

Company: Southern California Gas Company (U 904 G)
Proceeding: 2016 General Rate Case
Application: A.14-11-____
Exhibit: SCG-21

SOCALGAS

DIRECT TESTIMONY OF DEBBIE ROBINSON

COMPENSATION, HEALTH, & WELFARE

November 2014

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



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1 **SOCALGAS DIRECT TESTIMONY OF DEBBIE ROBINSON**
2 **COMPENSATION, HEALTH, & WELFARE**

3 **I. INTRODUCTION AND SCOPE OF TESTIMONY**

4 My testimony provides an overview of the total compensation and benefits program at
5 Southern California Gas Company (“SCG”). It includes a description of SCG’s total
6 compensation philosophy; a discussion of pay components that make up the total compensation
7 program; a detailed review of various benefit programs; and a review of internal compensation
8 controls.

9 It also includes the results of the Total Compensation Study (“Towers Study”) jointly
10 sponsored with the Office of Ratepayer Advocates (“ORA”) and conducted by Towers Watson, a
11 nationally recognized compensation and benefits consulting firm.

12 SCG’s compensation and benefits program includes the following components:

- 13 • Base Pay;
- 14 • Variable Pay (short-term incentives);
- 15 • Long-term incentives;
- 16 • Special recognition awards;
- 17 • Health and welfare benefits;
- 18 • Retirement benefits; and
- 19 • Other benefit programs.

20 Certain benefits are covered by other witnesses. Long-term disability and workers
21 compensation are covered by Mark Serrano (Ex. SCG-23) and broad-based pension benefits and
22 post-retirement benefits are covered by David Sarkaria (Ex. SCG-22). Post-test year medical
23 cost escalation is covered by Ron Van Der Leeden (Ex. SCG-35).

24 As summarized in Table DSR-1 below, SCG’s Test Year 2016 expense for compensation
25 and benefit programs (excluding base pay and benefits covered in other witness areas) is
26 \$184.818 million.

Table DSR-1

Compensation and Benefits Programs	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Compensation:					
Variable Pay (ICP)	\$58,721	\$47,877	\$48,430	\$49,213	(\$9,508)
Long-Term Incentive Plan (LTIP)	\$5,833	\$7,019	\$7,300	\$7,592	\$1,759
Spot Cash program	\$2,159	\$1,291	\$1,291	\$1,291	(\$868)
Employee Recognition program	\$112	\$627	\$658	\$682	\$570
<i>Subtotal</i>	<i>\$66,825</i>	<i>\$56,814</i>	<i>\$57,679</i>	<i>\$58,778</i>	<i>(\$8,047)</i>
Health Benefits:					
Medical	\$73,317	\$75,962	\$80,335	\$89,763	\$16,446
Dental	\$3,633	\$4,143	\$4,351	\$4,625	\$992
Vision	\$498	\$517	\$558	\$590	\$92
Wellness	\$358	\$1,308	\$803	\$842	\$484
EAP	\$782	\$813	\$876	\$927	\$145
Mental Health	\$1,392	\$1,503	\$1,720	\$1,916	\$524
<i>Subtotal</i>	<i>\$79,980</i>	<i>\$84,246</i>	<i>\$88,643</i>	<i>\$98,663</i>	<i>\$18,683</i>
Welfare Benefits:					
AD&D Insurance	\$60	\$64	\$69	\$74	\$14
Business Travel Insurance	\$42	\$42	\$44	\$45	\$3
Life Insurance	\$1,806	\$1,847	\$1,987	\$2,107	\$301
<i>Subtotal</i>	<i>\$1,908</i>	<i>\$1,953</i>	<i>\$2,100</i>	<i>\$2,226</i>	<i>\$318</i>
Retirement Benefits:					
Retirement Savings Plan	\$16,248	\$16,806	\$18,098	\$19,245	\$2,997
Nonqualified Retirement Savings Plan	\$199	\$205	\$210	\$216	\$17
Supplemental Pension	\$1,994	\$4,910	\$950	\$870	(\$1,124)
<i>Subtotal</i>	<i>\$18,441</i>	<i>\$21,921</i>	<i>\$19,258</i>	<i>\$20,331</i>	<i>\$1,890</i>
Other Benefit Programs and Fees:					
Benefits Administration Fees	\$1,345	\$1,614	\$1,465	\$1,498	\$153
Educational Assistance	\$1,004	\$1,083	\$1,166	\$1,233	\$229
Emergency Childcare	\$201	\$175	\$184	\$193	(\$8)
Mass Transit Incentive	\$803	\$841	\$876	\$902	\$99
Retirement Activities	\$208	\$214	\$220	\$224	\$16
Service Recognition	\$233	\$193	\$208	\$241	\$8
Special Events	\$430	\$465	\$500	\$529	\$99
<i>Subtotal</i>	<i>\$4,224</i>	<i>\$4,585</i>	<i>\$4,619</i>	<i>\$4,820</i>	<i>\$596</i>
Total	\$171,378	\$169,519	\$172,299	\$184,818	\$13,440

1 **II. OVERVIEW OF TOTAL COMPENSATION PHILOSOPHY**

2 SCG’s employees are critical to providing safe, efficient and reliable service to its
3 customers. SCG’s total rewards program is structured to attract, motivate and retain a high-
4 performing workforce. SCG offers a competitive, market-driven total rewards program that
5 includes base pay, variable pay (short-term incentives), long-term incentives, and benefits.

6 The compensation and benefits programs provided to SCG employees, retirees and their
7 dependents reflect the impacts of the marketplace, collective bargaining and government
8 regulation. Compensation programs are designed to reward employees for company, team and
9 individual performance. A comprehensive benefits package that includes health and welfare
10 programs and retirement plans is comparable to packages offered by general industry and utility
11 companies in the competitive labor market.

12 This competitive approach to total rewards has allowed SCG to maintain an experienced,
13 productive workforce while maintaining a labor cost structure that is in line with the market.
14 The same approach to total rewards extends to the Sempra Energy Corporate Center (“SECC”),
15 ensuring that total compensation costs for the services provided to SCG by the SECC are
16 reasonable and competitive.

17 **III. SUMMARY OF TOWERS TOTAL COMPENSATION STUDY**

18 A total compensation study was conducted as part of SCG’s 2016 General Rate Case
19 (“GRC”) submission in compliance with Commission decisions D.87-12-066, D.89-12-057, and
20 D.96-01-011. The study was conducted to evaluate SCG’s total compensation relative to the
21 external labor market. It includes a detailed analysis of “total compensation” which is defined as
22 the aggregate value of annualized base pay, incentive compensation (short-term and long-term)
23 and benefits programs. For short-term incentive compensation, both actual and target data were
24 analyzed.

25 The ORA and SCG jointly selected Towers Watson to conduct the competitive
26 compensation and benefits analysis. The project team for the 2016 total compensation study
27 (“Towers Study”)¹ included representatives of ORA, Sempra Energy (representing SCG) and
28 Towers Watson.

29 The methodology used for the Towers Study was generally consistent with the
30 methodology applied in SCG’s 2012 Total Compensation Study. The most significant difference

¹ 2016 General Rate Case Total Compensation Study, SCG Report, Towers Watson (June 26, 2014).

1 in the methodology was the market comparator data used to benchmark cash compensation and
2 long-term incentive compensation. In the 2012 Towers Study, SCG's cash and long-term
3 incentive compensation was compared to general industry and utility peer groups. Each of the
4 peer groups used in the 2012 Towers Study contained 31 companies, which were selected based
5 on size, industry segment, and, for the general industry peer group, substantial presence in
6 Southern California. In contrast, the 2016 Towers Study compared SCG's compensation levels to
7 nationwide energy industry and general industry surveys. The 2016 Towers Study did not apply
8 a geographic differential to take into account the higher costs and pay levels of the Southern
9 California market compared to the nationwide average. The 2016 Towers Study, which includes
10 a detailed description of the study methodology, is included as Appendix A.

11 SCG's total compensation (defined as base salaries, target short-term incentives, long-
12 term incentives and benefits), as reported in Table DSR-2 below, is within 2.6 percent of market.

13 Compensation professionals, including Towers Watson, typically consider a range of plus
14 or minus 10 percent of the average of the external market data to be competitive and broader
15 ranges are common and expected for long-term incentive plans and benefits.

16 Towers Watson considers +/- 10 percent of the average or mean of the
17 competitive market to be the range of competitiveness. A range such as this is
18 generally considered by compensation professionals to be a standard of
19 competitiveness due to variances in employee performance levels, years of
20 experience, and tenure within and across organizations. For certain components of
21 compensation, such as long-term incentives and benefits, larger variances are
22 common. Because of the variables involved – matching benchmark jobs to
23 survey information, matching career levels, sample size, and data quality issues –
24 in a study such as this, a range should be considered in evaluating the
25 competitiveness of compensation.²

26 Per the *World at Work Handbook of Compensation, Benefits and Total Rewards*, as a rule
27 of thumb, salary information is expected to be reflective of the marketplace within plus or minus
28 10 percent.³ As discussed above, using this competitive range takes into account differences in
29 employee tenure, experience and performance, as well as potential job matching, sample size and
30 data quality issues. The relationship between pay and tenure is particularly pertinent, as SCG

² Towers Study, p. 5.

³ *The World at Work Handbook of Compensation, Benefits & Total Rewards* ((John Wiley & Sons, Inc. 2007), ("*World at Work*"), p. 148.

tends to have more longer-service employees and lower employee turnover than the average employer.

As shown in Table DSR-2 below, both Target Total Compensation and Actual Total Compensation fall within plus or minus ten percent of the competitive market data. SCG is requesting recovery of variable pay based on **target** performance. For this reason, Target Total Compensation is the relevant metric.

Table DSR-2

Summary of SCG Total Compensation vs. Market						
Base Pay	Actual Total Cash Compensation	Target Total Cash Compensation	Benefits	Long-Term Incentives	Actual Total Compensation	Target Total Compensation
1.0%	2.6%	2.6%	4.0%	-11.3%	2.7%	2.6%

Table DSR-3 below presents SCG’s competitive status for each of the major elements of compensation by job category. The job categories and related compensation data also include a representation of Sempra Energy Corporate Center jobs that support SCG. Corporate Center jobs were included in the Towers Study because, if the Corporate Center did not exist, SCG would have to hire employees to perform the tasks.

Table DSR-3

Job Category	Total Employees	Total Benchmark Incumbents	Target Total Compensation (\$000s)	SCG (Including Corporate Center Allocations) vs. Market				
				Base Pay	Target Total Cash Compensation	Long-Term Incentives	Benefits	Target Total Compensation
Executive	15	6	\$6,815	-4.2%	-5.7%	-13.9%	1.5%	-8.3%
Manager/Supervisor	871	241	\$112,106	3.6%	8.1%	-1.1%	13.7%	9.2%
Professional/Technical	1,887	1,076	\$200,849	-2.8%	1.2%	-38.7%	8.3%	2.5%
Physical/Technical	3,731	2,372	\$281,015	6.0%	5.8%	N/A	0.3%	4.2%
Clerical	2,011	1,910	\$103,774	-7.3%	-8.7%	N/A	-4.7%	-7.7%
Total	8,515	5,605	\$704,560	1.0%	2.6%	-11.3%	4.0%	2.6%

IV. COMPENSATION

SCG’s compensation package includes base pay, short-term incentive compensation, long-term incentive compensation (for key management employees only) and special recognition awards. It is essential that SCG maintain its market competitiveness in order to attract, retain and motivate its employees; and compensation is the easiest element of the total rewards package for employees to evaluate in terms of the value of the job or a job offer.

1 At SCG, employee groups are described as Executive, Director, Management, Associate
2 and Union employees. Depending on the particular employee group, the compensation and
3 benefit plans may vary based on the overall compensation strategy, market pay, and collective
4 bargaining agreements.

5 **A. Base Pay**

6 Base pay is the foundation of SCG's compensation program. It is the most visible
7 element of pay to employees. SCG's base pay program is structured to be competitive, internally
8 equitable, and cost effective. Pay structures for non-represented jobs provide for individual
9 differentiation based on an employee's performance, skills and experience. SCG targets base
10 pay at the 50th percentile of the external labor market for non-represented employees, although
11 pay may vary for certain high-demand jobs.

12 Base pay and pay grades for represented jobs are subject to collective bargaining
13 agreements and are adjusted consistent with contract negotiations. Like non-represented jobs,
14 pay for certain jobs may be higher than others due to demand and labor shortages.

15 To ensure market pay ranges reflect the markets in which SCG competes for labor, the
16 company participates in several survey databases sponsored by major national consulting firms.
17 Additional details related to external surveys are provided in Section VI.

18 The results of the Towers Study indicate that SCG's overall market position for base pay
19 is within one percent of the market average.

20 **B. Variable Pay**

21 Variable pay is an essential component of a competitive total compensation package for a
22 number of reasons including: creating focus on desired results, improving performance and
23 facilitating ideas and improvements. According to Aon Hewitt's 2013 U.S. Salary Increase
24 Survey⁴, variable pay (short-term incentive plans) has become the primary mechanism to pay for
25 performance with 90 percent of companies offering a broad-based variable pay plan.

26 Variable pay plans have been a part of SCG's total compensation strategy since 1997.
27 The variable pay plans are commonly referred to as the Incentive Compensation Plans ("ICP").
28 The ICP places a portion of employee compensation at-risk, subject to achievement of the plan's

⁴ "Aon Hewitt Survey Shows 2014 Salary Increases to Reach Highest Levels Since 2008", Aon Hewitt Press Release, August 29, 2013, Lincolnshire, IL.

1 performance measures, motivating employees to meet or exceed important customer service,
2 safety, supplier diversity, reliability, financial, and project completion goals.

3 **1. Non-Executive Variable Pay**

4 All non-represented employees participate in the ICP. Performance measures are
5 reviewed and updated annually. The current (2014) plan includes operating and financial
6 measures and an individual performance component. Operating measures focus employees on a
7 common set of safety, customer satisfaction, supplier diversity and major project completion
8 goals. Financial measures are based on earnings goals, rewarding employees for controlling costs
9 and maintaining the financial strength of the company. Financially strong companies typically
10 have lower financing costs, reducing the costs of new utility projects that benefit ratepayers. An
11 individual performance measure is used to recognize employees for their individual contributions
12 to meeting these goals.

13 **2. Executive Variable Pay**

14 Consistent with the non-executive ICP, the SCG's executive ICP plan includes operating
15 and financial performance measures. The executive plan does not include an individual
16 performance measure, although the SCG Board of Directors may adjust individual executive ICP
17 awards in consideration of individual performance.

18 **3. Variable Pay / ICP Costs**

19 SCG is requesting recovery of ICP based on **target** performance. If actual ICP
20 performance exceeds target performance, the differential is funded by shareholders and is not
21 recoverable in rates. Because actual payouts have exceeded target in each of the past ten years,
22 shareholders have funded the portion of the ICP above target. Target and actual ICP payouts for
23 2009 through 2013 are shown in Table DSR-4.

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Table DSR-4

SCG Target vs. Actual ICP (\$ Thousands)				
Year	Actual ICP	Target ICP	Difference (Funded by Shareholders)	Difference as a % of Actual ICP
2009	\$ 35,478	\$ 23,549	11,929	34%
2010	45,299	27,733	17,566	39%
2011	40,026	31,895	8,131	20%
2012	52,243	34,346	17,897	34%
2013	58,721	42,245	16,476	28%
5-Yr. Average	\$ 46,353	\$ 31,954	\$ 14,400	31%

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The entire difference between actual and target performance is funded by shareholders. As shown in Table DSR-4, over the past five years this difference between actual and target ICP resulted in shareholders funding an average of 31%, or \$14.4M per year, of actual ICP payouts.

SCG’s forecast of short-term incentive costs based on **target** performance differs from the approach used by Southern California Edison, which was based on **actual** historical performance.⁵ In D.12-11-051, the Commission found reasonable and provided for rate recovery of 90 percent of Southern California Edison’s non-executive short-term incentive costs⁶ and 50 percent of short-term incentive costs for executive officers.⁷ SCG’s request already includes a shareholder contribution to its actual ICP payments (i.e. the entire difference between actual and target payout). Thus, this comparison further demonstrates the reasonableness of SCG’s requested ratepayer funding of 100% of **target** ICP costs.

The Towers Study, jointly sponsored by SCG and the ORA, found that total compensation was “at market.” SCG’s total compensation is within 2.6 percent of market, which is within the guideline of plus or minus ten percent typically used by compensation professionals. Because compensation costs are reasonable, full recovery of SCG’s forecasted revenue requirement for target ICP is justified. Variable pay is an important part of a competitive compensation package. As such, it should be treated no differently than base pay for recovery purposes. The Commission held in D.03-02-035 that “the utility is entitled to all of its

⁵ A.13-11-003 (Southern California Edison TY2015 GRC), Ex.SCE-06, Vol. 02, Pt. 1, Nov. 2013, p. 22.

⁶ D.12-11-051, p. 458.

⁷ D.12-11-051, p. 450.

1 reasonable costs and expenses, as well as an opportunity to earn a rate of return on the utilities
2 rate base.”

3 In past decisions (*e.g.*, D.92-12-057, D.04-07-022 and D.93-12-043), the Commission
4 concluded that “... incentive pay is part and parcel of the overall compensation scheme,” that
5 “... the allocation of total cash compensation between salaries and incentives should be left to
6 each utility’s discretion.”⁸

7 D.04-07-022 supported this result, quoting D.92-12-057 for the conclusion that it is
8 “clear how the issue of incentive compensation programs should be handled.”⁹ This point is
9 further illustrated in D.04-07-022 for Southern California Edison (p. 217):

10 We also note that it would be within SCE’s managerial discretion to offer all cash
11 compensation to employees in the form of base pay instead of a mix of base pay
12 and incentive pay. In the event SCE were to do so, we would not take issue with
13 ratepayer funding of the resulting compensation as long as total compensation is
14 reasonable. If total compensation does not exceed market levels, a disallowance
15 of reasonable expenses for the Results Sharing program would in effect be a
16 substitution of our judgment for that of SCE managers regarding the appropriate
17 mix of base and incentive pay. That is the sort of micromanagement that the
18 Commission rejected in D.92-12-057, and that we reject here.

19 Projected 2016 target ICP expense is shown in Table DSR-5 below:

20 **Table DSR-5**

Variable Pay At Target	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Executive Variable Pay	\$2,733	\$1,927	\$1,927	\$1,927	(\$806)
Non-executive Variable Pay	\$55,988	\$45,951	\$46,503	\$47,286	(\$8,702)
Total Variable Pay	\$58,721	\$47,877	\$48,430	\$49,213	(\$9,508)

21 **Recorded expense based on actual performance.*

22 The amount shown in Table DSR-5 for 2013 reflects recorded expense based on actual
23 performance, which exceeded target. Forecasted expense for 2014 through 2016 is based on
24 target performance.

25 For the Towers Study, the study project team agreed to include both actual and target
26 short-term incentives. The results of the Towers Study indicate that SCG’s overall market

⁸ D.92-12-057, Cal. PUC LEXIS 971 at *126 (quoting consensus report of workshops conducted by Commission staff).

⁹ D.04-07-022, p. 206 (quoting D.92-12-057, 1992 Cal. PUC LEXIS 971 at *126).

1 position for total target cash compensation, which includes both base pay and target ICP, is 2.6
2 percent above market. This falls within both the plus or minus 5 percent range considered to be
3 “at market” in D. 95-12-055 and the range of plus or minus 10 percent typically used by
4 compensation professionals.

5 In its decision on SCG’s 2008 General Rate Case (D.08-07-046), the Commission ruled
6 that incentive compensation should be funded by ratepayers if it is part of a reasonable total
7 compensation package (p. 22, emphasis added):

8 Because total compensation is reasonable, (defined as prevailing market rates for
9 comparable skills), the ratepayers should reasonably fund a revenue requirement
10 that includes the full market-based employee compensation for the adopted levels
11 of staff. Thus, there is no basis to exclude the incentive component and force
12 shareholders to assume a portion of the reasonable cost of employee
13 compensation. *We find no merit in the DRA’s argument that shareholders should*
14 *fund any portion of the incentive portion of market-based employee*
15 *compensation. We do not agree that incentives solely benefit the company: if*
16 *employees work harder and smarter to earn incentives (even just to achieve target*
17 *incentives) then ratepayers should benefit too.*

18 Further (Finding of Fact 23, p. 92):

19 The incentive compensation of certain employees is an integral part of employee
20 total compensation. Total compensation studies show both SDG&E and SoCalGas
21 are at-market. Incentive compensation is reasonably included in the test year
22 forecast.

23 Variable pay, or ICP, is part of a reasonable, market-based total compensation package
24 and SCG should receive full cost recovery for this program.

25 **C. Long-Term Incentive Compensation**

26 Long-term incentives are an integral component of a competitive compensation program
27 for key management and executive employees. Consistent with the external labor market, SCG’s
28 compensation philosophy ties a greater portion of pay to company performance at higher levels
29 of responsibility. Long-term incentives make up 12 percent to 51 percent of total target
30 compensation (which includes base pay, short-term incentive and long-term incentive) for key
31 management and executive employees. Long-term incentives are critical to the attraction,
32 motivation and retention of a skilled, experienced leadership team. The four-year performance
33 period for long-term incentives makes them a particularly powerful retention tool.

34 Long-term incentive awards promote strong, sustainable long-term performance. They
35 are performance-based or “at risk.” The actual compensation realized by participants is

1 dependent on Sempra Energy’s performance. Long-term incentives awards are granted under the
 2 Sempra Energy Long Term Incentive Plan, in the form of performance-based restricted stock
 3 units and service-based restricted stock units. Awards consist of three components:

- 4 • performance-based restricted stock units based on Sempra Energy’s total
 5 shareholder return relative to the utilities in the S&P Utilities index and the S&P
 6 500 Index
- 7 • performance-based restricted stock units based on Sempra Energy’s Earnings Per
 8 Share growth over a four-year period
- 9 • service-based restricted stock units (does not apply to SCG Chief Executive
 10 Officer)

11 Award levels are set based on a review of total compensation for eligible employees
 12 compared to the external market. The Compensation Committee of the Sempra Energy Board of
 13 Directors approves participation and award levels. Long-term incentives are a powerful
 14 retention tool. Awards are forfeited upon termination of employment prior to vesting, unless
 15 such termination is by reason of death, disability or retirement.

16 Long-term incentive plan costs are shown in Table DSR-6 below:

17 **Table DSR-6**

Long-Term Incentive Plan	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Long-Term Incentive Plan	\$5,833	\$7,019	\$7,300	\$7,592	\$1,759

18
 19 Long-term incentive plan costs are based on the accounting expense incurred for awards
 20 issued to SCG employees. Actual costs are shown for 2013 and 2014.

21 **D. Special Recognition Awards**

22 SCG uses special recognition awards to reward individual employees and teams for
 23 outstanding achievements, exceptional customer service, and process improvements and
 24 innovations. Recognition awards, which may be financial or non-financial, are a key means of
 25 recognizing and rewarding high-performing employees and teams.

26 Special recognition awards provide managers with a means to immediately acknowledge
 27 and reinforce outstanding achievements. Typical awards include spot cash or small non-cash
 28 recognitions such as restaurant gift cards, movie passes or similar awards.

1 Recognition awards are an important component of a competitive compensation package.
 2 According to a 2013 *World at Work* survey “Trends in Employee Recognition¹⁰”, approximately
 3 88 percent of companies offer recognition programs. Companies use these programs to motivate
 4 high performance and create a positive work environment.

5 SCG maintains two special recognition programs, the Spot Cash Award program and the
 6 Employee Recognition program:

- 7 • The Spot Cash Awards program is used to provide cash awards. From 2011 through
 8 2013, the average spot cash award was \$1,845. Awards typically range from \$250 to
 9 \$10,000.
- 10 • The Employee Recognition program is used to provide nominal non-cash awards,
 11 generally valued at \$100 or less. Typical awards include gift cards, movie tickets and
 12 tickets to sporting events.

13 Spot Cash awards are budgeted at one-half of a percent of eligible payroll and the
 14 Employee Recognition program is budgeted at \$75 annually per full-time equivalent employee.
 15 SCG overall budgeting for special recognition programs is in line with the competitive market.
 16 According to the *World at Work* survey¹¹, the average annual budget for these programs is 2
 17 percent of payroll and the median is 1 percent. SCG has formal policies that govern both the
 18 Spot Cash Award program and the Employee Recognition program to monitor the budgeting and
 19 administration of the awards.

20 Projected 2016 expense for the Spot Cash Award and Employee Recognition programs is
 21 shown in Table DSR-7 below:

22 **Table DSR-7¹²**

Special Recognition Programs	Thousands of 2013 \$				
	2013	2014	2015	2016	Change
Spot Cash program	\$2,159	\$1,291	\$1,291	\$1,291	(\$868)
Employee Recognition program	\$112	\$627	\$658	\$682	\$570
Total	\$2,271	\$1,918	\$1,949	\$1,973	(\$298)

24 ¹⁰ Trends in Employee Recognition, A Report by World at Work and Underwritten by the ITA Group, June 2013, p. 3.

¹¹ Trends in Employee Recognition, A Report by World at Work and Underwritten by the ITA Group, June 2013, p. 16.

¹² See explanation regarding Spot Cash Forecasting amounts for Table DSR-1.

1 Spot cash awards are projected to remain flat, based on five-year historical data.

2 Employee recognition awards are forecast at \$75 per employee.

3 E. Summary

4 SCG's compensation programs have been very effective in controlling labor costs
5 through a combination of conservative base pay practices and effective, performance-based
6 incentive rewards.

7 SCG' performance-based pay plans include variable pay / ICP plans, long-term incentive
8 plan, and special recognition awards programs. Projected 2016 costs are summarized in Table
9 DSR-8 below:

10 **Table DSR-8¹³**

11

Summary of Pay Programs	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Variable Pay (ICP)	\$58,721	\$47,877	\$48,430	\$49,213	(\$9,508)
Long-Term Incentive Plan	\$5,833	\$7,019	\$7,300	\$7,592	\$1,759
Spot Cash program	\$2,159	\$1,291	\$1,291	\$1,291	(\$868)
Employee Recognition program	\$112	\$627	\$658	\$682	\$570
Total	\$66,825	\$56,814	\$57,679	\$58,778	(\$8,047)

12

13 V. EMPLOYEE BENEFITS

14 A. Overview

15 Benefit programs are a critical component of a competitive total rewards program. SCG
16 offers a comprehensive and balanced employee benefits program that includes:

- 17 • Health benefits: medical, dental, vision, wellness, employee assistance program
18 (“EAP”), and mental health and substance abuse benefits;
- 19 • Welfare benefits: long-term disability, workers compensation, life insurance,
20 accidental death and dismemberment (“AD&D”) insurance, and business travel
21 accident insurance;
- 22 • Retirement benefits: pension and retirement savings plans; and
- 23 • Other Benefit Programs.

¹³ See explanation regarding Spot Cash Forecasting amounts for Table DSR-1.

1 Certain benefits are covered by other witnesses. Long-term disability and workers
2 compensation are covered by Mark Serrano (Ex. SCG-23) and broad-based pension benefits and
3 post-retirement benefits are covered by David Sarkaria (Ex. SCG-22).

4 The company monitors its benefit programs on an ongoing basis to insure the appropriate
5 balance between benefit cost and maintaining a competitive position in the market. Cost
6 projections for the various benefit components reflect increases or decreases attributable to
7 benefit cost inflation, legislative and regulatory requirements, changes in the size of the
8 workforce and plan design changes. Work papers containing supporting documentation for each
9 benefit category are included as Ex. SCG-21WP.

10 SCG and its employees share the cost of medical, dental, and vision insurance. The level
11 of cost sharing between the company and employee varies depending on the type of benefit and
12 the level of coverage selected. The company provides certain basic benefits at no cost to the
13 employee including basic life, basic accidental death and dismemberment, long-term disability,
14 employee assistance, and business travel accident insurance. Employees may also participate in
15 several other benefit plans by paying the full cost through payroll deductions. These additional
16 benefit choices include group variable universal life insurance, long-term care insurance, health
17 care flexible spending, dependent care flexible spending, transportation flexible spending and a
18 vacation buy/sell option.

19 Health and welfare benefits are provided to employees under an Internal Revenue Code
20 (“IRC”) Section 125 cafeteria plan. The cafeteria plan provides employees with a tax-
21 advantaged means of selecting the benefits that best suit their needs.

22 Retirement benefits are earned during the employee’s working career and distributed
23 following termination or retirement. Retirement benefits are tax-deferred while they are working
24 and therefore allow employees to accumulate resources to support them during their retirement
25 years.

26 **B. Health Benefits**

27 SCG provides employees with group health benefits including medical, dental, vision,
28 employee assistance, mental health and substance abuse and wellness plans.

1 **1. Medical**

2 As shown in Table DSR-9 below, SCG’s forecasted Test Year 2016 medical expense is
3 \$89.763 million. The increase between 2013 and 2016 costs reflects forecasted medical rate
4 escalation as well as anticipated changes in headcount.

5 **Table DSR-9**

Medical	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Medical Expense	\$73,317	\$75,962	\$80,335	\$89,763	\$16,446

6
7 **a. Medical Plan Overview:**

8 SCG offers several medical plan designs to meet the varying needs of employees and
9 their dependents and consistent with its collective bargaining agreements. These include:

- 10 • Health Maintenance Organizations (“HMOs”): Anthem HMO, Anthem HMO
11 with Scripps Health, and Kaiser Permanente HMO
- 12 • Health Care Plus+: Anthem high-deductible health plan with health savings
13 account
- 14 • Anthem Point-of-Service plan
- 15 • Other plans: Anthem Out-of-Area and Anthem Safety Net

16 **b. Health Maintenance Organizations:**

17 As stated above, SCG offers three HMO plans. HMOs promote preventative care and
18 early identification and treatment of health conditions. Annual physical examinations, screening
19 tests and wellness programs are emphasized in support of this objective.

20 Upon enrollment in an HMO, employees select a primary care physician. All care is
21 coordinated through the primary care physician. Managing access to specialized care promotes
22 more efficient utilization of the medical system. This helps control costs and often generates
23 better medical outcomes. Services are accessed through a closed provider network, or in the case
24 of Kaiser Permanente, an integrated staff model network. Generally, HMOs manage costs by
25 compensating providers based on a fixed annual rate rather than the actual cost of medical
26 services provided to participants.

1 **c. Health Care Plus+ High-Deductible Health Plan with Health**
2 **Savings Account**

3 The Anthem Health Care Plus+ plan is a high-deductible health plan. The insured
4 employee or dependent is responsible for all healthcare costs until the annual deductible has been
5 met. Preventative care, such as annual physical exams and well-baby care is fully covered by the
6 plan and is not subject to the deductible. After the deductible has been met, the plan and the
7 participant share the cost of covered services. If total cost for covered services exceeds the plan's
8 annual out of pocket maximums, the plan pays 100 percent. In order to encourage the use of
9 Anthem network providers, deductibles, coinsurance (participant cost sharing for claims), and
10 out of pocket maximums are lower for network providers and higher for non-network providers.

11 Participants in the Health Care Plus+ plan are eligible to participate in a health savings
12 account. A health savings account is a tax-advantaged combined checking and investment
13 account that may be used to reimburse participants for qualified medical expenses.

