

Exhibit No: SCG-04
Docket No.: R.13-11-005
Witness: Darren M. Hanway



**PREPARED REBUTTAL TESTIMONY OF
DARREN M. HANWAY ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY**

May 15, 2020

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Docket No: R.13-11-005
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Order Instituting Rulemaking Concerning Energy
Efficiency Rolling Portfolios, Policies, Programs,
Evaluation, and Related Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

PREPARED REBUTTAL TESTIMONY OF DARREN M. HANWAY
ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 15, 2020

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1 **REBUTTAL TESTIMONY OF DARREN M. HANWAY**

2 **I. PURPOSE**

3 The purpose of my prepared rebuttal testimony on behalf of Southern California Gas Company
4 (“SoCalGas”) is to respond to the direct testimony filed on April 24, 2020, by the Public Advocates
5 Office (“Cal Advocates”) regarding the Order to Show Cause Against SoCalGas. My testimony
6 addresses SoCalGas’ reasonable interpretation that the prohibition on statewide codes and standards
7 (“C&S”) advocacy in D.18-05-041 did not apply to federal C&S advocacy, SoCalGas’ decision to no
8 longer engage in federal C&S advocacy, Cal Advocates’ misleading allegations regarding Rule 1
9 violations, and SoCalGas’ transfer of the costs associated with the at issue activity to shareholder
10 funded accounts.

11 **II. SOCALGAS’ INTERPRETATION OF THE SCOPE OF THE STATEWIDE C&S**
12 **PROHIBITION WAS REASONABLE AND IS SUPPORTED BY D.18-05-041**

13 Cal Advocates states that SoCalGas continued to participate in advocacy at the federal level
14 based on an unreasonable interpretation of the Commission’s orders.¹ This is not the case. D.18-05-
15 041 states that SoCalGas “is prohibited from participating in *statewide* codes and standards advocacy
16 activities, other than to transfer ratepayer funds to the statewide lead for codes and standards, during
17 this business plan period.”² It is clear that by prohibiting SoCalGas from engaging in statewide C&S
18 advocacy activity the Decision was referring to the two statewide C&S subprograms that were part of
19 SoCalGas’ EE portfolio. D.18-05-041 specifies that “the statewide program areas shall be led by the
20 program administrators given in Table 3 and Table 4 of this decision.”³ Table 3 of the Decision
21 combines two C&S subprograms: building codes and appliance standards into one statewide C&S
22 advocacy program.⁴ However, D.18-05-041 also approved a change in how the Investor Owned
23 Utilities (“IOUs”) implemented C&S advocacy at the federal level. D.18-05-041 states that “in general
24 in this decision, we discuss issues where parties or the Commission take issue with the proposal
25 presented in the business plan applications. If an item is not discussed or otherwise decided in this

¹ Prepared Testimony of Sophie Babka and Stephen Castello on the October 3, 2019 Administrative Law Judge’s Ruling Granting the Motion of the Public Advocates Office and Directing Southern California Gas Company to Show Cause Why It Should Not be Sanctioned by the Commission for Violation of California Public Utilities Code Sections 702, 2107 or 2108 or Rule 1.1. of the Commission’s Rules of Practice and Procedure (April 24, 2020), p. 1, (hereinafter Cal Advocates Testimony).

² D.18-05-041, Ordering Paragraph 53, p. 193 (emphasis added).

³ *Id.* at Ordering Paragraph 26, p. 188.

⁴ *Id.* at p. 91.

1 decision, the [Program Administrators] should consider that aspect of the business plans approved.”⁵
2 SoCalGas, Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company
3 (“SCE”) all proposed in their Business Plans to establish a new federal level C&S subprogram that
4 would be *administered locally rather than statewide*.⁶ This proposal to separate the federal standards
5 subprogram out from the statewide programs and implement it as a local program was not addressed in
6 the Decision, and therefore, was approved. In other words, the approval of the IOUs’ Business Plans
7 changed federal C&S advocacy as activity that was implemented as part of the statewide C&S
8 programs to activity that would be administered locally. No party took issue with this proposal, and the
9 Commission did not reject the formation of this local subprogram. The plain language of the Decision
10 supports the fact that the Commission approved the establishment of the new local program. As
11 addressed in my March 27, 2020 testimony, during the transition period following the Decision,
12 SoCalGas interpreted D.18-05-041’s prohibition of SoCalGas engaging in *statewide* C&S advocacy as
13 not including federal C&S advocacy given that the Decision approved the change to have federal C&S
14 advocacy administered locally.⁷

