

Company: Southern California Gas Company (U 904 G) / San Diego Gas & Electric
Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-015/-016 (cons.)
Exhibit: SCG-225 / SDG&E-229

REBUTTAL TESTIMONY
OF DEBBIE S. ROBINSON
(CORPORATE CENTER – COMPENSATION AND BENEFITS)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



May 2023

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I. SUMMARY OF DIFFERENCES

Table DSR-01

SoCalGas Compensation and Benefit Programs	2024 SoCalGas	2024 Cal Adv	Cal Adv vs. SoCalGas
Compensation	\$ 116,699	\$ 48,917	\$ (67,782)
Health Benefits	\$ 141,869	\$ 111,434	\$ (30,435)
Welfare Benefits	\$ 1,815	\$ 1,815	\$ -
Retirement Benefits	\$ 37,136	\$ 35,851	\$ (1,285)
Other Benefit Program and Fees	\$ 6,893	\$ 6,893	\$ -
Total	\$ 304,412	\$ 204,910	\$ (99,502)

Table DSR-02

SDG&E Compensation and Benefit Programs	2024 SDG&E	2024 Cal Adv	Cal Adv vs. SDG&E
Compensation	\$ 84,809	\$ 35,097	\$ (49,712)
Health Benefits	\$ 81,607	\$ 61,042	\$ (20,565)
Welfare Benefits	\$ 733	\$ 733	\$ -
Retirement Benefits	\$ 24,916	\$ 23,797	\$ (1,119)
Other Benefit Program and Fees	\$ 2,221	\$ 2,221	\$ -
Total	\$ 194,286	\$ 122,890	\$ (71,396)
Adjusted ICP (see Emerson Table 13.7)		\$ 612	
Adjusted Total	\$ 194,286	\$ 123,502	\$ (70,784)

II. INTRODUCTION

This rebuttal testimony regarding Southern California Gas Company's (SoCalGas) and San Diego Gas & Electric Company's (SDG&E) (collectively, the Companies) request for approval of their test year (TY) 2024 general rate case (GRC) cost forecasts for compensation and benefits addresses the following testimony from other parties:

- The Public Advocates Office of the California Public Utilities Commission (Cal Advocates), as submitted by Clair Emerson (Ex. CA-13-E (Emerson)), dated April 2023.

- 1 • The Utility Reform Network (TURN), as submitted by Garrick Jones (Ex. TURN-
2 10 (Jones), dated March 2023.
- 3 • The Utility Consumers' Action Network (UCAN), as submitted by Jason Zeller
4 (Ex. UCAN (Zeller)), dated March 27, 2023

5 As a preliminary matter, the absence of a response to any particular issue in this rebuttal
6 testimony does not imply or constitute agreement by SoCalGas/SDG&E with the proposal or
7 contention made by these or other parties. The forecasts contained in SoCalGas's/SDG&E's
8 direct testimony, performed at the project level, are based on sound estimates of its revenue
9 requirements at the time of testimony preparation.

10 The differences between the amounts requested by SoCalGas and SDG&E and the
11 amounts proposed by Cal Advocates, TURN, and UCAN are summarized above in Table DSR-1
12 for SoCalGas and Table DSR-2 for SDG&E. Cal Advocates submitted testimony addressing
13 each item included under the Companies compensation and benefits forecast. TURN makes
14 recommendations related to the Companies' Incentive Compensation Plan (ICP) and ICP costs
15 included within Sempra Corporate Center cost allocations to the Companies. UCAN makes
16 recommendations related to SDG&E's ICP and it proposes adjustments based on its review of
17 SDG&E's total compensation study (TCS).

18 SoCalGas's and SDG&E's request for compensation and benefits cost recovery is
19 reasonable, consistent with past California Public Utilities Commission (Commission or CPUC)
20 decisions, will benefit customers and should be approved. The compensation and benefits
21 programs provided to SoCalGas and SDG&E employees, retirees and their dependents reflect the
22 impacts of the marketplace, collective bargaining and government regulation. Compensation
23 programs are designed to focus employees on the companies' key priorities, the most important
24 of which are safety and customer service. Benefits programs promote employee wellbeing and
25 include health and welfare programs and retirement plans. SoCalGas's and SDG&E's
26 compensation and benefit programs are critical to attracting, motivating and retaining a skilled,
27 high-performing workforce. The TCS, which was performed by Willis Towers Watson, found
28 SoCalGas's and SDG&E's total compensation to be in line with the competitive market.¹

¹ Ex. SCG-25-R /SDG&E-29-R (Robinson) at DSR-4 – DSR-8, Appendix B (SoCalGas) and Appendix C (SDG&E).

1 **A. Cal Advocates**

2 The following is a summary of Cal Advocates’ positions on Compensation and Benefits.²
3 Cal Advocates also submitted testimony related to post-test year medical escalation in its March
4 27, 2023 report on Post Test Year Ratemaking.³ Please see Khai Nguyen and Melanie
5 Hancock’s Post Test Year rebuttal testimony in Ex. SCG-240 and Ex. SDG&E-245, respectively.

- 6 • Cal Advocates recommends \$204.9 million in funding for SoCalGas’s overall
7 compensation and benefits costs, while SoCalGas recommends \$304.4 million,
8 resulting in a difference of \$99.5⁴ million.
- 9 • Cal Advocates recommends \$123.5 million⁵ in funding for SDG&E’s overall
10 compensation and benefits costs, while SDG&E recommends \$194.3 million,
11 resulting in a difference of \$70.8 million.⁶
- 12 • Cal Advocates reduces SoCalGas ICP and Health Benefits (medical, dental and
13 vision) by \$17.1⁷ million and \$30.4 million, respectively, and SDG&E ICP and
14 Health Benefits by \$7.5⁸ million and \$20.6 million, respectively, based on a lower
15 TY 2024 headcount forecast and, for Health Benefits, an adjustment based on the
16 percentage of future headcount additions electing medical benefit coverage.

² Ex. CA-13-E (Emerson) at 1-3.

³ Ex. CA-20 (Hunter) at 2.

⁴ See Table DSR-01. SoCalGas noted that Ex. CA-13-E (Emerson) at 2, Table 13.1 shows the difference between the \$37,136 thousand proposed for Retirement Benefits by SoCalGas and the \$35,851 proposed by Cal Advocates as \$158 thousand. The actual difference is \$1,285 thousand and the difference between the total of \$304,412 proposed by SoCalGas for Compensation and Benefits and the \$204,910 proposed by Cal Advocates is \$99,502 thousand.

⁵ Ex. CA-13-E (Emerson) at 2, Table 13-1. SDG&E noted that the \$35,097 shown for Compensation costs in Table 13-1 excludes Cal Advocates’ proposed Executive ICP funding of \$612 thousand set forth in Table 13-7. SDG&E applied an adjustment for this item in Table DSR-2 above.