14 **d. Anthem Point of Service:**

15 The Anthem Point of Service plan offers three tiers of coverage that allow the employee
16 and dependents to select how medical services are delivered:

- 17 • Tier One: Care is coordinated through the HMO primary care physician
- 18 • Tier Two: Care is accessed through the Anthem network
- 19 • Tier Three: Self-referral to any non-network provider

20 **e. Anthem Out of Area Plan and Anthem SafetyNet Plan:**

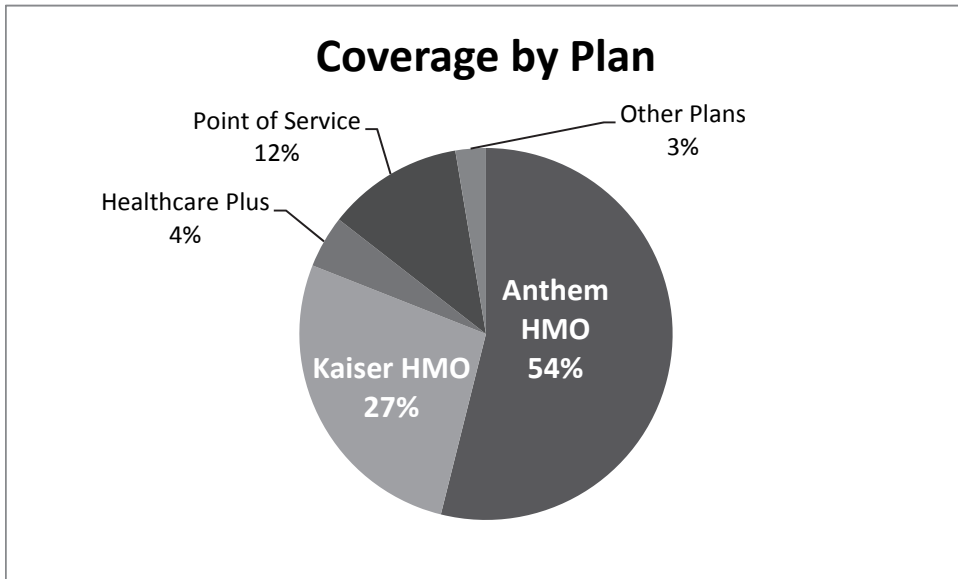
21 These plans provide coverage within the Anthem network or through non-network health
22 care facilities. Out-of-pocket costs are lower if a network provider is used. The Out of Area
23 plan is only offered to employees who do not reside in an area covered by a HMO.

24 **f. Medical Plan Enrollment:**

25 Eighty-eight percent of SCG's employees are covered under the company's medical
26 plans. Enrollment for each medical plan is shown in Figure DSR-1 below. Eighty-one percent
27 of covered employees are enrolled in HMO plans. The high HMO enrollment level is indicative
28 of the cost-effectiveness of the plan design and the long-established network of managed care
29 facilities in California.

1

Figure DSR-1



2

3 SCG encourages employees to enroll in HMO plans through its cost sharing strategy.
 4 SCG’s HMO enrollment level of 81 percent far exceeds the nationwide average. According to
 5 the 2013 Kaiser Family Foundation Employee Health Benefits survey¹⁴, 14 percent of covered
 6 workers are enrolled in HMOs, while 57 percent are enrolled in preferred provider organizations,
 7 20 percent in high deductible health plans, 9 percent in point-of-service plans, and less than 1
 8 percent in indemnity plans. Regional data for the Western U.S. reflects slightly higher HMO
 9 enrollment of 25 percent, but still falls far below SCG’s HMO enrollment.

10

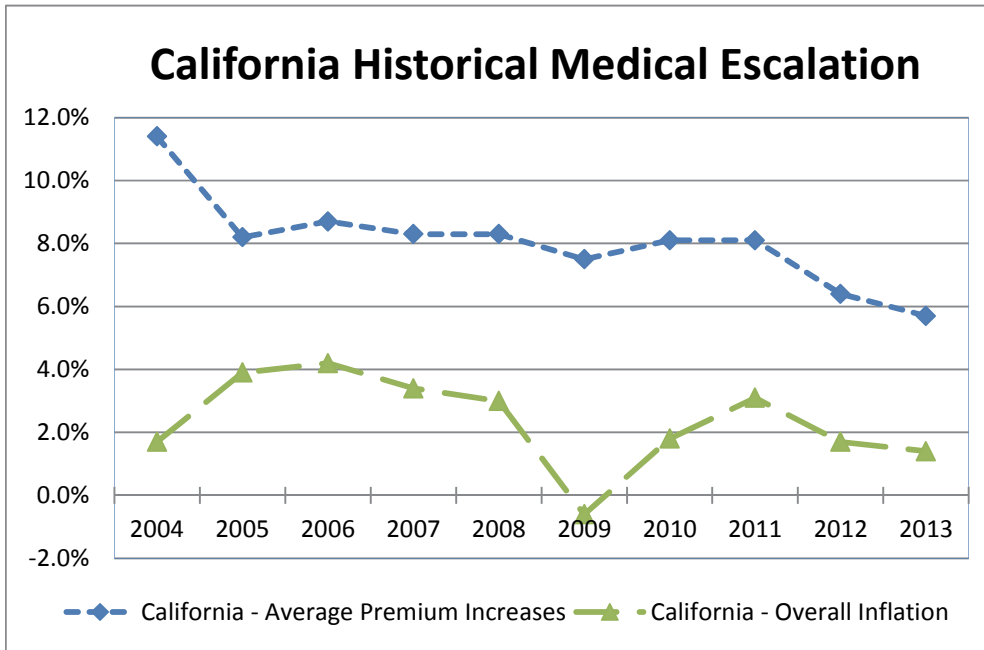
g. Medical Cost Trends

11 Healthcare costs continue to increase at rates much higher than general inflation.
 12 According to the 2013 California Employer Health Benefits Survey, health insurance premiums
 13 increased by 185 percent between 2002 and 2013 – more than five times the state’s overall
 14 cumulative inflation of 33 percent. Annual premium increases in California have averaged 8.8
 15 percent per year from 2003 through 2013.

¹⁴ Employer Health Benefits Survey, The Kaiser Family Foundation and Health Research Educational Trust, 2013 Annual Survey, p. 63.

1

Figure DSR-2



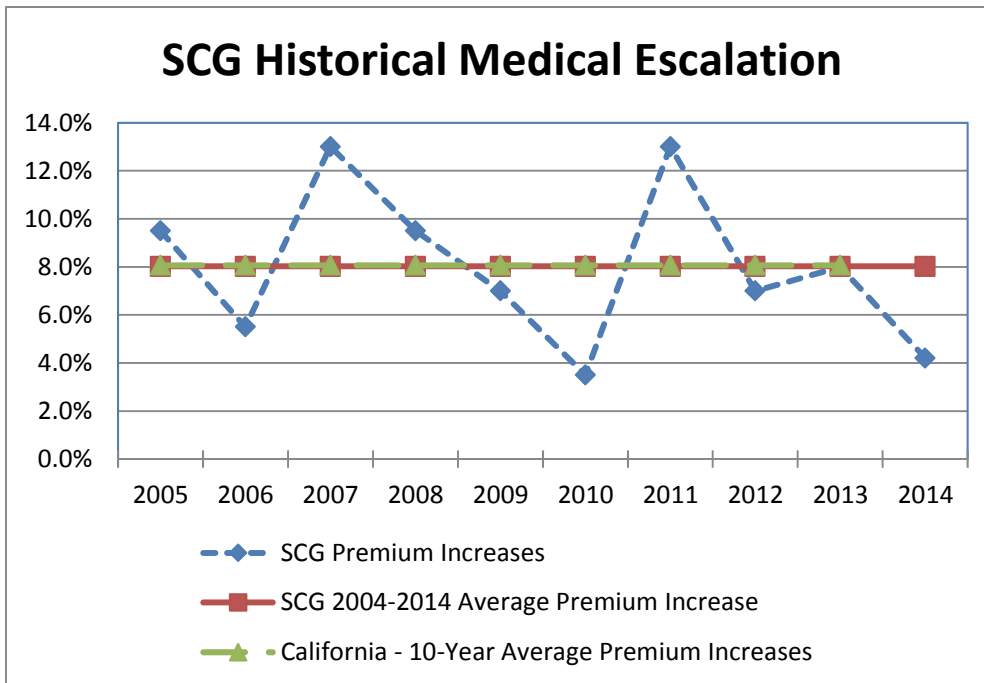
Source: California Employer Health Benefits Survey, January 2014

2
3

4 SCG's historical medical trend has followed a cyclical pattern. However, SCG's ten-year
5 average medical escalation of 8.0 percent approximates California's ten-year historical average
6 of 8.1 percent.

7

Figure DSR-3



8

1 A number of factors contribute to healthcare premium increases, including workforce
2 demographics (*e.g.*, age, gender, family size and health care costs in specific geographic areas),
3 utilization experience, pharmaceutical costs, medical technology enhancements, new treatment
4 protocols, overall program efficiency, and legislative and regulatory changes.

5 Healthcare reform legislation, the Patient Protection and Affordable Care Act, includes
6 several provisions which place upward pressure on group health insurance premiums, including:

- 7 • Dependent coverage through age 26;
- 8 • Prohibition of annual and lifetime coverage limits; and
- 9 • Preventative services and immunizations must be provided with no cost sharing
10 (*i.e.* co-payments and deductibles).

11 SCG negotiates medical premium rates with its insurance carriers on an annual basis.
12 The 2015 forecast is based on final renewal rates negotiated with the health insurance carriers.

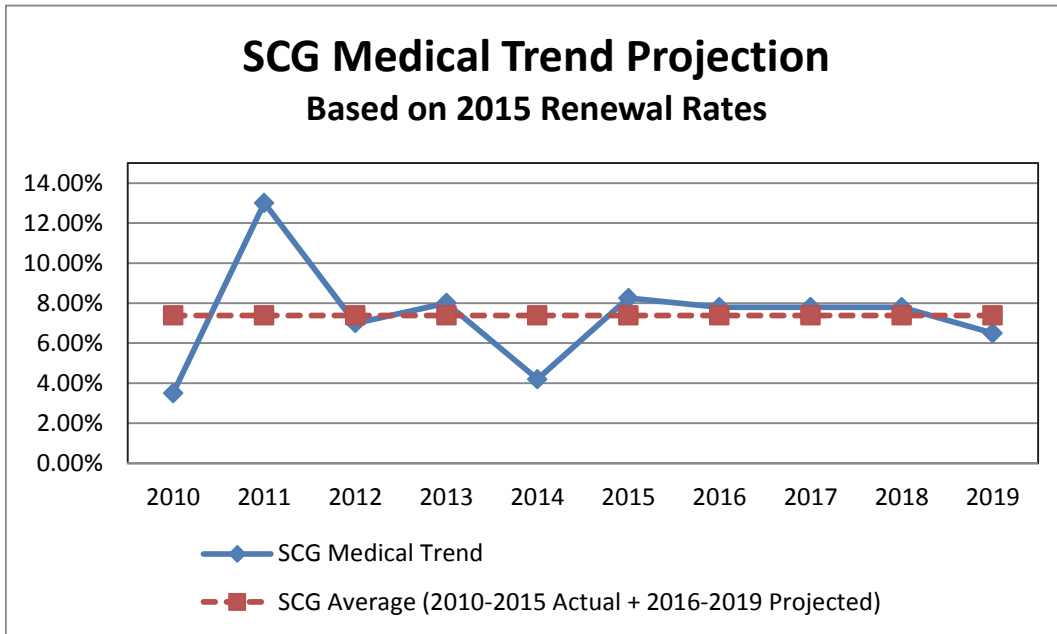
13 The medical trend forecast was prepared by Towers Watson, SCG's actuary and benefits
14 broker. Towers Watson considered California and national data and prepared a forecast
15 specifically for SCG taking into account workforce demographics, historical utilization data, and
16 medical plan design. The projected aggregate rate increase for 2016 is 7.8 percent.

17 **h. Post-Test Year Medical Cost Escalation:**

18 Projected post-test year increases decline from 7.8 percent in 2017 and 2018 to 6.5
19 percent in 2019. The same factors that contribute to cost increases in 2013 through 2016 will
20 continue to drive post-test year rate increases. Post-test year medical cost escalation is included
21 in the testimony of Ron Van Der Leeden (Ex. SCG-35).

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Figure DSR-4



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i. Medical Cost Per Employee

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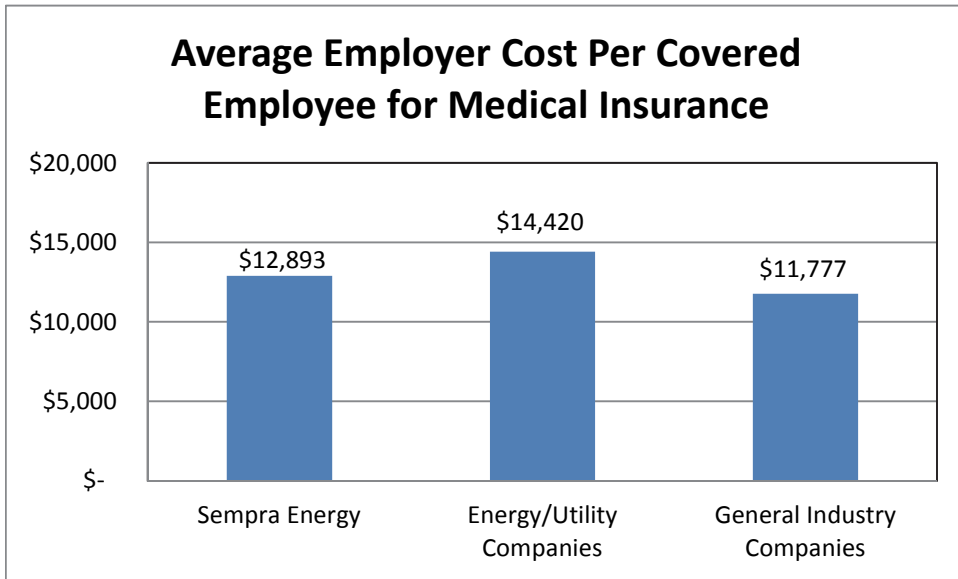
11

12

Medical benefits represent one of the largest and most important non-cash components of a competitive compensation and benefits package. Despite significant increases in annual premium costs, the company’s strategies have been successful in maintaining a competitive position compared to the marketplace. The company’s average medical cost per covered employee was \$12,983, compared to \$14,420 for energy/utility companies and \$11,777 for general industry companies according to Towers Watson 2014 Health Care 360 Performance Study. Compared to the average general industry employer in Towers Watson’s database, SCG’s workforce is slightly older and has a lower ratio of female employees versus male employees. Both of these factors tend to increase medical premium costs.

1

Figure DSR-5



2

3

j. Employee Contributions

4

The pricing of different medical plan options to employees is an important factor in determining overall cost results and influencing the behavior of employees as they consider various health care alternatives. SCG’s employees share in the cost of the medical plan. The Company’s contribution to the premium varies based on the plan selected by the employee. Specifically, the Company’s contribution is 85% of the low-cost HMO premium for all employees enrolled in the Kaiser HMO plan, all employees enrolled in the Anthem HMO plan, and for non-represented employees enrolled in the Anthem Point of Service plan. The Company’s contribution is 80% of the total premium for represented employees enrolled in the Anthem Point of Service Plan and for all employees enrolled in the Anthem Out-of-Area plan. The Company’s contribution is 90% of the total premium for all employees enrolled in either the Anthem Health Care+ or Anthem Safety Net plans.

10

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15

Employees pay a portion of the medical premiums, co-payments for office visits and prescriptions, and in some plans, deductibles and coinsurance. Sharing the plan expense with employees reduces the company’s cost, but more importantly, it promotes a better understanding of health care choices. The cost-sharing mechanisms encourage employees to take greater responsibility for their decisions at the point of care, including the selection of physicians, hospitals, outpatient clinics and pharmaceuticals.

16

17

18

19

20

1 **2. Dental**

2 As shown in Table DSR-10 below, SCG’s forecasted Test Year 2016 dental expense is
3 \$4.625 million.

4 **Table DSR-10**

Dental	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Dental Expense	\$3,633	\$4,143	\$4,351	\$4,625	\$992

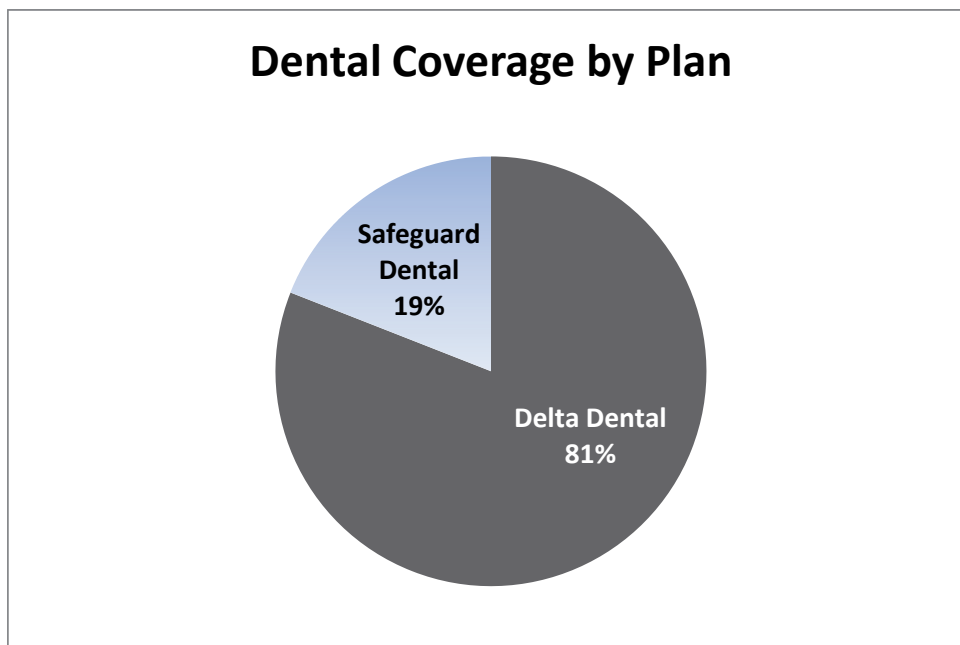
5
6 **a. Dental Plan Overview:**

7 SCG offers two dental plans to its employees and their eligible dependents:

- 8 • Delta Dental Plan;
- 9 • Met Life Safeguard Dental Plan;

10 As shown in Figure DSR-6, most employees (81 percent) are covered by the Delta Dental
11 plan.

12 **Figure DSR-6**



13
14 Employees enrolled in Delta Dental may select any dentist, but out-of-pocket costs are
15 lower if the employee selects a dentist within Delta Dental’s PPO network. The Safeguard
16 Dental plan is a dental maintenance organizations. Like a medical HMO, all care is coordinated
17 through the employee’s primary care dentist.

1 **b. Dental Cost Trends**

2 Costs for dental coverage are summarized above in Table DSR-9. 2013 - 2015 costs
3 reflect actual rates. 2016 costs are based on 2015 premiums adjusted for projected inflation and
4 changes in projected headcount.

5 **c. Dental Cost per Employee**

6 The company’s average dental cost of \$927 per covered employee is slightly higher than
7 the 2014 benchmark average cost of \$874 as reported by Towers Watson.

8 **d. Employee Contributions**

9 SCG pays 80 percent of the premium cost for non-represented employees enrolled in the
10 Delta Dental plan while employees pay the remaining 20 percent. SCG pays the cost of the
11 SafeGuard plan for represented employees enrolled in the Delta Dental plan and employees pay
12 the difference between the two plans. SCG pays the full cost of the SafeGuard plan for all
13 employees.

14 **3. Vision**

15 As shown in Table DSR-11 below, SCG’s forecasted Test Year 2016 vision expense is
16 \$590 thousand.

17 **Table DSR-11**

Vision	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Vision Expense	\$498	\$517	\$558	\$590	\$92

18
19 **a. Vision Plan Overview:**

20 SCG offers employees vision coverage under the Vision Service Plan (“VSP”).
21 Employees enrolled in VSP may select any provider, but out-of-pocket costs are lower if the
22 employee selects a provider within VSP’s network. The plan provides a higher benefit if a
23 network provider is used, resulting in little or no expense above the co-payment.

24 **b. Vision Plan Costs:**

25 VSP is experience rated and future premiums are based on the prior year’s utilization
26 history. Costs for 2013 – 2015 reflect actual rates. 2016 costs per covered employee are
27 forecasted based on 2015 premiums adjusted for projected inflation and changes in projected
28 headcount.

1 **c. Employee Contributions:**

2 SCG pays the full premium for employee-only coverage. Employees are responsible for
3 the full cost of dependent coverage.

4 **4. Wellness**

5 As shown in Table DSR-12 below, SCG’s forecasted Test Year 2016 wellness program
6 expense is \$842 thousand.

7 **Table DSR-12**

Wellness	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Wellness	\$358	\$1,308	\$803	\$842	\$484

8
9 **a. Wellness Programs Overview:**

10 The objective of the SCG wellness program is to improve employee health and
11 productivity. Wellness programs promote healthy lifestyle changes and illness prevention,
12 facilitate early detection and management of illness and disease, and help ensure that employees
13 diagnosed with health conditions receive optimal and effective treatment. Employers are
14 uniquely positioned to reach employees with these programs. Onsite programs, in particular,
15 provide convenient, easy access and encourage participation through peer and leadership
16 examples.

- 17 • Healthy Lifestyle and Illness Prevention: SCG partners with health care providers
18 and non-profit agencies to offer classes and educational materials to promote
19 healthy behaviors to prevent illness. Current programs include safety stand down
20 events and health fairs, gym membership fitness subsidy, worksite fitness
21 programs, weight management, stress management, and smoking cessation.
22 Annual onsite influenza vaccinations greatly increase the number of employees
23 protected from influenza, resulting in reduced time off due to illness.
 - 24 ○ Linking wellness programs to employee safety programs through participation
25 in safety stand down events further reinforces a focus on healthy behaviors
26 and prevention of illnesses and injuries.
 - 27 ○ Based on data provided by the SCG’s medical benefit providers, a significant
28 number of employees and dependents exceed the national healthy weight

1 guideline. Individuals with a body mass index (BMI) score greater than
2 25.0% are considered overweight or obese. In order to encourage sustainable
3 weight management, which directly impacts the severity and duration of
4 chronic medical conditions, the SCG has included the cost of wireless
5 pedometers, such as the Fitbit, in its funding request. Walking is a common
6 denominator shared by all participants in the SCG's medical plans which
7 provides a significant opportunity to improve levels of physical activity and
8 weight reduction. The Fitbit program will include: program guidance and
9 webinars, employee access to Fitbit.com to monitor activity level and set
10 goals and monitor progress on individual dashboards, company-specific
11 groups/challenges on Fitbit.com for participants.

- 12 • Early Detection and Disease Management: Educational worksite presentations
13 promote healthy lifestyle choices, such as good nutrition, and address
14 management of chronic conditions, such as asthma, diabetes, and cardiovascular
15 disease. These educational programs, combined with health risk assessments and
16 onsite screenings, facilitate early detection and intervention and help employees
17 manage their health, reducing the need for emergency treatment and preventing
18 disease progression.
- 19 • Optimal and Effective Treatment of Serious Health Conditions: For employees
20 and dependents facing serious health conditions, the Best Doctors program
21 provides a comprehensive review of the diagnosis and treatment plan by a team of
22 physicians recognized by peers as the top specialists in their respective areas. As
23 a result of Best Doctors' review, in 2013, there were changes to the diagnosis in
24 34 percent of the cases and changes to the original treatment plan in 80 percent of
25 the cases. Ensuring correct and appropriate treatments of illness and disease
26 facilitates a quicker recovery and return to work and reduces healthcare costs.

27 Wellness programs are a common benefit in the external marketplace. According to the
28 2013 Kaiser Family Foundation Employer Health Benefits survey¹⁵, virtually all companies with
29 200 or more employees offer a wellness program.

¹⁵ Employer Health Benefits Survey, The Kaiser Family Foundation and Health Research Educational Trust, 2013 Summary of Findings, p. 5.

1 **b. Wellness Program Costs:**

2 Wellness program costs are projected to increase from 2013 through 2016 due to
3 headcount additions, additional onsite health screenings, and additional programs promoting
4 health and wellness.

5 **5. Employee Assistance Plan (“EAP”) and Mental Health and Substance**
6 **Abuse**

7 As shown in Table DSR-13 below, SCG’s forecasted Test Year 2016 EAP and mental
8 health and substance abuse expense is \$2.843 million.

9 **Table DSR-13**

EAP and Mental Health	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Employee Assistance Plan	\$782	\$813	\$876	\$927	\$145
Mental Health	\$1,392	\$1,503	\$1,720	\$1,916	\$524
Total	\$2,174	\$2,316	\$2,596	\$2,843	\$669

10
11 **a. EAP and Mental Health and Substance Abuse Programs**
12 **Overview:**

13 EAP and mental health and substance abuse programs reflect SCG’s commitment to
14 employee health and a safe workplace environment. SCG is required by the Drug Free
15 Workplace Act of 1988 and the Department of Transportation (“DOT”) to have an EAP program
16 available to its employees.

17 EAP provides employees and their eligible dependents with cost-effective, confidential
18 counseling and treatment services for various personal problems that may have a negative impact
19 on job performance. The programs have been effective in reducing absenteeism, improving
20 productivity, reducing the number of accidents, and improving employee job performance.

21 In addition, EAP vendors support managers and supervisors in handling sensitive
22 employee issues such as workplace violence, substance abuse, crisis management and employee
23 morale. Situations in which the EAP vendors have provided assistance include violence in the
24 workplace, realignment and downsizing, co-worker deaths, and mitigating workplace impacts of
25 events such as riots, earthquakes, fires and terrorism.

26 Employees are eligible to receive five private counseling sessions per year, either over
27 the phone or in person, of up to one hour per session. EAP services also include unlimited access

1 to the 24-hour crisis hotline, seven days per week. In addition, employees can call or access the
2 website for referrals to legal and financial counseling services and receive discounted rates.

3 Ongoing treatment beyond what is covered under the EAP or treatment for more serious
4 mental health conditions is covered under the mental health and substance abuse benefit. Mental
5 health and substance abuse services include individual counseling sessions for issues such as
6 psychological and emotional conditions, life management, all addictions, job-related problems,
7 and relationship issues. Benefits include coverage for both inpatient and outpatient services.

8 Under the Mental Health Parity and Addiction Equity Act, mental health and substance
9 abuse services are available on an unlimited basis and charged at the same costs, similar to any
10 other illness or condition that is covered through our medical plans.

11 **b. EAP and Mental Health and Substance Abuse Program Costs:**

12 EAP administrative fees for counseling sessions by a third-party provider are included in
13 monthly per capita rates. Also included are ten hours of training and four hours of Critical
14 Incident Stress Debriefing services. Fees are charged for any additional training programs
15 developed and presented by the EAP vendor, on an hourly basis, as needed.

16 Mental health and substance abuse administrative fees are also provided for in monthly
17 per capita rates. Additional fees are charged to the company, on a monthly basis, for individual
18 employee claims for inpatient, outpatient and substance abuse services.

19 The cost forecast, as shown in Table DSR-13 above, is based on actual 2013 claims paid
20 indexed for projected headcount changes and assuming that premiums follow the same escalation
21 trend as medical premiums.

22 **C. Welfare Benefits**

23 Welfare benefits provide financial resources to employees in the event of injury or
24 disability and to survivors in the event of the employee's death. This testimony focuses on
25 survivor benefits, which include life insurance, accidental death and dismemberment insurance
26 ("AD&D"), and business travel insurance. Disability and workers compensation benefits are
27 covered in the testimony of Mark Serrano (Ex. SCG-23). A summary of projected Test Year
28 2016 welfare benefit expenses is shown below in Table DSR-14:

Table DSR-14

Welfare Benefits	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
AD&D Insurance	\$60	\$64	\$69	\$74	\$14
Business Travel Insurance	\$42	\$42	\$44	\$45	\$3
Life Insurance	\$1,806	\$1,847	\$1,987	\$2,107	\$301
Total	\$1,908	\$1,953	\$2,100	\$2,226	\$318

1. Accidental Death and Dismemberment

SCG provides employees with basic Accidental Death and Dismemberment insurance coverage equal to one times annual pay (base salary plus ICP, if applicable). Coverage is adjusted each year to reflect increases or decreases in employee pay. AD&D insurance provides a level of protection and additional security to employees and their families in the event of a tragic accident.

Premiums for AD&D coverage are projected to remain flat at \$0.192 per \$1,000 of coverage. Changes in total costs reflect projected headcount.

2. Business Travel Insurance

The company provides an additional life insurance benefit that covers employees while traveling for business purposes. The coverage amount is \$400,000. Projected premiums are adjusted for inflation and changes in headcount.

3. Life Insurance

SCG provides employees with basic life insurance coverage equal to one times annual pay (base salary plus ICP, if applicable). Coverage is adjusted each year to reflect increases or decreases in employee pay. Basic life insurance is a cost-effective benefit that provides employees with peace of mind in knowing that a financial safety net will be provided to their beneficiaries in the event of a premature death.

The premium per \$1,000 of coverage is based on the actual 2014 rate. Projected 2015 and 2016 costs are adjusted for wage and headcount escalation.

D. Retirement Plans

SCG retirement benefits provided to all regular employees include a defined benefit pension plan, a defined contribution (401k) retirement savings plan, and postretirement health and welfare benefits. Employees whose benefits or pay exceed Internal Revenue Service

1 (“IRS”) limitations specified under the IRC also participate in the Cash Balance Restoration
2 Plan, which maintains participation at the same percentage level as all other employees. Certain
3 management employees participate in a nonqualified retirement savings plan, or deferred
4 compensation plan.

5 This testimony focuses on the 401(k) retirement savings plan, the nonqualified deferred
6 compensation plan and the supplemental pension plans. The defined benefit pension plan and
7 postretirement health and welfare benefits are covered in the testimony of David Sarkaria (Ex.
8 SCG-23).

9 **1. Retirement Savings**

10 As shown in Table DSR-15 below, SCG’s forecasted Test Year 2016 Retirement Savings
11 Plan expense is \$19.245 million.

12 **Table DSR-15**

Retirement Savings Plan	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Retirement Savings Plan	\$16,248	\$16,806	\$18,098	\$19,245	\$2,997

13
14 **a. Retirement Savings Plan Overview**

15 The SCG Retirement Savings Plan (“RSP”) provides employees with a tax-advantaged
16 means of saving for retirement. Approximately 90 percent of employees participate in the plan.
17 Employees are eligible to participate in the plan upon hire. SCG encourages participation in the
18 plan by providing a company matching contribution equal to 50 percent of employee
19 contributions, up to six percent of eligible pay. Participation is further encouraged through auto-
20 enrollment of new hires at a three percent employee contribution rate with auto-escalation of
21 employee contributions by one percent per year until employee contributions reach six percent.

22 Company matching contributions apply to pre-tax and after-tax contributions so
23 employees may continue to save even after reaching the IRS pre-tax contribution limit (\$17,500
24 in 2014 with an additional “catch-up” contribution limit of \$5,500 for employees age 50 and
25 older). Employees may also receive an incentive contribution, based on company performance,
26 of 0 percent to one percent of base pay. Participants are fully vested in both employee and
27 company contributions and accumulated investment earnings.

1 **b. Retirement Savings Plan Costs**

2 Projected cost increases are due to wage and headcount escalation. The participation rate
3 is held constant at the actual 2013 participation rate. Company matching contributions for ICP
4 are forecasted assuming target performance.

5 **2. Nonqualified Savings Plan**

6 As shown in Table DSR-16 below, SCG's forecasted Test Year 2016 expense for
7 company matching contributions under the nonqualified retirement savings plan is \$216
8 thousand.

