



**Public Advocates Office**  
*California Public Utilities Commission*  
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August 14, 2019

Michael Picker  
President of the California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

RE: Motion to Compel Further Responses from Southern California Gas Company to  
Data Request - CalAdvocates-SC-SCG-2019-04; Proposed Order

Dear President Picker,

## I. INTRODUCTION

Pursuant to Public Utilities (Pub. Util.) Code §§309.5(e)<sup>1</sup> and 314<sup>2</sup> and Rule 11.3<sup>3</sup> of the California Public Utilities Commission's (Commission's) Rules of Practice and Procedure (Rules), the Public Advocates Office of the California Public Utilities

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<sup>1</sup> Pub. Util. Code § 309.5(e) states: "The office may compel the production or disclosure of any information it deems necessary to perform its duties from any entity regulated by the commission, provided that any objections to any request for information shall be decided in writing by the assigned commissioner or by the president of the commission, if there is no assigned commissioner."

<sup>2</sup> Pub. Util. Code §314 states:

(a) The commission, each commissioner, and each officer and person employed by the commission may, at any time, inspect the accounts, books, papers, and documents of any public utility. The commission, each commissioner, and any officer of the commission or any employee authorized to administer oaths may examine under oath any officer, agent, or employee of a public utility in relation to its business and affairs. Any person, other than a commissioner or an officer of the commission, demanding to make any inspection shall produce, under the hand and seal of the commission, authorization to make the inspection. A written record of the testimony or statement so given under oath shall be made and filed with the commission.

(b) Subdivision (a) also applies to inspections of the accounts, books, papers, and documents of any business that is a subsidiary or affiliate of, or a corporation that holds a controlling interest in, an electrical, gas, or telephone corporation, or a water corporation that has 2,000 or more service connections, with respect to any transaction between the water, electrical, gas, or telephone corporation and the subsidiary, affiliate, or holding corporation on any matter that might adversely affect the interests of the ratepayers of the water, electrical, gas, or telephone corporation.

<sup>3</sup> Rule 11.3(a) states: "A motion to compel or limit discovery is not eligible for resolution unless the parties to the dispute have previously met and conferred in a good faith effort to informally resolve the dispute. The motion shall state facts showing a good faith attempt at an informal resolution of the discovery dispute presented by the motion, and shall attach a proposed ruling that clearly indicates the relief requested."

Commission (Public Advocates Office) hereby submits this *Motion to Compel Further Responses from Southern California Gas Company [SoCalGas] to Data Request - CalAdvocates-SC-SCG-2019-04* (DR SC-SCG-2019-04).<sup>4</sup> SoCalGas responded to DR SC-SCG-2019-04 on August 2, 2019 but provided documents in response to Items 1 and 5 of this data request with redacted information and failed to provide any explanations, declarations, or privilege logs explaining why this information cannot be disclosed to the Public Advocates Office in an unredacted format. Pursuant to General Order 66-D and Pub. Util. Code § 583, Commission staff, which includes staff of the Public Advocates Office, may receive information designated as confidential by utilities and has a duty to maintain the confidentiality of documents designated by utilities as confidential. Therefore, absent a valid assertion of privilege, SoCalGas must be compelled to provide the documents without any redactions and must designate any confidentiality claims in a signed declaration pursuant to D.16-08-024.<sup>5</sup>

Pursuant to Rule 11.3(a), the Public Advocates Office in good faith, met and conferred telephonically with SoCalGas on August 12, 2019, to resolve this matter informally. During the meet and confer conference call, the Public Advocates Office requested that SoCalGas provide the documents unredacted within 24 hours. SoCalGas stated that the documents were redacted because SoCalGas did not find the responses relevant to the Public Advocates Office's inquiry, contained confidential employee names, and/or contained privileged information pursuant to the Attorney-Client Privilege. SoCalGas was given 24 hours to produce the documents unredacted, and to provide a confidentiality declaration pursuant to D.16-08-024 and a privilege log to support its Attorney-Client Privilege information. However, SoCalGas failed to comply with the Public Advocates Office's request for unredacted documents with the 24-hour time frame and has not provided the unredacted documents as of the time of service of this motion.

SoCalGas' redaction of documents provided to the Public Advocates Office which SoCalGas itself determined were responsive to the Public Advocates Office's DR SC-SCG-2019-04 is unfounded and impermissible. Pursuant to Section 309.5(e), the Public Advocates Office "may compel the production or disclosure of any information it deems necessary to perform its duties from any entity regulated by the commission..." Pursuant to Section 314 the Public Advocates Office may inspect the "accounts, books, papers and

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<sup>4</sup> Public Advocates Office's DR SC-SCG-2019-04 is provided as Attachment 1 to this motion; SoCalGas' response to DR SC-SCG-2019-04 is provided as Attachment 2 to this motion.

<sup>5</sup> See D.16-08-024 at p. 31, Ordering Paragraph 1(a) – "When submitting documents to the Commission or staff of the Commission (including the Office of Ratepayer Advocates) outside of a formal proceeding, any documents for which the submitting party seeks confidential treatment must be marked as confidential, the basis for confidential treatment must be specified, and the request for confidentiality must be accompanied by a declaration signed by an officer of the requesting entity or by an employee or agent designated by an officer. The officer delegating signing authority to an employee or agent must be identified in the declaration."

documents of any public utility” as well as “any business that is a subsidiary or affiliate of, or a corporation that holds a controlling interest in” any public utility ...” Whether SoCalGas’ unilaterally deems the request relevant to some proceeding or issue it identifies is not controlling. Indeed, in Decision (D.) 01-08-062, the Commission affirmed that the Public Advocates Offices’ right to discovery makes no reference to the need for a proceeding to exist, but is intended to provide access to undertake audits or investigations, obtain information, and ask questions at any time and for any purpose related to their scope of work on behalf of the Commission and the people of the State of California.<sup>6</sup>

The Public Advocates Office is currently investigating SoCalGas’ use of ratepayer money to fund and support Californians for Balanced Energy Solutions (C4BES) and the use of ratepayer money for any of C4BES’ political lobbying.<sup>7</sup> The Public Advocates Office requires this information in order to perform its duties and SoCalGas must be compelled to comply with the law. Therefore, the Public Advocates Office, by this motion, moves the Commission to compel SoCalGas to provide documents unredacted within 24 hours of the ruling on this motion.

Pursuant to Pub. Util. Code § 3095(e), objections to the production or disclosure or any information the Public Advocates Office deems necessary to perform its duties must be decided in writing by the assigned commissioner or by the President of the Commission. DR SC-SCG-2019-04 was not issued pursuant to any open Commission proceeding. Therefore, there is no assigned Commissioner. As a result, SoCalGas’ objections must be decided by the Commission’s President. Therefore, the Public Advocates Office respectfully requests an expeditious ruling on this motion to compel as this is an urgent matter.

## II. BACKGROUND

On May 13, 2019, C4BES filed a Motion for Party Status in R.19-01-011 in which C4BES represents that it is “a coalition of natural and renewable natural gas users.”<sup>8</sup>

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<sup>6</sup> See D.01-08-062, *Order Granting ORA’s Petition for Modification of D.01-02-041*, at pp. 7-8 (August, 23, 2001) – “(§ 309.5 (a)), its [Public Advocates Office’s] authority to seek out “any information it deems necessary to perform its duties” is not limited to the existence or timing of a “proceeding”.

<sup>7</sup> In Rulemaking (R.) 19-01-011 Sierra Club alleged that SoCalGas found and funded C4BES. This led to an investigation by the Public Advocates Office into the veracity of Sierra Club’s allegation and whether ratepayer funding was used to found and fund C4BES, which is still underway. See Sierra Club’s *Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative, to Grant Motion to Compel Discovery* (May 14, 2019). See also Public Advocates Office’s *Response to Sierra Club’s Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative, to Grant Motion to Compel Discovery* filed (May 29, 2019).

<sup>8</sup> See *C4BES Motion for Party Status in R.19-01-011* filed (May 13, 2019).

However, C4BES did not state that it has any affiliation or relationship with SoCalGas in its *Motion for Party Status*. On May 14, 2019, Sierra Club filed *Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative, to Grant Motion to Compel Discovery* in which it alleges that SoCalGas founded and funded C4BES.<sup>2</sup> On May 29, 2019, responses to Sierra Club's motion to deny party status to C4BES were filed separately by the Public Advocates Office, C4BES, and SoCalGas. In its response to Sierra Club's motion to Deny C4BES' motion for party status, the Public Advocates Office stated that it would be investigating the allegations raised by Sierra Club.<sup>10</sup>

On May 23, 2019 the Public Advocates Office issued a data request CALPA\_SCG\_051719 to SoCalGas regarding its involvement with C4BES. SoCalGas' response to the Public Advocates Office's data request, provides evidence that SoCalGas has been using ratepayer money to start and fund C4BES.<sup>11</sup> The Public Advocates Office continued to issue data requests to further investigate this matter.

On June 10, 2019, Sierra Club filed a *Reply to Responses to Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative, to Grant Motion to Compel Discovery*. On June 19, 2019, SoCalGas filed a *Motion to Strike Sierra Club's Reply to Responses to Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative to Grant Motion to Compel Discovery* (SoCalGas' Motion to Strike) claiming that "Sierra Club's Reply is predicated on a series of suppositions and speculation that, at best, are the result of a wild imagination and, at worst, are intentional fabrications and misstatements."<sup>12</sup> On July 5, 2019, the Public Advocates Office filed a response to SoCalGas' Motion to Strike asserting that SoCalGas' response to the Public Advocates Office's data request provides evidence that SoCalGas has used ratepayer money to found and fund C4BES.<sup>13</sup>

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<sup>2</sup> See R.19-01-011 - Sierra Club's *Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative, to Grant Motion to Compel Discovery* filed (May 14, 2019).

<sup>10</sup> See R.19-01-011 - *Response of the Public Advocates Office to Sierra Club's Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative, to Grant Motion to Compel Discovery* (May 29, 2019) at p. 2.

<sup>11</sup> See R.19-01-011 - *Response of the Public Advocates Office's to Southern California Gas Company's Motion to Strike Sierra Club's Reply to Responses to Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative to Grant Motion to Compel Discovery*, (July 5, 2019) at p. 2.

<sup>12</sup> SoCalGas' Motion to Strike at p. 1.

<sup>13</sup> See R.19-01-011 - *Response of the Public Advocates Office's to Southern California Gas Company's Motion to Strike Sierra Club's Reply to Responses to Motion to Deny Party Status to Californians For Balanced Energy Solutions or, in the Alternative to Grant Motion to Compel Discovery*, (July 5, 2019) at p. 2.

On July 19, 2019, the Public Advocates Office issued CalAdvocates-SC-SCG-2019-04 to SoCalGas (DR SC-SCG-2019-04). SoCalGas provided a response on August 2, 2019 which contained redacted documents in response to Items 1 and 5 of DR SC-SCG-2019-04. The Public Advocates Office met and conferred telephonically with representatives from SoCalGas on August 12, 2019 at 9:30 am. During the meet and confer conference call, the Public Advocates Office informed SoCalGas that it failed to provide a confidentiality declaration, assertion of privilege, or privilege log to support the redactions it made the documents provided in response to Items 1 and 5 of DR SC-SCG-2019-04.

Item 1 of DR SC-SCG-2019-04 asks:

For the period covering January 1, 2017 to present, provide all internal control documents for each of the accounts referenced in response to Data Request (No. CalAdvocates-SC-SCG-2019-03).

a. Please provide the documents in reverse chronological order, starting from the present, so that the currently controlling document is first, followed by the internal control document that preceded it, and so on, until reaching the document in effect as of January 1, 2017. Clearly provide date that each of these documents was put into effect.

b. Please indicate portions of the internal control documents (and accounting instructions) that were changed associated with how to record costs from invoices related to Standard Services Agreement No. 5660052135 (between SoCalGas and Marathon Communication) following the Amendment No. 1 to Standard Services Agreement No. 5660052135.

c. Please include any sign off sheets associated with the internal control documents.

d. If no personnel are identified as approving the internal control documents, please indicate that is the case.

