

ENVIRONMENTAL DEFENSE FUND DATA REQUEST
EDF-SDG&E-DR-001
SDG&E 2020 COST OF CAPITAL
DATE RECEIVED: JUNE 25, 2019
DATE RESPONDED: JULY 10, 2019

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 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.
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

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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.

II. EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.

2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.

3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.

4. These responses are made solely for the purpose of this proceeding and for no other purpose.

Subject to the foregoing general objections and express reservations, SDG&E responds as follows:

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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

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 3, and 11. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 1:

Consistent with the objections set forth above, SDG&E will respond to data requests as they are propounded. Subject to and notwithstanding, data request responses provided to parties are uploaded on SDG&E's public website. Attachments accompanying any question can be supplied upon specific request.

In response to this question, SDG&E is separately providing the corresponding attachments accompanying the data request responses to the Energy Producers and Users Coalition (EPUC-DR-01) and Public Advocates (PA-DR-01), in the formats they were provided to those parties. Among those attachments are PROTECTED MATERIALS, which SDG&E is providing to EDF pursuant to the terms of the executed Non-Disclosure Agreement.

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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. If such workpapers are confidential in part or in whole, please provide the non-disclosure agreement that allows intervening parties to review such workpapers.

Objections: SDG&E objects to this request on the grounds set forth in General Objection No. 11. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 2:

See separately attached files. **Note that the highlighted information in attachment *EDF-SDG&E-DR01 Q2_Risk Premium Analyses_Confidential.xlsx* is confidential and protected pursuant to applicable provisions of PUC Section 583, GO 66-D, and D.17-09-023. Those protected materials are subject to a duly-executed Non-Disclosure Agreement between SDG&E and EDF.**

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3. Please provide the final approved Results of Operations workpapers from the last approved General Rate Case.

Objection: SDG&E objects to this request on the grounds set forth in General Objection No. 5. Subject to the foregoing objection, SDG&E responds as follows.

SDG&E Response 3:

See separately attached files.

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4. With regards to shareholder risks:
- a. Identify the top 10 shareholder risks identified by your utility management.
 - b. Please quantify each risk.
 - c. Please quantify the impact of each risk on the proposed Return on Equity.
 - d. Identify where each risk is addressed in the Risk Assessment and Mitigation Phase (RAMP) Report applicable to your utility and RAMP filings made by your utility.
 - e. Identify actions taken by your utility management to mitigate each risk.
 - f. Identify actions taken by the CPUC to mitigate each risk.
 - g. Identify actions taken by the CPUC that exacerbate each risk.
 - h. Identify actions taken by other state agencies that mitigate each risk.
 - i. Identify actions taken by other state agencies that exacerbate each risk.
 - j. Identify actions taken by the State Legislature that mitigate each risk.
 - k. Identify actions taken by the State Legislature that exacerbate each risk.
 - l. Identify actions taken by the Federal Energy Regulatory Commission that mitigate each risk.
 - m. Identify actions taken by the Federal Energy Regulatory Commission that exacerbate each risk.

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 3, and 5. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 4:

See the CPUC's Risk Assessment Mitigation Plan (RAMP)¹ documents, which can be accessed at:

¹ In accordance with D.16-08-018 (pp. 120-123 and 195-196 (Ordering Paragraph 6)), SDG&E did not include shareholders' financial interests in its risk models and decision frameworks used to support its 2016 RAMP Report or 2019 GRC proposals.

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https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/Safety/Risk_Assessment/RCR/Final%20Sempra%20RAMP%20030717.pdf

https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/Safety/Risk_Assessment/RCR/Final%20SED%20SB%20900%20SEMPRA%202019%20GRC%20Report%20030518.pdf

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5. With regards to changes in California's inverse condemnation law, please list any changes since 2012 in statute, regulatory code or CPUC decisions that have affected the interpretation of that legal doctrine.

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 1,4, and 7. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 5:

Consistent with the objections raised above, this question seeks legal opinions regarding publicly available legal authorities.

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6. Please list all cases in which your utility has been named as a defendant in an inverse condemnation action since 2000, with the original claim by the plaintiffs, and if available, the final amount awarded.

