

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

EPUC/IS-DR-001

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.
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.

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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 1-1:

Please provide all exhibits, tables, figures and supporting workpapers in an electronic spreadsheet with all formulas intact supporting SDG&E's Cost of Capital filing. This is an ongoing request for all subsequent filings in this docket.

Objection: SDG&E objects for the reasons contained in general objection number 11. Subject to the foregoing objection, SDG&E answers as follows.

SDG&E Response 1-1:

Please refer to separately attached workpapers, some of which are considered proprietary and/or confidential and are being provided under a duly-executed Non-Disclosure Agreement. Also please refer to Responses 1-2, 1-3, 1-4, 1-5, 1-7, and 1-13 below for credit rating reports and metrics.

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Question 1-2:

Please provide copies of all publications and credit reports referenced in or considered by SDG&E and its witnesses in support of its filing. This is an ongoing request for all subsequent testimonies and pleadings filed by SDG&E and its witnesses in this docket.

Objections:

SDG&E objects to this request on the grounds set forth in General Objections No. 5, 8, and 11. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 1-2:

SDG&E's application and supporting testimony relied upon publicly available credit rating agency reports. SDG&E is providing copies of those reports and denoted those with "PUB" at the end of the file name.

The remaining credit rating agency materials cited in SDG&E's application and supporting testimony are fee-based (subscription-only), with their circulation controlled by the ratings agencies. Those materials cannot be produced publicly. SDG&E will produce responsive documents under a duly-executed Non-Disclosure Agreement. Further, Exhibit SDG&E-02 (Mekitarian) in footnote 7 references the book, *New Regulatory Finance* (2006) by Roger A. Morin. Due to the cost of the book and to avoid copyright infringement, this book is not being provided. It is available for review if desired.

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Question 1-3:

Please provide complete copies of all credit reports issued by Standard & Poor's ("S&P"), Moody's and Fitch Ratings that discuss the current regulated utility industry. This is an ongoing request.

Objections:

SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 7, and 8. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 1-3:

Industry Specific

As referenced in the forgoing objections, it is overbroad and not reasonably calculated to lead to the discovery of admissible evidence to request SDG&E produce and all credit reports discussing the regulated utility industry, when SDG&E does not create or have authority over such reports and when many are unrelated to SDG&E or California. As noted in Responses 1-2 and 1-4, SDG&E is providing credit rating materials cited in SDG&E's application and supporting testimony, subject to a Non-Disclosure Agreement. Direct links to utility industry pages at each respective agency is provided below in which analysis, reports and commentary is available or a request for access can be made to view the materials.

US Utility and Power Sector:

Moody's:

<https://www.moodys.com/researchandratings/market-segment/u-s-public-finance/power-gas-utilities/005003007/-/-1/0/-/0/-/-/-/-/-/-/-/-/global/pdf/-/rra>

Fitch:

General Power and Utilities Link:

<https://www.fitchratings.com/utilities-power>;

North American Power and Utility Insights:

<https://www.fitchratings.com/search?expanded=research&filter.sector=&filter.sector=Utilities%20and%20Power&filter.language=English&filter.region=&filter.region=North%20America&filter.country=&filter.reportType=Non-Rating%20Action%20Commentary&filter.reportType=Special%20Report&filter.reportType=Outlook%20Report&filter.topic=>

S&P:

Access Request:

https://www.standardandpoors.com/en_US/web/guest/home

Utility Sector Link:

<https://www.spglobal.com/ratings/en/sector/infrastructure-utilities/utilities-power>

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Question 1-4:

Please provide copies of all credit reports published by Standard & Poor's ("S&P"), Moody's and Fitch Ratings for SDG&E and its parent company, Sempra Energy, issued over the last two years. This is an ongoing request.

Objections:

SDG&E objects to this request on the grounds set forth in General Objections Nos. 2, 5, and 6. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 1-4:

Please refer to Response 1-2 regarding credit rating agency materials that SDG&E considered in preparing its application.

SDG&E also possesses additional reports not captured in the above responses as well as two reports from S&P and Moody's that were published after SDG&E's application was filed. The files designated with "PUB" in the title were publicly available. The other file are being provided under a duly-executed Non-Disclosure Agreement.

In addition, as stated in Response 1-3, Moody's, Fitch and S&P materials can be directly acquired through the credit rating agencies' websites, as those agencies are the proprietary providers of those reports.

