CFC DATA REQUEST
CFC-Sempra-2019 #17
SOCALGAS 2019 GRC – A.17-10-008
SDG&E 2019 GRC – A.17-10-007
DATE RECEIVED: APRIL 26, 2018
DATE RESPONDED: MAY 11, 2018

1. SCG-22, pages DW-1 and DW-2, describe Supply Management & Logistics department sourcing practices:
"Supply Management & Logistics is responsible for identifying, purchasing and managing the procurement contracts of products and services needed to run our business. We deliver value to our business clients by leveraging market and spend intelligence to meet their purchasing needs, developing and executing strategies to reduce costs, and managing contract performance. Supply Management & Logistics engages internal departments and external suppliers to optimize the value that the Utilities receive from its sourcing dollars. This is accomplished by managing each major category of spend in a proactive and strategic manner."

a. Of materials procured over the last three years, what proportion of the amount spent was for products produced in California? Please explain.

SDG&E and SoCalGas Response 01:

SoCalGas Supply Management & Logistics does not track the origin of where products are produced. Therefore, we do not know what proportion of the amount spent was for products produced in California.

2. SCG-22, page DW-iii, describes Supply Management & Logistics department initiatives and their division into three focus areas. Focus area #2 is described as follows:

> "Investment in key technologies to increase speed and enhance productivity such as a centralized on-line ordering platform called Sempra Hosted On-Line Purchasing (SHOP), an inventory management system to keep up with new regulations called Material Traceability, and a market intelligence research subscription tool called IBIS World."

a. Of the information technology investments proposed for the GRC term (2019 through 2021), what associated productivity gain is anticipated? Please explain, including how Sempra measures technology-based productivity gains.

SDG&E and SoCalGas Response 02:

Productivity gains related to technology investments are estimated in terms of process efficiency gains. We calculate process efficiency gains by taking the projected number of hours saved multiplied by hourly rates. For SHOP, we anticipate a 2-5% efficiency gain attributable to ease of use and point-and-click purchasing from a desktop or mobile device.

CFC DATA REQUEST
CFC-Sempra-2019 #17
SOCALGAS 2019 GRC – A.17-10-008
SDG&E 2019 GRC – A.17-10-007
DATE RECEIVED: APRIL 27, 2018
DATE RESPONDED: MAY 10, 2018

3. SCG-12 describes the removal of Aliso Canyon costs:

"Because the SoCalGas GRC uses year-end 2016 accounting information, to confirm removal of the appropriate amounts, I also compared the Aliso Incident expenses identified above with the Aliso Incident expenses prepared for the SEC 10-K Report for 2016.11 Generally, the SEC 10-K Report reflects the audited and publicly released information regarding the Aliso Incident. The essential step in the comparison process was to isolate the historical recorded costs in the SEC report that are comparable to the information that GRC witnesses review, present, and may use for forecasting purposes, so this evaluation can be performed on an "apples to apples" basis. The amount recorded as of year-end 2016, and reported in the SEC 10-K Report, is approximately $780 million, and represented the amount anticipated to be reimbursed through insurance policies at that time (i.e., the "insurance receivable")."

The 2017 Sempra 10-K report, at page 74, states that...
"SoCalGas has resumed injections and withdrawals, on a limited basis, at its Aliso Canyon natural gas storage facility. As of December 31, 2017, SoCalGas' cost estimate is $913 million related to the Aliso Canyon natural gas storage facility gas leak, which includes $887 million of costs recovered or probable of recovery from insurance, as we discuss in Note 15 of the Notes to Consolidated Financial Statements."

a. Please explain how the residual $26M will be recovered by Sempra.

b. What impact, if any, has the insurance pay out had on Sempra's insurance premiums? Please explain.

SoCalGas Response 03:

a. SoCalGas objects to this question as outside the scope of this proceeding and under Rule 10.1 of the Commission's Rules of Practice and Procedure on the grounds that the information sought is neither admissible as evidence in this proceeding, nor reasonably calculated to lead to the discovery of admissible evidence.