Item 5 of DR SC-SCG-2019-04 asks:

Provide complete documentation of instructions that resulted in the journal entry for C4BES, executed 6/14/19, and referenced in Data Request (No. CalAdvocates-SC-SCG-2019-03).

SoCalGas alleged that the redactions were made because it does not believe the redacted information is relevant to the Public Advocates Office's data request, the documents contain shareholder funding information, and the documents contain employee names and privileged information pursuant to the Attorney-Client Privilege. The Public Advocates Office informed SoCalGas that it did not provide any accompanying declaration asserting these claims, nor are these claims other than the attorney-client privilege potentially valid reasons to redact information it provided to the Public Advocates Office. The Public Advocates Office requested that SoCalGas provide unredacted documents and a privilege log within 24 hours. SoCalGas stated that it may not comply due to one of its employees calling in sick, and would let the Public Advocates Office know when it would provide the documents requested.

On August 13, 2019, the Public Advocates Office received an email from Avisha Patel, counsel for SoCalGas.<sup>14</sup> It does little to satisfy the substance of our request, offering to identify the employees and vendors by name and, belatedly, to produce a confidentiality declaration and privilege log for redacted items in SoCalGas' response to DR SC-SCG-2019-04. However, the substance of our request was still declined based on SoCalGas' contention that the Public Advocates Office has failed to demonstrate relevance, or on the basis of continuing claims of confidentiality that have not been demonstrated to exist. On August 14, 2019, Kerriann Sheppard, Counsel for the Public Advocates Office replied to SoCalGas' email.<sup>15</sup>

As noted above and set forth more fully below, SoCalGas' continuing refusal to provide full and complete answers with unredacted documents is without legal basis, contrary to Commission policy, and warrants an immediate order directing production.

### **III. DISCUSSION**

#### **A. SoCalGas' Withholding of Evidence Based on Relevance is Meritless.**

During the meet and confer conference call on August 12, 2019, SoCalGas alleged that it redacted information it deemed not relevant to the Public Advocates Office's DR SC-SCG-2019-04. Pursuant to Pub. Util. Code § 309.5(e), the Public Advocates Office "may compel the production or disclosure of any information it deems necessary to perform its duties from any entity regulated by the commission..." As previously stated, the Public Advocates Office is investigating SoCalGas' funding of C4BES and C4BES' political lobbying activities. Therefore, the information requested in DR SC-SCG-2019-04 is necessary for the Public Advocates Office to perform its duty in investigating this matter,

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<sup>14</sup> SoCalGas' April 14, 2019 email is provided as Attachment 3.

<sup>15</sup> The Public Advocates Office's April 14, 2019 email is provided as Attachment 4.

including, among other things, whether and to what extent ratepayer money was used to found and support C4BES. SoCalGas has no authority to withhold pertinent information and indeed, could cite to no authority permitting it to withhold information that the Public Advocates Office deems necessary to perform its duties.

**B. SoCalGas' Redaction of Employee Names and Shareholder Funding are Meritless.**

During the meet and confer conference call on August 12, 2019, SoCalGas alleged that it redacted information containing employee names and shareholder funding in response to the Public Advocates Office's DR SC-SCG-2019-04. SoCalGas cited to no law or authority supporting such redactions. There is no authority which would prohibit disclosure of this information from the Public Advocates Office. Pursuant to Pub. Util. Code § 314(a), "[t]he commission, each commissioner, and each officer and person employed by the commission may, at any time, inspect the accounts, books, papers, and documents of any public utility." This statutory right to inspect the documents of any public utility includes account records which reveal shareholder funding as well as the names of employees involved. Since the Public Advocates Office investigation in part concerns the use of ratepayer money to found and fund C4BES, there is no legitimate reason for SoCalGas to withhold names of its employees involved nor withhold shareholder funding information (which could negate the claim that it was ratepayer money being used to fund C4BES) from the Public Advocates Office. If SoCalGas believes that this information is confidential, it should have included a confidential designation and declaration with its response to DR SC-SCG-2019-04. However, SoCalGas neglected to do so. Moreover, this information is not privileged and thus there is no basis for SoCalGas' failure to provide unredacted versions to the Public Advocates Office. Therefore, SoCalGas must be compelled to provide unredacted versions of the documents showing its employee names and shareholder funding. This information may be provided with the appropriate confidential designation and confidential declaration as required by D.16-08-024.<sup>16</sup>

**C. The Authorities Cited in SoCalGas' Email are not Applicable.**

In its August 13, 2019 email, SoCalGas cited to several authorities claiming that the authorities cited support their refusal to provide the responsive documents in an unredacted format. However, the authorities cited by SoCalGas are not applicable to the matter at hand and in no way support withholding the information from the Public Advocates Office.

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<sup>16</sup> D.16-08-024 at p. 31.

In its August 13, 2019 email, SoCalGas cited to D.11-01-036 claiming that this email supports its refusal to make its contractor agreements public. However, D.11-01-036 does not support SoCalGas' claim as it was specific to PG&E: "This motion states, in part, that confidential information was provided to DRA and TURN, subject to Pub. Util. Code § 5833 and General Order 66-C and subject to a stipulated protective order and non-disclosure agreement with TURN. **Exhibits PGE-1C and PGE-2C include confidential prices and contract terms specifically negotiated with a program vendor, and protected by a confidentiality agreement in PG&E's contracts with its vendors.** PG&E represents that the information is proprietary and commercially sensitive, and should remain confidential." [Emphasis added].<sup>17</sup> Nowhere in SoCalGas' response to the Public Advocates Office did SoCalGas claim that its contracts with the vendors include confidentiality agreements. If this is the case, SoCalGas should provide evidence that its contracts include a confidentiality agreement with its vendors.

In its August 13, 2019 email, SoCalGas also cites to D.17-09-023 alleging that it supports their confidentiality claims. However, D.17-09-023, which adopts General Order 66-D, makes it clear that the party asserting a claim of confidentiality bears the burden of proof that the information is confidential: "Moreover, the burden remains on the information submitter for the duration of the administrative proceeding and does not shift to the information requestor or the Commission at any time."<sup>18</sup> SoCalGas has not met its burden of proof. D.17-09-023 does not prescribe whether contracts or the terms contained within them are confidential. Therefore, SoCalGas bears the burden to provide a proper legal basis for its confidentiality claims which have yet to be met. PG&E met its burden in that case by demonstrating that it had a confidentiality agreement with its vendor to keep this information confidential. However, SoCalGas fails to demonstrate that it has the same confidentiality agreement with its vendors.

In its August 13, 2019 email, SoCalGas alleges that D.06-06-066 is inapplicable as it refers to energy procurement. However, in D.06-06-066, Conclusions of Law 19, the Commission held that "Section 399.14(a)(2)(A) provides confidentiality for the results of a competitive solicitation only until the solicitation is complete."<sup>19</sup> While D.06-06-066 addresses electric companies, this holding can be applied to gas companies as well where market sensitivity is used as the basis for claiming confidentiality. D.07-05-032 which modified D.06-06-066 states: "We note that the test for non-disclosure to the public includes whether "the facts of the particular case the public interest served by not

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<sup>17</sup> See D.11-01-036 at p. 5.

<sup>18</sup> See D.17-09-023 at p. 21. See also GO 66-D Section 3.2.

<sup>19</sup> See D.06-06-066 at p. 79.



disclosing the record clearly outweighs the public interest served by disclosure of the record.” (See e.g., Gov. Code, §6255, subd. (a).) Further, the Commission’s broad statutory authority permits it to do all things, whether specifically designated in law or “in addition thereto”, that are “necessary and convenient” in the protection of ratepayers. (Pub. Util. Code, §701.)<sup>20</sup> SoCalGas’ claim that its contract terms are confidential is outweighed by the public interest given that the Public Advocates Office is investigating whether ratepayer money was used to found and fund C4BES, among other things. The public interest far outweighs the terms of the contract with the exception of whether SoCalGas executed a confidentiality agreement with its vendors to keep the terms of the contract confidential.

Moreover, in D.07-05-032, the Commission further states: “D.06-06-066 also recognizes that market sensitive information is not indefinitely confidential and that generally the reasons for withholding such information from public disclosure are no longer relevant after a few years. D.06-06-066 adopted a flexible approach to this issue and generally most market sensitive information will be withheld from public disclosure for a three to five year period.”<sup>21</sup> Therefore, SoCalGas must provide proper basis for its claim of market sensitivity and why this information should be held confidential when the terms of the contracts are no longer relevant since they several years old.

Lastly, SoCalGas cites to D.06-03-003 alleging that the Public Advocates Office’s discovery rights is limited in scope to its duty to obtain the lowest possible rate consistent with safe and reliable service. However, D.06-03-003 is not applicable to this matter and does not discuss Public Advocates Office’s authority. The Public Advocates Office has the same authority to access information as other Commission staff. In D.01-08-062, the Commission affirms that the Public Advocates Offices’ rights to discovery makes no reference to the need for a proceeding to exist, but is intended to provide access to undertake audits or investigations, obtain information, and ask questions at any time and for any purpose related to their scope of work on behalf of the Commission and the people of the State of California.<sup>22</sup> In D.01-08-062, the Commission further states: “ORA’s [now Public Advocates Office] scope of authority to request and obtain information from entities regulated by the Commission is as broad as that of any other units of our staff, including the offices of the Commissioners. It constrained solely by a statutory provision that provides a mechanism unique to ORA for addressing discovery

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<sup>20</sup> See D.07-05-032 at p. 8.

<sup>21</sup> D.07-05-032 at p. 5.

<sup>22</sup> See D.01-08-062 at pp. 7-8.

disputes.”<sup>23</sup> The constraint stated in D.01-08-062 refers to Public Utilities Code § 309.5(e) which address how objections to Public Advocates Office’s discovery matters should be resolved. Furthermore, in D.07-05-032, the Commission affirms that the “Commission’s broad statutory authority permits it to do all things, whether specifically designated in law or “in addition thereto”, that are “necessary and convenient” in the protection of ratepayers. (Pub. Util. Code, §701.)”<sup>24</sup> Therefore, SoCalGas has no authority to decide what is or is not within the Public Advocates Office’s scope or statutory authority.

#### IV. CONCLUSION

For the reasons stated herein, the President of the Commission should compel SoCalGas to provide unredacted responses to Items 1 and 5 of the Public Advocates Office’s DR SC-SCG-2019-04 as its bases for redacting the information are meritless and are contrary to the law. Given the urgency of this matter and the clear statutory authority under which the request is made, the President of the Commission, should not and need not delay a ruling until after a response is served.<sup>25</sup> The Public Advocates Office requests an expeditious ruling on this matter so that it may receive pertinent information in furtherance of its investigation into SoCalGas’ misuse of ratepayer money to found and fund C4BES and its political lobbying.

Sincerely,

/s/ KERRIANN SHEPPARD

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<sup>23</sup> See D.01-08-062 at p. 6.

<sup>24</sup> See D.07-05-032 at p. 8.

<sup>25</sup> Rule 11.1(g): “Nothing in this rule prevents the Commission or the Administrative Law Judge from ruling on a motion before responses or replies are filed.”

ATTACHMENT 1  
PUBLIC ADVOCATES OFFICE DATA REQUEST

CalAdvocates-SC-SCG-2019-04



**Public Advocates Office**  
California Public Utilities Commission

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**PUBLIC ADVOCATES OFFICE DATA REQUEST**  
**No. CalAdvocates-SC-SCG-2019-04**

Date: July 19, 2019

Response Requested: **Friday, August 2, 2019**

To: **Corinne Sierzant** Phone: (213) 244-5354  
Regulatory Affairs for SoCalGas Email: CSierzant@semprautilities.com

**Avisha A. Patel** Phone: (213) 244-2954  
Attorney for SoCalGas Email: APatel@semprautilities.com

From: **Stephen Castello** Phone: (415) 703-1063  
Analyst for the Email: Stephen.Castello@cpuc.ca.gov  
Public Advocates Office

**Kerriann Sheppard** Phone: (916) 327-6771  
Attorney for the Email: Kerriann.Sheppard@cpuc.ca.gov  
Public Advocates Office

**INSTRUCTIONS**

You are instructed to answer the following Data Requests in the above-captioned proceeding, with written, verified responses per Public Utilities Code §§ 309.5 and 314, and Rules 1.1 and 10.1 of the California Public Utilities Commission's Rules of Practice and Procedure. Restate the text of each request prior to providing the response. For any questions, email the Public Advocates Office (Cal PA) contact(s) above with a copy to the Public Advocates Office attorney.

