%	30.0%
	SoCalGas	30.0%	30.0%
	Infrastructure / Retained	<u>40.0%</u>	<u>40.0%</u>
		100.0%	100.0%

Cash Management services are allocated using the “CB – Cash Management” method, which is based on the estimated time and volume of the respective funding activities for each of the operating companies. Daily cash management services support various functions including payroll, accounts payable, gas purchases, and wire transfers.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Cash Management	SDG&E	34.0%	34.0%
	SoCalGas	35.0%	35.0%
	Infrastructure / Retained	<u>31.0%</u>	<u>31.0%</u>
		100.0%	100.0%

Fees for short- and long-term financing, bank line of credit, and trustee and rating agencies are all assigned directly to the operating companies for which they are contracted. Fees associated with Sempra financings are retained and not allocated to business units.

5. Investor Relations (A-5)

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations			Escalated 2024
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	
Services Provided							
A-5.1 1100-0188-VP INVESTOR RELATIONS	540	73	613	411	95	505	
A-5.2 1100-0042-INVESTOR RELATIONS	1,497	417	1,914	1,235	344	1,578	
A-5.3 1100-0375-SVP-FINANCE & INVESTOR RELATIONS	340	(340)	-	-	-	-	
Total	<u>\$2,377</u>	<u>\$150</u>	<u>\$2,527</u>	<u>\$1,646</u>	<u>\$438</u>	<u>\$2,084</u>	
Allocations							
SDG&E	731	216	947				1,007
SoCalGas	915	223	1,137				1,210
Total Utility	<u>1,646</u>	<u>438</u>	<u>2,084</u>				<u>\$2,217</u>
Infrastructure / Retained	732	(289)	443				
Total	<u>\$2,377</u>	<u>\$150</u>	<u>\$2,527</u>				

The Investor Relations department’s primary objective is to facilitate the flow of information and dialogue with investors to ensure they have the tools to evaluate fundamental value. This in turn helps Sempra raise equity capital when needed at the lowest possible cost for

the Utilities and infrastructure businesses. The department maintains regular communication with securities analysts, shareholders, and the financial community through a variety of means, such as conferences, meetings, and internet updates. This department is also responsible for communicating Sempra's financial goals and results and relaying financial market information to Corporate Center and operating company senior management. In addition, the department is responsible for maintaining the outside stock transfer agent relationships and responding to shareholder inquiries.

Allocation of Costs

Costs are allocated using Multi-Factor Basic, as the activities of Investor Relations benefits all operating companies.

		Allocation Rates	
		2021	2024
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		100.0%	100.0%

6. Audit Services (A-6)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations			Escalated 2024
		Base Year 2021	2021-2024 Incr/(Deer)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Deer)	Forecast 2024	
Services Provided								
A-6.1	1100-0349-VP AUDIT SERVICES	523	88	610	346	81	427	
A-6.2	1100-0041-AUDIT SERVICES	2,539	1,079	3,617	2,251	1,003	3,254	
A-6.3	1100-0329-AUDIT QUALITY PROGRAMS	1,117	(321)	796	659	(130)	529	
A-6.4	1100-0390-SOX COMPLIANCE	1,364	(47)	1,316	408	32	441	
A-6.5	1100-0453-AUDIT - HEALTH, SAFETY, & ENVIRONMENTAL	1,145	120	1,265	697	116	812	
Total		<u>\$6,688</u>	<u>\$918</u>	<u>\$7,606</u>	<u>\$4,361</u>	<u>\$1,102</u>	<u>\$5,463</u>	
Allocations								
SDG&E		2,614	779	3,393				3,691
SoCalGas		1,747	323	2,069				2,251
Total Utility		<u>4,361</u>	<u>1,102</u>	<u>5,463</u>				<u>\$5,941</u>
Infrastructure / Retained		2,327	(184)	2,143				
Total		<u>\$6,688</u>	<u>\$918</u>	<u>\$7,606</u>				

The Internal Audit Services department is centralized at Corporate Center for all operating companies. This department is responsible for internal audits and Sarbanes-Oxley Act (SOX) compliance.

- **Audit Services:** The types of Audit Services engagements conducted include general controls reviews in operational, financial, and information systems areas. The group is charged with performing independent evaluations of risk and

business controls as well as identifying solutions to business control issues and recommending process improvements. It issues reports on the effectiveness and efficiency of operations, economical and efficient use of resources, security of assets, reliability and integrity of financial information, and compliance with applicable policies, plans, procedures, laws, and regulations. The Audit Services department also performs environmental, health, and safety engagements to evaluate controls and compliance with internal policies and procedures and regulatory requirements.

- The SOX Compliance function coordinates SOX activities for Corporate Center and Sempra Infrastructure. It facilitates communication among compliance departments at all the Sempra companies with Audit Services, senior management, and external auditors. Audit Services also performs SOX testing on select controls on behalf of the external auditors to ensure they work properly and are adequate to mitigate financial reporting risks at Sempra, SDG&E, SoCalGas, and Sempra Infrastructure.

Allocation of Costs

The allocation of costs for the VP of Audit Services is based on the weighted average of the annual labor budget for all Audit Departments that report to the VP. This allocation method is referred to as “VP – Audit Services.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
VP - Audit Services	SDG&E	42.1%	45.5%
	SoCalGas	23.9%	24.4%
	Infrastructure / Retained	34.0%	30.1%
		<u>100.0%</u>	<u>100.0%</u>

Allocation of costs for Audit Services is based on the annual audit plan. The portion of services attributable to Corporate Center are reallocated using Multi-Factor Basic, resulting in a blended percentage. This allocation method is referred to as “CB – Audit Services.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Audit Services	SDG&E	57.4%	56.4%
	SoCalGas	31.3%	33.6%
	Infrastructure / Retained	11.3%	10.0%
		<u>100.0%</u>	<u>100.0%</u>

The allocation of costs for Audit Quality Programs is based on the annual audit plan. The portion of services attributable to Corporate Center are reallocated using Multi-Factor Basic, resulting in a blended percentage. This allocation method is referred to as “CB – Audit Quality Programs.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Audit Quality Programs	SDG&E	35.9%	42.2%
	SoCalGas	23.1%	24.3%
	Infrastructure / Retained	41.0%	33.5%
		<u>100.0%</u>	<u>100.0%</u>

The allocation of costs for Audit – Health, Safety, and Environmental is based on the annual audit plan. The portion of services attributable to Corporate Center are reallocated using Multi-Factor Basic, resulting in a blended percentage. This allocation method is referred to as “CB - Audit Health, Safety, & Environmental.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Audit Health, Safety & Environmental	SDG&E	31.2%	39.4%
	SoCalGas	32.3%	25.4%
	Infrastructure / Retained	36.5%	35.2%
		<u>100.0%</u>	<u>100.0%</u>

The allocation of costs for SOX Compliance is a weighted average of the workload of each employee within SOX Compliance based on an annual time study. The portion of services attributable to Corporate Center are reallocated using Multi-Factor Basic, resulting in a blended percentage. This allocation method is referred to as “CB – Audit SOX Services.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Audit SOX Services	SDG&E	17.5%	17.3%
	SoCalGas	16.0%	16.2%
	Infrastructure / Retained	<u>66.5%</u>	<u>66.5%</u>
		<u>100.0%</u>	<u>100.0%</u>

7. Technology Services (A-7)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
Services Provided		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
A-7.1 1100-0075-VP TECHNOLOGY SERVICES		684	(684)	-	385	(385)	-
Total		<u>\$684</u>	<u>(\$684)</u>	<u>-</u>	<u>\$385</u>	<u>(\$385)</u>	<u>-</u>
							Escalated 2024
Allocations							
SDG&E		152	(152)	-			-
SoCalGas		233	(233)	-			-
Total Utility		<u>385</u>	<u>(385)</u>	<u>-</u>			<u>-</u>
Infrastructure / Retained		299	(299)	-			-
Total		<u>\$684</u>	<u>(\$684)</u>	<u>-</u>			<u>-</u>

The Technology Services department included costs related to cybersecurity program management, strategy, governance, and risk. It also included some cybersecurity contracts and maintenance costs. The VP of Technology Services retired and most of the department was transferred to SoCalGas and SDG&E in 2020. Therefore, this department will no longer exist in TY 2024 and will not have any associated costs allocated to the Utilities.

8. Corporate Development & Strategy (A-8)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
Services Provided		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
A-8.1 1100-0056-VP CORPORATE DEVELOPMENT & STRATEGY		640	(104)	536	-	-	-
A-8.2 1100-0392-CORPORATE DEVELOPMENT & STRATEGY		625	959	1,584	-	-	-
Total		<u>\$1,265</u>	<u>\$854</u>	<u>\$2,120</u>	<u>-</u>	<u>-</u>	<u>-</u>
							Escalated 2024
Allocations							
SDG&E		-	-	-			-
SoCalGas		-	-	-			-
Total Utility		<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>
Infrastructure / Retained		1,265	854	2,120			-
Total		<u>\$1,265</u>	<u>\$854</u>	<u>\$2,120</u>			<u>-</u>

The Corporate Development and Strategy department manages Sempra's climate-centered long-term strategy, mergers and acquisitions, and development of strategic growth opportunities to achieve Sempra's net-zero goals. Additionally, the department oversees

1 divestments and other activities related to corporate development in collaboration with Sempra’s
 2 three growth platforms. None of the costs associated with this group are allocated to the Utilities.

3 **9. Financial Leadership Program (A-9)**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided						
A-9.1 1100-0340-ACCOUNTING & FINANCE ROTATION	1,397	140	1,537	784	236	1,020
Total	<u>\$1,397</u>	<u>\$140</u>	<u>\$1,537</u>	<u>\$784</u>	<u>\$236</u>	<u>\$1,020</u>
Allocations						Escalated 2024
SDG&E	607	182	790			869
SoCalGas	177	54	231			254
Total Utility	<u>784</u>	<u>236</u>	<u>1,020</u>			<u>\$1,123</u>
Infrastructure / Retained	613	(97)	517			
Total	<u>\$1,397</u>	<u>\$140</u>	<u>\$1,537</u>			

4
 5 The Financial Leadership Program (FLP) is an important way in which Sempra attracts
 6 and develops diverse and talented staff from accounting, finance, economics, and data science
 7 disciplines. Using a multi-year rotation plan, new recruits gain experience and exposure to
 8 several operating companies (Sempra, Sempra Infrastructure, and SDG&E) and different
 9 business functions (through roles in audit, tax, accounting, finance, and others). At the
 10 conclusion of three year-long rotations, program participants apply for permanent positions
 11 where their comprehensive knowledge of the company can be applied and is largely beneficial to
 12 the business.

13 Allocation of Costs

14 FLP allocations are based on a weighted average of the employees in the Program based
 15 on the operating companies they support. Corporate Center assignments are reallocated using
 16 Multi-Factor Basic, resulting in a blended percentage. This allocation method is referred to as
 17 “CB – FLP.”

		Allocation Rates	
		2021	2024
CB - FLP	SDG&E	44.0%	51.4%
	SoCalGas	12.2%	15.0%
	Infrastructure / Retained	43.8%	33.6%
		<u>100.0%</u>	<u>100.0%</u>

B. Human Resources and Administration

The Human Resources and Administration division at Corporate Center develops corporate-wide policies, procedures and programs that apply to the entire Sempra companies' workforce. It also provides services not found in Sempra's subsidiary organizations, related to the support and maintenance of Sempra's employees, which Sempra considers its most important asset. This division also oversees Sempra's information technology activities, including corporate systems, physical security, and cybersecurity.

