

**ENERGY PRODUCERS AND USERS COALITION (EPUC) AND INDICATED
SHIPPERS (IS) DATA REQUEST**

EPUC/IS-DR-002

SDG&E 2022 COST OF CAPITAL - A.21-08-014

DATE RECEIVED: OCTOBER 15, 2021

DATE RESPONDED: OCTOBER 29, 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.
9. SDG&E objects generally to each request to the extent that the request would impose an

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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.

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.

III. OBJECTIONS TO INSTRUCTIONS

1. SDG&E objects to Instruction D to the extent it purports to require the individual(s) responsible for providing the response and/or designate the proper witness to cross-examine concerning the response. The responses reflect SDG&E's response as a Company to the requests and not the work of any one individual.
2. SDG&E objects to Instructions G and J to the extent it purports to require SDG&E to go beyond what is required by the CPUC's Rules and Practice and Procedure. This instruction is unduly burdensome.
3. SDG&E objects to Instruction L to the extent it purports to require SDG&E to identify information or documents that is not in its possession, custody or control, or to ascertain whether documents have been destroyed in the past, which is unduly burdensome and may be impossible.

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4. SDG&E objects to Instruction M to the extent it purports to require SDG&E, with respect to privileged or confidential documents, to go beyond what is necessary to identify the document and its contents for purposes of determining whether a privilege exists.

IV. OBJECTIONS TO DEFINITIONS

1. SDG&E objects to the definition of “SDG&E” to the extent it purports to require SDG&E to produce documents in the possession, custody or control of “affiliates,” “parents,” “successors,” “predecessors,” or “assigns” or other entities not under the control of SDG&E. Notwithstanding this objection, SDG&E will produce any responsive, nonprivileged information that is in its possession, custody or control.
2. SDG&E objects to the definition of “Communication” because it is overbroad and unduly burdensome. Notwithstanding this objection, SDG&E will produce any responsive, non-privileged information that is in its possession, custody or control.
3. SDG&E objects to the definition of “Document” because it is overbroad and unduly burdensome. Notwithstanding this objection, SDG&E will produce any responsive, non-privileged information that is in its possession, custody or control.
4. SDG&E objects to the definition of “Identification” as overbroad and unduly burdensome. Notwithstanding this objection, SDG&E will produce any responsive, nonprivileged information that is in its possession, custody or control.
5. SDG&E objects to the definition of “Relate to” because it is overbroad and unduly burdensome. Notwithstanding this objection, SDG&E will produce any responsive, non-privileged information that is in its possession, custody or control.
6. SDG&E objects to the definition of “Study,” “studies,” “analyses,” and “reports,” because it is overbroad and unduly burdensome. Notwithstanding this objection, SDG&E will produce any responsive, non-privileged information that is in its possession, custody or control.

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

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Question 2-1:

Please identify all public issuances of common stock by SDG&E's parent company (Sempra Energy), where the proceeds of the stock issuance were used to make equity infusions into SDG&E. With respect to each of these equity stock issuances, please identify the following:

- a. The parent company book value, and stock IPO price at the time of the stock sale.
- b. The cost of issuing stock to the public.
- c. The impact on the parent company's projected book value and earnings per share caused by increasing the number of public shares outstanding.

SDG&E Response 2-1:

SDG&E paid its initial shareholder contribution of \$322.5 million to the California Assembly Bill 1054 "Wildfire Fund" in September 2019, funded by an equity contribution from Sempra Energy.

Please refer to the 2019 Sempra Energy 10K for complete details, in particular pages F-31 and F-123.

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Question 2-2:

Please identify all new issues of long-term, short-term, and intermediate-term debt by SDG&E over the last five years, and projected new debt issuances over the next five years. With respect to all of these debt issues, please separately identify:

- a. Whether or not the debt proceeds were used to fund capital investments in SDG&E's infrastructure rate base assets, or used to fund refinancing of maturing SDG&E bond issues.
- b. Please identify the cost of issuing these bonds to the public over the last five years, and the projected cost of the expected debt issuance over the next five years.

SDG&E Response 2-2:

Please refer to the separately attached spreadsheet "EPUC_IS-SDGE-DR-02.xlsx" for the following items:

- Five-year historical short-term debt and long-term debt issuances;
- Two-year projected long-term debt issuances through test-year 2022; and
- Interest expenses associated with the historical and projected debt issuances.

Proceeds from long-term debt become part of general treasury funds and are used to help fund SDG&E's capital expenditures and repay outstanding debt. Short-term borrowings are used to fund day-to-day business operations.

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Question 2-3:

Please identify the amount and growth in total SDG&E infrastructure assets that are included in retail rate base and cost recovered in either base rates or a separate rider mechanism over the last five years, and projected over the next five years.

Objection: SDG&E objects for the reasons contained in general objection number 3. Subject to the foregoing objection, SDG&E answers as follows.

SDG&E Response 2-3:

SDG&E assumes this question refers solely to CPUC-jurisdictional rate base. That said, SDG&E provides both CPUC and FERC jurisdictional-ratebases in response to this question. Please refer to the separately attached spreadsheet "EPUC_IS-SDGE-DR-02.xlsx" for the weighted average ratebase for the last five years and projected ratebase through test year 2022.

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Question 2-4:

Please identify all specific regulatory mechanisms including accounting deferrals, and rider mechanisms that allow SDG&E to track lost sales revenue, lost sales margin, and incremental SDG&E costs associated with COVID pandemic.

Objection: SDG&E objects for the reasons contained in general objection number 6. Subject to the foregoing objection, SDG&E answers as followed.

SDG&E Response 2-4:

As provided in SDG&E's Response 1-23 in EPUC/IS DR-01, as of September 2021, the costs recorded to COVID-related accounts are as follows:

- Catastrophic Event Memorandum Account - Covid (CEMA – COVID) - \$28.1 million
- Residential Disconnect Protections Memorandum Account (RDPMA) - \$0.8 million
- COVID-19 Pandemic Protections Memorandum Account (CPPMA) - \$3.9 million
- Residential Uncollectible Balancing Account (RUBA) - \$8.7 million
- Medium and Large Commercial and Industrial COVID-19 Disconnection Moratorium Memorandum Account (CDDMA) - \$0

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Question 2-5:

Please identify how SDG&E can reflect changes in billing units (kWh and kW billing units) in modifying or adjusting tariff rate charges, or rider mechanism charges. Please specifically identify and explain how changed billing units are considered in adjusting base rates, rider mechanisms, and in annual memorandum account reconciliations and adjustments to various regulatory mechanisms.

SDG&E Response 2-5:

In order to reflect changes in billing units, SDG&E must file an application with the California Public Utility Commission (CPUC), go through the public procedural process, and ultimately receive a Final Decision from the CPUC. Through such a proceeding, SDG&E would develop historic-based detailed determinants for the sales forecast, which in turn are used to develop electric rates.

Previously, SDG&E would request updates to its authorized electric sales forecasts through the General Rate Case Phase 2 (GRC P2) application which would be filed around once every three years. In SDG&E's 2019 GRC P2 Decision (D.) 21-07-010, SDG&E was directed to file annual sales forecast updates.¹

SDG&E files an annual Regulatory Account advice letter in October of each year to request recovery of any under- or over-collections in its balancing accounts over the following year. The rate impact of these under- or over-collections are based on the current authorized sales forecast at that time.

¹ D.21-07-010, Ordering Paragraph 4.