15 Cal Advocates’ claim that federal advocacy as a local program “is not credible because no such
16 local program existed on the California Energy Data and Reporting System (CEDARS)”⁸ does not
17 make sense given the timing of D.18-05-041, which was adopted on May 31, 2018. First, SoCalGas’
18 June 2018 CEDARS monthly report comported to the Annual Budget Advice Letter (“ABAL”)
19 submitted for 2018, and filed on September 1, 2017, in which SoCalGas did not file federal C&S as a
20 separate program because the Business Plan application (which resulted in the change to how federal
21 C&S advocacy was administered) *had not yet been approved*. The next opportunity to update
22 CEDARS to reflect the programs approved in D.18-05-041, including the locally administered federal
23 C&S program, would have been the 2019 ABAL, submitted on September 4, 2018. As previously
24 stated in my prepared direct testimony, out of an abundance of caution, SoCalGas made the decision to
25 disengage in federal C&S activity at the end of July 2018,⁹ and thus SoCalGas did not include this sub-
26 program in its 2019 ABAL as SoCalGas was not engaged in this activity anyway. Second, PG&E and

⁵ *Id.* at p. 12.

⁶ SoCalGas Business Plan, p. 298; PG&E Business Plan, p. 548; Southern California Edison Business Plan, p. 224.

⁷ Prepared Direct Testimony of Darren Hanway (March 27, 2020), p. 4.

⁸ Cal Advocates Testimony, p. 13.

⁹ Prepared Direct Testimony of Darren Hanway (March 27, 2020), p. 4.

1 SCE both included the locally administered national C&S programs in their 2019 and 2020 ABALs,
2 and administer this subprogram locally today.¹⁰ These programs do exist in CEDARS, and are based
3 on the approval of these programs through D.18-05-041.¹¹ Based on this information, and contrary to
4 Cal Advocates' testimony,¹² SoCalGas did not mislead Cal Advocates or the Commission by
5 interpreting D.18-05-041 as approving a locally-administered federal C&S program. It is evident that
6 PG&E and SCE have both interpreted the Decision in this way, as well.

7 **III. SOCALGAS' DECISION TO DISENGAGE FROM FEDERAL C&S ACTIVITY WAS** 8 **NOT A REACTION TO AN INVESTIGATION**

9 Despite the Commission's approval of a locally-administered federal C&S program, Cal
10 Advocates claims that SoCalGas' interpretation that federal C&S advocacy was not prohibited "ignores
11 the unambiguous language of the Decision, which prohibits SoCalGas from engaging in any ratepayer-
12 funded EE codes and standards advocacy."¹³ SoCalGas disagrees. Upon receiving D.18-05-041,
13 SoCalGas immediately began to assess what activities and programs were implicated. Although
14 SoCalGas initially interpreted federal C&S advocacy activity as not included in the prohibition,
15 SoCalGas recognized that the Decision's language may not be clear to other parties, including Cal
16 Advocates.¹⁴ Given the apparent uncertainty among parties as to the correct interpretation, SoCalGas
17 put a pause on its federal C&S advocacy activity, including deciding to not sign on to a Department of
18 Energy ("DOE") comment letter on cooktop test procedures, and sought guidance from Energy
19 Division ("ED") staff in a meeting on July 31, 2018. As described in my prior testimony,
20 representatives of ED and representatives of SoCalGas, including myself, discussed the issue of
21 whether federal C&S advocacy was included in the Decision's prohibition.¹⁵ During this meeting, the
22 ED representatives recognized that while the language may support SoCalGas' interpretation, the likely
23 intent of D.18-05-041 was to include federal C&S in its prohibition of SoCalGas participating in
24 statewide C&S advocacy, as that was the basis of the issue brought forth by Cal Advocates. The ED

¹⁰ See PG&E Advice 4011-G/5375-E; PG&E Advice 4136-G/5627-E; SCE Advice 3859-E; and SCE Advice 4068-E.

¹¹ See CEDARS 2019 Budget Filings, Programs PGE21057, available at <https://cedars.sound-data.com/filings/dashboard/PGE/2019/> and SCE-13-SW-008F, available at <https://cedars.sound-data.com/filings/dashboard/SCE/2019/>

¹² Cal Advocates Testimony, p. 12.