⁶ See Table DSR-02.

⁷ Ex. CA-13-E Emerson at 9, Table 13.4 “Headcount Adjustment” plus Table 13.5 “Headcount Adjustment”.

⁸ Ex. CA-13-E (Emerson) at 10, Table 13.6 “Headcount Adjustment” plus Table 13.7 “Headcount Adjustment”.

- Cal Advocates proposes an additional reduction to remove the portion of ICP tied to financial performance measures, reducing the TY 2024 ICP forecast by \$4.44⁹ million for SoCalGas and \$7.8¹⁰ million for SDG&E.
- Cal Advocates proposes an additional reduction of the TY 2024 ICP forecast to fund only 50% of the net remaining ICP after Cal Advocates’ proposed labor reduction and their proposed removal of the portion related to financial performance measures, resulting in a further ICP reduction of \$46.2 for SoCalGas and \$33.8 million for SDG&E.
- Cal Advocates recommends funding for Retirement Benefits of \$35.9 million for SoCalGas and \$23.8million for SDG&E, which is \$1.3 million lower than SoCalGas’s forecast of \$37.1 million and \$1.1 million lower than SDG&E’s forecast of \$24.9 million.
- Cal Advocates does not oppose the Companies’ request for Spot Cash, Recognition Programs, Wellness, Employee Assistance Programs (EAP), Welfare Benefits, Retirement Savings Plans and Other Benefit Programs and Fees.

B. TURN

The following is a summary of TURN’s positions on Compensation and Benefits:¹¹

- TURN recommends ICP funding of \$94.1 million for SoCalGas, which is \$19.9 million lower than SoCalGas’s forecast of \$114.0.
- TURN recommends ICP funding of \$55.9 million for SDG&E, which is \$27.0 million lower than SDG&E’s forecast of \$82.9 million.
- TURN recommends that the portion of Corporate Center allocations related to Corporate Center ICP costs be disallowed. These costs are covered in the testimony of Derick Cooper (Ex. SCG-23-R/SDG&E-27-R).

⁹ Ex. CA-13-E (Emerson) at 9, Table 13.4 “Financial Health” plus Table 13.5 “Financial Health”.

¹⁰ Ex. CA-13-E (Emerson) at 10, Table 13.6 “Financial Health” plus Table 13.7 “Financial Health”.

¹¹ Ex. TURN-10 (Jones) at 15-43.

1 **C. UCAN**

2 The following is a summary of UCAN’s positions on Compensation and Benefits:¹²

- 3 • UCAN recommends zero funding for SDG&E’s ICP, a reduction of \$82.9 million
- 4 from SDG&E’s forecast.
- 5 • UCAN recommends a reduction of \$25 million to SDG&E’s Compensation and
- 6 Benefits forecast and recommends that the Commission hold SDG&E’s staffing
- 7 levels flat.
- 8 • UCAN proposes that SDG&E install batteries in rural areas to ensure continuity
- 9 of service during high fire risk events. UCAN does not recommend an adjustment
- 10 to SDG&E’s Compensation and Benefits forecast in connection with this
- 11 proposal.
- 12 • UCAN takes issue with the compensation of 128 individual SDG&E employees
- 13 based on its review of SDG&E’s Total Compensation Study and recommends a
- 14 reduction of \$2.5 million to SDG&E’s overall Compensation and Benefits
- 15 forecast.

16 **III. REBUTTAL TO PARTIES’ COMPENSATION PROPOSALS**

17 Compensation Programs include Non-Executive and Executive ICP, long-term incentives

18 and special recognition programs. SoCalGas and SDG&E did not include long-term incentive

19 costs in their TY 2024 forecasts and no party took issue with costs for special recognition

20 programs.

21 **A. Incentive Compensation Plan (ICP)**

22 Cal Advocates and TURN recommended disallowance of a portion of SoCalGas and

23 SDG&E ICP costs and UCAN recommended zero funding for SDG&E’s ICP.

¹² Ex. UCAN (Zeller) at 21-25. SDG&E noted that UCAN attributes \$84,809 thousand to ICP (at 22:6). This is SDG&E’s total forecast for Compensation which, in addition to ICP, includes Spot Cash and Employee Recognition.

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Table DSR-3

Variable Pay/ICP	2024	2024	Cal-Adv	2024	TURN vs.
	SoCalGas	Cal-Adv	vs. SoCalGas	TURN	SoCalGas
Non-Executive	\$ 111,159	\$ 45,353	\$ (65,806)	\$ 92,262	\$ (18,897)
Executive	\$ 2,863	\$ 888	\$ (1,975)	\$ 1,832	\$ (1,031)
Total	\$ 114,022	\$ 46,241	\$ (67,781)	\$ 94,094	\$ (19,928)

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Table DSR-4

Variable Pay/ICP	2024	2024	Cal-Adv	2024	TURN vs.	2024	UCAN vs.
	SDG&E	Cal-Adv	vs. SDG&E	TURN	SDG&E	UCAN	SDG&E
Non-Executive	\$ 81,026	\$ 33,180	\$ (47,846)	\$ 54,740	\$ (26,286)	\$ -	\$ (81,026)
Executive	\$ 1,867	\$ 612	\$ (1,255)	\$ 1,167	\$ (700)	\$ -	\$ (1,867)
Total	\$ 82,893	\$ 33,792	\$ (49,101)	\$ 55,907	\$ (26,986)	\$ -	\$ (82,893)

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1. Cal Advocates' position on ICP

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Cal Advocates first applies a reduction to the TY 2024 ICP forecast based on their forecast for TY 2024 ICP-eligible headcount. They further reduce the ICP forecast to remove the portion of the ICP related to financial performance measures and to remove 50% of the funding for the portion of the ICP related to other performance measures.

2. TURN's position on ICP

TURN's funding recommendation for ICP varies by performance measure and ranges between zero funding and full funding based on their view of the degree to which each performance measure benefits customers.

