

**ORA DATA REQUEST
ORA-SDG&E-DR-046-TXB
SDG&E 2016 GRC – A.14-11-003
SDG&E RESPONSE
DATE RECEIVED: JANUARY 21, 2015
DATE RESPONDED: FEBRUARY 7, 2015**

Exhibit Reference: SDG&E-02 and workpapers

Subject: Risk Management & Policy

Please provide the following:

1. Referring to p. DD-7, ln. 21, please provide a copy of the “existing risk registries.”

SDG&E Response:

Attached is a PDF copy of the SDG&E risk registry, ‘ORA-SDG&E-DR-046 Q1 Risk Registry.pdf’. The risk registry is a log of identified risks with descriptions and assessments.
*This attachment should be treated as **CONFIDENTIAL PURSUANT TO P.U.CODE SECTION 583 & G.O.66-C.***

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2. Referring to p. DD-7, ln. 24-27, please provide a copy of SDG&E's current guidelines.

SDG&E Response:

SDG&E's current ERM policy is attached, 'ORA-SDG&E-DR-046 Q2 ERM Policy.pdf'. It establishes guiding principles to manage key risks by identifying roles, responsibilities, and processes for ERM activities. *This attachment should be treated as **CONFIDENTIAL** PURSUANT TO P.U.CODE SECTION 583 & G.O.66-C.*

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3. Referring to pp. DD-10 and DD-11, please provide a current (2014) organization chart for SDG&E's Enterprise Risk Management program, including job titles and the number of FTEs for each position.

SDG&E Response:

Attached is the current structure for the Enterprise Risk Management (ERM) Group, 'ORA-SDG&E-DR-046 Q3 ERM Org Chart.pdf'. ERM is a shared service organization with the Vice President, Directors and Managers supporting both SDG&E and SoCalGas. Analyst positions are generally utility specific.

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4. Referring to question 3 above, please provide a forecast (2016) organization chart for SDG&E's Enterprise Risk Management program, including job titles and the number of FTEs for each position.

SDG&E Response:

Please see the attached file 'ORA-SDG&E-DR-046 Q4 Proposed ERM Org Chart.pdf'.

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5. Page DD-11, Ins. 18-19 states “[t]he majority of the non-labor increase is to fund the hiring of third-party consultants skilled in developing and upgrading risk management processes, systems and tools.” (a) Please provide copies of the Requests for Bid or Proposal for SDG&E’s third-party consultants. (b) Were the consulting contracts put out to competitive bidding, or were they sole-source contracts?

SDG&E Response:

SDG&E has contracted with two firms, Davies Consulting and McKinsey & Company, to advise on organization and functioning of its Enterprise Risk Management group. These firms are engaged under sole-source contracts, the specific terms of these contracts are confidential and would require consent of these other parties prior to disclosure.

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6. Page DD-4, Ins. 16-17 states “[e]ach utility has implemented an investment management process that is used to prioritize investments that address risk mitigation actions.” Please provide documentation of SDG&E’s investment management process.

SDG&E Response:

The following is a general description of SDG&E’s Investment Management Process for capital projects:

- Project teams collaborate to bring forward projects, firstly through one of several Functional Capital Committees, such as the Gas Capital Committee and the Electric Transmission & Distribution Capital Committee. Once projects are evaluated from their respective capital committees, they are proposed to be included for the coming year and collected and assessed against other projects. This risk-informed assessment includes several risk based criteria.

(A risk-evaluation application called REVEAL is being utilized as a recently-developed tool to assist this process, it enables SDG&E to prioritize capital projects across the company from different functional areas. REVEAL is still under development and evaluation for this use).

- A list of prioritized projects is then reviewed and evaluated by the Capital Committees (members include Directors from each functional area).
- This proposed plan is communicated to all Functional Officers for their review and comment.
- A Cross-Functional Core Capital Committee presents the proposed SDG&E Capital Project plan to the Executive Finance Committee “EFC” (members include SDG&E Officers responsible for the prioritization of fiscal resources within SDG&E) for discussion, review, comment and approval.
- The Capital Project Plan is then approved by the EFC.

This investment planning process occurs, sequentially, after the risk assessment process and discussion of risk mitigates. Those Officers and Directors involved in the investment management process are also involved in the risk assessment process and therefore have a contextual understanding of the risks and risk mitigation activities.

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7. Referring to p. DD-4, ln. 18, please provide a copy of the “comprehensive risk management policy and guidelines.”

SDG&E Response:

Please refer to the response for Question 2.

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8. Referring to SDG&E-02 workpapers, p. 3, please provide recorded 2014 incurred costs, 2013\$, in the same format as presented on p. 3. Please include recorded 2014 FTEs.

SDG&E Response:

2014 financial information will not be available until after SDG&E makes its 10-K filing with the SEC in early 2015.