

Company: Southern California Gas Company (U 904 G)/San Diego Gas & Electric
Company (U 902 M)
Proceeding: 2019 General Rate Case
Application: A.17-10-_____
Exhibit: SCG-45/SDG&E-44

SOCALGAS / SDG&E

DIRECT TESTIMONY OF JAMIE K. YORK

(COMPLIANCE)

October 6, 2017

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



A  Sempra Energy utility® A  Sempra Energy utility®

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SUMMARY

- My testimony presents the compliance-related items primarily associated with Southern California Gas Company's (SoCalGas) and San Diego Gas & Electric Company's (SDG&E) Test Year (TY) 2016 General Rate Case (GRC) Decision (D.)16-06-054.
- The new accountability and Risk Assessment Mitigation Phase (RAMP) reporting requirements, adopted in D.14-12-025, satisfy the statutory requirements leading to the California Public Utility Commission's (CPUC or Commission) gas transmission, distribution and storage safety reporting requirements. SoCalGas and SDG&E therefore request authorization to discontinue the superseded gas transmission, distribution, and storage safety reporting.

**SOCALGAS/SDG&E DIRECT TESTIMONY OF JAMIE K. YORK
(COMPLIANCE)**

I. INTRODUCTION

A. Summary of Proposals

My testimony presents the status of SoCalGas and SDG&E’s compliance with Commission directives in prior GRC decisions. Most of the compliance items discussed herein are pursuant to D.16-06-054, SoCalGas and SDG&E’s TY 2016 GRC Decision, and the resulting adopted settlement agreements. D.16-06-054 was approved by the Commission on June 23, 2016 (*i.e.*, the effective date) and was issued on July 1, 2016 (*i.e.*, the issuance date).

To derive the list of compliance items provided in my testimony, I reviewed D.16-06-054 and other Commission directives and reporting requirements. This testimony is a product of my research.

Table JY-1 below provides an overview of the compliance items covered in my testimony and the status of each.

TABLE JY-1

| Line No. | Compliance Item | Status |
|-----------------|---|--|
| 1 | Implementation of SoCalGas and SDG&E Revenue Requirement with CPUC Modifications | Complete, on-going for post-test years |
| 2 | TY 2016, Including Attrition Years 2017 and 2018 Settlement | Complete |
| 3 | Federal Executive Agencies Settlement | Complete |
| 4 | Environmental Defense Fund Settlement | Complete |
| 5 | Joint Minority Parties Settlement | On-going |
| 6 | The Utility Reform Network and Utility Consumers’ Action Network Settlement | Complete |
| 7 | Flow-Through 2015 Tax Repairs Deduction to Ratepayers | Complete |
| 8 | Establish the Tax Memorandum Account | Complete |
| 9 | Update Revenue Requirement to Reflect 20% Share of San Onofre Generating Station | Complete |
| 10 | Update Applicable Regulatory Accounts | Complete |
| 11 | Establish Memorandum Account to Track Executive Compensation | Complete |
| 12 | Prohibited from Provided Compensation Based on SDG&E’s Recovery of Monies from Ratepayers | Complete |

| | | |
|----|---|-----------------------|
| | for the Wildfire Costs Being Litigated in Application 15-09-010 | |
| 13 | Submit Interim Spending Accountability Reports | Complete |
| 14 | Provide Testimony in the TY 2019 GRC Demonstrating the Removal of Costs Associated with the Aliso Canyon Gas Leak | Complete |
| 15 | Track Tax Repairs and File Applicable Advice Letters for 2012-2015 | On-going |
| 16 | Provide Testimony in the TY 2019 GRC Regarding Governance, Safety Record, and Safety Culture | Complete |
| 17 | Provide Information in the TY 2019 GRC Regarding Actions Taken in the 2016-2018 Cycle Related to Incentive Compensation | Complete |
| 18 | Continuation of Three-Year GRC Cycle | Complete |
| 19 | Include Changes Resulting from the Risk Assessment Mitigation Phase in the TY 2019 GRC | Complete |
| 20 | Continue the Use of Reliability Performance Measures | Pending |
| 21 | Submit Semi-Annual Gas Transmission and Distribution Safety Report to the Safety and Enforcement Division and the Energy Division | Complete and on-going |
| 22 | Complete Audit and Present Audit Findings of SoCalGas and SDG&E Data Privacy and Security Practices | Complete and on-going |

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Further details will be discussed in the subsequent sections.

B. Organization of Testimony

My testimony is organized in eight sections as follows:

1. Introduction
2. Revenue Requirements and Results of Operations in Compliance with D.16-06-054
3. Settlement Agreements in Compliance with D.16-06-054
4. Regulatory Account Changes in Compliance with D.16-06-054
5. Requirements in D.16-06-054 Included in the TY 2019 GRC
6. Other Compliance Items and Reporting Requirements Beyond D.16-06-054
7. Conclusion

1 8. Witness Qualifications

2 **C. Support To/From Other Witnesses**

3 My testimony is associated with other testimony exhibits in the TY 2019 GRC

4 Applications of SoCalGas and SDG&E, including:

- 5 • SoCalGas and SDG&E Risk Management and Policy witness, Diana Day (Exhibit
- 6 SCG-02/SDG&E-02, Chapter 1);
- 7 • My SoCalGas and SDG&E RAMP to GRC Integration exhibit (Exhibit SCG-
- 8 02/SDG&E-02, Chapter 3);
- 9 • SoCalGas and SDG&E Gas Distribution witness, Gina Orozco-Mejia (Exhibits
- 10 SCG-04 and SDG&E-04);
- 11 • SoCalGas Underground Storage witness, Neil Navin (Exhibit SCG-10);
- 12 • SoCalGas Aliso Incident Expenditure Requirements witness, Andrew Steinberg
- 13 (Exhibit SCG-12);
- 14 • SoCalGas Advanced Meter Infrastructure witness, Rene Garcia (Exhibit SCG-
- 15 17);
- 16 • SoCalGas and SDG&E Environmental witnesses, Darrell Johnson (Exhibit SCG-
- 17 25) and Nancy Clancy (Exhibit SDG&E-23);
- 18 • SoCalGas and SDG&E Compensation and Benefits witness, Debbie Robinson
- 19 (Exhibit SCG-30/SDG&E-28);
- 20 • SoCalGas and SDG&E Tax witness; Ragan Reeves (Exhibits SCG-37 and
- 21 SDG&E-35); and
- 22 • SoCalGas and SDG&E Regulatory Accounts witnesses, Rae Marie Yu (Exhibit
- 23 SCG-42) and Norma Jasso (Exhibit SDG&E-41).

24 **II. REVENUE REQUIREMENTS AND RESULTS OF OPERATIONS IN**

25 **COMPLIANCE WITH D.16-06-054**

26 **A. Test Year 2016 Revenue Requirement**

27 D.16-06-054 adopted a TY 2016 revenue requirement of \$2,203,966,000 for SoCalGas¹

28 and \$1,791,273,000 for SDG&E.² The authorized amounts were largely the result of settlements

¹ D.16-06-054 at 327, Ordering Paragraph (OP) 2.c.

² D.16-06-054 at 326, OP 1.d.

1 amongst various parties, with the exception of three adjustments made by the Commission: (1)
2 revenue requirement adjustment for bonus depreciation, (2) revenue requirement adjustment for
3 San Onofre Nuclear Generating Station (SONGS) offsite spent fuel storage costs (applicable to
4 SDG&E only), and (3) rate base adjustment for an accounting method change regarding tax
5 repairs. The revenue requirements and the above-mentioned adjustments as ordered by the
6 Commission are reflected in the Results of Operations (RO) model, which in turn calculates the
7 revenue requirements. To implement these TY revenue requirements, OPs 1.e and 2.d of D.16-
8 06-054 required SoCalGas and SDG&E to file Tier 1 Advice Letters (AL) within 15 days from
9 the effective date to be put into rates on August 1, 2016, subject to a finding of compliance with
10 the Commission's Energy Division and in compliance with General Order (GO) 96-B. Further,
11 OP 1.e.ii and OP 2.d.ii of D.16-06-054 stated:

12 The balances recorded in SDG&E's [SoCalGas'] General Rate Case Revenue
13 Requirement Memorandum Account from January 1, 2016 until the effective date
14 of the new tariffs required by this Ordering Paragraph, shall be amortized in rates
15 beginning August 1, 2016 through December 31, 2017.

16 In accordance with this directive, SoCalGas and SDG&E filed advice letters further described
17 below.

18 **1. SoCalGas Implementation**

19 On July 8, 2016, 15 days following the Commission's approval of D.16-06-054,
20 SoCalGas filed Tier 1 AL 4990-G to:

- 21 • Revise rates effective August 1, 2016;
- 22 • Implement the base margin revenue requirement approved in D.16-06-054;
- 23 • Amortize the balance in the General Rate Case Memorandum Account 2016
24 (GRCMA2016), established in AL 4833-G; and
- 25 • Amortize the balance in the Deductible Tax Repairs Benefits Memorandum
26 Account (DTRBMA), established in AL 4771-G, in accordance with OP 3 of
27 D.16-06-054.

28 SoCalGas will amortize these changes over a 17-month period beginning August 1, 2016 through
29 December 31, 2017, in accordance with OP 2.d.ii. of D.16-06-054. The revenue requirement
30 implemented through AL 4990-G contained the applicable adjustments for bonus depreciation
31 and tax repairs as set forth in OP 2.a and 2.b, respectively.

1 Subsequent to the filing of AL 4990-G, it was noted that the text of D.16-06-054
2 contained an additional requirement to include workpapers showing how the balance of
3 DTRMBA was calculated with the AL filing.³ Accordingly, on July 13, 2016, SoCalGas filed a
4 partial supplemental advice letter, AL 4990-G-A, to include the workpapers requested in D.16-
5 06-054.

6 SoCalGas changed rates on August 1, 2016 to implement AL 4990-G/4990-G-A. Energy
7 Division approved these advice filings on August 5, 2016, effective on August 1, 2016.

8 **2. SDG&E Implementation**

9 On July 8, 2016, SDG&E filed Tier 1 AL 2917-E/2490-G revising electric and gas rates
10 effective August 1, 2016 to implement the revenue requirements approved in D.16-06-054.⁴ AL
11 2917-E/2490-G included:

- 12 • Amortization of electric and gas account balances in the GRCMA2016, as
13 established by AL 2763-E/2394-G;
- 14 • Electric and gas account balances in the DTRBMA pursuant to OP 3 of D.16-06-
15 054;
- 16 • Balance in the Marine Mitigation Memorandum Account (MMMA) pursuant to
17 OP 11 of D.15-11-021, Southern California Edison Company's (SCE's) TY2015
18 GRC, and the revenue requirement for the 2016 SONGS-related costs for capital
19 and operations and maintenance as set forth in D.15-11-021, as established in AL
20 2834-E and permitted by OP 6 of D.16-06-054; and
- 21 • Updates Electric Schedule SE (Service Establishment Charge), and Gas Schedule
22 G-91 (Service Establishment Charge), and both Electric and Gas Forms 110-
23 00432/2 (Past Due Bill format) to reflect the updated service establishment charge
24 of \$5.85.⁵

³ D.16-06-054 at 196 provides: "The Applicants shall file a Tier 1 AL within 30 days of the issuance of this decision to flow-through the balance in the account to ratepayers and to include workpapers showing how the balance was calculated."

⁴ SDG&E filed Tier 1 AL 3100-E/2595-G on July 21, 2017 to modify gas and electric Rule 9 (Rendering and Payment of Bills) in compliance with D.16-06-054. This advice filing was approved on August 28, 2017, effective on July 21, 2017.

⁵ D.16-06-054 at 321, Conclusions of Law (COL) 58.

1 SDG&E will amortize the above-mentioned changes over the 17-month period of August
2 1, 2016 through December 31, 2017. The revenue requirement implemented through AL 2917-
3 E/2490-G contained the applicable adjustments for bonus depreciation, offsite spent fuel storage
4 costs for SONGS, and tax repairs as set forth in OP 1.a, 1.b and 1.c, respectively.⁶

5 On July 13, 2016, SDG&E filed a partial supplemental advice letter, AL 2917-E-A/2490-
6 G-A, to include the required workpapers showing how the balance of DTRBMA was calculated.
7 SDG&E changed rates on August 1, 2016 implementing AL 2917-E/ 2917-E-A and AL 2490-
8 G/2490-G-A, along with Commission directives from other proceedings.

9 SDG&E then discovered that the electric rates implemented on August 1, 2016 included
10 an error in the franchise fees and uncollectible (FF&U) factor used in the advice filings. As
11 such, on December 7, 2016, SDG&E filed AL 2917-E-B/2490-G-B to modify the FF&U factor
12 and make corresponding revisions to its electric tariffs, originally filed with AL 2917-E/2490-G.
13 In addition, on September 26, 2016, the Commission issued D.16-09-043, approving corrections
14 to typographical errors in D.16-06-054 attributable to:

- 15 • SONGS revenue requirement previously outlined in D.16-06-054 was reduced by
16 \$0.167 million (without FF&U) to reflect the removal of the marine mitigation
17 capital-related revenue requirement. This reduction was identified in AL 2989-
18 E,⁷ as part of SDG&E's annual Non-Fuel Generation Balancing Account (NGBA)
19 filing, to be effective January 1, 2017; and
- 20 • Various corrections to electric distribution amounts that resulted in a minor
21 reduction in the electric distribution revenue requirement from \$1,193.726 million
22 to \$1,193.724 million without FF&U. This reduction will be credited to
23 SDG&E's GRCMA2016 and addressed as part of the residual balance at year-end
24 2017.⁸

25 Further, D.16-09-043 OP 4 directed SDG&E to "supplement Advice Letters 2917-E and
26 2490-G to reflect the revised revenue requirement amount."⁹ AL 2917-E-B/2490-G-B satisfied

⁶ D.16-06-054 at 325, OP 1.a, 1.b, 1.c.

⁷ AL 2989-E at 2 (filed November 7, 2016).

⁸ AL 2988-E at 6 (filed October 31, 2016).

⁹ D.16-09-043 at 7, OP 4.

1 that requirement and the adopted revenue requirement for SDG&E. The corrections outlined in
2 AL 2917-E-B/2940-G-B were implemented in rates on January 1, 2017 through ALs 2988-E/E-
3 A and 3028-E. Energy Division approved ALs 2917-E/2490-G, 2917-E-A/2490-G-A, and 2917-
4 E-B/2490-G-B on April 19, 2017, effective as of August 1, 2016.

5 **B. Post-Test Year 2017**

6 **1. SoCalGas Implementation**

7 SoCalGas filed AL 5075-G on December 29, 2016 to implement its 2017 post-test year
8 attrition adjustment of 3.5%, in accordance with OP 2 of D.16-06-054. This adjustment was
9 implemented in rates on January 1, 2017. Energy Division approved AL 5075-G on March 30,
10 2017, effective as of January 1, 2017.

11 **2. SDG&E Implementation**

12 Pursuant to OP 1 of D.16-06-054, SDG&E's post-test year attrition increase is 3.5% for
13 2017. SDG&E filed AL 3028-E and AL 2544-G on December 29, 2016 to implement the 3.5%
14 increase in revenue requirement, to be included in rates on January 1, 2017. Energy Division
15 approved AL 2544-G on March 30, 2017 and AL 2038-E on July 14, 2017, both effective as of
16 January 1, 2017.

17 **III. SETTLEMENT AGREEMENTS IN COMPLIANCE WITH D.16-06-054**

18 D.16-06-054 adopted settlement agreements resolving a large majority of the issues in
19 SoCalGas and SDG&E's TY 2016 GRC consolidated proceedings, in OP 2 for SoCalGas and
20 OP 1 for SDG&E. For SoCalGas' proceeding, Application (A.) 14-11-004, the settling parties
21 included SoCalGas, Office of Ratepayer Advocates (ORA), Utility Workers Union of America
22 (UWUA), Department of Defense and All Other Federal Executive Agencies (FEA), The Utility
23 Reform Network (TURN), Utility Consumers' Action Network (UCAN), Environmental
24 Defense Fund (EDF), and Joint Minority Parties (JMP)¹⁰ (collectively referred to as the
25 SoCalGas Settling Parties). The settling parties in SDG&E's TY 2016 GRC proceeding, A.14-
26 11-003, included SDG&E, ORA, FEA, TURN, UCAN, EDF, JMP, and San Diego Consumers'
27 Action Network (SDCAN) (collectively referred to as the SDG&E Settling Parties).

28 D.16-06-054 approved five settlement agreements each, for both SDG&E and SoCalGas.
29 The first set of settlement agreements (collectively referred to herein as the TY 2016

¹⁰ JMP is now referred to as the National Diversity Council.

1 Settlements) established a TY 2016 revenue requirement and attrition years 2017 and 2018 for
2 each respective utility. The remaining four settlement agreements were identical and executed
3 among the following parties: (1) SDG&E, SoCalGas, and EDF (the EDF Settlement), (2)
4 SDG&E, SoCalGas, and JMP (the JMP Settlement), (3) SDG&E, SoCalGas, and FEA (the FEA
5 Settlement), and (4) SDG&E, SoCalGas, and TURN/UCAN (the TURN/UCAN Settlement).
6 The settlements and compliance with each are discussed in the subsequent sections.

7 **A. TY 2016 Settlements**

8 The TY 2016 Settlements provided an overall TY 2016 revenue requirement and attrition
9 year escalation rates for 2017 and 2018.¹¹ The parties' stipulations in the exhibit Settlement
10 Agreement Terms contained within the TY 2016 Settlement Agreements (Exhibit B in the
11 SoCalGas Joint Motion and Exhibit A in the SDG&E Joint Motion), as adjusted by the
12 Commission for bonus depreciation, SONGS spent fuel storage costs (SDG&E only), and tax
13 repairs, were primarily implemented through the advice filings discussed in Section II above.
14 Other agreed-upon items that do not contribute to the revenue requirement and attrition year
15 amounts included:¹²

- 16 • Pension: two-way balanced with Tier 2 advice filing;
- 17 • Post-Retirement Benefits Other than Pensions (PBOP): two-way balanced with
18 Tier 2 advice filing;
- 19 • New Environment Regulation Balancing Account (NERBA): two-way balanced
20 with Tier 2 advice filing;
- 21 • Continuation of the existing, currently authorized, Z-factor mechanism; and
- 22 • (SoCalGas only) Research Development & Deployment (RD&D): one-way
23 balanced with Tier 2 advice filing.

¹¹ Joint Motion for Adoption of Settlement Agreements Regarding Southern California Gas Company's Test Year 2016 General Rate Case, Including Attribution Years 2017 and 2018 and Joint Motion for Adoption of Settlement Agreements Regarding San Diego Gas & Electric Company's Test Year 2016 General Rate Case, Including Attribution Years 2017 and 2018 (collectively, the TY 2016 Joint Motions), Attachment 1 (TY 2016 Settlements) at 1, A.14-11-003/4 (Filed September 11, 2015).

¹² *Id.*, Attachment 1 TY 2016 Settlement Agreement, Exhibit B Settlement Agreement Terms between SoCalGas and ORA at B-8. Attachment 1 TY 2016 Settlement Agreement, Exhibit A Settlement Agreement Terms between SDG&E and ORA at A-10.

1 These additional agreed-upon items were primarily continuations of existing accounts or
2 mechanisms. Modifications to preliminary statements to implement these continuations are
3 discussed in Section IV below. The tariff which includes the Z-factor mechanism was updated in
4 SoCalGas AL 4990-G and SDG&E AL 2917-E/2490-G addressed in Section II above.

5 **B. FEA Settlement**

6 The FEA Settlement agreed to the following for the TY 2016 GRC cycle:¹³

- 7 • SoCalGas and SDG&E will retain its current balancing account treatment and the
8 tariffs will remain unchanged for their Pension Balancing Account (PBA) and
9 PBOP Balancing Account (PBOPBA).
- 10 • SoCalGas and SDG&E will exclude income tax impacts in those balancing
11 accounts.

12 Consistent with the FEA Settlement and OP 8.e of D.16-06-054, SoCalGas filed AL
13 5000-G and SDG&E filed AL 2934-E/2499-G on July 29, 2016 updating the preliminary
14 statements of the PBA and PBOPBA to reflect D.16-06-054 (see Section IV below for additional
15 details). These updates were to continue the accounts for the TY 2016 GRC cycle. No changes
16 were made to the balancing account treatment, and income tax impacts are not included in the
17 PBA and PBOPBA.

18 **C. EDF Settlement**

19 The parties to the EDF Settlement agreed to:¹⁴

- 20 • Continue to have active, good faith negotiations on the substantive issues related
21 to compliance with Senate Bill (SB) 1371, in the context of Rulemaking (R.) 15-
22 01-008;
- 23 • (SoCalGas only) Continue to work together in good faith to determine a plan of
24 repair for non-hazardous leaks in the backlog, as SoCalGas expends the funds
25 requested in this GRC, prior to the conclusion of the SB 1371 rulemaking;
- 26 • Continue with ongoing discussions and negotiations regarding: the development
27 of a prioritization system for the non-hazardous leak repairs performed prior to
28 the completion of R.15-01-008, and maintaining the Pipeline and Hazardous

¹³ *Id.*, Attachment 2 FEA Settlement, at 1.

¹⁴ *Id.*, Attachment 3 EDF Settlement, at 1-2.

1 Materials Safety Administration (PHMSA) definition of “leak” and “hazardous”
2 for purposes of implementing SB 1371;

- 3 • Adopt the NERBA as proposed by SoCalGas and SDG&E in the TY 2016 GRC,
4 which is a two-way balancing account with proposed modifications; and
- 5 • Support and seek any additional regulatory authority, should costs associated with
6 compliance with SB 1371 exceed the forecasted costs for Leak Detection and
7 Repair (LDAR) during the TY 2016 GRC cycle, to clarify that the recovery of
8 those costs is permissible using the adopted NERBA.

9 In accordance with the EDF Settlement, SoCalGas and SDG&E have participated in
10 several meetings and conference calls in good faith with EDF to attempt to reach common
11 ground on substantive issues, including the definition of “leaks,” SoCalGas and SDG&E’s
12 proposed cost-effectiveness methodology, SoCalGas’ approach to its non-hazardous leak
13 backlog, prioritizing repair of leaks, leak survey cycles, and leak detection and quantification
14 technologies. In the June 17, 2016 annual emission reports for SB 1371, SoCalGas proposed to
15 carry out their 2016 GRC strategy to reduce the buried non-hazardous leak backlog, with the
16 caveat that the forecasts were based on outdated assumptions since the backlog (inventory) had
17 gone up since then. SoCalGas and SDG&E indicated that anything incremental to those
18 assumptions would require additional funding beyond the levels authorized in D.16-06-054.

19 Subsequent to the above-mentioned correspondence, D.17-06-015 (SB 1371 Phase 1
20 Decision) was approved by the Commission on June 15, 2017. The SB 1371 Phase 1 Decision
21 implemented the following:

- 22 1. Annual reporting for tracking methane emissions;
- 23 2. Twenty-six mandatory best practices for minimizing methane emissions
24 pertaining to policies and procedures, recordkeeping, training, experienced trained
25 personnel, leak detection, leak repair, and leak prevention;
- 26 3. Biennial compliance plan incorporated into the utilities’ annual Gas Safety Plans,
27 beginning in March 2018; and
- 28 4. Cost recovery process to facilitate Commission review and approval of
29 incremental expenditures to implement best practices and Pilot Programs and
30 Research & Development.

1 OP 5 of the SB 1371 Phase 1 Decision¹⁵ also ordered:

2 Respondents shall eliminate their backlog of leaks within three years of the
3 effective date of this decision, unless the Commission’s Safety and Enforcement
4 Division grants an exemption for cost prohibitive repairs included in BP 21 “Find
5 It/Fix It” and leaks under more stringent schedules according to GO 112-F.¹⁶

6 The direct testimony of SoCalGas and SDG&E Gas Distribution witness Gina Orozco-Mejia
7 (Exhibit SCG-04/SDG&E-04) addresses the recent Commission directive in the SB 1371 Phase 1
8 Decision to reduce the backlog of leaks.

9 Moreover, with respect to the NERBA, SoCalGas and SDG&E implemented the NERBA
10 as a two-way balancing account¹⁷ with modifications in compliance with D.16-06-054 through
11 ALs 5000-G and 2934-E/2499-G, respectively (see Section IV below for additional details on
12 these advice filings). These modifications, requested by SoCalGas and SDG&E in their
13 applications for the TY 2016 GRC, were:

- 14 • the removal of cap-and-trade-related costs and addition of new environmental
15 costs; and
- 16 • the continuation of the currently authorized ratemaking treatment and current
17 allocation method for the costs that will remain part of NERBA, including any
18 new environmental costs proposed to be included in this mechanism.¹⁸

19 These modifications were not contested and are consistent with the EDF Settlement.

20 The new “cost recovery process,” approved in the SB 1371 Phase 1 Decision, involves
21 establishing or modifying several regulatory accounts. One of the required modifications is to
22 SoCalGas and SDG&E’s existing NERBA, which is one of the terms of the EDF Settlement.
23 Further revisions to NERBA pursuant to the SB 1371 Phase 1 Decision were implemented in
24 SoCalGas and SDG&E’s ALs 5166-G and 2593-G, respectively, filed on July 17, 2017 and

¹⁵ D.17-06-015 at 159, OP 5.