9 **Table DSR-16**

Nonqualified Retirement Savings Plan	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Nonqualified RSP	\$199	\$205	\$210	\$216	\$17

10
11 The nonqualified retirement savings plan, or deferred compensation plan, allows pre-tax
12 contributions for employees subject to IRS compensation and contribution limits. Company
13 matching contributions under the plan are identical to company matching contributions under the
14 RSP.

15 **3. Supplemental Pension**

16 As shown in Table DSR-17 below, SCG's forecasted Test Year 2016 expense for
17 supplemental pension plans is \$870 thousand.

18 **Table DSR-17**

Supplemental Pension	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Supplemental Pension	\$1,994	\$4,910	\$950	\$870	(\$1,124)

19
20 SCG offers two supplemental pension plans, the Supplemental Executive Retirement
21 Plan, which covers a small number of senior executives, and the Cash Balance Restoration Plan.

22 The Cash Balance Restoration Plan restores benefits for employees whose earnings or
23 benefits exceed the limitations established by the Employee Retirement and Income Security
24 Act. Employees who earn in excess of \$260,000 per year (2014 earnings limit) continue to
25 accrue retirement benefits once they exceed the limits imposed by Employee Retirement Income

1 Security Act and Internal Revenue Service regulations. Benefits are accrued under the same
2 formula and are subject to the same vesting conditions as the broad-based retirement plan. The
3 plan merely restores benefits that would otherwise be lost due to statutory limits under broad-
4 based retirement plans.

5 Supplemental retirement benefits form an important component of the total reward
6 package for key managers, directors, attorneys and executives. These plans are a key component
7 of a competitive compensation and benefits package to attract and retain the leadership talent
8 required to operate the company.

9 Cost forecasts represent the projected benefit payments. These include future benefit
10 payments to current retirees receiving monthly annuity benefits or annual installments, vested
11 terminated employees entitled to future benefits, and active employees entitled to, or expected to
12 be entitled to, plan benefits. As with other contingent cash flows, the amount and timing of
13 future benefit payments are based on actuarial assumptions such as the lump sum rate, future
14 salary increases, and mortality and retirement rates.

15 While retirees and vested terminated participants have somewhat predictable benefit
16 payments, future benefit payments to current active employees can vary significantly from
17 forecasted amounts in any given year since the plan population is relatively small and benefits
18 are generally paid as lump sums. However, over a longer period of time, aggregate expected
19 benefit payments will converge to actual payments.

20 **E. Other Benefit Program Expenses**

21 The company offers a number of benefit programs that are designed to provide
22 opportunities to enhance financial and technical knowledge through external education
23 programs, reduce lost time, and promote a collaborative team-oriented environment. In addition,
24 certain recognition programs are designed to engender a work environment that recognizes the
25 value of our most critical asset – the employees. A summary of projected costs to support SCG’s
26 other benefit programs is included in Table DSR-18:

1 **Table DSR-18**

Other Benefit Programs	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Benefits Administration Fees	\$1,345	\$1,614	\$1,465	\$1,498	\$153
Educational Assistance	\$1,004	\$1,083	\$1,166	\$1,233	\$229
Emergency Childcare	\$201	\$175	\$184	\$193	(\$8)
Mass Transit Incentive	\$803	\$841	\$876	\$902	\$99
Retirement Activities	\$208	\$214	\$220	\$224	\$16
Service Recognition	\$233	\$193	\$208	\$241	\$8
Special Events	\$430	\$465	\$500	\$529	\$99
Total	\$4,224	\$4,585	\$4,619	\$4,820	\$596

2
3 **1. Benefit Administration Fees and Services**

4 As shown in Table DSR-19 below, SCG's forecasted Test Year 2016 expense for benefit
5 administration and services fees is \$1.498 million.

6 **Table DSR-19**

Benefits Administration Fees	Thousands of 2013 \$				
	2013	2014	2015	2016	2013-2016 Change
Benefits Administration Fees	\$1,345	\$1,614	\$1,465	\$1,498	\$153

7
8 Benefit administration and service fees include fees for legally required audits, third-
9 party administrator and record-keeper fees, actuarial and other professional services and the cost
10 of benefit communication materials. These fees include:

- 11 • Legally required audits: audits of the Retirement Savings Plan, medical plan, and
12 post-retirement medical and life insurance plans;
- 13 • Third-party administrator and record-keeper fees: administrative fees to record-
14 keepers, claims administrators, and other third-party providers that administer
15 programs such as the health, dependent care and transportation flexible spending
16 account reimbursements; and COBRA enrollments;
- 17 • Actuarial and other professional services: professional fees associated with actuarial
18 valuations of the benefit plans, the cost of the related to various benefit plan issues;
- 19 • Benefit communication materials: annual open enrollment communications, summary
20 plan descriptions, summary annual reports, and benefits education.

1 The primary driver of the cost increase in 2014 was the one-time cost of the GRC Total
2 Compensation Study.

3 **2. Educational Assistance**

4 As shown in Table DSR-20 below, SCG’s forecasted Test Year 2016 expense for the
5 Professional Development Assistance Program is \$1.233 million.

6 **Table DSR-20**

Educational Assistance	Thousands of 2013 \$				2013-2016 Change
	2013	2014	2015	2016	
Educational Assistance	\$1,004	\$1,083	\$1,166	\$1,233	\$229

7
8 The Professional Development Assistance Program (“PDAP”) provides reimbursement of
9 tuition for degree and certificate programs that maintain or enhance the skills necessary to
10 perform current or prospective jobs within the company. The program is open to all regular full-
11 time employees and it is a key part of SCG’s efforts to develop employees and promote from
12 within the company to supervisory and management positions. Program participation reflects
13 SCG’s strong commitment to diversity. Over 69 percent of participants are minorities.

14 Objectives of the program are as follows:

- 15 • Encourage life-long learning and development of new skills that are consistent with
16 the Company’s business objectives;
- 17 • Promote employee retention by facilitating career paths that lead to positions of
18 greater responsibility or enhancement of knowledge and understanding regarding
19 current position responsibilities;
- 20 • Provide a competitive advantage when recruiting new employees; and
- 21 • Allow the company to effectively implement succession planning using internal
22 resources and thereby reducing the expense associated with recruiting qualified
23 external hires to fill key positions within the organization.

24 The PDAP policy limits the annual benefit to \$5,250 of qualified reimbursements, the
25 maximum annual amount of monetary assistance that an employee may exclude from personal
26 income tax liability under a qualified program. Although other Fortune 500 companies may
27 offer slightly higher educational reimbursement, the \$5,250 cap allows the company to control
28 costs while continuing to offer a competitive benefit.

1 The 2013 through 2016 expense forecast assumes that the number of participants
2 increases from 325 in 2013 to 361 in 2016. Projected costs are also indexed for inflation.

3 **3. Emergency Day Care**

4 As shown in Table DSR-21 below, SCG’s forecasted Test Year 2016 expense for the
5 backup childcare program is \$193 thousand.

6 **Table DSR-21**

Emergency Childcare	Thousands of 2013 \$				2013-2016 Change
	2013	2014	2015	2016	
Emergency Childcare	\$201	\$175	\$184	\$193	(\$8)

7
8 The backup childcare program provides emergency childcare services when an
9 employee’s primary childcare resource is unavailable. This program reduces unplanned
10 absences and work time lost due to breakdowns in childcare arrangements. This program is
11 critical to employees who must report to work during emergencies such as wildfires and
12 earthquakes when schools and day care centers are closed.

13 Employees with children from three months to 13 years old may access services through
14 ChildrenFirst/Bright Horizons in both emergency situations and non-emergency situations
15 including the business travel, relocation, school closings, and return from maternity or parental
16 leave. This benefit is also available for emergency elder care.

17 Program costs are projected to increase by 5 percent per year from in 2015 and 2016.

18 **4. Mass Transit Incentive**

19 As shown in Table DSR-22 below, SCG’s forecasted Test Year 2016 expense for the
20 mass transit incentive program is \$902 thousand.

21 **Table DSR-22**

Mass Transit Incentive	Thousands of 2013 \$				2013-2016 Change
	2013	2014	2015	2016	
Mass Transit Incentive	\$803	\$841	\$876	\$902	\$99

22
23 The transportation program provides transit subsidies for employees who use public
24 transportation, vanpools and carpools. The program supports the company’s compliance with
25 South Coast Air Quality Management District Rule 2202 – Rideshare for sites with 250 or more
26 employees. The objective of Rule 2202 is to offer a menu of flexible and cost-effective emission

1 reduction strategies designed to meet emission reduction targets for targeted sites. SCG has
 2 maintained traditional rideshare plans at four mandated sites and also purchases Mobile Source
 3 Emission Reduction Credits to satisfy any shortfall in Rule 2202 requirements.

4 The cost forecast assumes that the participation ratio (number of participants as a
 5 percentage of the total workforce) remains constant while the number of participants increases
 6 from 91 employees to 98 employees due to increases in total headcount.

7 **5. Retirement Activities**

8 As shown in Table DSR-23 below, SCG’s forecasted Test Year 2016 expense for
 9 retirement activities is \$224 thousand.

10 **Table DSR-23**

Retirement Activities	Thousands of 2013 \$				2013-2016 Change
	2013	2014	2015	2016	
Retirement Activities	\$208	\$214	\$220	\$224	\$16

11
 12 Upon retirement, the company gives the employee a retirement gift and hosts a retirement
 13 breakfast in recognition of past service and contribution to the company’s success.

14 The cost of retirement activities is expected to increase slightly from \$208 thousand in
 15 2013 to \$224 thousand in 2016 due to inflation.

16 **6. Service Recognition**

17 As shown in Table DSR-24 below, SCG’s forecasted Test Year 2016 expense for service
 18 recognition is \$241 thousand.

19 **Table DSR-24**

Service Recognition	Thousands of 2013 \$				2013-2016 Change
	2013	2014	2015	2016	
Service Recognition	\$233	\$193	\$208	\$241	\$8

20
 21 Service recognition awards are given to employees on their fifth anniversary and every
 22 five years thereafter. Employees select a specific item from a group of awards that vary
 23 depending on years of service.

24 Most employers have a service recognition program, with five years being the standard
 25 milestone for length of service designs. Recognizing service supports our goals of demonstrating
 26 appreciation for and retaining a high quality, tenured and knowledgeable work force.

1 The 2013 through 2016 increase is based on the actual number of service anniversary
2 dates occurring in 2016, which is greater than the actual number of service anniversary dates that
3 occurred in 2013.

4 7. Special Events

5 As shown in Table DSR-25 below, SCG's forecasted Test Year 2016 expense for special
6 events is \$529 thousand.

7 **Table DSR-25**

Special Events	Thousands of 2013 \$				2013-2016 Change
	2013	2014	2015	2016	
Special Events	\$430	\$465	\$500	\$529	\$99

8
9 Special Events night is a long-standing benefit highly valued by employees at all levels.
10 It is the one time a year when employees from union and management ranks from all around the
11 company gather in one place. The event site varies each year and has included Knott's Berry
12 Farm, Disneyland or Sea World.

13 VI. COMPENSATION CONTROLS

14 SCG continuously evaluates the external labor market to ensure that its compensation and
15 benefits package is competitive and cost-effective. The company's pay structure and guidelines
16 used by human resources and managers to administer pay support this objective. This section
17 describes how the company uses external market data and internal controls to maintain a
18 competitive compensation and benefits package necessary to attract, motivate and retain its
19 workforce.

20 A. External Compensation Surveys

21 1. Non-Executive Jobs:

22 To ensure that total compensation is reflective of the external labor markets, Sempra
23 Energy's compensation and benefits departments participate in a number of professional surveys.
24 Survey databases purchased from major consulting firms include: Towers Watson, Aon Hewitt,
25 Mercer SIRS, and EAPDIS. On occasion, third-party consultants are utilized to supplement
26 standard databases for additional survey information or to obtain information not readily
27 available from standard databases.

1 **2. Executive Jobs:**

2 SCG also uses external survey data to monitor pay for executive jobs. The primary
3 survey sources for executive compensation are the Aon Hewitt Total Compensation Database
4 and the Towers Watson executive compensation database. The company also reviews executive
5 compensation and benefits data for S&P Utilities Index companies as reported in each
6 company's annual proxy statement.

7 **B. External Benefits Surveys – BENVAL Study**

8 SCG participates in the Towers Watson BENVAL database. This database was the
9 source of the benefits data used in the Towers Study. BENVAL determines values for the
10 benefits provided by participating companies by applying a standard set of actuarial methods.

11 For purposes of the Towers Study, each benefit was valued individually and then
12 combined to create an overall benefits value. This overall benefits value was added to cash
13 compensation to determine a total compensation and benefits value for each job in the study. A
14 more detailed description of the benefits valuation methodology is found in Appendix E of the
15 Towers Study.

16 **C. Internal Review**

17 In addition to conducting and reviewing salary surveys, adequate internal controls are in
18 place to maintain competitive and equitable pay. SCG provides salary and incentive
19 compensation planning budget guidelines, and pay administration guidelines for managers to use
20 to administer employee pay. The compensation staff conducts job studies to review new and
21 existing jobs for placement in pay ranges, reviews jobs for compliance with Fair Labor Standards
22 Act and California State Wage and Hour laws, and conducts annual pay equity reviews of total
23 compensation for Office of Federal Contract Compliance Programs compliance. Policies and
24 procedures are established to conform to the Sarbanes-Oxley Act.

25 Pay for SCG executives is reviewed and approved by the SCG Board of Directors. The
26 SCG Board of Directors sets the ICP performance measures for all executive and non-executive
27 ICP. The board reviews and approves ICP results after the results are audited by the Sempra
28 Energy Audit Services department. Results for financial measures are also audited by the
29 company's external auditor, Deloitte.

1 The Compensation Committee of the Sempra Energy Board of Directors reviews and
2 approves pay and incentive plan performance measures for top SECC executive jobs with
3 assistance from its independent external consultant, Exequity.

4 **VII. SEMPRA ENERGY CORPORATE CENTER - COMPENSATION & BENEFITS**

5 The compensation and benefit programs provided to employees at SECC are comparable
6 with those provided to SCG employees. As previously discussed, compensation and benefits
7 were evaluated in conjunction with the Towers Study (see Appendix I) and found to be within
8 market. Consequently, the discussion presented in Sections I thru VI is directly applicable to
9 SECC. As noted in the Towers Study, an allocation of SECC jobs was included in the SCG
10 evaluation of total compensation. Allocated SECC positions were consolidated in the various
11 job categories (*i.e.*, Professional/Technical, Clerical, Professional/Technical,
12 Managerial/Supervisory and Executive).

13 SECC compensation and benefits expenses and the allocations of these expenses to SCG
14 using labor overhead rates are discussed in Peter Wall's Corporate Center testimony (Ex. SCG-
15 19).

16 This concludes my prepared direct testimony.
17

1 **VIII. QUALIFICATIONS**

2 **A. Witness Debbie S. Robinson – Director - Compensation & Payroll Services**

3 My name is Debbie S. Robinson. My business address is 101 Ash Street, San Diego,
4 California. My current position is Director - Compensation & Payroll Services for Sempra
5 Energy. My present responsibilities include managing Sempra Energy’s overall broad-based
6 compensation programs, executive compensation and benefit programs, and interfacing with
7 Sempra’s outsourced payroll vendor. Prior to my current position, I was responsible for
8 management of the company’s health and welfare benefit programs.

9 Sempra Energy’s Compensation and Benefits department supports the Sempra Energy
10 Corporate Center and Sempra Energy’s business units including SCG and SDG&E.

11 I have Bachelor of Arts degrees in International Business, Spanish and French from
12 Baker University in Baldwin City, Kansas. I also have an International Masters in Business
13 Administration degree with a concentration in finance from the University of South Carolina in
14 Columbia, South Carolina.

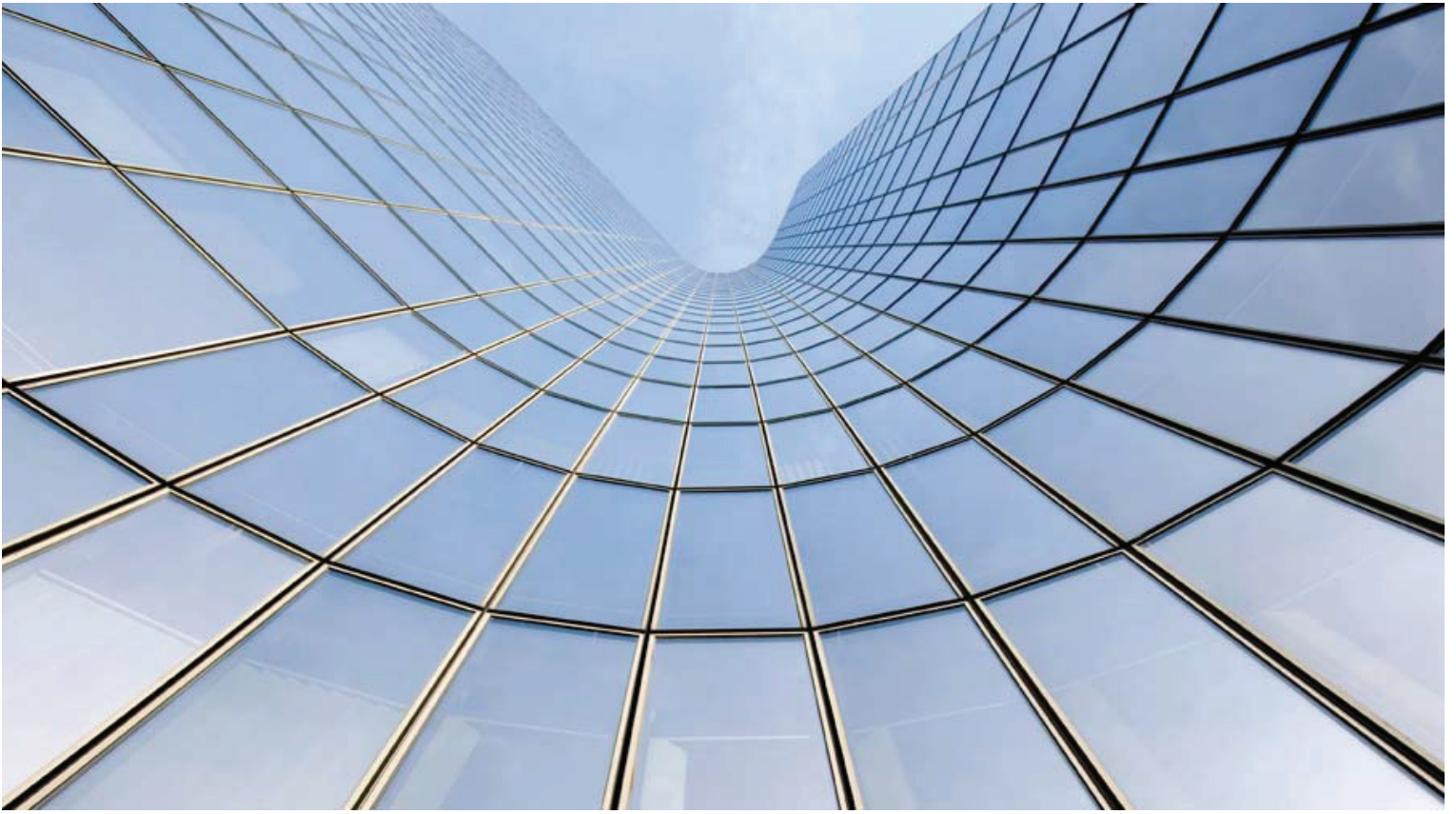
15 I hold the Certified Employee Benefits Specialist (“CEBS”), Certified Compensation
16 Professional (“CCP”), Certified Benefits Professional (“CBP”), Global Remuneration
17 Professional (“GRP”), and Senior Human Resources Professional (“SPHR”) designations.

18 I joined Sempra Energy in 2000 and have held various positions within the Compensation
19 and Benefits and Corporate Financial Planning areas. Prior to being employed by Sempra
20 Energy, I held various finance and compensation positions with Sprint in Kansas City, Missouri.

21 I have previously testified before the Commission.

Appendix A

2016 Total Compensation Study



2016 General Rate Case Total Compensation Study

**Southern California Gas
Company**

June 26, 2014

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Introduction

Towers Watson was selected by Sempra Energy on behalf of Southern California Gas Company, and the California Public Utility Commission's Office of Ratepayer Advocates (ORA), to conduct a total compensation study ("study") of selected representative jobs at Southern California Gas Company (SCG) for the purpose of assessing the competitiveness of SCG's total compensation. The study was conducted as part of SCG's 2016 General Rate Case (GRC) filing.

The approach for conducting the study and reporting the results involved representatives from Sempra Energy, ORA, and Towers Watson working together as a project team. Project Team decisions concerning methodology, the rationale for making these decisions, and various points of view are referenced in this report and in the Project Team meeting notes (Appendix F).

Members of the Project Team included:

- Debbie Robinson, Sempra Energy, Director - Compensation and Payroll Services
- Gregory Shimansky, Sempra Energy, Regulatory Program Manager
- Eric Bayona, Sempra Energy, Manager of Compensation Services
- David Sarkaria, Sempra Energy, Sr. Director - Compensation and Benefits Services
- Stacey Hunter, ORA, Regulatory Analyst
- Dean Stoutland, Towers Watson, Southwest Retirement Leader
- Catherine Hartmann, Towers Watson, Senior Consultant, Rewards, Talent Management and Communication
- Ragini Mathur, Towers Watson, Consultant, Rewards, Talent Management and Communication
- Paul Szilard, Towers Watson, Analyst, Rewards, Talent Management and Communication
- Tina Gay, Towers Watson, Director, North America Survey Operations
- John Goudelias, Towers Watson, Manager, BDS-US

The results of the study and background on the process, methodology, assumptions, and information used to conduct this study are included in this report.

Scope of Study

This study evaluates the competitiveness of total compensation provided by SCG to its employees based on a selection of SCG jobs (“benchmark jobs”). Benchmark jobs are those positions that are common across comparable organizations and for which total compensation data are available from published surveys. This study covers 150 benchmark jobs at SCG, representing 5,557 SCG employees (66 percent of 8,434 total SCG employees¹) as of April 8, 2014. Inclusive of Corporate Center, the study covers 5,605 employees². The employee categories represented by the benchmark jobs selected by SCG, ORA, and Towers Watson are:

- Executive
- Manager/Supervisor
- Professional/Technical
- Physical/Technical
- Clerical

Market total compensation is defined as total direct compensation (base salary, short-term incentives, and the annualized expected value of long-term incentives, i.e., stock options, restricted stock, performance share, and cash long-term incentive plans, if applicable), plus the value of employee benefits. The methodology examines each of the elements of total direct compensation and benefits separately, and then combines the values to obtain total compensation. The total compensation valuations and comparisons in the study were based on the following components of total compensation:

- Actual and target total direct compensation
 - Base salary
 - Actual short-term incentives (actual amounts for 2013 performance paid in 2014) and target awards
 - Actual annualized expected values of long-term incentives³
- Employee benefits
 - Defined benefit pension and defined contribution⁴ retirement plans
 - Disability plans
 - Medical plans (active and retiree)
 - Dental plans (active and retiree)
 - Life insurance (active and retiree group life and active accidental death and dismemberment)
 - Vacation

To determine competitive standing, total compensation levels for SCG benchmark jobs were compared to total compensation levels for similar positions at comparable employers. A group of utility industry and general industry companies was selected as comparable employers (“peer companies”) for benefits analyses. See page 21 for the list of the peer companies used in the study.

¹ Excludes temporary and contract workforce employees.

² Includes 22.1% of Corporate and all SCG employees as of April 8, 2014.

³ Based on long-term incentive value as of the grant date

⁴ Inclusive of savings plans

Overview of Study Results

Towers Watson concludes that SCG's target total compensation level for all SCG jobs, including Corporate Center is estimated to be 2.6 percent above the average (mean) of the competitive market. SCG's actual total compensation for all SCG jobs, including Corporate Center is estimated to be 2.7 percent above the average (mean) of the competitive market.

A portion of the results for Corporate Center jobs that serve SCG has been distributed to it for study purposes and are included in Table 1A.

The methodology used to distribute Sempra Energy Corporate Center jobs was based on the aggregate 2013 Operation and Maintenance expense from all of the various Corporate Center functions (i.e., Human Resources, External Affairs, Finance, and Legal) based on the allocation process as described in the testimony of Peter Wall. The distribution factor included labor and non-labor expenses (including those parent company costs that are not distributable). The expense factors used to distribute Sempra Energy Corporate Center results were: SDG&E (25.2%) and SCG (22.1%).

Based on these factors, SCG study results shown in Table 1A include 22.1% of the Sempra Energy Corporate Center employees, payroll, and percentage relationship to market for each element of compensation.

The study results are presented below in Table 1A on the next page. The table shows SCG's competitive standing for each element of total compensation.

Table 1A: SCG (Including Corporate Center¹) versus Market — Competitive Summary

SCG Employee Category	SCG Total # of Employees (EEs) ²	SCG EEs in Study	SCG Target Total Cash (\$000s)	SCG Target Total Cash Weighting	Base Salary	Variance — SCG Benchmark Jobs vs. Competitive Market Average					
						Target Total Cash ³	Actual Total Cash ³	Benefits	Long-Term Incentives	Target Total Comp. ⁴	Actual Total Comp. ⁴
Executive	15	6	\$6,815	1.0%	-4.2%	-5.7%	-1.2%	1.5%	-13.9%	-8.3%	-6.0%
Manager/Supervisor	871	241	\$112,106	15.9%	3.6%	8.1%	13.5%	13.7%	-1.1%	9.2%	13.3%
Professional/Technical	1,887	1,076	\$200,849	28.5%	-2.8%	1.2%	3.1%	8.3%	-38.7%	2.5%	3.9%
Physical/Technical	3,731	2,372	\$281,015	39.9%	6.0%	5.8%	2.4%	0.3%	N/A	4.2%	1.8%
Clerical	2,011	1,910	\$103,774	14.7%	-7.3%	-8.7%	-8.9%	-4.7%	N/A	-7.7%	-7.9%
Total⁵	8,515	5,605	\$704,560	100.0%	1.0%	2.6%	2.6%	4.0%	-11.3%	2.6%	2.7%

¹ Includes 22.1% of total Corporate Center employees, actual and target compensation dollars and results, based on a formula related to Corporate Center operation and maintenance expense.

² SCG's population, including distribution of Corporate Center employees, as of April 8, 2014.

³ Actual total cash reflects base pay plus short-term (annual) incentives; target total cash reflects base pay plus target short-term incentive opportunity.

⁴ Actual total compensation is defined as actual total cash plus benefits and long-term incentives;

target total compensation is defined as target total cash plus benefits and long-term incentives.

⁵ Results weighted by SCG and allocated Corporate Center target total cash compensation for all jobs, both benchmark and non-benchmark.

Competitive positioning by employee category for SCG including Corporate Center (see Table 1A) are as follows:

Executive

Target total compensation for the Executive jobs is 8.3 percent below the average of the competitive market.

Manager/Supervisor

Target total compensation for the Manager/Supervisor jobs is 9.2 percent above the average of the competitive market.

Professional/Technical

Target total compensation for the Professional/Technical jobs is 2.5 percent above the average of the competitive market.

Physical/Technical

Target total compensation for the Physical/Technical jobs is 4.2 percent above the average of the competitive market.

Clerical

Target total compensation for the Clerical jobs is 7.7 percent below the average of the competitive market.

For reference, Table 1B shows study results for SCG before Corporate Center distribution. SCG target total compensation before Corporate Center distribution is 2.7 percent above market. SCG actual total compensation before Corporate Center distribution is 2.7 percent above market. See Appendix B - II for full Corporate Center results.

Table 1B: SCG (Excluding Corporate Center) versus Market — Competitive Summary

SCG Employee Category	SCG Total # of Employees (EEs) ¹	SCG EEs in Study	SCG Target Total Cash (\$000s)	SCG Target Total Cash Weighting	Base Salary	Variance — SCG Benchmark Jobs vs. Competitive Market Average					
						Target Total Cash ²	Actual Total Cash ²	Benefits	Long-Term Incentives	Target Total Comp. ³	Actual Total Comp. ³
Executive	12	5	\$5,235	0.8%	-4.2%	-5.2%	-2.0%	1.5%	-17.0%	-9.0%	-7.2%
Manager/Supervisor	854	233	\$108,459	15.7%	3.4%	8.0%	12.9%	13.3%	-3.3%	9.1%	12.8%
Professional/Technical	1,841	1,047	\$195,462	28.2%	-2.5%	1.6%	3.4%	8.5%	-38.1%	2.8%	4.2%
Physical/Technical	3,731	2,372	\$281,015	40.6%	6.0%	5.8%	2.4%	0.3%	N/A	4.2%	1.8%
Clerical	1,996	1,900	\$102,666	14.8%	-7.4%	-8.8%	-9.1%	-4.9%	N/A	-7.8%	-8.0%
Total⁴	8,434	5,557	\$692,837	100.0%	1.1%	2.7%	2.6%	3.9%	-11.4%	2.7%	2.7%

¹ SCG's population; as of April 8, 2014.

² Actual total cash reflects base pay plus short-term (annual) incentives; target total cash reflects base pay plus target short-term incentive opportunity.

³ Actual total compensation is defined as actual total cash plus benefits and long-term incentives;

target total compensation is defined as target total cash plus benefits and long-term incentives.

⁴ Results weighted by SCG target total cash compensation for all jobs, both benchmark and non-benchmark.

Competitive positioning by employee category for SCG excluding Corporate Center (see Table 1B) are as follows:

Executive

Target total compensation for the Executive jobs is 9.0 percent below the average of the competitive market.

Manager/Supervisor

Target total compensation for the Manager/Supervisor jobs is 9.1 percent above the average of the competitive market.

Professional/Technical

Target total compensation for the Professional/Technical jobs is 2.8 percent above the average of the competitive market.

Physical/Technical

Target total compensation for the Physical/Technical jobs is 4.2 percent above the average of the competitive market.

Clerical

Target total compensation for the Clerical jobs is 7.8 percent below the average of the competitive market.

INTERPRETATION OF RESULTS BY TOWERS WATSON

Towers Watson considers +/- 10 percent of the average or mean of the competitive market to be the range of competitiveness. A range such as this is generally considered by compensation professionals to be a standard of competitiveness due to variances in employee performance levels, years of experience, and tenure within and across organizations. For certain components of compensation, such as long-term incentives and benefits, larger variances are common. Because of the variables involved — matching benchmark jobs to survey information, matching career levels, sample size, and data quality issues — in a study such as this, a range should be considered in evaluating the competitiveness of compensation.

Summary of Population Coverage

Table 2A: Study Coverage of SCG Population (Including Corporate Center)

SCG Employee Category	Benchmark Jobs	Total SCG Employee Population ¹	Total Employees in Benchmark Jobs	% of Total Population Represented by Benchmark Jobs
Executive	10	15	6	42%
Manager/Supervisor	43	871	241	28%
Professional/Technical	114	1,887	1,076	57%
Physical/Technical	24	3,731	2,372	64%
Clerical	36	2,011	1,910	95%
Total¹	227	8,515	5,605	66%

¹ Includes 22.1% of Corporate and all SCG employees as of April 8, 2014.