**TABLE DC-3B
Human Resources and Administration Summary of Costs**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
B-1 Chief Administrative Officer & Chief Human Resources Officer	2,150	(588)	1,563	1,437	(1,437)	-
B-2 Diversity & Community Partnerships Officer	479	(29)	450	462	(27)	435
B-3 Risk Management Vice President	156	165	321	26	187	214
B-4 Compensation & Payroll	2,861	173	3,034	2,466	208	2,674
B-5 Benefits	1,029	272	1,301	977	281	1,258
B-6 Corporate HR & Staffing Development	1,942	220	2,162	1,557	226	1,783
B-7 Ethics & Investigations	472	413	885	387	342	730
B-8 Diversity & Inclusion	843	359	1,202	691	301	991
B-9 Risk Management	2,180	(97)	2,083	1,489	(95)	1,394
B-10 Corporate Security	4,815	1,752	6,567	3,704	833	4,537
Total	<u>\$16,927</u>	<u>\$2,641</u>	<u>\$19,569</u>	<u>\$13,196</u>	<u>\$820</u>	<u>\$14,016</u>
Allocations						Escalated 2024
SDG&E	5,463	388	5,850			6,332
SoCalGas	7,734	432	8,166			8,845
Total Utility	13,196	820	14,016			<u>\$15,177</u>
Infrastructure / Retained	3,731	1,821	5,552			
Total	<u>\$16,927</u>	<u>\$2,641</u>	<u>\$19,569</u>			

The costs for Human Resources and Administration assigned to SoCalGas and SDG&E are forecasted to increase by \$0.8 million from BY 2021 to TY 2024. The increase is primarily due to the following:

\$ - millions

- 0.9 Training, travel, and catering/events
- 0.8 Higher consulting fees and contract labor costs
- 0.4 Higher labor costs
- 0.2 Computer hardware/software and security costs
- (1.4) Voluntarily excluding CAO & CHRO costs

\$ 0.8

1 **1. Chief Administrative Officer & Chief Human Resources Officer (B-1)**

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
<u>Services Provided</u>							
B-1.1	1100-0202-CAO & CHIEF HUMAN RESOURCES OFFICER	2,150	(588)	1,563	1,437	(1,437)	-
	Total	<u>\$2,150</u>	<u>(\$588)</u>	<u>\$1,563</u>	<u>\$1,437</u>	<u>(\$1,437)</u>	-
<u>Allocations</u>							Escalated 2024
	SDG&E	578	(578)	-			-
	SoCalGas	859	(859)	-			-
	Total Utility	1,437	(1,437)	-			-
	Infrastructure / Retained	713	850	1,563			
	Total	<u>\$2,150</u>	<u>(\$588)</u>	<u>\$1,563</u>			

2
3 The CAO & CHRO oversees and provides strategic direction and overall corporate policy
4 guidance in the areas of compensation, benefits, diversity programs, workforce planning,
5 leadership development, compliance training, risk management, and corporate security. Under
6 the CAO & CHRO, this division is also responsible for the administration of all employee
7 benefit plans, payroll, HR information systems, executive compensation plans, and security
8 functions. In addition, the division directly supports the human resource needs of the Corporate
9 Center including compensation administration, staffing, and employee relations. The CAO &
10 CHRO also serves as the Chief Ethics Officer, overseeing systems through which employees can
11 communicate any potential ethical concerns.

12 Allocation of Costs

13 Costs associated with the CAO & CHRO are allocated using a weighted average of the
14 diverse allocation methodologies used by each department within the division. This allocation
15 average is referred to as “SVP – CAO & CHRO.” Sempra has voluntarily excluded from its
16 2024 forecast all CAO & CHRO labor and non-labor costs allocated to SoCalGas and SDG&E.

		Allocation Rates	
		2021	2024
SVP - CAO & CHRO	SDG&E	36.1%	0.0%
	SoCalGas	52.1%	0.0%
	Infrastructure / Retained	11.8%	100.0%
		<u>100.0%</u>	<u>100.0%</u>

2. Diversity & Community Partnerships Officer (B-2)

(2021 \$ - 000's)		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
B-2.1	1100-0090-DIVERSITY & COMMUNITY PARTNERSHIPS OFFICER	479	(29)	450	462	(27)	435
	Total	<u>\$479</u>	<u>(\$29)</u>	<u>\$450</u>	<u>\$462</u>	<u>(\$27)</u>	<u>\$435</u>
Allocations							
	SDG&E	168	(7)	160			Escalated 2024 175
	SoCalGas	294	(19)	275			300
	Total Utility	<u>462</u>	<u>(27)</u>	<u>435</u>			<u>\$474</u>
	Infrastructure / Retained	17	(2)	15			
	Total	<u>\$479</u>	<u>(\$29)</u>	<u>\$450</u>			

The Diversity & Community Partnerships Officer oversees the Diversity & Inclusion department's efforts and community partnerships for all the Sempra operating companies. This position also develops programs and initiatives that integrate diversity and inclusion into Sempra's business strategy, as well as helping communities prosper through investments in minority-owned small businesses, equitable access to education, and workforce readiness.

Allocation of Costs

Diversity & Community Partnerships Officer costs are allocated by the CB - FTE method, which appropriately reflects the level of service provided to each operating company based on active employees. The cost of Corporate Center FTEs is reallocated using the Multi-Factor Basic method.

		Allocation Rates	
		2021	2024
CB - FTE	SDG&E	36.1%	35.6%
	SoCalGas	60.5%	61.1%
	Infrastructure / Retained	3.4%	3.3%
		<u>100.0%</u>	<u>100.0%</u>

1 **3. Risk Management VP (B-3)**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
B-3.1 1100-0118-VP RISK MANAGEMENT	156	165	321	26	187	214
Total	<u>\$156</u>	<u>\$165</u>	<u>\$321</u>	<u>\$26</u>	<u>\$187</u>	<u>\$214</u>
Allocations						Escalated 2024
SDG&E	14	77	91			99
SoCalGas	12	111	123			135
Total Utility	26	187	214			<u>\$234</u>
Infrastructure / Retained	129	(22)	107			
Total	<u>\$156</u>	<u>\$165</u>	<u>\$321</u>			

2
3 The Risk Management VP oversees the Risk Management department, which is
4 responsible for the risk management, insurance, risk advisory, and pensions and investments
5 activities for the Sempra operating companies.

6 Allocation of Costs

7 Allocation of costs for the Risk Management VP is based on the weighted average of the
8 annual labor budget for departments that report to the VP. The hours attributed to Corporate
9 Center are re-allocated using the Multi-Factor Basic method to result in a blended percentage for
10 each operating company. This allocation method is referred to as “VP-Risk Management.”

		Allocation Rates	
		2021	2024
VP - Risk Management	SDG&E	28.5%	28.2%
	SoCalGas	37.9%	38.4%
	Infrastructure / Retained	33.6%	33.4%
		<u>100.0%</u>	<u>100.0%</u>

1 **4. Compensation & Payroll (B-4)**

Services Provided	(2021 \$ - 000's)			Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
B-4.1 1100-0135-COMPENSATION SERVICES	1,233	(105)	1,128	1,139	(49)	1,090			
B-4.2 1100-0136-EXECUTIVE COMPENSATION	1,052	215	1,267	770	194	965			
B-4.3 1100-0057-PAYROLL SERVICES	577	63	640	556	62	619			
Total	\$2,861	\$173	\$3,034	\$2,466	\$208	\$2,674			
Allocations									Escalated 2024
SDG&E	996	88	1,084						1,175
SoCalGas	1,470	120	1,590						1,727
Total Utility	2,466	208	2,674						\$2,902
Infrastructure / Retained	396	(35)	361						
Total	\$2,861	\$173	\$3,034						

2
3 The Compensation & Payroll department administers employee compensation and
4 payroll programs, including compensation plan design, contract negotiations, vendor
5 management, and cost control responsibilities.

6 Compensation Services provides strategic compensation planning services, corporate
7 governance overview, and internal support services for all operating companies. It also develops
8 pay policies applicable to wage and hour laws and recommends annual pay structures and salary
9 planning budgets, to ensure competitive market pay. Corporate governance responsibilities
10 include conducting federally required annual audits of pay practices to ensure compliance with
11 the Office of Federal Contract Compliance Programs and auditing job classifications to ensure
12 compliance with Fair Labor Standards Act and other applicable California State laws.

13 Compensation Services also provides consulting and support services that include
14 maintaining salary survey databases to establish competitive pay for new and existing jobs,
15 designing base pay and incentive plans, and leading major projects that impact pay systems.
16 Examples of leading major projects include developing, documenting, and testing HR
17 information systems changes that apply to pay programs and pay administration; participating in
18 total compensation studies related to GRC filings; and researching and costing of union
19 negotiation proposals and contracts. These are corporate-wide services that are not conducted at
20 the operating company HR level.

21 Allocation of Costs

22 Compensation and Payroll Services costs are allocated by the CB - FTE method, which
23 appropriately reflects the level of service provided to each operating company based on active

1 employees. The cost of Corporate Center FTEs is reallocated using the Multi-Factor Basic
 2 method.

		Allocation Rates	
		2021	2024
CB - FTE	SDG&E	36.1%	35.6%
	SoCalGas	60.5%	61.1%
	Infrastructure / Retained	3.4%	3.3%
		<u>100.0%</u>	<u>100.0%</u>

3
 4 For the Executive Compensation & Benefits group, costs are allocated using a weighted
 5 combination of executive FTEs (75%) and director-level FTEs (25%) at all operating companies.
 6 This allocates costs to the operating companies in proportion to the number of employees who
 7 benefit from the programs. This method is referred to as “CB - FTE Executive.”

		Allocation Rates	
		2021	2024
CB - FTE Executive	SDG&E	36.6%	35.9%
	SoCalGas	36.7%	40.2%
	Infrastructure / Retained	26.7%	23.9%
		<u>100.0%</u>	<u>100.0%</u>

8
 9 **5. Benefits (B-5)**

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Deer)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Deer)	Forecast 2024
Services Provided							
B-5.1	1100-0134-BENEFITS	1,013	288	1,301	977	281	1,258
	Total	<u>\$1,029</u>	<u>\$272</u>	<u>\$1,301</u>	<u>\$977</u>	<u>\$281</u>	<u>\$1,258</u>
Allocations							Escalated 2024
	SDG&E	355	108	463			505
	SoCalGas	622	173	795			867
	Total Utility	977	281	1,258			<u>\$1,372</u>
	Infrastructure / Retained	52	(9)	43			
	Total	<u>\$1,029</u>	<u>\$272</u>	<u>\$1,301</u>			

10
 11 The Benefits department (Benefits) covers several important functions covering health
 12 and welfare plans and retirement (401(k) and pension) plans.

13 Benefits is responsible for designing, contracting, communicating, and ensuring
 14 compliance with all legal, regulatory, and union requirements affecting health and insurance

1 plans for nineteen medical plans, twelve dental plans, six vision plans, and eight life insurance
2 plans for nearly 14,000 employees and approximately 10,000 retirees.

3 Health and welfare plans are designed so that they are both competitive and cost
4 effective. To negotiate the best rates available, Benefits uses the leverage created by the Sempra
5 companies' total number of employees. Higher coverage levels at lower costs are achieved by
6 negotiating on behalf of the total population of employees working for Sempra, rather than
7 negotiating for each company, or operating company, on a separate basis.

8 In addition to designing, negotiating, and contracting for health and insurance benefits,
9 Benefits is responsible for developing and producing enrollment information (for both new hires
10 and the annual open enrollment) and the Summary Plan Descriptions required under the
11 Employee Retirement Income Security Act (ERISA). Benefits is also responsible for ensuring
12 compliance with all federal and state regulations governing health and insurance plans. This
13 includes making sure that plans are administered in accordance with plan documents and that all
14 beneficiaries are treated fairly; advising HR in the business units of changes in requirements; and
15 training HR personnel so they can educate supervisors.

16 As a compliment to the overall benefits administration for the Sempra family of
17 companies, the Benefits department carries out the designing, contracting, and communicating of
18 the Total Wellbeing initiative in partnership with the Wellness groups at SoCalGas and SDG&E.
19 The Total Wellbeing initiative includes programs focused on supporting safety, physical, mental,
20 and financial health and strives to improve the total wellbeing of employees.

21 Benefits also supports labor negotiations at SoCalGas and SDG&E. This support
22 includes providing data to both labor and management; analyzing cost implications of various
23 proposals; working with management to determine the acceptability of labor demands; and
24 developing alternative proposals that generate an equitable balance between the benefit to
25 employees versus the cost to the ratepayers.

26 Benefits is also responsible for plan design and implementation of and compliance with
27 regulations of the pension and savings plans, and ensures strategic and cost competitive
28 retirement benefits to employees as a component of total compensation. This group provides
29 support and internal consulting to SoCalGas and SDG&E, HR and labor advisors regarding
30 benefit strategies, employee communications, and specific employee issues. The plans at

1 Sempra and its subsidiaries include three savings plans and three defined benefit plans covering
2 all of Sempra’s U.S. based employees and retirees, excluding Oncor.

3 In addition, this group is responsible for daily management and administration of all
4 plans in collaboration with other company departments, including HR, Legal, Tax, Investor
5 Relations, Payroll, and IT. Benefits also supports the chief negotiating team during union
6 negotiations with cost implications of various proposals and data requests and offers alternative
7 design strategies on retirement benefits. Further, the group acts as the lead contact on
8 Department of Labor and IRS audits for all plans as well as working with various financial
9 groups on preparation of federal reporting and disclosure forms.

10 Moreover, Benefits acts as vendor manager for the plans’ trustees, record keepers,
11 consultants, and Sempra’s MyRetirement Connection administrator. It evaluates all service
12 providers to the plans and recommends changes when appropriate, utilizing cost analysis and
13 benchmarking.

14 Benefits also develops various communication strategies, which include conducting
15 employee meetings on specific plan features and the retirement process in general, including
16 financial education and estate planning meetings.

