

TURN DATA REQUEST-081
SDG&E-SOCALGAS 2019 GRC – A.17-10-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: JULY 10, 2018
DATE RESPONDED: JULY 17, 2018

Pensions and PBOP

1. Re: 2014 year end 10k, p. 169-174:

- a. Was the VREP authorized by the CPUC? If yes, please provide the citation to the authorizing decision.
- b. Did the CPUC authorize the company to book the settlement charges as regulatory assets? If yes, please cite to the authorizing decision.
- c. Please explain the basis or authority for the company to costs related to “Voluntary Retirement Enhancement Program” (VREP), via increases in the PBOP and the net periodic benefits charges.
- d. Please explain for SDG&E on page 170 the symmetric decrease in PBO and FVA of \$87 million and \$4 million for 2014 and 2013 respectively, and how, in any way they were related to the VREP.
- e. Please explain for SoCal Gas on page 171 the symmetric decrease in PBO and FVA of \$10 million for 2014.
- f. Please explain for SDG&E on page 174 the settlement charges of \$19 million and \$1 million for 2014 and 2013 respectively booked to pension expense, and how, in any way they were related to the VREP.
- g. Please explain for SoCal Gas on page 175 the settlement charges of \$4 million million for 2014 booked to pension expense, and how, in any way it was related to the VREP.

Utility Response 1:

SoCalGas and SDG&E object to this request on the grounds that it is vague in its reference to the “2014 year-end 10k”; to the extent that this request seeks information related to Sempra’s 2014 year-end 10k, it is outside the scope of the testimony and the issues in this proceeding. SoCalGas and SDG&E also object to this request to the extent that its subparts are vague, unintelligible, assume incorrect facts, and request information regarding SoCalGas and SDG&E’s VREPs generally that has already been provided to TURN.

Notwithstanding the above objection, SoCalGas and SDG&E reiterate the fact that a VREP would provide a credit to a postretirement HRA account to affected employees, but would not increase pension benefits. The CPUC does not authorize the booking of specific transactions to the Pension Balancing Account. TURN has admitted in its discovery responses that it is unaware of any Commission decisions addressing authorization of a program similar to VREP. In addition, the Company fails to see the linkage between VREP and TURN’s questions on pension settlement accounting charges. Specifically, settlement accounting charges for pensions (under GAAP) are triggered when lump sums paid from the plan exceed a certain threshold. The settlement accounting charge is simply an acceleration of accounting costs, and not an additional cost.

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Utility Response 1:-Continued

That said, since the amounts recovered from ratepayers are based on cash contributions, the timing of when costs are recognized for GAAP accounting purposes has no impact on amounts included in rates. Therefore, VREP and pension costs are independent from each other.