¹³ *Id.* at p. 9.

¹⁴ SoCalGas received a data request from Cal Advocates on June 29, 2018, seeking information about SoCalGas' compliance with D.18-05-041.

¹⁵ Prepared Direct Testimony of Darren Hanway (March 27, 2020), p. 4.

1 representatives recommended that SoCalGas take a cautious approach. Shortly after this meeting,
 2 SoCalGas decided that, in an abundance of caution, it would no longer engage in federal C&S
 3 advocacy. Cal Advocates questions whether SoCalGas would have taken this step but for its
 4 “investigation,”¹⁶ however, SoCalGas was not aware of an investigation by Cal Advocates at this
 5 time,¹⁷ and its actions to seek clarification from ED were motivated by a desire to have clarity
 6 regarding what C&S activities it should disengage from.

7 **IV. CAL ADVOCATES’ ALLEGATIONS REGARDING RULE 1 ARE MISLEADING**

8 Cal Advocates’ testimony describes “misleading and inaccurate” information submitted by
 9 SoCalGas in data request responses, but many of its characterizations are themselves untrue and
 10 misleading. Cal Advocates provides Table 5 in its testimony to outline what it believes are misleading
 11 or inaccurate responses by SoCalGas in response to its data requests.¹⁸ SoCalGas provides the same
 12 Table 5, with its notes to explain how Cal Advocates’ table is misleading and at times inaccurate.

13 **Reproduction of Cal Advocates’ Table 5:**

| Data Request ORA-HB-SCG-2018-09 | | SoCalGas Comments |
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| Question 1 | Omitted employee time spent on EE codes and standards advocacy activities from June 1, 2018 to June 5, 2018. | SoCalGas’ response provided employee time spent on statewide EE C&S advocacy activities. SoCalGas’ preliminary statement indicated its understanding of “energy efficiency codes and standards advocacy” as used in Cal Advocates’ request to mean conduct directly concerning statewide energy efficiency C&S advocacy, as delineated in Decision 18-05-041. The activities therefore did not include activities for local programs, such as compliance, and reach codes, and engagement with the Department of Energy (“DOE”). While Cal Advocates’ may have disagreed with this approach, SoCalGas was clear about what it was and was not providing. |
| Question 2 | Omitted time spent by three employees on EE codes and standards advocacy activities on or after June 6. | SoCalGas does not recall that the meeting referenced by Cal Advocates was “associated with” any energy efficiency codes or standards, nor does SoCalGas recall any Energy Efficiency C&S advocacy discussed during the conference call. Decarbonization, the subject of the call attended by three of SoCalGas’ employees, is not |

¹⁶ Cal Advocates Testimony, p. 12.

¹⁷ SoCalGas frequently receives data requests and the majority of data requests it receives are not the result of an investigation.

¹⁸ Cal Advocates Testimony, p. 15.

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| | | equivalent to energy efficiency, nor considered EE C&S advocacy activity. This information was not provided, as it was not responsive to Cal Advocates' request. |
| Question 4 | Claimed only one employee spent time on EE codes and standards activities on or after June 6. | When D.18-05-041 was issued, SoCalGas only had one employee who spent a portion of their time on energy efficiency statewide and federal C&S advocacy. During the transition period, other SoCalGas employees spent very minimal time, (usually less than five minutes) on activities related to transitioning off of energy efficiency funded statewide or federal C&S advocacy activity. SoCalGas interpreted Cal Advocates' request as asking for the employees who were actually engaged in EE C&S advocacy, which is one employee. |
| Question 5 | Omitted the following EE codes and standards advocacy activity between June 1, 2018 and June 5, 2018: (1) Joined a call with the other IOUs and CEC to discuss a on the petition received by the DOE on residential dishwasher standards. | SoCalGas' response provided information requested on statewide EE C&S advocacy activities. SoCalGas' preliminary statement indicated its understanding of "energy efficiency codes and standards advocacy" as used in Cal Advocates' request to mean conduct directly concerning statewide energy efficiency C&S advocacy, as delineated in Decision 18-05-041. The activities therefore did not include activities for local programs, such as compliance, and reach codes, and engagement with the Department of Energy ("DOE"). While Cal Advocates' may have disagreed with this approach, SoCalGas was clear about what it was and was not providing. In addition, in response to Questions 13 through 16 in the same data request set, SoCalGas provided documents related to SoCalGas' statewide and federal EE C&S advocacy activity during this time period, including a meeting invitation from SoCalGas' program advisor concerning the meeting referenced by Cal Advocates. ¹⁹ Thus, this information was not omitted. |
| Question 6 | Omitted the following EE codes and standards advocacy activity on or after June 6, 2018: | Regarding federal C&S advocacy activity, SoCalGas' preliminary statement indicated its understanding of "energy efficiency codes and standards advocacy" as used in Cal Advocates' request to mean conduct directly concerning statewide energy efficiency C&S advocacy, as |