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Question 1-5:

Please provide the most recent senior secured, unsecured and corporate credit ratings of SDG&E, assigned by S&P, Moody's and Fitch. Also, please provide SDG&E's S&P business and financial risk profiles and identify the benchmark volatility table (standard, medial or low) used by S&P.

SDG&E Response 1-5:

Below please find a summary table of ratings, as of October 18, 2021, as well as S&P's risk profile and volatility table for SDG&E as of July 9, 2021. Please note that these are subject to change.

SDG&E Credit Ratings			
<i>As of October 18, 2021</i>			
Credit Ratings	S&P	Moody's	Fitch
SDG&E Issuer Rating	BBB+	A3	BBB+
Secured Debt	A	A1	A
Unsecured Debt	BBB+	A3	A-
Preferred Stock	BBB-	Baa2	
Commercial Paper	A-2	P-2	F2
Outlook	STABLE	STABLE	STABLE

S&P Financial Risk Profile – San Diego Gas & Electric Company:

Business Risk Profile: Excellent

Financial Risk Profile: Significant

Volatility Table: Medial

(as of Jul 9, 2021)

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Question 1-6:

Please provide copies of all correspondence, presentations and other materials that SDG&E provided to credit and equity analysts over the last two years. This is 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 1-6:

SDG&E regularly provides information to credit and equity analysts through public SEC filings (10-K, 10-Q, etc.), quarterly and annual earnings calls, business update calls, and events including analyst conferences and investor days. Separately attached please see the following presentations for the portions relevant to SDG&E since the last Cost of Capital proceeding:

- Q2-21 Earnings Presentation FINAL - SDGE Extract.pdf
- SRE 2021 Investor Day - FINAL - SDGE Extract.pdf
- Q1-21 Earnings Presentation Post Call FINAL - SDGE Extract.pdf
- Q4-20 Earnings Presentation FINAL - SDGE Extract.pdf
- Q3-20 Earnings Presentation FINAL - SDGE Extract.pdf
- Q2-20 Earnings Presentation FINAL - SDGE Extract.pdf
- Q1-20 Slides Final - SDGE Extract.pdf
- Sempra Investor Day 2020 - SDGE Extract.pdf
- Q4-19 Presentation FINAL - SDGE Extract.pdf
- Q3-19 Presentation FINAL - SDGE Extract.pdf

Also refer to the Response 1-7.

All SEC filings for SDG&E are available on the Sempra Investor website link below:

https://investor.sempra.com/sec-filings??field_nir_sec_cik_target_id=0000086521

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Question 1-7:

Please provide a complete copy of all correspondence from SDG&E to all credit rating agencies and all correspondence from credit rating agencies to SDG&E concerning the impact on its credit standing due to wildfire damage costs incurred for wildfire events in 2019-2020, and SDG&E's ongoing level of financial exposure to natural disaster events.

Objection:

SDG&E objects to this request on the grounds set forth in General Objection No. 2. Subject to the foregoing objection, SDG&E responds as follows.

SDG&E Response 1-7:

Please refer to Response 1-15 regarding wildfire damage costs. Wildfire discussion slides from presentations / discussions with credit rating agencies in 2019 were included as exhibits in responses to data requests in the 2019 cost of capital proceeding. There have been no substantive wildfire presentations since the close of that proceeding in December 2019.

SDG&E is separately attaching to this question reports that have been issued by the Rating Agencies that reference the topic of wildfire and that are not already included in other response above. Please refer to credit reports provided in Responses 1-2 and 1-4 for any additional commentary from the Rating Agencies pertaining to SDG&E's wildfire impacts since the last application.

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Question 1-8:

Please provide a complete copy of all correspondence from SDG&E to all credit rating agencies and all correspondence from credit rating agencies to SDG&E concerning the impact on its credit standing due to the global COVID-19 pandemic.

Objection:

SDG&E objects to this request on the grounds set forth in General Objection No. 2. Subject to the foregoing objection, SDG&E responds as follows.

SDG&E Response 1-8:

SDG&E did not have any specific presentations with the credit rating agencies pertaining to the pandemic. Please refer to rating agency presentations since 2019 provided in Response 1-7.

As noted in Responses 1-2 and 1-4, SDG&E is providing credit rating materials cited in SDG&E's application and supporting testimony, subject to a Non-Disclosure Agreement. The following files provided in those responses include commentary from the credit Rating Agencies on the impacts of COVID-19 for SDG&E and utility industry.

