

ENVIRONMENTAL DEFENSE FUND DATA REQUEST
EDF-SDG&E-DR-01
SDG&E 2022 COST OF CAPITAL - A.21-08-014
DATE RECEIVED: NOVEMBER 3, 2021
DATE RESPONDED: NOVEMBER 18, 2021

I. GENERAL OBJECTIONS

1. SDG&E objects generally to each request to the extent that it seeks information protected by the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or evidentiary doctrine. No information protected by such privileges will be knowingly disclosed.
2. SDG&E objects generally to each request that is overly broad and unduly burdensome. As part of this objection, SDG&E objects to discovery requests that seek “all documents” or “each and every document” and similarly worded requests on the grounds that such requests are unreasonably cumulative and duplicative, fail to identify with specificity the information or material sought, and create an unreasonable burden compared to the likelihood of such requests leading to the discovery of admissible evidence. Notwithstanding this objection, SDG&E will produce all relevant, non-privileged information not otherwise objected to that it is able to locate after reasonable inquiry.
3. SDG&E objects generally to each request to the extent that the request is vague, unintelligible, or fails to identify with sufficient particularity the information or documents requested and, thus, is not susceptible to response at this time.
4. SDG&E objects generally to each request that: (1) asks for a legal conclusion to be drawn or legal research to be conducted on the grounds that such requests are not designed to elicit facts and, thus, violate the principles underlying discovery; (2) requires SDG&E to do legal research or perform additional analyses to respond to the request; or (3) seeks access to counsel’s legal research, analyses or theories.
5. SDG&E objects generally to each request to the extent it seeks information or documents that are not reasonably calculated to lead to the discovery of admissible evidence, or where the burden, expense, or intrusiveness of the request clearly outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.
6. SDG&E objects generally to each request to the extent that it is unreasonably duplicative or cumulative of other requests.
7. SDG&E objects generally to each request to the extent that it would require SDG&E to search its files for matters of public record such as filings, testimony, transcripts, decisions, orders, reports or other information, whether available in the public domain or through FERC or CPUC sources.
8. SDG&E objects generally to each request to the extent that it seeks information or documents that are not in the possession, custody or control of SDG&E.

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9. SDG&E objects generally to each request to the extent that the request would impose an undue burden on SDG&E by requiring it to perform studies, analyses or calculations or to create documents that do not currently exist.
10. SDG&E objects generally to each request that calls for information that contains trade secrets, is privileged or otherwise entitled to confidential protection by reference to statutory protection. SDG&E objects to providing such information absent an appropriate protective order or non-disclosure agreement.
11. SDG&E objects to any request that states that it is ongoing or that requires subsequent, supplemental information.

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1. Please provide us with a copy of each data request response provided in this proceeding. Please treat this as an ongoing request.

SDG&E Response 1:

SDG&E objects for the reasons contained in general objection number 11. SDG&E also maintains any objection lodged to other data requests. Notwithstanding and without waiving those objections, given the number and size of the files associated with data request responses provided in this proceeding, SDG&E is providing the information to EDF via its electronic data transfer. Please note that some of the information provided in data requests responses are considered proprietary and/or confidential and will be provided under a duly-executed Non-Disclosure Agreement. This Non-Disclosure Agreement was provided to EDF on November 4, 2021 via email.

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2. Please provide a complete set of workpapers in native electronic format used to support the requested change in Return on Equity, Cost of Debt, Capital Requirements and Debt/Equity Composition. If such workpapers are confidential in part or in whole, please provide the non-disclosure agreement that allows intervening parties to review such workpapers.

SDG&E Response 2:

SDG&E's workpapers in Excel format are included in Response 1 to this data request, specifically in response to EPUC/IS data request-01, Question 1-1. Please note that some of the information is considered proprietary and/or confidential and will be provided under a duly-executed Non-Disclosure Agreement.

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3. Please provide the final approved Results of Operations workpapers from the last approved General Rate Case and any current General Rate Case in process at the Commission.

SDG&E Response 3:

SDG&E objects for the reasons contained in general objections numbers 5 and 7. Notwithstanding and without waiving those objections, the final approved Results of Operations (RO) workpapers from SDG&E's last General Rate Case are from the CPUC and support the findings in its final decisions. Please see Appendix B and D of D.19-09-051 for years 2019-2021 (available [HERE](#)) and Appendix D in D.21-05-003 for years 2022-2023 (available [HERE](#)).