Subject to and without waiving these objections, SoCalGas responds as follows:

Aliso Incident costs have been removed from the recorded expenditures used to prepare the GRC forecast, and 2017 recorded costs (as contained in the 2017 10-K report) *are not* used as the basis of the 2019 GRC proposed revenue requirement. Therefore, the $26 million from the 2017 10-K Report referenced in question 1a is neither a subject of the 2019 GRC, nor included in the proposed revenue requirement.

SoCalGas Response 03:-CONTINUED

b. Please reference the response to this question in Data Request ("DR") CFC-SEU-004, Question 4. The prior response was provided on March 9, 2018.

CFC DATA REQUEST
CFC-Sempra-2019 #17
SOCALGAS 2019 GRC – A.17-10-008
SDG&E 2019 GRC – A.17-10-007
DATE RECEIVED: APRIL 27, 2018
DATE RESPONDED: MAY 21, 2018

4. SDG&E-01, page CAW-7, identifies some of the dollar figures significant to the application:

"SDG&E's GRC Application requests that the Commission authorize a combined $2.199 billion revenue requirement ($433 million gas and $1.766 billion electric), to be effective January 1, 2019. If approved, this revenue requirement would be an increase of $218 million over the as-expected authorized 2018 revenue requirement. When the impact of commodity costs and other ratemaking items such as regulatory account balances are included, these increases result in a 2019 system average electric rate revenue increase of $208 million (+5.0%) and a system average gas rate revenue increase of $112 million (or +18.1%), when compared to the as-expected authorized revenue requirement for 2018."

The Sempra 2017 SEC Form 10-K report1, at page 74, states that...

"In September 2017, SDG&E recognized a charge for the writeoff of a regulatory asset associated with wildfire costs ($208 million earnings impact)."

a. Of the $208 million affecting the electric rate revenue, how much is due to power supply cost increases, how much is due to the write-off of the wildfire regulatory account, and how much is due to other causes? Please explain.

SDG&E and SoCalGas Response 04:

The quoted passage in the question was revised on April 6, 2018 and is now shown in exhibit SDG&E-01-R as "…would be an increase of **$217** million over the ~~**as-expected**~~ authorized 2018 revenue requirement. When the impact of commodity costs and other ratemaking items such as regulatory account balances are included, these increases result in a 2019 system average electric rate revenue increase of $**205** million…" (emphasis added). Considering that correction, SDG&E responds as follows:

There is no amount of wildfire regulatory account write-off included in either the $217 million overall (gas and electric) GRC Revenue Requirement change figure or in the $205 million electric rate revenue change figure. The charge for the write-off of a regulatory asset associated with wildfire costs does not appear in this case.

The make-up of the $205 million includes $169 million in Electric Distribution, $36 million in Commodity related revenues including generating plants, and $146,000 for battery storage revenues compared to authorized revenues in rates effective 1/1/2018. When the $205 million is combined with commodity costs and other ratemaking items, the $205 million amounts to a 4.9% increase.

CFC DATA REQUEST
CFC-Sempra-2019 #17
SOCALGAS 2019 GRC – A.17-10-008
SDG&E 2019 GRC – A.17-10-007
DATE RECEIVED: APRIL 27, 2018
DATE RESPONDED: MAY 11, 2018

5. Decision D.16-06-054, page 235, addressed SCG's Gas Transmission O&M costs:

> "SoCalGas' request for the TY 2016 O&M costs for gas transmission are based on increased regulatory requirements and changes in SoCalGas' policy relating to the maintenance and enhancement of the integrity of the transmission pipeline system. According to SoCalGas, these additional costs are attributable to some of the following: the escalating pipeline safety fee to PHMSA."

a. Please explain whether the pipeline safety fee remains in effect, and, if so, what SCG's fee was for 2017, and what fee is anticipated for 2019.

SDG&E and SoCalGas Response 05a:

Yes, the U.S. Department of Transportation, through the Pipeline and Hazardous Materials Safety Administration (PHMSA), imposed a "Pipeline Safety User Fee Assessment," which remains in effect. The assessment and collection of the Pipeline Safety User Fee Assessment is authorized by PHMSA to fund its pipeline safety program activities.