Table 2B: Study Coverage of SCG Population (Excluding Corporate Center)

SCG Employee Category	Benchmark Jobs	Total SCG Employee Population ¹	Total Employees in Benchmark Jobs	% of Total Population Represented by Benchmark Jobs
Executive	5	12	5	42%
Manager/Supervisor	17	854	233	27%
Professional/Technical	83	1,841	1,047	57%
Physical/Technical	24	3,731	2,372	64%
Clerical	21	1,996	1,900	95%
Total¹	150	8,434	5,557	66%

¹ Includes all SCG employees as of April 8, 2014.

This competitive study is an analysis of total compensation levels for a significant sample of SCG's total employee population. Due to the large number of SCG employees in the benchmark jobs selected for this study, Towers Watson is confident that this study accurately represents the competitive positioning for the organization.

Tables 2A and 2B summarize the percentage of the total SCG employee population represented by the benchmark jobs ("coverage") that this study provides. They show the number of SCG employees that are in benchmark jobs compared to the total number of SCG employees in each employee category. Please note that the total number of employees excludes part-time (except for part-time customer service representatives, and meter readers), contract, and employees on leave of absence. Overall, this study covers 66 percent of SCG's total employee population. Towers Watson believes that the study coverage is sufficiently high to obtain an accurate representation of the competitive positioning for SCG's total employee population.

Supporting Documentation

The appendices to this report provide additional information that supports the study's results:

- Appendix A - I is a list of the employee profiles that were developed for benefits analyses.
- Appendix A - II is a list of the SCG benchmark jobs organized by SCG employee category and includes profile numbers for each benchmark job.
- Appendix B - I is a detailed competitive summary that provides the results for each SCG benchmark job within each SCG employee category. Subtotals are provided at the end of each employee category.
- Appendix B - II is a detailed competitive summary that provides the results for each Corporate Center benchmark job within each Corporate Center employee category. Subtotals are provided at the end of each employee category.
- Appendix C provides the average total compensation dollars for each SCG employee category by compensation component.
- Appendix D provides the aggregate total compensation dollars for each SCG employee category by compensation component.
- Appendix E is a detailed summary of the methodology used to value employee benefits in the study.
- Appendix F provides summaries of each of the project team meetings. All decisions concerning methodology and the rationale for making these decisions are referenced in the project team meeting notes.
- Appendix G is a glossary of compensation-related terms used throughout this report.

Study Methodology

SCG EMPLOYEE CATEGORIES

For purposes of this study, SCG placed benchmark jobs into one of five employee categories. The employee categories are as follows:

- 1) *Executive* — This category includes the limited group of officers who are responsible for the overall direction of the company. Officers of Sempra Energy who have some responsibility for utility matters were included. The Sempra Energy Chairman and Chief Executive Officer, as well as the Sempra Energy President positions were excluded from the study because compensation expense for these positions is not shared by the utilities.
- 2) *Manager/Supervisor* — Benchmark jobs in this category are classified as exempt under the Fair Labor Standards Act⁵ (FLSA). This category contains different levels of leadership jobs with primary responsibility for directing the work of others and for the final work product in a unit of the company.
- 3) *Professional/Technical* — These benchmark jobs generally are individual contributors that are typically classified as exempt under the FLSA. These benchmark jobs usually require a college degree and the nature of the work involves extensive analysis and independent judgment. The benchmark jobs in this category are not covered by a collective bargaining agreement.
- 4) *Physical/Technical* — Benchmark jobs in this category are nonexempt under the FLSA. This category contains both field jobs requiring physical activities that are repetitive in nature and individual contributor technical jobs, such as Estimators. Physical (field) jobs are found more frequently in utility companies and are usually covered by a collective bargaining agreement. They often have formal apprenticeship programs and typically do not require college study. Technical jobs may require some college study, but a college degree is not required. Many have formal training programs in the company.
- 5) *Clerical* — These benchmark jobs are nonexempt under the FLSA. Jobs in this group usually are located in an office environment (although there are exceptions, such as meter readers) and require activities that are generally administrative or clerical in nature. These jobs may require some college study, but a college degree is not required. Some clerical jobs at SCG are covered by a collective bargaining agreement, unlike most clerical jobs in the competitive market.

⁵ The Fair Labor Standards Act (“FLSA”) of 1938 is a federal law that governs minimum wage, overtime pay, child labor and record-keeping requirements. The law also determines the type of positions that are exempt from minimum wage and overtime provisions. Under FLSA, “nonexempt” employees must be paid one-and-a-half times their normal wage rates for all hours worked in excess of 40 in any work week. Some states, including California, require overtime pay for nonexempt positions for hours exceeding 8 worked in one day.

SCG BENCHMARK JOB SELECTION PROCESS

This study includes 150 unique benchmark jobs at SCG, representing 5,557 employees as of April 8, 2014. Additionally, when benchmark jobs from the Corporate Center were included in the study, the total SCG employee coverage came to 5,605 employees.

Benchmark jobs were selected from the following five SCG employee categories: 1) Executive, 2) Manager/Supervisor, 3) Professional/Technical, 4) Physical/Technical, and 5) Clerical.

SCG provided Towers Watson with an initial job list that included the following:

- All job classifications with one or more incumbents as of April 8, 2014
- All jobs initially identified for the 2012 GRC Study, including jobs excluded from that study due to lack of sufficient survey data.

Jobs chosen to be benchmark jobs met all or most of the following criteria:

- Jobs that were usually found in existing surveys that provide reliable competitive market data
- Jobs that, in aggregate, represented the largest number of incumbents to provide a representative cross-section of the employee population
 - Across the entire company (SCG & Corporate Center)
 - Across organization levels within the company
- Jobs that were representative of a job category or job family for cross-coverage
- Jobs that had a clearly definable scope of position, required education/experience, skills, and abilities

JOB MATCHING PROCESS

The Project Team worked together and conducted the benchmark job matching for this study over several weeks. The 2012 GRC Study benchmark positions were used as an initial starting point to maximize efficiency and help manage overall study costs. The ORA, SCG, and Towers Watson began the job matching process by reviewing benchmark jobs that met the criteria established. The Project Team also identified new survey positions that were comparable to benchmark jobs at SCG (this is referred to as the “matching process”).

Survey positions were selected for benchmark jobs based on:

- Matches of benchmark jobs to survey positions that were validated and used in the prior SCG GRC Study
- Knowledge of the benchmark job scope and function by Sempra Energy Human Resources and line operations
- Towers Watson’s experience and knowledge of the survey positions and the survey job leveling guides
- Comparable survey position matches selected by the Project Team from compensation surveys conducted by reputable consulting firms

A survey position was deemed to be an effective match to a benchmark job if the composition (e.g., scope, duties or function) of a survey job reflected 80 percent of the SCG benchmark composition. The 80 percent guideline is a standard guideline for compensation professionals. For executive benchmark jobs, survey positions also reflected the reporting level of the benchmark jobs in the organization.

Appendix A- I contains a list of SCG benchmark jobs and corresponding employee counts, by employee category that were included in the study.

The resulting coverage of SCG (including Corporate Center) employees in the final results ranged from 95 percent for the Clerical employee category to 28 percent for the Manager/Supervisor employee category. Overall, there was 66 percent coverage of the total SCG population by benchmark jobs (Tables 2A and 2B on page 8).

SURVEY SOURCES

Multiple survey sources were selected to ensure relevant and representative total compensation data for SCG benchmark jobs. The survey sources are as follows:

Survey/Data Source	Data Type
Towers Watson Compensation Data Bank (CDB)	Compensation Data
<ul style="list-style-type: none"> ● Energy Services Survey: Executive and Middle Management & Professional Surveys ● General Industry Survey: Executive and Middle Management & Professional Surveys 	
Edward A. Powell Data Information Solutions (EAPDIS) Energy Technical Craft Clerical Survey	Compensation Data
Mercer SIRS Survey (formerly ORC SIRS Survey)	Compensation Data
Aon Hewitt Total Compensation Measurement (TCM) Executive Compensation Survey	Compensation Data
PG&E and International Brotherhood of Electrical Workers (IBEW) Custom Survey ⁶	Compensation Data
Towers Watson Benefits Database	Benefits Data

⁶ The PG&E and IBEW Custom Survey, conducted by Towers Watson was utilized for the study. This custom study was sponsored by PG&E and the IBEW in March, 2013 and covered three classifications – Electrical/ Relay Technician, Telecom Technician and Transmission Systems Operator. SDG&E was a participant in the study, and had received a copy of the participant report, and so it was decided to utilize this study and match to Sempra Energy benchmark jobs. The study was effective March 1, 2013.

COMPENSATION DATA SOURCES AND SCOPES

For each survey specific data cuts were used for each different employee category to ensure an accurate reflection of the labor market that SCG competes for talent. From our assessment of survey data, we concluded that revenue scope provides a compensation differential at the Executive and Manager/Supervisor level, for this reason within these employee categories we will scope the data by revenue size, where available, to provide the most relevant comparator group.

Employee Category	Survey	Industry Scope	Revenue Scope
1) Executive ⁷	2013 Towers Watson CDB General Industry Executive Compensation Survey	General Industry Data	Revenue = \$5-20B
	2013 Towers Watson CDB Energy Services Executive Compensation Survey	Energy Services Data	
	2013 Aon Hewitt TCM Executive Compensation Survey	General Industry Data Energy Services Data	Revenue = \$5-20B
2) Manager/ Supervisor	2013 Towers Watson CDB General Industry Middle Management & Professional Compensation Survey	General Industry Data	Revenue = \$5-20B
	2013 Towers Watson CDB Energy Services Middle Management & Professional Compensation Survey	Energy Services Data	
	2013 Mercer SIRS Survey (formerly ORC SIRS Survey) Compensation Survey	General Industry Data	Revenue = \$5-20B
3) Professional/ Technical	2013 Towers Watson CDB General Industry Middle Management & Professional Compensation Survey	General Industry Data	All Revenue
	2013 Towers Watson CDB Energy Services Middle Management & Professional Compensation Survey	Energy Services Data	
	2013 Mercer SIRS Survey (formerly ORC SIRS Survey) Compensation Survey	General Industry Data	All Revenue
4) Physical/ Technical and 5) Clerical	2013 Towers Watson CDB General Industry Middle Management & Professional Compensation Survey	General Industry Data	All Revenue
	2013 Towers Watson CDB Energy Services Middle Management & Professional Compensation Survey	Energy Services Data	
	2013 EAPDIS Energy Technical Craft Clerical Survey	Energy Services Data	All Revenue
	2013 Mercer SIRS Survey (formerly ORC SIRS Survey) Compensation Survey	General Industry Data	All Revenue
	2013 PG&E and IBEW Custom Survey	Energy Services Data	All Revenue

⁷ Executives in the Corporate Center were matched to General Industry only, in order to align with Sempra Energy's recruitment strategy and methodology utilized in PG&E and Edison rate case studies.

COMPONENTS OF TOTAL COMPENSATION

The compensation elements included in the study are effective April 8, 2014 and include:

- Base salary (annualized rate) reflective of the most recent compensation structure
- Actual short-term incentives reflective of bonuses paid in 2014 for 2013 performance
- Target short-term incentives reflective of target bonuses
- Value of long-term incentives (i.e., restricted stock units and performance shares)
 - Reflective of SCG awards granted on January 2, 2014
 - SCG defines eligibility for long-term incentive awards by job level and title; all executives, directors and attorneys are eligible for long-term incentive awards
- Employee benefits
 - Defined benefit pension and defined contribution retirement plans
 - Disability plans
 - Medical plans (active and retiree)
 - Dental plans (active and retiree)
 - Life insurance (active and retiree group life and active accidental death and dismemberment)
 - Vacation

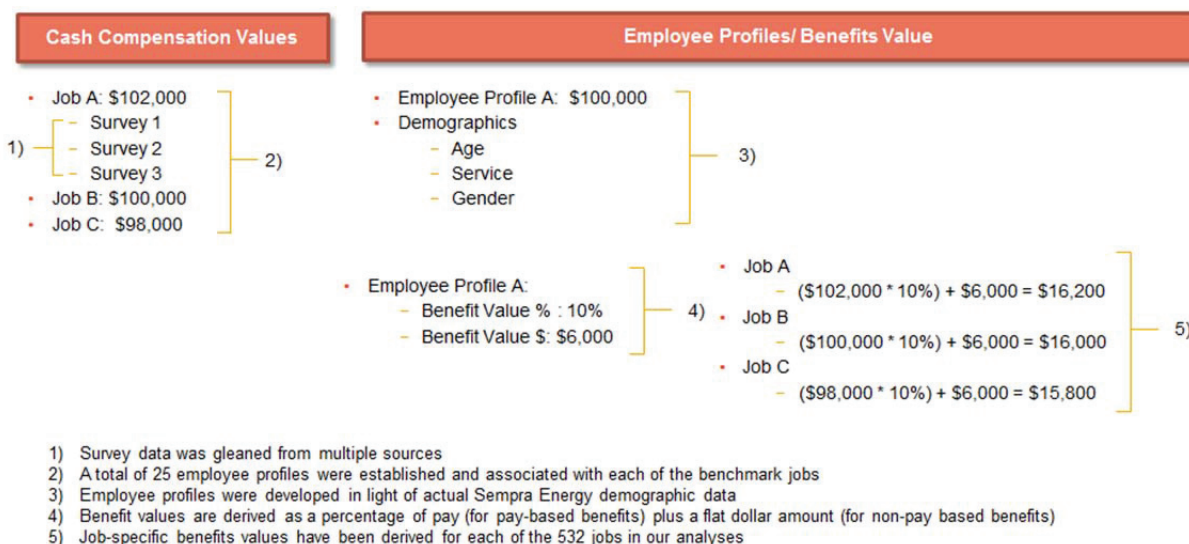
The following components of compensation will be excluded from the study because either most survey sources do not include such data or the value of the benefit is included in base salary:

- Overtime pay and shift differentials
- Paid time off (if in excess of vacation time)
- Special recognition awards or spot bonuses

TOTAL COMPENSATION VALUE COMPUTATION

- Market cash compensation values by benchmark job were derived from multiple survey sources based on agreed-upon matches and the availability of quality market data (i.e., sufficient number of companies, good correlations of average and 50th percentile, etc.)
- A total of 25 Sempra Energy employee profiles have been developed and associated with each job category.
- These profiles currently reflect demographic information i.e. age, tenure and prevalent gender as is relevant to Sempra Energy’s employee population. The following guiding principles were followed to develop the employee profiles:
 - Employee profiles were derived based on market data that aligns with Towers Watson’s general understanding of pay practices prevalent in the industry (e.g., similar range spreads).
 - Employee profiles were segregated into union and non-union specific profiles for the categories of Clerical and Physical/Technical since benefits plans vary across both groups.
 - Employee profiles were segregated for the executive population into specific profiles since benefit plans vary for this group.
 - To the best extent where market data supported the view, like jobs (based on job family, roles and responsibilities) were aligned to a single profile (e.g., separate profiles for supervisors vs. managers).
- Benefits values were then calculated for each employee profile, using Towers Watson’s standard benefits valuation methodology, details of which can be found in Appendix E.
- Benefit values by benchmark job were then derived as a percentage of base pay and target bonus (for pay-based benefits) plus a fixed amount (for non-pay-based benefits) for each employee profile and applied to each benchmark job.
- Cash compensation, benefits, and long-term incentive values were added together to obtain total compensation values for the 2016 GRC Study.

Details on the employee profiles developed, including market base pay information and demographic detail, are available in Appendix A - I.



Sample: For Illustration Purposes Only

CASH COMPENSATION VALUATION METHODOLOGY

Data Collection

Towers Watson and the other managers of surveys used in this study collect compensation data directly from companies participating in the databases and surveys. The surveys collect base salary, short-term incentive, and long-term incentive data (where applicable) for actual incumbents at the companies participating in the surveys. Base salary, short-term incentive, and long-term incentive data (where applicable) were collected from the various data sources and from SCG for each survey position, and then combined at the position level to obtain compensation values.

The analysis contains both actual and target data for short-term incentives. These short-term incentives were awarded in 2014 for 2013 performance. In addition, cash profit sharing bonuses, when used as a short-term incentive, are included in total cash for the competitive market job matches. In certain cases where companies do not offer a short-term incentive or profit sharing plan for selected or all employees, base salary represents the entire total cash compensation package.

For certain benchmark job matches; Towers Watson has weighted survey data from multiple data sources according to a predetermined methodology – i.e., energy service oriented jobs were matched to energy surveys, and jobs that fell in broader job categories were matched to both general industry and energy services surveys, wherever possible (generally with a 50-50 weighting of general and energy services industry). For nonexempt jobs, if an hourly rate of pay was reported by a data source, it was multiplied by 2,080 hours to obtain an annualized rate of base compensation. For exempt jobs, Towers Watson used an annual rate of salary. Additionally, survey data was evaluated at a national level without a geographic premium and not specified for the Southern California region.

Multiple statistics were developed for compensation analysis. Specifically, the 25th percentile, median, average, and the 75th percentile of the market are provided.

Effective Date

The survey and database sources used in the study collect base pay, short-term incentive, and in some cases, long-term incentive data that are in effect as of a certain date from participating companies. Those sources and the effective dates are listed below.

Survey/Data Source	Effective Date
Towers Watson CDB	
<ul style="list-style-type: none"> ● Energy Services Survey: Executive and Middle Management & Professional Surveys ● General Industry Survey: Executive and Middle Management & Professional Surveys 	March 1, 2013
EAPDIS Energy Technical Craft Clerical Survey	April 1, 2013
Mercer SIRS Survey	April 1, 2013
Aon Hewitt TCM Executive Compensation Survey	April 1, 2013
PG&E and IBEW Custom Survey	March 1, 2013

To provide a common reference date for compensation data, the salary data from the surveys and databases were aged to a common effective date of June 30, 2014. Data is aged since salary compensation is paid over a year of employment and pay generally increases once per year, if at all. Incentives are generally paid once per year. As a result, incentive awards are not aged.

The effective date of the competitive salary data to be aged varied by survey source since survey providers collect data at different times. Aging compensation data, using general or specific rates of salary increase to provide current competitive market compensation levels, is a generally accepted practice of major consulting firms. Typically, consultants and practitioners will age salary data up to two years from the effective date of the data. Aging factors are based on general salary and wage increases that represent the actual experience of companies or represent the companies' budgeted increases.

A single aging factor of 2.9 percent will be applied to all jobs in all of SCG employee categories for surveys with effective dates in 2013. This 2.9 percent factor will be applied on a prorated basis depending on the effective date of the data. This factor was determined by using multiple sources of publicly available, governmental, and proprietary sources of information on national and western region hourly and salaried wage increases for the utility and general industries. The data sources used to determine the aging factor are shown below:

Survey/Data Source	Industry	Actual 2013 Increases
WorldatWork 2013-14 United States Salary Budget Survey (National)	Utility Industry	2.9%
	All Industries	2.9%
Towers Watson 2013 United States General Industry Salary Budget	Energy Services and Utilities Industry	3.1%
	All Industries	2.9%
Mercer 2013/2014 US Compensation Planning Survey Report	Utility Industry	3.0%
	All Industries	2.9%
SDG&E Aging Factor		2.9%

As is typical practice, short-term incentives, long-term incentives, and employee benefit values were not aged. Benefit values will reflect any aging applied to base salaries for salary-related components of pay, and therefore are not updated separately.

LONG-TERM INCENTIVE VALUATION METHODOLOGY

Long-term incentive (LTI) compensation programs include:

- Performance shares/units
- Restricted stock/units
- Stock options
- Cash LTI plans

The majority of survey sources used in the study provide long-term incentive dollar values for some or all categories of aforementioned long-term incentive programs⁸. For that reason, actual long-term incentive dollar values were used for the market analysis to ensure the most robust sample size and reporting data for long-term incentive eligible benchmark jobs. When benchmark jobs at Sempra Energy were not long-term incentive eligible a comparison was not made. The stock option component of LTI in survey sources, was valued using full-term Black-Scholes versus FAS 123R values (based on expected-term valuation)⁹. For each stock option, restricted stock, or other performance award, the accounting value is the value determined by the company and reported to the survey.

⁸ Sempra Energy provided Towers Watson with long-term incentive values for long-term incentive eligible jobs.

⁹ Although Sempra Energy does not offer stock options, this is a common vehicle in the market and therefore is included in the market data from available survey sources.

Benefits Valuation Methodology

Towers Watson's benefit valuation methodology, BENCAL[®], was used to determine the benefits value delivered by each peer company to its employees. This valuation methodology applies a standard set of actuarial methods and assumptions to employee demographic profiles which have been customized based on the demographics of employee categories within SCG (i.e., age, service, and gender). Towers Watson's methodology measures the value of benefits to the employee, not the cost of benefits to the company. Towers Watson developed the methods and assumptions on the basis of a number of factors:

- Consistency with Generally Accepted Accounting Principles (GAAP)
- Conformance with Employee Retirement Income Security Act (ERISA) and other employee benefits standards
- Consistency with actuarial standards set by the American Academy of Actuaries and the Actuarial Standards Board
- Consistency with other studies done for other Towers Watson clients
- Experience within utility and general industries

Employee benefit values will be calculated for the following benefit plans:

- Defined benefit and defined contribution retirement plans
- Disability plans
- Medical plans (active and retiree)
- Dental plans (active and retiree)
- Life insurance (active and retiree group life and active accidental death and dismemberment)
- Vacation

As is typical practice, benefit values that were excluded from this analysis are:

- Short-term disability
- Social Security
- Other government-mandated benefits

Employee benefit values were based on detailed descriptions of employee benefit programs applicable to new hires for the peer companies that are contained in Towers Watson's Benefits Data Source (BDS) database and were updated to reflect changes in plan provisions.

We used demographics reflecting 25 unique employee profiles (i.e., job category, age, gender, service, and compensation) and data from 20 companies from the energy services/utility industry and 20 companies from general industry as the primary comparator groups for the study. A more detailed explanation of the employee benefits valuation methodology is provided in Appendix E.

BENEFITS PEER GROUPS

Relevant utility and general industry peer companies were selected based on size, industry segment, and geographic parameters to develop the most accurate assessment of SCG's competitive labor market.

The goal was to identify a combined peer group of 40 companies (large utilities nationwide and large general industry companies with a substantial presence in Southern California) and to utilize an appropriate subset of the peer group to obtain appropriate benefits data.

As the first step of the peer group selection process, Towers Watson provided the Project Team with preliminary lists of companies that represent the labor market within which SCG competes. As part of the decision-making process, these preliminary lists were reviewed and select utility and general industry peer companies were picked using a set of selection criteria (i.e., size, industry characteristics, primary geographic labor market, and 2012 GRC Study peers).

Utility Industry Peer Companies

#	Organization	2012 GRC Participant	Sales/Revenue
1	Ameren Corporation	Y	\$3 - \$7 Billion
2	American Electric Power System	Y	\$10 - \$20 Billion
3	CenterPoint Energy, Inc.	Y	\$7 - \$10 Billion
4	Consolidated Edison Company of New York, Inc. ¹	Y	\$10 - \$20 Billion
5	DTE Energy ¹	Y	\$7 - \$10 Billion
6	Duke Energy Corporation	Y	\$10 - \$20 Billion
7	Energy Future Holdings Corp.	Y	\$7 - \$10 Billion
8	Entergy Corporation	Y	\$10 - \$20 Billion
9	Integrus Energy Group, Inc. ¹	Y	\$3 - \$7 Billion
10	NextEra Energy, Inc.	Y	\$10 - \$20 Billion
11	NV Energy ¹	Y	\$3 - \$7 Billion
12	Pacific Gas and Electric Company	Y	\$10 - \$20 Billion
13	PacifiCorp	Y	\$3 - \$7 Billion
14	Pinnacle West Capital Corporation ¹	Y	\$3 - \$7 Billion
15	Portland General Electric Company	Y	\$1 - \$3 Billion
16	PPL	Y	\$10 - \$20 Billion
17	Public Service Enterprise Group ¹	Y	\$7 - \$10 Billion
18	Puget Sound Energy, Inc.	Y	\$3 - \$7 Billion
19	Southern California Edison ¹	Y	\$7 - \$10 Billion
20	Xcel Energy Inc.	Y	\$10 - \$20 Billion

General Industry Peer Companies

#	Organization	2012 GRC Participant	Sales/Revenue
1	AECOM	Y	\$7 - \$10 Billion
2	Allergan, Inc.	Y	\$3 - \$7 Billion
3	Apple Inc.	N	Over \$20 Billion
4	Bank of America Corporation ¹	Y	Over \$20 Billion
5	Calpine Corporation ¹	Y	\$3 - \$7 Billion
6	Chevron Corporation	Y	Over \$20 Billion
7	Edwards Lifesciences	N	\$1 - \$3 Billion
8	Fireman's Fund Insurance Companies ¹	N	\$3 - \$7 Billion
9	First American Corporation	N	\$3 - \$7 Billion
10	Fluor Corporation ¹	Y	Over \$20 Billion
11	Intuit Inc.	N	\$3 - \$7 Billion
12	Jacobs Engineering Group Inc.	Y	\$10 - \$20 Billion
13	Kaiser Permanente ¹	N	\$10 - \$20 Billion
14	Life Technologies, Inc. ¹	Y	\$3 - \$7 Billion
15	Oracle Corporation	Y	Over \$20 Billion
16	Qualcomm Incorporated	Y	\$10 - \$20 Billion
17	Roche ¹	Y	Over \$20 Billion
18	Teledyne Technologies Incorporated	N	\$1 - \$3 Billion
19	The Boeing Company	Y	Over \$20 Billion
20	Western Union ¹	N	\$3 - \$7 Billion

¹ Broad-based and union benefits plans are available for these organizations. Broad-based, executive and union benefits plans are available for all other selected peers.

APPENDIX A - I — Employee Profiles

The table below represents the market data utilized to develop the employee profiles.

Job and Incumbent Counts			Market		Demographic Information				Job Category & Union Representation Information					
Job Count	Employee Counts	Base Median (in '000s)	Target Bonus Percent Median ¹	Median Age	Median Tenure	Prevalent Gender	Union Representation	Clerical	Physical/ Technical	Professional/ Technical	Manager/ Supervisor	Executive		
Profile 1	1	48	3.0%	31.5	1.9	M	100%	--	100%	--	--	--		
Profile 2	5	1,137	--	36.8	9.4	M	100%	60%	40%	--	--	--		
Profile 3	7	582	5.0%	42.9	14.1	F	100%	100%	--	--	--	--		
Profile 4	11	225	--	49.4	16.7	M	100%	18%	82%	--	--	--		
Profile 5	1	102	5.5%	52.4	13.9	F	100%	--	100%	--	--	--		
Profile 6	15	1,604	--	47.5	17.6	M	100%	--	100%	--	--	--		
Profile 7	16	424	--	50.7	22.0	M	100%	--	100%	--	--	--		
Profile 8	18	977	--	51.0	23.0	M	100%	11%	89%	--	--	--		
Profile 9	6	28	4.3%	44.5	8.3	F	--	83%	17%	--	--	--		
Profile 10	13	210	5.3%	44.2	11.7	F	--	100%	--	--	--	--		
Profile 11	20	212	4.9%	44.7	11.3	F	--	95%	5%	--	--	--		
Profile 12	6	62	5.9%	47.1	9.0	M	--	50%	50%	--	--	--		
Profile 13	5	27	6.1%	50.0	12.6	F	--	80%	20%	--	--	--		
Profile 14	35	272	6.9%	41.7	9.6	F	--	--	--	97%	3%	--		
Profile 15	67	667	8.3%	44.5	13.2	F	--	--	--	85%	15%	--		
Profile 16	45	366	10.0%	46.1	14.7	M	--	--	--	69%	31%	--		
Profile 17	72	585	10.3%	48.1	14.5	M	--	--	--	71%	29%	--		
Profile 18	74	570	12.7%	50.6	16.1	M	--	--	--	68%	32%	--		
Profile 19	46	326	13.6%	52.5	18.3	M	--	--	--	63%	37%	--		
Profile 20	24	81	17.5%	50.7	14.9	M	--	--	--	50%	50%	--		
Profile 21	13	15	24.7%	52.0	20.9	M	--	--	--	--	100%	--		
Profile 22 ²	19	66	26.9%	51.1	13.2	M	--	--	--	21%	79%	100%		
Profile 23	7	7	39.9%	51.4	22.5	F	--	--	--	--	--	100%		
Profile 24	4	4	50.4%	58.1	15.3	M	--	--	--	--	--	100%		
Profile 25	4	4	75.0%	55.1	10.6	M	--	--	--	--	--	100%		
534	8,601													

¹ Market target bonus for each profile does not include zero or blank target bonus.

² Two jobs aligned to Profile 22, 09250, Director - Construction Services (SDGE) and C10081, Dir - Corp Security & CSO (Corporate Center) were dropped from the study due to insufficient market data for all pay elements. Market values for the same have been used to develop employee profile information for Profile 22.