17 Allocation of Costs

18 Benefits costs are allocated by the CB - FTE method, which appropriately reflects the
19 level of service provided to each operating company based on active employees. The cost of
20 Corporate Center FTEs is reallocated using the Multi-Factor Basic method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - FTE	SDG&E	36.1%	35.6%
	SoCalGas	60.5%	61.1%
	Infrastructure / Retained	3.4%	3.3%
		<u>100.0%</u>	<u>100.0%</u>

6. Corporate HR & Staffing Development (B-6)

(2021 \$ - 000's)		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
<u>Services Provided</u>							
B-6.1	1100-0130-CORPORATE HR STAFFING & DEVELOPMENT	1,942	220	2,162	1,557	226	1,783
	Total	<u>\$1,942</u>	<u>\$220</u>	<u>\$2,162</u>	<u>\$1,557</u>	<u>\$226</u>	<u>\$1,783</u>
<u>Allocations</u>							
	SDG&E	704	106	810			Escalated 2024 872
	SoCalGas	853	120	973			1,048
	Total Utility	1,557	226	1,783			<u>\$1,920</u>
	Infrastructure / Retained	385	(6)	379			
	Total	<u>\$1,942</u>	<u>\$220</u>	<u>\$2,162</u>			

The Corporate Human Resources Staffing and Development function is responsible for day-to-day employee relations, staffing, and recruiting for Corporate Center. The department provides a broad range of human resources advisory and support services to all Corporate Center functions that provide shared services to SoCalGas and SDG&E.

This department’s activities include HR policy interpretation, performance management, employee discipline, career counseling, salary administration, and processing terminating employees from the Corporate Center. The team is responsible for external and internal staffing, including college recruiting and relationships. In connection with those recruiting activities, the team pursues Equal Employment Opportunity/Affirmative Action Plan objectives, new employee orientation, and employee applicant processing.

Corporate Human Resources Staffing and Development provides additional development courses in communication skills, management skills, personal work effectiveness, energy industry knowledge, and financial skills. Skill training is provided with respect to topics considered key to overall company success. Classroom and on-line training is provided to employees to educate them about some of the most important aspects of Sempra’s industry to assist employees in adhering to legal and regulatory requirements.

Allocation of Costs

Costs associated with the Corporate Human Resources Staffing and Development department are allocated using the Multi-Factor Basic method. This function provides services to all areas of the Corporate Center that in turn serve the Sempra companies, including SoCalGas and SDG&E.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		100.0%	100.0%

7. Ethics & Investigations (B-7)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
Services Provided		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
B-7.1	1100-0205-ETHICS & INVESTIGATIONS	472	413	885	387	342	730
	Total	<u>\$472</u>	<u>\$413</u>	<u>\$885</u>	<u>\$387</u>	<u>\$342</u>	<u>\$730</u>
Allocations							Escalated 2024
	SDG&E	173	159	331			363
	SoCalGas	215	184	398			437
	Total Utility	387	342	730			<u>\$800</u>
	Infrastructure / Retained	85	70	155			
	Total	<u>\$472</u>	<u>\$413</u>	<u>\$885</u>			

The Ethics and Investigations department, under the direction of counsel, is responsible for administering the company’s Ethics & Compliance Helpline, which is the company’s enterprise-wide mechanism for reporting and investigating concerns of suspected unethical or unlawful behavior by the company’s employees, contractors, or suppliers. The Ethics and Investigations department reviews all reported concerns and assigns each case for investigation or appropriate handling under the direction of counsel. The Ethics and Investigations department manages the end-to-end investigative process, ensuring that concerns are thoroughly investigated in accordance with company policies and expectations, provides advice on investigation strategy and remedial actions, and conducts training for investigations across all the Sempra companies.

The Ethics and Investigations department is also responsible for planning, developing, and advancing the company’s ethics initiatives, including efforts to foster an ethical, speak up culture where employees are encouraged to report concerns without fear of retaliation. This work includes partnering with the corporate compliance team to plan ethics and compliance events and developing training and communications initiatives on ethics.

1 Allocation of Costs

2 The Ethics and Investigations department costs are allocated using the Multi-Factor Basic
 3 method. This function provides services to all the Sempra companies, including SoCalGas and
 4 SDG&E.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		<u>100.0%</u>	<u>100.0%</u>

5
6 **8. Diversity & Inclusion (B-8)**

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
B-8.1	1100-0268-DIVERSITY & INCLUSION	843	359	1,202	691	301	991
	Total	<u>\$843</u>	<u>\$359</u>	<u>\$1,202</u>	<u>\$691</u>	<u>\$301</u>	<u>\$991</u>
Allocations							Escalated 2024
	SDG&E	307	143	450			481
	SoCalGas	383	158	541			578
	Total Utility	691	301	991			<u>\$1,058</u>
	Infrastructure / Retained	152	58	211			
	Total	<u>\$843</u>	<u>\$359</u>	<u>\$1,202</u>			

7
8 The Diversity and Inclusion (D&I) department works with all the Sempra operating
 9 companies to drive efforts to advance an inclusive workplace by supporting the attraction and
 10 retention of a diverse, talented, and committed workforce. The department helps create a
 11 thriving and agile culture through thoughtful and proactive programs and forward-looking
 12 policies. It provides consulting, training, and coaching for leaders and employees around
 13 diversity, equity, and inclusion. This group also supports executive initiatives on inclusion and
 14 diversity and seeks solutions that align with and help drive company values and strategic goals.

15 This department consults and partners with Human Resources and other business leaders
 16 to identify people practices, tactics, and policies that create a diverse and inclusive workplace. It
 17 assists with the identification, creation, and implementation of inclusive assessment, recruitment,
 18 development, compensation, and benefits programs. This function also supports the
 19 implementation of a data driven diversity and inclusion strategic plan that reflects company
 20 culture, business, and people priorities and contributes to the development of an inclusive global

work environment. It conducts workforce analyses and organizational assessments to identify enablers and potential inhibitors of a diverse, inclusive, and equitable work environment and to measure and evaluate the effectiveness of D&I programs, including linkages with and impacts on consequential external stakeholders. In addition, this group works with Employee Resource Groups and the Local Diversity and Inclusion Councils to maximize resources and programs across the enterprise. It partners with stakeholders to invest in and develop leaders and members and is responsible for the ongoing governance, evaluation, and strategy to meet the Company's needs.

Allocation of Costs

The Diversity and Inclusion department costs are allocated using the Multi-Factor Basic method. This function provides services to all the Sempra companies.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		<u>100.0%</u>	<u>100.0%</u>

9. Risk Management (B-9)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
<u>Services Provided</u>							
B-9.1	1100-0120-PENSIONS & TRUSTS	641	(109)	532	614	(103)	512
B-9.2	1100-0114-INSURANCE & RISK ADVISORY	971	(26)	945	779	(0)	779
B-9.3	1100-0121-RISK MANAGEMENT	568	38	607	95	8	103
	Total	<u>\$2,180</u>	<u>(\$97)</u>	<u>\$2,083</u>	<u>\$1,489</u>	<u>(\$95)</u>	<u>\$1,394</u>
<u>Allocations</u>							Escalated 2024
	SDG&E	658	(30)	628			688
	SoCalGas	831	(65)	766			840
	Total Utility	<u>1,489</u>	<u>(95)</u>	<u>1,394</u>			<u>\$1,528</u>
	Infrastructure / Retained	<u>692</u>	<u>(2)</u>	<u>689</u>			
	Total	<u>\$2,180</u>	<u>(\$97)</u>	<u>\$2,083</u>			

The Risk Management department is centralized at Corporate Center for all business units. This department is responsible for risk management, insurance and risk advisory, and pensions and trusts.

- Risk Management manages Energy Risk and Credit Risk for Sempra’s non-regulated subsidiaries and performs Dodd-Frank aggregation and compliance work for all business units. The group also facilitates the identification, assessment, and monitoring of aggregated risk impacts.
- Insurance and Risk Advisory directs the corporate insurance program, including the property/casualty self-insurance program, and risk control activities for property/casualty for the Sempra companies. Activities in purchasing and managing the corporate-wide insurance program involve bond procurement, contract review, and risk assessments for the Sempra companies. For a description and forecast of direct costs of Property and Liability insurance, see the Direct Testimony of Dennis Gaughan (Ex. SCG-24/SDG&E-28).
- The Pensions and Investments group is responsible for managing Sempra’s long-term asset portfolios including qualified and non-qualified retirement plan assets and nuclear decommissioning trust funds.

Allocation of Costs

Risk Management estimates the percentage of effort for the business units based on significant projects, a method called “CB – Risk Management.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Risk Management	SDG&E	9.0%	9.0%
	SoCalGas	8.0%	8.0%
	Infrastructure / Retained	83.0%	83.0%
		<u>100.0%</u>	<u>100.0%</u>

Insurance and Risk Advisory services are allocated using the Multi-Factor Basic method, as they support operational functions across all the operating companies.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		<u>100.0%</u>	<u>100.0%</u>

The Pension and Investments group uses a Causal/Beneficial allocation method based on the present value of each utility’s pension funds, referred to as “CB – Pension.”

		Allocation Rates	
		2021	2024
CB - Pension	SDG&E	40.4%	41.2%
	SoCalGas	55.4%	55.0%
	Infrastructure / Retained	4.2%	3.8%
		<u>100.0%</u>	<u>100.0%</u>

10. Corporate Security (B-10)

		(2021 \$ - 000's)					
		Corporate Center			Utility Allocations		
Services Provided		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
B-10.1	1100-0133-CORPORATE SECURITY	3,522	192	3,715	3,185	196	3,381
B-10.2	1100-0275-EXECUTIVE SECURITY	830	891	1,721	194	236	430
B-10.3	1100-0138-EMERGENCY MANAGEMENT & BUSINESS RESUMPTION	341	430	771	281	355	636
B-10.4	1100-0043-SECURITY SERVICES	121	239	360	43	47	90
Total		<u>\$4,815</u>	<u>\$1,752</u>	<u>\$6,567</u>	<u>\$3,704</u>	<u>\$833</u>	<u>\$4,537</u>
Allocations							Escalated 2024
SDG&E		1,511	322	1,833			1,973
SoCalGas		2,193	511	2,705			2,914
Total Utility		<u>3,704</u>	<u>833</u>	<u>4,537</u>			<u>\$4,888</u>
Infrastructure / Retained		1,110	919	2,030			
Total		<u>\$4,815</u>	<u>\$1,752</u>	<u>\$6,567</u>			

Corporate Security is responsible for the development and management of security programs and policies, including physical security controls, investigations, and workplace violence avoidance, as well as risk, compliance, intelligence, and crisis/emergency management services. Corporate Security and Cybersecurity regularly collaborate on joint investigations, training, and intelligence dissemination, and conduct regular information sharing between operation centers.

Corporate Security also investigates special situations that require professional and confidential expertise, with reports provided to management. This department maintains ongoing relationships with local, state, and federal law enforcement and other government agencies on issues of importance to Sempra and the operating companies. Additionally, Corporate Security creates and distributes weekly intelligence briefings to key members of management; communicates assessments of crime, terrorism, and political instability; develops company-wide, cost-effective policies, programs, and trainings dedicated to business loss prevention and security risk reduction; and conducts site security reviews and risk assessments.

1 Sempra companies are continuously involved in maintaining, evaluating, updating, and
2 enhancing physical security systems. These activities include the management, assessment, and
3 improvement of access control systems and identification badge key infrastructure, cameras and
4 network video recording, intrusion detection, and perimeter and interior controls, in addition to
5 the management and training of a contract guard force. Corporate Security also facilitates
6 background checks for access to critical facilities at both SoCalGas and SDG&E, which have
7 been implemented to comply with mandatory North American Electric Reliability Corporation
8 Critical Infrastructure Protection (NERC CIP) standards and other regulatory bodies. This
9 includes, but is not limited to, the installation and maintenance of additional security equipment,
10 and implementation of processes and procedures to ensure compliance.

11 The Corporate Security organization develops planning, awareness, risk management,
12 and incident management projects and programs to prevent, mitigate, or respond to security
13 incidents. This control includes Corporate Security labor (training, investigations, etc.),
14 intelligence services, and the Case Management System, which is used to track security incidents
15 and investigations. This control incorporates services provided by Corporate Security, including:

- 16 • Physical security operations responsible for planning, design, development,
17 testing, implementation, maintenance, integration, and coordination of physical
18 security systems.
- 19 • Risk management to identify, assess, control, and monitor physical security risk
20 potentially impacting the company.
- 21 • Intelligence analysis to continually assess threats and develop actionable
22 intelligence for risk mitigation, security planning, infrastructure protection, and
23 employee safety.
- 24 • Investigation of security incidents to determine and assist with corrective actions,
25 litigation, and security practice improvement.
- 26 • Training, exercises, and drills of employees and public safety agencies to improve
27 security awareness and response.
- 28 • Incident management to respond to incidents and coordinate with public safety
29 agencies or other appropriate parties.
- 30 • Security oversight to establish and enforce regulations, guidelines, plans, policies,
31 and procedures.