Each Data Request is continuing in nature. Provide your response as it becomes available, but no later than the due date noted above. If you are unable to provide a response by this date, notify the Public Advocates Office as soon as possible, with a written explanation as to why the response date cannot be met and a best estimate of when the information can be

provided. If you acquire additional information after providing an answer to any request, you must supplement your response following the receipt of such additional information.

Identify the person providing the answer to each data request and his/her contact information. Responses should be provided both in the original electronic format, if available, and in hard copy. (If available in Word format, send the Word document and do not send the information as a PDF file.) All electronic documents submitted in response to this data request should be in readable, downloadable, printable, and searchable formats, unless use of such formats is infeasible. Each page should be numbered. If any of your answers refer to or reflect calculations, provide a copy of the supporting electronic files that were used to derive such calculations, such as Excel-compatible spreadsheets or computer programs, with data and formulas intact and functioning. Documents produced in response to the data requests should be Bates-numbered, and indexed if voluminous. Responses to data requests that refer to or incorporate documents should identify the particular documents referenced by Bates-numbers or Bates-range.

If a request, definition, or an instruction, is unclear, notify the Public Advocates Office as soon as possible. In any event, answer the request to the fullest extent possible, specifying the reason for your inability to answer the remaining portion of the Data Request.

Any objection to a Data Request should clearly indicate to which part or portion of the Data Request the objection is directed. If any document, in whole or in part, covered by this request is withheld for whatever reason, please furnish a list identifying all withheld documents in the following manner: (a) a brief description of the document; (b) the date of the document; (c) the name of each author or preparer; (d) the name of each person who received the document; and (e) the reason for withholding it.

**If you are unable to answer a question completely, accurately, and with the specificity requested, notify the Public Advocates Office as soon as possible.** In your written response to the question, explain why you are unable to answer in full and describe the limitations of your response.

### **DEFINITIONS**

- A. As used herein, the terms “you,” “your(s),” “Company,” “SCE,” and “SoCalGas” mean Southern California Gas Company and any and all of its respective present and former employees, agents, consultants, attorneys, officials, and any and all other persons acting on its behalf.
- B. The terms “and” and “or” shall be construed either disjunctively or conjunctively whenever appropriate in order to bring within the scope of these Data Requests any information or documents which might otherwise be considered to be beyond their scope.
- C. Date ranges shall be construed to include the beginning and end dates named. For example, the phrases “from January 1 to January 31,” “January 1-31,” “January 1 to 31,” and “January 1

through January 31” should be understood to include both the 1<sup>st</sup> of January and the 31<sup>st</sup> of January. Likewise, phrases such as “since January 1” and “from January 1 to the present” should be understood to include January 1<sup>st</sup>, and phrases such as “until January 31,” “through January 31,” and “up to January 31” should also be understood to include the 31<sup>st</sup>.

- D. The singular form of a word shall be interpreted as plural, and the plural form of a word shall be interpreted as singular whenever appropriate in order to bring within the scope of these Data Requests any information or documents which might otherwise be considered to be beyond their scope.
- E. The term “communications” includes all verbal and written communications of every kind, including but not limited to telephone calls, conferences, notes, correspondence, and all memoranda concerning the requested communications. Where communications are not in writing, provide copies of all memoranda and documents made relating to the requested communication and describe in full the substance of the communication to the extent that the substance is not reflected in the memoranda and documents provided.
- F. The term “document” shall include, without limitation, all writings and records of every type in your possession, control, or custody, whether printed or reproduced by any process, including documents sent and received by electronic mail, or written or produced by hand.
- G. “Relate to,” “concern,” and similar terms and phrases shall mean consist of, refer to, reflect, comprise, discuss, underlie, comment upon, form the basis for, analyze, mention, or be connected with, in any way, the subject of these Data Requests.
- H. When requested to “state the basis” for any analysis (including studies and workpapers), proposal, assertion, assumption, description, quantification, or conclusion, please describe every fact, statistic, inference, supposition, estimate, consideration, conclusion, study, and analysis known to you which you believe to support the analysis, proposal, assertion, assumption, description, quantification, or conclusion, or which you contend to be evidence of the truth or accuracy thereof.

### **DATA REQUEST**

1. For the period covering January 1, 2017 to present, provide all internal control documents for each of the accounts referenced in response to Data Request (No. CalAdvocates-SC-SCG-2019-03).
  - a. Please provide the documents in reverse chronological order, starting from the present, so that the currently controlling document is first, followed by the internal control document that preceded it, and so on, until reaching the document in effect as of January 1, 2017. Clearly provide date that each of these documents was put into effect.
  - b. Please indicate portions of the internal control documents (and accounting instructions) that were changed associated with how to record costs from invoices related to Standard Services Agreement No. 5660052135 (between SoCalGas and

Marathon Communication) following the Amendment No. 1 to Standard Services Agreement No. 5660052135.

- c. Please include any sign off sheets associated with the internal control documents.
  - d. If no personnel are identified as approving the internal control documents, please indicate that is the case.
2. Please provide the SoCalGas policy regarding who approves internal control documents and what types of personnel have the delegated authority to provide direction to the accounting department regarding the recording of costs.
  3. Provide the name and title of the SoCalGas employee who made the original determination regarding how Californians for Balanced Energy Solutions (C4BES) costs should be recorded in SoCalGas accounts.
  4. Provide the name and title of the SoCalGas employee who authorized the instruction to have the journal entry for C4BES executed 6/14/19, referenced in response to Data Request (No. CalAdvocates-SC-SCG-2019-03).
  5. Provide complete documentation of instructions that resulted in the journal entry for C4BES, executed 6/14/19, and referenced in Data Request (No. CalAdvocates-SC-SCG-2019-03).

**END OF REQUEST**

ATTACHMENT 2  
SOCALGAS' RESPONSE TO  
CalAdvocates-SC-SCG-2019-04



**ORDER INSTITUTING RULEMAKING ON BUILDING DECARBONIZATION  
(R.19-01-011)**

**SOUTHERN CALIFORNIA GAS COMPANY**

**(DATA REQUEST CALADVOCATES-SC-SCG-2019-04)**

**DATE RECEIVED: July 19, 2019**

**DATE RESPONDED: August 2, 2019**

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**QUESTION 1:**

For the period covering January 1, 2017 to present, provide all internal control documents for each of the accounts referenced in response to Data Request (No. CalAdvocates-SC-SCG-2019-03).

- a. Please provide the documents in reverse chronological order, starting from the present, so that the currently controlling document is first, followed by the internal control document that preceded it, and so on, until reaching the document in effect as of January 1, 2017. Clearly provide date that each of these documents was put into effect.
- b. Please indicate portions of the internal control documents (and accounting instructions) that were changed associated with how to record costs from invoices related to Standard Services Agreement No. 5660052135 (between SoCalGas and Marathon Communication) following the Amendment No. 1 to Standard Services Agreement No. 5660052135.
- c. Please include any sign off sheets with the internal control documents.
- d. If no personnel are identified as approving the internal control documents, please indicate that is the case.

**RESPONSE 1:**

On July 25, 2019, at SoCalGas' request, SoCalGas and Cal Advocates held a meet-and-confer call. At that time, Cal Advocates clarified that "internal control documents" as used by Cal Advocates in this data request refers to internal documents providing instructions as to how the company controls for accounting costs, e.g., policies and procedures. With that understanding, SoCalGas responds as follows.

- a. The paying of invoices follows a formal process that is controlled by the accounting system (SAP). Supply Management enters into SAP the executed Purchase Order (PO), which includes terms, dollars, and date range. Invoices are presented in two ways: email or mail. The system matches the request to a valid PO and dollar amount. Then the system routes to the contact on the invoice. The invoice contact person then enters the correct accounting codes and approves the invoice. The system requires approvals from the person with proper authority amount before the invoice posts in SAP. The payment of the invoice is based on when the invoice is

**ORDER INSTITUTING RULEMAKING ON BUILDING DECARBONIZATION  
(R.19-01-011)**

**SOUTHERN CALIFORNIA GAS COMPANY**

**(DATA REQUEST CALADVOCATES-SC-SCG-2019-04)**

**DATE RECEIVED: July 19, 2019**

**DATE RESPONDED: August 2, 2019**

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received and the Payment Terms in the SAP system. SoCalGas follows its Approval and Commitment Policy regarding entering commitments. A copy of this policy is provided herewith. A Work Order Authorization Form (WOA) was processed to create the Balanced Energy Internal Order (IO). The cost center 2200-2441 existed prior to 2017.

- b. No changes were made to the Balanced Energy Internal Order. Accounting and Finance (A&F) received direction to change the recording of costs associated with Standard Services Agreement No. 5660052135.
- c. Please refer to the attached WOA to create the IO.
- d. N/A.

**ORDER INSTITUTING RULEMAKING ON BUILDING DECARBONIZATION  
(R.19-01-011)**

**SOUTHERN CALIFORNIA GAS COMPANY**

**(DATA REQUEST CALADVOCATES-SC-SCG-2019-04)**

**DATE RECEIVED: July 19, 2019**

**DATE RESPONDED: August 2, 2019**

---

**QUESTION 2:**

Please provide the SoCalGas policy regarding who approves internal control documents and what types of personnel have the delegated authority to provide direction to the accounting department regarding the recording of costs.

**RESPONSE 2:**

On July 25, 2019, at SoCalGas' request, SoCalGas and Cal Advocates held a meet-and-confer call. At that time, Cal Advocates clarified that "internal control documents" as used by Cal Advocates in this data request refers to internal documents providing instructions as to how the company controls for accounting costs, e.g., policies and procedures. With that understanding, SoCalGas responds as follows.

See the attached document *SEU Approval and Commitment Policy*.

Please note that we expect this policy will be augmented with a specific protocol to delineate activities that are not ratepayer funded. In order to avoid the retroactive application of subjectivity, where activities or time are to be split between shareholder and ratepayer funds, an allocation will be required at the outset of the designation and time and expenses will be required to be tracked accordingly.

**ORDER INSTITUTING RULEMAKING ON BUILDING DECARBONIZATION  
(R.19-01-011)**

**SOUTHERN CALIFORNIA GAS COMPANY**

**(DATA REQUEST CALADVOCATES-SC-SCG-2019-04)**

**DATE RECEIVED: July 19, 2019**

**DATE RESPONDED: August 2, 2019**

---

**QUESTION 3:**

Provide the name and title of the SoCalGas employee who made the original determination regarding how Californians for Balanced Energy Solutions (C4BES) costs should be recorded in SoCalGas accounts.

**RESPONSE 3:**

As stated in response to Question 1 of Data Request No. CalAdvocates-SC-SCG-2019-03, it was intended that work and expenses related to founding and supporting the organization that came to be known as C4BES would not be ratepayer funded and instead would be shareholder funded; this was determined by Sharon Tomkins, Vice President, Strategy and Engagement. While the means of effectuating the shareholder funding were being determined and created (i.e., the Balanced Energy IO), the funds were recorded to Cost Center 2200-2441 as a default because that is the cost center for the group that worked on this matter.

**ORDER INSTITUTING RULEMAKING ON BUILDING DECARBONIZATION  
(R.19-01-011)**

**SOUTHERN CALIFORNIA GAS COMPANY**

**(DATA REQUEST CALADVOCATES-SC-SCG-2019-04)**

**DATE RECEIVED: July 19, 2019**

**DATE RESPONDED: August 2, 2019**

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**QUESTION 4:**

Provide the name and title of the SoCalGas employee who authorized the instruction to have the journal entry for C4BES executed 6/14/19, referenced in response to Data Request (No. CalAdvocates-SC-SCG-2019-03).

