

UTILITY CONSUMERS ACTION NETWORK DATA REQUEST
UCAN-SDG&E-DR-01
SDG&E 2022 COST OF CAPITAL - A.21-08-014
DATE RECEIVED: NOVEMBER 8, 2021
DATE RESPONDED: NOVEMBER 22, 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.

II. 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 Ari Beer. Please provide the following documents referenced in the Direct Testimony of Ari Beer.
 - a. Page AB-2, Ftn. 1: Standard & Poor's ("S&P"), How are California's Wildfire Risks Affecting Credit Quality? (Jun. 3, 2021)
 - b. Page AB-3, Ftn. 2: BofA Global Research, Sempra Energy, Investor Day resets expectations lower; Downgrade to Neutral (June 30, 2021)
 - c. Page AB-3, Ftn. 3: Morgan Stanley, Sempra Energy | North America, Analyst Day Takeaways (June 30, 2021),
 - d. Page AB-3, Ftn. 4: Vertical Research Partners, Sempra Energy (SRE) Infrastructure is the new Energy (June 29, 2021)
 - e. Page AB-3, Ftn. 5: Wells Fargo, Sempra Energy (SRE) SRE: Analyst Day Previews CapEx Upside in Texas (June 29, 2021),
 - f. Page AB-6, Ftn. 10: Moody's, Rating Action: Moody's upgrades San Diego Gas & Electric to A3 from Baa1; outlook stable (Mar. 30, 2021)
 - g. Page AB-6, Ftn. 11: Moody's, San Diego Gas & Electric Company, Update to credit analysis following upgrade to A3 (May 10, 2021)
 - h. Page AB-8, Ftn. 14: S&P May 21, 2021
 - i. Page AB-8, Ftn. 15: S&P Global Ratings, Ratings Direct, San Diego Gas & Electric Co., (Jun. 30, 2020)
 - j. Page AB-8, Ftn. 15: S&P Global Ratings, Ratings Direct, San Diego Gas & Electric Co. (July 9, 2021)
 - k. Page AB-9, Ftn. 17: Fitch Ratings, Fitch Affirms Sempra and Subsidiaries; Rating Outlook Stable (Apr. 8 2021)
 - l. Page AB-9, Ftn. 18: S&P, Research Update: San Diego Gas & Electric Co. Outlook Revised to Negative on Adverse Wildfires Conditions; BBB+ Rating Affirmed (Sept. 16, 2020)
 - m. Page AB-9, Ftn. 19: S&P, Sempra Energy Unsecured Debt Rating Lowered To 'BBB'; Outlook On Subsidiary SDG&E Revised To Stable (May 12, 2021),
 - n. Page AB-15, Ftn. 36: S&P, RRA Regulatory Focus, California Regulatory Review, (Dec. 14, 2020)
 - o. Page AB-16, Ftn. 39: San Diego Gas & Elec. Co., 146 FERC ¶ 63,017 (2014)
 - p. Page AB-16, Ftn. 42: Moody's, FAQ on the credit implications of California's new wildfire law (Aug. 6, 2019)
 - q. Page AB-19, Ftn. 52: Moody's Investor Service, Rating Action: Moody's affirms San Diego Gas & Electric Company's ratings; outlook remains negative," dated July 12, 2019
 - r. Page AB-20, Ftn. 55: Fitch, Fitch Affirms San Diego Gas & Electric's IDR at 'BBB+'; Outlook Revised to Stable, dated July 17, 2019
 - s. Page AB-21, Ftn. 61: Moody's July 12 2021
 - t. Page AB-28, Ftn. 93: S&P RRA Global Market Intelligence, Jul. 22, 2019

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Continue Question 1:

- u. Page AB-33, Ftn. 103: Moody's Investor Service, Credit Opinion: San Diego Gas & Electric Company; Update following downgrade to Baa1 negative. (March 14, 2019)
- v. Page AB-37, Ftn. 115: S&P Global Market Intelligence, RRA Regulatory Focus, 2021 Energy Utility Regulatory Outlook (Feb. 11, 2021)
- w. Page AB-38, Ftn. 118: S&P Global Ratings, Will California Still Have an Investment-Grade Investor-Owned Electric Utility? (February 19, 2019)

SDG&E Response 1:

SDG&E objects for the reasons contained in general objection number 7. Notwithstanding and without waiving that request, SDG&E is separately providing UCAN the requested reference materials via electronic data transfer due to the number and size of the files. Some of the requested materials are publicly available credit rating agency reports, which are denoted with "PUB" at the end of the file name. Others of the requested materials are fee-based (subscription-only) credit rating agency reports, the circulation of which is controlled by the ratings agencies. Those materials cannot be produced publicly. SDG&E is producing responsive documents under a duly-executed Non-Disclosure Agreement.

Please note that in preparing this response, SDG&E found typographical errors in the two instances below:

- The S&P document referenced above in Question 1.h, citing Exhibit SDG&E-03 (Beer) at page AB-8, Ftn. 14, should be S&P May 12, 2021 rather than S&P May 21, 2021.
- The Moody's document referenced above in Question 1.s, citing Mr. Beer's testimony at page AB-21, Ftn. 61, should be Moody's May 10, 2021 at 6 rather than Moody's July 12 2021 at 1. The quote in Mr. Beer's testimony from the Moody's May 10, 2021 document should be: "if the insurance fund's claims paying capability is exhausted, the majority of the credit supportive elements, including the liability cap, will terminate." Footnote 61 also references an S&P document, S&P Jun. 3 2021 at 6 (if the wildfire fund is exhausted, SDG&E "loses the [...] wildfire fund as a source of liquidity and more importantly loses the credit protection of the liability cap."). This reference should instead be S&P July 30, 2019 at 1-2 (if the wildfire fund is exhausted, SDG&E "loses the [...] insurance fund as a source of liquidity and more importantly loses the credit protection of the liability cap." SDG&E is producing this S&P July 30, 2019 document as well in response to this question.