- 2021-06-17_RRA Major Rate Cases In Progress Quarterly Update (Confidential).pdf
- 2021-07-27_RRA Major Rate Case Decisions Jan - Jun 2021 (Confidential).pdf
- 2020-06-30_RatingsDirect_SanDiegoGasElectricCo_Full Analysis (Confidential).pdf
- 2021-05-10_Credit Opinion_Moodys_SDGE (Confidential).pdf
- 2021-04-08_Fitch Commentary_Affirms Sempra and Subsidiaries, outlook stable (PUB).pdf
- 2020-05-19_Fitch Rating Report_SDG&E (Confidential).pdf
- 2020-04-08_Fitch Commentary_Affirms Sempra, SDGE, SCG, and Oncor, Outlook Stable (PUB).pdf
- 2021-04-28_RRA Major Rate Case Decision Jan.-March 2021 (Confidential).pdf
- 2021-02-11_RRA 2021 Energy Utility Regulatory Outlook (Confidential).pdf

Additionally refer to the direct links for general rating agency research provided in Response 1-03 above for any broad industry specific commentary related to COVID-19 impacts on the utility sector.

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Question 1-9:

In an electronic spreadsheet with all formulas intact, please provide the monthly average balances for construction work in progress and short-term debt for the most recent 13-month period.

SDG&E Response 1-9:

Please refer to the separately attached spreadsheet “EPUC_IS-SDGE-DR-01.xlsx” that includes construction work in process and short-term debt balances, including monthly average balance, for the 13-month period September 2020 through September 2021.

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Question 1-10:

In an electronic spreadsheet with all formulas intact, please provide the five-year projected and five-year historical capital structure, capital expenditures and capital funding. Please include a breakdown of all sources of equity capital including retained earnings, paid-in capital, and debt capital, both long-term and short-term debt, etc.

Objection:

SDG&E objects to this request on the grounds set forth in General Objection No. 3. Subject to the foregoing objection, SDG&E responds as follows.

SDG&E Response 1-10:

SDG&E assumes “capital funding” is synonymous with long-term debt issuances. Please refer to the separately attached spreadsheet “EPUC_IS-SDGE-DR-01.xlsx” for the following items:

- Five-year historical capital expenditures and long-term debt issuances;
- Two-year projected capital expenditures through test-year 2022; and
- Two-year projected capital structure and long-term debt issuances through test-year 2022.

The breakdown of sources of equity capital for the last five years can be found in SDG&E’s publicly available 10-K filings.

Please note that the projections provided in this response are based on SDG&E’s knowledge at this point in time.

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Question 1-11:

Please provide the amount of capitalized interest paid in 2020 and estimated to be paid for 2021-2023 projected years related to construction work in progress.

Objection:

SDG&E objects to this request on the grounds set forth in General Objection No. 3. Subject to the foregoing objection, SDG&E responds as follows.

SDG&E Response 1-11:

SDG&E assumes this question is requesting SDG&E's total capitalized interest related to construction work in progress or AFUDC debt. On a total company basis, SDG&E recorded \$24 million of AFUDC debt in 2020 and currently estimates recording approximately \$25 million of AFUDC debt in 2021 and test-year 2022, subject to change.

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Question 1-12:

Please describe how SDG&E accesses external capital. If SDG&E's external capital is provided by its parent company under a credit agreement, please describe the terms of the credit agreement and the associated service fees.

SDG&E Response 1-12:

SDG&E primarily finances capital investments by issuing 30-year and 10-year first mortgage bonds. SDG&E directly accesses the external capital.

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Question 1-13:

To the extent not already provided, please provide in electronic format with all formulas intact, SDG&E's credit metric calculations relied on by S&P and Moody's for the last five years and near-term projections if available. Please include all financial statements used to derive these credit metrics. In addition, please provide S&P and Moody's benchmark ranges for the credit metrics.

Objections:

SDG&E objects to this request on the grounds set forth in General Objections Nos. 2 and 8. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 1-13:

Credit rating calculations are proprietary formulas owned by each rating agency based primarily on publicly available financial statements and investor presentations. As noted in Response 1-6, all public SEC filings and investor presentations are available on the Sempra Investor website, with the following links:

- SDGE SEC Filings:
https://investor.sempra.com/sec-filings??field_nir_sec_cik_target_id=0000086521
- Presentations:
<https://investor.sempra.com/events>

Moody's does not provide a calculation of SDG&E's credit metrics. Moody's does include high level results of their calculations within their formal Credit Opinions, the most recent of which is "2021-05-10_Credit Opinion_Moodys_SDGE" provided in Response. As noted in Responses 1-2 and 1-4, SDG&E is providing credit rating materials cited in SDG&E's application and supporting testimony, subject to a Non-Disclosure Agreement.