**RESPONSE 4:**

The decision to effectuate the intent of having costs related to founding and supporting the organization that came to be known as C4BES be shareholder funded by authorizing the 6/14/19 journal entry was made by Sharon Tomkins, Vice President, Strategy and Engagement.

**ORDER INSTITUTING RULEMAKING ON BUILDING DECARBONIZATION  
(R.19-01-011)**

**SOUTHERN CALIFORNIA GAS COMPANY**

**(DATA REQUEST CALADVOCATES-SC-SCG-2019-04)**

**DATE RECEIVED: July 19, 2019**

**DATE RESPONDED: August 2, 2019**

---

**QUESTION 5:**

Provide complete documentation of instructions that resulted in the journal entry for C4BES, executed 6/14/19, and referenced in Data Request (No. CalAdvocates-SC-SCG-2019-03).

**RESPONSE 5:**

Written authorization for the June 14, 2019 journal entry regarding C4BES was communicated by email. Please refer to the attached email (*Accounting – JE Summary Email*).

---

**From:** [REDACTED]  
**Sent:** Thursday, June 13, 2019 2:42 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]; [REDACTED]; [REDACTED]  
>  
**Subject:** RE: Accounting- JE Summary

Regarding the Marathon invoices, 50% from August 1, 2018 – present (so September 1, 2018 invoice through July 1, 2019 invoices)

---

[REDACTED]  
Southern California Gas Company  
Tel. [REDACTED]

---

**From:** [REDACTED]  
**Sent:** Thursday, June 13, 2019 2:35 PM  
**To:** [REDACTED]; [REDACTED]; [REDACTED]  
**Cc:** [REDACTED]; [REDACTED]; [REDACTED]  
>  
**Subject:** RE: Accounting- JE Summary

[REDACTED]

Thanks for the quick chat and clarification on the JE We re pulling the labor for Ken and George (per distribution below) plus add Ken s expenses that was sent to me Please send me the date parameter for Marathon so we can finalize the 50% portion to JE as well

- August 2018 – December 2018: 2% of Minter time; 10% of Chawkins time
- January 2019 – June 14, 2019: 3 hours of Minter time; 10% of Chawkins time

Follow-up questions:

- The 50% of the Marathon Invoices that are ratepayer funded – what is the funding source? (GRC-\_\_\_\_\_) See context below:
- August 2018-January 2019 Marathon Invoices – please provide

Thanks,  
[REDACTED]



## CAU APPROVAL AND COMMITMENT POLICY

<b>TOPIC:</b>	<b>Approval and Commitment Policy</b>	<b>EFFECTIVE DATE: 12/29/2010</b> <b>REVISION DATE: 11/11/2015</b> <b>REVIEW DATE: 11/11/2015</b>
<b>POLICY APPLICATION:</b>	<b>Employees of SDG&amp;E and SoCalGas</b>	
<b>POLICY OFFICER:</b>	<b>CAU Controller &amp; CFO</b>	
<b>POLICY QUESTIONS:</b>	<b>Financial Systems &amp; Business Controls</b>	
<b>ETHICAL CONCERNS:</b>	<b>Ethics and Compliance Helpline</b>	

Information Type:

### POLICY

This policy establishes standards for the **authorization to enter into commitments** and for the **approval of cash disbursements and to execute other documents necessary to carry out the commitments** on behalf of San Diego Gas & Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas") or collectively the California Utilities ("CAU") and Pacific Enterprises.

### Definitions

A **commitment** is *any* legal obligation that binds CAU to a future payment, course of action or behavior with another party, internal or external.

**Commitments may be financial or non-financial.** Examples of financial commitments may include capital projects, expansions or new phases of existing capital projects, investments, acquisitions, divestitures, guarantees, borrowings and credit arrangements, contracts and agreements to purchase or sell goods and services, legal settlements, purchase orders, invoice approvals and employee reimbursements. Examples of non-financial commitments include letters of intent, memorandums of understanding, consent decrees, confidentiality agreements and non-compete agreements. See Appendix A for further information on types of commitments.

A **cash disbursement** is the actual issuance of a check or execution of a wire transfer or any other electronic transfer of funds. Approvers are responsible and required to perform a sufficient review of applicable invoices and supporting documentation to ensure goods and services have been received, and that the amounts to be disbursed are in agreement with applicable terms and conditions of the governing purchase order or other contractual agreement.

**Ordinary course of business (OCB) or base business** covers the usual transactions, customs and practices of CAU that maintain existing assets, services and business lines that are governed by the California Public Utilities Commission (CPUC) through a General Rate Case (GRC) or by the Federal Energy Regulatory Commission (FERC) through a Transmission Ownership Tariff filing. The term "base business" shall refer to this type of business activity under this policy.

Examples of commitments and disbursements in base business include: (See Appendix A for additional examples)

- Capital commitments, refundable or non-refundable expense commitments (or a combination of both), and cash disbursements associated with base business activities
- Other regulatory cost recovery programs such as Demand-Side Management (DSM), Catastrophic Event Memorandum Account (CEMA), Pipeline Safety Enhancement Program (PSEP), Advance Metering Infrastructure (AMI) and other routine advice letter filings which would be considered base business





## CAU APPROVAL AND COMMITMENT POLICY

- Note that the initial approval to file a new program with the Commission does not make the new program a base business program. Please see on page 6 the section that starts out “**Regulatory Filing Approval**” for details on new programs that first require obtaining regulatory approval.
- Replacement, modification or relocation of any *existing* asset covered by the regulatory processes mentioned above for the purpose of maintaining or enhancing operating efficiency or productivity. This includes but is not limited to utility distribution, transmission, generation or storage system assets (e.g., poles, wires, mains, services, substations, and metering and regulating stations), real estate, Information Technology (IT) software or telecommunication equipment
- Construction of any *new* distribution and transmission system assets if used to serve electric and natural gas customers within the utility service area and which does not require a Permit to Construct (PTC) or a Certificate for Public Convenience and Necessity (CPCN) regulatory filing at the CPUC or other special regulatory filing.
- Borrowings through loan, credit and other arrangements that are subject to standing CAU Board of Directors resolutions
- In order for an activity to fall into the base business category, the disbursement or commitment must be included in the annual budget and/or 5-year business plan prior to seeking approval (either specifically identified or considered within a general pool that may be subject to budget reprioritization within a functional area). Note that the typical divisional budget provides flexibility to the divisions to re-direct its resources to address base business requirements. Thus it is permitted for the divisions to redirect their budgets to deal with newly discovered higher priority items rather than what was originally budgeted or described in the GRC process. However, neither the annual budget or capital spending plan and the 5-year business plan are considered an approval of a commitment even if an individual project or commitment is separately identified. Therefore, an approved budget or capital spending plan does not eliminate the need for approval under this policy.
- None of Pacific Enterprises’ disbursements or commitments will be classified as base business.

**Not in ordinary course of business, incremental projects or non-base business** are all capital and non-capital commitments and disbursements that are considered non-recurring or incremental rate base additions. This would include any commitment for a business activity or initiative not governed by a CPUC GRC and/or a FERC Transmission Ownership Tariff filing. The term “non-base business” shall refer to this type of business activity under this policy.

Examples of commitments and disbursements in non-base business include: (See Appendix A for additional examples)

- Business activities, including all capital and non-capital projects, currently not governed by the CPUC through a GRC or FERC Transmission Ownership Tariff filing
- Expansions or new phases of existing capital projects not governed by the CPUC through a GRC or FERC Transmission Ownership Tariff filing
- New information technology projects to develop systems and software that add significant functionality to existing systems and applications
- Borrowings through loan, credit and other arrangements that are not subject to standing CAU Board of Directors resolutions

**Administrative approvals** refer to subsequent approval of SDG&E and SoCalGas cash disbursements or execution of contracts associated with an already approved base business or non-base business commitment evidenced by a Work Order Authorization (WOA) or an Authorization for Expenditure (AFE). Administrative approvals generally involve contracts, invoices, vouchers, wire transfer forms and other standard business forms. This also includes invoices, vouchers and wire transfers for energy procurement payments made on behalf of ratepayers, for both gas and power purchases. All administrative commitments should be incorporated in the annual budget and/or 5-year business plan; it is the responsibility of the administrative approver to ensure this compliance.

See Appendix A for further information on types of commitments.



## CAU APPROVAL AND COMMITMENT POLICY

### General Requirements

- This policy is specific to CAU.
- The Boards, officers and employees of CAU are responsible for entering into and formally approving commitments.
- References in this policy to the Sempra Energy Board of Directors are related to an oversight review function rather than a formal approval.
- Entering into any commitment or disbursing CAU funds prior to receiving required approvals from the appropriate level of management, or review by or notification to the Sempra Energy Board of Directors when required is prohibited.
- Certain commitment types have additional approval levels and procedures, which are addressed in other specific CAU policies (see Appendix A which references those policies).
- Generally, financial commitment values are determined by taking the aggregate amount of all associated project disbursements excluding any reimbursements that may be received from a third party.
- Dividing financial commitments to circumvent approval levels is prohibited.
- Commitments must be in writing; verbal commitments are not permitted.
- Commitment authorization is valid for operations or services within the approver's functional area of responsibility, unless otherwise delegated.
- A commitment is not valid until it has been approved by the highest authorization level required.
- Approver signatures on any document evidencing a commitment, execution of a commitment or a cash disbursement related to an already approved commitment must be with their full name clearly printed. It is recommended that commitment approvers include the following:
  - Name and signature
  - Date of approval
  - Title
  - Employee identification number
  - Coding for accounting purposes (account, cost center, internal order, etc.)
  - Designation of whether the commitment is base business or non-base business

### Commitment and Cash Disbursement Authority Approved by CAU Board Resolutions

The CEO, President, COO and each Vice President (including officer titles of "Chief" and "Senior Vice President") of CAU is authorized, per the SDG&E and SoCalGas Board of Directors resolutions dated May, 21, 2010, to enter into commitments on behalf of CAU, including without limitation the execution of contracts, agreements, orders, acceptances, regulatory filings and other obligations relating to the purchase, lease or sale of property, goods or services by CAU. (Note that the use of "chief" in this Approval and Commitment Policy is restricted to "officer" job titles.)

### Commitment and Approval Matrix

The Approval Matrix below provides the commitment approval authority limits approved by the SDG&E and SoCalGas Board of Directors in a table format. Note that this table does not include specific commitment authority for procurement commitments in the OCB for electricity and natural gas to supply electric generation facilities and core customers, and for electric or gas capacity, energy transmission capacity or transportation services (Energy Procurement Commitments). Those authorization and approval requirements are addressed in Appendix F of the SDG&E's and SoCalGas' Market Approval and Credit Policy (MACP).



## CAU APPROVAL AND COMMITMENT POLICY

### CAU APPROVAL MATRIX

<i>Authorization Level</i>	<i>Base Business</i>	<i>Non-Base Business</i>	<i>Administrative Approvals (3) &amp; (4)</i>
SRE Board of Directors	\$300 million or more (1) \$100 to \$300 million (2)	\$300 million or more (1) \$100 to \$300 million (2)	N/A
Boards of SDG&E and SoCalGas	Over \$50 million	Over \$15 million	N/A
CEO, President or COO	\$50 million	\$15 million	No limit
Chiefs, Senior Vice Presidents and Vice Presidents (Officers)	\$30 million	\$15 million	\$50 million
Directors	\$1 million	\$1 million	\$1 million
Managers	\$250,000	\$250,000	\$500,000
Supervisors	\$100,000	\$100,000	\$100,000

- (1) Sempra Energy Board of Directors Review Requirements - Any commitment by CAU of \$300 million or greater other than procurement commitments in the OCB must be reviewed by the Sempra Energy Board of Directors before making such commitment.
- (2) Sempra Energy Board of Directors Notification Requirements - Any commitment by CAU greater than \$100 million but less than \$300 million other than procurement commitments in the OCB must be brought to the attention of the Sempra Energy Board of Directors at its next regularly scheduled meeting.
- (3) Payments for invoices greater than \$10,000 (per transaction) must be supported by an approved purchase order.
- (4) Invoice payments without a valid internal order will apply the approval limits under the non-base business category.