¹⁹ See SoCalGas' response to ORA-HB-SCG-2018-09 (July 16, 2018), Attachment D in response to Question 16, "0604018_IOU Collab with CEC.pdf."

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| | | <p>delineated in Decision 18-05-041. The activities therefore did not include activities for local programs, such as compliance, and reach codes, and engagement with the Department of Energy (“DOE”). While Cal Advocates’ may have disagreed with this approach, SoCalGas was clear about what it was and was not providing. Regarding statewide C&S advocacy activity, in response to Question 6, SoCalGas provided a summary of its statewide EE C&S advocacy activity on or after June 6, 2018, but did not detail every phone call or email sent. In response to Questions 13 through 16 in the same data request set, SoCalGas provided documents related to SoCalGas’ statewide and federal EE C&S advocacy activity during this time period, including the following documentation identifying the below activities in response to Cal Advocates’ data requests:</p> |
| | (1) Joined a call with the other IOUs to discuss comments on the petition received by the DOE on residential dishwasher standards. | (1) A meeting invitation from SoCalGas’ program advisor concerning this call was provided. ²⁰ Thus, this information was not omitted. |
| | (2) Email sent concerning DOE comments on residential dishwasher standards. | (2) SoCalGas provided emails from its program advisor regarding the DOE comments on residential dishwasher standards. ²¹ Thus, this information was not omitted. |
| | (3) Joined a call with the other IOUs for a consultant presentation regarding American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) 90.1-2004. | (3) SoCalGas provided an email from its program advisor which included meeting details and meeting notes concerning the call referenced. ²² Thus, this information was not omitted. |
| | (4) Joined a call regarding waivers published by the | (4) A meeting invitation from SoCalGas’ program advisor was provided concerning this call. ²³ Thus, |

²⁰ See SoCalGas’ response to ORA-HB-SCG-2018-09 (July 16, 2018), Attachment D in response to Question 16 (060718_IOU discussion collab Res Dishwasher.pdf).

²¹ See SoCalGas’ response to ORA-HB-SCG-2018-09 (July 16, 2018), Attachment C in response to Question 15 (061818_Dishwasher emails.pdf, 062118_Dishwasher emails.pdf, 062118_Dishwasher emails2.pdf).

²² See SoCalGas’ response to ORA-HB-SCG-2018-09 (July 16, 2018), Attachment D in response to Question 16 (061118_ASHRAE email.pdf, 2019T24_Software_Meeting_06.11.18-Notes.docx).

²³ See SoCalGas’ response to ORA-HB-SCG-2018-09 (July 16, 2018), Attachment D in response to Question 16 (061818_IOU discussion collab CAC waivers.pdf). Also see Attachment C in response to question 15

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| DOE on central air conditioners. | this information was not omitted. |
| (5) Joined a call with the other IOUs to discuss comments on a petition for rulemaking received by the DOE on cooking top test procedure. | (5) SoCalGas provided its program advisor's meeting invitation to this meeting. ²⁴ Thus, this information was not omitted. |
| (6) SoCalGas staff met with a consultant to discuss recent DOE codes and standards activity. | For the following items identified by Cal Advocates (6, 7, 8, 9, 10, and 11), SoCalGas did not include these activities in its response, as they were not “codes & standards advocacy” activity. Each of these items was a step by SoCalGas to transition off of or cease program activity. As SoCalGas explained in its Response to the Motion for an Order to Show Cause, ²⁵ if its actions that were merely indicating that SoCalGas would not be involved in Codes & Standards advocacy and directing its consultants to not participate in related activities amount to “Codes & Standards advocacy activity,” then complying with the Decision would also be violating it. |
| (7) Text message communication between SoCalGas Customer Programs Regulatory Policy and Reporting Manager and a PG&E employee on June 15, 2018. | |
| (8) Communication between SoCalGas attorney and PG&E attorney on June 22, 2018. | |
| (9) Email to PG&E’s consultant on electric vehicles. | |
| (10) Email to PG&E’s consultant on natural gas cooktop comments. | |
| (11) Instructed SoCalGas’s consultant, Negawatt, not to attend a CEC Integrated Energy Policy Report (IEPR) workshop. | |
| (12) Phone call between a PG&E director and a SoCalGas director to discuss roles in codes and standards advocacy on June 28, 2018. | |

(061818_CAC waivers June emails.pdf).