1 Allocation of Costs

2 For security-related costs, Corporate Security uses a Causal/Beneficial allocation referred
3 to as “CB – Security,” which is based on FTEs per business unit, excluding the cost of
4 Headquarters (HQ) Guard Services. HQ Guard Services costs are allocated separately based on
5 FTEs occupying the headquarters location.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Security	SDG&E	36.1%	35.5%
	SoCalGas	54.9%	55.5%
	Infrastructure / Retained	<u>9.0%</u>	<u>9.0%</u>
		100.0%	100.0%

6
7 Security services for senior executives and the Board of Directors are essential in the
8 current volatile and competitive environment to protect the interests of all operating companies.
9 These costs are allocated based on an estimate of usage (1/4 to the Utilities, 1/4 to Infrastructure,
10 and 1/2 retained at Corporate Center). This method is referred to as “CB – Executive Security.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Executive Security	SDG&E	12.5%	12.5%
	SoCalGas	12.5%	12.5%
	Infrastructure / Retained	<u>75.0%</u>	<u>75.0%</u>
		100.0%	100.0%

11
12 Emergency Management and Business Resumption costs are allocated using the Multi-
13 Factor Basic method. This function provides services to all the Sempra operating companies.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		100.0%	100.0%

14
15 Security services for the call-in transportation services available to Corporate Officers
16 and Executives at SoCalGas, SDG&E, and Infrastructure are allocated based on the estimated
17 usage by each operating company. This method is referred to as “CB – Security Services.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Security Services	SDG&E	2.5%	2.5%
	SoCalGas	22.5%	22.5%
	Infrastructure / Retained	<u>75.0%</u>	<u>75.0%</u>
		100.0%	100.0%

C. Legal, Compliance, and Governance

This division includes the office of the Chief Legal Officer, the Corporate Center Law Department (CCLD), Corporate Compliance, Corporate and Securities Law, Regulatory Law, Corporate Governance, Board of Directors, and Outside Legal. The division provides legal, compliance, and governance services to all Sempra companies and coordinates the retention and oversight of outside law firms, including the negotiation of outside legal fee arrangements.

**TABLE DC-3C
Legal, Compliance, and Governance Summary of Costs**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
C-1 Chief Legal Officer	4	861	865	3	689	692
C-2 Litigation & Compliance	6,603	444	7,047	5,418	296	5,714
C-3 Corporate Law & Governance	4,733	(47)	4,686	3,620	121	3,740
C-4 Board of Directors	3,581	(29)	3,552	2,802	127	2,929
C-5 Outside Legal	33,245	(2,540)	30,705	19,475	(53)	19,421
Total	<u>\$48,166</u>	<u>(\$1,312)</u>	<u>\$46,855</u>	<u>\$31,317</u>	<u>\$1,180</u>	<u>\$32,497</u>
Allocations						Escalated 2024
SDG&E	12,575	2,148	14,723			15,183
SoCalGas	18,742	(968)	17,774			18,409
Total Utility	<u>31,317</u>	<u>1,179</u>	<u>32,497</u>			<u>\$33,592</u>
Infrastructure / Retained	16,849	(2,491)	14,358			
Total	<u>\$48,166</u>	<u>(\$1,312)</u>	<u>\$46,855</u>			

Legal, Compliance, and Governance costs assigned to SoCalGas and SDG&E overall are forecasted to increase by \$1.2 million from BY 2021 to TY 2024. This increase is primarily due to the hiring of a new Chief Legal Officer and overall higher outside legal fees and services.

\$ - millions

0.8	Outside Legal
0.7	Chief Legal Officer
(0.5)	Non-recurring legal fees and services
<u>0.2</u>	Other
<u>\$ 1.2</u>	

1. Chief Legal Officer (C-1)

(2021 \$ - 000's)		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
C-1.1	1100-0198-CHIEF LEGAL OFFICER	4	861	865	3	689	692
	Total	<u>\$4</u>	<u>\$861</u>	<u>\$865</u>	<u>\$3</u>	<u>\$689</u>	<u>\$692</u>
Allocations							Escalated 2024
	SDG&E	1	283	284			309
	SoCalGas	2	406	408			443
	Total Utility	3	689	692			<u>\$752</u>
	Infrastructure / Retained	1	172	173			
	Total	<u>\$4</u>	<u>\$861</u>	<u>\$865</u>			

The Chief Legal Officer is responsible for Sempra’s legal affairs, corporate governance, and compliance oversight. The Chief Legal Officer oversees a broad range of legal issues that impact SoCalGas, SDG&E, and the other Sempra operating companies. The Chief Legal Officer also oversees the work of all Sempra lawyers, the hiring and retention of outside counsel, and provides legal advice to Sempra senior management and Board of Directors. The Chief Legal Officer also serves on the Boards of Directors of SoCalGas, SDG&E, and certain other Sempra operating companies as permitted.

Allocation of Costs

Costs associated with the Chief Legal Officer are allocated using a weighted average of the diverse allocation methodologies used by each department that report to the Chief Legal Officer. This allocation average is referred to as “Chief Legal Officer.”

		Allocation Rates	
		2021	2024
Chief Legal Officer	SDG&E	34.4%	32.8%
	SoCalGas	45.7%	47.1%
	Infrastructure / Retained	19.9%	20.1%
		<u>100.0%</u>	<u>100.0%</u>

2. Litigation & Compliance (C-2)

Services Provided	(2021 \$ - 000's)					
	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
C-2.1 1100-0201-DEPUTY GENERAL COUNSEL-LITIGATION & COMPLIANCE	618	(23)	595	498	(21)	477
C-2.2 1100-0180-LABOR AND EMPLOYMENT LAW	1,327	(34)	1,293	1,118	(84)	1,034
C-2.3 1100-0348-CORPORATE COMPLIANCE	1,546	(172)	1,374	1,209	(76)	1,133
C-2.4 1100-0190-LITIGATION & ENVIRONMENTAL	991	504	1,495	841	341	1,182
C-2.5 1100-0144-LEGAL OPERATIONS	2,122	169	2,291	1,752	137	1,889
Total	<u>\$6,603</u>	<u>\$444</u>	<u>\$7,047</u>	<u>\$5,418</u>	<u>\$296</u>	<u>\$5,714</u>
Allocations						Escalated 2024
SDG&E	2,223	216	2,439			<u>2,657</u>
SoCalGas	3,195	80	3,275			<u>3,576</u>
Total Utility	<u>5,418</u>	<u>296</u>	<u>5,714</u>			<u>\$6,233</u>
Infrastructure / Retained	1,185	147	1,333			
Total	<u>\$6,603</u>	<u>\$444</u>	<u>\$7,047</u>			

As described in more detail below, CCLD lawyers offer services in the areas of Litigation, Labor & Employment Law, Environmental Law, Regulatory Law, and Corporate Law (which includes mergers and acquisitions, financial transactions, high-value and specialized contracts, etc.). The CCLD offers legal expertise in areas of the law not covered by lawyers within the individual operating company law departments, thus avoiding the need to pay for outside counsel to handle such matters or hire more lawyers for each operating company. Additionally, CCLD lawyers are available to provide peak legal capacity when the operating company lawyers are unable to take on new matters. This avoids the need to hire additional operating company lawyers or outside counsel when the volume of legal work peaks, which it inevitably does during various times throughout any given year. CCLD also coordinates the retention and oversight of outside law firms for all the operating companies. From this coordinating position, CCLD is best able to leverage cost-effective outside legal fee arrangements that the operating companies by themselves would not be able to arrange.

CCLD lawyers are available to provide legal advice and support to Sempra operating companies, including SoCalGas and SDG&E, and represent them in specific, unique legal matters. CCLD is responsible for the delivery, quality, and cost of the legal services it provides to the Sempra operating companies. As described below, CCLD comprises lawyers and support staff providing cost-effective legal support in the areas of Litigation, Labor and Employment, Environmental, and Corporate Compliance. A Deputy General Counsel reports to the Chief Legal Officer and oversees CCLD lawyers providing these services to Sempra and its operating companies.

1 **a. Litigation & Environmental Law**

2 CCLD litigation lawyers represent SoCalGas, SDG&E, and other Sempra operating
3 companies in litigation matters arising primarily from disputes in the areas of commercial law
4 and tort law. CCLD litigation lawyers are available to provide advice to assist SoCalGas,
5 SDG&E, and other Sempra operating companies in avoiding or minimizing disputes. CCLD
6 litigation lawyers also advise SoCalGas, SDG&E, and other Sempra operating companies in
7 corporate compliance. Non-lawyers on the CCLD litigation team also support the legal hold and
8 eDiscovery processes for the legal matters that impact SoCalGas, SDG&E, and other operating
9 companies.

10 An environmental lawyer within CCLD is available to provide advice and counsel on
11 various matters that may impact SoCalGas, SDG&E, and other Sempra operating
12 companies. CCLD’s environmental lawyers are available to provide services to SoCalGas and
13 SDG&E in the areas of air quality, water quality, waste management, site assessment and
14 mitigation, endangered species protection, and project review under the National Environmental
15 Policy Act and the California Environmental Quality Act.

16 **b. Labor & Employment Law**

17 CCLD labor and employment lawyers provide legal advice and counsel to SoCalGas,
18 SDG&E, and other Sempra operating companies in human resource-related matters, including
19 employee relations, compensation and benefits, discrimination, employee conduct and ethics,
20 and compliance with myriad state and federal laws and regulations applicable to
21 employers. CCLD labor and employment lawyers also support confidential investigations and
22 responses to human relations issues raised on employee calls to the Ethics and Compliance Help
23 Line; represent SoCalGas and SDG&E in relations with unions on matters arising under
24 collective bargaining agreements; and represent all Sempra operating companies, including
25 SoCalGas and SDG&E, in employment-related litigation in state and federal courts, as well as in
26 proceedings before state and federal labor agencies such as Cal/OSHA (California Division of
27 Occupational Safety and Health), the Equal Employment Opportunity Commission, the Office of
28 Federal Contract Compliance, and the National Labor Relations Board.

29 **c. Corporate Compliance**

30 Corporate Compliance provides leadership and partners with staff at all Sempra
31 companies to administer Business Conduct Programs. This includes management and oversight

1 of compliance risk assessment, development and maintenance of Sempra’s Employee Business
 2 Conduct Guidelines, Corporate Code of Conduct, and Supplier Code of Conduct programs,
 3 corporate policy maintenance, records management and retention programs, coordination of
 4 affiliate compliance programs, compliance and ethics education, and communication, including
 5 web-based training. This area also manages the scope, design, development, and implementation
 6 of programs that integrate into existing business systems.

7 These activities contribute to an ethical and legally compliant business culture at Sempra,
 8 where employees are committed to act ethically, and are provided the tools and resources to
 9 comply with all laws and regulations and a productive work environment where ethical and
 10 compliance concerns may be raised without fear of retribution.

11 **d. Legal Operations**

12 A group of non-lawyer professionals provides operational support services to the CCLD
 13 and other Sempra operating company law departments, including SoCalGas and SDG&E. Legal
 14 Operations provides systems and processes for outside counsel retention and management,
 15 budgeting, e-billing, financial reporting, document management, and e-signature. Legal
 16 Operations also manages company-wide subscriptions to various legal news and research
 17 platforms, oversee Sempra’s law firm convergence program, and supports programs and
 18 initiatives to reduce outside legal spend while improving the efficiency and productivity of
 19 lawyers at SoCalGas, SDG&E, and other Sempra operating companies.

20 Allocation of Costs

21 The Deputy General Counsel - Litigation & Compliance costs are allocated using a
 22 weighted average of the distinct allocation methodologies used by each cost center that reports to
 23 it. This allocation methodology is referred to as “VP – Litigation & Compliance.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
VP - Litigation & Compliance	SDG&E	34.9%	33.2%
	SoCalGas	45.9%	47.0%
	Infrastructure / Retained	19.2%	19.8%
		<u>100.0%</u>	<u>100.0%</u>

24
 25 The costs for the Litigation & Environmental Law and Labor & Employment Law cost
 26 centers are allocated using a method that is based on the amount of time spent on operating
 27 company legal matters, invoicing, and legal systems related activities. This method is referred to

1 as “CB – Legal Operations.” Corporate Center costs are reallocated using the Multi-Factor Basic
 2 method.

		Allocation Rates	
		2021	2024
CB - Legal Operations	SDG&E	32.9%	31.0%
	SoCalGas	46.9%	48.0%
	Infrastructure / Retained	20.2%	21.0%
		<u>100.0%</u>	<u>100.0%</u>

3
 4 The Legal Operations and Corporate Compliance cost centers are allocated using the
 5 Multi-Factor Basic method. These functions provide services to all the Sempra companies.