¹⁶ *Id.*

¹⁷ See NERBA Preliminary Statement, SoCalGas, *available at*:
<https://www.socalgas.com/regulatory/tariffs/tm2/pdf/NERBA.pdf>; see also NERBA Preliminary
Statement, SDG&E, *available at*: [http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-
PRELIM_NERBA.pdf](http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-
PRELIM_NERBA.pdf).

¹⁸ A.14-11-004 Exhibit SCG-33, Direct Testimony of Reginald M. Austria, at RMA-8. A.14-11-003
Exhibit 35, Direct Testimony of Norma Jasso, at NGJ-6-NGJ-7.

1 approved on September 6, 2017. The Regulatory Account witnesses of SoCalGas and SDG&E,
2 Rae Marie Yu (Exhibit SCG-42) and Norma Jasso (Exhibit SDG&E-41), respectively, provide
3 testimony addressing regulatory accounts in accordance with the SB 1371 Phase 1 Decision.
4 The new cost recovery process approved in the SB 1371 Phase 1 Decision and the resulting
5 impact on these TY 2019 GRC applications are further discussed in the Environmental
6 witnesses' testimony of SoCalGas and SDG&E, Darrell Johnson (Exhibit SCG-25) and Nancy
7 Clancy (Exhibit SDG&E-23), respectively.

8 **D. JMP Settlement**

9 The parties to the JMP Settlement¹⁹ agreed to the following on matters generally related
10 to supplier diversity:²⁰

- 11 • The Chief Executive Officers (CEO) of SoCalGas and SDG&E will meet
12 privately once annually with representatives from the JMP to discuss topics
13 pertaining to supplier diversity, customer programs, work force demographics,
14 and philanthropy.
- 15 • SoCalGas and SDG&E agree to host an annual public forum, wherein
16 representatives from the JMP will be invited to offer input on topics pertaining to
17 supplier diversity, customer programs, environmental issues, and philanthropy.
- 18 • SoCalGas and SDG&E agree to modify their Annual GO 156 Reports to provide
19 information regarding the size of the utilities' diverse suppliers based on annual
20 revenue information currently reported in the Commission's Supplier
21 Clearinghouse database.
- 22 • SoCalGas and SDG&E agree to provide informal reports to the JMP, on an annual
23 basis, regarding the utilities' hiring of "returning veterans." These reports will be
24 based on information the utilities will commence collecting from their suppliers
25 upon the execution of the JMP Settlement.
- 26 • SoCalGas and SDG&E agree to set aspirational goals of increasing the annual
27 dollar amount spent for Small Contractor Opportunity Realization Effort

¹⁹ The Joint Minority Parties are the National Asian American Coalition, the Ecumenical Center for Black Church Studies, the Jesse Miranda Center for Hispanic Leadership, Orange County Interdenominational Alliance, Christ Our Redeemer AME Church, and the Los Angeles Latino Chamber of Commerce.

²⁰ The TY 2016 Joint Motions, Attachment 4 JMP Settlement, at 1-3.

1 (SCORE)²¹ diverse business enterprise (DBE) participants by 7% each year
2 covered in the TY 2016 GRC period.

- 3 • SoCalGas and SDG&E will encourage all its Tier 1 suppliers to participate in an
4 annual meeting jointly hosted by SDG&E, SoCalGas, and the JMP. Small- and
5 medium-size DBEs will be invited to attend, with the intention of increasing
6 opportunities for DBEs to connect and contract with larger businesses. No
7 contracts are guaranteed to result from the opportunities provided by these
8 meetings.
- 9 • SoCalGas and SDG&E agree to continue their efforts to employ diverse firms to
10 conduct accounting reviews and audits not currently conducted by Deloitte and
11 Touche.
- 12 • SoCalGas and SDG&E agree to host an annual networking meeting with minority
13 certified public accountant firms to discuss potential opportunities.
- 14 • SoCalGas and SDG&E agree to encourage their large law firms (100+ attorneys)
15 to provide pro bono work.
- 16 • SoCalGas and SDG&E agree to host an annual networking meeting with their law
17 firms and the JMP to discuss opportunities for pro-bono work.
- 18 • SoCalGas and SDG&E agree to continue to work with the JMP to discuss ways to
19 increase the employ of small businesses in the Commission’s Utility Supplier
20 Diversity Program.
 - 21 ○ SoCalGas and SDG&E define “technical assistance” as primarily
22 educational efforts and “capacity building” as efforts of community-based
23 business organizations to attract and retain members that can do business
24 with utilities. The utilities frequently utilize referrals from the
25 organizations to be included in procurement events. Each company will
26 commit to maintain or exceed its current efforts in the areas of technical
27 assistance and capacity building for small minority-owned businesses.

²¹ SCORE provides opportunities for selected new and growing DBE companies to demonstrate abilities to work with utilities through low dollar, short-term agreements. The criteria for SCORE participants include annual revenue of \$5 million or less and 25 or fewer employees, as reported to the Commission’s Supplier Clearinghouse.

1 SoCalGas and SDG&E will commit to investing at least a combined
2 amount of \$650,000 annually in technical assistance and capacity building
3 programs to small minority-owned businesses. Each company will seek to
4 leverage this funding with matching funds from other corporations,
5 government, and private foundations.

6 SoCalGas and SDG&E have been corresponding with the JMP since the JMP Settlement
7 was approved in 2016 to collaborate and follow through with the commitments agreed to therein.
8 The information below represents a status update of the JMP Settlement:

- 9 • The CEOs of SoCalGas and SDG&E met with representatives from the JMP on
10 August 28, 2017.
- 11 • An Annual Public Input Forum was held on June 28, 2017.
- 12 • The information regarding the size of SoCalGas and SDG&E's diverse suppliers
13 based on annual revenue data currently reported in the Commission's Supplier
14 Clearinghouse database is provided in SoCalGas and SDG&E's Supplier
15 Diversity Report and Annual Plan submitted to the Commission.
- 16 • It has been communicated to the JMP that SoCalGas and SDG&E do not collect
17 nor plan to collect information regarding the hiring of "returning veterans" by
18 their suppliers. It is beyond the control of SoCalGas and SDG&E who is hired by
19 their suppliers.
- 20 • The aspirational goal of increasing the annual dollar amount spending for SCORE
21 DBE participants by 7% each year has been in place and achieved by SoCalGas
22 and SDG&E for the last three years (2016, 2015, and 2014).
- 23 • An annual meeting was jointly held by SoCalGas, SDG&E, and the JMP on June
24 13, 2017 that was intended to increase opportunities for DBEs to connect and
25 contract with larger businesses.
- 26 • SoCalGas and SDG&E have continued to look for opportunities to procure
27 accounting and financial services from diverse firms as opportunities become
28 available.
- 29 • SoCalGas and SDG&E partnered with KPMG to host an annual networking
30 meeting on June 13, 2017 to discuss potential opportunities for DBEs.

- 1 • SoCalGas and SDG&E encourage their law firms to provide pro bono work. In
2 doing so, SoCalGas and SDG&E partnered with outside counsel law firms
3 Latham and Watkins, Gibson Dunn and Zuber, and Lawler & Del Duca to host a
4 workshop on June 20, 2017 to discuss opportunities for pro bono work.
- 5 • SoCalGas and SDG&E have SCORE programs that focus on giving contracting
6 opportunities to small businesses. In fact, there may be some SCORE contractors
7 who are members of the JMP's network of organizations.
- 8 • Technical assistance and capacity building for the supplier diversity programs of
9 SoCalGas and SDG&E exceed \$650,000 on a combined basis.

10 Because many of the obligations described above are on-going, the information provided herein
11 regarding compliance with the JMP Settlement presents the known efforts at this time.

12 **E. TURN/UCAN Settlement**

13 The parties to the TURN/UCAN Settlement agreed to the following:²²

- 14 • Applicable to SoCalGas and SDG&E
 - 15 ○ SoCalGas and SDG&E agreed to continue to maintain separate two-way
16 balancing accounts for their Transmission Integrity Management
17 Programs (TIMP) and their Distribution Integrity Management Programs
18 (DIMP) expenditures. The advice letter process for recovery of any TIMP
19 or DIMP undercollections would be limited to undercollection amounts up
20 to 35% of the TY 2016 GRC cycle total revenue requirement for that
21 program and require a Tier 3 advice letter.

22 Any amounts above the 35% would be subject to a separate application
23 procedure.
 - 24 ○ All issues associated with the income tax – repair allowance will be
25 litigated separately from this Settlement, based on the existing evidentiary
26 record and briefs to be submitted by interested parties.

27

²² The TY 2016 Joint Motions, Attachment 5 TURN/UCAN Settlement, at 1-3.

- 1 • Applicable to SoCalGas only
 - 2 ○ SoCalGas agreed to establish a two-way balancing account for Storage
 - 3 Integrity Management Program (SIMP) expenditures. The advice letter
 - 4 process for recovery of any undercollections would be limited to
 - 5 undercollection amounts up to 35% of the 2016 GRC cycle total SIMP
 - 6 revenue requirement and will require a Tier 3 advice letter. Any amounts
 - 7 above the 35% would be subject to a separate application procedure.

- 8 • Applicable to SDG&E only
 - 9 ○ SDG&E's Service Establishment Charge would be set at \$5.85 for all
 - 10 customers.
 - 11 ○ SDG&E could file a separate application to seek closure of any currently
 - 12 existing branch offices during the TY 2016 GRC cycle.
 - 13 ○ Rates for SDG&E's customers would be adjusted on January 1, 2016, to
 - 14 reflect roll-off of the GRCMA balances associated with SDG&E's 2012
 - 15 GRC Phase 1, irrespective of the timing of a final decision in this GRC.
 - 16 ○ SDG&E's rate recovery of any costs associated with the Manzanita wind
 - 17 project and transmission interconnection for that project would be limited
 - 18 to the amount received for the return on cash working capital for
 - 19 Preliminary Surveys and Investigations in this 2016 GRC cycle. SDG&E
 - 20 agreed not to seek rate recovery of any costs associated with the project in
 - 21 any future Commission or Federal Energy Regulatory Commission
 - 22 (FERC) rate case.
 - 23 ○ Prior to the filing of its next GRC application, SDG&E would perform and
 - 24 present a detailed and appropriate study of Distributed Generation (DG)
 - 25 impacts on circuit peak loads, based on actual data concerning the impact
 - 26 of DG on specific circuits. At a minimum, the study would seek to
 - 27 aggregate circuits with similar load profiles to better estimate the potential
 - 28 of DG to reduce circuit peaks and distribution expenditures in future
 - 29 GRCs.

1 The continuation of TIMP and DIMP, as well as the establishment of SIMP, in
2 accordance with the TURN/UCAN settlement, is addressed in Section IV of my testimony. The
3 implementation of the SDG&E's Service Establishment Charge is discussed in Section II above.

4 **1. Separate Application to Seek Branch Office Closures**

5 SDG&E did not file any separate applications to seek closure of its existing branch
6 offices during the TY 2016 GRC cycle. However, SDG&E filed AL 3021-E/2540-G on
7 December 22, 2016 to inform the Commission of the involuntary closure of SDG&E's
8 Oceanside branch office. This closure was outside of SDG&E's control; therefore, SDG&E did
9 not "seek" the branch office closure. The Oceanside branch office was located in a UPS Store.
10 As explained in AL 3021-E/2540-G:

11 The UPS Store corporate offices determined that the partnership between SDG&E
12 and the local franchise where the branch office is located must discontinue due to
13 co-branding and exclusivity agreements between the franchise and corporate
14 offices. The local UPS Store notified SDG&E of its intent to terminate our
15 Service and Lease agreements.

16 SDG&E has begun efforts to find an alternative nearby location and has met with
17 several businesses to consider becoming an SDG&E branch office location. As of
18 the date of filing of this advice letter, SDG&E has been unsuccessful in finding a
19 replacement office.²³

20 Although SDG&E intended to file a separate application to permanently close the
21 Oceanside branch office, the separate application was not possible prior to the approaching
22 involuntary lease termination. Nonetheless, SDG&E intends to file a separate application to
23 permanently close the Oceanside branch office location and is currently evaluating many factors,
24 such as branch costs, the number of people served, and payment transaction volumes. SDG&E
25 declared in AL 3021-E/2540-G "its future intent to comply with the requirements of D.16-06-
26 054."²⁴ AL 3021-E/2540-G was approved by Energy Division on January 1, 2017, effective as
27 of December 22, 2016.

28 **2. Amortization of Test Year 2012 GRCMA Balances**

29 SDG&E filed AL 2807-E on October 30, 2015 to, among other things, transfer the actual
30 year-end 2015 residual balance in the GRCMA associated with SDG&E's TY 2012 GRC to the

²³ SDG&E AL 3021-E/2540-G at 2 (filed December 22, 2016).

²⁴ *Id.* at 1.

1 Electric Distribution Fixed Cost Account and Non-Fuel Generation Balancing Account and
2 eliminate the GRCMA. AL 2807-E was approved by Energy Division on November 23, 2015,
3 effective as of November 30, 2015 with specified rates effective on January 1, 2016. AL 2807-E
4 was implemented via AL 2840-E to adjust rates on January 1, 2016. The January 1, 2016 rate
5 change reflected the roll-off of the TY 2012 GRCMA balances. AL 2840-E was filed by
6 SDG&E on December 29, 2015; Energy Division approved it on January 27, 2016, effective as
7 of January 1, 2016.

8 **3. Limited Recovery of Manzanita Wind Project**

9 SDG&E made accounting adjustments to reflect limited rate recovery associated with the
10 Manzanita wind project and transmission interconnection pursuant to D.16-06-054. SDG&E
11 also made an adjustment to the RO model in the TY 2016 GRC to reflect the change
12 implemented through AL 2917-E (as discussed in Section II above). SDG&E has not requested
13 rate recovery for the Manzanita wind project in any subsequent Commission or FERC rate case.

14 **4. Distribution Generation Impact Study**

15 SDG&E filed AL 3107-E to present the DG impact study in accordance with the
16 TURN/UCAN Settlement prior to the filing of these instant applications.

17 **IV. REGULATORY ACCOUNT CHANGES IN COMPLIANCE WITH D.16-06-054**

18 SoCalGas and SDG&E proposed to create, modify, continue, or eliminate various
19 regulatory accounts in the TY 2016 GRC. As such, the Commission provided the direction
20 below, regarding regulatory accounts:

- 21 • SoCalGas and SDG&E shall each file a Tier 1 advice letter within 30 days of the
22 effective date of D.16-06-054 to flow-through to ratepayers the balance in the
23 memorandum account, effective January 15, 2015, to track the differences
24 associated with changes in the repairs deduction.²⁵
- 25 • SoCalGas and SDG&E shall each file a Tier 2 advice letter within 30 days of the
26 effective date of D.16-06-054 to establish a tax memorandum account to track any
27 revenue differences resulting from the income tax expenses forecasted in their

²⁵ D.16-06-054 at 328, OP 3.

1 GRC proceedings, and the tax expense incurred by the utilities during the GRC
2 period.²⁶

- 3 • SoCalGas and SDG&E are authorized to do the following with regard to the
4 balancing accounts discussed in D.16-06-054: (a) the one-way balancing account
5 for SDG&E's vegetation management costs shall continue as provided for in the
6 Attachment 1 TY 2016 Settlements; (b) SDG&E shall continue the two-way
7 balancing account for SONGS through this rate cycle; (c) continue the two-way
8 balancing account to recover undercollected amounts for the TIMP and the DIMP,
9 as set forth in TURN/UCAN Settlement; (d) as set forth in Attachment EDF
10 Settlement, the NERBA shall be established as a two-way balancing account; (e)
11 as set forth in the FEA Settlement for both SDG&E and SoCalGas, the current
12 balancing account treatment for the PBA, and the PBOPBA, shall remain
13 unchanged; (f) SoCalGas shall establish a two-way balancing account for the
14 SIMP undercollections; and (g) the Advanced Metering Infrastructure Balancing
15 Account (AMIBA) for SoCalGas shall be continued.²⁷
- 16 • Pursuant to Public Utilities Code Section 706, SoCalGas and SDG&E shall within
17 45 days of the effective date of D.16-06-054, file Tier 2 advice letters to establish
18 their respective Executive Compensation Memorandum Account.
 - 19 ○ The memorandum account shall track all monies authorized in today's
20 decision for the annual salaries, bonuses, benefits, and all other
21 consideration of any value, set aside to be paid to the officers of the utility,
22 and to track that against the salaries, bonuses, benefits, and all other
23 consideration of any value, paid to its officers.
 - 24 ○ The advice letters establishing the memorandum accounts shall define the
25 "officers" of each company who are subject to the provisions of Public
26 Utilities Code Section 706.
 - 27 ○ SDG&E and SoCalGas shall follow the requirements of Public Utilities
28 Code Section 706 if it seeks to have ratepayers pay for the "excess

²⁶ D.16-06-054 at 328, OP 4.

²⁷ D.16-06-054 at 329, OP 8.

1 compensation” that may have been paid to or owed to an officer in
2 connection with a “triggering event.”²⁸

3 **A. Taxes**

4 **1. Deductible Tax Repairs Benefits Memorandum Account**

5 On March 2, 2015, SoCalGas and SDG&E filed Tier 3 ALs 4771-G and 2710-E/2366-G,
6 respectively, to establish the DTRBMA to track income tax differences associated with changes
7 in repairs deductions as of January 1, 2015. The DTRBMAs were initiated in accordance with
8 the Administrative Law Judge’s (ALJ) Ruling on the “Motion of The Utility Reform Network to
9 Establish Memorandum Accounts to Track Income Tax Differences Associated with Changes In
10 Repair Deductions.”²⁹ These ALs were approved by Resolution G-3508 on August 5, 2015, with
11 an effective date of January 15, 2015.

12 The disposition of the DTRBMA was ordered in OP 3 of D.16-06-054. Accordingly,
13 SoCalGas and SDG&E filed ALs 4990-G and 2917-E/2490-G, respectively, discussed further in
14 Section II above, to “flow-through to ratepayers the balance”³⁰ in the DTRBMA.

15 **2. Tax Memorandum Account**

16 Pursuant to OP 4 of D.16-06-054, SoCalGas filed Tier 2 AL 4994-G and SDG&E filed
17 Tier 2 AL 2928-E/2496-G on July 22, 2016 (29 days after the effective date of D.16-06-054) to
18 establish the Tax Memorandum Account (TMA). The TMA was established to track revenue
19 differences resulting from: (1) the income tax expense approved in D.16-06-054; and (2) the tax
20 expense incurred during the GRC period (January 1, 2016 through December 31, 2018). Due to
21 protests of these ALs, SoCalGas and SDG&E submitted supplemental advice letters, ALs 2994-
22 G-A and 2928-E-A/2496-G-A respectively, on September 16, 2016, to replace their prior advice
23 letters in their entirety. Energy Division approved SoCalGas and SDG&E’s supplemental advice
24 letters on December 5, 2016, effective as of October 17, 2016. Details of the TMA are further
25 discussed in the direct testimony of SoCalGas and SDG&E Tax witness Ragan Reeves (Exhibits
26 SCG-37 and SDG&E-35).

²⁸ *Id.*, OP 9.

²⁹ *See* Administrative Law Judge’s Ruling on The Utility Reform Network’s Motion to Establish Memorandum Accounts, A.14-11-003 and A.14-11-004 (consolidated) (January 15, 2015).

³⁰ D.16-06-054 at 328, OP 3.

1 OP 5 of D.16-06-054 provides SoCalGas and SDG&E the option to submit requests for
2 private letter rulings to the Internal Revenue Service (IRS), to ensure the rate base reductions
3 adopted in D.16-06-054 do not violate the IRS normalization rules. However, if SoCalGas and
4 SDG&E choose to submit such a request, they are required to each file a Tier 2 advice letter.
5 SoCalGas and SDG&E did not submit requests for private letter rulings with the IRS regarding
6 the Commission orders in D.16-06-054, thus making the Tier 2 advice letter notification
7 unnecessary.

8 3. 2012-2015 Tracking of Tax Repairs

9 D.16-06-054 also requires SoCalGas and SDG&E to bring to the attention of the
10 Commission “[i]f the 2012-2015 repairs deduction estimated in this decision are different from
11 the repairs deductions that the Applicants ultimately claimed in their tax returns” by following
12 “SCE’s example when it filed AL 3368-E to reduce its revenue requirement.”³¹ In AL 3368-E,
13 SCE explains that the Commission’s computations in D.15-11-021, Decision approving their
14 Test Year 2015 GRC, were based on forecasts “submitted prior to the completion of SCE’s 2012,
15 2013 and 2014 tax returns. However, actual repair deduction amounts are generally not known
16 until completion of audits by Federal and California taxing authorities.”³² SCE further states
17 “[t]he tax returns for 2013 and 2014 remain open for examination by the tax authorities.
18 Because of this uncertainty,” it proposes to make multiple credits to one of its balancing accounts
19 “after the audit statute of limitation for tax year 2013 has closed.”³³ This means that SCE
20 proposes to file advice letters to change rates for the difference between forecasted and records
21 tax repair deductions after the audit statute of limitation for the applicable tax year has closed
22 and the actual repair deduction amounts are known. SoCalGas and SDG&E’s audit statute of
23 limitations for tax years 2012, 2013, and 2014 remain open at this time. However, “following
24 SCE’s example” in AL 3368-E, SoCalGas and SDG&E will file Tier 2 advice letters after its
25 audit statute of limitations have closed and the actual repair deduction amounts are known for
26 each applicable tax year.

³¹ D.16-06-054 at 197.

³² SCE AL 3368-E at 2 (filed February 22, 2016).

³³ *Id.* (AL 3368 at 2 also makes such statements for 2014).

1 **B. Other Regulatory Accounts**

2 SoCalGas and SDG&E filed Tier 2 advice letters on July 29, 2016 to modify and
3 eliminate regulatory accounts in compliance with D.16-06-054. These advice filings were
4 approved by Energy Division on August 23, 2016, effective August 28, 2016.

5 **1. SoCalGas Advice Letters**

6 SoCalGas filed advice letter 5000-G to revise the following existing regulatory accounts:

- 7 • PBA – continuation of balancing account treatment for the TY 2016 GRC cycle
8 pursuant to OP 8.e of D.16-06-054 and the FEA Settlement.
- 9 • PBOPBA – continuation of balancing account treatment for the TY 2016 GRC
10 cycle pursuant to OP 8.e of D.16-06-054 and the FEA Settlement.
- 11 • Post-2011 DIMP Balancing Account and TIMP Balancing Account –
12 continuation of two-way balancing account treatment for the TY 2016 GRC cycle
13 and updated to include new parameters for recovery of any undercollections up to
14 35% of the TY 2016 GRC cycle total revenue requirement, pursuant to OP 8.c of
15 D.16-06-054 and the TURN/UCAN Settlement. Any amount above 35% will be
16 subject to recovery through a separate application.
- 17 • SIMP Balancing Account – established a new, two-way balancing account
18 effective with the TY 2016 GRC cycle pursuant to OP 8.f of D.16-06-054 and the
19 TURN/UCAN Settlement. Costs in excess of the authorized SIMP provided in
20 D.16-06-054 will be subject to recovery through a Tier 3 advice letter filing for
21 amounts up to 35% of the GRC cycle total revenue requirement for SIMP. Any
22 amounts above the 35% threshold will be subject to recovery through a separate
23 application.
- 24 • Compressor Station Fuel & Power Balancing Account – continuation of the
25 balancing account treatment for the TY 2016 GRC cycle and expanded the scope
26 to also record costs for electricity used in storage operations pursuant to D.16-06-
27 054.
- 28 • NERBA – continuation of two-way balancing account treatment for TY 2016
29 GRC cycle, and modified subaccounts pursuant to OP 8.d of D.16-06-054 and the
30 EDF Settlement.

- 1 • Green House Gas Balancing Account – updated to remove the balancing of the
2 authorized cost for the Cap-and-Trade Program pursuant to D.16-06-054.
- 3 • GRCMA – eliminated the GRCMA for the TY 2012 GRC, after the transfer of the
4 residual balance to the Core Fixed Cost Account and Noncore Fixed Cost
5 Account.
- 6 • Research Development & Demonstration Expense Account – continuation of the
7 balancing account treatment for the TY 2016 GRC cycle and transfer of any
8 residual balance for the 2012-2015 program cycle to the Core Fixed Cost Account
9 and Noncore Fixed Cost Account after the amortization period, pursuant to D.16-
10 06-054.
- 11 • Research Royalty Memorandum Account – updated to continue the sharing
12 mechanism approved in D.13-05-010, effective with the TY 2016 GRC cycle,
13 pursuant to D.16-06-0654.
- 14 • Natural Gas Appliance Testing Memorandum Account – updated to amortize the
15 balance in rates on an Equal Percent of Authorized Margin basis, pursuant to
16 D.16-06-054. Once amortized, any residual balance will be transferred to the
17 Core Fixed Cost Account and Noncore Fixed Cost Account, and this account will
18 be eliminated.