For S&P, the credit metrics are published and are proprietary (subscription based). SDG&E is providing the 2015-2020 actual information in the separately attached file "EPUC-DR01-Q13_Credit Stats Direct Financials 2015-2020.xls," subject to a duly-executed Non-Disclosure Agreement. SDG&E does not possess any projected credit metric calculations from S&P. Credit Rating Agencies' "benchmark ranges" are established by each credit rating agency. But SDG&E's understanding of what those ranges are is as follows.

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Benchmark ranges¹:

Rating Agency	Downgrade Threshold	Upgrade Threshold
S&P	13%	21%
Moody's	20%	24%

¹ Benchmark ranges are based on stated downgrade and upgrade scenarios for each Rating Agency's respective credit metrics as stated in their most recent SDG&E credit reports. Those credit reports were provided in Responses 1-2 and 1-4. These values are subject to change.

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Question 1-14:

Please state whether SDG&E's regulated retail operations have any off-balance sheet debt such as purchased power agreements and operating leases. If the answer is "yes," provide the amount of each off-balance sheet debt item and estimate the related imputed interest and amortization expense associated with these off-balance sheet debt equivalents specific to SDG&E's jurisdictional regulated retail operations.

Objection:

SDG&E objects to this request on the grounds set forth in General Objection No. 3. Subject to the foregoing objection, SDG&E responds as follows.

SDG&E Response 1-14:

SDG&E assumes that "regulated electric retail operations" is synonymous with utility operations. SDG&E had the following undiscounted off-balance sheet commitments as of 2020 year-end.

(\$ in millions)	Undiscounted Amount at 2020 Year-End
PPAs	\$7,053

SDG&E does not calculate the related imputed interest and amortization associated with these off-balance sheet debt equivalents in the normal course of business.

Please note that SDG&E adopted the new lease accounting standard on a prospective basis beginning January 1, 2019, which requires that operating leases be recognized on the balance sheet. Therefore, there are no longer any off-balance sheet operating leases as of January 1, 2019.

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Question 1-15:

Please provide a complete description along with adjustments to all financial statements showing the wildfire damage cost accounting reserve recorded by SDG&E, and also please specifically provide and describe the following:

- a. The impact on SDG&E's earnings, and retained earnings.
- b. The impact on SDG&E's cash flow, and Funds From Operations.
- c. The impact on SDG&E's leverage recorded on its balance sheet.
- d. The impact on operating income statements in the year the damage reserve was recorded, and in following years.

SDG&E Response 1-15:

SDG&E did not incur any damage-related costs or record any reserve or liability related to wildfires with ignition dates in 2019 and 2020.

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Question 1-16:

Please provide a detailed explanation of SDG&E's dividend payment and debt financing plans through the test period.

SDG&E Response 1-16:

Please refer to SDG&E's Response 1-10 above for forecasted dividend payments and debt issuances through the test period.

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Question 1-17:

Do any of SDG&E's outstanding long-term debt issues have call provisions? If the answer is "yes," please provide a list of the callable issues with the following: (a) outstanding balance; (b) issuance date; (c) maturity date; (d) coupon payment percent; (e) annual interest expense; and (f) call price (as a percent of par).

SDG&E Response 1-17:

Please refer to the separately attached spreadsheet provided in Response 1-1, "EPUC-DR01-Q1_SDGE Debt Roster.xlsx."

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Question 1-18:

Has SDG&E performed any debt refinancing feasibility studies on its outstanding debt issues? If the answer is “yes,” please provide the following:

- a. A detailed description of the results from the study.
- b. A detailed description of the conclusions(s) made by SDG&E based on the results of the study.
- c. All debt refinancing feasibility studies in an electronic spreadsheet with all formulas intact.

SDG&E Response 1-18:

In 2019, SDG&E retired \$251 million of Industrial Development Bonds. The Industrial Development Bonds had a higher interest rate than the market. So retiring these reduced the overall interest expense which is now being reflected in SDG&E’s embedded of debt calculation (*See* Excel spreadsheet “EPUC_IS-SDGE-DR-01-Embedded Cost of Debt.xlsx” provided in Response 1-1). The decision to retire these bonds was based on internal discussions around compliance, operations, and financial impacts; no debt refinancing feasibility studies were completed.