For SoCalGas, TURN recommends:

- Zero funding: portion of the ICP related to financial performance measures and certain other specified Customer and Stakeholder measures:
 - Execute Clean Energy Transition Plan
 - Progress Toward 2022 Renewable Natural Gas Goal of 5%
 - Customer Insight Study (non-executive plan)
- 50% funding: portion of the ICP related to certain Customer and Stakeholder measures performance measures:
 - New Gas Business Customer Experience
 - Customer Insight Study (executive plan)
 - Execute 2022 Diversity, Equity, and Inclusion (DE&I) Priorities

- 1 ○ Supplier Diversity
- 2 ● Full funding: portion of the ICP related to safety and safety management systems.
- 3 For SDG&E, TURN recommends:
- 4 ● Zero funding: portion of the ICP related to financial performance measures and
- 5 certain other specified Safety and Customer and Stakeholder measures:
- 6 ○ Wildfire and Public Safety Power Shutoff (PSPS) System Hardening
- 7 ○ Community Relations
- 8 ● 50% funding: portion of the ICP related to certain Customer and Stakeholder
- 9 measures performance measures:
- 10 ○ SDG&E Listens (Voice of the Customer)
- 11 ○ Supplier Diversity
- 12 ● Full funding: portion of the ICP related to:
- 13 ○ Safety/operational measures other than Wildfire and PSPS System
- 14 Hardening
- 15 ○ Customer and Stakeholder goals other than SDG&E Listens (Voice of the
- 16 Customer) and Supplier Diversity measures

17 **3. UCAN’s position on ICP (SDG&E Only)**

18 UCAN recommends zero funding for SDG&E’s ICP. UCAN takes issue with the
19 weighting of the financial health measures in SDG&E’s ICP (10% weighting for non-executive
20 and 28% weighting for executive in the 2022 ICP) and the inclusion of “difficult to quantify”¹³
21 measures such as public opinion surveys and progress toward a renewable natural gas goal
22 (renewable natural gas goal was included in SoCalGas’s 2022 ICP but was not included in
23 SDG&E’s 2022 ICP). They assert that funding for the ICP should be denied unless SDG&E
24 designs a plan based on employee efforts to control costs and reduce customer rates. UCAN
25 contends that the Commission has treated ICP as a “routine approval”¹⁴ in past GRCs.

¹³ Ex. UCAN (Zeller) at 21.

¹⁴ *Id.*

1 **4. SoCalGas’s and SDG&E’s Rebuttal Summary**

2 **a. Incentive compensation programs are part of a reasonable at-**
3 **market compensation package.**

4 Incentive compensation programs are an integral part of a reasonable and competitive
5 total compensation package and, as such, should be treated no differently than base salary for
6 cost recovery purposes. The Total Compensation Study, which was prepared by Willis Towers
7 Watson, found that SoCalGas’s total compensation (defined as base salaries, short-term
8 incentives, and benefits and including the Sempra Corporate Center) is within 1.9% of market
9 based on actual total compensation (using actual ICP) and target total compensation (using target
10 ICP) is within 0.7% of market and SDG&E’s total compensation is within 3.4% of market based
11 on actual total compensation (using actual ICP) and target total compensation (using target ICP)
12 is within 1.9% of market.¹⁵ In D.95-12-055, the Commission affirmatively stated that
13 compensation levels that fall between plus or minus five percent of the relevant market are
14 considered to be “at market” and reasonable.¹⁶ Both SoCalGas’s and SDG&E’s compensation is
15 clearly reasonable based on the standards set by the Commission. In D.15-11-021, the
16 Commission acknowledged the importance of evaluating incentive compensation in the context
17 of whether total compensation is reasonable:

18 However, we do place weight on the results of the TCS and decline to adopt the
19 deep cuts proposed by TURN and the ORA.¹⁷

20 The Commission has declined to micromanage utilities’ variable compensation programs,
21 saying that “as long as [a utility’s] *total compensation levels* are appropriate [they] will not
22 dictate how [the utility] distributes compensation among various types of employment
23 benefits.”¹⁸ In Southern California Edison Company’s (SCE) TY 2021 GRC, the Commission
24 noted that “it is within SCE management’s discretion to target incentive compensation to achieve
25 ratepayer benefits.”¹⁹ The Commission has also noted:

¹⁵ Ex. SCG-25-R/SDG&E-29-R (Robinson) at DSR-6, Appendix B (SoCalGas) and Appendix C (SDG&E).

¹⁶ D.95-12-055, 1995 Cal. PUC LEXIS 965 at *34.

¹⁷ D.15-11-021 at 265.

¹⁸ D.97-07-054, 1997 Cal. PUC LEXIS 751 at *119 (emphasis added). *See also, e.g.*, D.13-05-010 at 882 (declining to micromanage SDG&E and SoCalGas’s variable compensation metrics).

¹⁹ D.21-08-036 at 428 (citation omitted).

1 ...it would be within [a utility's] managerial discretion to offer all cash
2 compensation to employees in the form of base pay instead of a mix of base pay
3 and incentive pay. In the event [the utility] were to do so, we would not take
4 issue with ratepayer funding of the resulting compensation as long as total
5 compensation is reasonable. If total compensation does not exceed market levels,
6 a disallowance of reasonable expenses for the [incentive compensation] program
7 would in effect be a substitution of our judgment for that of [utility] managers
8 regarding the appropriate mix of base and incentive pay.²⁰

9 In their respective testimonies, Cal Advocates, TURN and UCAN inappropriately attempt
10 to substitute their judgment for that of SoCalGas and SDG&E in determining the appropriate
11 individual components that make up its incentive compensation program. It should also be noted
12 that Cal Advocates, TURN, and UCAN each have different views of which measures benefit
13 ratepayers, underscoring the inherent subjectivity of this approach.

14 Cal Advocates, TURN, and UCAN should recognize that SoCalGas's and SDG&E's total
15 compensation is at market and as such, is reasonable and should be subject to full recovery.

16 **b. A compensation package that includes a combination of base**
17 **pay and incentive compensation provides a greater benefit to**
18 **ratepayers than providing the same level of compensation**
19 **solely through base pay**

20 Cal Advocates', TURN's, and UCAN's arguments may have the unintended consequence
21 of encouraging SoCalGas and SDG&E to provide higher base salaries in lieu of incentive
22 compensation, while continuing to provide at-market aggregate total compensation. D.04-07-
23 022 for SCE acknowledges that incentive compensation could be discontinued and offset with
24 higher base salaries:

25 We also note that it would be within SCE's managerial discretion to offer all cash
26 compensation to employees in the form of base pay instead of a mix of base pay
27 and incentive pay. In the event SCE were to do so, we would not take issue with
28 ratepayer funding of the resulting total compensation as long as total
29 compensation is reasonable.²¹

30 Such an approach would not be beneficial to ratepayers, as these incentive programs
31 encourage employees to continue to find opportunities to improve performance and operate
32 efficiently. The ICP focuses employees on safety, reliability and customer and stakeholder goals

²⁰ D.04-07-022 at 217.

²¹ *Id.*

1 and provides accountability for results. In contrast, base salary is fixed and does not provide the
2 same level of focus on key goals.