²⁴ See SoCalGas’ response to ORA-HB-SCG-2018-09 (July 16, 2018), Attachment D in response to Question 16 (061818_IOU discussion collab Cooking petition).

²⁵ Response of Southern California Gas Company (U 904 G) to the Motion of the Public Advocates Office for an Order to Show Cause Why Southern California Gas Company Should Not Be Sanctioned for Violating a Commission Order and Rule 1.1 of the Commission’s Rules of Practice and Procedure (July 30, 2019), p. 13.

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| | | provide it in its responses. ²⁶ |
| Question 8 | Omitted providing approval to statewide IOU comments submitted to the DOE on residential dishwasher standards. | In response to Question 8, SoCalGas provided a summary of its statewide EE C&S advocacy activity on or after June 6, 2018, but did not detail every phone call or email sent. In response to Questions 13 through 16 in the same data request set, SoCalGas provided documents related to SoCalGas’ statewide and federal EE C&S advocacy activity during this time period, including emails from its program advisor regarding the DOE comments on residential dishwasher standards. ²⁷ Thus, this information was not omitted. |
| Question 9 | Provided incomplete costs SoCalGas charged or expected to charge to EE balancing accounts for costs incurred between June 1, 2018 and June 5, 2018. | SoCalGas’ response provided costs associated with time spent on statewide EE C&S advocacy activities. SoCalGas’ preliminary statement indicated its understanding of “energy efficiency codes and standards advocacy” as used in Cal Advocates’ request to mean conduct directly concerning statewide energy efficiency C&S advocacy, as delineated in Decision 18-05-041. The activities therefore did not include activities for local programs, such as compliance, and reach codes, and engagement with the Department of Energy (“DOE”). While Cal Advocates’ may have disagreed with this approach, SoCalGas was clear about what it was and was not providing. |
| Question 10 | Provided incomplete costs SoCalGas charged or expected to charge to EE balancing accounts for cost incurred on or after June 6, 2018. | SoCalGas’ response provided costs associated with time spent on statewide EE C&S advocacy activities. SoCalGas’ preliminary statement indicated its understanding of “energy efficiency codes and standards advocacy” as used in Cal Advocates’ request to mean conduct directly concerning statewide energy efficiency C&S advocacy, as delineated in Decision 18-05-041. The activities therefore did not include activities for local programs, such as compliance, and reach codes, and engagement with the Department of Energy (“DOE”). While Cal Advocates’ may have disagreed with this approach, SoCalGas was clear about what it was and was not providing. |

²⁶ See SoCalGas’ response to CALADVOCATES-HB-SCG-2018-13, amended January 7, 2019, Question 16, Tab M.

²⁷ See SoCalGas’ response to ORA-HB-SCG-2018-09 (July 16, 2018), Attachment C in response to Question 15 (061818_Dishwasher emails.pdf, 062118_Dishwasher emails.pdf, 062118_Dishwasher emails2.pdf).