APPENDIX A - II — Benchmark Jobs and Employee Profile Alignment¹⁰

¹⁰ *Jobs have been sorted by profile number, and job title for ease of view.*

SCG Executive Benchmark Jobs Included in Study

2016 GRC Study Position #	SCG Benchmark Job Title	Profile	Number of SCG Employees
2147	Executive 11	Profile 23	1
2148	Executive 12	Profile 23	1
2149	Executive 15	Profile 23	1
2146	Executive 7	Profile 24	1
2084	Executive 4	Profile 25	1
TOTAL:			5

SCG Manager/Supervisor Benchmark Jobs Included in Study

2016 GRC Study Position #	SCG Benchmark Job Title	Profile	Number of SCG Employees
2012	Branch Ofc Supv	Profile 15	8
2019	CCC Supv	Profile 15	34
2071	Logstcs Supv	Profile 15	5
2081	Mtr Rdg Supv	Profile 15	19
2048	Fld Ops Supv II	Profile 16	106
2050	Fld Supv	Profile 16	10
2051	Fleet Supv	Profile 16	6
2141	Technical Supervisor	Profile 16	14
2150	Engineering Manager 16	Profile 17	1
2101	Regnl Pub Affrs Mgr	Profile 17	4
2110	Sfty & Health Mgr	Profile 17	2
2011	Billing Mgr	Profile 19	2
2059	Infra Techlgy Mgr	Profile 19	7
2100	Regnl Pipeline Proj Mgr	Profile 19	11
2038	HR Manager 1	Profile 21	1
2009	Asst Gen Counsel	Profile 22	2
2102	Public Relations Manager 2	Profile 22	1
		TOTAL:	233

SCG Professional/Technical Benchmark Jobs Included in Study

2016 GRC Study Position #	SCG Benchmark Job Title	Profile	Number of SCG Employees
2013	Busn Analyst - I	Profile 14	8
2014	Busn Analyst - II	Profile 14	10
2022	Claims Exmnr II - Wkrs Comp	Profile 14	4
2079	Mkt Advr - I	Profile 14	5
2080	Mkt Analyst	Profile 14	4
2094	Proj Spec	Profile 14	13
2095	Proj Spec	Profile 14	63
2096	Proj Spec	Profile 14	21
2099	Region Assoc Engineer	Profile 14	16
2132	Staff Accountant - I	Profile 14	6
2133	Staff Accountant - II	Profile 14	10
2007	Assoc Contrg Agent	Profile 15	5
2008	Assoc Engineer	Profile 15	28
2010	Billing Analyst - II	Profile 15	6
2016	Busn Sys Analyst - I	Profile 15	14
2017	Busn Sys Analyst - II	Profile 15	36
2024	Comms Advr	Profile 15	9
2026	Contr Admtr - Gas	Profile 15	43
2028	Cust Prgms Advr I	Profile 15	6
2043	Engineer II	Profile 15	43
2045	Envtl Spec	Profile 15	6
2053	HR Analyst	Profile 15	2
2058	Infra Techlgy Analyst	Profile 15	3
2098	QA Spec	Profile 15	11
2113	Sr Accountant - I	Profile 15	3
2115	Sr Busn Analyst - I	Profile 15	8
2121	Sr Credit / Colls Analyst	Profile 15	9
2135	Staffing Spec	Profile 15	6
2144	Training Specialist	Profile 15	11
2018	Buyer II	Profile 16	6
2027	Contrg Agent	Profile 16	7
2029	Cust Prgms Advr II	Profile 16	23
2143	Engineering Professional 5	Profile 16	1
2054	HRIS Advr	Profile 16	3
2142	IT Professional 7	Profile 16	1
2066	Labor Rels Advr	Profile 16	2
2082	Ops Trng Instructor	Profile 16	48
2107	Senior Quality Assurance Specialist	Profile 16	2
2125	Sr Field Instr	Profile 16	2
2134	Staffing Advr	Profile 16	6
2139	Techl Spec - II	Profile 16	12
2015	Busn Sys Advr	Profile 17	4
2042	Engineer I	Profile 17	26
2049	Fld Sfty Advr	Profile 17	4

2016 GRC Study Position #	SCG Benchmark Job Title	Profile	Number of SCG Employees
2060	Infra Technologist	Profile 17	28
2075	Media & Emp Comms Mgr	Profile 17	3
2090	Proj Mgr - I	Profile 17	51
2108	Senior Research Analyst	Profile 17	3
2111	Software Developer	Profile 17	18
2114	Sr Accountant - II	Profile 17	10
2116	Sr Busn Analyst - II	Profile 17	15
2118	Sr Claims Advr	Profile 17	3
2119	Sr Contrg Agent	Profile 17	3
2122	Sr Cust Prgms Advr	Profile 17	13
2124	Sr Envtl Spec	Profile 17	4
2140	Technical Advisor - II - Environmental	Profile 17	8
2001	Acct Mgr - Engy Mkts	Profile 18	6
2037	Database Admtr	Profile 18	11
2044	Envtl Affrs Prgm Mgr	Profile 18	3
2109	HR Professional 2	Profile 18	1
2089	Prin Envtl Spec	Profile 18	5
2091	Proj Mgr - II	Profile 18	70
2093	Proj Mgr - Proj & Constrn	Profile 18	7
2097	Pub Affrs Mgr	Profile 18	20
2103	Senior Labor Relations Advisor	Profile 18	4
2105	Senior Market Advisor - I	Profile 18	16
2117	Sr Busn Sys Advr	Profile 18	5
2123	Sr Engineer	Profile 18	10
2126	Sr HR Advr	Profile 18	4
2127	Sr Infra Technologist	Profile 18	12
2129	Sr Reg Tariff Admtr	Profile 18	2
2130	Sr Software Developer	Profile 18	55
2063	IT Proj Ld	Profile 19	8
2085	Prin Accountant	Profile 19	2
2086	Prin Busn Analyst	Profile 19	9
2087	Prin Engineer	Profile 19	8
2088	Prin Engineer - C/I Cust Svc	Profile 19	2
2092	Proj Mgr - III	Profile 19	26
2106	Senior Market Advisor - II	Profile 19	3
2131	Sr Storage Fld Engineer	Profile 19	5
2057	Infra Team Lead	Profile 20	10
2112	Software Team Ld	Profile 20	12
2120	Sr Counsel	Profile 22	16
		TOTAL:	1047

SCG Physical/Technical Benchmark Jobs Included in Study

2016 GRC Study Position #	SCG Benchmark Job Title	Profile	Number of SCG Employees
2046	Fac Mech & Journey Fac Mech & Lead Fac Mech	Profile 4	33
2047	Field Collector	Profile 4	78
2070	Logistics Representative	Profile 4	53
2072	Mapping Assistant	Profile 4	6
2073	Mapping Assoc	Profile 4	3
2145	Transportation Logistic Represenative	Profile 4	4
2004	Admin Clerk - 3 & Admin Clerk - 4 Typists	Profile 5	102
2025	Constrn Tech	Profile 6	301
2040	Energy Technician - Distribution	Profile 6	187
2041	Energy Technician - Residential	Profile 6	836
2052	Fleet Technician	Profile 6	40
2076	Meter & Regulator Technician #1	Profile 6	59
2104	Senior Logistics Representative	Profile 6	12
2138	Systems Protection Specialist	Profile 6	65
2062	Instrument Specialist	Profile 7	54
2069	Lead Meter Mechanic	Profile 7	6
2074	Meas Tech #1	Profile 7	2
2136	Station Maint Spec	Profile 7	22
2137	Dispatcher 1	Profile 7	1
2023	Coml Svcs Tech	Profile 8	92
2056	Ind Svcs Tech	Profile 8	45
2064	Journey Electrician	Profile 8	3
2068	Lead Construction Technician	Profile 8	263
2083	Planning Associate	Profile 8	105
		TOTAL:	2372

SCG Clerical Benchmark Jobs Included in Study

2016 GRC Study Position #	SCG Benchmark Job Title	Profile	Number of SCG Employees
2005	Adv Mtr Proj Fld Rep	Profile 2	421
2077	Meter Reader-PT	Profile 2	633
2078	Meter Reader-R	Profile 2	64
2030	Cust Svc Rep-4 - PT	Profile 3	97
2031	Cust Svc Rep-Bilgl-4 - PT	Profile 3	53
2032	Customer Billing Analyst - 5	Profile 3	50
2033	Customer Contact Representative - 4	Profile 3	22
2034	Customer Contact Representative - Bilingual - 4	Profile 3	35
2035	Customer Service Representative - 4	Profile 3	181
2036	Customer Service Representative - Bilingual - 4	Profile 3	144
2067	Lead Computer Operator - 4	Profile 4	6
2039	Dispatch Specialist	Profile 8	94
2002	Admin Assoc - 3 LA & Admin Assoc - 4 LA	Profile 10	27
2006	Assoc Accountant - R	Profile 10	6
2061	HR Admin 3	Profile 10	1
2003	Admin Assoc - 5 LA & Admin Assoc - LA	Profile 11	50
2020	Claims Associate	Profile 11	4
2021	Claims Coordinator	Profile 11	6
2055	HR Admin 1	Profile 11	1
2065	Labor Relations Coordinator	Profile 11	2
2128	Sr Paralegal	Profile 13	3
		TOTAL:	1900

Corporate Center Executive Benchmark Jobs Included in Study

2016 GRC Study Position #	Corporate Center Benchmark Job Title	Profile	Number of Corporate Center Employees
3076	Executive 9	Profile 23	1
3070	Executive 5	Profile 24	1
3077	Executive 8	Profile 24	1
3028	Executive 2	Profile 25	1
3029	Executive 3	Profile 25	1
TOTAL:			5

Corporate Center Manager/ Supervisor Benchmark Jobs Included in Study

2016 GRC Study Position #	Corporate Center Benchmark Job Title	Profile	Number of Corporate Center Employees
3016	Finance Manager 26	Profile 16	1
3050	Security Manager	Profile 17	2
3001	Finance Manager 17	Profile 18	1
3008	Finance Manager 18	Profile 18	1
3051	Finance Manager 24	Profile 18	1
3064	Finance Manager 25	Profile 18	1
3010	HR Manager 4	Profile 18	1
3031	Finance Manager 15	Profile 19	1
3074	Tax Manager	Profile 19	6
3013	Finance Manager 12	Profile 20	1
3040	Finance Manager 13	Profile 20	1
3035	IT Manager 1	Profile 20	1
3025	Public Relations Manager 4	Profile 20	1
3018	Director - Audit Service	Profile 21	3
3026	Finance Manager 11	Profile 21	1
3019	Finance Manager 6	Profile 21	1
3020	Finance Manager 7	Profile 21	1
3024	Finance Manager 8	Profile 21	1
3017	Public Relations Manager 3	Profile 21	1
3022	Director - Corporate Tax	Profile 22	2
3004	Finance Manager 1	Profile 22	1
3007	Finance Manager 2	Profile 22	1
3021	Finance Manager 3	Profile 22	1
3023	Finance Manager 4	Profile 22	1
3005	Legal Manager 1	Profile 22	1
3015	Legal Manager 2	Profile 22	1
		TOTAL:	35

Corporate Center Professional/Technical Benchmark Jobs Included in Study

2016 GRC Study Position #	Corporate Center Benchmark Job Title	Profile	Number of Corporate Center Employees
3069	Staff Accountant	Profile 14	6
3011	Benefits Analyst	Profile 15	2
3032	Finl Analyst	Profile 15	7
3033	HR Analyst	Profile 15	2
3009	Auditor II	Profile 16	4
3012	Benefits Plan Advr	Profile 16	2
3071	Tax Advisor	Profile 16	8
3053	IT Professional 6	Profile 17	1
3052	Senior Accountant	Profile 17	6
3054	Senior Auditor	Profile 17	4
3055	Senior Business Analyst - II	Profile 17	3
3058	Senior Financial Analyst	Profile 17	5
3065	Sp Agent	Profile 17	5
3049	Finance Professional 3	Profile 18	1
3056	Senior Compensation Advisor	Profile 18	3
3061	Senior Software Developer	Profile 18	3
3062	Senior Tax Advisor	Profile 18	7
3068	Sr IT Auditor	Profile 18	2
3027	Engineering Professional 2	Profile 19	1
3042	Prin Accountant	Profile 19	7
3043	Prin Auditor	Profile 19	7
3044	Prin Finl Analyst	Profile 19	10
3047	Proj Mgr - Audit Svcs	Profile 19	6
3066	Sr Corp Comms Mgr	Profile 19	3
3036	IT Architect	Profile 20	2
3037	Ld Software Developer	Profile 20	2
3045	Prin IT Auditor	Profile 20	2
3046	Principal Tax Advisor	Profile 20	6
3075	Tax Proj Mgr	Profile 20	4
3063	Senior Tax Counsel	Profile 22	2
3067	Sr Counsel	Profile 22	9
TOTAL:			132

Corporate Center Physical/Technical Benchmark Jobs Included in Study

2016 GRC Study Position #	Corporate Center Benchmark Job Title	Profile	Number of Corporate Center Employees
N/A	N/A	N/A	N/A
TOTAL:			

Corporate Center Clerical Benchmark Jobs Included in Study

2016 GRC Study Position #	Corporate Center Benchmark Job Title	Profile	Number of Corporate Center Employees
3073	Tax Coordinator	Profile 9	3
3002	Admin 5	Profile 10	1
3006	Assoc Busn Analyst	Profile 10	2
3014	Cash Mgmt Spec	Profile 10	3
3072	Tax Assoc II	Profile 10	2
3038	Admin 3	Profile 11	1
3048	Admin 4	Profile 11	1
3003	Administrative Associate	Profile 11	8
3030	Executive Assistant - I & II	Profile 11	9
3034	HR Admin 2	Profile 11	1
3039	Legal Fiscal Support Associate	Profile 11	2
3041	Paralegal	Profile 12	4
3059	Senior Legal Administrative Associate	Profile 12	4
3057	Senior Executive Assistant	Profile 13	2
3060	Senior Paralegal	Profile 13	4
TOTAL:			47

**APPENDIX B - I —
Detailed Competitive Summary by Employee Category –
SCG¹¹**

¹¹ *Jobs have been sorted by job title for ease of view.*

2016 GRC Position		SCG Benchmark Job Title	# of SCG EEs	SCG Average				Competitive Market Average				Variance - SCG +/- Market											
				Base Salary	Total Cash	Target Total Comp.	LTI	Benefits	Total Cash	Target Total Comp.	LTI	Benefits	Total Cash	Target Total Comp.	LTI %	Benefits %	Total Comp. %						
2084	Executive 4		1	\$520	\$982	\$1,919	\$874	\$161	\$1,996	\$542	\$946	\$1,008	\$1,109	\$165	\$1,273	\$2,283	-4.0%	-6.5%	-4.6%	-2.6%	-21.2%	-13.6%	-12.5%
2146	Executive 7		1	\$280	\$458	\$669	\$168	\$95	\$722	\$309	\$453	\$484	\$243	\$98	\$826	\$826	-9.5%	-10.5%	-5.3%	-2.9%	-30.9%	-15.8%	-10.1%
2147	Executive 11		1	\$220	\$295	\$559	\$165	\$75	\$536	\$244	\$341	\$364	\$158	\$74	\$596	\$596	-9.9%	-6.4%	-18.9%	2.1%	4.4%	-2.3%	-10.1%
2148	Executive 12		1	\$265	\$446	\$712	\$239	\$88	\$773	\$253	\$358	\$361	\$158	\$77	\$594	\$594	4.8%	7.4%	23.5%	14.6%	51.1%	19.9%	29.7%
2149	Executive 15		1	\$275	\$413	\$535	\$78	\$86	\$577	\$281	\$396	\$410	\$84	\$84	\$661	\$661	-2.0%	-6.3%	0.7%	2.0%	-52.9%	-17.2%	-12.6%
			5	\$1,560	\$2,574	\$4,394	\$1,524	\$605	\$4,604	\$1,629	\$2,495	\$2,627	\$498	\$1,835	\$4,828	\$4,961	-4.2%	-5.2%	-2.0%	1.5%	-17.0%	-9.0%	-7.2%
			12																				
			41.7%																				

APPENDIX B - I — Detailed Competitive Summary by Employee Category — SCG

Manager/Supervisor												SCG Average				Competitive Market Average				Variance - SCG +/- Market			
2016 GRC Study Position	SCG Benchmark Job Title	# of SCG EEs	Base Salary	Target Cash	Total Cash	Benefits	LTI	Target Total Comp.	Base Salary	Target Cash	Total Cash	Benefits	LTI	Target Total Comp.	Base Salary %	Target Total Cash %	Total Cash %	Benefits %	LTI %	Target Total Comp. %			
2009	Asst Gen Counsel	2	\$251	\$339	\$380	\$78	\$73	\$490	\$245	\$319	\$335	\$70	\$102	\$491	2.5%	6.0%	13.4%	11.8%	-28.5%	-0.3%	4.7%		
2011	Billing Mgr	2	\$130	\$149	\$160	\$46		\$195	\$124	\$145	\$148	\$41		\$186	4.7%	2.9%	8.1%	12.4%		5.0%	9.0%		
2012	Branch Ofc Supv	8	\$89	\$103	\$108	\$30		\$133	\$72	\$78	\$79	\$24		\$102	24.1%	32.2%	37.0%	23.3%		30.0%	33.8%		
2019	CCC Supv	34	\$82	\$95	\$98	\$29		\$123	\$72	\$78	\$72	\$24		\$102	14.3%	21.7%	36.4%	17.0%		20.6%	31.5%		
2038	HR Manager 1	1	\$168	\$210	\$226	\$68	\$49	\$317	\$169	\$212	\$212	\$53	\$41	\$306	-0.9%	-0.9%	6.6%	10.8%	19.0%	3.8%	9.0%		
2048	Fld Ops Supv II	106	\$91	\$105	\$106	\$32		\$137	\$89	\$97	\$97	\$28		\$124	2.9%	8.6%	9.4%	15.4%		10.1%	10.7%		
2050	Fld Supv	10	\$84	\$96	\$99	\$30		\$127	\$89	\$97	\$97	\$28		\$124	-5.5%	-0.3%	1.3%	8.9%		1.8%	3.0%		
2051	Fleet Supv	6	\$96	\$110	\$116	\$33		\$143	\$81	\$89	\$81	\$26		\$115	18.6%	24.0%	43.7%	26.3%		24.5%	39.5%		
2059	Infra Techlogy Mgr	7	\$142	\$170	\$176	\$60		\$221	\$140	\$166	\$140	\$45		\$211	1.5%	2.4%	26.1%	12.0%		4.4%	22.7%		
2071	Logistes Supv	5	\$89	\$102	\$107	\$30		\$132	\$76	\$80	\$82	\$25		\$105	17.5%	27.5%	30.5%	20.7%		25.9%	28.2%		
2081	Mtr Rtg Supv	19	\$77	\$89	\$92	\$27		\$116	\$78	\$85	\$85	\$26		\$111	-1.0%	4.5%	8.2%	6.6%		5.0%	7.8%		
2100	Regnl Pipeline Proj Mgr	11	\$100	\$115	\$119	\$38		\$153	\$139	\$166	\$168	\$45		\$211	-28.3%	-30.8%	-28.8%	-15.6%		-27.5%	-26.0%		
2101	Regnl Pub Affrs Mgr	4	\$130	\$150	\$158	\$42		\$191	\$109	\$125	\$127	\$33		\$158	19.8%	20.4%	24.7%	25.2%		21.4%	24.8%		
2102	Public Relations Manager 2	1	\$209	\$282	\$316	\$67	\$102	\$451	\$192	\$242	\$256	\$55	\$61	\$359	8.9%	16.6%	23.4%	20.8%		25.7%	30.0%		
2110	Sfty & Health Mgr	2	\$139	\$160	\$170	\$44		\$203	\$107	\$122	\$123	\$33		\$155	29.8%	31.0%	38.5%	33.4%		31.5%	37.4%		
2141	Technical Supervisor	14	\$95	\$110	\$116	\$33		\$142	\$89	\$97	\$97	\$28		\$124	7.3%	13.2%	18.8%	18.8%		14.5%	18.8%		
2150	Engineering Manager 16	1	\$104	\$119	\$125	\$35		\$155	\$90	\$100	\$90	\$28		\$129	15.1%	19.2%	38.3%	23.4%		20.2%	34.8%		
			\$21,983	\$25,489	\$26,358	\$7,655	\$297	\$33,441	\$21,254	\$23,602	\$23,354	\$6,754	\$307	\$30,662	3.4%	8.0%	12.9%	13.3%	-3.3%	9.1%	12.8%		
		233																					
		854																					
		27.3%																					

APPENDIX B - I — Detailed Competitive Summary by Employee Category — SCG

2016 GRC Study Position		SCG Average				Competitive Market Average				Variance - SCG +/- Market				
# of SCG EEs	SCG Benchmark Job Title	Base Salary	Total Cash	Total Comp.	Target Total Cash	Target Total Cash	Target Total Cash	Target Total Cash	Base Salary	Target Total Cash	Total Cash	Total Comp.	Target Total Comp.	Target Total Comp.
					Benefits	LTI	Benefits	LTI	Salary	Target Total Cash	Total Cash	Total Comp.	Target Total Comp.	Target Total Comp.
2001	Acct Mgr - Enrgy Mkts	\$103	\$125	\$166	\$38	---	\$37	---	\$112	\$130	\$134	\$168	\$172	\$172
2007	Assoc Contng Agent	\$67	\$77	\$105	\$25	---	\$23	---	\$66	\$71	\$71	\$94	\$94	\$94
2008	Assoc Engineer	\$66	\$75	\$100	\$25	---	\$23	---	\$68	\$73	\$73	\$96	\$97	\$97
2010	Billing Analyst - II	\$85	\$103	\$132	\$29	---	\$26	---	\$76	\$85	\$88	\$111	\$114	\$114
2013	Busn Analyst - I	\$67	\$78	\$101	\$24	---	\$19	---	\$64	\$69	\$69	\$91	\$91	\$91
2014	Busn Analyst - II	\$70	\$80	\$104	\$24	---	\$21	---	\$65	\$73	\$73	\$93	\$93	\$93
2015	Busn Sys Advr	\$94	\$108	\$144	\$33	---	\$29	---	\$83	\$93	\$93	\$131	\$131	\$131
2016	Busn Sys Analyst - I	\$68	\$78	\$104	\$26	---	\$24	---	\$71	\$76	\$77	\$101	\$101	\$101
2017	Busn Sys Analyst - II	\$78	\$83	\$117	\$28	---	\$24	---	\$71	\$76	\$77	\$101	\$101	\$101
2018	Buyer II	\$76	\$87	\$116	\$28	---	\$26	---	\$74	\$80	\$81	\$101	\$101	\$101
2022	Claims Exmnr II - Wkrs Comp	\$68	\$78	\$102	\$24	---	\$21	---	\$66	\$68	\$68	\$93	\$93	\$93
2024	Comms Advr	\$74	\$85	\$111	\$27	---	\$23	---	\$66	\$70	\$70	\$93	\$93	\$93
2026	Comr Admtr - Gas	\$96	\$110	\$141	\$31	---	\$26	---	\$81	\$88	\$89	\$115	\$115	\$115
2027	Contng Agent	\$77	\$89	\$117	\$29	---	\$26	---	\$78	\$80	\$80	\$116	\$117	\$117
2028	Cust Prgms Advr I	\$74	\$85	\$114	\$27	---	\$24	---	\$69	\$72	\$72	\$102	\$102	\$102
2029	Cust Prgms Advr II	\$87	\$103	\$131	\$31	---	\$28	---	\$89	\$99	\$100	\$128	\$128	\$128
2037	Database Admtr	\$123	\$141	\$185	\$43	---	\$37	---	\$105	\$119	\$120	\$166	\$167	\$167
2042	Engineer I	\$89	\$103	\$134	\$32	---	\$30	---	\$97	\$106	\$108	\$136	\$137	\$137
2043	Engineer II	\$74	\$86	\$112	\$27	---	\$26	---	\$78	\$84	\$85	\$110	\$111	\$111
2044	Envt Affrs Prgm Mgr	\$117	\$134	\$182	\$42	---	\$38	---	\$120	\$135	\$137	\$174	\$174	\$174
2045	Envt Spec	\$73	\$84	\$111	\$27	---	\$25	---	\$74	\$80	\$81	\$105	\$106	\$106
2049	Flt Sfty Advr	\$96	\$110	\$143	\$33	---	\$32	---	\$105	\$117	\$119	\$149	\$151	\$151
2053	HR Analyst	\$75	\$86	\$113	\$27	---	\$24	---	\$71	\$76	\$77	\$100	\$101	\$101
2054	HRS Advr	\$83	\$96	\$126	\$30	---	\$28	---	\$88	\$97	\$98	\$124	\$126	\$126
2057	Infra Team Lead	\$115	\$132	\$173	\$41	---	\$45	---	\$150	\$169	\$173	\$214	\$218	\$218
2058	Infra Techlgy Analyst	\$79	\$91	\$119	\$28	---	\$25	---	\$77	\$83	\$84	\$108	\$110	\$110
2060	Infra Technologist	\$99	\$114	\$148	\$34	---	\$29	---	\$98	\$105	\$107	\$135	\$136	\$136
2063	IT Proj Ld	\$123	\$142	\$186	\$44	---	\$44	---	\$141	\$162	\$163	\$206	\$207	\$207
2066	Labor Relts Advr	\$112	\$129	\$166	\$37	---	\$29	---	\$90	\$103	\$101	\$132	\$130	\$130
2075	Media & Emp Comms Mgr	\$100	\$115	\$150	\$34	---	\$29	---	\$96	\$105	\$104	\$134	\$133	\$133
2079	Mkt Advr - I	\$73	\$84	\$109	\$25	---	\$23	---	\$72	\$79	\$84	\$102	\$107	\$107
2080	Mkt Analyst	\$58	\$66	\$88	\$22	---	\$20	---	\$63	\$63	\$64	\$83	\$84	\$84
2082	Ops Trng Instructor	\$89	\$103	\$134	\$31	---	\$28	---	\$89	\$98	\$100	\$126	\$128	\$128
2085	Prtn Accountant	\$104	\$119	\$156	\$39	---	\$40	---	\$129	\$143	\$145	\$184	\$186	\$186
2086	Prtn Busn Analyst	\$104	\$120	\$159	\$39	---	\$39	---	\$125	\$136	\$138	\$175	\$177	\$177
2087	Prtn Engineer	\$122	\$141	\$184	\$44	---	\$42	---	\$138	\$156	\$157	\$199	\$200	\$200
2088	Prtn Engineer - C/I Cust Svc	\$106	\$122	\$162	\$40	---	\$42	---	\$138	\$152	\$157	\$199	\$199	\$199
2089	Prtn Envtl Spec	\$100	\$115	\$153	\$38	---	\$36	---	\$110	\$123	\$124	\$159	\$160	\$160
2090	Prtn Mgr - I	\$97	\$112	\$146	\$34	---	\$29	---	\$94	\$104	\$106	\$135	\$135	\$135
2091	Prtn Mgr - II	\$107	\$123	\$162	\$39	---	\$37	---	\$117	\$130	\$132	\$167	\$170	\$170
2092	Prtn Mgr - III	\$127	\$146	\$191	\$45	---	\$43	---	\$137	\$156	\$161	\$199	\$204	\$204
2093	Prtn Mgr - Proj & Constim	\$111	\$127	\$168	\$40	---	\$37	---	\$117	\$126	\$128	\$165	\$165	\$165
2094	Prtn Spec	\$83	\$95	\$122	\$27	---	\$21	---	\$62	\$67	\$69	\$88	\$88	\$88
2095	Prtn Spec	\$70	\$81	\$106	\$24	---	\$21	---	\$62	\$67	\$69	\$88	\$88	\$88
2096	Prtn Spec	\$62	\$71	\$95	\$23	---	\$21	---	\$62	\$67	\$69	\$88	\$88	\$88

APPENDIX B - I — Detailed Competitive Summary by Employee Category — SCG

Physical/Technical		SCG Average							Competitive Market Average							Variance - SCG +/- Market						
		# of SCG EEs	SCG Benchmark Job Title	Base Salary	Target Total Cash	Total Cash	Benefits	LTI	Target Total Comp.	Base Salary	Target Total Cash	Total Cash	Benefits	LTI	Target Total Comp.	Base Salary %	Target Total Cash %	Total Cash %	Benefits %	LTI %	Target Total Comp. %	
2004	Typists	102	Admin Clerk - 3 & Admin Clerk - 4	\$65	\$65	\$26	\$26	\$91	\$66	\$69	\$70	\$28	\$28	\$98	-0.5%	-5.7%	-7.4%	-8.3%	-	-6.5%	-7.7%	
2023	Coml Svcs Tech	92		\$80	\$80	\$31	\$31	\$111	\$82	\$82	\$85	\$32	\$32	\$115	-2.3%	-2.3%	-5.3%	-5.2%	-	-3.1%	-5.3%	
2025	Constrm Tech	301		\$68	\$68	\$25	\$25	\$92	\$70	\$70	\$76	\$26	\$26	\$96	-3.3%	-3.3%	-11.1%	-4.6%	-	-3.6%	-9.4%	
2040	Energy Technician - Distribution	187		\$73	\$73	\$26	\$26	\$100	\$69	\$69	\$71	\$26	\$26	\$95	6.7%	6.7%	3.6%	1.4%	-	5.3%	3.0%	
2041	Energy Technician - Residential	836		\$74	\$74	\$26	\$26	\$100	\$69	\$69	\$71	\$26	\$26	\$95	7.6%	7.6%	4.5%	2.0%	-	6.1%	3.9%	
2046	Fac Mech & Journey Fac Mech &	33		\$81	\$81	\$28	\$28	\$109	\$67	\$67	\$70	\$26	\$26	\$93	20.8%	20.8%	17.1%	8.9%	-	17.6%	14.9%	
2047	Lead Fac Mech	78		\$69	\$69	\$25	\$25	\$94	\$63	\$63	\$65	\$25	\$25	\$88	8.8%	8.8%	6.3%	1.7%	-	6.8%	5.0%	
2052	Field Collector	40		\$75	\$75	\$26	\$26	\$101	\$71	\$71	\$72	\$26	\$26	\$97	5.6%	5.6%	3.1%	0.8%	-	4.3%	2.5%	
2056	Ind Svcs Tech	45		\$93	\$93	\$34	\$34	\$126	\$82	\$82	\$85	\$32	\$32	\$115	12.4%	12.4%	9.0%	3.7%	-	9.9%	7.5%	
2062	Instrument Specialist	54		\$92	\$92	\$33	\$33	\$126	\$81	\$81	\$84	\$32	\$32	\$113	13.9%	13.9%	9.9%	3.7%	-	11.0%	8.2%	
2064	Journey Electrician	3		\$87	\$87	\$32	\$32	\$119	\$91	\$91	\$94	\$35	\$35	\$126	-5.1%	-5.1%	-7.3%	-7.0%	-	-5.7%	-7.2%	
2068	Lead Construction Technician	263		\$85	\$85	\$28	\$28	\$117	\$82	\$82	\$83	\$32	\$32	\$114	4.2%	4.2%	3.0%	-1.2%	-	2.7%	1.8%	
2069	Lead Meter Mechanic	6		\$72	\$72	\$28	\$28	\$101	\$76	\$76	\$79	\$31	\$31	\$107	-5.6%	-5.6%	-8.8%	-7.7%	-	-6.2%	-8.5%	
2070	Logistics Representative	53		\$69	\$69	\$25	\$25	\$94	\$63	\$63	\$65	\$25	\$25	\$88	8.8%	8.8%	5.7%	1.7%	-	6.8%	4.6%	
2072	Mapping Assistant	6		\$72	\$72	\$26	\$26	\$98	\$57	\$57	\$58	\$23	\$23	\$81	25.6%	25.6%	28.3%	10.6%	-	21.3%	23.2%	
2073	Mapping Assoc	3		\$87	\$87	\$29	\$29	\$116	\$66	\$66	\$67	\$25	\$25	\$91	31.6%	31.6%	29.2%	15.1%	-	27.0%	25.3%	
2074	Meas Tech #1	2		\$87	\$87	\$32	\$32	\$119	\$77	\$77	\$79	\$31	\$31	\$108	12.8%	12.8%	9.9%	3.0%	-	10.0%	8.0%	
2076	Meter & Regulator Technician #1	59		\$86	\$86	\$29	\$29	\$114	\$75	\$75	\$76	\$27	\$27	\$102	14.7%	14.7%	12.6%	6.6%	-	12.6%	11.0%	
2083	Planning Associate	105		\$84	\$84	\$32	\$32	\$116	\$77	\$77	\$80	\$31	\$31	\$109	8.9%	8.9%	6.2%	1.4%	-	6.7%	4.9%	
2104	Senior Logistics Representative	12		\$75	\$75	\$26	\$26	\$101	\$69	\$69	\$70	\$26	\$26	\$95	7.9%	7.9%	6.8%	2.1%	-	6.3%	5.5%	
2136	Station Maint Spec	22		\$91	\$91	\$33	\$33	\$123	\$77	\$77	\$79	\$31	\$31	\$108	17.6%	17.6%	14.2%	5.7%	-	14.2%	11.8%	
2137	Dispatcher 1	1		\$87	\$87	\$32	\$32	\$119	\$78	\$78	\$79	\$31	\$31	\$109	11.2%	11.2%	9.8%	2.1%	-	8.6%	7.6%	
2138	Systems Protection Specialist	65		\$80	\$80	\$27	\$27	\$107	\$70	\$70	\$72	\$26	\$26	\$98	14.3%	14.3%	10.9%	6.0%	-	12.0%	9.6%	
2145	Transportation Logistic Representative	4		\$66	\$66	\$25	\$25	\$90	\$67	\$67	\$69	\$26	\$26	\$92	-1.0%	-1.0%	-4.3%	-3.9%	-	-1.8%	-4.2%	
				\$180,102	\$180,102	\$180,244	\$65,295	\$245,397	\$169,939	\$170,307	\$176,101	\$65,103	\$0	\$235,410	6.0%	5.8%	2.4%	0.3%	N/A	4.2%	1.8%	
		2,372																				
		3,731																				
		63.6%																				