3 **c. Ratepayers benefit from incentive compensation programs**
4 **because they are an integral part of a competitive total**
5 **compensation package**

6 Ratepayers benefit from incentive compensation programs because they are critical to
7 SoCalGas's and SDG&E's ability to attract and retain a highly-skilled, experienced workforce.
8 In PG&E's 2014 GRC decision, the Commission stated:

9 We conclude that offering employee compensation in the form of incentive
10 payments is useful for recruiting and retaining skilled professionals and
11 improving work performance. Conditioning a portion of management employees'
12 compensation on achievement of specific company goals is a generally accepted
13 compensation practice.²²

14 Along these lines, the Commission has recognized that "short term incentive
15 compensation is a valuable tool for attracting and retaining skilled professionals to run and
16 manage the companies, and to carry out and meet safety, diversity, and customer service
17 goals."²³

18 In addition, as discussed below the performance measures in SoCalGas's and SDG&E's
19 incentive compensation programs, including financial measures, benefit ratepayers.

20 **d. ICP Performance Goals Benefit Customers and the**
21 **Community**

22 The SoCalGas and SDG&E Non-Executive ICP plans include a company performance
23 component, which trains employee focus on the achievement of company goals related to safety,
24 reliability, customer and stakeholder goals and financial health. In addition, the plans include an
25 individual performance component, which is based on the employee's contributions toward these
26 company goals and their achievement of their individual performance objectives. The company
27 performance component and individual performance component each are weighted at 50% of
28 employees' target ICP award. SoCalGas's and SDG&E's Executive ICP plans also include
29 company performance goals related to safety, reliability, customers and stakeholders and
30 financial health. The executive plans do not include an individual performance measure,

²² D.14-08-032 at 520.

²³ D.13-05-010 at 882.

1 although the SoCalGas and SDG&E boards of directors may adjust individual executive ICP
 2 awards in consideration of individual performance.

3 The 2022 ICP goals for SoCalGas and SDG&E and shown in Tables DSR-5 and DSR-6
 4 below.

5 **Table DSR-5**

2022 SoCalGas ICP Performance Measures	Weighting	
	Non-Executive	Executive
Company Performance Component		
Safety/Safety Management Systems	40%	60%
Employee Safety		
Lost Time Incident Rate	6%	6%
ESCMP Corrective Action Completion Percentage	4%	4%
Defensive Driving Training Completion Rate	3%	3%
Driving Observation Rate	3%	3%
Customer, Public & System Safety		
A1 Gas Leak Order Response Time	4%	6%
Damage Prevention - Damages per USA Ticket Rate	3%	6%
Gas System Methane Emission Reductions	3%	6%
Pipeline Safety Enhancement Program (Pipeline Miles Remediated)	3%	6%
Distribution Integrity Management Program (Miles of Vintage Mains and Services Replaced)	3%	6%
Age of Code Three Steel Leak Inventory	3%	6%
Cybersecurity - Annual Average Phishing Report Rate	2%	2%
Safety Culture Enhancements	3%	6%
Customers and Stakeholders	6%	13%
Clean Energy		
Executive Clean Energy Transition Plan	1%	3%
Progress toward 2022 Renewable Natural Gas Goal of 5%	1%	2%
New Gas Business Customer Experience	1%	2%
Gas Distribution On-Time Performance		
Customer Contact Center Set Desk Level of Service		
Customer Service		
Customer Insight Study: Public Opinion	1%	2%
Diversity, Equity & Inclusion		
Executive 2022 DE&I Priorities		2%
Supplier Diversity	2%	2%
Financial Health	4%	27%
SoCalGas Earnings	3%	20%
Sempra Earnings	1%	7%
Total Company Performance Component	50%	100%
Total Individual Performance Component	50%	

Table DSR-6

2022 SDG&E ICP Performance Measures	Weighting	
	Non-Executive	Executive
Company Performance Component		
Safety/Safety Management Systems	34%	60%
Employee Safety		
Lost Time Incident Rate	4%	5%
Controllable Motor Vehicle Incidents	1%	3%
Field Observations	4%	5%
Near Misses Reported	5%	5%
Electric Safety and Reliability		
Wildfire and PSPS System Hardening	3%	5%
Vegetation Contacts in HFTD	2%	5%
PSPS Average Circuit Restoration Time	1%	5%
Electric Overhead Fault Rate During Elevated Fire Potential	2%	5%
System Average Duration Interruption Index	2%	3%
Cybersecurity - Annual Average Phishing Report Rate	1%	4%
Gas Safety		
Distribution Integrity Management Program (Miles of Vintage Mains and Services Replaced)	3%	5%
Damage Prevention - Damages per USA Ticket Rate	3%	5%
P1 Gas Response Time	3%	5%
Customers and Stakeholders	6%	12%
Virtual Power Plant - Phase of Production		2%
Customer Service		
SDG&E Listens Survey (Voice of the Customer)	3%	3%
Diversity, Equity & Inclusion		
DE&I Action Plan Progress	1%	3%
Supplier Diversity	1%	2%
Community Relations	1%	2%
Financial Health	10%	28%
SDG&E Earnings	6%	16%
Sempra Earnings	4%	12%
Total Company Performance Component	50%	100%
Total Individual Performance Component	50%	

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e. **Safety and Customer and Stakeholder performance measures**

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Cal Advocates does not dispute that ICP measures related to safety and safety management systems and customers and stakeholders benefit ratepayers. They contend, however, that strong performance for these measures also benefits shareholders and, therefore, shareholders should fund a portion of ICP. Cal Advocates recommends that ratepayers and shareholders each fund 50% of the portion of ICP related to these goals. TURN recommends

1 that ratepayer fund 50% of certain safety and customer and stakeholder goals with no funding for
2 certain goals.

3 The recommendations of Cal Advocates, TURN and UCAN are inconsistent with the
4 Commission’s decision in SoCalGas and SDG&E’s 2019 GRC, in which the Commission found
5 that metrics focused on safety, operational efficiency, reduced costs and improved service
6 provide a tangible benefit to ratepayers:

7 We reviewed various performance metrics for the ICP and find that most of the
8 performance metrics provide tangible benefits to ratepayers in that they encourage
9 and promote either safety, operational efficiency, reduced costs, improved service
10 or a policy that the Commission. While some metrics also align with shareholder
11 goals, we find that these are not necessarily inconsistent with ratepayer benefits.²⁴

12 The Commission did not apply any reductions or cost sharing to any non-executive ICP
13 metrics other than financial metrics,²⁵ finding that “10 percent of the ICP, or the amount
14 representing the financial metrics, should be disallowed.”²⁶

15 The differences between the Cal Advocates, TURN and UCAN’s recommendations, as
16 well as differences in their recommendations from one GRC to the next, demonstrate that
17 attempting to allocate incentive compensation funding based on the perceived benefits to
18 ratepayers and shareholders is unreasonable and subjective. Because ICP is part of a competitive
19 and reasonable total compensation package, it is a reasonable cost of service and should be fully
20 recoverable. The fact the interests of ratepayers and shareholders are aligned should not trigger a
21 reduction in ratepayer funding.