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| Question 11 | <p>Provided incomplete disaggregation of costs SoCalGas charged or expected to charge to EE balancing accounts for costs incurred between June 1, 2018 and June 5, 2018.</p> | <p>SoCalGas’ response provided costs associated with time spent on statewide EE C&S advocacy activities. SoCalGas’ preliminary statement indicated its understanding of “energy efficiency codes and standards advocacy” as used in Cal Advocates’ request to mean conduct directly concerning statewide energy efficiency C&S advocacy, as delineated in Decision 18-05-041. The activities therefore did not include activities for local programs, such as compliance, and reach codes, and engagement with the Department of Energy (“DOE”). While Cal Advocates’ may have disagreed with this approach, SoCalGas was clear about what it was and was not providing.</p> |
| Question 12 | <p>Provided incomplete disaggregation of costs SoCalGas charged or expected to charge to EE balancing accounts for cost incurred on or after June 6, 2018.</p> | <p>SoCalGas’ response provided costs associated with time spent on statewide EE C&S advocacy activities. SoCalGas’ preliminary statement indicated its understanding of “energy efficiency codes and standards advocacy” as used in Cal Advocates’ request to mean conduct directly concerning statewide energy efficiency C&S advocacy, as delineated in Decision 18-05-041. The activities therefore did not include activities for local programs, such as compliance, and reach codes, and engagement with the Department of Energy (“DOE”). While Cal Advocates’ may have disagreed with this approach, SoCalGas was clear about what it was and was not providing.</p> |
| Question 16 | <p>Omitted the following communications that occurred between SoCalGas and other IOUs: (1) Text message communication between SoCalGas Customer Programs Regulatory Policy and Reporting Manager and a PG&E employee on June 15, 2018. (2) Communication between SoCalGas attorney and PG&E attorney on June 22, 2018.</p> | <p>For (1) and (2) SoCalGas did not include these activities in its response, as they were not “codes & standards advocacy” activity. Each of these items was a step by SoCalGas to transition off of or cease program activity. As SoCalGas explained in its Response to the Motion for an Order to Show Cause,²⁸ if its actions that were merely indicating that SoCalGas would not be involved in Codes & Standards advocacy and directing its consultants to not participate in related activities amount to “Codes & Standards advocacy activity,” then complying with the Decision would also be violating it. For (3), SoCalGas notes this communication</p> |

²⁸ Response of SoCalGas to the Motion of the Public Advocates Office for an Order to Show Cause Why Southern California Gas Company Should Not Be Sanctioned for Violating a Commission Order and Rule 1.1 of the Commission’s Rules of Practice and Procedure, p. 13.

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| | (3) Phone call between a PG&E director and a SoCalGas director to discuss roles in codes and standards advocacy on June 28, 2018. | was identified by PG&E in response to Cal Advocates’ data requests. SoCalGas stated in its response to a follow up data request from Cal Advocates to SoCalGas that it has no recollection or evidence of this communication, and therefore could not provide it in its responses. ²⁹ |
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As demonstrated above, Cal Advocates exaggerates or mischaracterizes any discrepancies between SoCalGas’ data request responses and what Cal Advocates was expecting to receive. Notably, many of Cal Advocates’ Rule 1 allegations are the result of SoCalGas’ preliminary statement in its July 16, 2018 responses and its interpretation at that time that federal C&S advocacy activity was not included in D.18-05-041’s prohibition. However, while SoCalGas initially excluded time and costs associated with federal C&S advocacy activities from its first set of data request responses on the prohibition, its responses made it clear that SoCalGas was doing so and the reason for that decision. SoCalGas’ actions in not providing information that at the time it believed to be outside of the scope of what Cal Advocates was seeking (*i.e.*, SoCalGas’ compliance with the prohibition in D.18-05-041) and clearly stating in its response to Cal Advocates what it was not providing and why it was not providing it is not the same thing as providing “false and incomplete responses.” Additionally, SoCalGas did provide draft and final work products, correspondence with other IOUs, and meeting information *inclusive* of activities related to federal DOE advocacy in its July 16, 2018 responses. SoCalGas amended its response to Cal Advocates on September 11, 2019, and in an attempt to provide transparency and clarity, included time and costs associated with its federal C&S advocacy activity during this time frame.

Cal Advocates’ testimony also alleges that SoCalGas’ responses to follow up data requests were somehow problematic, but does not provide any evidence to back up its claims. First, Cal Advocates takes issue with data request responses identifying myself as the one who made the determination on whether SoCalGas would sign two letters to the DOE on June 21, 2018 and June 22, 2018, while also providing that I spent no time in making those determinations.³⁰ The explanation, which has been provided to Cal Advocates, is that the data requests in question asked for time spent post May 31, 2018.

²⁹ See SoCalGas’ response to CALADVOCATES-HB-SCG-2018-13, amended January 7, 2019, Question 16, Tab M.

³⁰ Cal Advocates Testimony, p. 16.