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4. Please provide the historic annual data from 2000 to the present for:

- a. allowed or authorized return on equity,
- b. realized return on equity,
- c. allowed or authorized return on preferred stock equity,
- d. realized return on preferred stock equity
- e. forecasted or authorized average cost of debt for the utility's portfolio
- f. realized average cost of debt for the utility's portfolio
- g. total gross income
- h. total net income
- i. total yield to equity shareholders

SDG&E Response 4:

SDG&E objects for the reasons contained in general objection number 7, namely to the extent that any of the requested information is publicly available. SDG&E also objects for the reasons contained in general objection number 2 and 4, namely that requesting data since 2000 is overbroad and not relevant to the current proceeding. Data was not readily available going back to 2000 for all of the requested information. Moreover, regarding information requested in parts c and d, SDG&E no longer tracks authorized return /realized return on preferred stock. SDG&E has not issued preferred stock since 1993, redeemed all issued and outstanding shares of its preferred stock in 2013, and does not plan to issue this type of financing.

SDG&E further objects for the reasons contained in general objection numbers 4 and 9 with regards to subpart b, SDG&E does not calculate its realized CPUC-jurisdictional realized return on equity in the ordinary course of business. SDG&E's realized ROEs are not available on a CPUC-jurisdictional only basis. SDG&E periodically calculates its realized ROE on a company-wide basis in response to CPUC Energy Division data requests. This calculation includes SDG&E's ROE on its Federal Energy Regulatory Commission-jurisdictional transmission operations. The realized return on equity figures are thus not relevant with regards to a comparison to SDG&E's CPUC-jurisdiction authorized return on equity, as the realized return on equity includes SDG&E's FERC-jurisdictional ROE that is a different ROE, based on formula rates, and is not subject to the jurisdiction of the CPUC or relevant to this proceeding. SDG&E likewise objects to g and h to the extent that total gross and net income contains FERC-jurisdictional information and is thus not relevant to this proceeding. SDG&E also objects to subpart i for the reasons contained in general objection number 3. For purposes of answering this question, SDG&E assumes that "total yield to equity shareholders" refers to dividend payments. Notwithstanding and without waiving those objections, please refer to the separately attached spreadsheet "EDF-SDGE-DR01 Response 4.xlsx." for the requested information to parts a-b and e-h, as summarized below:

- Responses to part a-b are for years 2004 through 2020

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SDG&E Response 4:-Continued

- Responses to part e-f are for years 2008 through 2020
- Responses to part g-h are for years 2000 through 2020

Information related to subpart i is available in SDG&E's 10-K, in the SDG&E cash flow statement under the financing section, page F-22, providing the last three years of "common dividends paid" by SDG&E, available [HERE](#).

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5. What dollar amount and percentage of your original and depreciated capital investment are allocated to:

- a. Gas function
- b. Electric function
- c. Shared services
- d. Other (describe)

SDG&E Response 5:

SDG&E objects for the reason contained in general objection number 5. Notwithstanding and without waiving this objection, please see Appendix B of D.19-09-051 for the authorized 2019 depreciation expense (available in Response 3 above).

- a. Gas depreciation expense - \$79,929
- b. Electric depreciation expense – \$436,057
- c. There is no depreciation expense allocated to a specific shared service segment
- d. None

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6. What is the total amount and percentage of capital expenditures to which return on equity is applied attributable to:
- a. gas function
 - b. electric function
 - c. Shared services
 - d. Any other function

SDG&E Response 6:

SDG&E objects for the reasons contained in general objection number 3. SDG&E assumes the question refers only to SDG&E's CPUC-jurisdictional ROE and rate base. Notwithstanding and without waiving that objection, the return on equity component of SDG&E's CPUC-jurisdictional authorized 7.55% rate of return (ROR) is not specifically applied to capital expenditures. The ROR is applied to SDG&E's CPUC-jurisdictional authorized ratebase (RB). This does not apply to non-CPUC jurisdictional authorized RB. Please see Appendix B of D.19-09-051 for SDG&E's CPUC-jurisdictional authorized 2019 RB (available in Response 3 above).