19 SoCalGas also filed AL 5134-G on May 5, 2017 in accordance with OP 8.g of D.16-06-
20 054 to (1) continue the AMIBA, and (2) establish separate subaccounts in the AMIBA to record
21 costs associated with the deployment and post-deployment periods of the AMI project, as well as
22 for on-going meter costs in areas where the AMI network is not constructed. For the post-
23 deployment period, AL 5134-G also updated and extended the AMI revenue requirement to
24 reflect the total costs and benefits, which will be collected in rates beginning on January 1, 2018.
25 SoCalGas' AMI project and its impacts on the TY 2019 GRC are discussed in the direct
26 testimony of SoCalGas witness Rene Garcia (Exhibit SCG-17). AL 5134-G was approved by
27 Energy Division on June 5, 2017, effective as of June 4, 2017.

28 **2. SDG&E Advice Letters**

29 SDG&E's advice letter 2934-E/2499-G addressed the following electric and gas
30 regulatory accounts:

31 **Electric**

- 1 • Tree Trimming Balancing Account – continuation of one-way balancing account
2 treatment for the TY 2016 GRC cycle pursuant to OP 8.a of D.16-06-054 and the
3 TY 2016 Settlements.
- 4 • Non-Fuel Generation Balancing Account – updated to reflect SCE’s TY 2015
5 GRC D.15-11-021 and SDG&E’s GRC D.16-06-054, as well as identified Desert
6 Star Energy Center and Cuyamaca Peak Energy as part of the non-fuel generation
7 revenue requirement approved in D.16-06-054.
- 8 • PBA – continuation of balancing account treatment for the TY 2016 GRC cycle
9 pursuant to OP 8.e of D.16-06-054 and the FEA Settlement.
- 10 • PBOPBA – continuation of balancing account treatment for the TY 2016 GRC
11 cycle pursuant to OP 8.e of D.16-06-054 and the FEA Settlement.
- 12 • Electric Distribution Fixed Cost Account – continuation of balancing account
13 treatment for the TY 2016 GRC cycle.
- 14 • SONGS O&M Balancing Account – continuation of two-way balancing account
15 treatment for the TY 2016 GRC cycle pursuant to OP 8.b of D.16-06-054,
16 updated to reflect D.16-06-054, including the Purpose and Accounting Procedures
17 sections.
- 18 • AMIBA – eliminated account.
- 19 • Research, Development and Demonstration Expense Account – eliminated
20 account.
- 21 • NERBA – continuation of two-way balancing account treatment for 2016 GRC
22 cycle, modified subaccounts pursuant to OP 8.d of D.16-06-054 and the EDF
23 Settlement.
- 24 • Smart Grid Memorandum Account – eliminated account.
- 25 **Gas**
- 26 • Core Fixed Cost Account – continuation of balancing account treatment for the
27 TY 2016 GRC cycle.
- 28 • Noncore Fixed Cost Account – continuation of balancing account treatment for
29 the TY 2016 GRC cycle.
- 30 • SONGS O&M Balancing Account – continuation of two-way balancing account
31 treatment for TY 2016 GRC cycle pursuant to OP 8.b of D.16-06-054.

- 1 • AMIBA – eliminated account.
- 2 • Post-2011 DIMP Balancing Account and TIMP Balancing Account –
- 3 continuation of two-way balancing account treatment for the TY 2016 GRC cycle
- 4 and updated to include new parameters for recovery of any undercollections up to
- 5 35% of the TY 2016 GRC cycle total revenue requirement pursuant to OP 8.c of
- 6 D.16-06-054 and TURN/UCAN Settlement. Any amount above 35% will be
- 7 subject to recovery through a separate application.
- 8 • NERBA – continuation of two-way balancing account treatment for the TY 2016
- 9 GRC cycle, and added subaccounts pursuant to OP 8.d of D.16-06-054 and the
- 10 EDF Settlement.
- 11 • Green House Gas Balancing Account – updated to remove reference to D.13-05-
- 12 010, SDG&E’s TY 2012 GRC proceeding.

13 **C. Executive Compensation**

14 SoCalGas and SDG&E filed Tier 2 ALs 5010-G and 2940-E/2503-G, respectively, on
15 August 8, 2016 (46 days following the effective date of D.16-06-054) to establish the Officer
16 Compensation Memorandum Account (OCMA) pursuant to OP 9 of D.16-06-054.³⁴ The OCMA
17 tracks (1) the amount authorized for executive officer compensation during the GRC period, and
18 (2) the amount paid to executive officers. In accordance with OP 9.b, these ALs also defined the
19 term “officers.” SoCalGas and SDG&E are following the requirements of Section 706,³⁵
20 consistent with OP 9.c of D.16-06-054. ALs 5010-G and 2940-E/2503-G were approved by
21 Energy Division on September 6, 2016, effective as of September 7, 2016.

22 **V. REQUIREMENTS IN D.16-06-054 INCLUDED IN THE TEST YEAR 2019 GRC**

23 **A. Three-Year Cycle and Changes Due to Risk Assessment Mitigation Phase**

24 In accordance OP 2 of D.14-12-025 and the extension request approved by Executive
25 Director Timothy Sullivan,³⁶ which modified and replaced the Rate Case Plan schedule approved

³⁴ D.16-06-054 at 330, OP 9.

³⁵ Statutory references herein are to the California Public Utilities Code, unless otherwise noted.

³⁶ Request of Southern California Gas Company and San Diego Gas & Electric Company for Extension of Time to File Test Year 2019 General Rate Case and 2016 Spending Accountability Reports, submitted on August 15, 2017, granted via a letter from Executive Director Timothy Sullivan on August 22, 2017.

1 in Appendix A of D.07-07-004, SoCalGas and SDG&E file the instant applications for the TY
2 2019 GRC and serve prepared testimony on October 6, 2017. With the filing of these GRC
3 applications in 2017, SoCalGas and SDG&E remain on a three-year GRC cycle, consistent with
4 D.16-06-054.³⁷ The prepared testimony of SoCalGas and SDG&E also includes changes
5 resulting from the RAMP process, as directed in D.14-12-025.³⁸ A summary of the RAMP and a
6 roadmap of which witness areas include RAMP requests are provided in the direct testimony of
7 SoCalGas and SDG&E Risk Management and Policy witness Diana Day (Exhibit SCG-
8 02/SDG&E-02, Chapter 1). How SoCalGas and SDG&E integrated RAMP into the GRC is
9 addressed in my “RAMP to GRC Integration” testimony (Exhibit SCG-02/SDG&E-02, Chapter
10 3).

11 **B. Inclusion of Safety Culture**

12 D.16-06-054 also required “SDG&E and SoCalGas to include certain testimony in their
13 next general rate case filings” regarding “their governance, safety record, and safety culture....”³⁹
14 The testimony of Ms. Day addresses safety culture at a policy level; many other operational-
15 focused witnesses also address safety culture as it pertains to their respective area. SoCalGas
16 and SDG&E’s commitment to safety culture through compensation metrics and key performance
17 indicators to drive improved safety performance as well as governance regarding compensation
18 is demonstrated in the testimony of Compensation and Benefits witness Debbie Robinson
19 (Exhibit SCG-30/SDG&E-28).

³⁷ D.16-06-054 at 228 and 282; D.16-06-054 at 332, OP 13 denied a Joint Motion of SDG&E, SoCalGas and ORA for Adoption of Settlement Agreement Regarding the Post-Test Year Period, filed on September 11, 2015, which provided for a post-test year period that would have encompassed a 2019 attrition year, reflecting a four-year GRC cycle.

³⁸ SoCalGas and SDG&E were the first utilities to file their RAMP, (I.) 16-10-015/-016 (consolidated). Ordering Paragraph 9 of D.16-08-016 authorized SoCalGas and SDG&E to file its RAMP “based on [SoCalGas/SDGE’s] current risk evaluation and risk-based decision making methodologies,” given the limited time SoCalGas and SDG&E were given to complete its work. SoCalGas and SDG&E’s approach to RAMP and the GRC fulfills the requirements of D.16-08-016 as is further explained in the Safety Enforcement Division’s Report dated March 8, 2017 and in SoCalGas and SDG&E’s comments in I.16-10-015/016.

³⁹ D.16-06-054 at 154.

1 **C. Additional Information Regarding Incentive Compensation Policies**

2 There are additional compliance requirements in D.16-06-054 regarding incentive
3 compensation policies. D.16-06-054 directed SoCalGas and SDG&E to provide testimony in
4 their TY 2019 GRC applications regarding “the actions taken during the 2016-2018 GRC cycle,
5 supported by relevant workpapers, data, company documents, and reports containing the
6 following information,”⁴⁰ with itemized requests for information primarily related to
7 compensation and risk management, as follows:

- 8 1. Describe what Board committees (for example, compensation committee, safety
9 committee, or other committees) at Sempra, and at SDG&E or SoCalGas, are
10 responsible for determining the guidelines for establishing any compensation,
11 bonuses, severances, and benefits.
- 12 2. Describe what direction Sempra provides to SDG&E or SoCalGas in formulating
13 their compensation, bonuses, severances, and benefits.
- 14 3. Describe the qualifications of the Board members at Sempra and at SDG&E or
15 SoCalGas who are responsible for determining the guidelines for establishing
16 compensation, bonuses, severances, and benefits, and what committees they sit
17 on.
- 18 4. Describe the coordination, if any, between the different committees that are
19 responsible for developing the guidelines for establishing compensation, bonuses,
20 severances, and benefits, and the frequency that these committees meet.
- 21 5. Describe the performance metrics and the measures used to set compensation,
22 bonuses, severances, and benefits for non-represented employees and executives,
23 and how these are used to determine them.
- 24 6. If applicable, describe how the compensation structure: creates long term and
25 sustainable value for the utility; incentivizes employees; makes executives and
26 managers personally accountable for safety and operational risks; creates a safer
27 working environment and utility system; results in a demonstrated improvement
28 of the utility’s processes, policies, and performance; discourages below standard
29 performance, or actions that are contrary to the interests of the utility and the

⁴⁰ *Id.* at 155.

1 utility's customers; holds employees, managers, and executives accountable for
2 failure to comply with management's guidance, policies and instructions, and for
3 below standard performance.

- 4 7. Describe how engaged and effective Sempra's Board is on operations,
5 performance metrics, and safety-related incidents, including: how often Sempra's
6 Board requests reports and/or presentations from SDG&E or SoCalGas regarding
7 safety incidents, the effectiveness of risk management plans, and the effectiveness
8 of operational processes; what Sempra's Board did or directed in response to
9 these reports and/or presentations; and whether and how frequently Sempra's
10 Board followed-up or sought updates on the reports, presentations, and the
11 Board's actions and directions.
- 12 8. Describe how risk management information is used by Sempra, SDG&E, and
13 SoCalGas; how the utilities share this information with their employees; describe
14 the type of training or education that employees receive about management of
15 risks; describe what processes are in place, if any, that allows the employees in
16 the field to provide feedback on the management of risks, and the reporting of
17 unsafe practices or unsafe incidents.⁴¹

18 SoCalGas and SDG&E do not incent employee performance that leads to, aids, or causes
19 unsafe practices. This is demonstrated in their responses to the eight items above and through
20 the safety culture discussion included in witness testimonies throughout this TY 2019 GRC
21 presentation. Appendix B to my testimony provides SoCalGas and SDG&E's responses to items
22 1-4. However, substantive testimony related to Compensation and Benefits is provided by Ms.
23 Robinson, including SoCalGas and SDG&E's responses to items 5 and 6. SoCalGas and
24 SDG&E's responses to items 7 and 8 are provided in Appendix E of Ms. Day's testimony.

25 **D. Interim Spending Accountability Reports**

26 OP 11 of D.16-06-054 ordered new reporting requirements described below:

27 San Diego Gas & Electric Company (SDG&E) and Southern California Gas
28 Company (SoCalGas), shall file on an interim basis a limited version of the two
29 accountability reports specified in D.14-12-015.

⁴¹ D.16-06-054 at 155-157.

- 1 a. SDG&E and SoCalGas shall each file a Spending Accountability Report
2 with the Docket Office, and serve a notice of availability of such report as
3 directed in this decision, within one year from the issuance date of today's
4 decision.
- 5 i. The Spending Accountability Report shall compare Test Year 2016
6 authorized spending to actual 2014 and 2015 spending on a limited
7 set of risk mitigation projects as discussed in this decision and in
8 Exhibit 23, and to propose a methodology for reporting and
9 comparing the projected versus actual benefits of its risk mitigation
10 activities.
- 11 b. A second Spending Accountability Report shall be filed and served within
12 two years from the issuance of today's decision, which is to include actual
13 2016 spending.
- 14 c. SDG&E and SoCalGas are directed to discuss the format of these reports
15 with the Safety and Enforcement Division and the Energy Division before
16 the due dates of these reports.
- 17 d. Subsequent reporting requirements beyond what is required above will be
18 supplanted by the direction provided in Decision 14-12-025, a decision in
19 either or both the Safety Model Assessment Proceeding and the Risk
20 Assessment Mitigation Phase, or in the next general rate case proceedings
21 of the Applicants.⁴²

22 A subsequent Commission decision, D.17-01-012, required that the second interim
23 spending accountability report shall now be filed in the TY 2019 GRC Applications of SDG&E
24 and SoCalGas.⁴³

25 In accordance with D.16-06-054 and D.17-01-012, SoCalGas and SDG&E filed their first
26 interim spending accountability report on June 30, 2017. It provided recorded 2014 and 2015
27 spending on the specified risk mitigation projects outlined in D.16-06-054 compared to TY 2016
28 authorized spending. The report also included a proposed methodology for reporting and
29 comparing the projected versus actual benefits. Prior to filing the first interim spending
30 accountability report, on March 6 and May 25, 2017, SoCalGas and SDG&E met with
31 representatives from the Safety and Enforcement Division and Energy Division "to determine the
32 exact format and content of these reports."⁴⁴

⁴² D.16-06-054 at 331-332, OP 11.

⁴³ D.17-01-012 at 7, OP 2.

⁴⁴ D.16-06-054 at 41.

1 SoCalGas and SDG&E's second interim spending accountability report is provided as
2 Appendix C to my testimony and is being filed concurrently in the RAMP proceeding of
3 SoCalGas and SDG&E, I.16-10-015/-016 (consolidated). This second interim spending
4 accountability report updates the first interim accountability report to include actual 2016
5 spending, replacement rates, and applicable metrics.

6 **E. Separate Itemization of Costs Related to Aliso Canyon Leak**

7 D.16-06-054 included compliance requirements related to the gas leak at SoCalGas'
8 Aliso Canyon gas storage field in the Test Year 2019 GRC showing. As described in D.16-06-
9 054, the Commission approved D.16-03-031, which "ordered SoCalGas 'to establish a
10 memorandum account, effective immediately, to track SoCalGas's authorized revenue
11 requirement and all revenues that SoCalGas receives for its normal, business-as-usual costs to
12 own and operate the Aliso Canyon gas storage field."⁴⁵ Pursuant to OP 1 of D.16-03-031,
13 SoCalGas filed AL 4940-G on March 24, 2016 to establish the Aliso Canyon Revenue and Cost
14 Memorandum Account. Because AL 4940-G was protested, SoCalGas filed supplemental AL
15 4940-G-A on July 12, 2016 which included replacement tariff pages to revise the protested
16 language. ALs 4940-G and 4940-G-A were approved by Energy Division on September 23,
17 2016, effective as of March 17, 2016.

18 Although "the Commission has already taken steps to have SoCalGas separate out the
19 costs attributable to the Aliso Canyon leak,"⁴⁶ OP 12 and COL 75 of D.16-06-054 orders the
20 following:

21 In its Test Year 2019 general rate case application, Southern California Gas
22 Company shall provide testimony demonstrating that all of the additional costs
23 that stemmed from the Aliso Canyon leak have not been included in its forecast of
24 costs for its Test Year 2019 general rate case application.⁴⁷

25 SoCalGas should be required in its next GRC filing, to provide a separate
26 itemization of all of the costs related to the gas leak at the SS-25 well at Aliso
27 Canyon and to provide testimony on whether the costs attributed to the Aliso

⁴⁵ *Id.* at 243.

⁴⁶ D.16-06-054 at 251.

⁴⁷ D.16-06-054 at 332, OP 12.

1 Canyon leak have affected SoCalGas' funding request for its underground gas
2 storage facilities.⁴⁸

3 The direct testimony of SoCalGas Aliso Incident Expenditure Requirements witness
4 Andrew Steinberg (Exhibit SCG-12) demonstrates that costs associated with the Aliso Canyon
5 leak have been itemized and excluded from SoCalGas' TY 2019 GRC forecasts. The direct
6 testimony of SoCalGas Underground Storage witness Neil Navin (Exhibit SCG-10) supports the
7 funding requests related to SoCalGas' underground gas storage facilities.

8 **VI. OTHER COMPLIANCE ITEMS AND REPORTING REQUIREMENTS**
9 **BEYOND D.16-06-054**

10 **A. Wildfire Costs Pending Before the Commission**

11 OP 10 of D.16-06-054 prohibited SDG&E "from compensating its employees, managers,
12 and executives from variable compensation that is based on SDG&E's recovery of monies from
13 ratepayers for the wildfire costs that are being litigated before the Commission in Application
14 15-09-010."⁴⁹ SDG&E has complied with this directive.

15 **B. Continuation of Reliability Indices**

16 D.16-06-054 adopts four electric reliability performance measures for SDG&E's TY
17 2016 GRC cycle, and for 2019.⁵⁰ The same reliability performance measures were approved by
18 the Commission in D.14-09-005. The four reliability metrics are System Average Interruption
19 Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), Worst Circuit
20 SAIDI, and Worst Circuit SAIFI.⁵¹ SDG&E updated its Electric Distribution & Gas
21 Performance Based Ratemaking (PBR) Mechanism tariff in AL 2917-E/2490-G (see detailed
22 discussion in Section II above) to reflect D.16-06-054. To show the results of the adopted PBRs,
23 SDG&E's Preliminary Statement provides for filing of audited reporting of the previous calendar
24 year's results of reliability performance indicators on May 1 of the following year, including
25 workpapers detailing operating results for SDG&E's base rates (PBR Advice Letter).

⁴⁸ D.16-06-054 at 324, COL 75.

⁴⁹ D.16-06-054 at 331, OP 10.

⁵⁰ D.16-06-054 at 64.

⁵¹ *Id.*

1 Although the four reliability metrics adopted in D.16-06-054 were previously used, some
2 ambiguity remained regarding the targets for the TY 2016 GRC cycle and for 2019. In
3 particular, D.16-06-054 provides “2015 Targets” for the four reliability indices,⁵² but 2015
4 targets had already been established prior to the TY 2016 GRC. D.16-06-054 did not establish
5 SAIDI and SAIFI targets for 2016, the first year of the GRC cycle. The 2016 SAIDI and SAIFI
6 targets had been a contested issue in the TY 2016 GRC, and would establish the basis for targets
7 during the remainder of the TY 2016 GRC cycle. SDG&E thus engaged in discussions with the
8 Coalition of California Utility Employees (CCUE), the remaining litigant regarding this issue,⁵³
9 to attempt to resolve the ambiguity. SDG&E submitted two letters with Executive Director
10 Timothy Sullivan on April 28 and June 23, 2017, requesting an extension of time to comply with
11 the PBR Advice Letter filings, in order to complete discussions with CCUE. The extension
12 requests were granted on May 1 and June 27, 2017.

13 On May 24, 2017, SDG&E and CCUE filed a joint petition for modification of the
14 electric reliability standards adopted in D.16-06-054 (Joint PFM). The Joint PFM sought to
15 eliminate the PBR mechanism for SDG&E’s electric reliability throughout the TY 2016 GRC
16 cycle beginning January 1, 2016, and for 2019, including the four reliability metrics, or
17 alternatively modify the PBR mechanism’s target values to explicitly establish them and resolve
18 the ambiguity.

19 A final decision on the Joint PFM was issued on September 18, 2017, denying the relief
20 sought in the Joint PFM, but clarifying the SAIDI and SAIFI targets for 2016-2018, and
21 eliminating the reference to 2019 (outside of the TY 2016 GRC cycle) from D.16-06-054.⁵⁴ In
22 accordance with the Executive Director’s grant of the extension of time to file its PBR advice
23 letter “until 30 days after the Commission issues a final decision resolving the May 24, 2017

⁵² *See id.* at 64-66.

⁵³ UCAN also supported testimony regarding the litigated PBR issue in A.14-11-003, but all TY 2016 issues between SDG&E and UCAN were resolved by settlement. *See* D.16-06-054 at 26-28 (describing the agreement of SDG&E SoCalGas, TURN and UCAN, which settled “all of the issues raised and litigated in the TY 2016 GRCs of SDG&E and SoCalGas.”).

⁵⁴ D.17-09-005.

1 petition to modify D.16-06-054,”⁵⁵ SDG&E will file its PBR advice letter on or before October
2 18, 2017.

3 **C. Gas Transmission, Distribution and Storage Safety Report**

4 OP 10 and 11 of D.13-05-010, Test Year 2012 GRC Decision of SoCalGas and SDG&E,
5 which are applicable to SDG&E and SoCalGas, respectively, order SDG&E and SoCalGas to
6 each serve a semi-annual Gas Transmission, Distribution and Storage Safety Report (Safety
7 Report)⁵⁶ on the Directors of the Safety and Enforcement Division⁵⁷ and the Energy Division.⁵⁸
8 This Safety Report was adopted pursuant to Section 958.5,⁵⁹ which was enacted into law
9 effective on January 1, 2012. Section 958.5 states:⁶⁰

10 (a) Twice a year, or as determined by the commission, each gas corporation shall
11 file with the commission’s consumer protection safety division a gas transmission
12 and storage safety report. The consumer protection safety division shall review
13 the reports to monitor each gas corporation’s storage and pipeline-related
14 activities to assess whether the projects that have been identified as high risk are
15 being carried out, and to track whether the gas corporation is spending its
16 allocated funds on these storage and pipeline-related safety, reliability, and
17 integrity activities for which they have received approval from the commission.⁶¹

18 (b) The gas transmission and storage safety report shall include a thorough
19 description and explanation of the strategic planning and decision-making
20 approach used to determine and rank the gas storage projects, intrastate
21 transmission line safety, integrity, and reliability, operation and maintenance
22 activities, and inspections of its intrastate transmission lines. If there has been no
23 change in the gas corporation’s approach for determining and ranking which
24 projects and activities are prioritized since the previous gas transmission and

⁵⁵ A.14-11-003/-004 (cons.), June 27, 2017 Letter from Executive Director Timothy Sullivan (granting extension request).

⁵⁶ Per OP 10, SDG&E’s Safety Report is titled “Gas Transmission and Distribution Safety Report;” SoCalGas’ Safety Report is titled “Gas Transmission and Distribution and Gas Storage Safety Report” per OP 11.

⁵⁷ The Safety and Enforcement Division was formerly known as the Consumer Protection and Safety Division.

⁵⁸ D.13-05-010 at 1102-1103, OP 10.b, 10.c, 11.b and 11.c.

⁵⁹ D.13-05-010 at 1094, COL 27.

⁶⁰ Summarized in D.13-05-010 at 454-455.

⁶¹ D.13-05-010 at 454.

1 storage safety report, the subsequent report may reference the immediately
2 preceding report.⁶²

3 SoCalGas and SDG&E “shall serve its first Safety Report beginning July 1, 2013, and the
4 initial period covered by the Safety Report shall cover the one year period from January 1, 2012
5 through December 31, 2012. Each subsequent Safety Report shall cover each subsequent six-
6 month period, and the second semi-annual Safety Report shall be served on September 1, 2013,
7 and on each March 1 and September 1 thereafter until further notice.”⁶³

8 The TY 2016 GRC testimony of SoCalGas and SDG&E compliance witness Gregory
9 Shimansky stated that the Safety Report was “[c]ompleted for calendar year 2012 and 2013.
10 Ongoing requirement in 2014 and thereafter until further notice.”⁶⁴ My testimony confirms that
11 this ongoing requirement has been met for the years 2014, 2015, and 2016.

12 The Safety Report was ordered prior to additional reporting requirements adopted in
13 D.16-06-054 and D.14-12-025. As mentioned in Section V.D above, D.16-06-054 ordered
14 SoCalGas and SDG&E to file spending accountability reports on an interim basis and for a
15 limited scope. These first accountability reports are “interim” to the accountability reporting
16 ordered in D.14-12-025, which are reoccurring and broader in scope.