22 In addition, conditioning the funding for incentive programs on the Cal Advocates’ and
23 intervenors’ retroactive and subjective assessment of the merits of each individual ICP
24 performance measure constitutes micromanagement of the incentive plan design. The
25 Commission has declined to manage the performance goals in incentive plans. In SoCalGas’s
26 and SDG&E’s 2012 GRC decision, the Commission concluded:

27 With respect to the argument of TURN and UCAN that the metrics for the ICPs
28 of SDG&E and SoCalGas should be revised, we do not adopt that suggestion.

²⁴ D.19-09-051 at 542.

²⁵ *Id.* at 543-544. The Commission disallowed the 10% of non-executive ICP tied to financial measures and reduced the SDG&E non-executive ICP forecast by \$2.2 million to adjust the methodology used to forecast ICP for SDG&E union employees on temporary ICP-eligible assignments.

²⁶ *Id.* at 771, Conclusion of Law 83.

1 SDG&E and SoCalGas are in the best position to decide what metrics to use to
2 measure the performance of its employees, and to revise the metrics as UCAN has
3 suggested would result in the Commission’s micromanaging of the Applicant’s
4 variable compensation.²⁷

5 TURN and UCAN singled out specific ICP measures for criticism. SoCalGas and
6 SDG&E provide additional information related to these measures below:

- 7 • Wildfire and PSPS System Hardening (SDG&E only): The goal of this program is
8 to mitigate the risk of wildfire and minimize the impact of PSPS. TURN
9 incorrectly contends that the program “explicitly rewards capital investment to the
10 exclusion of a cost-effective, holistically developed program that includes
11 operations and maintenance (O&M) (such as vegetation management,
12 maintenance and replacement programs, etc.) as a reasonable and equal-footed
13 program.”²⁸ To the contrary, the record shows that SDG&E has a holistically-
14 developed program of wildfire and PSPS risk reduction that includes O&M
15 programs such as vegetation management and replacement programs as discussed
16 in the testimony of Jonathan Woldemariam (Ex. SDG&E-13-2R). It is still
17 reasonable that this metric be chosen as an ICP goal, because SDG&E’s programs
18 that reduce the greatest amount of wildfire and PSPS risk are its system hardening
19 programs, specifically the installation of covered conductor and the
20 undergrounding of its distribution circuits.
- 21 • Execute Clean Energy Transition Plan (SoCalGas): This goal focuses on the
22 advancement of hydrogen projects such as clean fuels infrastructure projects and
23 hydrogen blending. The projects included under the Clean Energy Transition
24 category are projects that align with SoCalGas’s ASPIRE 2045 sustainability
25 strategy as well as California’s climate policy goals as clearly stated in the direct
26 testimonies for Climate Policy and Sustainability Policy (Ex. SCG-02-R) of
27 Johnathan Peress and Michelle Sim (adopted by Shirley Arazi and Despina
28 Niehaus), Clean Energy Innovations (Ex. SCG-12-R) of Armando Infanzon, and
29 Gas Engineering (Ex. SCG-07-R) of Maria Martinez. The items listed under the

²⁷ D.13-05-010 at 882.

²⁸ Ex. TURN-10 (Jones) at 24.

1 Clean Energy Transition would have direct benefits to ratepayers, as these
2 activities and projects will support combating climate change in California,
3 improve air quality in the communities of ratepayers and improve energy
4 resiliency, all of which are directly and measurable relevant to SoCalGas’s
5 ratepayers.

- 6 • Progress Toward 2022 Renewable Natural Gas Goal of 5% (SoCalGas): This goal
7 focuses on replacing 20% of the traditional natural gas delivered to SoCalGas
8 core customers with renewable natural gas by 2030. TURN opposes this
9 performance measure on the mistaken assumption that it is not based on sound
10 policy principles and is being used to improve SoCalGas’s image.²⁹ The direct
11 testimonies for Climate Policy and Sustainability Policy (Ex. SCG-02-R) of
12 Johnathan Peress and Michelle Sim (adopted by Shirley Arazi and Despina
13 Niehaus) discusses the various decarbonization goals California has in place, such
14 as Assembly Bill 32, Senate Bill 32, Executive Order B-55-18, Senate Bill 1440,
15 and Renewable Natural Gas (RNG) is one of many initiatives that will play a
16 critical role in enabling the state to reach net-zero GHG emissions by 2045.³⁰
- 17 • New Business Customer Experience (SoCalGas only): This goal focuses on Gas
18 Distribution on-time performance and Customer Contact Center level of service
19 for new business customers. TURN incorrectly suggests 50% funding of this
20 measure, contending that there is an “obvious-image crafting aspect” and an
21 “ancillary cost-saving aspect,” and that this is not a benefit to ratepayers since it is
22 not related to safety and reliability.³¹ SoCalGas clarifies that this goal is related to
23 providing reliable service to its customers and ratepayers as a part of its obligation
24 to serve as a utility, as well as minimizing any lost labor time. Customers expect
25 to have access to energy in a timely manner as a part of their basic standard of
26 living. This is especially true in new construction, as customers wait for their new

²⁹ UCAN criticizes SDG&E’s renewable natural gas goal (Ex. UCAN (Zeller) at 21); however, SDG&E’s ICP does not include a renewable natural gas goal.

³⁰ Ex. SCG-02-R (Peress and Sim) at NJP-3 – NJP-4. *Also see* Ex. SCG-202 (Niehaus and Arazi) at NA-16.

³¹ Ex. TURN-10 (Jones) at 28.

1 homes or businesses to be fully ready. Through this ICP goal, SoCalGas
2 quantifies and measures its comment to deliver its construction services to its
3 customers to meet their expectations.

- 4 • SDG&E Listens Survey (SDG&E): This goal focuses on customers' perceptions
5 of their interactions with SDG&E. Customers are asked to rate whether SDG&E
6 made the interaction easy for the customer, providing SDG&E with valuable
7 input.
- 8 • SoCalGas Customer Insight Study (CIS) (SoCalGas): This goal measures the CIS
9 Residential overall favorability score, which is based on a survey of residential
10 customers. This feedback allows SoCalGas to identify improvement
11 opportunities with its communications and assess any gaps between customer
12 needs and preferences and the customer experience, products and services that
13 SoCalGas offers.
- 14 • Community Relations (SDG&E): This goal focuses on SDG&E's charitable
15 giving to diverse and underserved communities, and it aligned with SDG&E's
16 aim to help support communities it serves.
- 17 • Execute 2022 DE&I Priorities (SoCalGas): This goal focuses on initiatives in
18 SoCalGas's Equity Action Plan, including items tied to purchasing diversity,
19 philanthropy and people. TURN supports the items related to the People
20 category, expresses concerns with aspects of the Diverse Purchasing category,
21 resulting in an overall recommendation of 50% funding for this goal. SoCalGas
22 disagrees with TURN.³² SoCalGas' DE&I goals support SoCalGas' efforts to
23 attract and retain the best employees. SoCalGas' customers benefit when
24 SoCalGas is able to attract and retain high-caliber employees, particularly
25 employees who are committed to diversity, equity and inclusion and community
26 service. Additional information on SoCalGas DE&I Priorities can be found in
27 direct testimony of People and Culture (Ex. SCG-28-R) of Abigail Nishimoto.
- 28 • Supplier Diversity (SDG&E and SoCalGas): These goals are focused on Diverse
29 Business Enterprise spend as a percentage of overall spend. SoCalGas and

³² Ex. TURN-10 (Jones) at 32.