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2. Please refer to the Direct Testimony of Ari Beer, page AB-8, lines 6-8, referencing SDG&E's post-2007 "wildfire risk mitigation efforts." Please provide
 - a. a complete list and description of each of the referenced wildfire risk mitigation efforts,
 - b. a complete list of the parameter measures and/or other metrics that SDG&E uses to evaluate and/or quantify the results of its wildfire risk mitigation efforts, and
 - c. the annual statistics for each of the parameter measures and/or other metrics listed in the response to subpart b above for the period 2007 through 2020.

SDG&E Response 2:

SDG&E objects for the reasons contained in general objections numbers 2, 3, and 7. Notwithstanding and without waiving those objections, SDG&E responds as follows:

- a. Mr. Beer's testified at page AB-8 lines 6-8 to the following: "Since the 2007 wildfires in its service territory, SDG&E has made wildfire risk mitigation a top priority and has been engaged in a series of wildfire risk mitigation efforts, *as described in its Wildfire Mitigation Plan.*¹³" (Emphasis added.) Accordingly, as stated by Mr. Beer, a complete list and description of each of SDG&E's wildfire risk mitigation efforts is set forth in SDG&E's Wildfire Mitigation Plan (WMP), which is available in the hyperlink provided in footnote 13. For convenience, SDG&E is providing the link to the 2021 WMP filing below:
<https://www.sdge.com/2021-wildfire-mitigation-plan>
- b. SDG&E's WMP includes measures and metrics. Please see SDG&E's 2021 WMP at Section 6 Performance Metrics and Underlying Data.
- c. Statistics are provided in SDG&E's WMP quarterly reports as well as in WMPs themselves. Quarterly reports for the 2021 WMP are available using the link provided in Response 2.a above. Attachment B of the WMP also provides annual statistics. SDG&E's first WMP was filed in 2019. Prior to 2019, wildfire information was included in SDG&E's fire prevention plan, which was filed with the CPUC and is publicly available. Although publicly available, in response to this data request, SDG&E providing its fire prevention plans below for years 2018, 2017, and its first one in 2012.

2018:

https://www.sdge.com/sites/default/files/regulatory/SDGE_Fire_Prevention_Plan_2018.pdf

2017:

https://www.sdge.com/sites/default/files/documents/SDGE_Fire_Prevention_Plan_for_2017.pdf

2012: <https://tariff.sdge.com/tm2/pdf/2429-E.pdf>

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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-56, Ftn. 61: California Wildfire Fund Durability Analysis, Filsinger Energy Partners, June 26, 2019
 - b. Page JMC-64, Ftn. 71: S&P Global Ratings, “Assessing U.S. Investor-Owned Utility Regulatory Environments” (August 10, 2016)
 - c. Page JMC-69, Ftn. 76: Moody’s Investor Service, Rating Methodology, “Regulated Electric and Gas Utilities” (December 23, 2013)
 - d. Page JMC-69, Ftn. 78: Standard & Poor’s, “Assessing U.S. Utility Regulatory Environments.” (March 11, 2010)

SDG&E Response 3:

SDG&E objects for the reasons contained in general objection number 7. Notwithstanding and without waiving that objection, SDG&E is separately providing UCAN the requested reference materials via electronic data transfer due to the number and size of the files.

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4. Please refer to the Direct Testimony of James M. Coyne, page JMC-59, lines 8-19, where SDG&E's wildfire risk model and results are discussed. Please provide
 - a. the referenced wildfire risk model,
 - b. model run reports that support the cited "5.77 percent probability in any given year of a \$1.25 billion or greater financial loss," and
 - c. complete work papers for the response to subpart b above, documenting base inputs, intermediate calculations and final results.

SDG&E Response 4:

- a. SDG&E objects for the reasons contained in general objection numbers 5 and 10., Mr. Coyne's Testimony at page JMC-59 refers to the Company's internal, proprietary wildfire risk assessment model, which the Company has developed as part of its wildfire mitigation strategy. Mr. Coyne did not review, analyze, or rely on the model itself. Instead, Mr. Coyne was provided the resulting outputs of a model run produced by the Company to assess the likelihood of a catastrophic wildfire with significant liabilities to the Company. This model run is produced in response to subpart b, and was used to develop the "Estimated Loss Approach." This is one of three approaches, along with the "Insurance Approach," and the "CAT Bond Approach," Mr. Coyne considered in assessing the likelihood of a catastrophic wildfire with significant liabilities to the Company. Ultimately, Mr. Coyne did not make an explicit adjustment to his ROE recommendation for wildfire risks, but considered wildfire risks along with other risk factors in assessing how the Company compares to an average risk utility company and in assessing the Company's ROE request. Notwithstanding and without waiving those objections, as noted, the model run that Mr. Coyne was provided for assessing Mr. Coyne's "Estimated Loss Approach" that was one of three approaches he utilized—along with other quantitative and qualitative factors—to assist in assessing SDG&E's risk profile is included as a separately attached spreadsheet "Attachment UCAN01-04."
- b. Please see separately attached spreadsheet "Attachment UCAN01-04" for the model run that was used in support of the Estimated Loss Approach in assessing the risks to the Company associated with wildfires. This includes the 10,000 simulations produced in the model run and the basis for the cited "5.77 percent probability in any given year of a \$1.25 billion or greater financial loss."
- c. Please see Response 4 subpart b above.