17 Following this TY 2019 GRC, SoCalGas and SDG&E will be required to annually file
18 two accountability reports in accordance with D.14-12-025, the Risk Mitigation Accountability
19 Report and the Risk Spending Accountability Report. The Risk Mitigation Accountability
20 Report is intended to “compare the utility’s GRC projections of the benefits and costs of the risk
21 mitigation programs adopted in the GRC to the actual benefits and costs, and to explain any
22 discrepancies between the projected risk mitigation and the actual risk mitigation.”⁶⁵ The Risk
23 Spending Accountability Report is intended to “compare the utility’s GRC projected spending
24 for approved risk mitigation projects to the actual spending on those projects, and to explain any
25 discrepancies between the two.”⁶⁶ D.14-12-025 clarifies that “[b]oth reports shall report on the

⁶² Pub. Util. Code § 958.5; D.13-05-010 at 454-455.

⁶³ D.13-05-010, OPs 10 and 11.

⁶⁴ A.14-11-004, Exhibit SCG 36-R, Direct Testimony of Gregory Shimansky, at GDS-9. A.14-11-003, Exhibit SDG&E 38-R, Direct Testimony of Gregory Shimansky, at GDS-10.

⁶⁵ D.14-12-025 at 44.

⁶⁶ *Id.*

1 activities and spending the utility undertook during the GRC test year, and during each attrition
2 year.”⁶⁷ As such, SoCalGas and SDG&E are to file these reports on July 31 and September 30,
3 respectively, “after the applicable reporting period,”⁶⁸ which would mean that reporting would
4 begin at or around 2020.

5 The subsequently adopted, new Commission-mandated reports will provide the
6 information required by Section 958.5, which may result in duplicative reports both in terms of
7 the intent of and efforts put forth for the Safety Report for several reasons. First, beginning in
8 2020, SoCalGas and SDG&E will report on their activities that mitigate their top safety risks,
9 including their gas transmission, distribution, and storage operations. Through the submission of
10 the Risk Mitigation Accountability Report and the Risk Spending Accountability Report, the
11 Commission, Commission Staff, and parties will have the ability to see and evaluate whether
12 SoCalGas and SDG&E are “spending [their] allocated funds on these storage and pipeline-
13 related safety, reliability, and integrity activities for which they have received approval from the
14 commission,”⁶⁹ which was the genesis of the Safety Report.

15 Second, the Commission’s Safety and Enforcement Division and Energy Division will be
16 reviewing and opining on the accountability reports of SoCalGas and SDG&E. As such, the
17 efforts of Commission staff may be duplicative with the filing of the Safety Report.

18 Third, the Safety Report requires “thorough description and explanation of the strategic
19 planning and decision making approach used to determine”⁷⁰ the activities. SoCalGas and
20 SDG&E have and will continue to provide such thorough descriptions and explanations in their
21 RAMP Report, which is also a new requirement that followed the adoption of the Safety Report.

22 Fourth, SB 549⁷¹ was approved by Governor Brown on September 25, 2017 and will take
23 effect on January 1, 2018. This bill adds Section 591 to the Public Utilities Code and “require an
24 electrical or gas corporation to annually notify the commission, as part of an ongoing proceeding

⁶⁷ *Id.* at 46.

⁶⁸ *Id.* at 47.

⁶⁹ Pub. Util. Code § 958.5(a).

⁷⁰ *Id.* at § 958.5(b).

⁷¹ SB 549, Bradford. Public utilities: redirection of moneys authorized for maintenance, safety, or reliability.

1 or in a report otherwise required to be submitted to the commission, of each time since that
2 notification was last provided that capital or expense revenue authorized by the commission for
3 maintenance, safety, or reliability was redirected by the electrical or gas corporation to other
4 purposes.” This will be another annual reporting requirement that will address authorized safety
5 spending.

6 Based on the foregoing, SoCalGas and SDG&E respectively request to discontinue the
7 submission of Safety Reports given that the accountability reports and RAMP report will provide
8 the information required by statute. Although the Safety Reports are currently required to be
9 submitted on a semi-annual basis, the language of “as determined by the commission” in Section
10 958.5 and “until further notice” in D.13-05-010 provides the Commission the authority to re-visit
11 the frequency of reporting. All of these reports require extensive time and resources both by
12 SoCalGas and SDG&E as well as the Commission and their staff. The RAMP and
13 accountability reporting requirements are providing similar information to a wider distribution
14 and meet the Safety Reports’ statutory requisites.

15 **D. Audit of Data Privacy and Security Practices**

16 D.11-07-056 and D.12-08-045 require SDG&E and SoCalGas to conduct independent
17 audits of their data privacy and security practices and report the audit findings as part of each
18 GRC application filed after 2012.⁷² SoCalGas and SDG&E included the audit findings in the
19 testimony of Mr. Shimansky for the TY 2016 GRC.⁷³ Because this is an ongoing compliance
20 requirement, Appendices D and E of my testimony present the CPUC Covered Information
21 Privacy and Security Assessment Report for SoCalGas and SDG&E, respectively, which provide
22 the audit findings of the outside consulting firm KPMG.

23 **VII. CONCLUSION**

24 SoCalGas and SDG&E have complied with the Commission directives approved in D.16-
25 06-054. SoCalGas and SDG&E request that the Commission adopt their proposal to eliminate
26 the Gas Transmission, Distribution and Storage Safety Report as duplicative of the new
27 accountability and RAMP reporting requirements, and SB 549.

⁷² D.11-07.056 at 163, OP 4; D.12-08-045 at OP 5, A12.

⁷³ A.14-11-004, Exhibit SCG 36-R, Direct Testimony of Gregory Shimansky, at GDS-9. A.14-11-003, Exhibit SDG&E 38-R, Direct Testimony of Gregory Shimansky, at GDS, at Appendix A.

1

This concludes my prepared direct testimony.

1 **VIII. WITNESS QUALIFICATIONS**

2 My name is Jamie K. York. My business address is 8330 Century Park Court, San Diego
3 California 92123. I am currently a Regulatory Case Manager in the GRC and Revenue
4 Requirements department within the Regulatory Affairs organization representing both Southern
5 California Gas Company and San Diego Gas & Electric Company. I have held this position
6 since December of 2015. In my current role, I manage regulatory proceedings including the
7 Safety Model Assessment Proceeding, Risk Assessment Mitigation Phase, and aspects of the
8 Test Year 2019 General Rate Case. In addition, I supervise the Regulatory Case Support group,
9 which serves as central files for SoCalGas and SDG&E and processes regulatory-related
10 information requests. From April 2011 to December 2015, I held several case management-
11 related positions in the Regulatory and Compliance department within the Regulatory Affairs
12 organization managing various regulatory proceedings ranging from procurement-related to rate
13 design cases.

14 I started my employment with SDG&E in 2006. I have held various positions of
15 increasing responsibility in the departments of Electric & Fuel Procurement, Financial and
16 Strategic Analysis, Pension and Trust Investments and Supply Management before assuming a
17 position in Regulatory Affairs.

18 I have a Bachelor's of Science in Finance and a Master in Business in Administration
19 from San Diego State University.

20 I have not previously testified before the Commission.

**APPENDIX A
GLOSSARY OF TERMS**

| | |
|---------|--|
| A.: | Application |
| AL: | Advice Letter |
| ALJ: | Administrative Law Judge |
| AMI: | Advanced Metering Infrastructure |
| AMIBA: | Advanced Metering Infrastructure Balancing Account |
| CEO: | Chief Executive Officer |
| CCUE: | Coalition of California Utility Employees |
| COL: | Conclusions of Law |
| CPUC: | California Public Utilities Commission |
| D.: | Decision |
| DBE: | Diverse Business Enterprise |
| DG: | Distributed Generation |
| DIMP: | Distribution Integrity Management Program |
| DTRBMA: | Deductible Tax Repairs Benefits Memorandum Account |
| EDF: | Environmental Defense Fund |
| FEA: | Department of Defense and All Other Federal Executive Agencies |
| FERC: | Federal Energy Regulatory Commission |
| FF&U: | Franchise Fees and Uncollectible |
| GO: | General Order |
| GRC: | General Rate Case |
| GRCMA: | GRC Memorandum Account |
| I.: | Investigation |
| ICP: | Incentive Compensation Plan |
| IRS: | Internal Revenue Service |
| JMP: | Joint Minority Parties |
| LDAR: | Leak Detection and Repair |
| LTIP: | Long-Term Incentive Plan |
| MMMA: | Marine Mitigation Memorandum Account |
| NERBA: | New Environmental Regulatory Balancing Account |
| NGBA: | Non-Fuel Generation Balancing Account |
| OCMA: | Officer Compensation Memorandum Account |
| OP: | Ordering Paragraph |
| ORA: | Office of Ratepayer Advocates |
| PBA: | Pension Balancing Account |
| PBOP: | Post-Retirement Benefits Other than Pensions |
| PBOPBA: | PBOP Balancing Account |
| PBR: | Performance Based Ratemaking |
| PFM: | Petition for Modification |
| PHMSA: | Pipeline and Hazardous Materials Safety Administration |
| R.: | Rulemaking |
| RAMP: | Risk Assessment Mitigation Phase |
| RD&D: | Research, Development and Demonstration |

| | |
|-----------|---|
| RO: | Results of Operations |
| SAIDI: | System Average Interruption Duration Index |
| SAIFI: | System Average Interruption Frequency Index |
| SB: | Senate Bill |
| SCE: | Southern California Edison Company |
| SCORE: | Small Contractor Opportunity Realization Effort |
| SDCAN: | San Diego Consumers' Action Network |
| SDG&E: | San Diego Gas & Electric Company |
| SIMP: | Storage Integrity Management Program |
| SoCalGas: | Southern California Gas Company |
| SONGS: | San Onofre Nuclear Generating Station |
| TIMP: | Transmission Integrity Management Program |
| TMA: | Tax Memorandum Account |
| TURN: | The Utility Reform Network |
| TY: | Test Year |
| UCAN: | Utility Consumers' Action Network |
| USGP: | Sempra U.S. Gas & Power, LLC |
| UWUA: | Utility Workers Union of America |

APPENDIX B

Compliance Items from D.16-06-054, Pages 155-156, Responses to Items 1-4

Appendix B addresses the following itemized requests for an informational showing in the TY 2019 GRC, in D.16-06-054:

1. Describe what Board committees (for example, compensation committee, safety committee, or other committees) at Sempra, and at SDG&E or SoCalGas, are responsible for determining the guidelines for establishing any compensation, bonuses, severances, and benefits.
2. Describe what direction Sempra provides to SDG&E or SoCalGas in formulating their compensation, bonuses, severances, and benefits.
3. Describe the qualifications of the Board members at Sempra and at SDG&E or SoCalGas who are responsible for determining the guidelines for establishing compensation, bonuses, severances, and benefits, and what committees they sit on.
4. Describe the coordination, if any, between the different committees that are responsible for developing the guidelines for establishing compensation, bonuses, severances, and benefits, and the frequency that these committees meet.

The SoCalGas and SDG&E Boards of Directors oversee salary planning budgets and Variable Pay, which is also referred to as Incentive Compensation Plan (ICP) or performance-based annual bonuses, for SoCalGas and SDG&E employees and officers. The Compensation Committee of the Sempra Energy Board of Directors oversees the Long-Term Incentive Plan (LTIP), as well as salary planning budgets and ICP for Sempra Energy's senior officers.

The Compensation Committee of the Sempra Energy Board of Directors also oversees the benefit plans. Table JY-2 below summarizes the governance for the key components of the compensation and benefits program.

TABLE JY-2

| Compensation/Benefit Component | Governance |
|---------------------------------------|---|
| Base Salaries | SoCalGas and SDG&E's salary planning budgets and officer salary planning adjustments are approved by the SoCalGas and SDG&E Boards of Directors. Salary planning adjustments for senior Sempra Energy officers are approved by the Compensation Committee of the Sempra Energy Board of Directors. |

| Compensation/Benefit Component | Governance |
|--------------------------------|--|
| Variable Pay (ICP) | <p>ICP plans and performance results for SoCalGas and SDG&E employees are approved by the SoCalGas and SDG&E Boards of Directors. ICP plans and performance results for Sempra Energy Corporate Center employees are approved by the Compensation Committee of the Sempra Energy Board of Directors.</p> <p>Results for safety-related ICP performance measures also are reviewed by the Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors.</p> <p><i>Performance Measures Included in ICP Plans for Both SDG&E/SoCalGas and Corporate Center Senior Executives:</i></p> <p>The ICP plan for senior Sempra Energy officers includes the same safety and customer satisfaction performance goals that are included in the SoCalGas and SDG&E ICP plans. The SoCalGas and SDG&E ICP plans include a Sempra Energy financial measure, which is approved by the Compensation Committee of the Sempra Energy Board of Directors.</p> |
| Long-term Incentives | <p>Long-term incentive plan performance measures and award levels are approved by the Compensation Committee of the Sempra Energy Board of Directors. Award levels for SoCalGas and SDG&E employees are based on recommendations from SoCalGas and SDG&E's senior management.</p> |
| Benefits | <p>Benefits plans are governed by the Compensation Committee of the Sempra Energy Board of Directors. There are other management-led benefits-related subcommittees with responsibilities delegated by the Compensation Committee of the Sempra Energy Board of Directors. Members are appointed from a pool of designated officers with applicable HR and financial background, and periodically change as leadership rotates.</p> |

Table JY-3 outlines the membership and number of 2016 meetings of each of the SDG&E and SoCalGas Boards of Directors and committees referenced above in Table JY-2. Biographical information of the Boards of Directors and committee members is provided in the

subsequent tables below. The board/committee, membership, and biographical information is primarily from publicly available sources.⁷⁴

TABLE JY-3

| Board/Committee | Number of Meetings Held in 2016 | Membership |
|--|--|---|
| SoCalGas Board of Directors | 16 | <ul style="list-style-type: none"> • Steven Davis (Chair) • Bret Lane • Jeffrey Martin • Trevor Mihalik • Joyce Rowland • Patricia Wagner • Martha Wyrsh |
| SDG&E Board of Directors | 11 | <ul style="list-style-type: none"> • Steven Davis (Chair) • Scott Drury • Jeffrey Martin • Trevor Mihalik • Joyce Rowland • Caroline Winn • Martha Wyrsh |
| Compensation Committee of the Sempra Energy Board of Directors | 5 | <ul style="list-style-type: none"> • William Rusnack (Chair) • Alan Boeckmann • William Jones • William Ouchi • Lynn Schenk |
| Environmental, Health, Safety and Technology Committee of the Sempra Energy Board of Directors | 4 | <ul style="list-style-type: none"> • Lynn Schenk (Chair) • Kathleen Brown • Bethany Mayer • Jack Taylor • James Yardley |

Each of the boards and committees presented in Table JY-3 uses internal and outside experts to provide them with the information they need to carry out their responsibilities. For

⁷⁴ Publicly available sources include the Sempra Energy, SoCalGas and SDG&E Annual Report on Form 10-K, Sempra Energy Proxy Statement, Committee Charters, and the respective companies' websites (i.e., Sempra Energy, SoCalGas, and SDG&E). See investor-related information on the Sempra Energy website, <http://investor.shareholder.com/sre/>.

example, the Compensation Committee of the Sempra Energy Board of Directors retains an independent advisor, Exequity, to assist it with executive compensation matters.

Board and Committee Member Information

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|-----------------|--|--|
| William Rusnack | Chair, Compensation Committee of the Sempra Energy Board of Directors | <p>William C. Rusnack has been a director since 2001. He was the President and Chief Executive Officer and a director of Premcor Inc., an independent oil refiner, from 1998 to 2002. Prior to 1998, Mr. Rusnack was an executive of Atlantic Richfield Company, an integrated petroleum company. He is also a director of Flowserve Corporation and Peabody Energy Corporation, and a former director of Solutia Inc. Mr. Rusnack is a member of the Dean’s Advisory Council of the Graduate School of Business at the University of Chicago and the National Council of the Olin School of Business at the Washington University in St. Louis.</p> <p>Mr. Rusnack brings a deep understanding of the energy industry to our board. He spent 31 years at Atlantic Richfield Company, many of which he worked in a senior leadership capacity. Mr. Rusnack also offers knowledge and insight gained as a senior executive with the oil refinery company, Premcor. This specialized energy industry experience, along with his deep understanding of effective executive management development, makes him a valuable member of our board.</p> |
| Lynn Schenk | <p>Chair, Environmental, Health, Safety and Technology Committee of the Sempra Energy Board of Directors</p> <p>Compensation Committee of the Sempra Energy Board of Directors</p> | <p>Lynn Schenk, has been a director since 2008. She is an attorney in private practice. Ms. Schenk served as Chief of Staff to the Governor of California from 1999 to 2003 and was elected to the U.S. House of Representatives representing San Diego, California, from 1993 to 1995, serving on the House Energy and Commerce Committee.</p> |

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|----------------|---|--|
| | | <p>From 1978 to 1983, she served as the Deputy and then Secretary of California’s Business, Transportation and Housing Agency; prior to that she was on the in-house counsel staff of SDG&E and a California Deputy Attorney General. Ms. Schenk is a director of Biogen Inc., where she chairs the Risk Committee and serves on the Compensation Committee. She is a member of the Board of Overseers of The Scripps Research Institute serving on the Governance Committee, a member of the California High Speed Rail Authority, a trustee of the University of California San Diego Foundation and a member of the University of San Diego School of Law, Board of Visitors. She is a NACD Board Leadership Fellow.</p> <p>Ms. Schenk has an extensive history of government, political and public service and an in-depth knowledge of the inner workings of federal and state governmental processes. Along with her insight and experience in government, Ms. Schenk’s legal background within our business sector has equipped her with the tools to help our board identify and manage risk. She also has served on the boards of a number of publicly listed companies. This combination enables Ms. Schenk to provide our board with unique perspective on matters pertaining to California’s complex government and regulatory environment, as well as corporate governance.</p> |
| Alan Boeckmann | Compensation Committee of the Sempra Energy Board of Directors | <p>Alan L. Boeckmann has been a director since 2011. In February 2012, he retired as the Non-Executive Chairman of Fluor Corporation, a leading engineering, procurement, construction and maintenance services company. From 2002 to early 2011,</p> |

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|----------------|---|---|
| | | <p>Mr. Boeckmann was the Chairman and Chief Executive Officer of Fluor. Prior to that, he held a number of senior management and operating positions at Fluor. Mr. Boeckmann currently is a director of Archer-Daniels-Midland Company and BP p.l.c. He is also a former director of Fluor Corporation, BHP Billiton, Burlington Northern Santa Fe Corporation and the National Petroleum Council.</p> <p>Mr. Boeckmann has been an outspoken business leader in promoting international standards for business ethics and was instrumental in the formation of the World Economic Forum’s Partnering Against Corruption Initiative in 2004. His extensive board, executive management and infrastructure construction experience, coupled with his commitment to ethical conduct in international business activities, makes him a valuable member of our board.</p> |
| Kathleen Brown | Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | <p>Kathleen L. Brown has been a director since 2013. She is a partner of the law firm Manatt, Phelps & Phillips, LLP and serves as a director of Stifel Financial Corp., Five Points Communities and Renew Financial. Prior to joining Manatt in September 2013, she worked in various leadership positions at Goldman Sachs Group, Inc., a global investment banking and securities firm. From 2011 to 2013, Ms. Brown served as the chairman of investment banking for Goldman’s Midwest division in Chicago and was managing director and head of the firm’s Los Angeles-based western region public sector and infrastructure group from 2003 to 2011. From 1995 to 2000, Ms. Brown was a senior executive at Bank of America where she served in various positions, including</p> |

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|---------------|---|---|
| | | <p>President of the Private Bank. She served as California state treasurer from 1991 to 1995. Ms. Brown currently serves on the boards of directors of the National Park Foundation and the Mayor’s Fund-Los Angeles and on the Investment Committee for the Annenberg Foundation. She is on the Advisory Boards of the Stanford Center on Longevity and the UCLA Medical Center. Ms. Brown is a member of the Council on Foreign Relations and the Pacific Council on International Policy.</p> <p>Ms. Brown has extensive experience in both the public and private financial sectors, as well as in-depth knowledge of California government processes. Her knowledge of the law and experience as a partner at Manatt give her insight into the effect of laws and regulations on our businesses. This combination of public and private financial experience, legal experience and public service in the State of California makes her a valuable member of our board.</p> |
| William Jones | Compensation Committee of the Sempra Energy Board of Directors | <p>William D. Jones has been a director since Sempra Energy’s inception in 1998. He is the President and Chief Executive Officer and a director of CityLink Investment Corporation, a real estate investment, development and management firm, and City Scene Management Company. From 1989 to 1993, Mr. Jones served as General Manager/Senior Asset Manager and Investment Manager with certain real estate subsidiaries of The Prudential. Prior to joining The Prudential, he served as a San Diego City Council member from 1982 to 1987. Mr. Jones is a director and Board Chair of certain funds under management by Capital Research and Management Company. He is the immediate</p> |

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|---------------|---|--|
| | | <p>past Chairman of the Board of Trustees of the Francis Parker School and a member of the Corporate Directors Forum. Mr. Jones is a former director of The Price Real Estate Investment Trust, Southwest Water Company, the Federal Reserve Bank of San Francisco, and the San Diego Padres baseball club and former Chairman of the Board of the Los Angeles Branch of the Federal Reserve Bank of San Francisco. Mr. Jones has extensive experience as a real estate developer in San Diego, where he built the City Heights Urban Village, an award-winning redevelopment project.</p> <p>Mr. Jones’s background in the public and financial arenas, along with his real estate expertise, has been helpful to our board as it considers the development of large infrastructure projects, which requires extensive amounts of land and an understanding of the construction and real estate industries. His expertise in these areas makes him a vital member of our board.</p> |
| Bethany Mayer | Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | <p>Bethany J. Mayer has been a director since February 2017. She is senior vice president of Keysight Technologies and president of Keysight's Ixia Solutions Group which provides network test and visibility solutions for validating, optimizing and securing networks. She previously served as the president and chief executive officer and a director of Ixia from 2014 until its acquisition by Keysight in April 2017. Prior to joining Ixia, Ms. Mayer held several key executive roles at HP since 2010, most recently as Senior Vice President and General Manager of HP’s Network Functions Virtualization business. Prior to joining HP, Ms. Mayer served as Senior Vice</p> |

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|----------------------|---|--|
| | | <p>President, Worldwide Marketing and Corporate Development at Blue Coat Systems and, before that, held roles at Cisco Systems, Apple Computer and Lockheed Martin. Ms. Mayer is a former director of Delphi Automotive plc.</p> <p>Ms. Mayer’s extensive technology background and deep understanding of network security, together with her executive and public board experience, make her a valuable addition to the board.</p> |
| William Ouchi, Ph.D. | Compensation Committee of the Sempra Energy Board of Directors | <p>William G. Ouchi, Ph.D. has been a director since Sempra Energy’s inception in 1998. He is Co-Director of the Health Innovations Board and Professor Emeritus of the David Geffen School of Medicine at UCLA. Prior to this appointment, he was the Sanford and Betty Sigoloff Distinguished Professor in Corporate Renewal in the Anderson Graduate School of Management at UCLA until 2015. Professor Ouchi is the former lead director of AECOM Technology Corporation and a former director of FirstFed Financial Corp. He is a director of the Alliance for College Ready Public Schools, the Conrad N. Hilton Foundation, the Riordan Foundation, RX for Learning and UCLA Technology Development Corporation.</p> <p>Professor Ouchi is a renowned academic and an expert in corporate management and organization. He is a best-selling author and has published numerous books on promoting effective corporate management. Professor Ouchi’s academic background and practical knowledge of national and state public institutions, and his understanding of corporate governance in both theory and</p> |