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Question 1-19:

For the forecasted 2021-2023 years, and for the previous three years, please provide an electronic spreadsheet with all formulas intact showing the amount of total retail revenues collected by SDG&E, by each of its charges and tariff rates to its retail customers. Please also identify the following:

- a. Total retail revenue collections.
- b. The amount of revenue collected by base rates, and each rider or surcharge mechanism in effect in 2020 and the projected test year.
- c. The cost deferred in regulatory assets for balancing account purposes.
- d. For each such regulatory mechanism, please provide a complete description of the frequency of accounting changes or rate changes allowed by the Public Utilities Commission, and describe the allowance for deferrals within balancing accounts for costs deferred in regulatory assets or liabilities for recovery in future charges to customers.
- e. Describe the process for deferrals or balancing account used to make adjustments to the base rates or regulatory mechanism to ultimately support SDG&E's ability to recover all tracked costs, or costs subject to balancing account treatment.

SDG&E Response 1-19:

- a. SDG&E's gas Cost of Capital adjusted forecasted transportation rates and revenues are shown in the separately attached spreadsheet, "SDG&E Gas COC Rate Tables.xlsx." This forecast is based on May 2021 rates and revenues with the Proposed Cost of Capital adjustments. The forecasted rates and revenue for 2022 and 2023 are not available. Also see separately attached gas-related spreadsheet, "EPUC-SDGE-DR01-1-19_2018-2020 Gas.xlsx."

Please refer to the following separately attached electric rate-related files:

- EPUC_IS DR-01 01-19a_2018 Electric.pdf
- EPUC_IS DR-01 01-19a_2019 Electric.pdf
- EPUC_IS DR-01 01-19a_2020 Electric.pdf
- EPUC_IS DR-01 01-19a_2021 Present_Proposed Electric.xlsx

The separately attached file, "EPUC_IS DR-01 01-19a_2021 Present_Proposed Electric.xlsx" provides current 2021 authorized electric revenues and proposed 2022 electric revenues with the change requested in this instant application. SDG&E cannot provide 2022 and 2023 forecasted electric revenues as there are multiple proceedings pending before the Commission (*e.g.*, A.21-08-010) for which implementation dates are unknown.

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SDG&E Response 1-19:-CONTINUED

- b. Please refer to the Response 1-19a above. The revenue schedules provided are broken down by rate schedule.
- c. In the 2nd Quarter in 2021, the amount reported in the 10Q for regulatory assets and liability are provided below:

SAN DIEGO GAS & ELECTRIC COMPANY		
CONDENSED BALANCE SHEETS		
<i>(Dollars in millions)</i>		
	June 30, 2021	December 31, 2020 ⁽¹⁾
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13	\$ 262
Accounts receivable – trade, net	635	573
Accounts receivable – other, net	83	143
Inventories	109	104
Prepaid expenses	105	153
Regulatory assets	243	174
Fixed-price contracts and other derivatives	67	56
Greenhouse gas allowances	113	113
Other current assets	15	22
Total current assets	1,383	1,600
Other assets:		
Regulatory assets	706	534
Nuclear decommissioning trusts	1,024	1,019
Greenhouse gas allowances	83	83
Right-of-use assets – operating leases	89	102
Wildfire fund	349	363
Other long-term assets	156	189
Total other assets	2,407	2,290
Property, plant and equipment:		
Property, plant and equipment	25,464	24,436
Less accumulated depreciation and amortization	(6,274)	(6,015)
Property, plant and equipment, net	19,190	18,421
Total assets	\$ 22,980	\$ 22,311

⁽¹⁾ Derived from audited financial statements.
See Notes to Condensed Financial Statements.

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SAN DIEGO GAS & ELECTRIC COMPANY		
CONDENSED BALANCE SHEETS (CONTINUED)		
<i>(Dollars in millions)</i>		
	June 30, 2021 (unaudited)	December 31, 2020 ⁽¹⁾
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 437	\$ —
Accounts payable	539	553
Due to unconsolidated affiliates	44	64
Interest payable	46	46
Accrued compensation and benefits	104	135
Accrued franchise fees	44	56
Regulatory liabilities	67	61
Current portion of long-term debt and finance leases	414	611
Customer deposits	36	56
Greenhouse gas obligations	113	113
Asset retirement obligations	128	117
Other current liabilities	173	199
Total current liabilities	2,145	2,011
Long-term debt and finance leases	6,848	6,866
Deferred credits and other liabilities:		
Pension obligation, net of plan assets	83	92
Deferred income taxes	2,124	2,019
Deferred investment tax credits	13	13
Regulatory liabilities	2,274	2,195
Asset retirement obligations	755	759
Greenhouse gas obligations	15	—
Deferred credits and other	595	626
Total deferred credits and other liabilities	5,859	5,704
Commitments and contingencies (Note 11)		
Shareholder's equity:		
Preferred stock (45 million shares authorized; none issued)	—	—
Common stock (255 million shares authorized; 117 million shares outstanding; no par value)	1,660	1,660
Retained earnings	6,478	6,080
Accumulated other comprehensive income (loss)	(10)	(10)
Total shareholder's equity	8,128	7,730
Total liabilities and shareholder's equity	\$ 22,980	\$ 22,311