SoCalGas' 2017 Pipeline Safety User Fee Assessment was $1,092,373.25 (2017$ valuation) ($1,070,534.52 in 2016$).

As a result of SoCalGas' 5yr adjusted-recorded annual averaging cost forecasting methodology and SoCalGas' decision to not classify the expense for the Pipeline Safety User Fee Assessment as subject to "Non-Standard Escalation," the Test Year 2019 forecast amount (as a component of the 2016 adjusted-recorded base funding amount) for the Pipeline Safety User Fee Assessment was $1,073,076.84.

CFC DATA REQUEST
CFC-Sempra-2019 #17
SOCALGAS 2019 GRC – A.17-10-008
SDG&E 2019 GRC – A.17-10-007
DATE RECEIVED: APRIL 27, 2018
DATE RESPONDED: MAY 10, 2018

6. SCG-12, Table AS-6 (extract, below), shows Aliso Canyon-related expenses:

Cost Category	Incident Total	LESS: Forecast	Recorded Total	Comparative Adjustments	Comparative Total
1 Well Control, Leak Stoppage, Relief Wells, and Methane Recapture	$81.90	$0.10	$81.80	($2.80)	$79.00
2 Root Cause Investigation and Blade Industries	$50.30	$17.60	$32.70	($4.90)	$27.80
3 Environmental, Air Emissions Monitoring, Lab Analysis, and AQMD Abatement	$16.10	$1.70	$14.40	$1.30	$15.70
4 Outside Counsel, Litigation Preparation Costs & Regulatory	$43.60	$0.00	$43.60	$2.50	$46.00
5 Relocation Costs including Lodging, Meal Allowance, and Incidentals	$456.70	$8.00	$448.60	($1.80)	$446.80
6 Processing Support and Fully Loaded Internal Labor supportin Aliso	$95.10	$14.60	$80.40	($15.20)	$65.30
7 Lost Gas and GHG Mitigation	$36.30	$0.00	$36.30	($36.30)	$0.00
8 TOTAL RECEIVABLE EXPENSES	$779.90	$42.00	$737.80	($57.20)	$680.60

a. Please explain the zeroing-out of the $36.3 million for Lost Gas and GHG Mitigation, shown in Line 7.

b. In valuing the lost gas at $36.3 million, what value per MMBtu was used? Please explain.

SoCalGas Response 06:

a. Table AS-6 of SCG-12 provides an itemization of costs related to the Aliso Incident in similar categories as prepared for the 2016 SEC 10-K Report. The information in Table AS-6 is also an itemized summary of the effort described at page AES-8:

“Because the SoCalGas GRC uses year-end 2016 accounting information, to confirm removal of the appropriate amounts, I also compared the Aliso Incident expenses identified above with the Aliso Incident expenses prepared for the SEC 10-K Report for 2016…The essential step in the comparison process was to isolate the historical recorded costs in the SEC report that are comparable to the information that GRC witnesses review, present, and may use for forecasting purposes, so this evaluation can be performed on an ‘apples to apples’ basis.”

Please see complete description of this effort on pages AES-8 to AES-10.

SoCalGas Response 06:-CONTINUED

As described on page AES-9, the Lost Gas and GHG Mitigation categories represented estimated costs that *are not* included in the recorded expenditures dataset for the 2019 GRC. These estimated costs are *not* included in the proposed 2019 GRC revenue requirement. In order to develop the "apples to apples" comparison between the 2016 SEC 10-K Report and GRC dataset, the $36.3 million had to be removed from the former.

b. SoCalGas objects to this question as requesting information outside the scope of this proceeding and under Rule 10.1 of the Commission's Rules of Practice and Procedure on the grounds that the information sought is neither admissible as evidence in this proceeding, nor reasonably calculated to lead to the discovery of admissible evidence.

Subject to and without waiving these objections, SoCalGas responds as follows:

For clarification, the Lost Gas *and* GHG Mitigation cost category is the $36.3 million estimate. See response to Question 2a, above, explaining that this category represented estimated costs that *are not* included in the recorded expenditures dataset for the 2019 GRC.