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 3, 4, 5 (in terms of seeking information over a 19-year time period), and 7. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 6:

Consistent with the objections above, SDG&E's record retention policy is to terminate case files no later than 10 years following the completion of a case, meaning that SDG&E no longer possesses a large portion of the requested information. Inverse condemnation actions are not limited to wildfire claims, but also include other actions such as alleged redirection of water flow. More than 2,500 lawsuits were filed against SDG&E by property owners and governmental entities who claimed damages resulting from the Witch, Guejito and Rice Fires ("2007 Wildfire Litigation"). In the California court proceedings, the Superior Court ruled that plaintiffs could plead inverse condemnation claims, despite SDG&E's argument that such claims should not be allowed against privately-owned utilities like SDG&E. Since SDG&E could have thus been held strictly liable for plaintiff's wildfire damages, irrespective of fault, SDG&E settled these claims. SDG&E incurred approximately \$2.4 billion in settlement costs and legal fees resulting from the 2007 Wildfire Litigation.

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7. Please provide the calculation and workpapers of the added amount of equity required to balance debt equivalency from power purchase agreements, fuel purchase agreements or other long-term purchase agreements.?

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 10, and 11. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 7:

Please refer to the separately attached spreadsheet “EDF SDGE-DR01 Q7.xlsx” for the calculation and workpapers of the added amount of equity required to balance debt equivalency from power purchase agreements, fuel purchase agreements or other long-term purchase agreements. Please note that this information is **protected materials subject to a duly-executed Non-Disclosure Agreement between SDG&E and EDF and are being produced consistent with that agreement.**

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8. Please list all power purchase agreements, fuel purchase agreements or other long-term purchase agreements in which your utility shareholders were required to absorb the costs of default, termination or modification rather than passing those costs through to ratepayers' rates, where those actions occurred after 2002.

- a. For those actions where shareholders absorbed some or all of the costs of those actions, please list the dollar amounts in total for those actions, and the share of those costs absorbed by shareholders, by ratepayers and by sellers or sellers' agents.

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, and 5 (in terms of seeking information over a 17-year period). Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 8:

At this time, there have been no power purchase agreements, fuel purchase agreements or other long-term purchase agreements in which SDG&E's utility shareholders were required to absorb the costs of default, termination or modification rather than passing those costs through to ratepayers' rates, where those actions occurred after 2002.

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9. Please list the amount of disallowed capital investment by year for investment done after approval by the CPUC in an applicable filing made by your utility.

- a. Please list the amount of capital investment disallowed by year for no longer being “used and useful.”

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 3, 5, and 9. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 9:

Consistent with the objections provided above, this question appears to request information that would unduly burdensome to attempt to prepare.

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10. 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)

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 3, 5, and 9. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 10:

a) and b) See table below:

Original Capital Investment

	Amount (\$1,000)	Percentage
Electric	15,689,731	86%
Gas	<u>2,655,633</u>	14%
TOTAL Plant:	<u><u>18,345,364</u></u>	

Depreciated Capital Investment

	Amount (\$1,000)	Percentage
Electric	10,254,612	88%
Gas	<u>1,453,091</u>	12%
TOTAL Net Plant:	<u><u>11,707,703</u></u>	

c) SDG&E does not have any plant that is specifically broken out by shared services. SDG&E does not account for its assets in this manner.

d) This question is not applicable, as SDG&E does not account for its assets in this manner.

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11. 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
- d. Other (describe)

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 5, 6, and 7. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 11:

The requested information for SDG&E's most recent approved GRC, Test Year 2016 (A.14-11-003), is included in the Summary of Earnings tables provided in response to Question 3. Please note that there is no revenue requirement specifically authorized for shared services. Rather, there is revenue requirement detail for SDG&E's electric, gas, and generation functions. SDG&E's Test Year 2019 GRC (A.17-10-007) remains pending before the CPUC.

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12. Provide the organizational charts to the supervisor level for SDG&E, SoCalGas and Sempra Energy.

Objections: SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 3, and 5.

SDG&E Response 12:

SDG&E objects to this request on the bases provided above.