		Allocation Rates	
		2021	2024
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		<u>100.0%</u>	<u>100.0%</u>

6
 7
 8

3. Corporate Law & Governance (C-3)

	(2021 \$ - 000's)			Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided									
C-3.1	1100-0200-DEPUTY GENERAL COUNSEL-CORPORATE LAW AND GOVERNANCE	492	9	502	390	11	400		
C-3.2	1100-0191-CORPORATE LAW	1,550	(71)	1,480	1,175	(6)	1,169		
C-3.3	1100-0150-VP GOVERNANCE & CORPORATE SECRETARY	759	(63)	697	622	(47)	575		
C-3.4	1100-0199-SECURITIES LAW	819	(69)	750	618	(26)	592		
C-3.5	1100-0080-REGULATORY COUNSEL	323	6	329	265	6	271		
C-3.6	1100-0143-CORPORATE GOVERNANCE	788	140	928	550	184	733		
	Total	<u>\$4,733</u>	<u>(\$47)</u>	<u>\$4,686</u>	<u>\$3,620</u>	<u>\$121</u>	<u>\$3,740</u>		
Allocations									
	SDG&E	1,511	14	1,525					Escalated 2024 1,674
	SoCalGas	2,109	107	2,215					2,432
	Total Utility	<u>3,620</u>	<u>121</u>	<u>3,740</u>					<u>\$4,106</u>
	Infrastructure / Retained	1,113	(168)	945					
	Total	<u>\$4,733</u>	<u>(\$47)</u>	<u>\$4,686</u>					

9
 10 As described below, CCLD also comprises lawyers and support staff providing cost-
 11 effective legal support in the areas of Corporate Law, Securities Law, Regulatory Law, and
 12 Corporate Governance. A Deputy General Counsel reports to the Chief Legal Officer and
 13 oversees CCLD lawyers providing these services to Sempra and its operating companies.

14 For purposes of this testimony, certain functions are grouped together as “governance”
 15 because they represent the highest level of leadership of Sempra. The VP of Governance &

1 Corporate Secretary reports to the Board of Directors and Sempra senior management on a broad
2 range of risk and business controls and governance and compliance issues relating to policies,
3 plans, procedures, laws, and regulations.

4 **a. Corporate & Securities Law**

5 The CCLD corporate lawyers are available to provide advice and counsel on certain
6 corporate and finance matters, including infrastructure development, mergers and acquisitions,
7 project finance, securities issuances, corporate governance, investor relations and public
8 disclosures, including SEC matters and other finance-related matters of significance to
9 SoCalGas, SDG&E, and the other Sempra operating companies. Corporate lawyers within
10 CCLD are also available to provide advice and counsel to the Sempra operating companies,
11 including SoCalGas and SDG&E, on various commercial matters. This includes drafting
12 agreements and contracts, periodically reviewing commercial practices and standard form
13 agreements, and representing the Sempra operating companies, including SoCalGas and
14 SDG&E, in commercial negotiations and transactions in the areas of advertising and
15 communications, utility operations, energy efficiency, franchises, gas and electricity supply,
16 general services, intellectual property, technology, licenses, marketing, materials management,
17 joint ventures, Natural Gas Vehicle development, energy law, research, design, and
18 development, rights of way, transmission, underground gas storage, political law, and
19 transactions with women, minority, and disabled veterans business enterprises. Preventive
20 counseling is also provided in the areas of antitrust, legal compliance, and political law.

21 **b. Regulatory Law**

22 A CCLD lawyer provides Regulatory Law counsel on matter that impact Sempra and its
23 operating companies, including SoCalGas and SDG&E.

24 **c. Corporate Governance**

25 The VP of Governance & Corporate Secretary oversees the corporate governance of
26 Sempra and each operating company within Sempra, including SoCalGas, SDG&E, and
27 Infrastructure. Among other things, it supports Boards of Directors of Sempra and of its
28 businesses by coordinating board meetings, providing guidance on board action items, and
29 overseeing the general organizational structure. The area also has primary responsibility for
30 coordinating and overseeing Sempra's annual meeting of shareholders and management of
31 Sempra's subsidiary governance functions.

1 A CCLD corporate lawyer also supervises the formation of new companies, the
 2 preparation of written consents and minutes of meetings, and other general corporate
 3 housekeeping matters on behalf of Sempra and its subsidiaries, including SoCalGas and
 4 SDG&E.

5 Allocation of Costs

6 The Deputy General Counsel – Corporate Law & Governance costs are allocated using a
 7 weighted average of the allocation methodologies used by each cost center that reports to it.
 8 This allocation methodology is referred to as “VP – Legal Ops & Governance.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
VP - Legal Ops & Governance	SDG&E	33.8%	32.5%
	SoCalGas	45.6%	47.3%
	Infrastructure / Retained	20.6%	20.2%
		<u>100.0%</u>	<u>100.0%</u>

9
 10 The costs for the Corporate Law, Securities Law, and Corporate Governance cost centers
 11 are allocated using a method that is based on the amount of time spent on operating company
 12 legal matters, invoicing, and legal systems related activities. This method is the CB – Legal
 13 Operations. Corporate Center costs are reallocated using the Multi-Factor Basic method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Legal Operations	SDG&E	32.9%	31.0%
	SoCalGas	46.9%	48.0%
	Infrastructure / Retained	20.2%	21.0%
		<u>100.0%</u>	<u>100.0%</u>

14
 15 The VP Governance & Corporate Secretary and Regulatory Counsel cost centers are
 16 allocated using the Multi-Factor Basic method. These functions provide services to all the
 17 Sempra companies.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		100.0%	100.0%

4. Board of Directors (C-4)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
Services Provided		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
C-4.1	1100-0004-BOARD OF DIRECTORS	3,581	(29)	3,552	2,802	127	2,929
	Total	<u>\$3,581</u>	<u>(\$29)</u>	<u>\$3,552</u>	<u>\$2,802</u>	<u>\$127</u>	<u>\$2,929</u>
Allocations							Escalated 2024
	SDG&E	1,242	89	1,331			1,399
	SoCalGas	1,560	39	1,599			1,681
	Total Utility	2,802	127	2,929			<u>\$3,080</u>
	Infrastructure / Retained	779	(156)	623			
	Total	<u>\$3,581</u>	<u>(\$29)</u>	<u>\$3,552</u>			

The Sempra Board of Directors is a shareholder-elected body responsible for overseeing the management of the corporation's overall business and affairs.

Allocation of Costs

Due to its overarching function, the Sempra Board of Directors costs are allocated using the Multi-Factor Basic method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		100.0%	100.0%

1 **5. Outside Legal (C-5)**

(2021 \$ - 000's)	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
C-5.1 1100-0145-OUTSIDE LEGAL	33,245	(2,540)	30,705	19,475	(53)	19,421
Total	<u>\$33,245</u>	<u>(\$2,540)</u>	<u>\$30,705</u>	<u>\$19,475</u>	<u>(\$53)</u>	<u>\$19,421</u>
Allocations						Escalated 2024
SDG&E	7,598	1,546	9,144			9,144
SoCalGas	11,877	(1,599)	10,277			10,277
Total Utility	19,475	(53)	19,421			<u>\$19,421</u>
Infrastructure / Retained	13,770	(2,487)	11,283			
Total	<u>\$33,245</u>	<u>(\$2,540)</u>	<u>\$30,705</u>			

2
3 As discussed above, when neither the operating company law department nor CCLD can
4 provide necessary legal services, outside counsel is retained. Typically, this involves matters
5 that require a level of resources or an area of expertise not available within CCLD or the
6 operating company law departments. In selecting outside counsel, CCLD seeks to achieve
7 quality and cost-effectiveness and to increase its use of women- and minority-owned law firms.
8 The retention and oversight of outside legal services are coordinated by CCLD, at the direction
9 of the Chief Legal Officer and Deputy General Counsels, for the operating company law
10 departments, including SoCalGas and SDG&E, and the costs for such outside legal services are
11 directly assigned based on the matter. Legal matters and needed services can vary from year to
12 year. The TY 2024 forecast of outside legal costs, shown in table C-5 above, is based on a trend
13 method that uses recorded expense levels going back five years through the 2021 base year,
14 adjusted for any non-recoverable matters or those considered significant and non-recurring.

15 Allocation of Costs

16 Outside legal fees are directly assigned by matter to the operating company(s) involved.
17 Invoiced costs such as travel, expert witnesses, CPUC, FERC and state or federal court fees,
18 courier services, and other non-professional legal services are also directly assigned. Costs
19 associated with certain corporate matters, not otherwise directly assigned to SoCalGas, SDG&E,
20 or Infrastructure, are allocated using the Multi-Factor Basic method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		<u>100.0%</u>	<u>100.0%</u>

D. External Affairs

Sempra companies conduct business in multiple communities, states, and countries. Corporate Strategy and External Affairs provides overall policy guidance for the Sempra companies' interactions with external constituents, in support of individual business objectives, and to ensure compliance with enterprise-wide objectives, laws, and regulations. The functions and cost forecasts are listed in the following charts and in more detail in this section.

TABLE DC-3D
External Affairs Summary of Costs

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
D-1 Corporate Affairs Officer	4,380	(1,190)	3,190	645	63	708
D-2 Corporate Citizenship	11,202	(1,485)	9,717	551	(166)	385
D-3 Corporate Communications	1,534	210	1,744	745	127	872
D-4 Corporate Sustainability	1,687	49	1,736	1,260	(77)	1,183
D-5 Board Events & Marketing	2,310	483	2,794	1,903	401	2,304
D-6 Federal Government Affairs	3,409	923	4,332	182	(26)	156
Total	<u>\$24,522</u>	<u>(\$1,010)</u>	<u>\$23,513</u>	<u>\$5,286</u>	<u>\$322</u>	<u>\$5,608</u>
Allocations						Escalated 2024
SDG&E	2,331	217	2,547			2,800
SoCalGas	2,955	105	3,060			3,357
Total Utility	<u>5,286</u>	<u>322</u>	<u>5,608</u>			<u>\$6,156</u>
Infrastructure / Retained	19,236	(1,331)	17,905			
Total	<u>\$24,522</u>	<u>(\$1,010)</u>	<u>\$23,513</u>			

The costs for Corporate Strategy and External Affairs that are assigned to SoCalGas and SDG&E are forecast to increase by \$0.3 million from BY 2021 to TY 2024. This is primarily due to a slight increase in overall reporting, consulting, and travel costs.

1. SVP Corporate Affairs (D-1)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
D-1.1	1100-0101-SVP CORPORATE AFFAIRS	4,380	(1,190)	3,190	645	63	708
	Total	<u>\$4,380</u>	<u>(\$1,190)</u>	<u>\$3,190</u>	<u>\$645</u>	<u>\$63</u>	<u>\$708</u>
Allocations							Escalated 2024
	SDG&E	281	41	322			346
	SoCalGas	364	22	386			415
	Total Utility	645	63	708			<u>\$761</u>
	Infrastructure / Retained	3,735	(1,253)	2,482			
	Total	<u>\$4,380</u>	<u>(\$1,190)</u>	<u>\$3,190</u>			

The SVP of Corporate Affairs oversees the entire division that provides corporate citizenship, corporate communications, corporate sustainability, board events and marketing, and governmental affairs services and guidance to Corporate Center and all the operating companies.

Allocation of Costs

Because of the diversity of allocation methods used by the various functions, a weighted average of the allocation methodologies used by each department reporting to the SVP of Corporate Affairs was developed. This allocation method is referred to as “SVP – Corporate Affairs.”

		Allocation Rates	
		2021	2024
SVP - Corporate Affairs	SDG&E	30.7%	27.2%
	SoCalGas	35.0%	32.7%
	Infrastructure / Retained	34.3%	40.1%
		<u>100.0%</u>	<u>100.0%</u>

2. Corporate Citizenship (D-2)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
D-2.1	1100-0079-CORPORATE CITIZENSHIP	753	345	1,098	425	(40)	385
D-2.2	1100-0155-CORPORATE GIVING AND MEMBERSHIPS	246	(246)	-	126	(126)	-
D-2.3	1100-0151-CORPORATE POLITICAL CONTRIBUTIONS	53	67	119	-	-	-
D-2.4	1100-0156-CONTRIBUTIONS & MEMBERSHIPS	10,150	(1,650)	8,500	-	-	-
	Total	<u>\$11,202</u>	<u>(\$1,485)</u>	<u>\$9,717</u>	<u>\$551</u>	<u>(\$166)</u>	<u>\$385</u>
Allocations							Escalated 2024
	SDG&E	235	(60)	175			240
	SoCalGas	316	(106)	210			281
	Total Utility	551	(166)	385			<u>\$521</u>
	Infrastructure / Retained	10,651	(1,319)	9,332			
	Total	<u>\$11,202</u>	<u>(\$1,485)</u>	<u>\$9,717</u>			

1 The Corporate Citizenship department develops, implements, and manages corporate
2 policies and programs for charitable contributions and corporate memberships, prioritizing
3 investments in climate action, diversity and inclusion, and economic empowerment and
4 prosperity. This includes managing corporate involvement in business and civic associations,
5 educational institutions, and other non-profit organizations, as well as coordinating
6 companywide volunteer efforts, executive and employee placement on nonprofit boards, due
7 diligence processes and compliance, and impact measurement across the operating companies.