- **Non-financial commitments (except confidentiality agreements)** at CAU must be approved by an officer. These non-financial commitments shall be, in the opinion of the approving officer, in the OCB. Non-financial commitments that, in the opinion of the approving officer, are not in the OCB shall be elevated for approval by the CEO, President or COO before the commitment is made.
- Confidentiality agreements at CAU for either OCB or non-OCB are to be approved by an officer over the functional area associated with the stand-alone confidentiality agreement.

### Cost Increases

Cost increases may require re-review or re-approval of a commitment **based on the revised total estimate-to-complete** cost, not the incremental costs:

- If revised base or non-base commitments exceed 110% of the original commitment amount but are less than \$300 million, then re-approval is required in accordance with the CAU Approval Matrix above. An updated WOA and, when appropriate, an updated Technical Review is also required.
- If revised base or non-base CAU commitments were originally less than \$300 million and therefore not previously reviewed by the Sempra Energy Board of Directors, but are later expected to equal or exceed \$300 million due to cost revisions, then the revised commitment must be reviewed by the Sempra Energy Board of Directors before the commitment is made.
- If revised base or non-base commitments 1) originally approved at a level of \$300 million or more, and 2) for which originally estimated totals to complete are expected to be exceeded by any amount, notification shall be



## CAU APPROVAL AND COMMITMENT POLICY

made to the Sempra Energy Board of Directors and the respective CAU Board of Directors at their next respective regularly scheduled meetings.

- Reviews completed by the Sempra Energy Board of Directors shall be documented on an AFE.

Administrative approvals for payments for invoices and contracts related to base business or non-base business commitments with an approved AFE/WOA (see below) may only be authorized up to 110% of the approved commitment amount, without seeking re-authorization of the initially approved AFE/WOA. Contract change orders must also be considered cumulatively in determining the total cost amount (See the CAU [Procurement Policy](#) for details related to approving individual contract change orders). If anticipated cost increases exceed the 110% threshold of the initially approved base business and non-base business commitment, then a supplemental AFE/WOA is required to obtain re-approval of the revised total costs based on the approval levels in the appropriate base business or non-base business commitment classification in which the original authorization was received. If a total project is comprised of multiple sub-projects, the proposal should include a list of the sub-projects and the commitment amount associated with each sub-project. For approved projects that contain multiple sub-projects, the 110% threshold applies to the total project approval and not to each sub-project individually.

### Evidence of Review and Approval - Work Order Authorization (WOA) or Authorization for Expenditure (AFE)

For internal control documentation purposes, commitment approvals must be in writing.

- A **Work Order Authorization (WOA)** is a utility form that summarizes and documents the approval of a base business or non-base business commitment. These forms are required for commitments that are less than \$300 million.
- **Authorization for Expenditure (AFE)** is a form that summarizes and documents the approval of a base business or non-base business project commitment. AFEs are required for commitments of \$300 million or greater that require Sempra Energy Board of Directors review.
- **Blanket Work Orders** are used for recurring and routine types of plant property additions, replacements, purchases and retirements. Blanket work orders may include but are not limited to, maintenance work performed in conjunction with addition, removal and replacement work. Blanket work orders may be used to combine low cost projects that are similar in nature and result in a used or useful asset. At SDG&E, these work orders are addressed in the permanent WO process commonly referred to as the "Blanket Budget Work Orders" process. At SoCalGas, similar to SDG&E's permanent WO process, blanket work orders are more focused on an annual spending authorization and not on a budgetary process.
- The dollar value for approval purposes should be based on CAU's potential maximum obligation under the commitment. Project financing should generally not reduce the commitment amount for approval purposes. Capitalized labor costs should always be considered in total project costs.
- A separate WOA or AFE may be prepared for discrete phases of a project that require successive approvals. For example, costs for feasibility studies and permitting of a project could be submitted separately; a second WOA or AFE would be prepared for construction costs once a decision is made to go forward. In that case, the second WOA or AFE should include the initial development expenditures to capture total project costs.



## CAU APPROVAL AND COMMITMENT POLICY

### Additional Review and Approval Requirements

**Technical/Economic Reviews** are required for all base business WOA's or AFE's greater than **\$30 million**, all non-base business WOA's and AFE's greater than **\$15 million**, and for all administrative approvals for any WOA's or AFE's over **\$50 million**. The purpose is to ensure that certain functional groups that provide oversight can provide input before the commitment is approved. When presented for approval, the WOA or AFE must show evidence of technical/economic reviews by, at a minimum, the CAU Legal, Corporate Tax, CAU Accounting and CAU Planning departments. Reviews by other technical areas, such as Regulatory, Environmental, Risk Management, Human Resources or Treasury, may also be warranted, depending on the type of project.

It is the responsibility of the WOA or AFE originator to ensure that all appropriate reviews, approvals and notifications are completed, and satisfactory documentation and original WOA or AFE form is kept on file by the CAU Controller's organization.

Commitments that require review by the **Sempra Energy Board of Directors** (for commitments of **\$300 million or greater**) must have a senior executive sponsor and an AFE must be presented with supporting materials.

A new WOA or AFE must be completed when cost increases exceed an original WOA or AFE by 10% or greater.

### Legal & Technical Review Requirements for Contracts

It is the responsibility of a contract originator to review draft documents and assumptions with an officer or senior representative from key technical areas for risk management purposes, for contracts either in or not in the OCB. Any recommendations resulting from legal or technical reviews should be incorporated into the contract or clearly disclosed to the executive approving the contract. The following are examples of areas that should be consulted:

Legal	Regulatory	Environmental	Affiliate Compliance	Human Resources
Procurement	Tax	Accounting	Financial Reporting	Corporate Planning
Real Estate	Finance	Treasury	Risk Management	Communications

CAU's own technical areas are appropriate to use; otherwise Corporate Center's technical areas should be consulted.

**If a contract initially totals \$20 million or greater**, the reviews must be evidenced by completion of an [Internal Reviewer Checklist \(IRC\)](#).

- The IRC requires CAU Legal, CAU Accounting and Corporate Tax review signoffs at a minimum, and requires the contract originator or approver to confirm other technical areas that were consulted, or indicate they were not applicable to the contract.
- The IRC is to remain as an attachment to a contract after review comments have been resolved and the contract signed.

Any significant policy implications arising from a proposed contractual commitment should be reviewed by the CAU Law Department and, if consistent with the materiality terms herein, be referred to the approving officer for review.

**Regulatory Filing Approval is required prior to making regulatory filings** for any projects requiring federal or state regulatory agency approval that may result in a new base business or non-base business commitment. Approval is limited to providing authorization to submit a regulatory filing to ensure that the appropriate level of SDG&E or SoCalGas management, or both if a joint filing, have acknowledged and accepted the potential impact of a new commitment prior to the regulatory body imposing such a commitment. A favorable decision by the regulator to proceed should not be construed as authorization to proceed with the project. Approval for the project or initiative must still be obtained in accordance with this policy. Once regulatory approval has been received, then the program/project requires the WOA or AFE approval, which will reflect the changes in the program/project from the



## CAU APPROVAL AND COMMITMENT POLICY

regulatory process, as well as updated cost estimates. Please see the approval and commitment procedures for more details on the required documents and reviews.

**Business Unit Review** is required for commitments originated by CAU's shared services organizations that will be charged to other business unit(s). The shared service department is responsible for obtaining the appropriate level of approval from the impacted business units. This is especially important if the amount charged exceeds the approval amount authority of the highest shared service personnel in the shared service department performing the service. This Business Unit Review is required for commitments requiring Senior Vice President/Vice President approval or higher per the above CAU Approval Matrix. When presented for approval, the WOA or AFE must indicate it has been reviewed with a senior officer or representative of the business unit(s) being charged.

Blanket WO commitments may be excluded from the technical/economic review requirements.

### Delegations

- Only CAU (Vice Presidents and higher) may delegate their approval authority to other employees or agents of the Company.
- The CEO, President, COO and each Vice President (including Chiefs and Senior Vice Presidents) of the CAU may delegate authority to execute commitments to officers, employees or other agents of the Company.
- The CEO, President, COO and each Vice President (including Chiefs and Senior Vice Presidents) of the CAU may delegate authority to authorize payments, without limitation, in compliance with all commitments entered into pursuant to this policy and commitments that are the subject of separate resolutions adopted by the CAU Board of Directors.
- The CEO, President, COO, CFO, Treasurer and Controller may delegate authority to borrow funds from banks and financial institutions in accordance with bank line and commercial paper agreements.
- Establishing a delegation or making subsequent changes requires completion of the [Delegation of Authority](#) form. Delegation of Authority forms may cover a single delegatee or a group of delegates, as may be appropriate.
- When delegating, proper segregation of duties must be considered for internal control purposes.
- Approval authority that has been delegated to an individual cannot then be delegated by the delegatee to another individual.
- Officers may not delegate approval authority for operations or services that are not within their operational or functional areas of responsibility.
- Original signed delegation forms need to be submitted to the respective Accounts Payable and/or Cash Management departments with a copy retained by the delegator and delegatee. All delegations must state the dollar amount delegated and the nature and duration of the delegation.
- When a delegator leaves his or her position, delegations do not immediately terminate, but remain in effect to allow a smooth transition. Accounts Payable and Cash Management will provide the delegator's successor a three month period to determine whether to continue the existing delegations (via signing or initialing the inherited delegations) or void some or all of them.
- All delegations authority for the delegatee automatically terminates upon a delegatee leaving the position he or she occupied at the time the delegation was made.
- Shared service officers may delegate their approval authority only to other employees within their functional shared service organizations.
- Delegations in excess of \$5 million require approval from the CAU's Controller & CFO.
- When CAU's Controller & CFO is the delegator and approver, a peer or superior must sign off as the oversight approval.
- Delegations in excess of \$10 million require approval from the inline requesting department's SVP.

### Deviation from the Policy

Any deviation from this policy requires approval from the CAU Controller & CFO.





## CAU APPROVAL AND COMMITMENT POLICY

### Policy Questions

Discuss questions or concerns with your immediate supervisor, the CAU Controller & CFO, or representatives from the Financial Systems and Business Controls department.

### Records Retention Guidance

For guidance as to the appropriate retention period for records related to this policy, please refer to the Standard Records Series on the [SDG&E](#) or [SoCalGas](#) Records Management intranet and [Information Management policy](#).

### Related Policies, Guidelines & Information

Each of these is found on *UtiliNet* within the policy website.

