

**UTILITY CONSUMERS ACTION NETWORK DATA REQUEST**

**UCAN-SDG&E-DR-02**

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

**DATE RECEIVED: NOVEMBER 19, 2021**

**DATE RESPONDED: DECEMBER 6, 2021**

**INSTRUCTIONS:**

Pursuant to rule 10.1 of the California Public Utilities Commission's Rules of Practice and Procedure UCAN hereby submits this data request for information from SDG&E. If you will be unable to meet the above deadline, or need to discuss the content of this request, please call UCAN counsel at the number(s) shown above before the due date.

If you are unable to provide the information by the due date, have an objection to any request, or plan to assert a privilege to any request, please provide a written explanation to UCAN's counsel seven calendar days before the due date as to why the response date cannot be met and your best estimate of when the information can be provided.

If you are asserting an objection or privilege, please provide the specific nature of that objection or privilege claimed and the facts upon which such claim is based. If any document is redacted, please clearly identify and describe any information that is redacted from the document and provide an explanation for the redaction. Please identify the person who provides the response and their phone number. Provide electronic responses if possible.

If a document is available in Word or Excel format, do not send it as a PDF file. All data responses need to have each page numbered, referenced, and indexed so worksheets can be followed. If any number is calculated, include a copy of all electronic files so the formula and their sources can be reviewed.

These data requests shall be deemed continuing in nature so that you shall produce any additional or more current information that come to your attention after your initial responses have been sent up to the time of hearing or settlement.

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### 2. 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.

**3. OBJECTIONS TO INSTRUCTIONS**

1. SDG&E objects to the instructions to the extent it purports to require SDG&E to identify the individual(s) and their phone numbers responsible for providing 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 the instructions to the extent it purports to require SDG&E to identify any objections or privileges seven days prior to the due date. Such a request is beyond what is required by the CPUC's Rules of Practice and Procedure and is unduly burdensome.
3. SDG&E objects to the instructions to the extent it purports to the extent that it requires SDG&E to provide data responses in a manner that is unduly burdensome or beyond what is required by the CPUC's Rules of Practice and Procedure.
4. SDG&E objects to the instructions to the extent that it states that these requests are continuing in nature.

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1. Please refer to the Direct Testimony of James M. Coyne, page JMC-30, line 1, Figure 7. Please provide in an Excel spreadsheet the underlying data for the three series presented in the figure for the period December 31, 2015-November 15, 2021.

**SDG&E Response 1:**

SDG&E objects to the extent that the request seeks repeated or periodic updates, as the original analysis was for the period January 1, 2019-June 30, 2021, and requests for continual or periodic updates requires incremental analytical work not performed in the original analysis that is not required by the Commission's rules or prior Cost of Capital decisions. Notwithstanding and without waiving that objection, please see separately attached spreadsheet, "Attachment UCAN02-01.xlsx" for the requested analysis.

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2. Please refer to the Direct Testimony of James M. Coyne, page JMC-32, line 6, Figure 8. Please provide in an Excel spreadsheet the underlying data for the three series presented in the figure for the period December 31, 2015-November 15, 2021.

**SDG&E Response 2:**

SDG&E objects to the extent that the request seeks repeated or periodic updates, as the original analysis was for the period January 1, 2019-June 30, 2021, and requests for continual or periodic updates requires incremental analytical work not performed in the original analysis that is not required by the Commission's rules or prior Cost of Capital decisions. Notwithstanding and without waiving that objection, please see separately attached spreadsheet, "Attachment UCAN02-02.xlsx" for the requested analysis.

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3. Please refer to the Direct Testimony of James M. Coyne. Please provide the following documents referenced in the Direct Testimony of James M. Coyne.

- a. Page JMC-29, Ftn. 35: Moody's Investors Service, *San Diego Gas & Electric Company, Update to credit analysis following upgrade to A3* (May 10, 2021)
- b. Page JMC-31, Ftn. 37: Charles Schwab, Utilities Sector Rating: Underperform (March 18, 2021)

**SDG&E Response 3:**

- a. This Moody's report was provided to UCAN in UCAN-DR-01, Response 1 in the document titled "2021-05-10\_Credit Opinion\_Moodys\_SDGE (Confidential).pdf."
- b. Please see the separately attached file, "Attachment UCAN02-03.pdf."

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4. Please refer to the Direct Testimony of James M. Coyne, page JMC-29, lines 15-17, Please list all of the “other markets indicators” that suggest “the cost of equity has risen.”

**SDG&E Response 4:**

SDG&E objects to the extent that the request misstates the cited testimony. Notwithstanding and without waiving that objection, as stated in the Direct Testimony of James M. Coyne, page JMC-29, lines 15-17, “other market indicators” includes “heightened volatility in equity markets overall, and significantly higher Beta coefficients in the utility industry.” Mr. Coyne provides evidence of the heightened volatility in equity markets by reference to the Chicago Board Options Exchange Volatility Index (“VIX”) in Figure 2 at page JMC-13, and higher Beta coefficients in the utility industry in Figure 3 at page JMC-14 and Figure 7 at JMC-30. Market volatility remains above historic norms. As illustrated in the testimony in Figure 2, the pre-COVID VIX average from 2010-2019 was 16.86. This year has averaged 19.54 and the most recent value as of December 1, 2021 was 31.02. Beta coefficients for utilities also remain well above historic levels. The updated data, provided in Attachment UCAN02-01, illustrate that peer group company betas remain at the 0.89 level, well above the levels ranging from 0.52-0.67 that prevailed from 2016 to early 2020.