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|---------------|---|--|
| | | practice, make him a valuable member of our board. |
| Jack Taylor | Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | <p>Jack T. Taylor has been a director since 2013. He was the Chief Operating Officer-Americas and Executive Vice Chair of U.S. Operations for KPMG LLP from 2005 to 2010. From 2001 to 2005 he served as the Vice Chairman of U.S. Audit and Risk Advisory Services for KPMG. Mr. Taylor is a NACD Board Leadership Fellow and a member of the NACD Audit Committee Chair Advisory Council. He is a director of Genesis Energy LP and Murphy USA Inc.</p> <p>Mr. Taylor has extensive experience with financial and public accounting issues as well as a deep knowledge of the energy industry. He spent over 35 years as a public accountant at KPMG LLP, many of which he worked in a leadership capacity. This experience with financial and public accounting issues, together with his executive experience and knowledge of the energy industry, makes him a valuable member of the board.</p> |
| James Yardley | Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | <p>James C. Yardley has been a director since 2013. He was Executive Vice President of El Paso Corporation and President of its Pipeline Group from 2006 through 2012. Mr. Yardley was also the President and Chief Executive Officer of El Paso Pipeline GP Company LLC, the general partner of El Paso Pipeline Partners, L.P., a master limited partnership that owned and operated interstate natural gas transportation pipelines, storage and other midstream assets, from 2007 through 2012. From 1998 through 2006, he was the President of Southern Natural Gas Company, previously a unit of El Paso Corporation and now a unit held</p> |

| Name | Compensation Committee and Environmental, Health, Safety & Technology Committee of the Sempra Energy Board of Directors | Biography |
|------|---|--|
| | | <p>jointly by Kinder Morgan Inc. and The Southern Company. Mr. Yardley was formerly a director of El Paso Pipeline GP Company LLC, and of Scorpion Offshore Ltd.</p> <p>Mr. Yardley has extensive experience in the natural gas industry and in particular the midstream portion of that industry. He has spent over 34 years in the energy sector, many of which he worked in a leadership capacity, and has public company board experience. This specialized energy industry experience, together with Mr. Yardley's executive and public company board experience, makes him a valuable member of our board.</p> |

| Name | SoCalGas Board of Directors and SDG&E Board of Directors | Biography |
|--------------|--|--|
| Steven Davis | <p>Chair, SoCalGas Board of Directors</p> <p>Chair, SDG&E Board of Directors</p> | <p>Steven D. Davis became non-executive Chairman of SDG&E and SoCalGas in January 2017, and a director of SDG&E in September 2011 and of SoCalGas in November 2015. He previously was a director of SoCalGas from September 2011 through December 31, 2013. In January, 2017, Mr. Davis became Sempra Energy's Corporate Group President – Utilities. Prior to assuming his current role, he was Sempra Energy's Executive Vice President – External Affairs and Corporate Strategy starting in September 2015. Prior to that, Mr. Davis was President and Chief Operating Officer of SDG&E from January 2014 through September 2015. From March 2012 to December 2013, Mr. Davis served as Senior Vice President of External Affairs for Sempra Energy. Prior to that, he held other</p> |

| Name | SoCalGas Board of Directors and SDG&E Board of Directors | Biography |
|-------------|--|---|
| | | <p>senior level positions, including Vice President – Investor Relations of Sempra Energy from May 2010 to March 2012; and Vice President – Communications and Community Partnerships of Sempra Energy from 2006 to 2010.</p> <p>Mr. Davis serves as a board member of the U.S. Chamber of Commerce and of the Edison Electric Institute, an association that represents all U.S. investor-owned electric companies.</p> |
| Scott Drury | SDG&E Board of Directors | <p>Scott D. Drury became president and a director of San Diego Gas & Electric in January 2017. Prior to his current role, he served as SDG&E’s chief energy supply officer since June 2015. As chief energy supply officer, he was responsible for all aspects of acquiring energy and capacity to serve SDG&E’s customers, including electric transmission, enterprise engineering, strategic planning, and generation and resource planning. Previously, he was SDG&E’s vice president of human resources, diversity and inclusion from March 2011 to June 2015.</p> <p>Prior to 2011, he was director of safety and emergency services and director of supply management for both SDG&E and SoCalGas. Mr. Drury joined the Sempra Energy family of companies in 1986 and has held various management positions at SDG&E in areas including emergency services, construction, and procurement and logistics.</p> <p>Mr. Drury serves on the Board of Directors of the San Diego Regional Economic Development Corporation and the advisory board of Alzheimer’s San Diego.</p> |
| Bret Lane | Southern California Gas Company Board of Directors | <p>J. Bret Lane became a director of SoCalGas in March 2014. He has been the President of</p> |

| Name | SoCalGas Board of Directors and SDG&E Board of Directors | Biography |
|----------------|--|--|
| | | <p>SoCalGas since September 2016 and the Chief Operating Officer of SoCalGas since January 2014. Prior to assuming these roles, Mr. Lane served as Senior Vice President – Gas Operations and System Integrity for both SoCalGas and SDG&E from August 2012 to January 2014, where he was responsible for all aspects of gas delivery services, including regional operations, engineering, transmission, storage and pipeline safety. Mr. Lane has held several senior level positions with SoCalGas and SDG&E, including Vice President – Field Services from April 2010 to August 2012.</p> <p>Mr. Lane has served our company and its affiliates in a broad range of management roles for over 30 years.</p> <p>Mr. Lane serves on the Board of Directors for the Gas Technology Institute and the American Gas Association. He also serves on the Board Safety Committee of the American Gas Association and the Community Advisory Board of the Hank Lacayo Institute for Workforce.</p> |
| Jeffrey Martin | SDG&E Board of Directors Southern California Gas Company Board of Directors | <p>Jeffrey W. Martin became a director of SoCalGas in January 2017 and of SDG&E in January 2014. He is Executive Vice President and Chief Financial Officer of Sempra Energy, where he oversees all financial matters for Sempra Energy, including business development and major acquisitions. Prior to assuming his current role, Mr. Martin was Chairman of SDG&E from November 2015 to December 2016 and Chief Executive Officer of SDG&E from January 2014 to December 2016, and he held the role of President from October 2015 to December 2016. Previously, Mr. Martin was President and Chief Executive Officer of Sempra U.S. Gas & Power, LLC (USGP)</p> |

| Name | SoCalGas Board of Directors and SDG&E Board of Directors | Biography |
|----------------|---|---|
| | | <p>and USGP’s predecessor organization, Sempra Generation, and before that was Vice President – Investor Relations for Sempra Energy. He first joined Sempra Energy in 2004.</p> <p>Mr. Martin serves on the Board of Directors of the California Chamber of Commerce and the board of trustees of the University of San Diego, where he serves on the executive committee and chairs the athletics committee. Mr. Martin recently served on the boards of directors of the Edison Electric Institute, National Association of Manufacturers, and San Diego Regional Chamber of Commerce.</p> |
| Trevor Mihalik | <p>SDG&E Board of Directors</p> <p>Southern California Gas Company Board of Directors</p> | <p>Trevor I. Mihalik became a director of SoCalGas in January 2017. He has been Senior Vice President of Sempra Energy since December 2013 and Controller and Chief Accounting Officer for Sempra Energy since July 2012 where he is responsible for managing accounting operations, preparation and analysis of financial statements, and financial reporting and accounting systems, in addition to coordinating external audits. Prior to joining Sempra Energy in July 2012, Mr. Mihalik was the Senior Vice President of Finance at Iberdrola Renewables Holdings, Inc., a diversified renewables and natural gas company.</p> <p>Mr. Mihalik serves as a director of SDG&E, on the Accounting Advisory Board for San Diego State University and on the Advisory Board for the University of San Diego’s School of Business Administration.</p> |
| Joyce Rowland | <p>SDG&E Board of Directors</p> <p>Southern California Gas Company Board of Directors</p> | <p>G. Joyce Rowland became a director of SoCalGas in September 2015. She is Senior Vice President and Chief Human Resources and Chief Administrative Officer for Sempra Energy, where she oversees succession</p> |

| Name | SoCalGas Board of Directors and SDG&E Board of Directors | Biography |
|-----------------|--|---|
| | | <p>planning, leadership development, employee relations, staffing and affirmative-action/diversity programs. Ms. Rowland also oversees compensation and benefits, payroll services, human resources information technology and corporate security. Previously, Ms. Rowland served as Senior Vice President of Human Resources, Diversity and Inclusion for Sempra Energy from 1998 to 2014. Ms. Rowland serves as a director of SDG&E.</p> <p>Ms. Rowland serves as the chair of the San Diego LGBT Community Center and a board member of the Equality California Institute. She is a member of a number of professional groups, including the Society for Human Resource Management, World at Work and Anthem Blue Cross of California's consumer relations committee and is also an alumna of the "American Issues Forum of LEADERSHIP AMERICA."</p> |
| Patricia Wagner | Southern California Gas Company Board of Directors | <p>Patricia K. Wagner became the Chief Executive Officer and a director of SoCalGas in January 2017. Prior to assuming these roles, Ms. Wagner served as an Executive Vice President of Sempra Energy from September 2016 to December 2016. Previously, Ms. Wagner served as the President and Chief Executive Officer of USGP from January 2014 to September 2016. She also served as Vice President of Audit Services for Sempra Energy from February 2012 to December 2013 and as Vice President of Accounting and Finance for SoCalGas from November 2010 to February 2012. Ms. Wagner serves on the Board of Directors of Apogee Enterprises, Inc.</p> <p>Ms. Wagner serves on the Board of Directors of Apogee Enterprises, Inc. She also serves</p> |

| Name | SoCalGas Board of Directors and SDG&E Board of Directors | Biography |
|---------------|--|---|
| | | <p>on the advisory council for UC Davis Energy Efficiency Center, as a board member for Southern California Leadership Council, and the Cal Poly Pomona College of Engineering Dean’s Leadership Board.</p> |
| Caroline Winn | SDG&E Board of Directors | <p>Caroline A. Winn became Chief Operating Officer and a director of SDG&E in January 2017. Previously, Ms. Winn served as chief energy delivery officer, overseeing all energy delivery activities for SDG&E, including electric distribution and gas services, customer services, and external and state legislative affairs. Prior to that, she was vice president of customer services and chief customer privacy officer overseeing all customer-related activities for SDG&E, including call centers, smart pricing program, energy efficiency, demand response and customer assistance programs, customer privacy, revenue cycle activities, electric rates and analysis, field services, corporate brand, marketing and customer communications.</p> <p>Since joining the company in 1986 as an associate engineer, Ms. Winn has held a number of leadership positions with SDG&E and SoCalGas. Previously, she was director of supply chain management for both SDG&E and SoCalGas following her role as director of transmission and distribution asset management responsible for distribution planning, electric reliability, compliance management and information technology management.</p> <p>Ms. Winn serves on the Management Council and Board of Directors of the San Diego Regional Chamber of Commerce. Ms. Winn also serves on the Board of Directors of the Western Energy Institute and the</p> |

| Name | SoCalGas Board of Directors and SDG&E Board of Directors | Biography |
|--------------|--|---|
| | | board of advisors for the UC Davis Energy Efficiency Center. |
| Martha Wyrsh | SDG&E Board of Directors Southern California Gas Company Board of Directors | <p>Martha B. Wyrsh became a director of SoCalGas in September 2013 and a director of SDG&E in January 2015. She has been Executive Vice President and General Counsel of Sempra Energy since September 2013. In her role, Ms. Wyrsh oversees all of Sempra Energy’s legal affairs, the office of Corporate Secretary and Compliance. Prior to joining Sempra Energy, from 2009 to December 2012, Ms. Wyrsh served as President of Vestas American Wind Systems, the Portland, Oregon-based affiliate of Danish-owned Vestas Wind Systems A/S, and Chair of the Vestas North American Regional Council.</p> <p>From 2005 to 2008, Ms. Wyrsh served as President and Chief Executive Officer of Spectra Energy Transmission and its predecessor, Duke Energy Gas Transmission, a natural gas energy company based in Houston, Texas. She served as a member of the Board of Directors for Spectra Energy Corporation from 2007 to 2008. Ms. Wyrsh serves on the Boards of Directors of Spectris PLC and Cristo Rey Network, and is a former director of SPX Corporation.</p> |

APPENDIX C
Second Interim Accountability Report



Southern California Gas Company and San Diego Gas & Electric Company
Second Interim Spending Accountability Report

October 6, 2017

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1. Introduction

The California Public Utilities Commission (Commission) adopted Decision (D.) 16-06-054, issued on July 1, 2016, addressing the Test Year (TY) 2016 General Rate Case (GRC) of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (collectively, the Utilities). D.16-06-054 orders the following:

- a. SDG&E and SoCalGas shall each file a Spending Accountability Report within one year from the issuance date of D.16-06-054.
 - i. The Spending Accountability Report shall compare Test Year 2016 authorized spending to actual 2014 and 2015 spending on a limited set of risk mitigation projects, and to propose a methodology for reporting and comparing the projected versus actual benefits of its risk mitigation activities.¹ The proposed methodology with respect to benefits should include relevant performance metrics.²
- b. A second Spending Accountability Report shall be filed and served within two years from the issuance of D.16-06-054, which is to include actual 2016 spending.³
- c. SDG&E and SoCalGas are directed to discuss the format of these reports with the Safety and Enforcement Division (SED) and the Energy Division (ED) before the due dates of these reports.⁴

In accordance with D.16-06-054, the limited set of risk mitigation projects within the scope of these reports includes:⁵

For SDG&E's electric operations – the report shall include wildfire risk projects, activities and costs, and specific spending associated with mitigation projects SDG&E had identified as part of the wildfire mitigation program.^[6] For example, specific Fire Risk Management (FiRM) projects identified in testimony and in the SED report⁷ include, replace live front equipment; weather instrumentation; Powerworkz; C1215 Fire

¹ D.16-06-054, Ordering Paragraph (OP) 11.

² *Id.* at 39.

³ *Id.* at OP 11.

⁴ *Id.* at 41 and OP 11.

⁵ *Id.* at 39-41 (internal citations omitted).

⁶ Although this excerpt from D.16-06-054 identifies the listed projects as being part of SDG&E's wildfire mitigation program, SDG&E notes that not all of these programs are wildfire-related, or were identified as such in testimony, as described in Section 2.

⁷ SED prepared a safety report, which evaluated selected safety and risk program areas of the TY 2016 GRC applications of SDG&E and SoCalGas in Applications (A.) 14-11-003 and A.14-11-004.

Mitigation; FiRM Phases 1, 2 & 3, C441 Pole Loadings; Aerial marking; CNF Brakes; and SF6 [Sulfur Hexafluoride] switch replacement.

Among the metrics the utility might include in the report are the following: data on vegetation inspections, data on hardware failures, equipment failures, and wire failures.

Additionally, the report should cover the specific component replacement/maintenance programs that were identified in CCUE's [Coalition of California Utility Employees] direct testimony including: circuit breakers, capacitors, SF6 Switches, underground switches, and associated overhead.

Maintenance and repair/replacement of these components are considered mitigation for SDG&E's identified priority risk of electric service disruptions. Associated metrics should include a comparison of proposed versus actual replacement rates, as well as changes in relevant reliability index statistics. The level of spending the Commission has approved for these activities, as well as actual spending, should both be tracked.

For SDG&E's gas operations – The report should focus on the risks associated with gas safety incidents, especially third-party dig-ins, and elements of the Distribution Integrity Management Program (DIMP). In addition to DIMP, the report should include projects associated with replacing aging infrastructure, especially Aldyl-A pipe.

For SoCalGas – the report should include projects associated with reducing gas safety risks, including projects, activities, and costs associated with DIMP, Transmission Integrity Management Program (TIMP), and the Storage Integrity Management Program (SIMP).

With respect to proposing a methodology to “report and compare projected versus actual benefits of their risk mitigation activities”⁸ for the reported years, in these reports, the Utilities put forth metrics as a means to measure benefits. The metrics will serve two purposes: (1) explain variances in spending; and (2) provide insight into where improvements towards mitigating risks can be made. The proposed metrics are discussed in more detail in Section 1d.

A subsequent Commission decision, D.17-01-012, advised that SDG&E and SoCalGas should file their interim report in their Risk Assessment Mitigation Phase (RAMP) proceeding. After receiving email guidance on June 30, 2016 from Administrative Law Judge (ALJ) John Wong, the Utilities concurrently filed their first interim spending accountability report (referred to herein as the “First Interim Report”) both in Application (A.) 14-11-003/-004 (cons.) and in their pending RAMP proceeding, Investigation (I.) 16-10-015/-016 (cons.), and served the report upon the official service lists for those two proceedings. Further, D.17-01-012 requires that the second report (referred to herein as the “Second Interim Report”), which adds actual 2016 spending, shall now be filed in the TY 2019 GRC Applications of SDG&E and SoCalGas.⁹ The Utilities

⁸ D.16-06-054 at 39.

⁹ D.17-01-012 at OP 2.

submitted a letter to Executive Director Timothy Sullivan on August 15, 2017 requesting an extension of time to file their TY 2019 GRC applications from September 1, 2017 to October 6, 2017. Because D.17-01-012 requires the Utilities to file the Second Interim Report in their TY 2019 GRC, this extension will also impact the submission date of the accountability report. The extension request was granted on August 22, 2017.

Beginning with the information outlined in D.16-06-054, the Utilities met on March 6 and May 25, 2017 with SED and ED, and communicated in the interim, “to determine the exact format and content of these reports.”¹⁰ The format and content provided herein is a product of those discussions.

In this Second Interim Report, the Utilities have updated the First Interim Report to (1) include figures for 2016; (2) correct any identified errors; and (3) incorporate relevant feedback received to date based on follow-up meetings with SED, ED, and Office of Safety Advocates (OSA). The subsequent sections below (Sections 2, 3 and 4) provide a comparison of authorized spending to actual spending,¹¹ variance explanations and metrics for SDG&E’s Electric Operations, SDG&E’s Gas Operations and SoCalGas’ Gas Operations. This Second Interim Report is timely filed in accordance with D.16-06-054, D.17-01-012, and the Executive Director’s grant of the Utilities’ extension letter request.

a. Background

In D.14-12-025, the Commission adopted a risk-based decision-making framework into the Rate Case Plan (RCP) for the energy utilities’ GRCs. This risk-based decision-making framework was developed as a result of Senate Bill (SB) 705 (Statutes of 2011, Chapter 522), which declared in Public Utilities Code Section 963(b)(3):

It is the policy of the state that the commission and each gas corporation place safety of the public and gas corporation employees as the top priority. The commission shall take all reasonable and appropriate actions necessary to carry out the safety priority policy of this paragraph consistent with the principle of just and reasonable cost-based rates.

In 2014, the California Legislature amended the Public Utilities Code by adding Section 750, which directed the Commission to “develop formal procedures to consider safety in a rate case application by an electrical corporation or gas corporation.”¹² As a result of these directives, D.14-12-025 adopted a risk-based decision-making framework for the large energy utilities, including SDG&E and SoCalGas. This framework consists of the following:

For the large energy utilities, this will take place through two new procedures, which feed into the GRC applications in which the utilities request funding for such safety-related

¹⁰ D.16-06-054 at 41.

¹¹ SoCalGas and SDG&E’s Second Interim Report reports regulatory account balances as recorded through December 31 of the applicable year. Any adjustments that may be necessary are recorded in the year the adjustment is discovered, which corrects the cumulative balance recorded at that point in time.

¹² SB 900 (Statutes of 2014, Chapter 552).

activities. These two procedures are: (1) filing of a Safety Model Assessment Proceeding (S-MAP) by each of the large energy utilities, which are to be consolidated; and (2) a subsequent Risk Assessment Mitigation Phase (RAMP) filing in an Order Instituting Investigation for the upcoming GRC wherein the large energy utility files its RAMP in the S-MAP reporting format describing how it plans to assess its risks, and to mitigate and minimize such risks. The RAMP submission, as clarified or modified in the RAMP proceeding, will then be incorporated into the large energy utility's GRC filing. In addition, the large energy utilities will be required to file annual reports following their GRC decisions.

It is our intent that the adoption of these additional procedures will result in additional transparency and participation on how the safety risks for energy utilities are prioritized by the Commission and the energy utilities, and provide accountability for how these safety risks are managed, mitigated and minimized.¹³

Although the Utilities filed their TY 2016 GRC prior to the issuance of D.14-12-025, D.16-06-054 ordered these interim accountability reports “[i]n order for the Commission and the Applicants to gain some familiarity and understanding with these reporting requirements during the TY 2016 GRC cycle, and to obtain the necessary data and metrics on safety, risk mitigation and accountability established by the framework in D.14-12-025.”¹⁴ Thus, the Commission focused on a limited set of risk mitigation projects for the TY 2016 GRC cycle, recognizing that future work would occur in Phase 2 of the S-MAP to refine future reporting requirements.

Thus, it is important to recognize that the First and Second Interim Reports cover years during the TY 2012 and TY 2016 GRC cycles, for which the Utilities filed applications before the risk-informed GRC framework was adopted, and during which the Utilities have undertaken the transitional process of implementing this framework. Accordingly, the reports reflect a transitional time period, and the risk mitigation projects in the reports predate the Utilities' November 30, 2016 RAMP Report under the new framework. Reports on risk mitigation projects here thus do not reflect the Utilities' comprehensive safety risk showing presented in their RAMP Report, nor the framework under which the Utilities developed that showing. Accountability reporting for the Utilities' first RAMP showing will not occur until 2020.¹⁵

¹³ D.14-12-025 at 2-3. These directives are also consistent with the Commission's Safety Action Plan and Regulatory Strategy, as updated in February 2016. The Commission's Safety Action Plan includes action items, such as Energy Division staff reports on safety-related expenditures, and safety review and activity reporting in GRCs by SED.

¹⁴ D.16-06-054 at 39.

¹⁵ D.14-12-025 states on p. 46 that the accountability reports “shall report on the activities and spending the utility undertook during the GRC test year, and during each attrition year.” D.14-12-025 on page 47 also sets a timeline for submitting the annual accountability reports: “SoCalGas' [accountability] reports to be filed by July 31 after the applicable reporting period; and SDG&E's reports to be filed by September 30 after the applicable reporting period.” Accordingly, the Utilities' first post-RAMP accountability reports will be submitted in 2020, after their 2019 GRC test years.

Furthermore, as explained in Sections 1b and 1c, the authorized and actual non-balanced spending in 2014 and 2015 was determined by the authorized revenue requirement established over two different GRC cycles (*i.e.*, TY 2012 GRC for Operations and Maintenance (O&M) and TY 2016 GRC for capital).

b. General Rate Case Cycles of the Utilities

The Utilities file GRC Applications with the Commission seeking authorization of a revenue requirement to recover the reasonable costs forecasted to incur in the test year,¹⁶ and a mechanism for adjusting the revenue requirement annually during the post-test years,¹⁷ for a total GRC period that typically spans three years. A revenue requirement is the amount of money the Utilities are allowed to collect, or recover, from their customers through rates.¹⁸

The final outcome of a GRC is a Commission-approved test year revenue requirement comprising of O&M and capital funding for the forecast years that compound annually up to the test-year. Additionally, a post-test year mechanism is approved generally for escalation on the test year revenue requirement. These approvals may or may not be the same as originally presented by the Utilities.

To illustrate the GRC cycles, the diagram below demonstrates the Utilities' last two GRC cycles as well as this TY 2019 GRC filed on October 6, 2017.

¹⁶ A GRC follows the Commission's approved Rate Case Plan, which outlines the required submittals, procedures, and deadlines associated with a GRC. The Rate Case Plan utilizes a "base-year/test-year" approach to GRC ratemaking. Pursuant to the Rate Case Plan, the GRC typically consists of testimony and workpapers justifying forecasted O&M and capital costs in a future period. The last recorded year available forms the "Base Year." The year for which the Commission is formally approving the revenue requirement, and when new rates are to take effect, is called the "Test Year." The Utilities' showing provides recorded amounts for the base year and annual forecasts as a means to get to the test year. The annual forecasts provided between the base year and test year are referred to as "Forecast Years."

¹⁷ For years 2 and 3 of the GRC cycle (and an additional year 4 proposed in this TY 2019 GRC filing), referred to as post-test years or attrition years, the Utilities also propose a post-test year mechanism. Ultimately, the GRC decision will prescribe how to adjust the test year revenue requirement for inflation and other factors that may affect costs, such as additional capital projects between test years.

¹⁸ Generally, the Utilities' GRCs are presented in direct, base year dollars and converted into a test year revenue requirement using a ratemaking model, the Results of Operation (RO) model. The process by which the RO model converts the direct, base year dollars into a test year revenue requirement includes the escalation of costs (converting base year dollars into test year nominal dollars), intercompany billings between the Utilities, applying overheads (such as benefits) to capital projects, and converting the capital forecasts into capital-related costs (depreciation, taxes, and return).

Diagram 1: GRC Cycles of SoCalGas and SDG&E¹⁹

| 2012 GRC Proceeding | | | | | |
|----------------------------|-------------|----------------------------|-------------|----------------------------|-------------|
| Base Year | 2009 | | | | |
| Forecast Year | 2010 | | | | |
| Forecast Year | 2011 | 2016 GRC Proceeding | | | |
| Test Year | 2012 | Base Year | 2013 | | |
| Post-Test Year | 2013 | Forecast Year | 2014 | | |
| Post-Test Year | 2014 | Forecast Year | 2015 | 2019 GRC Proceeding | |
| Post-Test Year | 2015 | Test Year | 2016 | Base Year | 2016 |
| | | Post-Test Year | 2017 | Forecast Year | 2017 |
| | | Post-Test Year | 2018 | Forecast Year | 2018 |
| | | | | Test Year | 2019 |
| | | | | Post-Test Year | 2020 |
| | | | | Post-Test Year | 2021 |

The Utilities provided the requested information, as discussed in Sections 1 and 1a herein, for the years 2014 through 2015, in the First Interim Report. The Utilities “shall compare Test Year 2016 authorized spending to actual 2014 and 2015 spending.”²⁰ As noted in Sections 1a and 1c, years 2014 and 2015 were authorized by the Commission during the TY 2012 GRC proceeding in D.13-05-010.²¹ However, the 2016 amounts for authorized were approved by the Commission in the 2016 GRC proceeding in D.16-06-054.²² Accordingly, as explained in Section 1c, the non-balanced capital projects were authorized over two different GRC cycles, causing the “authorized” three-year period (2014-2016) reported herein to not be an ideal comparison against “actual” capital spending over the same three-year period.