1 SDG&E remain committed to supporting its supplier diversity program so they
2 may continue creating contracting and sourcing opportunities for diverse
3 businesses. SoCalGas and SDG&E are proud of their supplier diversity programs,
4 results, and the positive impact they have had with diverse businesses and with
5 the communities served by SoCalGas and SDG&E. Additional information on
6 supplier diversity programs can be found in the direct testimony of Supply
7 Management Logistics and Supplier Diversity (Ex. SCG-17) of Joseph Chow, and
8 Daniel Castillo (Ex, SDG&E-20).

9 **f. Financial performance measures**

10 The inclusion of financial performance measures in the ICP is aligned with the interests
11 of ratepayers. The weighting of financial performance measures in the 2022 ICP for SoCalGas
12 and SDG&E is shown below in Table DSR-7.

13 **Table DSR-7**

Financial Health Performance Measures	2022 ICP
	Weighting
SoCalGas Non-Executive Plan	4%
SoCalGas Executive Plan	27%
SDG&E Non-Executive Plan	10%
SDG&E Executive Plan	28%

14
15
16 In the TY 2019 Decision, D.19-09-051, the Commission did not allow funding for the
17 portion of SoCalGas’s and SDG&E’s ICP tied to financial performance. SoCalGas and SDG&E
18 do not agree with this approach. A financially sound utility benefits ratepayers. A financially
19 strong utility will have the ability to attract more external funding, if needed, at lower rates and
20 allows the utility to be more flexible with its financing. The achievement of sustainable
21 efficiencies is reflected in future GRCs, which also benefits ratepayers.

22 Cal Advocates and TURN are incorrect to assume that strong utility financial
23 performance does not benefit ratepayers. The linkage between utility financing costs and
24 benefits to ratepayers was discussed by Commissioner Ferron in his comments at an October 3,
25 2013 investor meeting:

26 This reduction in risk has led to a direct reduction in the cost of financing capital
27 for the utility sector in California. If you do the math, the reduction in the risk
28 premium – the reduction in the incremental cost of capital to our utilities – when
29 applied to the balance sheet of our utilities, is equal to several hundred million

1 dollars every year in direct savings to rate-paying customers. In short, the
2 ratepayer is ultimately the direct benefactor of this Commission making decisions
3 that improve the investment climate in California.³³

4 Consistent with these points, it is reasonable to recognize the sound policy and ratepayer
5 benefits of providing employees with an incentive to run the company efficiently while still
6 focusing on safety, customers, and stakeholders. As the Commission has recognized:

7 The financial metric may benefit ratepayers as a result of the companies' lower
8 borrowing costs.³⁴ ...[A] financially strong company usually has lower borrowing
9 costs, which benefits ratepayers by lowering costs.³⁵

10 Moreover, the Companies' Total Compensation Study (TCS) found that SoCalGas's and
11 SDG&E's total compensation – which includes all incentive compensation – falls within both the
12 industry and the Commission's definitions of "market" compensation.³⁶ SoCalGas' actual total
13 compensation is within 1.9% of market and target total compensation is within 0.7% of market.
14 SDG&E's total compensation is within 3.4% of market based on actual total compensation, and
15 target total compensation is within 1.9% of market. As explained in my direct testimony,³⁷ these
16 results demonstrate the reasonableness of SoCalGas's and SDG&E's compensation forecasts,
17 including all ICP metrics.

18 **g. Corporate Center allocations should be evaluated based on**
19 **whether the amount allocated to the utilities is reasonable**

20 TURN takes issue with the design of the Corporate Center ICP and recommends no
21 funding for performance measures related to Sempra's financial performance. A portion of
22 Corporate Center compensation and benefits costs, including Corporate Center ICP costs, is
23 allocated to SoCalGas and SDG&E to cover the costs of the services provided to the utilities by
24 Corporate Center. Corporate Center allocations are included in the direct testimony of Derick
25 Cooper (Ex. SCG-23-R/SDG&E-27-R). SoCalGas and SDG&E strongly disagree with TURN's
26 approach. Corporate Center employees are not employees of SoCalGas and SDG&E, and their
27 ICP costs should not be treated as such. Rather, Corporate Center employees provide services to

³³ A.17-10-007/008 (cons.), Ex. SCG-230/SDG&E-228 (Robinson) at DSR-24.

³⁴ D.13-05-010 at 882.

³⁵ *Id.* at 883.

³⁶ Ex. SCG-25-R/SDG&E-29-R (Robinson) at DSR-5-8 and Appendices B and C.

³⁷ *Id.* at DSR-17-19.

1 all Sempra business units and their ICP is designed to be broad enough to capture performance
2 across all businesses.

3 Corporate Center jobs were included in the SoCalGas and SDG&E Total Compensation
4 Study. The Total Compensation Study determined that total compensation, including an
5 allocation of costs for Corporate Center jobs, was in line with the market.

6 Recovery of Corporate Center allocations, including allocations for Corporate Center
7 ICP, should be based only on whether the allocation methodology and allocation amounts are
8 reasonable. The performance measures of the Corporate Center ICP are not relevant. Allocation
9 methodologies and percentages (percent of a given cost allocated to each utility) are covered in
10 Mr. Cooper's testimony. The remaining variable impacting the allocation amount is the
11 compensation level for Corporate Center employees.

12 **B. Total Compensation Study**

13 UCAN takes issue with the compensation of "128 individual SDG&E employees" based
14 on its review of SDG&E's Total Compensation Study and recommends a reduction of \$2.5
15 million to SDG&E's overall Compensation and Benefits forecast.³⁸ UCAN's recommendation is
16 based on speculative and incorrect assumptions and an incorrect understanding of the purpose of
17 the Total Compensation Study and should be rejected.