- **Business Conduct Guidelines**
- [Information Management policy](#)
- [Employee Business Expense Policy](#)
- [Corporate Travel Policy](#)
- [Employee Recognition & Gifting Policy](#)
- [Notification of Claims & Approval of Settlements Policy](#)
- [Field Business Card Policy](#)
- Guarantees – Sempra BOD resolution
- [Petty Cash Policy](#)
- [Spot Cash Awards Policy](#)
- [Contributions Policy](#)
- [Political Activities Policy](#)
- [Procurement Policy](#)
- [Occupancy Policy](#)
- [Corporate Card Policy](#)
- [Retiree and Former Employee Rehire Policy](#)
- [AFE form](#)
- [Commitment Matrix](#)
- [Delegation of Authority Form](#)
- [Internal Reviewer Checklist](#)
- [SDG&E Work Order Authorization Form](#)
- [SoCalGas Work Order Authorization Form](#)
- [SDG&E Market Activity and Credit Policy \(MACP\)](#)
- [SoCalGas Market Activity and Credit Policy \(MACP\)](#)



## CAU APPROVAL AND COMMITMENT POLICY

### Appendix A – Detailed Commitment Types

Commitment Type	Other Applicable Policies and Considerations	Commitment Type	Sempra BOD Review or Notification <sup>1</sup>
<b>Financial Commitments</b>			
New capital projects – Base Business		Base	Y
New capital projects – Non-Base Business		Non-Base	Y
Expansions or new phases of existing capital projects – Base Business		Base	Y
Investments – Base Business		Base	Y
Investments – Non-Base Business		Non-Base	Y
Cash investments	See <a href="#">Cash Investment Policy</a>	N/A	
Investments in joint ventures or partnerships		Non-Base	Y
Business or asset acquisitions		Non-Base	Y
Business or asset divestitures		Non-Base	Y
Procurement of goods and services in the ordinary course of business (“OCB”)		Base	
Procurement of goods and services not in the OCB		Non-Base	Y
Contracts and agreements for the purchase or sale of goods and services in the OCB	See respective <a href="#">Procurement Policy</a>	Administrative with supporting WOA or AFE	
Contracts and agreements for the purchase or sale of goods and services <u>not</u> in the OCB	See respective <a href="#">Procurement Policy</a>	Administrative with supporting WOA or AFE	Y
Service or consulting contracts with former employees	See <a href="#">Retiree and Former Employee Rehire Policy</a>	N/A	
Service or consulting contracts with former executives or directors that exceed \$100K or a 12-month term	See <a href="#">Retiree and Former Employee Rehire Policy</a>	COO	Sempra BOD review required
Payment of invoices in the ordinary course of business	See respective <a href="#">Procurement Policy</a>	Administrative with supporting WOA or AFE	
Payment of invoices for approved capital projects	See respective <a href="#">Procurement Policy</a>	Administrative with supporting WOA or AFE	
Payment of intercompany invoices for shared services		Administrative	
Blanket purchase orders (Capital or Non-Capital)	See respective <a href="#">Procurement Policy</a>	Administrative	
Payroll & Benefits Payments		Administrative	
CPUC and FERC Mandated Programs		Base*	
Energy Procurement Transactions (Settlements and Invoicing)		Administrative	
Federal Retrofit Program		Base*	
Tax Payments		Base	
Franchise Fees		Administrative	





## CAU APPROVAL AND COMMITMENT POLICY

Commitment Type	Other Applicable Policies and Considerations	Commitment Type	Sempra BOD Review or Notification <sup>1</sup>
Insurance Contracts and Policy Renewals		Base	
Governmental Turnkey Program		Base*	
ISO Payments		Administrative	
Pipeline Capacity Rights Payments		Administrative	
SONGS O&M, Capital and Decommissioning		Base*	
Unsecured Credit Lines to Customers		Administrative	
Vehicle Leases		Administrative	
Real Estate Right-of-Way and Easements		Administrative	
Investments within CPUC Approved RD&D Program	See <a href="#">RD&amp;D Investment Approval Guidelines</a>	Administrative	
Master lease agreements		Non-Base	
EFT or Wires for Tax Payments		Administrative	
Customer Refunds and Credits	<a href="#">Revenue Management Approval Authority Policy</a>		
Energy Procurement Transactions – Trading, etc.	See SDG&E or SoCalGas Market Approval and Credit Policy		
Employee Expense Reimbursements	See <a href="#">Employee Business Expense Policy</a>		
Employee Travel Reimbursements	See <a href="#">Corporate Travel Policy</a>		
Employee Recognition	See <a href="#">Employee Recognition &amp; Gifting Policy</a>		
Spot Cash Awards	See <a href="#">Spot Cash Award Policy</a>		
Political Contributions	See <a href="#">Political Activities Policy</a>		
Charitable Contributions	See <a href="#">Contributions Policy</a>		
Bank loans		Base	Subject to standing BOD Resolution
Interest rate swap and similar hedging arrangements	See <a href="#">Treasury Hedging Policy</a>	N/A	
Borrowing and credit arrangements		Base	
Option purchases		Non-Base	
Capital lease agreements		Non-Base	Y
Ordinary lease agreements and renewals		Administrative	
CAU guarantees	Subject to approval by the CAU CEO, CFO or Controller and one VP	Non-Base	
Major regulatory filings		Base *	
Activities within a non-regulated utility subsidiary		Non-Base	
Tax settlement payments	See <a href="#">Notification of Claims and Approval of Settlements Policy</a>	N/A	
Legal settlements		N/A	
Other liability settlements		N/A	
Usage of field business credit cards	See <a href="#">Field Business Card Policy</a>	N/A	
Usage of corporate credit cards	See <a href="#">Corporate Credit Card Policy</a>	N/A	
<b>Non-Financial Commitments</b>	<ul style="list-style-type: none"> <li>• Non-Financial Commitments (except for confidentiality)</li> </ul>		
Confidentiality agreements			



### CAU APPROVAL AND COMMITMENT POLICY

Commitment Type	Other Applicable Policies and Considerations	Commitment Type	Sempra BOD Review or Notification <sup>1</sup>
(Mutual non-disclosure agreements or Non-disclosure agreements (NDA))	agreements) at CAU must be approved by an officer. These non-financial commitments shall be, in the opinion of the approving officer, in the OCB. Non-financial commitments that, in the opinion of the approving officer, are not in the OCB shall be elevated for approval by the CEO or President before the commitment is made. <ul style="list-style-type: none"> <li>Confidentiality agreements at CAU for either OCB or non-OCB are to be approved by an officer over the functional area associated with the stand-alone non-disclosure agreement.</li> </ul>		
Non-Compete agreements			
Letters of intent			
Memorandums of understanding			
Heads of agreements			
Consent decrees			
Settlements and release agreements	See <a href="#">Notification of Claims and Approval of Settlements Policy</a>	N/A	

<sup>1</sup>Sempra Energy Board notification is required for CAU commitments of \$100 million or greater, up to \$300 million. CAU commitments of \$300 million or greater require Sempra Energy Board review.

\*All regulatory programs must be approved at either base business or non-base business level prior to program spending. Upon approval, the cash disbursement associated with the approved base business or non-base business regulatory program will fall under administrative approval of this policy.



## CAU APPROVAL AND COMMITMENT POLICY

### Appendix B – Frequently Asked Questions

<b>Question</b>	<b>Answer</b>
#1 What is the appropriate method for documenting commitment approvals?	Approvals must be documented in writing using a WOA. An AFE is required for commitments that are \$300 million or greater. For all other commitments, employees can manually or, if appropriate, electronically sign invoices, contracts or other documents to document their written approval. Signature stamps cannot be used as evidence of approval of any commitments.
#2 Is approval authority confined to an employee's functional area?	Authority is generally limited by an employee's position and area of functional responsibility. Shared services employees have approval authority for disbursements related to the shared service provided to the respective business units or company entities.
#3 Can approvals be delegated to non-shared services employees outside their operational or functional areas?	Delegations to employees outside their operational or functional areas, whether shared or non-shared, are only permitted between officers. There will be cases when an officer is not available to timely sign a document in their operational or functional area but may delegate their approval to another officer. This permits the officers to work as a team to ensure effective operations.
#4 Who maintains the Delegation of Authority forms?	The original Delegation of Authority forms must be submitted with an original signature to the appropriate Accounts Payable group and/or Cash Management group, as may be applicable. Copies should be retained by the delegator and delegate.
#5 Can I delegate approval authority to an independent contractor?	Only if that independent contractor is also an agent. To determine whether an agency exists please consult the Human Resources Department or the Commercial Law Department.
#6 Are invoice approvals necessary if a contract has already been executed and approved?	Yes. Invoice approvals acknowledge that services have been rendered, goods have been received and that the invoice is consistent with the approved contract. Approval signatures are required by the authorization levels for administrative approvals established in the policy.
#7 If a commitment is made as part of a legal settlement, what category does it fall under?	Commitments related to a legal settlement would generally be categorized as non-base business. All legal settlement commitments are also subject to the Notification of Claims and Approval of Settlements Policy, and MUST be referred to the Law Department for review and determination of significance.
#8 What distinguishes base business from non-base business projects as it pertains to generating facilities, software, real estate or telecommunication equipment?	Projects that are required to <i>operate, maintain and/or enhance safety, reliability, productivity or efficiencies</i> of existing assets are base business. Some base business examples include replacing the equipment at an existing generation plant; upgrading existing software under the normal software maintenance plans; turning on a new module or functionality of an existing application (e.g. new SAP modules); reconfiguration of existing



## CAU APPROVAL AND COMMITMENT POLICY

real estate facilities; and replacement of telecommunication equipment under regular maintenance plans.

Non-base business projects are not in the normal course of business with respect to operating, maintaining and/or enhancing productivity or efficiency of existing assets. Non-base business projects *expand* current generation capacity, *implement new* functionality, or *expand or replace* facilities, software or telecommunication equipment with new products. Some non-base business examples include: acquiring a new generation facility or increasing capacity of an existing one; replacing or expanding existing software system with a new, unrelated software system; a real estate capital lease for a new facility; significant upgrades to an existing facility, or a new telecommunication system or the enterprise wide expansion of current telecommunication equipment.

#9 What is the definition of a Director, Manager and a Supervisor for purposes of the approval limits?

- Directors are usually so named in their title, but must also be on the Leadership List, as maintained by Human Resources. Some positions do not include "Director" in the title, yet they have Director level authority. Examples include counsels within the Law Department.
- To have Manager level authority, a position must have "Manager" in the title AND have at least one direct report. Manager titles without direct reports have no approval authority under this policy.
- Supervisors may have various titles (e.g., Team Leads) and must have at least one direct report to have approval authority under this policy.

#10 What is a blanket work order and how does it get approved?

Blanket work orders represent the estimated annual spending for commitments that are considered recurring and routine work. These blanket work orders are considered base business commitments and typically include work associated with:

- Capital - Plant property, additions, replacements, purchases and retirements.
- O&M - Maintenance work performed in conjunction with addition, removal, and replacement work.
- Combining low cost projects that are similar in nature and result in a used or useful asset.

In addition, third party billing, vendor invoices, contracts, and other commitments/transactions associated with an already approved blanket work order will be considered administrative approval transactions under this policy. All blanket work orders approved prior to the effective date of this policy will be deemed appropriately approved and scoped out of the current policy.

#11 If a shared service employee requests a delegation of authority for a shared service project and he/she reports to a non-shared

For shared service projects, a VP is typically assigned to lead the project. Although a shared service employee's official reporting structure may potentially remain with a non-shared service VP, the delegation of authority must be signed by the assigned shared service VP. To the



## CAU APPROVAL AND COMMITMENT POLICY

service VP, who should sign the delegation of authority?

extent the shared service VP's approval authority is exceeded, then a special delegation must be approved by the CEO, President, or COO (COO approval applicable to SoCalGas only) overseeing the shared service area.

#12 If a shared service project has commitments (e.g., Facilities, Information Technology) that will be direct-charged to a business unit, who should review and approve the total commitment?

Shared service commitments must be reviewed by the business unit being direct-charged. A business unit review requires a senior officer or representative of the impacted business unit to review the WOA or AFE. Upon review and concurrence by each impacted business unit, the appropriate shared service employee level must approve the aggregate amount of the commitment for all business units being charged under non-base business. All subsequent commitments associated with this non-base business approval will be approved as an administrative approval transaction by the appropriate level.

#13 If a commitment involves separate SDG&E and SoCalGas contracts that in the past have been approved and are currently being administered by a shared service department reporting to a non-shared service VP, who should approve the commitment?

All commitments that relate to a specific business unit must at a minimum, receive a business unit review and concurrence from a senior management representative or delegate from the business unit that may potentially be direct-charged. If the appropriate approval level involves a:

- **Non-shared service** employee, then the commitment amounts must be separated to seek the appropriate approvals from each business unit involved.
- **Shared service** employee, then along with the business unit review and concurrence; both business unit commitments can be combined for approval by the appropriate level shared service employee.

#14 What are the approval requirements for projects that have multiple phases?

A separate WOA or AFE may be prepared for discrete phases of a project that require successive approvals. For example, costs for feasibility studies and permitting of a project could be submitted separately; a second WOA or AFE would be prepared for construction costs once a decision is made to go forward. In that case, the second WOA or AFE must include the initial development expenditures, in order to capture total project costs and the dollar value to determine the appropriate approval will be the total project cost.