1 I was already familiar with the contents and direction of the letters, which were part of an ongoing
2 process started prior to May 31, 2018, and I did not spend any additional time reviewing the letters prior
3 to giving my approval. Second, Cal Advocates alleges that time estimates provided by SoCalGas in its
4 data request responses are “implausible.”³¹ The SoCalGas employee who was working on statewide and
5 federal C&S advocacy activities during the time period in question is a salaried employee and does not
6 track his time by task or activity, but did provide the requested time estimates based on his recollection
7 and a review of his emails. All of the projects identified in Cal Advocates’ Table 6 had commenced
8 prior to May 31, 2018 and SoCalGas’ employee was already familiar with the issues for each project and
9 only spent minimal additional time on them in the time period asked for in Cal Advocates’ data request.
10 Lastly, Cal Advocates takes issue with SoCalGas’ identification of only one employee as having worked
11 on EE federal or statewide C&S advocacy activity after the Decision.³² SoCalGas clarified its response
12 on this issue in its September 11, 2019 amended responses, which are attached as Appendix A to my
13 January 10, 2020 testimony in order to address Cal Advocates’ confusion. That response provides:

14 SoCalGas had 1 employee spend time on such activities. When D.18-05-
15 041 was issued, SoCalGas only had one employee who spent a portion of
16 their time on energy efficiency statewide and federal codes and standards
17 advocacy. Although other SoCalGas employees may have spent very
18 minimal time (usually less than five minutes), on activities related to
19 transitioning off of energy efficiency funded EECS, they were not
20 “advocacy activities” and were de minimis.³³

21 This response is accurate. The other employees that Cal Advocates’ seems to think should also be
22 included in SoCalGas’ response were either only engaged in transition activity (which took a minimal
23 amount of time) or were engaged in activity that was not undertaken as part of SoCalGas’ EE
24 portfolio.³⁴ None of the activities by the other employees identified by Cal Advocates was EE C&S
25 advocacy, as called for by Cal Advocates’ request.

26 SoCalGas takes its discovery obligations seriously and endeavored to provide complete and
27 accurate responses to all of Cal Advocates’ data requests. As detailed more fully in my March 27, 2020
28 testimony³⁵ and in Appendix A to my January 10, 2020 testimony,³⁶ any errors in SoCalGas’ responses

³¹ *Id.*

³² *Id.*

³³ Prepared Direct Testimony of Darren Hanway (January 10, 2020) Appendix A, SoCalGas’ Amended Response to ORA-HB-SCG-2018-09, Questions 3 and 4.

³⁴ See Prepared Direct Testimony of Deana R. Haines (January 10, 2020).

³⁵ Prepared Direct Testimony of Darren Hanway (March 27, 2020).

³⁶ Prepared Direct Testimony of Darren Hanway (January 10, 2020) Appendix A.

1 were minimal, inadvertent, and have been rectified in SoCalGas' amended responses. Any differences
2 between SoCalGas' responses and what Cal Advocates was expecting to receive amount to a discovery
3 dispute. Notably, Cal Advocates never reached out to SoCalGas to ask questions about any data request
4 responses that SoCalGas submitted or requested a meet-and-confer. Many, if not all, of Cal Advocates'
5 identified issues with SoCalGas' data request responses could have been rectified in the meet and confer
6 process before this Order to Show Cause was brought and would have conserved Commission resources.

7 **V. SOCALGAS' TRANSITION ACTIVITIES WERE REASONABLE AND ITS WRAP UP**
8 **ACTIVITIES WERE MINIMAL**

9 Cal Advocates characterizes SoCalGas' transition activities as a "troubling precedent."³⁷
10 However, in its motion, which initiated this Order to Show Cause, Cal Advocates had a different
11 position. It recognized that some transition activities would be necessary, although "any such activities
12 should be de minimis."³⁸ Cal Advocates also incorrectly states that SoCalGas "failed to take steps to
13 cease codes and standards advocacy activity until after the Public Advocates Office's investigation
14 started on June 29, 2018."³⁹ This is false. As provided in my March 27, 2020 testimony, after
15 receiving the Decision, SoCalGas began to assess what activities were implicated and to disengage
16 from those activities.⁴⁰ This included communicating with other parties, including the other IOUs, that
17 SoCalGas could no longer participate in statewide C&S advocacy activity. SoCalGas continued to
18 engage in some of the statewide C&S advocacy activity for a short period of time in an attempt to bring
19 ongoing projects to a logical conclusion. Cal Advocates also mischaracterizes my prior testimony by
20 stating that "SoCalGas asserts that it stopped all codes and standards advocacy activity on July 10,
21 2018."⁴¹ However, my prior testimony provides that the "last activity that SoCalGas has identified as
22 being related to either EE federal or statewide C&S advocacy since the Decision occurred on July 10,
23 2018."⁴² SoCalGas had successfully disengaged from the majority of its EE statewide or federal C&S
24 advocacy activity prior to July 10, 2018, and that date simply represents the last activity identified, not
25 the date that SoCalGas stopped all activity.
26

³⁷ Cal Advocates Testimony, p. 3.