18 SDG&E strongly disagrees with UCAN's cherry picking. The purpose of the Total
19 Compensation Study is to evaluate the overall compensation and benefits provided by SDG&E
20 to its employees. SoCalGas and SDG&E included a Total Compensation Study or TCS as part of
21 their TY 2024 General Rate Case submission (attached as Appendix B (SoCalGas) and
22 Appendix C (SDG&E) to Exhibit SCG-25-R/SDG&E-29-R), in compliance with Commission
23 Decisions (D.) 87-12-066, D.89-12-057, and D.96-01-011. For over 25 years, SoCalGas and
24 SDG&E have submitted a TCS in connection with their GRCs. The TCS is provided for the
25 purpose of evaluating SoCalGas's and SDG&E's total compensation relative to the external
26 labor market, including a detailed analysis of "total compensation," which is defined as the
27 aggregate value of annualized base pay, incentive compensation (short-term and long-term) and
28 benefits programs.³⁹ Compensation for individual employees is influenced by a number of

³⁸ Ex. UCAN (Zeller) at 24.

³⁹ See Ex. SCG-25-R/SDG&E-29-R (Robinson), Appendix B (SoCalGas) and Appendix C (SDG&E) at Appendix B at Appendix G: Glossary of Terms.

1 factors, such as the scope the role vs. the benchmark job and an individual incumbent's
2 specialized skills, experience, tenure and performance.

3 The Total Compensation Study, which was prepared by Willis Towers Watson defines
4 the scope of the study:

5 This study evaluates the competitiveness of total compensation provided by
6 SDG&E to its employees based on a selection of SDG&E jobs ("benchmark
7 jobs")...The study covers 280 benchmark jobs at SDG&E representing 3,062
8 employee (64.3% of 4,760 total SDG&E employees) as of October 2021.⁴⁰

9 The Total Compensation Study found that SDG&E's total compensation (defined as base
10 salaries, short-term incentives, and benefits and including the Sempra Corporate Center) is
11 within 3.4% of market based on actual total compensation (using actual ICP) and target total
12 compensation (using target ICP) is within 1.9% of market.⁴¹ UCAN acknowledges that
13 SDG&E's total compensation request "appears to be reasonable"⁴²

14 **IV. REBUTTAL TO PARTIES BENEFITS PROPOSALS**

15 **A. Benefit Programs Overview**

16 Benefit programs are a critical component of a competitive total rewards program.
17 SoCalGas and SDG&E offer a comprehensive and balanced employee benefits program that
18 includes:

- 19 • Health benefits: medical, dental, vision, wellness, employee assistance program
20 (EAP), and mental health and substance abuse benefits;
- 21 • Welfare benefits: long-term disability, workers compensation, life insurance,
22 accidental death and dismemberment (AD&D) insurance, and business travel
23 accident insurance;
- 24 • Retirement benefits: pension and retirement savings plans; and
- 25 • Other benefit programs.

26 Certain benefits are covered in other testimony volumes. Peter Andersen covers broad-
27 based pension benefits and postretirement benefits in Ex. SCG-26/SDG&E-30, and Abigail

⁴⁰ Ex. SCG-25-R/SDG&E-29-R (Robinson), Appendix C (SDG&E) at 2 (citation omitted).

⁴¹ Ex. SCG-25-R/SDG&E-29-R (Robinson) at DSR-6, Appendix B (SoCalGas) and Appendix C (SDG&E).

⁴² Ex. UCAN (Zeller) at 23.

1 Nishimoto and Alexandra Taylor cover long-term disability and workers compensation in Ex.
 2 SCG-28-R and Ex. SDG&E-32, respectively.

3 Cal Advocates recommended adjustments to the forecasts for Health Benefits (medical,
 4 dental and vision), nonqualified retirement savings plan and supplemental pension. They did not
 5 take issue with SoCalGas’s and SDG&E’s other benefit programs. TURN and UCAN did not
 6 propose any changes to benefit program cost forecasts.

7 **B. Cal Advocates Position on Health Benefits**

8 Cal Advocates recommended reductions to SoCalGas’s and SDG&E’s medical, dental
 9 and vision forecasts based on a lower TY 2024 headcount forecast and the application of a
 10 reduction related to employees who waive or are otherwise not covered by benefits.

11 **Table DSR-7**

Health Benefits		2024	Cal-Adv
	SoCalGas	Cal-Adv	vs. SoCalGas
Medical	\$ 132,596	\$ 103,690	\$ (28,906)
Dental	\$ 6,225	\$ 4,868	\$ (1,357)
Vision	\$ 701	\$ 528	\$ (173)
Wellness	\$ 1,187	\$ 1,187	\$ -
EAP	\$ 1,161	\$ 1,161	\$ -
Total	\$ 141,869	\$ 111,434	\$ (30,435)

13 **Table DSR-8**

Health Benefits		2024	Cal-Adv
	SDG&E	Cal-Adv	vs. SoCalGas
Medical	\$ 74,657	\$ 55,209	\$ (19,448)
Dental	\$ 4,883	\$ 3,866	\$ (1,017)
Vision	\$ 388	\$ 287	\$ (101)
Wellness	\$ 1,204	\$ 1,204	\$ -
EAP	\$ 476	\$ 476	\$ -
Total	\$ 81,607	\$ 61,041	\$ (20,565)

15 Cal Advocates applies a reduction related to their lower headcount forecast of
 16 approximately 15% for SoCalGas and approximately 9% for SDG&E. They incorrectly apply a
 17 further reduction of approximately 8% for SoCalGas and approximately 13% for SDG&E based
 18 on their understanding that “Sempra’s ... cost projections assume 100% enrollment.”⁴³

⁴³ Ex. CA-13-E (Emerson) at 12.

SoCalGas and SDG&E take issue with Cal Advocates’ forecast. SoCalGas’s and SDG&E’s headcount forecast is reasonable and should not be adjusted, other than to correct the error discussed in Section 5 – Headcount Forecast below. SoCalGas’s and SDG&E’s Health Benefits forecast do not assume 100% enrollment . The assumption is based on actual 2021 open enrollment data for 2022 benefits. SoCalGas’s and SDG&E’s medical, dental and vision cost forecasts include only the cost of a modest “waive credit” provided to employees who waive benefits. At SoCalGas the enrollment percentages for TY 2024 are Medical 88%, Dental 92% and Vision 91%. At SDG&E the enrollment percentages for TY 2024 are Medical 89%, Dental 93% and Vision 90%. SoCalGas’ “Revised Workpapers to Prepared Direct Testimony” for Medical, Dental, and Vision have specific line items for Waives and Employees or Leaves Not Covered under the respective benefit.⁴⁴ SDG&E’s “Revised Workpapers to Prepared Direct Testimony” for Medical, Dental, and Vision have specific line items for Waives and Employees or Leaves Not Covered under the respective benefit.⁴⁵

C. Cal Advocates’ Position on Retirement Benefits

Cal Advocates reduces the nonqualified retirement savings plan cost forecast by 15% for SoCalGas and 9% for SDG&E in consideration of their lower TY 2024 forecast. Cal Advocates proposes 50% funding for the nonqualified retirement savings plan (net of their headcount adjustment) and supplemental pension. Tables DSR-9 and DSR-10 below are based on Cal Advocates Table 13-10.