APPENDIX B - I — Detailed Competitive Summary by Employee Category — SCG

		SCG Average										Competitive Market Average										Variance - SCG +/- Market			
2016 GRC Study Position	SCG Benchmark Job Title	# of SCG EEs	Base Salary	Target Total Cash	Target Total Comp.	Benefits	LTI	Base Salary	Target Total Cash	Target Total Comp.	Benefits	LTI	Base Salary %	Target Total Cash %	Target Total Comp. %	Benefits %	LTI %	Base Salary %	Target Total Cash %	Target Total Comp. %	Benefits %	LTI %			
2002	4 LA Admin Assoc - 3 LA & Admin Assoc.	27	\$51	\$66	\$76	\$20	-	\$55	\$68	\$77	\$19	-	\$55	\$68	\$77	\$19	-	-7.0%	-3.0%	-2.9%	3.7%	-	-1.4%		
2003	Admin Assoc - 5 LA & Admin Assoc.	50	\$58	\$64	\$87	\$23	-	\$66	\$69	\$93	\$23	-	\$66	\$70	\$92	\$23	-	-11.6%	-7.8%	-6.6%	-0.3%	-	-6.0%		
2005	Adv/Mgr Proj Fid Rep	421	\$40	\$40	\$55	\$15	-	\$51	\$51	\$67	\$17	-	\$51	\$51	\$67	\$17	-	-20.6%	-20.6%	-21.5%	-11.2%	-	-18.3%		
2006	Assoc Accountant - R	6	\$55	\$63	\$84	\$21	-	\$55	\$60	\$81	\$19	-	\$55	\$60	\$81	\$19	-	0.3%	7.8%	1.0%	9.7%	-	8.3%		
2020	Claims Associate	4	\$49	\$53	\$74	\$21	-	\$56	\$63	\$85	\$22	-	\$56	\$63	\$85	\$22	-	-19.2%	-15.3%	-14.7%	-4.0%	-	-12.4%		
2021	Claims Coordinator	6	\$56	\$61	\$83	\$22	-	\$60	\$63	\$86	\$22	-	\$60	\$63	\$86	\$22	-	-7.6%	-3.2%	-6.8%	2.6%	-	-1.7%		
2030	Cust Svc Rep-4 - PT	97	\$66	\$66	\$88	\$22	-	\$66	\$66	\$78	\$21	-	\$66	\$66	\$78	\$21	-	19.9%	12.6%	15.3%	6.2%	-	10.9%		
2031	Cust Svc Rep-Bilg4 - PT	53	\$65	\$65	\$87	\$22	-	\$65	\$65	\$87	\$22	-	\$65	\$65	\$87	\$22	-	9.6%	2.9%	5.3%	1.1%	-	2.4%		
2032	Customer Billing Analyst - 5	50	\$73	\$73	\$97	\$24	-	\$53	\$53	\$73	\$20	-	\$53	\$53	\$73	\$20	-	37.2%	37.2%	31.4%	18.7%	-	32.2%		
2033	Customer Contact Representative - 4	22	\$69	\$69	\$92	\$23	-	\$55	\$59	\$78	\$21	-	\$55	\$59	\$78	\$21	-	26.2%	18.5%	21.3%	9.5%	-	16.1%		
2034	Customer Contact Representative - Bilingual - 4	35	\$69	\$69	\$92	\$23	-	\$59	\$63	\$85	\$22	-	\$59	\$63	\$85	\$22	-	16.0%	8.9%	11.4%	4.5%	-	7.8%		
2035	Customer Service Representative - 4	181	\$69	\$69	\$92	\$23	-	\$55	\$59	\$78	\$21	-	\$55	\$59	\$78	\$21	-	25.3%	17.7%	20.5%	9.0%	-	15.4%		
2036	Bilingual - 4	144	\$69	\$69	\$91	\$23	-	\$59	\$63	\$85	\$22	-	\$59	\$63	\$85	\$22	-	15.9%	8.8%	11.5%	4.4%	-	7.7%		
2039	Dispatch Specialist	94	\$74	\$74	\$104	\$29	-	\$84	\$84	\$117	\$33	-	\$84	\$84	\$117	\$33	-	-11.7%	-11.7%	-14.1%	-10.9%	-	-11.4%		
2055	HR Admin 1	1	\$54	\$60	\$82	\$22	-	\$61	\$64	\$86	\$22	-	\$61	\$64	\$86	\$22	-	-11.7%	-7.8%	-5.9%	0.1%	-	-5.6%		
2061	HR Admin 3	1	\$46	\$50	\$69	\$19	-	\$57	\$60	\$80	\$20	-	\$57	\$60	\$80	\$20	-	-20.4%	-16.6%	-14.6%	-4.0%	-	-13.5%		
2065	Labor Relations Coordinator	2	\$55	\$60	\$82	\$22	-	\$57	\$61	\$81	\$21	-	\$57	\$61	\$81	\$21	-	-4.6%	0.9%	1.8%	5.0%	-	2.0%		
2067	Lead Computer Operator - 4	6	\$70	\$70	\$95	\$25	-	\$60	\$60	\$84	\$24	-	\$60	\$60	\$84	\$24	-	16.9%	16.9%	13.9%	6.0%	-	13.7%		
2077	Meter Reader-PT	633	\$37	\$37	\$51	\$14	-	\$51	\$51	\$67	\$17	-	\$51	\$51	\$67	\$17	-	-26.6%	-26.6%	-27.5%	-14.6%	-	-23.7%		
2078	Meter Reader-R	64	\$48	\$48	\$64	\$16	-	\$51	\$51	\$67	\$17	-	\$51	\$51	\$67	\$17	-	-5.7%	-5.7%	-6.9%	-2.7%	-	-5.0%		
2128	Sr Paralegal	3	\$85	\$97	\$129	\$32	-	\$84	\$89	\$119	\$29	-	\$84	\$89	\$119	\$29	-	0.9%	9.4%	14.2%	9.3%	-	9.4%		
		1,900	\$96,471	\$97,069	\$131,494	\$34,436	\$0	\$104,171	\$106,478	\$143,104	\$36,192	\$0	\$104,171	\$106,478	\$143,104	\$36,192	\$0	-7.4%	-8.8%	-9.1%	-4.9%	N/A	-7.8%		
		1,996																							
		95.2%																							

**APPENDIX B - II —
Detailed Competitive Summary by Employee Category –
Corporate Center**

APPENDIX B - II — Detailed Competitive Summary by Employee Category — Corporate Center

Executive														
Corp. Center Average														
2016 GRC Position	# of Corp Center EEs	Corp Center Benchmark Job Title	Target			Base Salary			Total Cash			Total Comp.		
			Cash	LTI	Benefits	Salary	Cash	LTI	Benefits	Cash	LTI	Benefits		
Competitive Market Average														
Variance - Corp Center +/- Market														
			Target Total Cash %	Target Total LTI %	Target Total Benefits %	Base Salary %	Target Total Cash %	Target Total LTI %	Target Total Benefits %	Base Salary %	Target Total Cash %	Target Total LTI %	Target Total Benefits %	
3028 Executive 2	1		\$1,112	\$1,483	\$211	\$618	\$1,406	\$1,483	\$287	\$3,100	\$1,215	\$1,299	\$209	\$3,284
3029 Executive 3	1		\$935	\$1,238	\$180	\$535	\$773	\$1,238	\$166	\$2,190	\$948	\$1,123	\$166	\$2,236
3070 Executive 5	1		\$688	\$648	\$148	\$405	\$852	\$648	\$152	\$1,647	\$738	\$776	\$152	\$1,682
3076 Executive 9	1		\$319	\$165	\$76	\$220	\$395	\$165	\$83	\$636	\$392	\$406	\$83	\$696
3077 Executive 8	1		\$454	\$282	\$105	\$313	\$590	\$282	\$100	\$977	\$463	\$486	\$100	\$857
	5		\$3,489	\$3,816	\$721	\$2,196	\$3,756	\$3,816	\$709	\$8,551	\$3,756	\$3,970	\$709	\$8,819
	12													
	41.7%													

APPENDIX B - II — Detailed Competitive Summary by Employee Category — Corporate Center

2016 GRC Study Position		# of Corp Center EEs	Corp Center Average				Competitive Market Average				Variance - Corp Center +/- Market									
			Base Salary	Target Total Cash	Total Cash	Total Comp.	Base Salary	Target Total Cash	Total Cash	Total Comp.	Base Salary %	Target Total Cash %	Total Cash %	Total Comp. %	Base Salary %	Target Total Cash %	Total Cash %	Total Comp. %		
3001	Finance Manager 17	1	\$119	\$137	\$143	\$186	\$123	\$125	\$36	\$159	\$161	9.4%	10.9%	14.9%	19.5%	20.9%	15.9%	-12.8%	15.9%	
3004	Finance Manager 1	1	\$213	\$288	\$363	\$422	\$268	\$279	\$60	\$386	\$397	3.5%	7.5%	30.1%	20.9%	30.1%	25.2%	5.9%	9.3%	
3005	Legal Manager 1	1	\$261	\$352	\$439	\$615	\$319	\$335	\$70	\$491	\$507	6.5%	10.2%	31.1%	23.7%	31.1%	18.7%	-25.3%	4.7%	
3007	Finance Manager 2	1	\$223	\$301	\$368	\$484	\$271	\$286	\$61	\$418	\$433	4.4%	10.9%	28.6%	24.2%	28.6%	15.9%	27.3%	25.6%	15.9%
3008	Finance Manager 18	1	\$137	\$164	\$167	\$213	\$135	\$136	\$38	\$173	\$174	15.9%	21.5%	23.1%	27.9%	23.1%	24.1%	22.9%	24.1%	22.9%
3010	HR Manager 4	1	\$145	\$174	\$197	\$225	\$133	\$133	\$38	\$171	\$171	24.4%	30.4%	48.2%	34.9%	30.4%	45.3%	31.4%	45.3%	31.4%
3013	Finance Manager 12	1	\$143	\$172	\$192	\$222	\$174	\$175	\$46	\$220	\$221	-2.7%	-1.4%	9.5%	11.2%	9.5%	9.8%	-1.2%	9.8%	
3015	Legal Manager 2	1	\$253	\$342	\$394	\$499	\$319	\$335	\$70	\$491	\$507	3.5%	7.1%	17.7%	20.7%	17.7%	15.5%	8.7%	-29.2%	1.5%
3016	Finance Manager 26	1	\$115	\$132	\$139	\$170	\$94	\$95	\$27	\$122	\$122	33.6%	39.6%	46.4%	40.3%	39.6%	45.0%	39.8%	45.0%	39.8%
3017	Public Relations Manager 3	1	\$195	\$243	\$286	\$367	\$202	\$163	\$51	\$296	\$257	19.3%	20.3%	75.1%	30.7%	20.3%	59.3%	33.2%	23.9%	
3018	Director - Audit Service	3	\$168	\$210	\$248	\$317	\$213	\$214	\$53	\$308	\$309	-2.6%	-1.4%	16.2%	11.5%	16.2%	15.1%	15.1%	3.1%	
3019	Finance Manager 6	1	\$178	\$223	\$257	\$337	\$211	\$215	\$53	\$311	\$316	6.0%	5.6%	19.4%	17.8%	19.4%	17.6%	9.4%	8.2%	
3020	Finance Manager 7	1	\$180	\$225	\$240	\$340	\$211	\$219	\$53	\$319	\$327	5.7%	6.5%	17.4%	18.6%	17.4%	13.9%	-4.2%	6.7%	
3021	Finance Manager 3	1	\$159	\$199	\$229	\$299	\$211	\$237	\$53	\$331	\$340	-11.9%	-12.6%	-3.1%	2.8%	-11.9%	-3.0%	-8.6%	-9.5%	
3022	Director - Corporate Tax	2	\$208	\$257	\$301	\$383	\$231	\$234	\$53	\$339	\$342	11.6%	11.1%	28.8%	24.2%	28.8%	24.9%	8.8%	12.8%	
3023	Finance Manager 4	1	\$170	\$212	\$247	\$318	\$235	\$240	\$54	\$335	\$341	-10.2%	-9.8%	2.6%	5.2%	-9.8%	5.2%	6.3%	-5.2%	
3024	Finance Manager 8	1	\$200	\$250	\$302	\$376	\$211	\$219	\$53	\$319	\$327	17.4%	18.4%	37.8%	29.1%	18.4%	30.8%	17.7%	4.4%	
3025	Public Relations Manager 4	1	\$161	\$201	\$240	\$344	\$185	\$187	\$48	\$339	\$341	7.4%	8.7%	28.0%	19.9%	20.4%	25.5%	20.4%	12.4%	
3026	Finance Manager 11	1	\$170	\$212	\$232	\$316	\$229	\$237	\$56	\$333	\$341	-6.3%	-7.0%	-1.9%	6.4%	-7.0%	-1.6%	-9.2%	-5.1%	
3031	Finance Manager 15	1	\$147	\$176	\$180	\$228	\$162	\$165	\$44	\$206	\$209	6.8%	8.6%	9.2%	18.5%	8.6%	11.1%	10.7%	9.2%	
3035	IT Manager 1	1	\$150	\$180	\$196	\$233	\$181	\$176	\$47	\$228	\$223	-0.8%	-0.4%	11.5%	12.0%	-0.4%	11.6%	2.1%	2.1%	
3040	Finance Manager 13	1	\$180	\$225	\$258	\$320	\$182	\$185	\$47	\$229	\$232	18.7%	23.6%	39.5%	32.6%	23.6%	38.1%	25.4%	25.4%	
3050	Security Manager	2	\$116	\$139	\$146	\$186	\$118	\$118	\$32	\$150	\$150	8.2%	18.0%	23.4%	25.1%	18.0%	23.8%	19.5%	23.8%	
3051	Finance Manager 24	1	\$126	\$151	\$163	\$197	\$123	\$125	\$36	\$159	\$161	15.9%	22.5%	30.8%	28.4%	22.5%	30.2%	23.8%	23.8%	
3064	Finance Manager 25	1	\$119	\$143	\$155	\$200	\$135	\$137	\$38	\$174	\$176	0.7%	5.5%	13.2%	15.4%	5.5%	13.7%	7.7%	13.7%	
3074	Tax Manager	6	\$143	\$172	\$187	\$223	\$141	\$141	\$40	\$180	\$180	18.1%	22.2%	32.7%	29.2%	22.2%	31.9%	23.7%	23.7%	
		35	\$5,747	\$7,152	\$8,164	\$11,147	\$6,512	\$6,594	\$1,646	\$9,128	\$9,209	7.4%	9.8%	23.8%	21.1%	9.8%	21.0%	11.0%	2.0%	
		78																		
		44.9%																		

Professional/Technical																						
2016 GRC Study Position	Corp Center Benchmark Job Title	# of Corp Center EEs	Corp Center Average				Competitive Market Average				Variance - Corp Center +/- Market											
			Base Salary	Total Cash	Total Comp.	Target Total Comp.	Base Salary	Total Cash	Total Comp.	Target Total Comp.	Base Salary %	Total Cash %	Total Comp. %	Target Total Comp. %								
3009	Auditor II	4	\$76	\$91	\$117	\$29	\$27	\$27	\$27	\$92	\$75	\$98	\$98	\$97	\$98	-9.9%	-4.9%	-1.1%	8.1%	-2.0%	0.9%	
3011	Benefits Analyst	2	\$64	\$74	\$101	\$27	\$27	\$27	\$24	\$75	\$74	\$98	\$98	\$97	\$98	-5.5%	0.6%	-4.1%	12.5%	-3.5%	-0.1%	
3012	Benefits Plan Advr	2	\$84	\$97	\$127	\$31	\$31	\$31	\$27	\$91	\$91	\$118	\$118	\$118	\$118	0.6%	6.2%	11.9%	16.1%	8.4%	12.9%	
3027	Engineering Professional 2	1	\$138	\$158	\$207	\$48	\$48	\$48	\$42	\$153	\$153	\$195	\$195	\$191	\$195	2.0%	5.7%	7.8%	16.1%	7.9%	9.6%	
3032	Fin Analyst	7	\$73	\$84	\$113	\$29	\$29	\$29	\$24	\$75	\$75	\$99	\$99	\$98	\$99	5.4%	13.3%	19.6%	20.6%	15.0%	19.8%	
3033	HR Analyst	2	\$63	\$72	\$98	\$26	\$26	\$26	\$24	\$77	\$77	\$101	\$101	\$100	\$101	-11.1%	-5.3%	-2.1%	8.6%	-2.0%	0.4%	
3036	IT Architect	2	\$140	\$161	\$209	\$48	\$48	\$48	\$43	\$162	\$162	\$204	\$204	\$204	\$205	-2.6%	0.0%	7.2%	12.5%	2.6%	8.3%	
3037	Ld Software Developer	2	\$118	\$135	\$178	\$43	\$43	\$43	\$40	\$169	\$168	\$213	\$213	\$214	\$213	-19.9%	-19.9%	-14.5%	-4.3%	-16.7%	-12.3%	
3042	Prin Accountant	7	\$100	\$115	\$154	\$39	\$39	\$39	\$40	\$143	\$143	\$188	\$188	\$184	\$188	-22.6%	-19.8%	-18.1%	-4.4%	-16.4%	-15.1%	
3043	Prin Auditor	7	\$109	\$125	\$166	\$41	\$41	\$41	\$41	\$149	\$149	\$190	\$190	\$190	\$190	-16.0%	-15.7%	-13.4%	-1.2%	-12.5%	-10.7%	
3044	Prin Finl Analyst	10	\$109	\$126	\$167	\$41	\$41	\$41	\$42	\$155	\$155	\$197	\$197	\$193	\$197	-17.6%	-16.9%	-14.0%	-2.3%	-13.7%	-11.5%	
3045	Prin IT Auditor	2	\$125	\$144	\$189	\$45	\$45	\$45	\$42	\$156	\$156	\$198	\$198	\$200	\$198	-8.5%	-8.5%	-3.4%	5.5%	-5.5%	-1.5%	
3046	Principal Tax Advisor	6	\$118	\$135	\$187	\$43	\$43	\$43	\$47	\$188	\$188	\$235	\$235	\$230	\$235	-24.7%	-26.0%	-23.2%	-9.9%	-22.7%	-20.5%	
3047	Proj Mgr - Audit Svcs	6	\$123	\$141	\$186	\$45	\$45	\$45	\$41	\$149	\$149	\$190	\$190	\$190	\$190	-4.9%	-4.5%	0.6%	7.8%	-1.8%	2.2%	
3049	Finance Professional 3	1	\$115	\$132	\$174	\$42	\$42	\$42	\$41	\$124	\$124	\$160	\$160	\$156	\$160	8.5%	9.5%	11.0%	18.5%	11.5%	12.7%	
3052	Senior Accountant	6	\$86	\$99	\$130	\$31	\$31	\$31	\$31	\$112	\$112	\$142	\$142	\$141	\$142	-14.2%	-10.7%	-9.7%	3.1%	-7.7%	-7.0%	
3053	IT Professional 6	1	\$80	\$103	\$135	\$32	\$32	\$32	\$32	\$117	\$117	\$150	\$150	\$149	\$150	-15.8%	-12.0%	-7.6%	1.9%	-9.0%	-5.6%	
3054	Senior Auditor	4	\$102	\$117	\$153	\$35	\$35	\$35	\$31	\$114	\$114	\$145	\$145	\$145	\$145	-0.5%	2.6%	8.6%	13.2%	4.9%	9.6%	
3055	Senior Business Analyst - II	3	\$88	\$101	\$133	\$32	\$32	\$32	\$31	\$113	\$113	\$144	\$144	\$143	\$144	-13.9%	-9.6%	-6.1%	3.9%	-6.7%	-4.0%	
3056	Senior Compensation Advisor	3	\$107	\$123	\$163	\$40	\$40	\$40	\$36	\$123	\$123	\$159	\$159	\$157	\$159	-1.1%	1.5%	-6.7%	12.4%	4.0%	-2.4%	
3058	Senior Financial Analyst	5	\$83	\$95	\$126	\$31	\$31	\$31	\$31	\$119	\$119	\$150	\$150	\$149	\$150	-21.6%	-18.7%	-15.7%	-3.4%	-15.5%	-13.1%	
3061	Senior Software Developer	3	\$104	\$119	\$158	\$39	\$39	\$39	\$39	\$138	\$138	\$178	\$178	\$178	\$178	-16.4%	-14.1%	-9.5%	-0.1%	-11.1%	-7.4%	
3062	Senior Tax Advisor	7	\$96	\$111	\$148	\$37	\$37	\$37	\$37	\$132	\$132	\$169	\$169	\$168	\$169	-15.9%	-14.8%	-12.0%	-0.3%	-11.6%	-9.4%	
3063	Senior Tax Counsel	2	\$189	\$236	\$334	\$62	\$62	\$62	\$61	\$284	\$284	\$416	\$416	\$404	\$416	-11.0%	-13.1%	-14.4%	6.7%	-17.2%	-17.9%	
3065	Sp Agent	5	\$89	\$103	\$135	\$32	\$32	\$32	\$30	\$111	\$111	\$141	\$141	\$139	\$141	-10.9%	-6.0%	-1.9%	1.9%	-3.2%	0.0%	
3068	Sr Corp Comms Mgr	3	\$114	\$131	\$173	\$42	\$42	\$42	\$42	\$152	\$152	\$193	\$193	\$193	\$193	-12.9%	-13.3%	-15.5%	0.7%	-10.2%	-12.0%	
3067	Sr Counsel	9	\$190	\$237	\$336	\$62	\$62	\$62	\$63	\$242	\$250	\$368	\$368	\$360	\$368	-3.8%	-2.2%	2.3%	12.1%	-6.7%	-3.6%	
3068	Sr IT Auditor	2	\$109	\$125	\$166	\$40	\$40	\$40	\$36	\$124	\$124	\$160	\$160	\$160	\$160	-1.9%	1.2%	6.6%	12.2%	3.7%	7.9%	
3069	Staff Accountant	6	\$60	\$69	\$93	\$24	\$24	\$24	\$19	\$60	\$60	\$79	\$79	\$78	\$79	9.4%	17.5%	19.4%	24.0%	19.1%	20.5%	
3071	Tax Advisor	8	\$82	\$94	\$124	\$30	\$30	\$30	\$27	\$97	\$97	\$124	\$124	\$123	\$124	-6.3%	-2.0%	2.1%	10.0%	0.7%	3.9%	
3075	Tax Proj Mgr	4	\$126	\$149	\$189	\$45	\$45	\$45	\$47	\$188	\$188	\$235	\$235	\$230	\$235	-19.6%	-21.0%	-20.9%	-5.7%	-17.9%	-17.9%	
			\$13,858	\$16,145	\$21,611	\$5,060	\$406	\$22,384	\$17,827	\$18,104	\$4,854	\$706	\$23,387	\$23,664	\$23,664	-11.3%	-9.4%	-6.6%	4.3%	-42.5%	-7.6%	-5.4%
		132																				
		208																				
		63.5%																				

Physical/Technical		Corp. Center Average					Competitive Market Average					Variance - Corp Center +/- Market															
		# of Corp Center EEs	Base Salary	Target Total Cash	Total Cash	Target Total Comp.	Base Salary	Target Total Cash	Total Cash	Target Total Comp.	LTI	Benefits %	Target Total Cash %	Total Cash %	Base Salary %	Target Total Cash %	Total Cash %	Target Total Comp. %	LTI %	Benefits %							
2016 GRC Study Position	Corp Center Benchmark Job Title		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
	Benchmark Incumbents	0																									
	Total Incumbents Coverage	-																									
		0.0%																									

APPENDIX B - II — Detailed Competitive Summary by Employee Category — Corporate Center

Clerical																				
2016 GRC Study Position	Corp Center Benchmark Job Title	# of Corp Center EEs	Corp Center Average				Competitive Market Average				Variance - Corp Center +/- Market									
			Base Salary	Target Total Cash	Benefits	LTI	Target Total Comp.	Base Salary	Target Total Cash	Benefits	LTI	Target Total Comp.	Base Salary %	Target Total Cash %	Benefits %	LTI %	Target Total Comp. %			
3002	Admin 5	1	\$52	\$58	\$61	\$22	\$79	\$82	\$55	\$58	\$19	\$77	\$78	-4.0%	0.1%	3.6%	14.0%	-3.6%	6.2%	
3003	Administrative Associate	8	\$54	\$60	\$61	\$24	\$83	\$85	\$66	\$69	\$23	\$92	\$93	-17.2%	-13.7%	-13.4%	3.6%	-9.4%	-9.2%	
3006	Assoc Busn Analyst	2	\$57	\$65	\$66	\$23	\$88	\$90	\$84	\$57	\$19	\$77	\$77	4.4%	13.4%	13.6%	21.9%	-15.5%	15.7%	
3014	Cash Mgmt Spec	3	\$60	\$68	\$68	\$24	\$92	\$92	\$66	\$60	\$20	\$80	\$81	6.3%	13.7%	10.8%	22.2%	-15.8%	13.6%	
3030	Executive Assistant - I & II	9	\$71	\$81	\$83	\$28	\$110	\$111	\$72	\$72	\$24	\$96	\$90	14.1%	12.2%	25.0%	19.8%	-14.0%	23.6%	
3034	HR Admin 2	1	\$56	\$62	\$64	\$24	\$86	\$88	\$61	\$64	\$22	\$86	\$88	-8.3%	-4.0%	-2.7%	9.9%	-0.4%	0.5%	
3038	Admin 3	1	\$60	\$66	\$67	\$25	\$91	\$92	\$64	\$67	\$23	\$90	\$90	-6.1%	-1.6%	-0.2%	11.2%	-1.6%	2.7%	
3039	Legal Fiscal Support Associate	2	\$58	\$64	\$67	\$25	\$89	\$92	\$61	\$64	\$22	\$87	\$87	-5.1%	-0.6%	2.7%	11.9%	-2.6%	5.1%	
3041	Paralegal	4	\$72	\$82	\$84	\$26	\$108	\$111	\$77	\$82	\$24	\$106	\$107	-7.4%	0.5%	1.8%	8.6%	-2.3%	3.3%	
3048	Admin 4	1	\$62	\$68	\$71	\$26	\$94	\$97	\$60	\$63	\$22	\$85	\$86	3.3%	8.3%	9.8%	17.3%	-10.6%	11.7%	
3057	Senior Executive Assistant	2	\$93	\$107	\$111	\$36	\$143	\$148	\$94	\$102	\$32	\$134	\$136	-0.9%	5.0%	7.3%	13.9%	-7.2%	8.8%	
3059	Senior Legal Administrative	4	\$68	\$75	\$78	\$25	\$99	\$102	\$69	\$73	\$22	\$95	\$96	-1.6%	2.6%	6.0%	10.2%	-4.4%	7.0%	
3060	Senior Paralegal	4	\$84	\$97	\$102	\$34	\$131	\$137	\$84	\$89	\$29	\$118	\$119	0.1%	8.6%	14.3%	16.4%	-10.6%	14.8%	
3072	Tax Assoc II	2	\$64	\$71	\$75	\$24	\$95	\$99	\$54	\$57	\$19	\$76	\$77	19.0%	23.5%	29.4%	28.0%	-24.6%	29.1%	
3073	Tax Coordinator	3	\$58	\$64	\$64	\$23	\$87	\$87	\$43	\$45	\$18	\$62	\$62	35.0%	42.8%	42.4%	31.1%	-39.5%	39.2%	
		47	\$3,091	\$3,486	\$3,588	\$1,240	\$4,727	\$4,828	\$3,065	\$3,308	\$1,081	\$4,389	\$4,369	0.8%	5.4%	9.1%	14.7%	N/A	7.7%	10.5%
		69																		
		68.1%																		

APPENDIX C — Competitive Summary by Average Total Compensation Dollars

Table C-1: SCG Study Summary (Excluding Corporate Center): Average Compensation Dollars (\$000s)

SCG Employee Category	# of SCG Employees in Study	SCG						Market							
		Base Salary	Target Total Cash	Actual Total Cash	Benefits	Incentives	Long-Term	Target Total Comp.	Actual Total Comp.	Base Salary	Target Total Cash	Actual Total Cash	Benefits	Incentives	Long-Term
Executive	5	\$312	\$473	\$515	\$101	\$305	\$879	\$921	\$326	\$499	\$525	\$100	\$367	\$992	
Manager/Supervisor	233	\$94	\$109	\$113	\$33	\$1	\$144	\$147	\$91	\$101	\$100	\$29	\$1	\$131	
Professional/Technical	1,047	\$92	\$107	\$110	\$33	\$1	\$140	\$144	\$95	\$105	\$107	\$30	\$1	\$138	
Physical/Technical	2,372	\$76	\$76	\$76	\$28	\$0	\$103	\$104	\$72	\$72	\$74	\$27	\$0	\$102	
Clerical	1,900	\$51	\$51	\$51	\$18	\$0	\$69	\$69	\$55	\$56	\$56	\$19	\$0	\$75	
Total	5,557														

Table C-2: SCG Study Summary (Including Corporate Center): Average Compensation Dollars (\$000s)

SCG Employee Category	# of SCG Employees in Study	SCG						Market							
		Base Salary	Target Total Cash	Actual Total Cash	Benefits	Incentives	Long-Term	Target Total Comp.	Actual Total Comp.	Base Salary	Target Total Cash	Actual Total Cash	Benefits	Incentives	Long-Term
Executive	6	\$332	\$514	\$567	\$109	\$388	\$1,010	\$1,064	\$346	\$545	\$574	\$107	\$450	\$1,132	
Manager/Supervisor	241	\$97	\$112	\$117	\$34	\$2	\$148	\$153	\$93	\$104	\$103	\$30	\$2	\$135	
Professional/Technical	1,076	\$93	\$107	\$111	\$33	\$1	\$141	\$144	\$95	\$106	\$107	\$30	\$1	\$139	
Physical/Technical	2,372	\$76	\$76	\$76	\$28	\$0	\$103	\$104	\$72	\$72	\$74	\$27	\$0	\$102	
Clerical	1,910	\$51	\$51	\$51	\$18	\$0	\$69	\$69	\$55	\$56	\$56	\$19	\$0	\$75	
Total	5,605														

APPENDIX D — Competitive Summary by Aggregate Total Compensation Dollars

Table D-1: SCG Study Summary (Excluding Corporate Center): Aggregate Compensation Dollars (\$000s)

SCG Employee Category	# of SCG Employees in Study	SCG						Market							
		Base Salary	Target Total Cash	Actual Total Cash	Long-Term Incentives	Target Total Comp.	Actual Total Comp.	Base Salary	Target Total Cash	Actual Total Cash	Long-Term Incentives	Target Total Comp.	Actual Total Comp.		
Executive	5	\$1,560	\$2,365	\$2,574	\$505	\$1,524	\$4,394	\$4,604	\$1,629	\$2,495	\$2,627	\$498	\$1,835	\$4,828	\$4,961
Manager/Supervisor	233	\$21,983	\$25,489	\$26,358	\$7,655	\$297	\$33,441	\$34,310	\$21,254	\$23,602	\$23,354	\$6,754	\$307	\$30,662	\$30,415
Professional/Technical	1,047	\$96,770	\$111,604	\$115,426	\$34,315	\$620	\$146,538	\$150,361	\$99,301	\$109,850	\$111,620	\$31,630	\$1,001	\$142,481	\$144,252
Physical/Technical	2,372	\$180,102	\$180,102	\$180,244	\$65,295	\$0	\$245,397	\$245,539	\$169,939	\$170,307	\$176,101	\$65,103	\$0	\$235,410	\$241,204
Clerical	1,900	\$96,471	\$97,059	\$97,216	\$34,436	\$0	\$131,494	\$131,652	\$104,171	\$106,478	\$106,913	\$36,192	\$0	\$142,669	\$143,104
Total	5,557														

Table D-2: SCG Study Summary (Including Corporate Center): Aggregate Compensation Dollars (\$000s)

SCG Employee Category	# of SCG Employees in Study	SCG						Market							
		Base Salary	Target Total Cash	Actual Total Cash	Long-Term Incentives	Target Total Comp.	Actual Total Comp.	Base Salary	Target Total Cash	Actual Total Cash	Long-Term Incentives	Target Total Comp.	Actual Total Comp.		
Executive	6	\$2,026	\$3,136	\$3,462	\$665	\$2,367	\$6,168	\$6,493	\$2,114	\$3,325	\$3,505	\$655	\$2,750	\$6,730	\$6,910
Manager/Supervisor	241	\$23,253	\$27,070	\$28,162	\$8,096	\$515	\$35,681	\$36,773	\$22,436	\$25,041	\$24,811	\$7,117	\$521	\$32,680	\$32,450
Professional/Technical	1,076	\$99,832	\$115,172	\$119,165	\$35,433	\$710	\$151,314	\$155,307	\$102,755	\$113,790	\$115,621	\$32,703	\$1,157	\$147,650	\$149,481
Physical/Technical	2,372	\$180,102	\$180,102	\$180,244	\$65,295	\$0	\$245,397	\$245,539	\$169,939	\$170,307	\$176,101	\$65,103	\$0	\$235,410	\$241,204
Clerical	1,910	\$97,154	\$97,829	\$98,009	\$34,710	\$0	\$132,539	\$132,719	\$104,849	\$107,209	\$107,639	\$36,430	\$0	\$143,639	\$144,070
Total	5,605														

APPENDIX E — Detailed Benefits Methodology

BENVAL[®] Valuation Methodology

Towers Watson's BENVAL is a program that performs benefit comparisons by determining values for the benefits provided by participating companies. It does this by applying a standard set of actuarial methods and assumptions. To develop such values, benefits initially are analyzed in terms of when they become payable.