³⁸ Motion of the Public Advocates Office for an Order to Show Cause Why SoCalGas Should Not be Sanctioned for Violating a Commission Order and Rule 1.1 of the Commission's Rules of Practice and Procedure (July 15, 2019), p. 3, n. 8.

³⁹ Cal Advocates Testimony, p. 3.

⁴⁰ Prepared Direct Testimony of Darren Hanway (March 27, 2020) pp. 3-6.

⁴¹ Cal Advocates Testimony, p. 3.

⁴² Prepared Direct Testimony of Darren Hanway (March 27, 2020) p. 9.

1 **VI. SOCIALGAS HAS TRANSFERRED COSTS ASSOCIATED WITH ITS FEDERAL AND**
2 **STATEWIDE C&S ADVOCACY ACTIVITY DURING THIS TIME PERIOD TO**
3 **SHAREHOLDER ACCOUNTS**

4 Cal Advocates misinterprets SoCalGas' actions in transferring the costs associated with its
5 federal and statewide C&S advocacy activity in the forty day period after the Decision to shareholder-
6 funded accounts. Table 1 in Cal Advocates' testimony states that: "The most recent transfer of charges
7 from EE C&S activity post D.18-05-041 from ratepayer funded accounts to shareholder funded
8 accounts occurred 01/23/2020."⁴³ This is not the full picture. As SoCalGas has testified, the funds
9 were transferred in August 2019 from the ratepayer funded Demand-Side Management Balancing
10 Account (DSMBA), to a non-ratepayer funded account.⁴⁴ There are different ways that SoCalGas can
11 designate an account as one that should be funded by shareholders. One way is to set up an internal
12 order or orders that are then manually excluded in the development of general rate case (GRC)
13 forecasts. Another way is to have the internal order or orders settle to a specific Federal Energy
14 Regulatory Commission (FERC) account. Certain FERC accounts, such as 426.4, are automatically
15 excluded from the financial information provided to GRC teams for analysis. In August 2019, when
16 SoCalGas initiated the transfer of the \$8,731 at issue, SoCalGas transferred the amounts to internal
17 orders that were identified as ones that would need to be manually excluded during the development of
18 the next GRC so that the costs would be borne by shareholders. After further discussion with
19 SoCalGas' accounting team (and not involving Sempra employees as Cal Advocates incorrectly
20 states⁴⁵), SoCalGas decided that it would initiate another transfer of the funds so that the FERC account
21 assignment would automatically exclude the amount from the next GRC. Under either the first transfer
22 in August 2019 or the second transfer in January 2020, the \$8,731 at issue would have been excluded
23 from the next GRC and borne by shareholders. The only difference is that SoCalGas decided that
24 instead of using the initial manual process it had planned to use, it would be better to have the amounts
25 automatically excluded.

26 **VII. QUALIFICATIONS**

27 My name is Darren M. Hanway. My business address is 555 West Fifth Street, Los Angeles,
28 California, 90013-1011. I am employed by SoCalGas as the Manager of Energy Programs & Strategy
29 in the Customer Programs and Assistance Department.

⁴³ Cal Advocates Testimony, p. 18.

⁴⁴ Prepared Direct Testimony of Darren Hanway (January 10, 2020), Appendix B.

⁴⁵ Cal Advocates Testimony, p.18.

1 I joined SoCalGas in October of 2012 to lead the energy efficiency policy support team. In
2 December 2015, I assumed my current position. My current responsibilities include the management
3 of the company's energy efficiency programs, including residential, commercial, industrial,
4 agricultural, workforce education and training, and codes and standards offerings. I also oversee the
5 company's demand response and solar thermal programs.

6 Prior to joining SoCalGas, I held positions of increasing responsibility at Southern California
7 Edison working on their demand-side program offerings. I received a Bachelor of Science degree in
8 Business Administration and a Bachelor of Arts degree in International Relations from the University
9 of Southern California in 2003. I have previously testified before the Commission.