¹⁹ The Utilities are proposing a four-year term (2019-2022) for the TY 2019 GRC cycle, which would result in the next test year to be 2023. See the direct testimony of Post-Test Year Ratemaking witnesses Jawaad Malik (Ex. SCG-44) and Kenneth Deremer (Ex. SDG&E-43).

²⁰ D.16-06-054 at OP 11.

²¹ The applications of SDG&E and SoCalGas for the 2012 GRC cycle were A.10-12-005 and A.10-12-006, respectively.

²² The applications of SDG&E and SoCalGas for the 2016 GRC cycle were A.14-11-003 and A.14-11-004, respectively.

Further, the Utilities are presenting the non-balanced projects and metrics herein on a direct basis, which is the input into the revenue requirement, but not the revenue requirement itself, which is authorized in a GRC decision. By contrast, the balanced programs in this report (*i.e.*, TIMP, DIMP and SIMP) are presented on a revenue requirement basis, because the Utilities report on and manage to the authorized revenue requirement levels, not the direct spending.

c. Derivation of Authorized Dollars

For the majority of the “risk mitigation” projects covered in this report, the “authorized” amounts are discrete authorized funding values for those projects.²³ However, the Commission did not provide an authorized amount for SDG&E Dig-In-related activities. Therefore, the Utilities imputed the authorized values by using the amounts authorized in the Locate and Mark workpaper and adding Dig-In-related Public Awareness costs (*e.g.*, 811 Dig Alert Campaign).

For non-balanced spending in this report, O&M expenditures in 2014 and 2015 were authorized in the TY 2012 GRC, whereas the 2016 O&M spending was authorized in the TY 2016 GRC. However, the non-balanced capital spending for 2014, 2015, and 2016 was derived from the TY 2016 GRC, which includes approved capital projects in the forecast years (2014-2016) in the 2016 revenue requirement. The reason the Utilities used the “authorized” capital projects and activities from the TY 2016 GRC rather than the amounts from the TY 2012 GRC is because the projects required in this report in accordance with the TY 2016 GRC decision were not necessarily included in the TY 2012 GRC. For purposes of this report, the Utilities have presented the non-balanced information in direct nominal dollars (*i.e.*, the 2014, 2015, and 2016 authorized are in the 2014, 2015, and 2016 dollars, respectively).

To better illustrate this, consider the following example. In the TY 2012 GRC, specific capital forecasts were approved for years 2010-2012 to establish the revenue requirement for TY 2012. After the test year revenue requirement has been established, the revenue requirement going forward into the post-test years is based on an approved post-test year mechanism (usually an escalation factor), which gets applied to the total revenue requirement from the test year. Because the post-test year increase is based on a total revenue requirement instead of specific projects, the specific capital details in the post-test years for the TY 2012 GRC cycle are not available. In order to get specific capital details for 2014, 2015, and 2016, the Utilities had to use the forecast years from the TY 2016 GRC.

For the balanced programs, this report presents O&M and capital in revenue requirement terms because the programs are tracked on a revenue requirement basis, as required by the annual advice letter filings. Reviewing balanced programs in these terms, rather than in nominal direct dollars, reflects more accurately how the Utilities manage these programs and track costs. The purpose of managing to a revenue requirement is so that the Utilities stay within the authorized revenue requirement for the entire GRC cycle. While capital spend and the timing of capital becoming rate base are building blocks in creating an authorized revenue requirement, it is the authorized revenue requirement itself that utilities are measured against financially. Further,

²³ The Commission-approved final GRC decisions do not always provide authorized figures by project or activity, which may be needed for accountability reporting.

GRCs establish and authorize test year revenue requirements and apply an attrition year mechanism or escalator to build test year revenue requirements (please see Table 1, which illustrates this concept).

Table 1: Illustrative Example Timing of Capital

| | Test year | Attrition Year 1*** | Attrition Year 2*** |
|---|-----------|------------------------|------------------------|
| Authorized Revenue Requirement | \$21 | \$22 | \$23 |
| Authorized Capital Costs | | | |
| a. Depreciation at 10 years (10%) | \$10 | \$11 | \$11 |
| b. Return (8%) | \$8 | \$8 | \$9 |
| c. Taxes (apprx. 40% of Return) | \$3 | \$3 | \$4 |
| Total Capital Costs | \$21 | \$22 | \$23 |
| Forecast Capital Spend | \$100 | | |
| Implied Attrition allowed spend* | | \$15 | \$16 |
| Forecasted Ratebase** | \$100 | \$105 | \$110 |
| * In attrition years, a utility can spend what has been depreciated in prior years plus a small amount equal to what would add up to the capital costs equal to the increase in revenue due to attrition. | | | |
| **Assumes 100% weighting, January 1 close date. Reduces each year by depreciation and increases by capital spend. | | | |
| *** For simplicity, assumes 5% attrition | | | |

Based on the foregoing, this report shows the balanced programs on a revenue requirements basis.

In summary, Tables 2 and 3 below present the projects in the scope of this report, whether the projects include O&M and/or capital, and how this information is presented herein.

Table 2: Derivation of 2014 and 2015 Authorized²⁴

| <u>Data Source</u> | | | | |
|--------------------|---------------------------|-------------|-------------|-------------------------|
| | Projects | O&M | Capital | Presentation |
| | SDG&E Electric Operations | n/a | TY 2016 GRC | Nominal, Direct Dollars |
| | SDG&E Dig-Ins | TY 2012 GRC | TY 2016 GRC | Nominal, Direct Dollars |
| Balanced Programs | SoCalGas & SDG&E DIMP | TY 2012 GRC | TY 2012 GRC | Revenue Requirement |
| | SoCalGas TIMP | TY 2012 GRC | TY 2012 GRC | Revenue Requirement |
| | SoCalGas SIMP | n/a | n/a | Revenue Requirement |

Table 3: Derivation of 2016 Authorized²⁵

| <u>Data Source</u> | | | | |
|--------------------|---------------------------|-------------|-------------|-------------------------|
| | Projects | O&M | Capital | Presentation |
| | SDG&E Electric Operations | n/a | TY 2016 GRC | Nominal, Direct Dollars |
| | SDG&E Dig-Ins | TY 2016 GRC | TY 2016 GRC | Nominal, Direct Dollars |
| Balanced Programs | SoCalGas & SDG&E DIMP | TY 2016 GRC | TY 2016 GRC | Revenue Requirement |
| | SoCalGas TIMP | TY 2016 GRC | TY 2016 GRC | Revenue Requirement |
| | SoCalGas SIMP | TY 2016 GRC | TY 2016 GRC | Revenue Requirement |

²⁴ Authorized amounts for SDG&E Associated Overhead and SDG&E Dig-In Damage Prevention Program were imputed using a portion of the applicable workpaper group based on subject matter expert judgment.

²⁵ Authorized amounts for SDG&E Associated Overhead and SDG&E Dig-In Damage Prevention Program were imputed using a portion of the applicable workpaper group based on subject matter expert judgment.

d. Derivation of Safety Performance Metrics for Risk Mitigation Benefits

Pursuant to D.16-06-054, the Utilities are proposing a methodology herein to satisfy the requirement of “how SDG&E and SoCalGas can report and compare projected versus actual benefits of their risk mitigation activities. The methodology should include relevant performance metrics...”²⁶ The Utilities’ proposed methodology for risk mitigation benefits is based on performance metrics discussed in the S-MAP as well as the metrics referenced in D.16-06-054. D.16-08-016 supports using metrics to evaluate performance/benefits stating “[o]ne method for analyzing the risk mitigation accountability report may be to track the performance metrics developed by the working group to assess the safety performance of the utilities over time.”²⁷

For metrics mentioned in D.16-06-054, this report presents actual and planned activity levels. Generally, the planned levels represent what the Utilities put forth, or “proposed,” in their direct testimony and workpapers from the TY 2016 GRC, which may be the underlying methodology or assumptions used to derive the Utilities’ GRC forecasts. In other words, the “planned” metrics are the planning or forecasting assumptions of SoCalGas and SDG&E. This means that the planned metrics are not reflective of either the final GRC decision or the adopted settlement. The basis for using planned rather than “authorized” metrics is that the final GRC decisions and applicable settlement did not necessarily provide authorized metrics. Further, if no “planned” column is included in the metrics table, this indicates that the Utilities did not propose or include a metric when deriving their original GRC forecasts. For example, the Utilities do not forecast that dig-ins or fire ignitions will occur in a given year.

For metrics discussed in the S-MAP, the Utilities have been actively participating in the working group on reporting metrics established in Phase 1 of the S-MAP. The purpose of the S-MAP metrics working group is “to develop a set of performance metrics to use as a baseline in the proceeding.”²⁸ The Utilities utilized the thought processes and work accomplished during Phase 1 of the S-MAP for these interim accountability reports by incorporating some of the performance metrics herein. Examples of these metrics include Transmission and Distribution Wires Down (Electric Operations), Total Damages (Third Party Dig-Ins) and In-Line Inspections (TIMP).

According to SED, “the working group has made strong progress and has reached the stage of refining a comprehensive and detailed set of performance metrics to offer in Phase Two of the first S-MAP.”²⁹ Because Phase 2 of the S-MAP is currently underway, the metrics presented herein should be considered preliminary and subject to change. While the Utilities have discussed the presented metrics with Commission staff, open discussions with parties and SED continue in the metrics working group. Further, a final decision in the S-MAP Phase 2 proceeding may affect final metrics reported and tracked. As such, it is premature at this time to

²⁶ D.16-06-054 at 39.

²⁷ D.16-06-018 at 159.

²⁸ *Id.* at 159-160.

²⁹ *Id.* at 158.

include all the metrics being discussed in the on-going S-MAP proceeding in these reports. Nonetheless, the Utilities have included in this report certain metrics in each of the sections below to measure safety performance over time.

The table below summarizes the metrics being provided in this report:

| Projects | Metric | Origin |
|---------------------------|--|---|
| SDG&E Electric Operations | Component Replacement/Maintenance Programs – circuit breakers, capacitors, SF6 switches, underground switches, associated overhead | Metric and associated dollars ordered for inclusion in D.16-06-054 The planned metrics are the original planning assumptions for the associated forecasts. |
| | Metrics – vegetation inspections, data on hardware failures, equipment failures and wire failures | Included as described in D.16-06-054 |
| | Fire ignitions, transmission & distribution wires down | Proposed metric in the S-MAP |
| | All other metrics | Included for measurement purposes |
| SDG&E Dig-Ins | Damages per 1,000 tickets | Proposed metric in the S-MAP |
| | All other data | Included for measurement purposes |
| SDG&E/SoCalGas DIMP | Aldyl-A replacements (SDG&E only) | Ordered for inclusion in D.16-06-054. The planned metrics are the original planning assumptions for the associated forecasts. |
| | All other metrics | Included for measurement purposes |
| SoCalGas TIMP | Total miles of high-pressure pipe inspected by in-line inspection | Proposed metric in the S-MAP |
| | All other metrics | Included for measurement purposes |
| SoCalGas SIMP | Wells inspected using an enhanced inspection protocol | Proposed metric in the S-MAP |
| | All other metrics | Included for measurement purposes |

2. SDG&E Electric Operations – Wildfire Risk Projects and Electric Service Disruptions

In the TY 2016 GRC, SDG&E proposed various capital projects in the direct testimony of its Electric Distribution Capital witness that were categorized under “Safety and Risk Management.”³⁰ Although these projects were characterized as safety and risk management projects in testimony, it should be noted that the testimony was written prior to issuance of D.14-12-025, which established the RAMP process, and prior to development of SDG&E’s RAMP Report. Thus, only some of these projects are consistent with mitigation activities identified in SDG&E’s RAMP Report. The TY 2016 GRC testimony’s “Safety and Risk Management” categorization, which predated the now-established RAMP process, should not be mistaken as implying that all of these projects address SDG&E’s top risks.

Similarly, these “Safety and Risk Management” projects were identified in the SED Staff Report (presented as Exhibit 23 in A.14-11-003/-004) and in the final decision, D.16-06-054 (p. 39), as “part of [SDG&E’s] wildfire mitigation program.” However, this assertion is incorrect, as not all of the projects address the wildfire risk. Projects that do not address wildfire risk are included separately below, in compliance with D.16-06-054.

The identified projects that are a part of SDG&E’s wildfire mitigation program were described in testimony as follows:

SDG&E Weather Instrumentation Install (Budget Code 11243): This project is described as a collaborative effort with the National Weather Service, CAL FIRE [California Department of Forestry and Fire Protection], UCLA [University of California, Los Angeles], and the U.S. Forest Service included the procurement of two Atmospheric Profilers intended to increase SDG&E’s understanding of Santa Ana winds. This project supports the goals of safety and reliability by developing a tool to mitigate risks associated with extreme fire potential during Santa Ana Winds with a vision to provide a decision support tool to fire agencies and the general public to increase public safety and overall preparedness.

Circuit 1215 Fire Risk Mitigation Project (Budget Code 12265): This project replaces aged overhead conductor with new conductor, and replace wood poles with steel poles to enhance circuit reliability. The new facilities are designed using known local conditions as the basis for design; which, in the case of this circuit, includes extreme wind conditions. Re-conductoring wood to steel is intended to greatly reduce the risk of brush fires during high wind events in areas on Circuit 1215 known to have past wire-down events, and improve circuit reliability with the re-conductor.

³⁰ A.14-11-003, Ex. 134 SDG&E/Jenkins at 118-132.

Fire Risk Mitigation (FiRM) Phases 1 & 2 (Budget Code 13247) and FiRM Phase 3 (Budget Code 14247): FiRM is described as a program designed to aggressively address “fire risk by hardening critical areas by replacing antiquated line elements, utilizing advanced technology, and safeguarding facilities from known local weather conditions. FiRM is being broken into multiple phases, with the scope of work varying within each phase.”³¹ As FiRM began to ramp up and become a part of SDG&E’s day-to-day operations, the phased approach of the program evolved into a single comprehensive program. The phased approach prioritized work based on location. SDG&E now prioritizes work based on information from the Reliability Improvements in Rural Areas Team (RIRAT)³² and a probabilistic model, the Wildfire Risk Reduction Model (WRRM). SDG&E uses these “smarter” tools to replace its high-risk assets (*i.e.*, those that are likely more prone to failure and ignition) first rather than using location as the main criteria. This development is reflected in the descriptions and cost report tables below.

As presented in the TY 2016 GRC, FiRM consisted of three location-based phases with work planned through 2018. Phase 1 planned to address 7,200 poles that fall in the highest risk areas and was anticipated to take place between 2014 and 2015. Phase 2 of FiRM was planned to address the remaining 30,000 poles in the High-Risk Area and was planned to take place between 2014 and 2018. The activities for Phase 2 included targeted re-conductoring and hardening, based on history, known local conditions, and pole load information. Phase 3 of FiRM was planned to address the remaining poles in the Fire Threat Zone (approximately 40,000 poles). For this phase, the distribution facilities were intended to be LiDAR surveyed (Light Detection and Ranging) and PLS-CADD models will be developed for analysis.

Circuit 441 Pole Loading Study/Fire Risk Mitigation (Budget Code 13255): This project replaces 1.5 miles of aged overhead conductor with new conductor, and replaces wood poles with steel poles to enhance circuit reliability. The new facilities are designed using known local conditions as the basis for design, which for this circuit includes extreme wind conditions. This particular circuit is located in mountainous areas vulnerable to extreme winds and other storm events, which have resulted in outages related to fallen trees/branches, debris blowing into the energized conductors, wire-to-wire contact, and equipment failure.

Distribution Aerial Marking and Lighting (Budget Code 13266): The primary objective of this budget is to comply with FAA [Federal Aviation Administration] requirements, California State Aeronautics Code Title 21, and local Airport Land Use Commissions, in addition to increasing public and employee safety by installing aerial marking and

³¹ *Id.* at 123:21-23.

³² RIRAT is a multi-disciplinary technical team of subject matter experts within SDG&E that “focuses its attention on facilities and activities in these areas so as to assure that all prudent and cost-effective fire-prevention measures are promptly evaluated and implemented.” *Id.* at 7:11-13.

lighting. The alternative to this project is just merely complying with FAA regulations, but that does not address all areas where there is a risk of aviation collision with overhead electric facilities.

Cleveland National Forest (CNF) (Budget Code 13282): This budget is required as part of a legal agreement with the CNF to replace aging overhead infrastructure with new overhead and underground facilities. As part of the renewal of our Master Special Use Permit with CNF, SDG&E agreed to rebuild overhead power lines by replacing them with new overhead and underground facilities.

The projects described below were not specifically intended to address SDG&E's fire risk, but were identified as "Safety and Risk Management" projects in SDG&E's TY 2016 GRC testimony. Reporting on these projects is provided in compliance with D.16-06-054.

Replace for Live Front Equipment (Budget Code 6247): Live front replacement is an ongoing secondary capital project that replaces live front equipment with dead front pad-mounted equipment³³ in conjunction with other SDG&E work (e.g., cable replacement, circuit upgrades, etc.). Live front equipment was primarily installed on SDG&E's electric distribution system during the 1960's and 1970's, and has since become obsolete, being replaced by 'dead-front' equipment, which has additional safety barriers such as removable fiberglass or composite plates, protective covers or additional compartmentalization.

PowerworkZ (Budget Code 12256): The Powerworkz project is a one-time acquisition of three off-the-shelf software systems used for customized vegetation management purposes: a widely used Geographical Information System (GIS) platform, a mobile GIS solution, and asset management program.

Sulfur Hexafluoride (SF6) Switch Replacement (Budget Code 14249): The SF6 Switch Replacement is a project to remove or replace SF6 gas insulated distribution switchgear, to reduce environmental risks associated with the potential for SF6 emissions. Because SF6 emissions are known to have a global warming potential, leaking SF6 switches are subject to the federal Climate Action Plan goal (Environmental Protection Agency) and state (California Air Resources Board) AB 32 California Global Warming Solutions Act of 2006. AB 32 mandated efforts are expected to reduce greenhouse gas emissions to 1990 levels by 2020. The costs of the project were allocated over five years and projected to remove or replace switches beginning in 2016.

For the electric distribution capital projects identified for reporting in D.16-06-054, pages 39-40, the tables below show cost comparisons between actual and authorized amounts for the years 2014, 2015, and 2016, with explanations for the variances provided below each table.

³³ Live front electric distribution equipment is defined by having their primary connections exposed with no insulated covering. Thus, when the equipment is opened, there are energized, or "live," conductors present. By contrast, dead front equipment is where the energized primary conductors are insulated from contact.

Comparison of 2014 and 2015 Authorized Spending to 2014 and 2015 Actual Spending³⁴

| Capital Project | 2014 | 2014 | 2014 |
|---|-----------------|-----------------|------------------|
| | Actuals | Authorized | Variance |
| Nominal Dollars (\$000) | | | |
| SDG&E Weather Instrumentation Install (BC 11243) | \$494 | \$426 | \$68 |
| Circuit 1215 Fire Risk Mitigation Project (BC 12265) | \$59 | \$61 | (\$2) |
| FiRM Phases 1, 2, & 3 (BC 13247 & 14247) | \$16,729 | \$18,209 | (\$1,480) |
| Circuit 441 Pole Loading Study/Fire Risk Mitigation (BC 13255) | \$83 | \$83 | (\$0) |
| Distribution Aerial Marking and Lighting (BC 13266) | \$0 | \$0 | \$0 |
| Cleveland National Forest (CNF) (BC 13282 & 081650) | \$88 | \$112 | (\$24) |
| Sub-Total Fire Specific | \$17,453 | \$18,891 | (\$1,438) |
| Replace for Live Front Equipment (BC 6247) | \$389 | \$394 | (\$5) |
| Powerworkz (BC 12256) | \$605 | \$610 | (\$5) |
| SF6 Switch Replacement (BC 14249) | \$0 | \$0 | \$0 |
| Sub-Total Other TY2016 Elect Dist Safety & Risk Projects | \$994 | \$1,004 | (\$10) |
| Total TY2016 GRC Elect Dist Safety & Risk Projects | \$18,447 | \$19,895 | (\$1,448) |

2014 Variance Explanation:

In SDG&E's TY 2016 GRC Settlement Comparison Exhibit, the 2014 authorized amounts were based upon the 2014 actual expenditures represented in 2013 constant dollars, with the exception of FiRM Phases 1 & 2. For FiRM Phases 1 & 2, the settlement was \$1.2M higher than actual incurred expenses. All other variances between 2014 actuals and 2014 authorized are due to escalation calculation differences.

| | 2014 | | | | |
|---|-------------------------|--------------------------|-------------------------|--------------------|----------|
| | Metrics | | Nominal Dollars (\$000) | | |
| | Actual Replacement Rate | Planned Replacement Rate | Actual Expense | Authorized Expense | Variance |
| Component Replacement & Maintenance Programs: | | | | | |
| Circuit Breakers (BC 992820) | 34 | 4 | \$282 | \$284 | (\$2) |
| Capacitors (BC 112490, 002090, 082530) | 39 | 17 | (\$980) | (\$1,771) | \$791 |
| SF6 Switches (BC 14249A & 142490) | 0 | 0 | \$0 | \$0 | \$0 |
| Underground Switches (BC 002890) | 38 | 40 | \$5,416 | \$5,476 | (\$60) |
| Associated Overhead (portions of BC 009010, 009040, 009050, 00906A, & 009060) | n/a | n/a | \$2,702 | \$1,256 | \$1,446 |

³⁴ The Cleveland National Forest project has been updated for years 2014 and 2015 to also include Actuals and Authorized from budget code 081650 that were previously omitted in error. BC 13282 was included in the TY 2016 GRC for the Cleveland National Forecast project under the Safety and Risk group of budget codes; however, when the Cleveland National Forecast project was implemented, all segments of the project are recorded to BC 081650. BC 081650 was originally authorized in the TY 2016 GRC as the CPUC jurisdiction portion of the Transmission/FERC Line Replacement.

2014 Variance Explanations:

Circuit Breakers – For purposes of clarifying the information being provided, SDG&E notes that it is reporting a higher replacement rate here than was provided in response to a data request from CCUE during the TY 2016 GRC. In that data request response, SDG&E only included planned replacements for circuit breakers on blanket substation reliability and capacity budgets. The replacement rate reported here also includes breakers being replaced on specific capital budgets such as the Cannon, Sunnyside, and Los Coches Rebuilds. Additionally, SDG&E reports that there are circuit breaker replacement costs contained within other budget codes that cannot be separated from new installations and are not included in the actual dollars being reported on this line.

Capacitors³⁵ – Capacitors are recorded to multiple budget codes. The actual type of capacitors installed differed from what was forecasted in the TY 2016 GRC and the average cost to install the capacitors varied accordingly. As an example, the forecasted level of Supervisory Control and Data Acquisition (SCADA) capacitors in the TY 2016 GRC was lower than actually installed in 2014. The credit in the actual spend was due to materials reconciliation between projects from previous years.

Overhead - variances associated with component replacement and maintenance programs are primarily driven by changes in capital expenditure results.

| Capital Project | 2015 | 2015 | 2015 |
|---|-------------------------|-----------------|----------------|
| | Actuals | Authorized | Variance |
| | Nominal Dollars (\$000) | | |
| SDG&E Weather Instrumentation Install (BC 11243) | (\$29) | | (\$29) |
| Circuit 1215 Fire Risk Mitigation Project (BC 12265) | | | \$0 |
| FiRM Phases 1, 2, & 3 (BC 13247 & 14247) | \$52,170 | \$38,950 | \$13,220 |
| Circuit 441 Pole Loading Study/Fire Risk Mitigation (BC 13255) | | | \$0 |
| Distribution Aerial Marking and Lighting (BC 13266) | \$0 | \$147 | (\$147) |
| Cleveland National Forest (CNF) (BC 13282 & 081650) | \$929 | \$7,221 | (\$6,292) |
| Sub-Total Fire Specific | \$53,070 | \$46,318 | \$6,752 |
| Replace for Live Front Equipment (BC 6247) | \$414 | \$885 | (\$471) |
| Powerworkz (BC 12256) | (\$1) | | (\$1) |
| SF6 Switch Replacement (BC 14249) | | | \$0 |
| Sub-Total Other TY2016 Elect Dist Safety & Risk Projects | \$414 | \$885 | (\$471) |
| Total TY2016 GRC Elect Dist Safety & Risk Projects | \$53,483 | \$47,203 | \$6,280 |

³⁵ At the request of OSA, at the conclusion of our meeting on August 29, 2017, we have updated the Component Replacement & Maintenance Program tables to include the applicable budget codes that are being included. Additionally, the Proposed Capacitor numbers have been updated to include the capacitors that were requested by BC 082530 at 11 per year. Actual capacitors have also been updated.

2015 Variance Explanations:

FiRM Phases 1, 2 & 3 - variance totals \$13.2M and is mainly driven by a ramp-up in construction activities during 2015.

