

**TURN DATA REQUEST**  
**TURN-SDG&E-DR-04**  
**SDG&E 2016 GRC – A.14-11-003**  
**SDG&E RESPONSE**  
**DATE RECEIVED: MARCH 19, 2015**  
**DATE RESPONDED: APRIL 2, 2015**

1. Please identify each source of funding, the relevant department, and total costs for each the following activities:
  - a. Communication and outreach related to proposed residential rate reforms.
  - b. Work on the March 16, 2015 release titled “SDG&E Continues Focus on Rate Reform” -- <http://www.prnewswire.com/news-releases/sdge-continues-focus-on-rate-reform-300051362.html>
  - c. Any bill inserts sent to SDG&E residential customers in 2015 describing proposed residential rate reforms.
  - d. Work relating to the portion of SDG&E’s website titled “Modern Rates” that can be found at <http://www.sdge.com/ModernRates/> (including not only the work relating to posting the material to the website, but also all work relating to development of the content and presentation of the material posted to the website).

**SDG&E Response:**

The Rate Case Plan methodology uses the base-year (in this case 2013) for comparative purposes. This request seeks 2015 data. SDG&E has previously provided TURN with 2014 adjusted-recorded capital and O&M data. Although this data is not part of SDG&E’s test year forecasts or within the scope of this case, SDG&E provided the 2014 adjusted-recorded capital and O&M data in the spirit of cooperation, but without waiving the right to contest or respond to how the data is used. Adjusted-recorded 2015 data will not be available until approximately March of 2016. With these conditions in mind, SDG&E responds to this question as follows:

- a. For 2015, SDG&E forecasted \$2,870,000 for the Customer Communications department to educate customers about new rate options including residential rate reform that is the subject of CPUC proceeding R.12-06-013 (see page 144 of Brad Baugh’s revised workpapers dated March 2015). Furthermore, SDG&E forecasted \$50,000 for the Residential Services department to develop, produce, and distribute new collateral to inform customers about residential rate reform that is the subject of R.12-06-013 (see page 125 of Brad Baugh’s revised workpapers dated March 2015). SDG&E’s expenditures related to rate reform are dependent on the timing and outcome of R.12-06-013.
- b. SDG&E’s Media Relations department has a fixed annual contract with PR Newswire for all of its news releases, regardless of subject matter. The news release in this question was just one of many that will be issued by SDG&E this year.
- c. In 2015, SDG&E’s Customer Communications department prepared a residential rate reform bill insert. Adjusted-recorded 2015 data will not be available until approximately March of 2016.

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**SDG&E Response to Question 1 (Continued):**

- d. SDG&E's Customer Communications department designed the "Modern Rates" website. The development of the website was funded through existing resources in the Customer Communications department.

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2. Please provide all recorded expenditures in 2013 and 2014 devoted to (a) communications, (b) outreach and/or (c) public education addressing proposed rate reforms, including but not limited to residential rate reforms. Please explain the method SDG&E used to identify the costs that are specific to the proposed residential rate reforms.

**SDG&E Response:**

SDG&E did not have expenditures in 2013 and 2014 devoted strictly to proposed rate reforms. SDG&E's communications, outreach and public education expenses in 2013 and 2014 were related primarily to informing upper-tier residential customers regarding electric rate increases, drivers for the increases, and promoting solutions to mitigate bill impacts. Informing customers about rate reform legislation and regulatory actions were also included as part of this messaging.

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3. Please identify what funding is requested for (a) communications, (b) outreach, and (c) public education related to proposed rate reforms in the test year, including but not limited to residential rate reforms. Please explain the method SDG&E used to identify the costs that are specific to the proposed residential rate reforms.

**SDG&E Response:**

SDG&E is requesting \$2,870,000 in TY 2016 to educate customers about new rate options, as described beginning on page BMB-99 of Brad Baugh's direct testimony Exhibit SDG&E-14. The \$2,870,000 forecast is based on estimated costs for use of mass media, such as television, newspaper and radio ads (\$2,110,000), online media (\$280,000), direct mail (\$175,000), email (\$25,000), and bill inserts (\$105,000) to communicate with customers and additionally includes costs for research (\$175,000) on communication effectiveness. The forecast is based on historical costs for these or similar channels and conversations with vendors providing these services.

In addition, SDG&E is requesting \$50,000 in TY 2016 to develop, produce, and distribute new collateral pieces to inform customers about residential rate reform as described beginning on page BMB-71 of Brad Baugh's direct testimony Exhibit SDG&E-14. The \$50,000 is based on a volume of 45,000 pieces and is based on historical costs for similar types of communications.