- Benefits payable in the future — postretirement income and death benefits — are valued in terms of anticipated prospective benefit payments being allocated over the employee's entire work history.
- Benefits potentially payable immediately — preretirement death and disability benefits — are valued based on the probabilities of the various events occurring within the year, multiplied by the value of the benefit.

Actuarial Assumptions

Economic

Discount rate		7.0%
Cash balance plan accumulation	1-year Treasury	4.4%
	5-year Treasury	5.1%
	10-year Treasury	5.3%
	30-year Treasury	5.5%
	long corporate bond	6.5%
	PPA Segment Rate 1	5.3%
	PPA Segment Rate 2	6.6%
	PPA Segment Rate 3	7.1%

Compensation increase	4.0%
Wage index (SSWB)	3.5%
Inflation (CPI)	2.5%
Health care cost trend (for postretirement medical)	7.5% graded to 5% over 5 years

Demographic

Retirement: Incidence varies by the age at which retirement benefits are available on an unreduced basis; illustrative rates are shown below:

Age at retirement	Age for unreduced benefit			
	65	62	60	55
50	2%	2%	2%	2%
55	4%	4%	4%	15%
60	10%	10%	15%	15%
62	20%	30%	30%	30%
65	100%	100%	100%	100%

Example: For a plan that provides an unreduced benefit at age 62, 30% of employees are expected to retire upon reaching that age.

Turnover: Illustrative rates are shown below:

Age	Rate
25	13.2%
35	8.1%
45	5.2%
55	2.2%
56+	0%

Mortality: RP 2000 table (reflecting projected mortality improvements through 2012), applied on a sex-distinct basis; illustrative rates are shown below:

Age	Deaths per 10,000 lives	
	Male	Female
25	3	1
35	7	4
45	11	7
55	23	22
65	97	88
75	288	240

Disablement (long-term disability): 1987 Commissioner's Group Disability Table, with six month elimination period; adjusted where more restrictive long-term disability requirements apply

Termination of disability: 1987 Commissioner's Group Disability Table (adjusted +11% to remove insurer margin)

Disabled mortality: PBGC mortality for disabled participants

Morbidity (short-term (STD) disability): developed based on (1) large company experience, (2) Society of Actuaries STD experience data, (3) 1987 Commissioner's Disability Table

Percentage married: 65%

Medical/dental coverage: Baseline active and retiree level elections.

Active employees

Coverage level	% electing
Single	34%
Employee + 1	24%
Employee + family	30%
Opt out	12%

Retirees

Coverage level	% electing
Retiree only	48%
Retiree + spouse	52%

Plan-Specific Methodology

Defined Benefit Plans

The present value of the annual benefit accrual is developed using the projected unit credit (service prorated) methodology. Benefits are allocated evenly over an employee's entire working history, reflecting projected pay and the plan's provisions for normal or early retirement (including any early retirement supplements), vesting, disability, pre- or postretirement death (where benefits are subsidized), and refund of employee contributions.

Plan values are indexed based on the employer's stated policy. In addition, breakpoints in step-rate formulas at levels based on the Social Security Taxable Wage Base are assumed to increase with the wage index.

For cash balance plans, the assumed rate of interest credited on accumulated account balances is set to reflect the plan provisions.

Defined Contribution Plans

Included in this category are money purchase plans, profit-sharing plans and any type of savings plan (thrift or stock purchase). Plan values are determined as an estimate of current year contributions.

For savings plans, expected participation and contribution levels are determined based on the employee's total pay and the level of matching contributions. The table differentiates, for example, between the total value of a profit sharing plan with an average annual contribution of 9% of pay and a savings plan which allows the employee to contribute 6% of pay with a company match of 50% of matched employee contributions. It is expected that even for the most generous matched plans, some percentage of employees will not elect to join the savings plan or contribute the full matched amount.

The participation rate for Savings Plans is dependent on the level of match and the total pay of the participant. It is determined as the product of Table A and Table B.

Table A
Assumed Participation Rates for Savings Plans
(other than stock purchase plans)

match	up to 8% of pay	over 8% of pay
none	40%	0%
1% - 24%	50%	25%
25% - 49%	60%	30%
50% - 74%	70%	35%
75% - 99%	80%	40%
100% and over	90%	45%

The above table applies to Total Pay of \$60,000 to \$89,999.

The following factors apply based on Total Pay:

Table B

Total Pay	Factor
<\$40,000	0.6
\$40,000 - \$59,999	0.8
\$60,000 - \$89,999	1.0
\$90,000 - \$119,999	1.2 (not more than 90%)
\$120,000 - \$159,999	1.4 (not more than 100%)
\$160,000+	100% participation (except at no match, which remains 0% for deferrals above 8%)

For example, a savings plan that matches 50% up to 6% of pay for an employee earning \$60,000 would have the following result:

$$\text{Employee Contribution} = (\$60,000 \times .06 \times .70) + (\$60,000 \times .02 \times .40) = \$3,000$$

$$\text{Employer Contribution} = (\$60,000 \times .06 \times .50 \times .70) = \$1,260$$

The same employee earning \$90,000 would have the following result:

$$\text{Employee Contribution} = (\$90,000 \times .06 \times .84) + (\$90,000 \times .02 \times .48) = \$5,400$$

$$\text{Employer Contribution} = (\$90,000 \times .06 \times .50 \times .84) = \$2,268$$

The assumed value of a stock purchase plan is determined by the purchase period, the level of price discount and the assumed participation rates – see below.

Assumed Participation Rates for Stock Purchase Plans

Combined discount/option value	Up to	Over
none	0%	0%
1% - 24%	35%	17.5%
25% - 29%	38%	19%
30% - 39%	42%	21%
40% - 49%	46%	23%
50% and over	50%	25%

Note: The assumed subsidy reflects the discount applied to the stock price along with the value of the fixed price option determined based on the Black Scholes method. (For a typical plan, the option value is generally in the range of 10% - 15%.)

For profit sharing plans and ESOPs, assumed contribution levels reflect the average of the past five years' actual contributions to the plan or the company's projected future contributions (if provided).

Death Benefit Plans

Values of the following benefits are calculated: pre-retirement group life, employer subsidized accidental death and dismemberment, dependent's life insurance and postretirement group life. Insurance coverage provided under a Group Universal Life Plan (GULP) is also included.

The level of optional insurance elected is determined by a formula that reflects the level of contributions required along with the amount of basic company-provided coverage and the employee's salary, bonus if applicable and marital status.

Life insurance coverage continuing after retirement is valued on a projected unit credit basis. Retired employees are assumed to cease election of GULP coverage at age 65.

Flat dollar death benefits are assumed to remain constant.

Occupational coverage is not valued, due to its assumed negligible value.

Disability Plans

Short-term and long-term disability benefits are valued. Short-term disability (STD) benefits include sick pay, salary continuance, intermittent and extended coverage, and sickness and accident policies.

Long-term disability values reflect the level and duration of benefits, the plan's definition of disability, definition of pay, and the plan's benefit integration provisions (e.g., coordination with Social Security or pension benefits).

Differentiation is made between plans with varying definitions of disablement. When more than one option for STD or LTD coverage is available to employees, the highest enrolled option is valued.

Medical and Dental Plans

Where multiple plans or options are available, it is assumed that all employees will elect the most prevalent choice as reported by the plan sponsor, i.e., the plan with the highest enrollment. Medical benefit values reflect such factors as: type of plan, deductibles and coinsurance, stop loss provisions, type and level of benefits provided, benefit limits, and the level of required employee contributions.

The value for prescription drug coverage is reflected in the health care plan value even if covered under a separate plan. Continuation of medical coverage is valued for survivors and disabled employees.

Separate values are calculated for active employee coverage (term cost) and for postretirement coverage (projected unit credit service cost). The value for postretirement coverage reflects the plan's coordination with Medicare benefits at age 65.

Values for HMOs are adjusted by a factor of 0.97 to reflect restrictions on provider choice. PPO, POS, CDHP and comprehensive plan values are not adjusted. For CDHPs, the amount provided

by the employer as an HRA or HSA contribution is added to the total value of the plan. The model assumes 100 percent utilization of the account during the year. Out-of-network benefits are not reflected in the BENVAL values.

Medical benefits continuing after retirement are valued on a projected unit credit cost basis.

The following table illustrates the assumed participation rates for medical and dental plans – which are based on the level of required employee contributions. These participation rates represent additional opt-outs based on value of employee contributions and are in addition to the baseline 12% opt-out rate listed on page 5 for actives.

Contributions as % of plan value	Active	Retiree	Retiree – post-65
0%	100%	100%	100%
20%	98%	99%	95%
40%	96%	98%	90%
60%	94%	97%	80%
80%	92%	96%	65%
100%+	90%	95%	50%

Vacation and Holiday Plans

The values for vacation and holiday benefits reflect the employer's schedule of benefits, the employee's earnings level and expected utilization. Less than full utilization of vacation days is assumed in some cases, particularly for high paid/long service employees who are expected to forfeit a portion of vacation days each year -- unless the employer provides pay for unused vacation days

APPENDIX F — Project Team Meeting Notes

Meeting # 1- Project Kick Off Meeting

Category	Description								
Meeting	2016 GRC Kick off Meeting								
Attendees	<table border="1"> <thead> <tr> <th>ORA & Sempra Energy</th> <th>Towers Watson</th> </tr> </thead> <tbody> <tr> <td>Gregory Shimansky</td> <td>Catherine Hartmann</td> </tr> <tr> <td>Debbie Robinson</td> <td>Dean Stoutland</td> </tr> <tr> <td>Stacey Hunter</td> <td>Ragini Mathur</td> </tr> </tbody> </table>	ORA & Sempra Energy	Towers Watson	Gregory Shimansky	Catherine Hartmann	Debbie Robinson	Dean Stoutland	Stacey Hunter	Ragini Mathur
ORA & Sempra Energy	Towers Watson								
Gregory Shimansky	Catherine Hartmann								
Debbie Robinson	Dean Stoutland								
Stacey Hunter	Ragini Mathur								
When	Monday, April 7, 2014								
Timing	11:00 AM – 3:30 PM								
Location	In person meeting (Towers Watson Irvine Office)								

Meeting Agenda

Topic	Key Discussion Point(s)	Action Items
1. Communication & Protocols	<ul style="list-style-type: none"> • Catherine, Dean and Ragini from Towers Watson to be marked on all emails • Currently, Debbie and Greg from Sempra Energy to be marked on all communications • Only Stacey from the ORA to be marked on all communications • The team prefers to have a Sharepoint site set up as ORA has file size limitations (2MB) <ul style="list-style-type: none"> - Folders will be set up by TW • Team Meetings (Conference calls and in-person meetings) to be determined during the kick off and put on the calendar <ul style="list-style-type: none"> - 4 in person meetings (including kick off meeting) - 6 conference calls - Weekly status updates via email 	<ul style="list-style-type: none"> • TW to set up Sharepoint Site and communicate to all team members
2. Calendar	<ul style="list-style-type: none"> • The following meeting dates and timings were decided on by the project team: <ol style="list-style-type: none"> 1. Planning & Methodology Call (16 April, Wed, 2-3 PM) 2. Preliminary Job Match Conference Call (25 April, Fri, 9 AM- 12 PM) 3. Job Match Meeting in Person (1 May, Thurs, 9.30 AM – 6.30 PM tentative timing) 4. Project Check in Call (9 May, Fri, 2-3 PM) 5. Project Check in Call (21 May, Wed, 2-3 PM) 6. Report and Work Paper Structure Call (27 May, Tues, 2-4 PM) 7. Project Check in Call (4 June, Wed, 2-3 PM) 8. Draft Report Review Meeting in Person (13 June, Fri, 11 AM – 3.30 PM, tentative location Towers Watson's SF office) 9. Project Check in Call (18 June, Wed, 2-3 PM) 10. Final Report Meeting in Person (26 June, Thurs, 11 AM – 3.30 PM, tentative location Towers Watson's SF office) 	<ul style="list-style-type: none"> • TW to send calendar invites by Tuesday, April 8

Topic	Key Discussion Point(s)	Action Items
3. Meeting Notes	<ul style="list-style-type: none"> • Proposed meeting notes formats worked for both ORA and Sempra Energy • Meeting Notes to be appended to the final work paper 	<ul style="list-style-type: none"> • Meeting notes from Kick-off Meeting to be sent by Thursday, April 10
4. Compensation Analysis	<ul style="list-style-type: none"> • The team is interested in viewing analysis on the following pay percentiles: <ul style="list-style-type: none"> - P25 - P50 (Median) - Mean (weighted) - P75 	<ul style="list-style-type: none"> • TW can provide analysis on the suggested pay percentiles
5. Total Compensation Analysis	<ul style="list-style-type: none"> • TW detailed the total compensation methodology including the development of “employee profiles” • The analysis will need Sempra Energy demographics to ensure it has the right Sempra Energy specific flavor. • Since the study covers multiple job groupings, multiple profiles are being run • Sempra Energy wants to make sure 20 employee profiles is a defensible number • TW benefits experts recommend the use of 20 employee profiles • When this study was done two times back, the methodology entailed using one profile for each one of the 5 groupings, however that may be too little and may not capture the nuances within each job category • These employee profiles can be divided up unevenly for each of the categories, so if one category demands more profiles than another, these adjustments can be made. • Additionally, on an average, most organizations have 20 grades, which also provides a good case for the 20 profiles • Sempra Energy and the ORA want to be able to lay out clearly in the report the “whats” and “whys” of the methodology used. 	<ul style="list-style-type: none"> • TW to send detailed methodology document to team Tuesday, April 15 • Planning & Methodology Call set for Wednesday, April 16 at 2-3 PM
6. Compensation Methodology- Benchmark Jobs	<ul style="list-style-type: none"> • We will use the 2012 benchmark job list as a starting point to determine benchmark jobs for the 2016 GRC • Sempra Energy anticipates that the jobs will be the same this time, and that there are no material changes to the job content of the benchmark jobs • Corporate Center jobs’ data to be reflected in both reports, SDGE and SoCalGas 	<ul style="list-style-type: none"> • TW to send across 2012 GRC benchmark job list to Sempra Energy for review and comments by Tuesday, April 8
7. Compensation Methodology – Benchmark Job Data Collection	<ul style="list-style-type: none"> • TW will send across a template for data collection for all jobs to Sempra Energy, which will include columns for job data, base pay, target and actual STI, LTI as well as job demographics 	<ul style="list-style-type: none"> • TW to send across job data template by Tuesday, April 8 • TW needs job data to upload into the REWARD database for analysis • Sempra Energy to send data by Friday, April 11

Topic	Key Discussion Point(s)	Action Items
8. Compensation Methodology – Survey Data	<ul style="list-style-type: none"> • For TW CDB surveys, TW will test if there's a material difference between using general industry data or using a 5-20 Billion revenue cut • Sempra Energy to send TW all third party surveys – Aon Hewitt, EAPDIS, Mercer SIRS <ul style="list-style-type: none"> - Survey Scopes decisions to be made based on TW CDB survey scopes • Survey data to be aged to June 30, 2014 for all surveys 	<ul style="list-style-type: none"> • Sempra Energy to send third party surveys by Wednesday, April 16 (TW to assist Sempra Energy to get data from third parties, if required)
9. Benefits Database Participants	<ul style="list-style-type: none"> • Benefits Database Participants were selected from the excel lists displayed (see separate excel workbook) 	<ul style="list-style-type: none"> • Sempra Energy to sign off on peer group by Thursday, April 10

WEEKLY STATUS UPDATE : April 7 – 11, 2014

Weekly Team Objectives	Comments on Current Status	Status
Meeting Invites	<ul style="list-style-type: none"> TW sent out all invites for mutually agreed upon dates and times for project meetings 	COMPLETE
SharePoint site to be set up	<ul style="list-style-type: none"> TW set up Sharepoint site and shared links with team members 	COMPLETE
Send out Data Request	<ul style="list-style-type: none"> TW sent out data request to the Sempra Energy team TW and Sempra Energy team got on a conference call Thursday 4/10 to clarify doubts and to agree upon delivery methods and dates 	COMPLETE
Compensation Survey Data Cuts/Peer Cuts	<ul style="list-style-type: none"> TW to analyze compensation data to assess difference in scope cuts Decision taken based on TW CDB data to replicate across other third party surveys 	COMPLETE
Benefits Peer Participants	<ul style="list-style-type: none"> Project team decided on benefits participants for utility and general industry 	COMPLETE

Issue/ Decision	Description	Status
Revenue Cuts for Surveys	<ul style="list-style-type: none"> TW analyzed 45 jobs across job categories to assess differences in data between general industry data vs peer revenue cut of USD 5-20B <ul style="list-style-type: none"> There were no discernable differences in the Professional/Technical, Physical/Technical and Clerical job categories between general industry and 5-20B revenue cuts data. We recommend using the General Industry data for analysis There was a 5% difference in the Manager/Supervisor job category between general industry and 5-20B revenue cuts data. We recommend using the Peer Revenue Cut (5-20B) for analysis There was a 6% difference in the Executive job category between general industry and 5-20B revenue cuts data. We recommend using the Peer Revenue Cut (5-20B) for analysis 	COMPLETE

Key Accomplishments in the past week	Key Objectives for the next week
<ul style="list-style-type: none">• Kick off Meeting complete• Study methodology and process discussed with team• Compensation peer cut test approach decided• Benefits participants decided	<ul style="list-style-type: none">• Obtain sign off on benefits participants• Obtain sign off on compensation peer cuts• Sempra Energy to send TW job data• TW to pull Sempra Energy data into database to commence job matching• Sempra Energy to send TW third party survey data, along with service agreements for sign off if required• Team meeting (planning and methodology conference call)

Meeting #2- Planning and Methodology Conference Call

Category	Description								
Meeting	2016 GRC Planning and Methodology Conference Call								
Attendees	<table border="1"> <thead> <tr> <th>ORA & Sempra Energy</th> <th>Towers Watson</th> </tr> </thead> <tbody> <tr> <td>Gregory Shimansky</td> <td>Catherine Hartmann</td> </tr> <tr> <td>Debbie Robinson</td> <td>Dean Stoutland</td> </tr> <tr> <td>Stacey Hunter</td> <td>Ragini Mathur</td> </tr> </tbody> </table>	ORA & Sempra Energy	Towers Watson	Gregory Shimansky	Catherine Hartmann	Debbie Robinson	Dean Stoutland	Stacey Hunter	Ragini Mathur
ORA & Sempra Energy	Towers Watson								
Gregory Shimansky	Catherine Hartmann								
Debbie Robinson	Dean Stoutland								
Stacey Hunter	Ragini Mathur								
When	Wednesday, April 16, 2014								
Timing	2:00 PM – 3:00 PM								
Location	Conference Call (866-242-0546, 1865765)								

Meeting Agenda

Topic	Key Discussion Point(s)	Action Items
1. Housekeeping	<ul style="list-style-type: none"> • SharePoint Site <ul style="list-style-type: none"> – ORA and Sempra Energy teams did not receive a system generated link • Data Collection: <ul style="list-style-type: none"> – Status update on Sempra Energy data <ul style="list-style-type: none"> ▪ Sempra Energy has sent across demographic, base pay, STI and LTI information for 350 jobs. Sempra Energy reports it is having trouble matching some of the jobs with the 2012 GRC jobs since job codes and job titles have changed from the last time (after the re-organization) ▪ Sempra Energy is cleaning up remaining 150 jobs and will send across all data (compensation, demographics and survey matches) to Towers Watson – Status update on (market) sSurvey data <ul style="list-style-type: none"> ▪ Towers Watson has uploaded all TW CDB surveys into the database, and is ready to start matching to those jobs ▪ Debbie reported that Eric spoke to EAPDIS and Mercer to sign NDAs; Debbie hasn't gotten NDA from Hewitt. 	<ul style="list-style-type: none"> • Ragini to send ORA and Sempra Energy team members an email with the SharePoint link <i>[Update: Link sent to Greg, Debbie and Stacey and worked for all]</i> • Sempra Energy to send over NDAs from third party survey providers for TW to sign <i>[Update: TW has received all three NDAs, and is waiting on TW Legal to review before sending back to Sempra Energy]</i> • Sempra Energy to send over data on remaining 150 jobs by end of Friday, April 18
2. Survey Scopes	<ul style="list-style-type: none"> • Towers Watson reported that they had tested the difference in data between a general industry cut and peer groups of \$5-20B. The team agreed that the revenue based scope cuts should be applied to executive and manager/supervisor categories and the professional/technical, physical/technical and clerical categories should use general industry data. <ul style="list-style-type: none"> – Executive – Peer Cut (\$5-20B) – Manager/Supervisor - Peer Cut (\$5-20B) – Professional/Technical: General Industry – Physical/Technical: General Industry 	<ul style="list-style-type: none"> • TW to apply peer cut methodology consistently across other third party surveys as well as TW; that is the Aon Hewitt Executive Compensation Survey (for the Executive Job Category) and to

Topic	Key Discussion Point(s)	Action Items
	<ul style="list-style-type: none"> – Clerical – General Industry • Debbie reported that she was able to pull in a general industry (\$5-20B) cut from the Aon Hewitt Executive Compensation Survey • Debbie was also able to get utility specific data for \$5-20B revenue in Aon Hewitt Executive Compensation Survey (data are representative of 17 utilities including Edison International and PG&E) • Ragini mentioned that the TW CDB Energy Services Executive Survey has a participation range of \$1-10B which we will use for the assessment to ensure a broader sample size • For matching, we should ensure we take utility or general industry specific cuts for utility and GI specific jobs. For e.g. for a VP of Audit , we will use General Industry data , but for a utility specific VP look at Utility specific cut 	<ul style="list-style-type: none"> • Mercer SIRS MBD Survey (for the Manager/Supervisor category)
3. Total Compensation Components (Methodology Document)	<ul style="list-style-type: none"> • TW wanted to confirm that including vacation makes sense • Stacey feels that the ORA are concerned about annual sick leave that needs to be paid at termination. Since BENVAL provides valuation on vacation, it is ok to leave sick leave out, since we will be valuing a significant portion of PTO already. • The team is in agreement that vacation will be included 	<ul style="list-style-type: none"> • In the methodology document, TW will strike out PTO (annual leave and sick leave) from the “what’s not included” section to avoid confusion
4. Total Compensation Valuation (Methodology Document)	<ul style="list-style-type: none"> • The team agreed with the total compensation valuation approach laid out by Dean 	<ul style="list-style-type: none"> • TW will re-arrange the visual on the methodology document so it flows better
5. Compensation Analysis (Methodology Document)	<ul style="list-style-type: none"> • The team agreed with the compensation analysis approach laid out by Catherine • The 2013 surveys are the latest that the team has, even though the effective dates are March – April 2013, these surveys are typically released August- September, and are the latest ones for use • LTI: <ul style="list-style-type: none"> – Most surveys provide black Scholes (including TW) – Stock option component in the survey data is full term black Scholes 	<ul style="list-style-type: none"> • TW to add in pay statistics to be provided in the methodology document • TW to add a footnote that states that Sempra Energy doesn’t have stock options, but that this is a common vehicle in the market, and is therefore included in the market data.
6. Benefits (Methodology Document)	<ul style="list-style-type: none"> • The team agreed with the benefits valuation methodology laid out by Dean 	<ul style="list-style-type: none"> • NA
7. Peer Groups for benefits analysis	<ul style="list-style-type: none"> • In order to get the utility and general industry groups down to 20 each, the team decided to drop the following companies: <ul style="list-style-type: none"> – Utility: Drop SCANA and National Grid 	<ul style="list-style-type: none"> • TW to update methodology document with these decisions

Topic	Key Discussion Point(s)	Action Items
	- General Industry: Drop Amazon, Unified Grocer, Trimble and Williams Sonoma	

WEEKLY STATUS UPDATE: April 14 – 18, 2014

Weekly Team Objectives	Comments on Current Status	Status
Sempra Energy Data	<ul style="list-style-type: none"> Sempra Energy has sent to TW demographic, base, STI, LTI and survey matches for 356 jobs Sempra Energy is working through cleaning up job information for remaining approx. 150 jobs 	COMPLETE
Survey Data	<ul style="list-style-type: none"> Sempra Energy has sent NDAs from all third party survey providers to TW to sign (Wednesday, 4/16) TW has signed and sent back the NDA documents to Sempra Energy after TW Legal team review (Thursday, 4/17) 	COMPLETE
Planning and Methodology Call	<ul style="list-style-type: none"> The team reviewed the methodology document during the Planning and Methodology conference call (Wednesday, 4/16) Changes discussed have been incorporated into the Methodology document 	COMPLETE
Benefits Peer Participants	<ul style="list-style-type: none"> Benefits peer participants were finalized during the planning and methodology call on Wednesday, 4/16 	COMPLETE
Compensation Peer Cuts	<ul style="list-style-type: none"> Decisions with respect to scope cuts were finalized during the Planning and Methodology conference call (Wednesday, 4/16) 	COMPLETE
Issue/Decision	Description	Status
Third Party Surveys	<ul style="list-style-type: none"> The Sempra Energy team will send across remaining third party survey data to TW for job matching between Friday, 4/18 and Monday, 4/21 	IN PROCESS
Sempra Energy Remaining Job Data	<ul style="list-style-type: none"> The Sempra Energy team will send across information on remaining approx. 150 jobs between Friday, 4/18 and Monday, 4/21 	IN PROCESS

Key Accomplishments in the past week	Key Objectives for the next week
<ul style="list-style-type: none"> • Planning and Methodology conference call complete • Methodology document updated (4/18) <ul style="list-style-type: none"> - Compensation peer cuts finalized - Benefits participants finalized • Planning and Methodology call meeting notes sent (4/17) and updated (4/18) • TW completed job matching for 350 Sempra Energy jobs (for TW CDB surveys only) • SharePoint Site link shared with all team members; ORA and Sempra Energy teams confirmed they can access the site (4/17) 	<ul style="list-style-type: none"> • Sempra Energy to send TW third party survey data • Sempra Energy to send TW remaining job data • TW to continue job matching in anticipation of preliminary Job Matching conference call (to sign off on preliminary job matches) • Preliminary Job Matching conference call, Friday, 4/25

WEEKLY STATUS UPDATE: April 21 – 25, 2014

Weekly Team Objectives	Comments on Current Status	Status
Sempra Energy Data	<ul style="list-style-type: none"> Sempra Energy has sent to TW demographic, base, STI, LTI and survey matches for an additional 932 jobs <ul style="list-style-type: none"> 45 jobs that match with the 2012 GRC Study (orange bucket) 887 new jobs, resulting from re-organizations, re-alignment of job codes and titles (green bucket) TW has taken a first pass at pruning the list of additional jobs to drill down to a list to approximately 568 jobs 	COMPLETE
Third Party Survey Data	<ul style="list-style-type: none"> Sempra Energy has sent to TW all third party surveys <ul style="list-style-type: none"> Aon Hewitt Executive Survey, Peer Cut (Revenue \$5-\$20B) Mercer Sirs Survey, All Data and Peer Cut (Revenue \$5- \$20B) EAPDIS Survey, All Data 	COMPLETE
Job Matching Status	<ul style="list-style-type: none"> Preliminary job mapping for initial set of 568 jobs has been completed by Towers Watson Towers Watson to work on reviewing job matches in preparation for the May 1st meeting (focus will be Professional/Technical job category) 	COMPLETE
Preliminary Job Match Review Call	<ul style="list-style-type: none"> TW, Sempra Energy and the ORA reviewed job matches for Physical/Technical and Clerical job categories via webex during the preliminary job match conference call <ul style="list-style-type: none"> We were able to go through all of the Physical/Technical and Clerical job categories TW will incorporate changes discussed to the matches during the call and update list with “dropped” jobs Job Matches for Professional/Technical, Manager/Supervisor and Executive jobs will be reviewed during the May 1st meeting 	COMPLETE

Issue/Decision	Description	Status
Rationalize benchmark job list	<ul style="list-style-type: none"> The current job list has 568 jobs, with 48% (270 jobs) of total benchmark jobs being in the Professional/Technical job category; and 27% (154 jobs) in the Manager/Supervisor category <ul style="list-style-type: none"> Of these only 528 jobs had sufficient data to report pay statistics This has happened because approximately 44 manager/supervisor jobs were dropped from the 2012 GRC job list (gray bucket); while only approximately 20 “new” Manager/Supervisor jobs were added to the 2016 GRC job list The team will review the jobs in the Professional/Technical job category during the May 1st meeting to decide which ones should be dropped from the set of final benchmarks 	IN PROCESS

Key Accomplishments in the past week	Key Objectives for the next week
<ul style="list-style-type: none"> • All job data and survey data was sent across to TW • TW completed job matching for 568 Sempra Energy jobs • Preliminary Job Match call complete • Agenda and logistics for in-person May 1st meeting discussed • Updated Survey Methodology document sent to all team members 	<ul style="list-style-type: none"> • TW to make changes to jobs within the Physical/Technical and Clerical job categories, per discussion with team • TW to review jobs matches in Professional/Technical, Manager/Supervisor and Executive categories in anticipation of the May 1st meeting • TW to send the Manager/Supervisor and Executive job match reports (in pdf) to the ORA and Sempra Energy teams on Tuesday, April 29th for review

Weekly Status Update (April 28 – May 2, 2014) & Meeting Notes (Job Match Review Meeting)

Meeting #3- Job Match Review Meeting

Category	Description										
Meeting	2016 GRC Job Match Review Meeting										
Attendees	<table border="1"> <thead> <tr> <th>ORA & Sempra Energy</th> <th>Towers Watson</th> </tr> </thead> <tbody> <tr> <td>Gregory Shimansky</td> <td>Catherine Hartmann</td> </tr> <tr> <td>Debbie Robinson</td> <td>Ragini Mathur</td> </tr> <tr> <td>Stacey Hunter</td> <td>Paul Szilard</td> </tr> <tr> <td>Eric Bayona</td> <td></td> </tr> </tbody> </table>	ORA & Sempra Energy	Towers Watson	Gregory Shimansky	Catherine Hartmann	Debbie Robinson	Ragini Mathur	Stacey Hunter	Paul Szilard	Eric Bayona	
ORA & Sempra Energy	Towers Watson										
Gregory Shimansky	Catherine Hartmann										
Debbie Robinson	Ragini Mathur										
Stacey Hunter	Paul Szilard										
Eric Bayona											
When	Thursday, May 1, 2014										
Timing	9:30 AM – 5:30 PM										
Location	In Person Meeting (Towers Watson SF Office – 345 California St Ste 2000)										

Meeting Agenda

Topic	Key Discussion Point(s)	Action Items
1. Job Match Review (Executives)	<ul style="list-style-type: none"> • TWDS Energy Survey – Revenue based Peer Cut to be used for the executive survey (Noted in TW Action Items below) • Key Discussion Point s and Action Items for TW & Sempra Energy were noted <p>TW Action Items:</p> <ol style="list-style-type: none"> 1. TW to use Energy Peer Cut from Towers Watson Survey (Peer Cut Revenue \$5-20B); this is an update to the Methodology document 2. VP Controller and CFO SDGE – TW to use a Group CFO match for this job. A new job will be added for VP Controller and CFO SoCal Gas. The SDGE matches will be replicated for this role. 3. VP & General Counsel SDGE – TW to use ALG000-EX Top Legal Executive for Group match for this job. A new job will be added for VP & General Counsel SoCal Gas role. The SDGE matches will be replicated for this role. 4. SVP – Fin Reg and Legislative Affairs – The team decided to drop this role as a non-benchmark. <p>Sempra Energy Action Items:</p> <ol style="list-style-type: none"> 1. VP Customer Services - Sempra Energy will check if the Hewitt survey has a better match (which includes responsibility for customer complaints) 2. VP Controller and CFO SoCal Gas – This is a new role that is being added to the survey, with the same matches as the VP Controller and CFO SCG; Sempra Energy will provide incumbent specific data for this role. 3. SVP Power Supply- Sempra Energy will check if the Hewitt survey has a relevant match. 	<ul style="list-style-type: none"> • TW to upload revenue based energy survey peer cuts for executives and middle management positions • TW and Sempra Energy specific action items have been noted.