- a. Gas ratebase - $\$1,015,626$ (Gas RB) / $\$6,092,768$ (Combined RB) = 17%
- b. Electric ratebase - $\$5,077,143$ (Electric RB) / $\$6,092,768$ (Combined RB) = 83%
- c. There is no ratebase allocated to a specific shared service segment
- d. None

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7. What dollar amount and percentage of your annual revenue requirement in your most recent approved General Rate Case is allocated to:

- a. Gas function
- b. Electric function
- c. Shared services

SDG&E Response 7:

SDG&E objects for the reasons contained in general objection number 3. SDG&E assumes the question refers only to SDG&E's CPUC-jurisdictional revenue requirement. Notwithstanding and without waiving this objection, please see Appendix B of D.19-09-051 for years 2019 (available in Response 3 above) for the authorized revenue requirement (RR) splits between Gas and Electric.

- a. 2019 Gas revenue requirement - $\$400,207$ (Gas RR) / $\$1,990,029$ (Combined RR) = 20%
- b. 2019 Electric revenue requirement - $\$1,589,822$ (Electric RR) / $\$1,990,029$ (Combined RR) = 80%
- c. There is no revenue requirement allocated to a specific shared service segment

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8. Other (describe) What dollar amount and percentage of your annual revenue requirement in your most recent approved General Rate Case is attributable to the capital investment identified in Question 5 above that are included in:

- a. Gas function
- b. Electric function
- c. Shared services
- d. Other (describe)

SDG&E Response 8:

SDG&E objects for the reasons contained in general objection number 3. SDG&E assumes the question refers only to SDG&E's CPUC-jurisdictional revenue requirement. Notwithstanding and without waiving this objection, the depreciation expense identified in Response 5 is the revenue requirement authorized in the annual revenue requirement.

- a. Gas depreciation expense - \$79,929 (Gas) / \$515,986 (Combined) = 15%
- b. Electric depreciation expense – \$436,057 (Electric) / \$515,986 (Combined) = 85%
- c. There is no depreciation expense allocated to a specific shared service segment
- d. None

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9. Please provide an organization chart reflecting the reporting structure of, at minimum, the top three tiers of reporting of your company.
- a. Please highlight on the organization chart the relevant positions who approve of major capital infrastructure submittals. Please highlight for both electric and gas capital projects

SDG&E Response 9:

SDG&E objects for the reasons contained in general objection numbers 2 and 3, including with regarding to the meaning of “major capital infrastructure submittals.” Notwithstanding and without waiving those objections, please see separately attached document for SDG&E’s organization chart with the top three tiers of its reporting structure. Please note that this organizational chart does not reflect executive assistants. SDG&E has denoted with an asterisk (“*”) employees that are shared across SDG&E and Southern California Gas Company (SoCalGas). Shared employees allocate the costs of their labor between SDG&E and SoCalGas.

- a. SDG&E has approval limits that provides employees, based on their designated authorization level, the ability to approve commitments for their respective organizations. For gas or electric infrastructure projects, those organization’s management can approve commitments based on the specified approval limits. In the provided organization chart, SDG&E has highlighted in yellow those employees who are authorized to approve gas or electric infrastructure projects within the specified approval limits. Authority over infrastructure projects ultimately rests with SDG&E’s management and/or the Board of Directors in accordance with SDG&E’s policy. Also, see SDG&E’s Response 11 below.

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10. How many of your customers are:
- a. Gas only
 - b. Electric only
 - c. Both gas and electric

SDG&E Response 10:

The table below reflects SDG&E's accounts as of December 31, 2020:

Service Type	Accounts
Gas Only	5,792
Electric Only	580,942
Both Gas and Electric	900,166

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11. Referencing the organization charts listed above, please provide an overview of the approvals with the Sempra board of directors beyond the bounds of the SDG&E entity. When and how does Sempra as the corporate parent approve of new proposed capital expenditure projects.

SDG&E Response 11:

SDG&E objects for the reasons contained in general objection numbers 3 and 5. Notwithstanding and without waiving those objections, per Sempra Energy's currently published policy, any commitment by SDG&E of \$300 million or greater, other than procurement commitments in the ordinary course of business, must be reviewed by the Sempra Energy Board of Directors before making such commitment. Such commitments would include new proposed capital expenditure projects. In addition, any commitment by SDG&E greater than \$100 million but less than \$300 million, other than procurement commitments in the ordinary course of business, must be brought to the attention of the Sempra Energy Board of Directors at its next regularly scheduled meeting. Please note that the role of the Sempra Energy Board of Directors discussed in this Response is related to an oversight review function rather than a formal approval. Further, the Sempra Energy Board of Directors is not the same as the management of Sempra Energy, SDG&E's parent company.