8 This group manages the Sempra Foundation, which funds community initiatives and
9 programs in the areas of energy poverty and energy access, disaster relief, and a companywide
10 program that provides matching funds for employees who make financial contributions or donate
11 time to any 501(c)(3) nonprofit charitable organization, school, or educational institution. All
12 the contributions and memberships costs are retained.

13 This department also has responsibility for management oversight and training related to
14 external engagement, including conflicts of interest, lobbying and political engagement, human
15 rights, and stakeholder engagement. The team manages political and PAC-related contributions,
16 from due diligence to public reporting, managing the corporate political contributions budget and
17 the operation of the Sempra Employees' Political Action Committee (PAC). All due diligence,
18 management, and oversight of political contributions, political compliance training, lobbying and
19 gift reporting resides in Corporate Citizenship along with political and PAC lobbying and
20 contributions reporting with external agencies, including but not limited to, the Federal Election
21 Commission and California Fair Political Practices Commission. These program costs are all
22 retained.

23 Allocation of Costs

24 Corporate Citizenship supports activities across all the operating companies, but also has
25 a component that is related directly to the PAC and political reporting. For that reason, the
26 department allocation method starts with the Multi-Factor Basic as a basis and then reduces the
27 percentages to exclude a portion attributed to estimated time spent on political activities. This
28 blended method is known as "CB – Corporate Citizenship."

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Corporate Citizenship	SDG&E	32.3%	15.9%
	SoCalGas	36.7%	19.1%
	Infrastructure / Retained	31.0%	65.0%
		<u>100.0%</u>	<u>100.0%</u>

3. Corporate Communications (D-3)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
D-3.1	1100-0169-CORPORATE COMMUNICATIONS	1,534	210	1,744	745	127	872
	Total	<u>\$1,534</u>	<u>\$210</u>	<u>\$1,744</u>	<u>\$745</u>	<u>\$127</u>	<u>\$872</u>
Allocations							Escalated 2024
	SDG&E	332	64	396			427
	SoCalGas	413	63	476			513
	Total Utility	745	127	872			<u>\$939</u>
	Infrastructure / Retained	789	83	872			
	Total	<u>\$1,534</u>	<u>\$210</u>	<u>\$1,744</u>			

The Corporate Communications department oversees both external and internal communications for Sempra, including media-related activities, earnings announcements, and major business announcements, which communicate critical information to investors, customers, employees and other stakeholders about the financial health and strategy of Sempra and its operating companies. The department is also responsible for employee communications, executive communications, philanthropic announcements, and social media and website content. Corporate Communications also supports certain communications for the operating companies.

Allocation of Costs

Services provided by Corporate Communications may be on behalf of executives and/or issues for Sempra, the Utilities, or Infrastructure operating companies. Therefore, it is appropriate to use a Multi-Factor Split method that divides costs equally between them.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Split	SDG&E	23.4%	22.7%
	SoCalGas	26.6%	27.3%
	Infrastructure / Retained	50.0%	50.0%
		<u>100.0%</u>	<u>100.0%</u>

1 **4. Corporate Sustainability (D-4)**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
D-4.1 1100-0215-VP SUSTAINABILITY	401	(16)	385	329	(11)	318
D-4.2 1100-0157-CORPORATE SUSTAINABILITY	1,286	65	1,351	931	(66)	865
Total	\$1,687	\$49	\$1,736	\$1,260	(\$77)	\$1,183
Allocations						Escalated 2024
SDG&E	560	(22)	537			585
SoCalGas	701	(55)	646			703
Total Utility	1,260	(77)	1,183			\$1,287
Infrastructure / Retained	427	126	553			
Total	\$1,687	\$49	\$1,736			

2
3 The Corporate Sustainability department supports Sempra’s overall Environmental,
4 Social and Governance (ESG) strategy, including the collection of data across Sempra and its
5 operating companies, the tracking and monitoring of key objectives relevant to our overall
6 strategy, goal setting, and managing the process related to submittals for key ESG ratings,
7 rankings, and awards. Additionally, it is responsible for creating the annual Corporate
8 Sustainability report for Sempra, inclusive of data and strategy from its operating companies,
9 including SoCalGas and SDG&E.

10 Allocation of Costs

11 Corporate Sustainability supports activities across all the operating companies.
12 Therefore, costs are allocated using the Multi-Factor Basic method.

		Allocation Rates	
		2021	2024
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		100.0%	100.0%

1 **5. Board Events & Marketing (D-5)**

(2021 \$ - 000's)		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
D-5.1	1100-0126-BOARD/EXECUTIVE EVENTS	621	114	736	508	98	607
D-5.2	1100-0168-BRANDING & MARKETING	926	382	1,308	769	309	1,078
D-5.3	1100-0378-ANNUAL REPORT	763	(13)	750	626	(7)	618
Total		<u>\$2,310</u>	<u>\$483</u>	<u>\$2,794</u>	<u>\$1,903</u>	<u>\$401</u>	<u>\$2,304</u>
Allocations							Escalated 2024
	SDG&E	842	204	1,046			1,125
	SoCalGas	1,061	196	1,257			1,351
	Total Utility	<u>1,903</u>	<u>401</u>	<u>2,304</u>			<u>\$2,476</u>
	Infrastructure / Retained	<u>408</u>	<u>82</u>	<u>490</u>			
	Total	<u>\$2,310</u>	<u>\$483</u>	<u>\$2,794</u>			

2
3 This department is responsible for advancing Sempra’s corporate brand and marketing
4 initiatives, as well as planning and managing executive projects, programs, and events. It
5 develops, implements, coordinates, and manages overarching corporate standards and guidelines
6 for the internet/intranet, brand and identity usage and protection, images, video, and other public
7 information. These activities include providing guidance to the Utilities and other operating
8 companies on web design and architecture (consistent with the corporate website), as well as
9 management of the corporate identity to prevent copyright infringement, brand confusion, and
10 unauthorized usage of the Sempra, utility, operating company, or subsidiary brands for
11 commercial purposes. Additionally, this department leads corporate marketing campaigns,
12 develops websites, produces videos and graphics, manages brand tools, provides executive level
13 event and meeting planning, and executes related strategic projects. This department also
14 publishes the Corporate Annual Report, Proxy Report, and Sustainability Report and provides
15 support for employee communications.

16 Allocation of Costs

17 The activities for these groups support all the Sempra operating companies. As a result,
18 all these costs are allocated using the Multi-Factor Basic method.

		Allocation Rates	
		2021	2024
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		<u>100.0%</u>	<u>100.0%</u>

6. Federal Government Affairs (D-6)

(2021 \$ - 000's)		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided							
D-6.1	1100-0379-VP FEDERAL GOVERNMENTAL AFFAIRS	485	0	486	-	-	-
D-6.2	1100-0152-FEDERAL GOVERNMENT AFFAIRS	2,559	974	3,534	-	-	-
D-6.3	1100-0163-FERC RELATIONS	365	(52)	313	182	(26)	156
	Total	<u>\$3,409</u>	<u>\$923</u>	<u>\$4,332</u>	<u>\$182</u>	<u>(\$26)</u>	<u>\$156</u>
Allocations							
	SDG&E	81	(10)	71			Escalated 2024 78
	SoCalGas	101	(16)	85			94
	Total Utility	<u>182</u>	<u>(26)</u>	<u>156</u>			<u>\$172</u>
	Infrastructure / Retained	3,227	949	4,175			
	Total	<u>\$3,409</u>	<u>\$923</u>	<u>\$4,332</u>			

The Governmental Affairs department is responsible for management of federal legislation and advocacy. The department represents Sempra and its operating companies on all federal legislative issues that have the potential to directly impact the Sempra companies. The Federal Government Affairs department’s activity predominantly involves lobbying activities and, as such, the costs are fully retained at the Corporate Center.

The FERC Relations department has responsibility for the management of federal regulations and governmental advocacy. FERC Relations represents Sempra and its operating companies, including SoCalGas and SDG&E, on all federal regulatory issues that have the potential to directly impact the Sempra companies. This group works with governmental staff and officials to resolve issues, tracks federal regulatory proceedings, and addresses and seeks changes to regulations applicable to operating companies.

Allocation of Costs

Federal Government Affairs is mainly a lobbying activity, so costs are 100% retained at the Corporate Center, as are any political contributions.

FERC Relations is allocated using the Multi-Factor Split method to evenly divide the benefits between the Utilities and Infrastructure.

		Allocation Rates	
		2021	2024
Multi-Factor Split	SDG&E	23.4%	22.7%
	SoCalGas	26.6%	27.3%
	Infrastructure / Retained	50.0%	50.0%
		<u>100.0%</u>	<u>100.0%</u>

E. Executive

The Executive department consists of the Chairman, President, and Chief Executive Officer (CEO) of Sempra, as well as the Sempra Group President. These executives provide high-level leadership and governance to the operations and finances of all Sempra companies. Also included are some miscellaneous costs associated with retired executives and the fractional share ownership in the corporate aircraft. None of the costs associated with the Executive department are allocated to the Utilities. They are all retained at Corporate Center.

**TABLE DC-3E
Executive Summary of Costs**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided						
E-1 CEO	2,012	95	2,107	-	-	-
E-2 Group President	934	61	996	-	-	-
E-3 Other Executive Costs	4,494	(1,178)	3,317	-	-	-
Total	\$7,441	(\$1,021)	\$6,419	-	-	-
Allocations						Escalated 2024
SDG&E	-	-	-			-
SoCalGas	-	-	-			-
Total Utility	-	-	-			-
Infrastructure / Retained	7,441	(1,021)	6,419			
Total	\$7,441	(\$1,021)	\$6,419			

F. Facilities and Assets

For purposes of this testimony, certain cost centers are grouped together as they relate to the physical environment and tools used in the conduct of corporate shared services. This includes the depreciation expense of corporate capital assets and annual property taxes paid on them.

TABLE DC-3F
Facilities and Assets Summary of Costs

(2021 \$ - 000's)	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
F-1 Depreciation & Amortization	9,895	(3,057)	6,838	6,589	(2,167)	4,422
F-2 Property Taxes	3,087	246	3,333	1,910	160	2,070
F-3 Other Facilities and Assets	17,954	(63)	17,891	11,247	(11)	11,236
Total	<u>\$30,937</u>	<u>(\$2,875)</u>	<u>\$28,061</u>	<u>\$19,747</u>	<u>(\$2,018)</u>	<u>\$17,728</u>
Allocations						Escalated 2024
SDG&E	10,497	(1,010)	9,487			9,547
SoCalGas	9,250	(1,008)	8,241			8,288
Total Utility	<u>19,747</u>	<u>(2,018)</u>	<u>17,728</u>			<u>\$17,835</u>
Infrastructure / Retained	11,190	(857)	10,333			
Total	<u>\$30,937</u>	<u>(\$2,875)</u>	<u>\$28,061</u>			

The costs for Facilities and Assets assigned to SoCalGas and SDG&E are forecast to decrease by \$2.0 million from BY 2021 to TY 2024. The primary factors for the decrease are attributable to:

\$ - millions

(2.2) Lower depreciation & ROR, primarily due to the transfer of HR IT assets to the Utilities

0.2 Higher property taxes

\$ (2.0)

1. Depreciation/Rate of Return (F-1)

(2021 \$ - 000's)	Corporate Center			Utility Allocations		
	Base Year	2021-2024	Forecast	Base Year	2021-2024	Forecast
	2021	Incr/(Decr)	2024	2021	Incr/(Decr)	2024
Services Provided						
F-1.1 1100-0248-DEPRECIATION & AMORTIZATION	9,895	(3,057)	6,838	6,589	(2,167)	4,422
Total	<u>\$9,895</u>	<u>(\$3,057)</u>	<u>\$6,838</u>	<u>\$6,589</u>	<u>(\$2,167)</u>	<u>\$4,422</u>
Allocations						Escalated 2024
SDG&E	3,213	(1,173)	2,040			2,040
SoCalGas	3,377	(994)	2,382			2,382
Total Utility	<u>6,589</u>	<u>(2,167)</u>	<u>4,422</u>			<u>\$4,422</u>
Infrastructure / Retained	3,306	(890)	2,415			
Total	<u>\$9,895</u>	<u>(\$3,057)</u>	<u>\$6,838</u>			

Corporate Center assets primarily comprise the Sempra headquarters building leasehold improvements, furniture, voice, data, and other desktop equipment, application software, and enterprise-wide information systems software and hardware, managed by Corporate Center employees. These assets are depreciated based on their asset class and/or expected life, resulting

1 in expense to the Corporate Center. Also included is an asset carrying charge, or ROR, on the
2 assets' net book value (NBV). The Corporate Center assesses ROR on its assets to earn a return
3 on them, in the same way SoCalGas and SDG&E earn a return on their rate base. Depreciation
4 and ROR are both allocated to SoCalGas, SDG&E, and Infrastructure using Causal/Beneficial
5 allocation methods on each asset type.