Cleveland National Forest - variance is due to delayed approval of Permit to Construct (PTC). SDG&E received the PTC from the Commission in D.16-05-038, dated May 26, 2016, which resulted in subsequent construction starting in September 2016.

Replace for Live Front Equipment - this a secondary project is used when live front equipment is replaced in conjunction with other capital work (e.g., cable replacement, circuit upgrades, etc.). The variance in completion of live front replacement is dependent on circumstances, such as where projects are being completed and whether those areas have live front equipment that needs to be replaced).

| | 2015 | | | | |
|---|-------------------------|--------------------------|-------------------------|--------------------|-----------|
| | Metrics | | Nominal Dollars (\$000) | | |
| | Actual Replacement Rate | Planned Replacement Rate | Actual Expense | Authorized Expense | Variance |
| Component Replacement & Maintenance Programs: | | | | | |
| Circuit Breakers (BC 992820) | 18 | 7 | \$0 | \$685 | (\$685) |
| Capacitors (BC 112490, 002090, 082530) | 18 | 17 | (\$106) | \$4,049 | (\$4,155) |
| SF6 Switches (BC 14249A & 142490) | 0 | 0 | \$0 | \$0 | \$0 |
| Underground Switches (BC 002890) | 48 | 60 | \$5,519 | \$7,874 | (\$2,355) |
| Associated Overhead (portions of BC 009010, 009040, 009050, 00906A, & 009060) | n/a | n/a | \$1,967 | \$7,455 | (\$5,488) |

2015 Variance Explanations:

Circuit Breakers – For purposes of clarifying the information being provided, SDG&E notes that this budget code is intended for Replacement of Obsolete Substation Equipment work of which Circuit Breakers are only a small portion. The actual replacement rate reported here also includes breakers being replaced on specific capital budgets such as the Cannon, Sunnyside, and Los Coches Rebuilds. Additionally, SDG&E reports that there are circuit breaker replacement costs contained within other budget codes that cannot be separated from new installations, and are not included in the actual dollars being reported on this line. *Note: The authorized and actual dollar values for circuit breaker replacements have been updated since the First Interim Report, which reported on all costs in the Replacement of Obsolete Equipment budget code, instead of reporting only on the circuit breaker component. The authorized dollars in the Second Interim Report include only the circuit breaker component. In addition, the actual expenses recorded on this budget code did not include any circuit breaker work, so that value has been changed to zero.*

Capacitors³⁶ – Capacitors are recorded to multiple budget codes. The actual type of capacitors installed differed from what was forecasted in the TY 2016 GRC and the average cost to install

³⁶ At the request of OSA at the conclusion of our meeting on August 29, 2017 we have updated the Component Replacement & Maintenance Program tables to include the applicable budget codes that are

the capacitors varied accordingly. As an example, the forecasted level of SCADA capacitors in the TY 2016 GRC was lower than actually installed in 2015. The credit in the actual spend was due to materials reconciliation between projects from previous years.

Underground Switches – The Do Not Operate Energized (DOE) switch replacement variance was due to a number of issues. Each switch replacement job is unique and will have different variables with land rights, environmental impacts and customer impacts. Some jobs had permit delays with the cities or municipalities, some had outage coordination issues with customers, and others were delayed by equipment availability from the manufacturer. Additionally, the original estimate for underground switches was based on two types of replacements, replacements with manual switches and replacements with SCADA switches. SCADA switches provide data for improved operator situational awareness, system planning load studies, and provide for remote and automated control operation, allowing for improved restoration response and reliability, but are more costly than manual switches for both materials and labor. The reality was that many of the DOE switch locations were not good fits for SCADA, so manual switches were designed and replaced at a proportionately higher rate than was assumed in the estimate. SDG&E is continuously improving strategies to work through the issues noted, to have more consistent switch replacement schedules from job to job. The lower cost of manual switch replacement leads to a portion of the overall budget underrun. *Note: The authorized and actual dollar values for DOE switch replacement have been updated since the First Interim Report. The First Interim Report reported on all costs contained in the CMP UG Switch Replacement and Manhole Repair budget code, of which underground switch replacement is only one component. Authorized dollars in this report include only the underground switch component. In addition, the actual expenses recorded on this budget code have also been updated to remove other work (such as overhead switch replacement and underground structures work) that is also included in this budget code.*

Overhead – variances associated with component replacement & maintenance programs are primarily driven by changes in capital expenditure.

being included. Additionally, the Proposed Capacitor numbers have been updated to include the capacitors that were requested by BC 082530 at 11 per year. Actual capacitors have also been updated.

Comparison of 2016 Authorized Spending to 2016 Actual Spending

| Capital Project | 2016 | 2016 | 2016 |
|---|-----------------|-----------------|-------------------|
| | Actuals | Authorized | Variance |
| Nominal Dollars (\$000) | | | |
| SDG&E Weather Instrumentation Install (BC 11243) | | | \$0 |
| Circuit 1215 Fire Risk Mitigation Project (BC 12265) | | | \$0 |
| FiRM Phases 1, 2, & 3 (BC 13247 & 14247) | \$54,134 | \$61,714 | (\$7,580) |
| Circuit 441 Pole Loading Study/Fire Risk Mitigation (BC 13255) | | | \$0 |
| Distribution Aerial Marking and Lighting (BC 13266) | \$6 | \$150 | (\$144) |
| Cleveland National Forest (CNF) (BC 13282 & 081650) | \$8,976 | \$11,451 | (\$2,475) |
| Sub-Total Fire Specific | \$63,116 | \$73,315 | (\$10,199) |
| Replace for Live Front Equipment (BC 6247) | \$515 | \$906 | (\$391) |
| Powerworkz (BC 12256) | (\$1) | | (\$1) |
| SF6 Switch Replacement (BC 14249) | \$459 | \$10,623 | (\$10,164) |
| Sub-Total Other TY2016 Elect Dist Safety & Risk Projects | \$973 | \$11,529 | (\$10,556) |
| Total TY2016 GRC Elect Dist Safety & Risk Projects | \$64,089 | \$84,844 | (\$20,755) |

2016 Variance Explanations:

FiRM Phases 1, 2 & 3 - The 2016 FiRM variance is primarily related to phasing of construction activities; the GRC filing assumed steep increases between 2014-2016, while actual work activities peaked in mid-2015 and remained stable thereafter.

Distribution Aerial Marking and Lighting – This project has a similar version on the transmission side, Transmission Aerial Marking and Lighting. The majority of marking and lighting work will be completed on the transmission side as their structures are more likely to exceed the criteria for their need. The cost to install the aviation obstruction marking and lighting varies, ranging from five thousand up to seventy-five thousand dollars. Costs vary depending on whether lights or markers are used, the number of lights or markers and the complexity of the work. The number of jobs to be done per year is indeterminate, as SDG&E cannot foresee where the FAA or local Airports will determine installation of markers or lighting is required. The original forecast was based on four projects per year whereas only one project was needed in 2016.

Cleveland National Forest – The variance is due to delayed approval of PTC. SDG&E received the PTC from the Commission in D.16-05-038, dated May 26, 2016, which resulted in subsequent construction started in September 2016.

Replace for Live Front Equipment – as explained above, the Replace for Live Front Equipment project is a secondary project, which is used when live front equipment is replaced in conjunction with other capital work (e.g., cable replacement, circuit upgrades, etc.). The variance in completion of live front replacement is dependent on circumstances, such as where

projects are being completed and whether those areas have live front equipment that needs to be replaced.

SF6 Switch Replacement – To avoid duplication, since this project shows up in two places, please see the complete explanation below.

| | 2016 | | | | |
|---|-------------------------|--------------------------|-------------------------|--------------------|------------|
| | Metrics | | Nominal Dollars (\$000) | | |
| | Actual Replacement Rate | Planned Replacement Rate | Actual Expense | Authorized Expense | Variance |
| Component Replacement & Maintenance Programs: | | | | | |
| Circuit Breakers (BC 992820) | 31 | 8 | \$0 | \$755 | (\$755) |
| Capacitors (BC 112490, 002090, 082530, 13288A) | 11 | 18 | \$652 | \$4,166 | (\$3,514) |
| SF6 Switches (BC 14249A & 142490) | 4 | 200 | \$459 | \$10,623 | (\$10,164) |
| Underground Switches (BC 002890) | 53 | 60 | \$5,527 | \$8,057 | (\$2,530) |
| Associated Overhead (portions of BC 009010, 009040, 009050, 00906A, & 009060) | n/a | n/a | \$2,515 | \$10,251 | (\$7,736) |

2016 Variance Explanations:

The “planned” replacement rates were planning or forecasting assumptions SDG&E used to derive the TY 2016 GRC forecasts. The “planned” values were not intended to be used as metrics for accountability reporting purposes. SDG&E is providing these replacement rates and the associated dollars in accordance with D.16-06-054.

Circuit Breakers – For purposes of clarifying the information being provided, SDG&E notes that this budget code is intended for Replacement of Obsolete Substation Equipment work, of which Circuit Breakers are only a small portion. For the replacement rate levels listed under “Metrics” in the table above, the Actual Replacement Rate includes both planned replacements for circuit breakers on blanket substation reliability and capacity budgets (*i.e.*, a routine circuit breaker replacement project) as well as circuit breakers being replaced on specific capital budgets or projects (*e.g.*, substation rebuilds such as the Los Coches Rebuild). Conversely, the Planned Replacement Rates as well as the Authorized Expense represent only the blanket or routine circuit breaker portion of this budget code. SDG&E wanted to show all the circuit breakers that were indeed replaced in 2016. However, for specific capital projects, SDG&E cannot isolate circuit breakers contained within specific capital projects or other budget codes. For example, if SDG&E has a project for a substation rebuild, it does not separately forecast or financially track the circuit breaker within the larger substation rebuild. Rather, SDG&E forecasts and tracks the entire capital project costs. As such, the actual dollars being reported in this report is not inclusive of all circuit breaker costs. No circuit breakers were replaced under this budget code during 2016; the dollar variance is a result of actual circuit breakers being replaced on other budget codes, however, and are not included in the Actual Expense column.

Capacitors – Capacitors are recorded to multiple budget codes. The actual type of capacitors installed differed from what was forecasted in the TY 2016 GRC and the average cost to install the capacitors varied accordingly. As an example, the forecasted level of SCADA capacitors in the TY 2016 GRC was lower than actually installed in 2016. The actual spend was lower than authorized due to materials reconciliation where capacitor expenses recorded in prior years were transferred to the jobs that actually utilized them.

SF6 Switch Replacement – This project was forecasted in the TY 2016 GRC to begin replacing 200 switches per year beginning in 2016. Only 4 switch replacements were completed in 2016. The SF6 program encountered several difficulties in ramping up to the forecasted high-volume replacements of 200 per year. First, SDG&E’s engineering team decided that a full system assessment was required to truly understand how many SF6 units were in service, the actual locations of the equipment, and the condition of these devices prior to commencing SF6 replacements. With that information, a true analytical approach could be applied to first remove all known “leakers,” followed by units that would have the greatest benefit to system operations, reliability, and overall worker safety. Second, during 2016, there were also several issues with SDG&E’s main manufacturer. These issues ranged from internal management conflicts to labor issues with their sheet metal workers. These issues greatly impacted their ability to fulfill their standard switch orders for all their utility customers for nearly a 2-year period. Engineering worked with a new organization, that was just beginning operations, to duplicate similar products for the entire product line (~ 20 different switches and associated form factors). Now, SDG&E has two manufacturers to fulfill the materials orders. Third, the replacement switches are very complicated and customized designs; off the shelf products are not readily available for purchase without going to larger footprint units that would impact design/construction/permitting due requiring more space, since they have a larger physical footprint. Fourth, these switches are often in very challenging environments when located underground where facilities may routinely be submerged in water after storms. Fifth, the existing manufacturers’ production lines typically run at 100%+ capacity due to the expertise and time required to construct these units, which have several long lead time components. Manufacturers are required to expand their existing operations to meet projected order quantities. Other technologies such as oil, air, and solid-dielectric medium switches have a larger foot print and usually require an increase in easement and franchise, resulting in approval delays in permitting due to right of way issues. One of the main benefits of a SF6 switch is the small physical foot print that allows maintaining designs within current franchise and easements. Additionally, the Americans with Disabilities Act’s (ADA) increased requirements of 48” for sidewalks brought additional challenges to SF6 equipment replacements that were already installed according to the previous 36” requirement. Lastly, these additional sources as well as getting the initial manufacturer back to normal operations were critical in order to match the expected volumes required to meet the objectives of this project. With a full system assessment now completed, a prioritization list identified, and with existing vendors ramping production schedules, SDG&E expects that all known units that are exhibiting pressure losses will be eliminated before the 2020 mandate. This project will require five years or more to truly achieve the goal to eliminate all SF6 products from the distribution network. Nonetheless, SDG&E is committed to removing or replacing the SF6 switches and its focus is working, over the following few years, to eliminate/replace all remaining facilities.

Underground Switches – SDG&E forecasted that it would replace 60 DOE switches in 2016. The DOE switch replacement variance was due to a number of issues. Each switch replacement job is unique and will have different variables with land rights, environmental impacts and customer impacts. Some jobs had permit delays with the cities or municipalities, some had outage coordination issues with customers, and others were delayed by equipment availability from the manufacturer. Additionally, the original estimate for underground switches was based

on two types of replacements, replacements with manual switches and replacements with SCADA switches. SCADA switches provide data for improved operator situational awareness, system planning load studies, and provide for remote and automated control operation, allowing for improved restoration response and reliability, but are more costly than manual switches for both materials and labor. The reality was that many of the DOE switch locations were not good fits for SCADA, so manual switches were designed and replaced at a proportionately higher rate than was assumed in the estimate. SDG&E is continuously improving strategies to work through the issues noted, to have more consistent switch replacement schedules from job to job. The lower cost of manual switch replacement leads to a portion of the overall budget underrun. The authorized dollars only include the underground switch component replacement. In addition, the actual expenses recorded exclude the overhead switch replacement and underground structures work that are also included in this budget code.

Overhead – Overheads are dependent on the amount of capital work performed. As such, the variances associated with component replacement & maintenance programs identified herein are primarily driven by changes in capital expenditure.

SDG&E Electric Operations Metrics Levels³⁷

SDG&E provides the proposed metrics below. Some of these metrics (such as Hardware and Equipment Failures) are being included pursuant to D.16-06-054, while others (such as Number of Fire Ignitions) are being provided for measurement purposes in these areas over time.

| SDG&E Electric Operations Metrics | 2014 | 2015 | 2016 |
|--|------------|------------|------------|
| | Actuals | Actuals | Actuals |
| Completed Vegetation Inspections | 484,293 | 480,240 | 478,927 |
| Vegetation Related Outages | 48 | 37 | 55 |
| Hardware Failures | 49 | 58 | 53 |
| Other Equipment Failures | 183 | 181 | 269 |
| Total Equipment Failures | 232 | 239 | 322 |
| Wire Down due to Equipment Failure | 17 | 10 | 15 |
| Wire Down due to Other Causes | 49 | 52 | 91 |
| Total Wire Down (Transmission & Distribution) | 66 | 62 | 106 |
| Number of Fire Ignitions | 30 | 32 | 30 |
| Reliability Index - SAIDI (minutes of sustained outages per customer per year) | 64.59 | 57.92 | 72.74 |
| Reliability Index - SAIFI (number of sustained outages per customer per year) | 0.603 | 0.526 | 0.620 |

³⁷ The Electric Operations Metrics, with the exception of the completed vegetation inspections and number of fire ignitions, excludes events related to outages excluded through the major event day (MED) criteria defined by IEEE 1366. This reporting is consistent with other reliability metrics such as SAIDI and SAIFI. The format and numbers have been updated since the First Interim Report accordingly.

Explanations for Year over Year Changes:

2016 Weather Overview – Following the drought-stricken winters of 2014 and 2015, strong El Nino conditions developed in 2015, which resulted in the return of significant winter storms to the SDG&E service territory during 2016 and impacted 2016 actuals. Overall, 2014 was a warm and dry year with well below normal rainfall and storm activity. By the end of 2014, San Diego had experienced three winter storm systems over a five-day period, which generated rainfall and wind gusts exceeding 30 mph across highly populated areas. The warm and dry conditions intensified into 2015, when SDG&E experienced the warmest and fourth-driest start to the year in history. There were no significant winter storm events through the first half of 2015. The development of strong El Nino conditions caused a return to near-normal storm events, with four storm events spanning six days in November and December. The increasing number of coastal storm events continued into 2016, and for the first time since the winter of 2010-2011, SDG&E experienced near-average winter storm activity. During 2016, SDG&E experienced five significant winter storm events spanning thirteen days.

Completed Vegetation Inspections – Inspection numbers do not include off-cycle inspections (e.g., post-storm, post-fire, pre-fire season in highest risk fire areas and species-specific inspections). SDG&E physically inspects all spans of overhead line documenting and updating tree/vegetation that is contained within the PowerworkZ database on an annual basis. The SDG&E tree inventory is fluid, meaning that each year trees are removed, pruned, and added to the inventory. For these reasons, the number of trees in inventory will vary from year to year from 460,000 to 480,000. The SDG&E program removes incompatible trees and replaces them with trees that will not grow tall enough to become an inventory issue at its maturity. San Diego has a very diverse landscape where trees are continuously planted and removed by home owners and landscape businesses; therefore, this varying annual inventory is the main driver of the number of vegetation inspections completed each year.

Vegetation Related Outages – Vegetation Related Outages are outages of any duration that were caused by vegetation excluding vegetation caused outages on major event days. In 2016, SDG&E experienced an increase in vegetation caused outages due to severe coastal storms. These storms delivered high winds with heavy rain, and saturated soil. This resulted in several downed whole trees and large branch failures throughout the coastal areas of San Diego and Orange Counties. SDG&E also saw an increase in tree-caused outages from the private sector. SDG&E works hard to educate the private and local industry about the electrical hazards and risks of pruning and/or removing trees in proximity to overhead lines. SDG&E has a very aggressive tree trim and removal program that helps deliver reliable and safe services. *Note: The 2014 and 2015 vegetation-related outages have been updated since the First Interim Report. The First Interim Report reported on all vegetation-related outages; however, as described in footnote 37, MED have now been excluded. In addition, in 2015, daily system outage report coding changes were made to some outages, which are reflected here.*

Hardware Failures – Overhead system hardware failures include overhead connectors/jumpers, miscellaneous hardware, insulator/pin/wire floating and sub-hardware excluding failures during major event days. Hardware failures are a subset of total equipment failures. The year-over-year numbers are consistent with historical trends.

Other Equipment Failures – Overhead equipment failures include all overhead equipment categories within reliability (e.g., transformers, switches, capacitors, substation equipment, poles, etc.). The increase in 2016 equipment failures reflects the increase in outages in the coastal regions (outside of the fire threat zone (FTZ)) due to storms and the corrosive coastal environment. SDG&E plans to address this issue in numerous programs discussed in the testimony of Alan Colton (Exhibit SDG&E-14) and William Speer (Exhibit SDG&E-15), such as the 4kV modernization program, the overhead switch inspection and replacement program, and the pole risk mitigation and engineering (PRiME) program.

Wire Down due to Equipment Failures – This category consists of transformers, switches, structures, and hardware, etc., failures leading to a wire down. The year over year numbers are consistent with historical trends.

Wire Down due to Other Causes – A wire-down event can also be caused a variety of external events or forces. Third-party external forces cause wire-down events, such as car-to-pole contact, contact from vegetation from outside of SDG&E’s right of way, construction equipment, Mylar balloons, birds, etc., and this varies from year to year. Inclement weather events increase the number of wire-down events. In 2016, SDG&E experienced significant storms that caused an increase in wire-down events.

Number of Fire Ignitions³⁸ – D.14-02-015 requires SDG&E to report annually (on April 1) fires meeting the following criteria (i.e., “reportable fires”):

- Electric in origin
- Leaves the electric facility
- Travels more than one meter from the electric facility
- Is self-propagating (meaning if the energy is turned off, the fire will still burn).

The number of reportable fires is staying relatively flat, largely due to fire hardening efforts and the vegetation management program.

Reliability Index – System Average Interruption Duration Index (SAIDI): SAIDI represents the number of *minutes* of sustained outages per customer per year and is measured as the distribution and transmission components with Threshold Major Event Days (TMED) excluded.

- 2015 system SAIDI was low as compared to 2016 due a reduced number of outages in the following categories (listed in descending order):
 - o Distribution Equipment failures
 - o Foreign object contacting distribution lines (bird and balloon)
 - o Transmission and substation related outages
 - o Wildfires
 - o Weather related events

³⁸ The First Interim Report previously reported on fire ignitions solely due to wire-down incidents. In order to be consistent with D.14-02-015, this second report now reflects all reportable fires for 2014-2016.

- 2016 system SAIDI is higher than 2014 and 2015, largely due to an increase in connector failures in the underground systems and an increase in substation-caused outages.

Reliability Index – System Average Interruption Frequency Index (SAIFI): SAIFI represents the number of sustained *outages* per customer per year and is measured as the distribution and transmission components with TMED excluded.

- 2015 system SAIFI was low, largely due to the absence of major transmission and substation-related outages.
- 2016 system SAIFI is higher than 2014 and 2015, largely due to an increase in connector failures in the underground systems and an increase in substation-caused outages.

3. SDG&E Gas Operations – Gas Safety Incidents (Third-Party Dig-Ins and elements of DIMP including projects associated with replacing aging infrastructure)

a. Third-Party Dig-Ins

A third-party dig-in occurs when people or companies excavate in the vicinity of buried utility infrastructure without realizing the infrastructure is there or if proper excavation practices are not adhered to during the excavation.³⁹ These third parties can “dig-in” to the gas underground piping and facilities, which can cause catastrophic consequences. The primary mitigation activities in the Dig-In damage prevention program included in the Utilities’ previous GRC cycles are Locate and Mark (including pipeline observation (stand-by) and the Damage Prevention Public Awareness Campaign.

As explained by SDG&E in its 2016 GRC testimony and in its RAMP Report, Locate and Mark is the process mandated by 49 Code of Federal Regulations (CFR) 192.614 (Damage Prevention Program) and the California One-Call Law (Government Code Section 4216), where the owner of underground facilities, when notified by the Underground Service Alert (USA) One-Call Center of a planned excavation, must respond within two working days and mark the location of those underground facilities that are in conflict with the planned excavations. To comply with the Locate and Mark regulatory and legal requirements, employees use an electronic pipe-locating device to identify the location of SDG&E’s underground pipelines and utilize substructure maps and service history records to aid in verifying the location of the gas lines.⁴⁰ Conducting stand-by observations of other entities excavating in close proximity to SDG&E high priority pipelines is another important damage prevention activity. Generally, this involves an employee inspecting construction job sites to confirm that excavators are aware of the location of critical SDG&E gas facilities. The State of California enacted regulations in 2007 that mandate a preconstruction meeting with excavators requesting Locate and Mark support and require continuous monitoring of all excavations within ten feet of high-pressure pipelines.⁴¹

³⁹ RAMP Chapter SDG&E-2, *Catastrophic Damage Involving Third Party Dig-Ins* (November 30, 2016) at SDGE 2-2.

⁴⁰ *Id.*

⁴¹ *See* Cal. Code Regs., Tit. 8, § 1541(b)(1)(B) (2007).

The Public Awareness Campaign is mandated pursuant to Title 49 CFR 192.616. Its purpose is to develop and implement a continuous public education program focused on use of the One-Call notification system; hazards associated with the unintended release of gas; physical indications that an unintended release of gas has occurred; steps that should be taken to protect public safety in the event of gas release; and procedures for reporting unintended releases of gas. SDG&E utilizes multiple channels for this communication such as billboards, bill inserts, radio announcements, bumper stickers, safety events, press releases, social media, and sponsorships to capture a vast audience.⁴²

The tables below represent the cost of dig-in prevention for years 2014-2016. As described below, the variance for 2014-2016 is due to the difference between the forecast methodology (in the case of Locate and Mark, a five-year average) and the recorded level. The volume of required Damage Prevention activities is typically driven by general construction activity in public and private rights-of-way and customer growth. These factors generally fluctuate with economic conditions, which means the exact amount of dig-in-related activities in any given year is uncertain when managing incurred costs.

The Actual and Authorized amounts in the tables below leverage the Locate and Mark workpaper group and add the Public Awareness Dig-In Campaign, which is a portion of a different workpaper. The 2014 and 2015 O&M values were taken from the TY 2012 GRC workpapers; the 2016 O&M and all capital amounts were taken from the TY 2016 GRC Settlement Agreement.