Topic	Key Discussion Point(s)	Action Items
	<ol style="list-style-type: none"> 4. President and CEO SoCal Gas and SDGE- Stacey to check on matches used from PG&E Study. Sempra Energy and the ORA are comfortable doing what was done in PG&E for consistency. 5. VP & General Counsel SoCal Gas – This is a new role that is being added to the survey, with the same matches as the VP & General Counsel SDGE; Sempra Energy will provide incumbent specific data for this role. 	
2. Job Match Review (Manager/Supervisor)	<ul style="list-style-type: none"> • The team reviewed all manager/supervisor roles, and noted TW action items (changes to matches to a live excel document) through the session. • A complete excel document with changes to jobs is being kept LIVE with TW and will be sent to the group after the Monday Professional/Technical jobs review. • Sempra Energy specific action items have been noted below: <ul style="list-style-type: none"> – Regional VP External Affairs (09880) - This job will be replicated for SoCal Gas, with the same matches as the SDGE job. Sempra Energy will provide incumbent specific data for this role. – Telecommunications Supervisor SDGE (07948) and SCG (852577) – Sempra Energy to check if responsibilities are voice only or network only or both. – Director Labor Relations (15334) – This was originally an SDGE job. However since SDGE responsibilities are hybrid (include both HR Generalist and Labor relations), this job will be replaced by the SoCal Gas job, which is pure Labor Relations. Sempra Energy to provide incumbent specific data for this role. 	<ul style="list-style-type: none"> • TW and Sempra Energy specific action items have been noted.
3. Job Match Review (Professional/Technical)	<ul style="list-style-type: none"> • Review of Professional/Technical matches to continue in an all-day meeting on Monday, May 5. • Stacey (ORA), Eric/Debbie (Sempra Energy), and Paul/Ragini (TW) to meet at a live meeting to review job matches. • Stacey will join the meeting in the morning and Debbie in the afternoon to check in on status and answer queries. 	<ul style="list-style-type: none"> • NA

Weekly Team Objectives	Comments on Current Status	Status
Job Match Review (Physical/Technical)	<ul style="list-style-type: none"> • Job Matches for Physical/Technical were reviewed during the preliminary job match call on Friday, April 25. • TW made all relevant changes discussed to the jobs and will send out the new files to the ORA and Sempra Energy on Monday, May 5 for final sign off by end of day Tuesday, May 7. • Sempra Energy specific action items have been noted 	COMPLETE

	<p>below:</p> <ul style="list-style-type: none"> - Energy Technician – Distribution (070101) & Energy Technician – Residential (070102) – Sempra Energy to check if responsibilities are same across both positions. If so, the Energy Tech Residential job can be added as a benchmark, which would increase employee representation. - Dist Sys Opr (03920) – Sempra Energy to check job profile and comparability. - Electronic Control Technician - Power Delivery (03382) – Sempra Energy to check job profile and comparability. - Instru Ctrl Tech - Gas – Trans (15109) – Sempra Energy to check job profile and comparability. - Patroller (Gas) (03730) - Sempra Energy to check job profile and comparability. - Service Planner (07762) - Sempra Energy to check job profile and comparability. 	
<p>Job Match Review (Clerical)</p>	<ul style="list-style-type: none"> • Job Matches for Clerical were reviewed during the preliminary job match call. • TW made all relevant changes discussed to the jobs and will send out the new files to the ORA and Sempra Energy on Monday, May 5 for final sign off by end of day Tuesday, May 7. • Sempra Energy specific action items have been noted below: <ul style="list-style-type: none"> - Maint Mech (09850) – Sempra Energy to check on Plant Maintenance mechanic match accuracy. 	<p>IN PROCESS</p>

Issue/Decision	Description	Status
<p>Increase SoCal Gas (SCG) representation</p>	<ul style="list-style-type: none"> • The current job list has low SoCal Gas representation. • Eric, Paul and Ragini will analyze high incumbent count jobs in SoCal Gas, which can be easily added to the 2016 GRC and will increase SoCal Gas representation focus on Clerical and Physical/Technical jobs. • This step will occur concurrently with rationalizing the Professional/Technical job list which need to be reduced to drop the number of jobs on the list. 	<p>IN PROCESS</p>

Key Accomplishments in the past week	Key Objectives for the next week
<ul style="list-style-type: none"> • Job Match Review in person meeting complete. • Job Matches reviewed by the entire team for: <ul style="list-style-type: none"> - Clerical - Physical/Technical - Manager/Supervisor - Executives • Additional job match meeting to review Professional/Technical jobs scheduled for Monday, May 5 at the TW offices. 	<ul style="list-style-type: none"> • TW to make changes to jobs within the Manager/Supervisor job category, per discussion with team. • TW and ORA/Sempra Energy to review jobs matches in Professional/Technical job category on Monday, May 5. • Changes to Executive and Manager/Supervisor job categories to be finalized by Monday, May 5. • Changes to Professional/Technical job category to be finalized by Tuesday, May 6.

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| | <ul style="list-style-type: none">• Minor edits, if required to be made to the Clerical and Physical/Technical job categories by Tuesday, May 6.• Data to be finalized to develop employee profiles by Wednesday, May 7. |
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Meeting #4 - Job Match Review Meeting (Professional/Technical)

Category	Description								
Meeting	2016 GRC Job Match Review Meeting (Professional/Technical)								
Attendees	<table border="1"> <thead> <tr> <th>ORA & Sempra Energy</th> <th>Towers Watson</th> </tr> </thead> <tbody> <tr> <td>Debbie Robinson</td> <td>Ragini Mathur</td> </tr> <tr> <td>Stacey Hunter</td> <td>Paul Szilard</td> </tr> <tr> <td>Eric Bayona</td> <td></td> </tr> </tbody> </table>	ORA & Sempra Energy	Towers Watson	Debbie Robinson	Ragini Mathur	Stacey Hunter	Paul Szilard	Eric Bayona	
ORA & Sempra Energy	Towers Watson								
Debbie Robinson	Ragini Mathur								
Stacey Hunter	Paul Szilard								
Eric Bayona									
When	Monday, May 5, 2014								
Timing	10:00 AM – 5:30 PM								
Location	In Person Meeting (Towers Watson SF Office – 345 California St Ste 2000)								

Meeting Agenda

Note: These meeting notes and action items are in continuation to the previous job match meeting on May 1st.

Topic	Key Discussion Point(s)	Action Items
1. Job Match Review (Professional/Technical)	<ul style="list-style-type: none"> Key Discussion Points and Action Items for TW & Sempra Energy were noted <p>TW Action Items:</p> <ol style="list-style-type: none"> TW action items have been noted in a live document <p>Sempra Energy Action Items:</p> <ol style="list-style-type: none"> Facilities Project Advisor (15367) – Sempra Energy to check for corresponding SoCal Gas job Fleet Maintenance Support Analyst (15089) – Sempra Energy to check for corresponding SoCal Gas job 	<ul style="list-style-type: none"> TW and Sempra Energy specific action items have been noted.
2. Addition of high-incumbent count SoCal Gas Jobs	<ul style="list-style-type: none"> The team reviewed priced SDGE jobs which have a corresponding match at SoCal Gas and also have high incumbent counts. The following jobs will be added to the 2016 GRC, subject to sufficient data availability: <ol style="list-style-type: none"> 070102, Energy Technician – Residential 50013, Fld Ops Supv II 985079, Contr Admtr – Gas 987028, Proj Spec 837538, Proj Spec 987026, Proj Spec 985109, Cust Prgms Advr II – P3 985110, Sr Cust Prgms Advr – P3 070221, Meter Reader-PT 	<ul style="list-style-type: none"> NA

Meeting #5- Project Update Conference Call

Category	Description	
Meeting	2016 GRC Project Update Conference Call	
Attendees	ORA & Sempra Energy Gregory Shimansky Debbie Robinson Stacey Hunter Eric Bayona	Towers Watson Catherine Hartmann Dean Stoutland Paul Szilard Ragini Mathur
When	Thursday, May 8, 2014	
Timing	11:00 AM – 12:00 Noon	
Location	Conference Call (866-242-0546, 2941121)	

Meeting Agenda

Topic	Key Discussion Point(s)	ACTION ITEMS
1. Job Match Review Meetings	<ul style="list-style-type: none"> Discuss updates from both job match review meetings (Thursday, May 1 and Monday, May 5) Delivery of revised job match reports for ORA and Sempra Energy (Thursday, May 8) 	<ul style="list-style-type: none"> NA
2. Market Data and Employee Profile Review	<ul style="list-style-type: none"> Timing of market data pricing sheets (Monday, May 12) and sign off Draft employee profile team review and sign off (Wednesday, May 14) 	<ul style="list-style-type: none"> Team agreed to sign off on market data pricing sheets on Monday, May 12 Team to look at executive and clerical job categories before as they roll out
3. Upcoming Meeting dates and Times	<ul style="list-style-type: none"> Confirm that next few project update meeting dates and times still work for all team members Determine need for additional calls and or follow-up 	<ul style="list-style-type: none"> Confirmed that meeting dates and times work for all team members
4. Others?	<ul style="list-style-type: none"> To be determined 	<ul style="list-style-type: none"> NA

Meeting #6- Project Update Conference Call

Category	Description	
Meeting	2016 GRC Project Update Conference Call	
Attendees	ORA & Sempra Energy Gregory Shimansky Debbie Robinson Stacey Hunter Eric Bayona	Towers Watson Catherine Hartmann Dean Stoutland Ragini Mathur
When	Wednesday, May 21, 2014	
Timing	2:00 PM – 3:00 PM	
Location	Conference Call (866-242-0546, 1865765)	

Meeting Agenda

Topic	Key Discussion Point(s)	ACTION ITEMS
1. Sempra Energy Employee Representation Statistics	<ul style="list-style-type: none"> • Update team on outcomes from Debbie/Stacey/TW's call on Monday, 19 May, 3-4pm <ul style="list-style-type: none"> - Addition of TW's Custom Study with PG&E to some Physical/Technical jobs - Addition of +8% premium for customer service bilingual specific jobs • Update team on outcomes from Eric/Ragini's call on Tuesday, May 20 , 10.30 – 11.30am <ul style="list-style-type: none"> - Update employee counts for Meter Reader – PT (~630 employees) - Added in 25 jobs across both entities, with high incumbent counts • Increase in overall employee representation from 44% to 57% 	<ul style="list-style-type: none"> • NA
2. Employee Profiles	<ul style="list-style-type: none"> • 23 employee profiles have been developed • Sempra Energy & the ORA have reviewed a first draft • Revised version based on refreshed market data to be sent to Sempra Energy/ORA by end of the day, Wednesday, May 21 	<ul style="list-style-type: none"> • NA
3. Others?	<ul style="list-style-type: none"> • To be determined 	<ul style="list-style-type: none"> • NA

WEEKLY STATUS UPDATE: May 26 – 30, 2014

Weekly Team Objectives	Comments on Current Status	Status
Sempra Energy Work Paper Review	<ul style="list-style-type: none"> The draft 2016 GRC Work Paper was reviewed with the entire team in attendance The draft work paper structure was based on the 2012 GRC Work Paper, and was approved by all team members TW to send 2016 GRC draft work paper to the Sempra Energy/ORAs team for review once the baseline counts were updated. 	COMPLETE
Employee Profiles	<ul style="list-style-type: none"> Employee profiles were reviewed as part of the 2016 GRC draft work paper review during the 27th May team meeting <ul style="list-style-type: none"> One Physical/Technical job, Admin Clerk - 3 & Admin Clerk - 4 Typists, is currently unionized and was part of an employee profile that consisted of other unionized jobs. Since this job is eligible for a bonus in the market whereas the Sempra Energy job was ineligible, it was decided that this job would be pulled out into a separate profile in order to keep the rest of the employee profile pure and aligned to market practice 	COMPLETE

Issue/Decision	Description	Status
Baseline Employee Counts	<ul style="list-style-type: none"> Due to some jobs moving between job categories, the baseline employee counts need to be updated to reflect accurate employee representation within job categories Sempra Energy has taken an action item to provide TW with the updated baseline employee counts 	COMPLETE
Job Additions/Job Changes	<ul style="list-style-type: none"> Addition of new jobs was necessary to help improve employee head counts for SCG Market data was reviewed by the team and specific survey matches were dropped since the data was anomalous <ul style="list-style-type: none"> TW to send summary of decisions made to project team 	IN PROCESS

Key Accomplishments in the past week	Key Objectives for the next week
<ul style="list-style-type: none"> Employee Profiles finalized and signed off by Sempra Energy/ORAs Employee Profiles have been sent to the TW benefits team to generate benefits values Initial draft 2016 Work Paper format signed off on by Sempra Energy/ORAs 	<ul style="list-style-type: none"> TW to continue with total compensation analysis TW to start reviewing benefits values TW to generate Sempra Energy compensation data points for all jobs under review to share with Sempra Energy/ORAs on the Wednesday call

Meeting #7- Project Update Conference Call

Category	Description				
Meeting	2016 GRC Project Update Conference Call Meeting				
Attendees	<table border="1"> <thead> <tr> <th>ORA & Sempra Energy</th> <th>Towers Watson</th> </tr> </thead> <tbody> <tr> <td>Gregory Shimansky Debbie Robinson Eric Bayona</td> <td>Catherine Hartmann Ragini Mathur</td> </tr> </tbody> </table>	ORA & Sempra Energy	Towers Watson	Gregory Shimansky Debbie Robinson Eric Bayona	Catherine Hartmann Ragini Mathur
ORA & Sempra Energy	Towers Watson				
Gregory Shimansky Debbie Robinson Eric Bayona	Catherine Hartmann Ragini Mathur				
When	Wednesday, June 4, 2014				
Timing	2:00 PM – 3:00 PM				
Location	Conference Call (866-242-0546; 1865765)				

Meeting Agenda

Topic	Key Discussion Point(s)	Action Items
<ul style="list-style-type: none"> Executive LTI valuation for Sempra Energy data – valuation approach and process for cross check 	<ul style="list-style-type: none"> TW used the RSU and PSU share numbers and valued the LTI using the share price on 2nd January (\$88.44 per Yahoo Finance). TW asked Sempra Energy to verify the calculation 	<ul style="list-style-type: none"> Eric will check on the LTI data TW has sent to Sempra Energy, and validate if the numbers are accurate
<ul style="list-style-type: none"> Market LTI Valuation: Executive market LTI methodology (i.e., “build down” approach recommended by our EC subject matter experts) 	<ul style="list-style-type: none"> There can be two ways to calculate LTI in the market- <ul style="list-style-type: none"> Method 1 is to use LTI value as surveys report the same Method 2 involves a builddown approach, where Target total direct compensation is used. Total Direct Compensation) consists of base, short term and long term incentive. Every survey reports TDC data. To get to an LTI dollar value, we can subtract TTC from TTDC to get LTI dollar value. This is done because mostly all companies report TTDC but may not report LTI. TW to evaluate the best approach to be utilized for the 2016 GRC. 	<ul style="list-style-type: none"> TW to analyze both methodologies
<ul style="list-style-type: none"> Sharing of Study Materials 	<ul style="list-style-type: none"> Materials that TW will provide through this study will be not be used for any other purpose other than this study Greg mentioned that components of these materials will be used with the actual filing, which becomes public knowledge Stacey commented that the ORA uses these studies in the future to look at what was done for prior utilities studies. 	<ul style="list-style-type: none"> NA

Meeting #8- Project Update Conference Call

Category	Description	
Meeting	2016 GRC Project Update Conference Call	
Attendees	ORA & Sempra Energy Debbie Robinson Stacey Hunter	Towers Watson Catherine Hartmann Ragini Mathur
When	Monday, June 9, 2014	
Timing	9:30 AM – 10:30 AM	
Location	Conference Call (866-242-0546; 1865765)	

Meeting Agenda

Topic	Key Discussion Point(s)	Action Items
<ul style="list-style-type: none"> Corporate Center Executives Market Pricing Methodology 	<ul style="list-style-type: none"> TW subject matter experts analyzed the executive data outcomes and recommended that Corporate Center executive category jobs be matched to general industry survey data <ul style="list-style-type: none"> Debbie corroborated that the recruitment or hiring base for these executives was general industry, and that Sempra Energy does not seek specific utilities experience for fulfillment of these jobs Further review of the PG&E and Edison Rate Case Studies also established that non-utility executives were matched to the general industry only In order to align with Sempra Energy's recruitment strategy and PG&E and Edison rate case studies, it was decided that the compensation analyses for the 5 executives in the Corporate Center will be revised Impact on the benefits assessment: <ul style="list-style-type: none"> The 5 Corporate Center Executives are aligned to Profiles 23, 24 and 25 (our executive employee profiles for the benefits assessment) Since information for these 3 profiles will change, the TW benefits team will run analyses again using the revised market values (data will be ready for review the week of 16th June) Impact on the Final Study: <ul style="list-style-type: none"> Since the draft report meeting is on Friday, 13th June, the discussion will focus on the other employee categories only, with a placeholder for the executive job category and sections of the report Executives data, based on revised profiles will be reviewed on 18th June, as part of the Project Update conference call. The meeting will extend from 2-4pm The final report meeting on 26th June, 2014 will not get impacted, as all revised data will be incorporated into the report by that time 	<ul style="list-style-type: none"> TW to update the compensation assessment for the executive jobs in the Corporate Center (5 executive roles) TW to send revised employee profiles based on updated market pricing to the benefits team to re-run analysis TW to update invite for 18th June, Wednesday from 2pm – 4pm for an extended conversation on executive valuation

Weekly Status Update (June 9 – June 13, 2014) & Meeting Notes (Draft Report Review Meeting)**Meeting #9- Draft Report Review Meeting**

Category	Description										
Meeting	2016 GRC Draft Report Review Meeting										
Attendees	<table border="1"> <thead> <tr> <th>ORA & Sempra Energy</th> <th>Towers Watson</th> </tr> </thead> <tbody> <tr> <td>Gregory Shimansky</td> <td>Dean Stoutland</td> </tr> <tr> <td>Debbie Robinson</td> <td>Catherine Hartmann</td> </tr> <tr> <td>Stacey Hunter</td> <td>Ragini Mathur</td> </tr> <tr> <td>David Sarkaria</td> <td>Paul Szilard</td> </tr> </tbody> </table>	ORA & Sempra Energy	Towers Watson	Gregory Shimansky	Dean Stoutland	Debbie Robinson	Catherine Hartmann	Stacey Hunter	Ragini Mathur	David Sarkaria	Paul Szilard
ORA & Sempra Energy	Towers Watson										
Gregory Shimansky	Dean Stoutland										
Debbie Robinson	Catherine Hartmann										
Stacey Hunter	Ragini Mathur										
David Sarkaria	Paul Szilard										
When	Friday, June 13, 2014										
Timing	10:30 AM – 2:30 PM										
Location	In Person Meeting (Towers Watson SF Office – 345 California St Ste 2000)										

Meeting Agenda

Topic	Discussion Items	Action Items
<ul style="list-style-type: none"> Meeting Objectives 	<ul style="list-style-type: none"> Project Recap (benchmark job selection, benchmarking methodology, job matching, employee profile development, compensation and total compensation analysis, project team meetings & check ins) Review of draft reports Sign off on final analysis (excluding executives) 	<ul style="list-style-type: none"> Suggested changes to the reports were discussed by the Project Team and incorporated into the draft reports
<ul style="list-style-type: none"> SDGE & SCG Draft Report Review 	<ul style="list-style-type: none"> Overall results review Population coverage Review of appendices 	
<ul style="list-style-type: none"> Next Steps 	<ul style="list-style-type: none"> Recap changes/modifications Confirm executive results review call on 18th June, Wednesday Final results meeting 	

Weekly Team Objectives	Comments on Current Status	Status
Revise Corporate Center Executives market pricing	<ul style="list-style-type: none"> Corporate Center Executives (5 jobs) market pricing was edited per strategy discussed with Debbie and Stacey. Revised market values, affecting Profiles 23-25 were sent to the benefits team to generate fresh benefits analyses. 	COMPLETE
Compile draft reports for SCG and SDG&E	<ul style="list-style-type: none"> Draft reports were compiled and reviewed by the team. 	COMPLETE

Issue/Decision	Description	Status
Confidentiality agreement	<ul style="list-style-type: none"> Debbie to research on confidentiality agreement, and check in with Sempra Energy team on legal requirements to be covered in the agreement. 	IN PROCESS
Key Accomplishments in the past week		Key Objectives for the next week
<ul style="list-style-type: none"> Draft reports developed and reviewed by the Project Team. 		<ul style="list-style-type: none"> Project Team to decide upon and revise confidentiality agreement. Project Team to meet during the Project Update Call on Wednesday, 18th June to discuss Executive analyses and impact on total analyses.

Meeting #10- Project Update Conference Call

Category	Description	
Meeting	2016 GRC Project Update Conference Call	
Attendees	ORA & Sempra Energy Debbie Robinson Gregory Shimansky Eric Bayona Stacey Hunter	Towers Watson Catherine Hartmann Ragini Mathur
When	Wednesday, June 18, 2014	
Timing	2:00 PM – 4:00 PM	
Location	Conference Call & Webex (866-242-0546; 2941121)	

Meeting Agenda

Topic	Discussion Items	Action Items
<ul style="list-style-type: none"> Review final executive analyses and draft report 	<ul style="list-style-type: none"> Final executive compensation and benefits analyses were reviewed Towers Watson incorporated edits to the draft reports, suggested at the draft report meeting on Thursday, 13th June. These changes were reviewed and verified with the team 	<ul style="list-style-type: none"> Additional edits discussed during the WebEx review will be incorporated into the reports
<ul style="list-style-type: none"> Updates on confidentiality agreement 	<ul style="list-style-type: none"> The Project Team referenced prior studies and confidentiality requirements to decide on the best approach to sanitize the reports for public consumption 	<ul style="list-style-type: none"> Sempra Energy and the ORA determined, based on the last Rate Case submission and submissions from other utilities, that they would request that Towers Watson would leave the current job titles (single and multiple incumbents) as they are Instead of using current Sempra Energy job codes, a simple numbering system will be used for assigning job identifiers Towers Watson will follow up internally (with Dean) on the release letter on sensitive materials/proprietary methodology that cannot be shared publicly
<ul style="list-style-type: none"> Next steps and timing 	<ul style="list-style-type: none"> Towers Watson will send SDG&E and SCG draft reports to team for review in advance of the final meeting, by Friday, 20th June 	<ul style="list-style-type: none"> Sempra Energy and the ORA will review both reports, and suggest edits to Towers Watson through email next week

Topic	Discussion Items	Action Items
		<ul style="list-style-type: none">• Depending on the type and volume of changes, the Project team will decide if the final meeting on 26th June should be a face to face meeting, or a webex call

APPENDIX G — Glossary of Terms

Average

The sum of all values of a data set divided by the number of values in that set. Equivalent to the mean.

Base Pay

The fixed compensation paid (hourly, weekly, monthly, or annual) to an employee for performing specific job responsibilities. Usually, these amounts are guaranteed.

Benchmark Job

A job that is commonly found and defined, used to make pay comparisons, either within the organization or to comparable jobs outside the organization. Pay data for these jobs are readily available in published surveys.

Black-Scholes Model

A mathematical model originally developed by Fisher Black and Myron Scholes to value stock options traded on public markets. It estimates the theoretical price an individual would pay for a traded option and considers stock price on grant date, option exercise price, number of years until exercise, dividend yield, risk free rate of return, and stock price volatility.

Career Level

A series of defined levels within a job family where the nature of the work is similar (e.g., accounting, engineering). The levels represent the organization's requirements for increased skill, knowledge and responsibility as the employee moves through a career.

Collective Bargaining Agreements

Agreements between employee groups and employers detailing work conditions including working hours, vacation and holiday entitlements, termination of service provisions, and sometimes benefit entitlements. These agreements may be specific to one company or industry or apply nationally.

Defined Benefit (DB) Pension Plan

Defined by the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (IRC) as any retirement plan that provides for future income and is not an individual account plan. It is a pension plan that specifies the benefits, or the methods of determining the benefits, but not the level or rate of contribution. Contributions are determined actuarially on the basis of the benefits expected to become payable.

Defined Contribution (DC) Pension Plan

Defined by the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (IRC) as a plan that provides for future income from an individual account for each participant with benefits based solely on (1) the amount contributed to the participant's account plus (2) any income, expenses, gains and losses, and forfeitures of accounts of other participants that may be allocated to the participant's account. The benefit amount to be received by the participant at retirement is unknown until retirement.

Exempt Employees

Employees who are exempt from the Fair Labor Standards Act of 1938 (FLSA) minimum wage and overtime provisions due to the type of duties performed. Includes executives, administrative employees, professional employees, and those engaged in outside sales as defined by the FLSA.

Fair Labor Standards Act of 1938 (FLSA)

A federal law governing minimum wage, overtime pay, child labor, and record-keeping requirements.

Incumbent

A person occupying and performing a job.

Long-Term Disability (LTD)

A form of long-term income protection that provides for some continuation of income in the event of disability. Definitions of disability become increasingly narrow in LTD plans (e.g., disabled from engaging in one's own occupation or from any occupation).

Long-Term Incentive

Any incentive plan that requires sustained performance of the firm for a period longer than one fiscal year for maximum benefit to the employee. Some plans are based on capital shares (i.e., stock) of the organization and may require investment by the employee (i.e., Employee Stock Purchase Plan), while others are based on financial performance (i.e., profit sharing cash plans).

Mean

A simple arithmetic average obtained by adding a set of numbers and then dividing the sum by the number of items in the set.

Nonexempt Employees

Employees who are not exempt from the minimum wage and overtime pay provisions of the Fair Labor Standards Act of 1938 (FLSA), for example, employees in clerical jobs.

Paid Time Off (PTO)

Refers to vacation, holidays, sick leave, lunch periods, and other miscellaneous leave for which an employee is compensated.

Performance Share/Performance Unit/Cash Awards

A stock (or stock unit) grant/award plan in which the payout is contingent upon achievement of certain predetermined external or internal performance goals during a specified period (e.g., three to five years) before the recipient has rights to the stock. The employee receiving the shares pays ordinary income tax on the value of the award at the time of earning it.

Profit Sharing Plan

An employee benefit plan established and maintained by an employer whereby the employees receive a share of the profits of the business. The plan normally includes a predetermined and defined formula for allocating profit shares among participants, and for distributing funds accumulated under the plan. However, some plans are discretionary. Funds may be distributed in cash, deferred as a qualified retirement program or distributed in a cash/deferred combination.

Restricted Stock

Stock that is given (or sold at a discount) to an employee, who is restricted from selling or transferring it for a specified time period (usually three to five years). The executive receives dividends, but must forfeit the stock if he/she terminates employment before the restriction period ends. If the employee remains in the employ of the company through the restricted period, the shares vest, irrespective of employee or company performance.

Salary

Compensation paid by the week, month or year rather than hourly. A salary is usually a guaranteed amount that is not reduced for time not worked.

Shift Differential

Extra pay allowance made to employees who work on a shift other than a regular day shift (e.g., 9 a.m. to 5

p.m., Monday through Friday) if the shift is thought to represent a hardship, or if competitive organizations provide a similar premium. Shift differentials usually are expressed as a percentage or in cents per hour.

Short-Term Disability (STD)

A benefits plan designed to provide income during absences due to nonoccupational-related illness or injury, when the employee is expected to return to work within a specified time, usually within six months. Usually coordinated or integrated with sick leave at the beginning and with long-term disability (LTD) at the end of STD.

Short-Term Incentive

Usually a lump-sum payment (cash) made once a year in addition to an employee's normal salary or wage for a fiscal or calendar year. Generally based on predetermined performance criteria or standards.

Spot Bonus

A one-time discretionary bonus given to key contributors. Spot bonuses are performance related, not for length of service or equity.

Stock Option

A right to purchase company shares at a specified price during a specified period of time.

Third-Party Survey

For purposes of this study, this term refers to all other survey sources used in the study other than Towers Watson's surveys, such as the EAPDIS Energy Technical Craft Clerical Survey.

Total Cash Compensation

Total annual cash compensation (base salary plus annual/short-term incentives).

Target Total Cash Compensation

Target total annual cash compensation (base salary plus target annual/short-term incentives).

Total Direct Compensation

Total cash compensation plus the annualized expected value of long-term incentives.

Target Total Direct Compensation

Target total cash compensation plus the annualized expected value of long-term incentives.

Total Compensation

The sum of all elements of compensation provided by an employer to an employee. For this study, the total compensation was defined to include base salary, annual/short-term incentives, annual expected value of long-term incentives, and the value of employee benefits.

Target Total Compensation

The sum of all elements of compensation provided by an employer to an employee. For this study, the target total compensation was defined to include base salary, target annual/short-term incentives, annualized expected value of long-term incentives, and the value of employee benefits.

Vesting

A term typically used in conjunction with a pension or stock plan. For a stock option, vesting refers to the point in time when stock options or stock appreciation rights become exercisable or when a pension benefit becomes a nonforfeitable benefit.

Note: Selected definitions included in this glossary were obtained from WorldatWork's Glossary of Compensation & Benefits Terms.