6 Total Depreciation and ROR expense applicable to the Utilities is forecast to decrease by
7 \$2,167,000 from 2021 to 2024, primarily due to the transfer of Human Resources information
8 technology projects in early 2021 to SoCalGas and SDG&E.

9 Depreciation & Asset Carrying Charge Policies

10 Sempra utilizes the straight-line method in computing depreciation. All calculations
11 adhere to the "following month convention." Hence, any assets capitalized or placed in service
12 the current month will start being depreciated the following month.

13 Sempra's assets have various lives depending on expected life. For example, standard
14 computer hardware is depreciated over five years and leasehold improvements are depreciated
15 over twenty-five years.

16 NBV is the total acquisition cost less total accumulated depreciation for any asset. The
17 Corporate Center asset base is the sum of the NBVs of all its fixed assets. As new capital
18 additions are placed into service, the NBV increases, generating new ROR in addition to new
19 depreciation expense. If capital additions are low or none are forecast, the expense will decrease
20 as NBVs decline.

21 ROR is calculated by applying the asset carrying charge rate to the average monthly asset
22 balance (average of monthly beginning and ending asset balances), less associated deferred
23 income taxes.⁵

24 **a. Corporate Center Assets – Headquarters**

25 This category includes building leasehold improvements, furniture, and equipment used
26 by Corporate Center employees and other occupants of the HQ facilities, located at 488 Eighth
27 Avenue in San Diego. Specific assets in this category are primarily leasehold improvements,
28 including electrical, mechanical and safety, carpeting, security systems, and cafeteria and
29 restroom facilities. Also included are office furniture, movable cubicle dividers, conference and

5 The asset carrying charge rates charged to SoCalGas and SDG&E are based on a 7.30% rate of return for SoCalGas and a 7.55% rate of return for SDG&E, as set forth in D.19-12-056.

1 storage equipment, lighting, and other fixtures. Total NBV on January 1, 2024, is forecast to be
 2 \$10.2 million.

3 Allocation of Costs

4 This category of assets is allocated first to the operating companies based on their direct
 5 occupancy of the various facilities, with the remaining Corporate Center share being allocated
 6 primarily using the Multi-Factor Basic method. The overall method is referred to as “CB – HQ.”

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - HQ	SDG&E	35.7%	35.0%
	SoCalGas	26.4%	27.1%
	Infrastructure / Retained	37.9%	37.9%
		<u>100.0%</u>	<u>100.0%</u>

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		<u>100.0%</u>	<u>100.0%</u>

7
 8
 9 **b. Corporate Center Assets – Hardware & Software**

10 Hardware in this category consists primarily of servers. Software consists of desktop and
 11 server applications, including various information systems that have been constructed to support
 12 Corporate Center functions. This includes HFM, Workiva document management, and the
 13 Corporate Security system. Total NBV on January 1, 2024, is forecast at \$2.1 million.

14 Allocation of Costs

15 This category is allocated by various methods, including by direct allocation, depending
 16 on the system. The methods are generally based on the number of users, or in the case of HFM,
 17 by the number of employees per operating company served by the system. Corporate Center use
 18 is reallocated by the Multi-Factor method. The rates for these types of allocation methods are as
 19 follows:

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Hyperion	SDG&E	31.4%	31.0%
	SoCalGas	27.1%	26.2%
	Global / Retained	<u>41.5%</u>	<u>42.8%</u>
		100.0%	100.0%

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - Security System	SDG&E	52.6%	50.5%
	SoCalGas	44.6%	46.2%
	Global / Retained	<u>2.7%</u>	<u>3.3%</u>
		100.0%	100.0%

c. Corporate Center Assets – Other Equipment

This category includes all other equipment, vehicles and miscellaneous assets used by Corporate Center employees and other occupants of the Headquarters facilities. Total NBV on January 1, 2024, is forecast at \$1.2 million.

Allocation of Costs

The depreciation for Other Equipment assets is allocated primarily using the Multi-Factor Basic method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		100.0%	100.0%

d. Corporate Center Assets – Retained

This category includes other assets for which depreciation and ROR expense is not allocated to the operating companies. The major asset within this category is a fractional share ownership of a corporate aircraft. All expenses, including the depreciation of the aircraft, are retained, and not allocated to the operating companies. Also in this category is artwork used for interior and common area decor, although no depreciation or asset carrying charge is generated on artwork. This category was created to make sure depreciation and ROR for these assets is

1 tracked, but not included in ratemaking. Total NBV on January 1, 2024, is forecast at \$4.0
 2 million.

3 Allocation of Costs

4 As described above, all depreciation and ROR for these assets is 100% retained at the
 5 Corporate Center.

6 **2. Property Taxes (F-2)**

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
<u>Services Provided</u>							
F-2.1	1100-0311-PROPERTY TAXES	3,087	246	3,333	1,910	160	2,070
	Total	<u>\$3,087</u>	<u>\$246</u>	<u>\$3,333</u>	<u>\$1,910</u>	<u>\$160</u>	<u>\$2,070</u>
<u>Allocations</u>							Escalated 2024
	SDG&E	1,066	101	1,167			1,227
	SoCalGas	844	59	903			950
	Total Utility	1,910	160	2,070			<u>\$2,177</u>
	Infrastructure / Retained	1,177	86	1,262			
	Total	<u>\$3,087</u>	<u>\$246</u>	<u>\$3,333</u>			

7
 8 Property tax expense is paid at Corporate Center only for property owned by the Sempra
 9 parent, not for any operating company assets. This property generally includes Sempra
 10 headquarters leasehold improvements and office equipment, and the forecast is estimated by Tax
 11 Services based on the expected changes in NBV and escalation.

12 Allocation of Costs

13 Property taxes on hardware assets that support Corporate Center functions or have
 14 enterprise-wide use are allocated using the Multi-Factor Basic method. Taxes on leasehold
 15 improvements for the HQ building are allocated based on business unit occupancy, using the
 16 same method as its Depreciation.

		Allocation Rates	
		2021	2024
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	17.6%	17.5%
		<u>100.0%</u>	<u>100.0%</u>

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - HQ	SDG&E	35.7%	35.0%
	SoCalGas	26.4%	27.1%
	Infrastructure / Retained	37.9%	37.9%
		<u>100.0%</u>	<u>100.0%</u>

3. Other Facilities and Assets (F-3)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
Services Provided		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
F-3.1	1100-0032-HQ RENT EXPENSE & OTHER EXPENSE	17,371	(77)	17,294	10,768	(24)	10,744
F-3.2	1100-0280 IT HELP DESK - CORPORATE	584	13	597	479	13	492
	Total	<u>\$17,954</u>	<u>(\$63)</u>	<u>\$17,891</u>	<u>\$11,247</u>	<u>(\$11)</u>	<u>\$11,236</u>
Allocations							Escalated 2024
	SDG&E	6,218	62	6,280			6,280
	SoCalGas	5,029	(73)	4,956			4,956
	Total Utility	11,247	(11)	11,236			<u>\$11,236</u>
	Infrastructure / Retained	6,707	(52)	6,655			
	Total	<u>\$17,954</u>	<u>(\$63)</u>	<u>\$17,891</u>			

Other Facilities and Assets represent various costs such as rent and maintenance expense at headquarters and the Corporate IT Help Desk.

Sempra pays annual rent expense on its Headquarters building and has ongoing facilities-related maintenance expenses. The Corporate IT Desk provides IT help desk management services, assists with any personnel moves, and tracks computer devices and licenses.

Allocation of Costs

HQ rent and maintenance expense for the Headquarters building is allocated based on operating company occupancy, which uses the same method as Depreciation. The Corporate IT Help Desk supports Corporate Center functions that have enterprise-wide use and are thus allocated using the Multi-Factor Basic method.

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
CB - HQ	SDG&E	35.7%	35.0%
	SoCalGas	26.4%	27.1%
	Infrastructure / Retained	37.9%	37.9%
		<u>100.0%</u>	<u>100.0%</u>

		Allocation Rates	
		<u>2021</u>	<u>2024</u>
Multi-Factor Basic	SDG&E	38.5%	37.5%
	SoCalGas	43.9%	45.0%
	Infrastructure / Retained	<u>17.6%</u>	<u>17.5%</u>
		100.0%	100.0%

G. Pension & Benefits

Pension & Benefits (P&B) costs are allocated using average rates representing such costs as a percentage of direct labor dollars. The resulting costs are referred to as “labor overheads,” which then can be allocated in the same manner as the direct labor in each cost center. For purposes of this testimony, the labor overheads were removed from the operational cost centers presented in sections IV.A through IV.E and consolidated as depicted below, in Table DC-3G. In addition to pension and other post-retirement benefits and payroll taxes, ICP, Long-Term Incentive Plan (LTIP), and the Supplemental Executive Retirement Plan (SERP) costs are included in this group of costs. Please see the Direct Testimony of Peter Andersen (Ex. SCG-26/SDG&E-30) for more information on Pensions and Post-Retirement Benefits other than Pensions.

**TABLE DC-3G
Pension & Benefits Summary of Costs**

<i>(2021 \$ - 000's)</i>	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided						
G-1 Employee Benefits	10,268	691	10,958	6,629	202	6,832
G-2 Payroll Taxes	4,908	754	5,662	3,202	394	3,596
G-3 Incentive Compensation	15,676	881	16,557	8,665	89	8,754
G-4 Long-Term Incentives	39,886	5,844	45,730	8,400	(8,400)	-
G-5 Supplemental Retirement	18,611	(8,371)	10,240	2,436	(2,436)	-
Total	<u>\$89,349</u>	<u>(\$202)</u>	<u>\$89,147</u>	<u>\$29,333</u>	<u>(\$10,152)</u>	<u>\$19,181</u>
Allocations						Escalated 2024
SDG&E	13,345	(4,448)	8,897			9,823
SoCalGas	15,988	(5,704)	10,284			11,356
Total Utility	<u>29,333</u>	<u>(10,152)</u>	<u>19,181</u>			<u>\$21,179</u>
Infrastructure / Retained	60,016	9,950	69,966			
Total	<u>\$89,349</u>	<u>(\$202)</u>	<u>\$89,147</u>			

The forecasted requested costs for P&B assigned to SoCalGas and SDG&E in TY 2024 is \$10.2 million lower than adjusted-recorded costs in BY 2021. The decreases are primarily

1 related to Sempra voluntarily excluding from its 2024 forecast all the long-term incentive and
 2 supplemental retirement costs allocated to SoCalGas and SDG&E.

\$ - millions

(10.8) Voluntarily excluding long-term compensation and supplemental compensation costs

0.6 Higher employee benefits costs and payroll taxes

\$ (10.2)

1. Employee Benefits (G-1)

(2021 \$ - 000's)	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
Services Provided						
G-1.1 1100-0802-P&B OVERHEAD	10,142	616	10,758	6,629	202	6,832
G-1.2 1100-0370-LIFE INSURANCE	126	74	200	-	-	-
Total	<u>\$10,268</u>	<u>\$691</u>	<u>\$10,958</u>	<u>\$6,629</u>	<u>\$202</u>	<u>\$6,832</u>
Allocations						Escalated 2024
SDG&E	3,012	165	3,178			3,509
SoCalGas	3,617	37	3,654			4,035
Total Utility	<u>6,629</u>	<u>202</u>	<u>6,832</u>			<u>\$7,543</u>
Infrastructure / Retained	3,639	488	4,127			
Total	<u>\$10,268</u>	<u>\$691</u>	<u>\$10,958</u>			

6
 7
 8 This category contains all health and welfare plans available to Corporate Center
 9 employees. The primary benefits included are pension, medical, dental, disability, life insurance,
 10 and retirement savings plan, as well as other post-retirement benefit costs. The choice of plans,
 11 coverage levels, and company contributions are consistent with benefits offered to the Utility
 12 employees. The forecast is applied as an overhead rate to all direct labor. See a description of
 13 employee benefit assumptions in the Direct Testimony of Debbie Robinson (Ex. SCG-
 14 25/SDG&E-29) and a discussion of pension costs in the Direct Testimony of Peter Andersen
 15 (Ex. SCG-26/SDG&E-30).
 16

1 **2. Payroll Taxes (G-2)**

Services Provided	(2021 \$ - 000's)					
	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
G-2.1 1100-0803-PAYROLL TAX	4,908	754	5,662	3,202	394	3,596
Total	<u>\$4,908</u>	<u>\$754</u>	<u>\$5,662</u>	<u>\$3,202</u>	<u>\$394</u>	<u>\$3,596</u>
						Escalated 2024
Allocations						
SDG&E	1,458	214	1,673			1,847
SoCalGas	1,744	179	1,923			2,124
Total Utility	3,202	394	3,596			<u>\$3,970</u>
Infrastructure / Retained	1,707	360	2,067			
Total	<u>\$4,908</u>	<u>\$754</u>	<u>\$5,662</u>			

2
3 At Sempra, payroll tax expense is applied as an overhead rate to all direct labor. The
4 composite overhead rate for payroll taxes used in 2021 was 4.04%. In 2024, the rate is
5 forecasted at 4.05%. No changes to the Social Security and Medicare (*i.e.*, Federal Insurance
6 Contributions Act (FICA)), or the federal unemployment tax rates are expected for 2024. State
7 unemployment is expected to decrease from 2021 to 2024. In 2021, the wage limit for the Old-
8 Age, Survivors, and Disability Insurance (OASDI) portion⁶ of the FICA tax was \$142,800; in
9 2024, the limit is projected to be \$162,900.