Table DSR-9

Retirement Benefits	2024		Cal-Adv
	SoCalGas	Cal-Adv	vs. SoCalGas
Retirement Savings	\$ 34,613	\$ 34,613	\$ -
Nonqualified RSP	\$ 317	\$ 135	\$ (182)
Supplemental Pension	\$ 2,206	\$ 1,103	\$ (1,103)
Total	\$ 37,136	\$ 35,851	\$ (1,285)

⁴⁴ Ex. SCG-25-WP-R (Robinson) Workpapers at 21-24 (Medical), at 31 (Dental), and at 46-47 (Vision).

⁴⁵ Ex. SDG&E-29-R (Robinson) Workpapers at 35-38 (Medical), at 45 (Dental), and at 52 (Vision).

Table DSR-10

Retirement Benefits	SDG&E	2024	Cal-Adv
		Cal-Adv	vs. SoCalGas
Retirement Savings	\$ 22,702	\$ 22,702	\$ -
Nonqualified RSP	\$ 268	\$ 122	\$ (146)
Supplemental Pension	\$ 1,945	\$ 973	\$ (972)
Total	\$ 24,916	\$ 23,797	\$ (1,119)

SoCalGas and SDG&E take issue with Cal Advocates’ forecast. SoCalGas’s and SDG&E’s headcount forecast is reasonable and should not be adjusted, other than to correct the error discussed in Section 5 below. Attracting and maintaining talented employees at all levels provides value to ratepayers. SDG&E and SoCalGas request that the Commission approve the Nonqualified Retirement Savings Plan and Supplemental Pension requests as submitted; or, at a minimum, continue the Commission’s current practice of 50 percent ratepayer funding of these costs.⁴⁶

V. HEADCOUNT FORECAST

SoCalGas’s and SDG&E’s TY 2024 compensation and benefits costs are based on a headcount forecast. Headcount differs from the full-time equivalent, or “FTE,” forecasts used in other witness areas. FTEs may include contractors, overtime, etc., while compensation and benefits costs are driven by the number of employees.

A. Correction of Forecasting Error

SoCalGas and SDG&E identified an error in the headcount forecast used in my direct testimony and workpapers (Ex. SCG-25-R/SDG&E-29-R). The headcount forecast was overstated due to the double counting of certain employees on leave. The tables below summarize the impact of the correction:

⁴⁶ D.13-05-010 (SDG&E and SoCalGas TY2012 GRC), D.15-11-021 (SCE TY2015 GRC), D.14-08-032 (PG&E TY2014 GRC), and D.19-09-051 (SDG&E and SoCalGas TY2019 GRC).

1 **Table DSR-11**

	2022	2023	2024	2022	2023	2024	2022	2023	2024
	Original	Original	Original	Revised	Revised	Revised	Variance	Variance	Variance
Headcount									
SDG&E									
Actives	4,934	5,131	5,388	4,813	5,010	5,267	(121)	(121)	(121)
Leaves	104	104	104	121	121	121	17	17	17
SCG									
Actives	9,092	9,741	10,080	8,725	9,374	9,713	(367)	(367)	(367)
Leaves	360	360	360	367	367	367	7	7	7

2 **Table DSR-12**

\$ in thousands	2022	2023	2024	2022	2023	2024	2022	2023	2024
	Original	Original	Original	Revised	Revised	Revised	Variance	Variance	Variance
Compensation and Benefits Overall Variance									
SDG&E	\$ 168,114	\$ 180,014	\$ 194,285	\$ 164,761	\$ 176,533	\$ 190,667	\$ (3,353)	\$ (3,481)	\$ (3,618)
SCG	\$ 260,259	\$ 286,442	\$ 304,412	\$ 252,695	\$ 278,490	\$ 296,200	\$ (7,564)	\$ (7,951)	\$ (8,212)

3 SCG/SDG&E will update its testimony and workpaper at the next available opportunity.

4 **B. Cal Advocates Headcount Forecast**

5 Cal Advocates takes issue with SoCalGas’s and SDG&E’s forecast based on its claims
6 that the projected headcount forecast for TY2024 assumes a higher growth rate than the 2017-
7 2021 average growth rate. UCAN takes issue with SDG&E’s headcount forecast and
8 recommends that the Commission deny SDG&E’s request for additional staff and reduce overall
9 compensation and benefit costs by \$25 million.

10 Testimony rebutting Cal Advocates’ arguments regarding SoCalGas’s headcount is
11 provided in People and Culture witness Abigail M. Nishimoto (Exhibit SCG-228) and Policy
12 Overview witness Maryam Brown (Exhibit SCG-201). Support for the reasonableness of
13 SDG&E’s headcount forecast to rebut Cal Advocates’ and UCAN’s arguments is provided in the
14 rebuttal testimony chapters of People and Culture witness Alexandra Taylor (Exhibit SDG&E-
15 232) and Policy Overview witness Bruce Folkmann (Exhibit SDG&E-201).

16 **VI. UCAN’S PROPOSAL TO INSTALL BATTERIES IN RURAL AREAS**

17 UCAN suggests that SDG&E install batteries in rural areas to allow for continuity of
18 service despite a high fire risk.⁴⁷ UCAN does not link this proposal to any adjustment to
19
20

⁴⁷ Ex. UCAN (Zeller) at 23.

1 SDG&E's compensation and benefit forecast and this proposal is outside of the scope of the
2 Compensation and Benefits testimony. Testimony describing SDG&E's Resiliency Grant
3 Programs, Standby Power Programs, and Resiliency Assistance Programs is provided in the
4 Wildfire Mitigation and Vegetation Management direct testimony of Jonathan T. Woldemariam
5 (Ex. SDG&E-13-2R)

6 **VII. CONCLUSION**

7 SoCalGas's and SDG&E's compensation and benefits costs are part of a reasonable,
8 market-driven compensation package. These programs are critical to attracting, motivating and
9 retaining the experienced, highly-skilled workforce required to operate safe and reliable utilities
10 while providing excellent service to customers. Costs for these programs are well-supported,
11 reasonable and should be approved as submitted.

12 This concludes my prepared rebuttal testimony.

APPENDIX A
GLOSSARY OF TERMS

ACRONYM	DEFINITION
Assembly Bill	AB
Commission	California Public Utilities Commission
CIS	Customer Insight Study
D.	Decision
DE&I	Diversity, Equity, and Inclusion
EAP	Employee Assistance Program
FTE	Full-Time Equivalent
GRC	General Rate Case
ICP	Incentive Compensation Plan
PSPS	Public Safety Power Shutoff
RNG	Renewable Natural Gas
SDG&E	San Diego Gas & Electric Company
SB	Senate Bill
SoCalGas	Southern California Gas Company
TY	Test Year