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

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SDG&E Response 1-19:-CONTINUED

REGULATORY ASSETS AND LIABILITIES

We show the details of regulatory assets and liabilities in the following table.

REGULATORY ASSETS (LIABILITIES)		
<i>(Dollars in millions)</i>		
	June 30, 2021	December 31, 2020
SDG&E:		
Fixed-price contracts and other derivatives	\$ (82)	\$ (53)
Deferred income taxes recoverable in rates	86	22
Pension and other postretirement benefit plan obligations	41	50
Removal obligations	(2,199)	(2,121)
Environmental costs	55	56
Sunrise Powerlink fire mitigation	120	121
Regulatory balancing accounts ⁽¹⁾⁽²⁾		
Commodity – electric	175	72
Gas transportation	10	35
Safety and reliability	61	67
Public purpose programs	(110)	(158)
2019 GRC retroactive impacts	28	56
Other balancing accounts	328	233
Other regulatory assets, net ⁽²⁾	95	72
Total SDG&E	(1,392)	(1,548)

- d) All rate changes are made through an advice letter process. The main regulatory mechanism in place for rate changes are through the consolidated advice letter filings that take place at the end of each year, with a 1/1 implementation date. This advice letter filing compiles all approved rate changes that were approved from various mechanisms and adjustments to base rates.

Below please is a link to the consolidated filing:

Electric

<https://tariff.sdge.com/tm2/pdf/3669-E.pdf>

Gas

<https://tariff.sdge.com/tm2/pdf/2938-G.pdf>

- e) Please see Response d above.

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Question 1-20:

On a retail regulatory basis, on an electronic spreadsheet with all formulas intact, please provide the authorized return on equity and earned return on equity for the last five years.

Objection:

SDG&E objects to this request on the grounds set forth in General Objections Nos. 3 and 7. Subject to the foregoing objections, SDG&E responds as follows.

SDG&E Response 1-20:

SDG&E assumes the following for purposes of responding to this Question: “Retail regulatory basis” is equivalent to utility operations.

Please refer the separately attached spreadsheet “EPUC_IS-SDGE-DR-01.xlsx” for the authorized and earned return on equity for the last 5 years.

Please note that SDG&E’s recorded ROEs are not available on a CPUC only basis. Rather, SDG&E records ROEs on a total company regulatory basis, which is provided in the above-mentioned spreadsheet.

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Question 1-21:

On an electronic spreadsheet with all formulas intact, please show the change in SDG&E's overall rate of return and costs of capital if the CCM is triggered, based on the Company's authorized and proposed capital structures.

Objection:

SDG&E objects to this request on the grounds set forth in General Objection No. 3. Subject to the foregoing objection, SDG&E responds as follows.

SDG&E Response 1-21:

SDG&E assumes that the question is asking the "overall rate of return and costs of capital" if the CCM's formula adjustment mechanism is triggered. For that, please refer to the separately attached spreadsheet "EPUC_IS-SDGE-DR-01.xlsx" that includes the change in SDG&E's overall rate of return and costs of capital if the CCM's adjustment mechanism is triggered. The impact is calculated based on the authorized capital structure, consistent with the CCM adjustment mechanism.

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Question 1-22:

Please provide the most recent total wildfire damage costs for 2019-2020 wildfire events that have been estimated by SDG&E related to its regulated utility operations.

SDG&E Response 1-22:

For 2019 to 2020, SDG&E does not have records of wildfire expenses for events that were attributable to SDG&E.

With respect to costs that SDG&E incurred as a result of wildfire damage to its facilities, SDG&E did not record any wildfire expenses in any CEMA account in 2019 through 2021.

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Question 1-23:

Please provide the expenses incurred by SDG&E caused by the COVID-19 pandemic that have been estimated by SDG&E related to its regulated utility operations.

SDG&E Response 1-23:

As of September 2021, below are the costs recorded to COVID-related regulatory accounts:

- 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