#15 What are the approval or re-approval requirements for commitments that exceed the originally approved amounts?

For any approved commitment, at the time that management believes that the actual project costs will exceed the approved WOA or AFE amount by 10% or more, a supplemental WOA or AFE must be prepared. Re-approvals are to use the same base business or non-base business classification that was used for the original authorization based on the revised total project cost to determine the appropriate authorization levels. *A copy of any revised AFE of \$100 million or more for base business or non-base business should be sent to the CAU Controller & CFO, Financial & Strategic Analysis department and the Corporate Planning Department, with related presentation materials.*

- If the expected cost increase is greater than 10%, the revised WOA or AFE must be re-approved. However, for capital



## CAU APPROVAL AND COMMITMENT POLICY

projects \$250,000 or less, a revised approval is required when total costs are expected to exceed the approved level by 20%. The approval level required is based on the revised total project cost, not the incremental costs.

- For commitments initially reviewed by the Sempra Energy Board of Directors, cost increases in excess of the original amount must be brought to the Sempra Energy Board's attention at its next regularly scheduled meeting.

#16	What is a FEWA and how is it properly approved?	Field Extra Work Authorizations (FEWAs) are authorizations granted by a utility contract administrator to an external construction crew to facilitate the timely performance of additional work needed to complete a construction project. To the extent FEWAs do not exceed the originally approved contract commitment; they are excluded from the scope of this policy. However, if the total of the approved invoices exceed the authorized commitment amount of the contract, a contract amendment must be processed to increase the approved commitment amount. If management believes the actual project costs will exceed the originally approved WOA or AFE amount by 10%, a new WOA or AFE must be prepared and approved at the revised aggregate amount of the commitment.
#17	Are AFEs required for administrative approval transactions?	No. Administrative approvals should be accompanied by an already approved base business or non-base business commitment that has been documented using a WOA, AFE or blanket work order.
#18	What is considered a base business vs. non-base business IT commitment?	IT activities associated with base business commitments involve upgrading, replacing or expanding the use of an existing system. In comparison, non-base business IT commitments are associated with initiatives designed/intended to add new functionality to the existing systems and/or applications.
#19	What is considered a special regulatory filing under base business commitments?	Special regulatory filings may include a Permit to Construct (PTC) or a Certificate for Public Convenience and Necessity (CPCN) regulatory filing at the CPUC or other miscellaneous advice letter filings for commitments that are considered non-routine in nature for a utility business.
#20	What business activities qualify as being currently budgeted in the approved annual and 5-year business plan under base business?	A business activity is not required to be specifically identified in a line item budget in order to qualify as being budgeted in an approved annual or 5-year business plan. These business activities may be associated with a budgeted general cost pool or associated with a budget of a functional area of the company (e.g. electric transmission; electric distribution; or gas transmission, etc.). Business activities that qualify may be subject to budget reprioritization and must be considered routine in nature or similar to activities within that specific functional area in order to be considered budgeted.
#21	Why must the base business	The purpose is to ensure that budgeted funds are available to pay the



## CAU APPROVAL AND COMMITMENT POLICY

commitments be associated with the annual budget or the 5-year plan?

commitment being entered into by either SDG&E or SoCalGas. This in turn assists the organization to meet its forecasted earnings targets. Note that the Division Budgets in general are designed to cover the expected costs related to running the base business. In addition, these Divisional Budgets may include forecasted costs to implement specifically identified programs arising from the CPUC GRC process or from the FERC Ownership Transmission process. However, if higher priorities arise than those identified in the regulatory processes then the budgets can be re-directed or re-prioritized to address the new higher priority, as long as the new activity is considered part of base business.

#22 Do base business commitments have to be associated with programs specified in the GRC filing?

No, the GRC grants resources based on a point in time, however the regulatory process recognizes that opportunities, challenges and priorities are constantly changing, and that utility management is permitted to deal with these changes by re-prioritizing these resources. It is up to utility management to operate the base business within the GRC-approved resources.

#23 What category do transactions relating to a qualifying facility (QF) contract fall under?

Generally, all commitments will start as either a base business or non-base business commitment. Upon approval, the subsequent cash disbursement or transactional execution of these commitments (e.g. invoice payments, or contracts under an approved WOA or AFE, etc.) will be considered administrative approvals. The exception to this general treatment is the execution or renewal/extension of energy procurement contracts. All contracts that are newly negotiated or up for renewal/extension will fall under the MAC policy. Although the execution or renewals/extensions of QFs will fall outside of the scope of this policy, the subsequent payments or settlement of the QF contract will fall under administrative approvals.

#24 Which commitment category is subject to the requirement of obtaining an IRC form?

All commitments governed by this policy are potentially subject to an IRC. An IRC is required for all commitments subject to a technical/economic review and that are required to be approved at the COO; CEO or higher level. The following are the thresholds that necessitate a signed and completed IRC form:

- **Base Business:** \$30 million or more
- **Non-Base Business:** \$15 million or more
- **Administrative Commitment:** \$50 million or more

#25 Are there any special approvals required if the technical review of a commitment indicates that resulting transactions is a variable interest entity (VIE) and requires consolidation under ASC 810?

Yes, additional steps are necessary if CAU is deemed to be the primary beneficiary of a VIE that then requires SDG&E to consolidate the entity. The lower of the fair market value or ninety percent of the payments over the term of the agreement is to be provided to the Planning and Budget department, since the consolidation may change CAU capital structure and that in turn may impact earnings. The Planning and Budget department is to determine the potential impact and notify the Corporate Treasury department, since this can also impact the SE consolidate capital structure and that may impact borrowing capabilities.





## CAU APPROVAL AND COMMITMENT POLICY

In some cases consolidation may not be the result of the review but rather the result is that the entity is to be treated as a capital lease. The same notification to the CAU Planning and Budget department is required, as well as notification to the Corporate Treasury department, since recording the capital lease and the corresponding liability can also impact the capital structure at both the CAU and at SE consolidated.

- |     |   |  |
|-----|---|--|
| #26 | Do investments in partnerships or joint ventures where our equity investment is less than \$300 million require review by the Sempra Energy Board of Directors? | If the total overall project value is \$300 million or greater, then Sempra Energy Board of Director review is required. If the total overall project value is greater than \$100 million but less than \$300 million, then Sempra Energy Board of Director notification is required. The total overall project value should include the total unlevered cost of the project.  |
| #27 | If a previously reviewed capital project is expanded, is Sempra Energy Board of Directors review required?  | If the capital project expansion was previously considered and included as part of the original capital project which was reviewed by the Sempra Energy Board, then no additional Board review is required. If the project expansion was not previously included and the total expansion cost is \$300 million or more, then Sempra Energy Board of Director review is required. If the project expansion was not previously included and the total expansion cost is greater than \$100 million, then Sempra Energy Board of Director notification is required.   |
| #28 | Is Sempra Energy Board of Directors review required for new phases of a previously approved capital project?  | Multiple phases of a capital project with interdependency should not be treated separately to avoid the dollar thresholds that require review from the Sempra Energy Board of Directors or Board notification. In those instances, all interdependent phases should be evaluated on a combined basis for determining the required level of approval. If there are multiple phases of a capital project that are individually discrete, and if the total cost of a new phase is \$300 million or more, then Sempra Energy Board of Director review is required; if the total cost is greater than \$100 million but less than \$300 million, then Board notification is required. |
| #29 | When do commitments for new business ventures that are outside the CAU's strategic plan require review by the Sempra Energy Board of Directors?                 | If the commitment for a new business venture that is outside the CAU's strategy exceeds \$100 million, then Sempra Energy Board of Directors review is required.   |
| #30 | If I am a director, manager or supervisor, how do I determine whether I have legal authority or not to make a commitment on behalf of the CAU?                  | Check to see if a properly authorized Delegation of Authority form was issued to you by an officer, or check with the Law Department. You must have legal authority before entering into a commitment. From a legal authority perspective, only officers of CAU (Vice Presidents and higher) have been granted authority to enter into commitments by the CAU Board of Directors, subject to delegation. Directors, managers and supervisors must have that authority delegated to them by an authorized officer. Delegation of Authority forms may cover a single delegatee or a group of delegatees, as may be appropriate.  |
| #31 | How do I notify the Sempra  | For new commitments or cost increases requiring Sempra Energy Board  |





## CAU APPROVAL AND COMMITMENT POLICY

Energy Board of Directors of new commitments or cost increases when required?

notification, submit the supporting information, including any required AFE, to the Sempra Energy Corporate Secretary's Office for inclusion in Sempra Energy's "Monthly Operating Report" (sometimes referred to as the "Key Operating Issues Report"), which is provided to the Board. Alternatively, the Corporate Secretary may place the required notification on the agenda for discussion at the next regularly scheduled Board meeting.




ATTACHMENT 3  
SOCALGAS' RESPONSE TO  
CalAdvocates-SC-SCG-2019-04

## Re: Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

SK Sheppard, Kerriann

Today, 11:21 AM

   Reply all | 

Patel, Avisha A <APatel@socalgas.com>; Buch, Daniel; Castello, Stephi+3 more 

Ms. Patel,

Thank you for your email in response to our meet and confer conference call. We appreciate your willingness to provide the employee names and remove the confidentiality designations from the vendor names. However, you provided the emails initially with your response alleging that they were responsive to our data request. Therefore, we have a right to request that you provide the full and unredacted email chain. The same applies to the WOAs as there is no privilege to withhold shareholder information from the Public Advocates Office and in fact you provided no authority to support that claim. Your objection based on relevance is not supported by law or the Commission decisions you have cited. You have acknowledged that the Public Advocates Office has broad authority pursuant to Pub. Util. Code Sections 309.5 and 314. None of which permits a company to withhold information based on relevance.

We reviewed the authorities cited in your email and find that they are not applicable to the matter at hand.

You are hereby urged to comply with our request for the unredacted WOAs and to provide the full email string with the exception of any information pursuant to the attorney client privilege provided you submit a valid privilege log.

Regards,

Kerriann Sheppard  
Counsel for the Public Advocates Office  
(916)327-6771

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**From:** Patel, Avisha A <APatel@socalgas.com>

**Sent:** Tuesday, August 13, 2019 11:32:56 AM

**To:** Buch, Daniel <Daniel.Buch@cpuc.ca.gov>; Sheppard, Kerriann <Kerriann.Sheppard@cpuc.ca.gov>; Castello, Stephen <Stephen.Castello@cpuc.ca.gov>; Osman, Ayat <Ayat.Osman@cpuc.ca.gov>

**Cc:** Arazi, Shirley <SArazi@socalgas.com>; Sierzant, Corinne M <CSierzant@socalgas.com>

**Subject:** RE: Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

Good Morning,

This email follows our meet-and-confer yesterday, wherein we agreed to provide updated data request responses (and corollary attachments and confidentiality declarations) to remove certain confidentiality designations (of vendor names) and redactions (employee names would be highlighted instead of redacted). We further agreed to provide a privilege log (although, as I noted during the call, the email string was removed because it was not responsive to the question posed). These items are still being prepared. Although we do not anticipate meeting your noon deadline, we are working diligently on these items and expect to send them over to you today via FTP.

We did not reach agreement on a couple of items.