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4. At page 2 of SDG&E's "2014 Executive Incentive Compensation Plan – San Diego Gas & Electric ICP Plan Year: January 1, 2014 to December 31, 2014" (included in the attachment to SDG&E's response to TURN DR 2-2a), SDG&E's Strategic Goals include, "1) Obtain interim electric rate reform for summer implementation," and "2) Approval of a residential fixed charge."
- a. Identify the dollar amounts associated with these two objectives that SDG&E included in the target level of variable pay for the 2014 Executive Incentive Compensation Plan, and in its 2015 test year forecast for the GRC.
  - b. Identify the base payment to employees for 2014 and 2015 assuming the base amount is paid.
  - c. For each of the two goals, name and describe the metric(s) used to measure whether the goal is achieved and provide any numerical benchmarks that must be achieved for the incentive to be paid along with the percentage amount that would be paid at each benchmark.
  - d. Identify the executives eligible to receive incentive compensation for the achievement of these two strategic goals.
  - e. Did any executives receive incentive compensation for the achievement of these goals in 2014? If yes, provide the amounts awarded to each executive.

**SDG&E Response:**

- a. For 2014, the two goals listed above under item 4a were two of five goals that comprised the strategic performance measure in SDG&E's executive ICP. The strategic performance measure had an overall weighting 7.0%. Assuming each of the five goals within this performance measure was equally weighted, the weight for each of the two goals listed above was 1.40% under the SDGE executive ICP plan. Under the SDG&E/SoCalGas Shared Services ICP plan, which was based 50% on SDG&E goals and 50% on SoCalGas goals, the weighting for each of the two goals listed in item 4a was 0.70%. The first goal listed above was met, and the second goal listed above was not met. But the overall strategic performance measure that was comprised of the five goals was paid at target. The dollar amount associated with the two goals listed above (based on a payout for one goal) is \$29,912.

For 2015, these goals are two of five strategic goals. The strategic performance measure has an overall weighting of 8.0%. Assuming each of the five goals within this performance measure is equally weighted, the weight for the two goals listed in 4a is 3.20% of the SDGE executives ICP plan and 1.60% of the SDGE/SCG Shared Services ICP (which is based 50% on SDG&E goals and 50% on SoCalGas goals). The dollar amounts associated with these goals are \$65,696 at target payout levels for 2015. The 2015 ICP goals were developed after the

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**Response to Question 4a (Continued)**

GRC application was filed, as the amounts in the application are based on target performance.

- b. As discussed under item 4a, for 2014, the target payout level for these goals \$29,912 For 2015, the projected target-level payout is \$65,696.
- c. The SDGE board of directors evaluates performance on each of the strategic goals and based on this evaluation, determines whether the overall goals have been achieved.
- d. & e. **RESPONSE REMOVED DUE TO CONFIDENTIALITY**

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5. For the Incentive Compensation Plan for the 2015 plan year, did SDG&E adopt any executive incentive compensation goals relating to residential rate reform or the approval of a residential fixed charge? If so, please provide any documents that reference these goals in the context of executive incentive compensation for 2015.

**SDG&E Response:**

Please see attached (“Attachment TURN SDG&E-DR-04 Q5\_1.docx” and “Attachment TURN SDG&E-DR-04 Q5\_2.docx”) for the 2015 SDGE Executive ICP and the 2015 SDGE/SCG Executive Shared Services ICP plan documents.

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6. For the Incentive Compensation Plan for the 2013 plan year, did SDG&E adopt any 2013 executive incentive compensation goals relating to residential rate reform or the approval of a residential fixed charge? If so, please provide any documents that reference these goals in the context of executive incentive compensation for 2013. Also provide any amounts awarded to individual executives relating to the achievement of residential rate reform goals at either the CPUC or the Legislature in 2013.

**SDG&E Response:**

Yes, the 2013 SDGE Executive ICP plan and the 2013 SDGE/SCG Executive Shared Services Plan did have goals relating to residential rate reform. See attached for the Plan documents (“Attachment TURN SDG&E-DR-04 Q6\_1.pdf” and “Attachment TURN SDG&E-DR-04 Q6\_2.pdf”). The SDGE Executive ICP plan had a residential rate reform goal weighted at 6% and the SDGE/SCG Shared Services ICP plan had weighting of 3% for this goal. See below for the listing of 2013 executives and the target payout level amounts awarded to each executive. The actual payout level was higher than target, but SDGE is only requesting ratepayer funding for target payout levels. The difference between target and actual performance is funded by shareholders.

**RESPONSE REMOVED DUE TO CONFIDENTIALITY**