10 **3. Incentive Compensation (G-3)**

Services Provided	(2021 \$ - 000's)					
	Corporate Center			Utility Allocations		
	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
G-3.1 1100-0800-EXECUTIVE ICP	6,033	312	6,345	2,011	(226)	1,785
G-3.2 1100-0801-ICP OVERHEAD	9,643	569	10,212	6,655	315	6,969
Total	<u>\$15,676</u>	<u>\$881</u>	<u>\$16,557</u>	<u>\$8,665</u>	<u>\$89</u>	<u>\$8,754</u>
						Escalated 2024
Allocations						
SDG&E	3,941	105	4,047			4,468
SoCalGas	4,724	(17)	4,707			5,198
Total Utility	8,665	89	8,754			<u>\$9,665</u>
Infrastructure / Retained	7,010	793	7,803			
Total	<u>\$15,676</u>	<u>\$881</u>	<u>\$16,557</u>			

11
12 Variable pay plans have been a part of Sempra's total compensation strategy since its
13 inception. The variable pay plans are commonly referred to as ICP. The ICP places a portion of
14 employee compensation at-risk, subject to achievement of the plan's performance measures,
15 motivating employees to meet or exceed important financial and project completion goals.

⁶ The Hospital Insurance or Medicare portion of the FICA tax does not have a wage limit.

Corporate Center’s ICP costs are included for all eligible employees, based on expected overall performance results. The request is for ICP based on an average of the last five years of actual ICP payouts. This is consistent with the Total Compensation structure used at SoCalGas and SDG&E, as described in the Direct Testimony of Debbie Robinson (Ex. SCG-25/SDG&E-29).

4. Long-Term Compensation (G-4)

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations			Escalated 2024
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	
<u>Services Provided</u>								
G-4.1	1100-0805-LTIP	34,302	2,714	37,016	7,847	(7,847)	-	
G-4.2	1100-0811-STOCK OPTIONS	4,415	360	4,775	548	(548)	-	
G-4.3	1100-0806-LIFE INSURANCE	1,169	2,770	3,938	6	(6)	-	
	Total	<u>\$39,886</u>	<u>\$5,844</u>	<u>\$45,730</u>	<u>\$8,400</u>	<u>(\$8,400)</u>	-	
<u>Allocations</u>								
	SDG&E	3,770	(3,770)	-			-	
	SoCalGas	4,630	(4,630)	-			-	
	Total Utility	<u>8,400</u>	<u>(8,400)</u>	-			-	
	Infrastructure / Retained	31,485	14,245	45,730				
	Total	<u>\$39,886</u>	<u>\$5,844</u>	<u>\$45,730</u>				

Long-term incentives are an integral component of a competitive compensation program for key management and executive employees. They are critical to the attraction, motivation, and retention of a skilled, experienced leadership team. Long-term incentives awards are granted under the Sempra LTIP, in the form of performance-based restricted stock units and service-based restricted stock units. The costs are based on the accounting expense incurred for awards issued to Corporate Center employees. The LTIP is consistent with the Total Compensation structure used at SoCalGas and SDG&E, as described in the Direct Testimony of Debbie Robinson (Ex. SCG-25/SDG&E-29). Sempra has voluntarily excluded from its 2024 forecast all the long-term incentive compensation costs allocated to SoCalGas and SDG&E.

1 **5. Supplemental Compensation (G-5)**

<i>(2021 \$ - 000's)</i>		Corporate Center			Utility Allocations		
		Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024	Base Year 2021	2021-2024 Incr/(Decr)	Forecast 2024
<u>Services Provided</u>							
G-5.1	1100-0804-SERP	18,611	(8,371)	10,240	2,436	(2,436)	-
	Total	<u>\$18,611</u>	<u>(\$8,371)</u>	<u>\$10,240</u>	<u>\$2,436</u>	<u>(\$2,436)</u>	-
<u>Allocations</u>							Escalated 2024
	SDG&E	1,163	(1,163)	-			-
	SoCalGas	1,273	(1,273)	-			-
	Total Utility	2,436	(2,436)	-			-
	Infrastructure / Retained	16,175	(5,935)	10,240			
	Total	<u>\$18,611</u>	<u>(\$8,371)</u>	<u>\$10,240</u>			

2
3 SERP benefits form an important component of the total reward package for key
4 managers, directors, attorneys, and executives. These plans are a key component of a
5 competitive compensation and benefits package to attract and retain leadership talent. Cost
6 forecasts represent the projected benefit accruals for executives eligible for SERP by 2024. This
7 Plan is consistent with the SERP at SoCalGas and SDG&E, as described in the Direct Testimony
8 of Debbie Robinson (Ex. SCG-25/SDG&E-29).

9 Allocation of Pension and Benefits Costs

10 The benefits and compensation plan totals in this section are a compilation of labor
11 loaders and benefit accruals, which retain the allocation nature of the original labor dollars by
12 which they were generated. The allocation of direct labor and non-labor costs has been covered
13 for each functional area in sections IV.A through IV.F. None of the benefit costs associated with
14 the Sempra Chairman, President and CEO or Group President are allocated to SoCalGas and
15 SDG&E, consistent with how labor and other costs for those positions are handled. Sempra has
16 voluntarily excluded from its 2024 forecast all the supplemental compensation costs allocated to
17 SoCalGas and SDG&E.

18 **V. CONCLUSION**

19 The Corporate Center services described in this testimony complete the scope of
20 functions that would be essential to any large-scale public utility (apart from Corporate Insurance
21 which is separately addressed in the Direct Testimony of Dennis Gaughan (Ex. SCG-
22 24/SDG&E-28)). Through the centralized Corporate Center, Sempra delivers efficient service
23 and professional oversight to its operating companies, using fair allocation policies. SoCalGas
24 and SDG&E benefit from this approach by avoiding the need for staffing duplicative functions in

1 their own organizations and by sharing the costs with other Sempra affiliates. Overall, about
 2 46% of Corporate Center’s total forecasted costs are being requested in this GRC.

3 Following is a summary of all forecast allocations to SoCalGas and SDG&E, on an
 4 escalated basis, which I believe is fair and reasonable. The Summary of Earnings Direct
 5 Testimony of Ryan Hom (Ex. SCG-39/SDG&E-44) show these allocations as non-standard
 6 charges under A&G Combined (Non-Shared Services).

7

<i>(Escalated \$ - 000's)</i>		Test Year 2024 Utility Allocations		
<u>Services Provided</u>		<u>SDG&E</u>	<u>So Cal Gas</u>	<u>Total Utilities</u>
A	Finance	\$ 22,083	\$ 21,463	\$ 43,546
B	Human Resources and Administration	6,332	8,845	15,177
C	Legal, Compliance, and Governance	15,183	18,409	33,592
D	External Affairs	2,800	3,357	6,156
E	Executive	-	-	-
F	Facilities and Assets	9,547	8,288	17,835
G	Pension and Benefits	9,823	11,356	21,179
Total		\$ 65,768	\$ 71,717	\$ 137,485
 Services by FERC Account				
F923.1	Outside Services Employed	63,728	69,335	133,063
F923.4	Depreciation & ROR	2,040	2,382	4,422
Total		\$ 65,768	\$ 71,717	\$ 137,485

8
 9
 10
 11 This concludes my prepared direct testimony.
 12
 13

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Derick R. Cooper. My business address is 488 8th Avenue, San Diego,
3 California, 92101. My current position is Corporate Center Business Planning Manager for
4 Sempra. My present responsibilities include managing the entire planning and budgeting
5 processes for all Corporate Center. I received my Bachelor of Science Degree in Business
6 Administration from Oregon State University in 1991. Subsequently, I received my Master of
7 Business Administration in Finance and International Business from American University in
8 1999, and then I received my Master of Science in Accountancy and Taxation from San Diego
9 State University in 2010.

10 From 1992 to 1999, I worked for the Federal Government in the Peace Corps and the
11 Census Bureau. I then spent several years working for two management consulting firms, in the
12 technology industry and then for the Department of Defense. My experience in the energy and
13 utility industry began in 2004, when I joined Sempra in the Financial Planning Department. I
14 worked in this group for a few years and then I transferred to the Tax Department, where I
15 worked in tax accounting, compliance, planning, audit, and reporting for nearly ten years. Since
16 2015, I have worked in the Strategic Planning Department, and I have been in my current
17 position since the end of 2016. Also, I was the Lead Planner for Corporate Center General
18 Administration in the TY 2019 General Rate Case.

19 I have not previously testified before the Commission.

Appendix A

Glossary of Terms

APPENDIX A – Glossary of Terms

A&G	Administrative and General
BRE	Bank Reconciliation and Escheatment
BY	Base Year
Cal/OSHA	California Division of Occupational Safety and Health
CAO & CHRO	Chief Administrative Officer and Chief Human Resources Officer
CB	Causal/Beneficial
CCLD	Corporate Center Law Department
CEO	Chief Executive Officer
CFF	Cross-Functional Factor
CFO	Chief Financial Officer
Commission	California Public Utilities Commission
CPUC	California Public Utilities Commission
CSS	Corporate Shared Services
D.	Decision
D&I	Diversity and Inclusion
ERISA	Employee Retirement Income Security Act of 1974
ESG	Environmental, Social and Governance
Ex.	Exhibit
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FICA	Federal Insurance Contributions Act
FLP	Financial Leadership Program
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles in the United States of America
GRC	General Rate Case
HFM	Hyperion Financial Management
HQ	Headquarters
HR	Human Resources
ICP	Incentive Compensation Plan
IRS	Internal Revenue Service
IT	Information Technology
LTIP	Long-Term Incentive Plan
NBV	Net Book Value
NERC CIP	North American Electric Reliability Corporation Critical Infrastructure Protection
OASDI	Old-Age, Survivors, and Disability Insurance
O&M	Operations and Maintenance
P&B	Pension & Benefits
PAC	Political Action Committee
RAMP	Risk Assessment Mitigation Phase
ROR	Rate of Return
SDG&E	San Diego Gas & Electric Company
SEC	Securities and Exchange Commission

SERP	Supplemental Executive Retirement Plan
SoCalGas	Southern California Gas Company
SOX	Sarbanes—Oxley Act
SVP	Senior Vice President
TY	Test Year
Utilities	SDG&E and SoCalGas, collectively
VP	Vice President

Appendix B

RAMP O&M Tables

APPENDIX B – RAMP O&M Tables

CORPORATE CENTER - GENERAL ADMINISTRATION			
Summary of SoCalGas RAMP O&M Costs (In 2021 \$)			
	BY2021 Embedded Base Costs (000s)	TY2024 Estimated Total (000s)	TY2024 Estimated Incremental (000s)
RAMP Risk Chapter			
Sub-total	0	0	0
RAMP Cross-Functional Factor (CFF) Chapter			
SCG-CFF-5 Physical Security	940	944	4
Sub-total	940	944	4
Total RAMP O&M Costs	940	944	4

CORPORATE CENTER - GENERAL ADMINISTRATION						
SoCalGas RAMP Activity O&M Forecasts by Workpaper (In 2021 \$)						
Workpaper	RAMP ID	Description	BY2021 Embedded Base Costs (000s)	TY2024 Estimated Total (000s)	TY2024 Estimated Incremental (000s)	GRC RSE
2SE000.001	SCG- CFF-5	Planning, Awareness, Risk Management, and Incident Management	940	944	4	
Total			940	944	4	

CORPORATE CENTER - GENERAL ADMINISTRATION			
Summary of SDG&E RAMP O&M Costs (In 2021 \$)			
	BY2021 Embedded Base Costs (000s)	TY2024 Estimated Total (000s)	TY2024 Estimated Incremental (000s)
RAMP Risk Chapter			
Sub-total	0	0	0
RAMP Cross-Functional Factor (CFF) Chapter			
SDG&E-CFF-5 Physical Security	568	570	2
Sub-total	568	570	2
Total RAMP O&M Costs	568	570	2

CORPORATE CENTER - GENERAL ADMINISTRATION						
SDG&E RAMP Activity O&M Forecasts by Workpaper (In 2021 \$)						
Workpaper	RAMP ID	Description	BY2021 Embedded Base Costs (000s)	TY2024 Estimated Total (000s)	TY2024 Estimated Incremental (000s)	GRC RSE
1SE000.001	SDG&E- CFF-5 - 3	Planning, Awareness, Risk Management, and Incident Management	568	570	2	
Total			568	570	2	