1. You requested that we remove confidentiality designations from the contract pricing that was provided in response to your data requests. You cited D.06-06-066 as support that contract pricing is no longer confidential once a contract is signed. I reviewed D.06-06-066, *Interim Opinion Implementing Senate Bill No. 1488, Relating to Confidentiality of Electric Procurement Data Submitted to the Commission*, and find it inapplicable to SoCalGas: “This is the first of two decisions we anticipate in this proceeding. In this first phase, we have examined our approach to confidentiality *in the context of electricity procurement by investor-owned utilities (IOUs) and energy service providers (ESPs)*.” (D.06-06-066 at 3 (emphasis added).) Rather, D.17-09-023, the Decision adopting General Order (GO) 66-D, is the controlling decision that applies to SoCalGas: “‘**Modified D.06-06-06**’ is a citation to Decision 06-06-066, as modified by D.07-05-032, which addresses confidentiality *in the context of energy procurement information*.” (D.17-09-023, Appendix A at 2 (emphasis added); *see also id.* at 4 (“There are limited circumstances when the requirements of this Section do not apply. First, information subject to the requirements of Modified D.06-06-066 is exempted from the requirements of this Section and may continue to be submitted consistent with the requirements of that decision.”)) When we spoke you had not yet had an opportunity to review the decision we cited in our confidentiality declarations (the first of which was submitted June 14, 2019) to support our confidential designation of negotiated third-party vendor pricing information: D.11-01-036. I encourage you to review that decision as it supports designating as confidential contract prices and terms specifically negotiated with a vendor, and does not support that negotiated pricing becomes public once the contract is signed.
2. You also requested that we provide the redacted dollar amounts on the Work Order Authorization (WOA) submitted in response to DR-04 on the grounds that (a) the WOA was initially funded with ratepayer funds and (b) the CPUC’s Rule 10 relevance requirement does not apply to inquiries by the Public Advocates Office. I indicated that we had redacted that information because the WOA was *not* funded with ratepayer funds but rather shareholder funds (although you declined to discuss this further) and, furthermore, the information was not responsive to the question posed. I suggested that if the intent was to determine whether the WOA was sufficiently funded to cover the contract and labor costs referenced in the prior data request responses, you might ask that question; however, since the WOA is funded by shareholders, not ratepayers, we do not believe ascertaining the actual amounts stated on the WOA to be within the scope of Public Advocates Office’s authority under Pub. Util. Code section 309.5, as disclosing shareholder activity is not necessary for Public Advocates Office to perform its duties. While the grant of authority

under Section 309.5 is, indeed, broad (“The goal of the office shall be to obtain the lowest possible rate for service consistent with reliable and safe service levels. For revenue allocation and rate design matters, the office shall primarily consider the interests of residential and small commercial customers.”), we do not see how the amount of shareholder funding allocated to a fully shareholder funded account dedicated to supporting balanced energy for, *inter alia*, affordability and customer choice reasons falls within the scope of that authority. *See, e.g.*, D.06-03-003.

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Avisha A. Patel | Senior Counsel  
Southern California Gas Company  
Tel. (213) 244-2954

---

**From:** Buch, Daniel <Daniel.Buch@cpuc.ca.gov>  
**Sent:** Monday, August 12, 2019 8:50 AM  
**To:** Patel, Avisha A <APatel@socalgas.com>; Sheppard, Kerriann <Kerriann.Sheppard@cpuc.ca.gov>; Castello, Stephen <Stephen.Castello@cpuc.ca.gov>; Osman, Ayat <Ayat.Osman@cpuc.ca.gov>  
**Cc:** Arazi, Shirley <SArazi@socalgas.com>  
**Subject:** [EXTERNAL] Re: Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

Thanks for accommodating Avisha. And yes, I don't think this will take more than 10-15 minutes.

Best,  
Dan

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**From:** Patel, Avisha A <APatel@socalgas.com>  
**Sent:** Monday, August 12, 2019 8:16:50 AM  
**To:** Buch, Daniel <Daniel.Buch@cpuc.ca.gov>; Sheppard, Kerriann <Kerriann.Sheppard@cpuc.ca.gov>; Castello, Stephen <Stephen.Castello@cpuc.ca.gov>; Osman, Ayat <Ayat.Osman@cpuc.ca.gov>  
**Cc:** Arazi, Shirley <SArazi@socalgas.com>  
**Subject:** RE: Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

Good Morning,

No problem, we (Shirley Arazi and me) will call in at 9:30. Please note that I have a hard stop at 9:55 so I can get to my other commitment. I think that should still be enough time.

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**From:** Buch, Daniel <Daniel.Buch@cpuc.ca.gov>  
**Sent:** Sunday, August 11, 2019 12:21 PM  
**To:** Sheppard, Kerriann <Kerriann.Sheppard@cpuc.ca.gov>; Castello, Stephen

<[Stephen.Castello@cpuc.ca.gov](mailto:Stephen.Castello@cpuc.ca.gov)>; Osman, Ayat <[Ayat.Osman@cpuc.ca.gov](mailto:Ayat.Osman@cpuc.ca.gov)>; Patel, Avisha A  
<[APatel@socalgas.com](mailto:APatel@socalgas.com)>

**Subject:** [EXTERNAL] RE: Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

Hi all,

Apologies for the late notice, but I need to push the start of this meeting to 9:30 due to an unavoidable conflict. Thanks in advance for your understanding and looking forward to our discussion tomorrow at 9:30.

Best,  
Dan

-----Original Appointment-----

**From:** Sheppard, Kerriann <[Kerriann.Sheppard@cpuc.ca.gov](mailto:Kerriann.Sheppard@cpuc.ca.gov)>

**Sent:** Friday, August 09, 2019 11:04 AM

**To:** Sheppard, Kerriann; Buch, Daniel; Castello, Stephen; Osman, Ayat; Patel, Avisha A

**Subject:** Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

**When:** Monday, August 12, 2019 9:00 AM-10:00 AM (UTC-08:00) Pacific Time (US & Canada).

**Where:**

This meet and confer conference call will be to discuss the following:

1. Redacted documents provided in response to DR 4.
2. Making various DR responses public which were previously marked as confidential by SoCalGas.

The call-in details are provided below.

Call-in Number: 866-715-4776

Participant Code: 2504776

Thank you,

Kerriann Sheppard  
Counsel for the Public Advocates Office  
(916)327-6771

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This email originated outside of Sempra Energy. Be cautious of attachments, web links, or requests for information.

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ATTACHMENT 4  
SOCALGAS' RESPONSE TO  
CalAdvocates-SC-SCG-2019-04




## Re: Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

SK

Today, 11:21 AM

   Reply all | 

Patel, Avisha A <APatel@socalgas.com>; Buch, Daniel; Castello, Stephi+3 more 

Ms. Patel,

Thank you for your email in response to our meet and confer conference call. We appreciate your willingness to provide the employee names and remove the confidentiality designations from the vendor names. However, you provided the emails initially with your response alleging that they were responsive to our data request. Therefore, we have a right to request that you provide the full and unredacted email chain. The same applies to the WOAs as there is no privilege to withhold shareholder information from the Public Advocates Office and in fact you provided no authority to support that claim. Your objection based on relevance is not supported by law or the Commission decisions you have cited. You have acknowledged that the Public Advocates Office has broad authority pursuant to Pub. Util. Code Sections 309.5 and 314. None of which permits a company to withhold information based on relevance.

We reviewed the authorities cited in your email and find that they are not applicable to the matter at hand.

You are hereby urged to comply with our request for the unredacted WOAs and to provide the full email string with the exception of any information pursuant to the attorney client privilege provided you submit a valid privilege log.

Regards,

Kerriann Sheppard  
Counsel for the Public Advocates Office  
(916)327-6771

---

**From:** Patel, Avisha A <APatel@socalgas.com>

**Sent:** Tuesday, August 13, 2019 11:32:56 AM

**To:** Buch, Daniel <Daniel.Buch@cpuc.ca.gov>; Sheppard, Kerriann <Kerriann.Sheppard@cpuc.ca.gov>; Castello, Stephen <Stephen.Castello@cpuc.ca.gov>; Osman, Ayat <Ayat.Osman@cpuc.ca.gov>

**Cc:** Arazi, Shirley <SArazi@socalgas.com>; Sierzant, Corinne M <CSierzant@socalgas.com>

**Subject:** RE: Meet and Confer Conference Call Re SoCalGas DR Responses and Confidentiality Designations

Good Morning,

This email follows our meet-and-confer yesterday, wherein we agreed to provide updated data request responses (and corollary attachments and confidentiality declarations) to remove certain confidentiality designations (of vendor names) and redactions (employee names would be highlighted instead of redacted). We further agreed to provide a privilege log (although, as I noted during the call, the email string was removed because it was not responsive to the question posed). These items are still being prepared. Although we do not anticipate meeting your noon deadline, we are working diligently on these items and expect to send them over to you today via FTP.

We did not reach agreement on a couple of items.

1. You requested that we remove confidentiality designations from the contract pricing that was provided in response to your data requests. You cited D.06-06-066 as support that contract pricing is no longer confidential once a contract is signed. I reviewed D.06-06-066, *Interim Opinion Implementing Senate Bill No. 1488, Relating to Confidentiality of Electric Procurement Data Submitted to the Commission*, and find it inapplicable to SoCalGas: “This is the first of two decisions we anticipate in this proceeding. In this first phase, we have examined our approach to confidentiality *in the context of electricity procurement by investor-owned utilities (IOUs) and energy service providers (ESPs).*” (D.06-06-066 at 3 (emphasis added.)) Rather, D.17-09-023, the Decision adopting General Order (GO) 66-D, is the controlling decision that applies to SoCalGas: “‘**Modified D.06-06-06**’ is a citation to Decision 06-06-066, as modified by D.07-05-032, which addresses confidentiality *in the context of energy procurement information.*” (D.17-09-023, Appendix A at 2 (emphasis added); *see also id.* at 4 (“There are limited circumstances when the requirements of this Section do not apply. First, information subject to the requirements of Modified D.06-06-066 is exempted from the requirements of this Section and may continue to be submitted consistent with the requirements of that decision.”)) When we spoke you had not yet had an opportunity to review the decision we cited in our confidentiality declarations (the first of which was submitted June 14, 2019) to support our confidential designation of negotiated third-party vendor pricing information: D.11-01-036. I encourage you to review that decision as it supports designating as confidential contract prices and terms specifically negotiated with a vendor, and does not support that negotiated pricing becomes public once the contract is signed.
2. You also requested that we provide the redacted dollar amounts on the Work Order Authorization (WOA) submitted in response to DR-04 on the grounds that (a) the WOA was initially funded with ratepayer funds and (b) the CPUC’s Rule 10 relevance requirement does not apply to inquiries by the Public Advocates Office. I indicated that we had redacted that information because the WOA was *not* funded with ratepayer funds but rather shareholder funds (although you declined to discuss this further) and, furthermore, the information was not responsive to the question posed. I suggested that if the intent was to determine whether the WOA was sufficiently funded to cover the contract and labor costs referenced in the prior data request responses, you might ask that question; however, since the WOA is funded by shareholders, not ratepayers, we do not believe ascertaining the actual amounts stated on the WOA to be within the scope of Public Advocates Office’s authority under Pub. Util. Code section 309.5, as disclosing shareholder activity is not necessary for Public Advocates Office to perform its duties. While the grant of authority

under Section 309.5 is, indeed, broad (“The goal of the office shall be to obtain the lowest possible rate for service consistent with reliable and safe service levels. For revenue allocation and rate design matters, the office shall primarily consider the interests of residential and small commercial customers.”), we do not see how the amount of shareholder funding allocated to a fully shareholder funded account dedicated to supporting balanced energy for, *inter alia*, affordability and customer choice reasons falls within the scope of that authority. *See, e.g.*, D.06-03-003.

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## PROPOSED ORDER

On August 13, 2019, the Public Advocates Office submitted a *Motion to Compel Further Responses from Southern California Gas Company [SoCalGas] to Data Request - CalAdvocates-SC-SCG-2019-04* (DR SC-SCG-2019-04) requesting that the Commission order SoCalGas to submit unredacted responses to Items 1 and 5 of DR SC-SCG-2019-04. Having considered the Public Advocates Office's motion to compel and given the urgency of this request and the clear statutory authorization for the information sought pursuant to Public Utilities Code Sections 309.5(e) and 314, the Commission hereby grants the Public Advocates Office's Motion to Compel.

### ORDER

SoCalGas is hereby ordered to provide the unredacted responses to Items 1 and 5 of the Public Advocates Office's DR SC-SCG-2019-04. SoCalGas is ordered to comply with this order within 24 hours from the date of this ruling.

### SO ORDERED.

Dated: \_\_\_\_\_, 2019

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MICHAEL PICKER