Comparison of 2014 and 2015 Authorized Spending to 2014 and 2015 Actual Spending

| (\$000) Nominal Dollars | 2014 O&M Dollars | | | 2014 Capital Dollars | | |
|--|------------------|------------|----------|----------------------|------------|----------|
| | Actuals | Authorized | Variance | Actuals | Authorized | Variance |
| Total Cost of Dig-In Damage Prevention Program | \$2,768 | \$2,647 | \$120 | \$216 | \$218 | (\$2) |

2014 Variance Explanations:

Locate and Mark costs fluctuate each year based on location, quantity, and complexity of jobs. As described in the narrative above because the volume of required Damage Prevention activities is typically driven by general construction activity in public and private rights-of-way and customer growth, which generally fluctuate with economic conditions, the exact amount of dig-in-related activities in a given year is uncertain when managing incurred costs.

| (\$000) Nominal Dollars | 2015 O&M Dollars | | | 2015 Capital Dollars | | |
|--|------------------|------------|----------|----------------------|------------|----------|
| | Actuals | Authorized | Variance | Actuals | Authorized | Variance |
| Total Cost of Dig-In Damage Prevention Program | \$2,658 | \$2,718 | (\$61) | \$282 | \$264 | \$19 |

2015 Variance Explanations:

⁴² RAMP Chapter SDG&E-2, *Catastrophic Damage Involving Third Party Dig-Ins* (November 30, 2016) at SDGE 2-15.

The variance explanation for 2015 is the same as the 2014 variance explanation above.

Comparison of 2016 Authorized Spending to 2016 Actual Spending

| (\$000) Nominal Dollars | 2016 O&M Dollars | | | 2016 Capital Dollars | | |
|--|------------------|------------|----------|----------------------|------------|----------|
| | Actuals | Authorized | Variance | Actuals | Authorized | Variance |
| Total Cost of Dig-In Damage Prevention Program | \$3,059 | \$2,754 | \$304 | \$424 | \$316 | \$108 |

2016 Variance Explanations:

The variance explanation for 2016 is the same as the 2014 variance explanation above.

SDG&E Third-Party Dig-In Metrics Levels

| | 2014 | 2015 | 2016 |
|---|---------|---------|---------|
| | Actuals | Actuals | Actuals |
| Number of 3rd Party damages to High Pressure Pipe | 0 | 0 | 0 |
| Number of 3rd Party damages to Medium Pressure Pipe | 318 | 364 | 405 |
| Total Damages | 318 | 364 | 405 |
| Total Locate & Mark Tickets ⁽¹⁾ | 106,129 | 115,340 | 123,726 |
| Damages per 1,000 USA Tickets ⁽²⁾ | 3.0 | 3.2 | 3.3 |

⁽¹⁾ The methodology for reporting "Total Locate & Mark Tickets" was modified in 2015 to report only "New" USA tickets instead of "All" types of tickets (New, renewal, job extensions, etc.). The 2015 Annual DOT report shows 65,096 as the Total number of USA tickets which is only the number of "New" USA tickets experienced at SDG&E. The number included in the table above is the total of "All" USA tickets that would have been reported had the methodology not changed. This allows for apples-to-apples comparison of the values and for trending purposes.

⁽²⁾ This is an industry wide metric used to evaluate Damage Prevention performance and routinely used on PHMSAs website when showing data and statistical information. The Calculation is (Total Damages / Total Tickets X 1,000)

Explanations for Year over Year Changes:

Although the number of damages and tickets have increased in each year, the rate of increase is slightly lower in 2016 (11%) than it was in 2015 (14%). The increase in the number of tickets can be attributable to an increase in construction/excavation activities and/or more contractors/excavators calling for tickets that might not have called in the past. Contractor/excavator awareness of the new requirements of the California Dig-Safe Law along with the focused efforts of SDG&E's Public Awareness Campaign could be increasing contractor/excavator awareness of the 811 Dig Alert service, which would increase the number of tickets.

b. SDG&E Distribution Integrity Management Program

SDG&E's DIMP is founded upon a commitment to provide safe and reliable energy at reasonable rates through a process of continual safety enhancement by proactively identifying

and reducing pipeline integrity risks for distribution pipelines.⁴³ DIMP activities are required to comply with 49 CFR Part 192, Subpart P—Gas Distribution Pipeline Integrity Management. Pipeline and Hazardous Materials and Safety Administration (PHMSA) established DIMP requirements to enhance pipeline safety by having operators identify and reduce pipeline integrity risks for distribution pipelines, as required under the Pipeline Integrity, Protection, Enforcement and Safety Act of 2006.⁴⁴

DIMP is a balanced program whereby the difference between actual and authorized O&M and capital-related costs are recorded to the Post-2011 DIMP balancing account (DIMPBA). For the years 2014 and 2015, DIMP-related costs were authorized to be recorded to the DIMPBA in accordance with OP 17 of D.13-05-010. For TY 2016, SDG&E recorded DIMP-related costs to the DIMPBA pursuant to D.16-06-054.

In the TY 2016 GRC, the direct testimony of the Pipeline Integrity for Transmission and Distribution witness presented Programs and Activities to Address Risk (PAAR). As stated in direct testimony, “PAARs are implemented through different avenues, depending on the threat being addressed... In alignment with PHMSA’s intent and recognition that a PAAR needs to be operator-specific, SDG&E develops PAARs that are specific to the SDG&E system.”⁴⁵ Since implementing DIMP, SDG&E has created several PAARs including:

- In 2013, SDG&E successfully completed a Sewer Lateral Inspection Program (SLIP) PAAR⁴⁶ and an evaluation of distribution anodeless risers. Completion of the project included records review and field inspections as required.
- The Distribution Risk Evaluation and Monitoring System (DREAMS) PAAR prioritizes certain early-vintage steel (pre-1960) and plastic (pre-1986), including Aldyl-A, for replacement. SDG&E will continue using risk evaluation to accelerate replacements on a targeted basis. The risk evaluation considers the leakage history, cathodic protection (for steel), vintage of the pipe, and the location.
- The Gas Infrastructure Protection Program (GIPP) PAAR addresses potential vehicular damage associated with above-ground distribution facilities. To address vehicular damage to Company facilities, SDG&E has identified, evaluated, and implemented a damage prevention solution that includes a collection of mitigation measures to address this threat.

The tables below illustrate the DIMP-related O&M and capital costs on a revenue requirement basis. As mentioned in Section 1c, the Utilities are presenting this balanced account program information in revenue requirement terms rather than direct expenditures to best represent how

⁴³ A.14-11-003, Ex. 53 SDG&E/Martinez at iii.

⁴⁴ *Id.* at 13-14.

⁴⁵ *Id.* at 15.

⁴⁶ The SLIP PAAR addresses an emerging issue concerning pipeline damage associated with sewer laterals. The integrity threat comes from the use of trenchless technology during installation of pipelines. Trenchless technology provides a means of installing a pipeline without having to excavate a trench along the entire length of the pipeline.

the DIMP program is managed and reported in advice filings. For the 2014 and 2015 showing, the Utilities are providing information for the entire TY 2012 GRC cycle (2012-2015) because DIMP O&M and capital are managed over the authorized full GRC cycle, so any one particular year could be over or under-collected. For 2016, the table provides only the 2016 information, which was only the first year of the TY 2016 GRC cycle (2016-2018), and for the reasons stated above, the 2016 variance alone is not representative of what was spent compared to what was authorized for the entire TY 2016 GRC cycle.

Comparison of Authorized and Actual Revenue Requirement for 2012-2015

DIMP Balancing Account Details Revenue Requirements (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|--|---------------|--------------------------|--------------------------|----------|----------------|
| | Actual | Authorized ^{1/} | Under/ (Over) Collection | Interest | DIMPBA Balance |
| Year 2012:^{1/} | | | | | |
| O&M | 6,545 | 3,770 | 2,775 | | 2,775 |
| Capital-Related Costs | - | 190 | (190) | | (190) |
| Interest | | | | 2 | 2 |
| Subtotal | 6,545 | 3,960 | 2,585 | 2 | 2,587 |
| Year 2013: | | | | | |
| O&M | 4,072 | 3,870 | 202 | | 202 |
| Capital-Related Costs ^{2/} | 51 | 195 | (144) | | (144) |
| Cost of Capital Adjust. | | (13) | 13 | | 13 |
| Interest | | | | 3 | 3 |
| Subtotal | 4,123 | 4,051 | 72 | 3 | 75 |
| Year 2014: | | | | | |
| O&M | 2,640 | 3,976 | (1,336) | | (1,336) |
| Capital-Related Costs ^{2/} | 184 | 187 | (3) | | (3) |
| Cost of Capital Adjust. | | | - | | - |
| Interest | | | | 1 | 1 |
| 2014 Subtotal | 2,824 | 4,163 | (1,339) | 1 | (1,338) |
| Year 2015: | | | | | |
| O&M | 2,137 | 4,085 | (1,948) | | (1,948) |
| Capital-Related Costs ^{2/} | 370 | 190 | 180 | | 180 |
| Cost of Capital Adjust. | | | - | | - |
| Interest | | | | 1 | 1 |
| 2015 Subtotal | 2,507 | 4,275 | (1,768) | 1 | (1,767) |
| Total TY2012 GRC Cycle for Years 2012-2015: | | | | | |
| O&M | 15,394 | 15,701 | (307) | | (307) |
| Capital-Related Costs | 605 | 762 | (158) | | (157) |
| Cost of Capital Adjust. | - | (13) | 13 | | 13 |
| Interest | | | | 6 | 6 |
| Total | 15,999 | 16,450 | (451) | 6 | (445) |

^{1/} Authorized O&M and capital-related revenue requirement increased by 2.65%/2.75% (2013/2014+) attrition adjustment adopted in 2012 GRC decision.

^{2/} Actual capital-related costs also include the capital-related costs associated with capital additions from 2012 - 2014 and impact of the 2013 Cost of Capital.

GRC Cycle Variance Explanations:

DIMP O&M and capital are managed over the TY 2012 GRC cycle (2012 - 2015), so any particular year could be over or underspent compared to authorized. Note that the authorized capital amount in the regulatory balancing account is not the capital spending level, but is the capital-related costs, which comprise return on rate base, taxes on return, depreciation, and ad valorem tax.

Comparison of 2014 and 2015 “Proposed” Metrics Levels to 2014 and 2015 Actual Metrics Levels

The metrics included herein are provided to compare actual activity levels against what were assumed levels of work, herein noted as “planned” activity levels, during the TY 2012 and TY 2016 GRCs. Where a planned activity level is provided, it is based on planning assumptions in the GRC forecast for that specific activity. For some programs, however, “not comparable” indicates that SDG&E could not discern an easily identifiable assumed level of work (*e.g.*, each activity was not specifically forecasted or the planned activity changed when implemented). When the TY 2012 and TY 2016 GRCs were developed, the metrics or assumed level of activities supporting the forecasts were not anticipated to be used for these purposes, as the interim accountability reporting requirements were established after the fact in the TY 2016 GRC Decision. In addition, the metrics may have changed as the programs matured and the scope of planned activities changed over time. As an example, Excess Flow Valves were the exclusive remediation for the Gas Infrastructure Protection Program (GIPP) during the TY 2012 GRC. After further study and experience, the planned work that was then performed in 2014 and 2015 expanded to include gas infrastructure inspections, which also included bollards and relocations as remediation solutions. Thus, the number of GIPP inspections reported in the “Actual Activity Level” below, do not have a TY 2012 GRC “Planned Activity Level” for comparison. The anodeless riser program expanded to include steel riser inspection and mitigation. As such, the metrics in this report are not the optimal way to display this information. Future accountability reporting should consider better performance metrics to demonstrate progress over time as SDG&E gains long-term experience with such programs that evolve year over year, as well as knowledge through the TY 2019 GRC and S-MAP proceedings.

| | 2014 Metrics | |
|---|-----------------------|--|
| | Actual Activity Level | Planned Activity Level |
| SDG&E DIMP Operating & Maintenance (O&M) | | |
| Sewer Lateral Inspection Program (SLIP) | Complete | Planned activity levels not comparable to actual activity levels |
| Gas Infrastructure Protection Program (GIPP) | 470 Inspections | |
| Steel Riser Inspection & Mitigation | 29,253 Inspections | |
| | | 36,000 Inspections |
| | | |
| | | |
| SDG&E DIMP Capital | | |
| | | |
| Gas Infrastructure Protection Program (GIPP) | 470 Inspections | Planned activity levels not comparable to actual activity levels |
| DREAMS: Aldyl-A Replacements | 2 miles | 4.2 miles |

| SDG&E DIMP Operating & Maintenance (O&M) | 2015 Metrics | |
|---|-----------------------|--|
| | Actual Activity Level | Planned Activity Level |
| | Complete | Planned activity levels not comparable to actual activity levels |
| | Inspections Complete | |
| Sewer Lateral Inspection Program (SLIP) | 25,603 Inspections | 36,000 Inspections |
| Gas Infrastructure Protection Program (GIPP) | | |
| Steel Riser Inspection & Mitigation | | |
| SDG&E DIMP Capital | 2015 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| | Inspections Complete | Planned activity levels not comparable to actual activity levels |
| | 5 miles | 4.2 miles |
| Gas Infrastructure Protection Program (GIPP) | | |
| DREAMS: Aldyl-A Replacements | | |

GRC Cycle Variance Explanations:

As part of the DIMP TY 2012 GRC request for 2012-2015, SDG&E requested funding for Programs and Activities to Address Risk, as discussed above. These PAAR programs, as intended, address risk above and beyond current regulatory requirements (federal and state). SDG&E executed on these PAARs; however, since the development of the workpapers in 2010, the scope of the programs was modified based on continual evaluation and results of the programs. For example, as explained above, the GIPP expanded beyond the proposed scope of Excess Flow Valve installation within the original GRC workpapers to include bollard protection and re-location of meter set assemblies. This expanded scope more adequately addresses the threat of vehicular damage. As such, since the scope has changed, the initial planned activity levels are listed as “not comparable” on the summary tables above. For the TY 2012 GRC, SDG&E attempted to estimate the scope of these PAARs. However, given the infancy of each of the programs, it was expected that the programs would continually adapt to program findings to adequately mitigate the risk being addressed.

Comparison of Authorized and Actual Revenue Requirement for 2016

| DIMP Balancing Account Details Revenue Requirements (\$000) | | | | | |
|--|--------------|--------------|--------------------------|-------------|----------------|
| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
| | Actual | Authorized | Under/ (Over) Collection | Interest | DIMPBA Balance |
| <u>Year 2016:</u> | | | | | |
| O&M | 3,552 | 6,306 | (2,754) | | (2,754) |
| Capital-Related Costs | 515 | 821 | (306) | | (306) |
| Interest | | | | (12) | (12) |
| Total | 4,067 | 7,127 | (3,060) | (12) | (3,072) |

2016 Variance Explanation:

DIMP O&M and capital are managed over the TY 2016 GRC cycle (2016 - 2018), so any particular year could be over or underspent compared to authorized. Note that the authorized capital amount in the regulatory balancing account is not the capital spending level, but is the

capital-related costs, which comprise return on rate base, taxes on return, depreciation, and ad valorem tax.

Comparison of 2016 “Proposed” Metrics Levels to 2016 Actual Metrics Levels

See explanation above for 2014 and 2015 comparison levels.

| | | |
|---|-----------------------|--|
| SDG&E DIMP Operating & Maintenance (O&M) | 2016 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| | 63,875 Inspections | Planned activity levels not comparable to actual activity levels |
| Riser Analysis, Inspection and Mitigation | | |
| SDG&E DIMP Capital | 2016 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| | 10 miles | 17 miles |
| DREAMS: Aldyl-A Replacements | | |

2016 Variance Explanations:

As part of the DIMP GRC request for the TY 2016 GRC Cycle (2016-2018), SDG&E requested funding for PAARs, as discussed above. These PAAR programs, as intended, address risk above and beyond current regulatory requirements (federal and state). SDG&E executed on these PAARs; however, since the development of the workpapers in 2014, the scope of the programs was modified based on continual evaluation and results of the programs. As such, since the scope changed, the initial planned activity levels are listed as “not comparable” on the summary table above. For the TY 2016 GRC, SDG&E attempted to estimate the scope of these PAARs. However, given the infancy of each of the programs, it was expected that the programs would continually adapt to program findings to adequately mitigate the risk being addressed.

4. SoCalGas Gas Operations – Gas Safety Risks, including projects, activities, and costs associated with DIMP, TIMP, and SIMP

a. SoCalGas Distribution Integrity Management Program

As described in the DIMP section for SDG&E, DIMP activities are required to comply with 49 CFR Part 192, Subpart P—Gas Distribution Pipeline Integrity Management. PHMSA established DIMP requirements to enhance pipeline safety by having operators identify and reduce pipeline integrity risks for distribution pipelines, as required under the Pipeline Integrity, Protection, Enforcement and Safety Act of 2006. DIMP-related costs are balanced and recorded in SoCalGas’ DIMPBA.

DIMP comprises many PAARs, as explained in the SDG&E DIMP section above. In alignment with PHMSA’s intent and recognition that a PAAR needs to be operator-specific, SoCalGas develops PAARs that are specific to the SoCalGas system. SoCalGas-specific PAARs include:

- DREAMS PAAR prioritizes certain early-vintage steel (pre-1960) and plastic (pre-1986), including Aldyl-A, for replacement. SoCalGas has implemented a risk evaluation system to accelerate replacements on a targeted basis. The risk evaluation considers the leakage history, cathodic protection (for steel), vintage of the pipe, and the location.
- The Distribution Riser Inspection Program (DRIP) PAAR addresses the threat of failures of anodeless risers. Anodeless risers are service line components that have shown a propensity to fail before the end of their useful lives.
- The GIPP PAAR addresses potential vehicular damage associated with above-ground distribution facilities. To address vehicular damage to Company facilities, SoCalGas has identified, evaluated, and implemented a damage prevention solution that includes a collection of mitigation measures to address this threat.
- The SLIP PAAR addresses an emerging issue concerning pipeline damage associated with sewer laterals. The integrity threat comes from the use of trenchless technology during installation of pipelines. Trenchless technology provides a means of installing a pipeline without having to excavate a trench along the entire length of the pipeline. The project includes records review and field inspections as required.

The tables below illustrate the DIMP-related O&M and capital costs on a revenue requirement basis. As mentioned in Section 1c, the Utilities are presenting this balanced account program information in revenue requirement terms rather than direct expenditures to best represent how the DIMP program is managed and reported in advice letter filings. For the 2014 and 2015 showing, the Utilities are providing information for the entire TY 2012 GRC cycle (2012-2015) because DIMP O&M and capital are managed over the authorized full GRC cycle, so any one particular year could be over or under-collected. For 2016, the table provides only the 2016 information, which was only the first year of the TY 2016 GRC cycle (2016- 2018), and for the reasons stated above, the 2016 variance alone is not representative of what was spent compared to what was authorized for the entire TY 2016 GRC cycle.

Comparison of Authorized and Actual Revenue Requirement 2012-2015

DIMP Balancing Account Details Revenue Requirements (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|--|----------------|--------------------------|--------------------------|-------------|----------------|
| | Actual | Authorized ^{1/} | Under/ (Over) Collection | Interest | DIMPBA Balance |
| Year 2012:^{2/} | | | | | |
| O&M | 18,683 | 27,369 | (8,686) | | (8,686) |
| Capital-Related Costs | 22 | 651 | (629) | | (629) |
| Interest | | | | (14) | (14) |
| Subtotal | 18,705 | 28,020 | (9,315) | (14) | (9,329) |
| Year 2013: | | | | | |
| O&M | 39,879 | 28,094 | 11,785 | | 11,785 |
| Capital-Related Costs ^{3/} | 474 | 668 | (194) | | (194) |
| Cost of Capital Adjust. | | (36) | 36 | | 36 |
| Interest | | | | (11) | (11) |
| Subtotal | 40,353 | 28,727 | 11,626 | (11) | 11,615 |
| Year 2014: | | | | | |
| O&M | 25,800 | 28,867 | (3,067) | | (3,067) |
| Capital-Related Costs ^{3/} | 1,329 | 650 | 679 | | 679 |
| Cost of Capital Adjust. | | | - | | - |
| Interest | | | | 2 | 2 |
| 2014 Subtotal | 27,129 | 29,517 | (2,388) | 2 | (2,386) |
| Year 2015: | | | | | |
| O&M | 23,531 | 29,661 | (6,130) | | (6,130) |
| Capital-Related Costs ^{3/} | 3,209 | 668 | 2,541 | | 2,541 |
| Cost of Capital Adjust. | | | - | | - |
| Interest | | | | (5) | (5) |
| 2015 Subtotal | 26,740 | 30,329 | (3,589) | (5) | (3,594) |
| Total TY2012 GRC Cycle for Years 2012-2015: | | | | | |
| O&M | 107,893 | 113,991 | (6,098) | | (6,098) |
| Capital-Related Costs | 5,034 | 2,637 | 2,397 | | 2,397 |
| Cost of Capital Adjust. | - | (36) | 36 | | 36 |
| Interest | | | | (28) | (28) |
| Total | 112,927 | 116,592 | (3,665) | (28) | (3,693) |

^{1/} Recorded O&M expenses includes an adjustment for certain prior year expenses removed from DIMPBA as a result of the Energy Division's review of DIMP expenses.

^{2/} Authorized O&M and capital-related revenue requirement increased by 2.75% attrition adjustment adopted in 2012 GRC decision.

^{3/} Actual capital-related costs also include the capital-related costs associated with capital additions from 2012 - 2014 and impact of the 2013 Cost of Capital.

GRC Cycle Variance Explanations:

DIMP O&M and capital are managed over the TY 2012 GRC cycle (2012 - 2015), so any particular year could be over or underspent compared to authorized. Note that the authorized capital amount in the regulatory balancing account is not the capital spending level, but is the capital-related costs, which comprise return on rate base, taxes on return, depreciation, and ad valorem tax.

Comparison of 2014 and 2015 “Proposed” Metrics Levels to 2014 and 2015 Actual Metrics Levels

The metrics included herein are provided to compare actual activity levels against what were assumed levels of work, herein noted as “planned” activity levels, during the TY 2012 and TY 2016 GRCs. Where a planned activity level is provided, it is based on planning assumptions in the GRC forecast for that specific activity. For some programs, however, “not comparable” indicates that SoCalGas could not discern an easily identifiable assumed level of work (*e.g.*, each activity was not specifically forecasted or the planned activity changed when implemented). When the TY 2012 and TY 2016 GRCs were developed, the metrics or assumed level of activities supporting the forecasts were not anticipated to be used for these purposes, as the interim accountability reporting requirements were established after the fact in the TY 2016 GRC Decision. In addition, the metrics may have changed as the programs matured and the scope of planned activities changed over time. As an example, Excess Flow Valves were the exclusive remediation for the Gas Infrastructure Protection Program (GIPP) during the TY 2012 GRC. After further study and experience, the planned work that was then performed in 2014 and 2015 expanded to include gas infrastructure inspections, which also included bollards and relocations as remediation solutions. Thus, the number of GIPP inspections reported in the “Actual Activity Level” below, do not have a TY 2012 GRC “Planned Activity Level” for comparison. As such, the metrics in this report are not the optimal way to display this information. Future accountability reporting should consider better performance metrics to demonstrate progress over time as SoCalGas gains long-term experience with such programs that evolve year over year, as well as knowledge through the TY 2019 GRC and S-MAP proceedings.

| SoCalGas DIMP Operating & Maintenance (O&M) | 2014 Metrics | |
|--|--------------------------|--|
| | Actual Activity Level | Planned Activity Level |
| Sewer Lateral Inspection Program (SLIP) Cleared by Field Inspection | 224,660 Services Cleared | 75,859 Services Cleared |
| Gas Infrastructure Protection Program (GIPP) Mitigations (combined O&M and Capital) | 123,300 Inspections | Planned activity levels not comparable to actual activity levels |
| Anodeless Riser Inspection & Mitigation | 68,700 mitigations | |
| SoCalGas DIMP Capital | 2014 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| DREAMS: Early-vintage Steel Replacements | 4 miles | 30 miles |
| DREAMS: Early-vintage Aldyl-A Replacements | 0 miles | 15 miles |
| Gas Infrastructure Protection Program (GIPP) Mitigations (combined O&M and Capital) | 123,300 Inspections | Planned activity levels not comparable to actual activity levels |
| SoCalGas DIMP Operating & Maintenance (O&M) | 2015 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| Sewer Lateral Inspection Program (SLIP) Cleared by Field Inspection | 169,700 Services Cleared | 75,859 Services Cleared |
| Gas Infrastructure Protection Program (GIPP) Mitigations (combined O&M and Capital) | 7,800 Inspections | Planned activity levels not comparable to actual activity levels |
| Anodeless Riser Inspection & Mitigation | 92,900 mitigations | |
| SoCalGas DIMP Capital | 2015 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| DREAMS: Early-vintage Steel Replacements | 11 miles | 30 miles |
| DREAMS: Early-vintage Aldyl-A Replacements | 2 miles | 15 miles |
| Gas Infrastructure Protection Program (GIPP) Mitigations (combined O&M and Capital) | 7,800 Inspections | Planned activity levels not comparable to actual activity levels |

GRC Cycle Variance Explanations:

As part of the DIMP TY 2012 GRC request for 2012-2015, SoCalGas requested funding for PAARs, as discussed above. These PAAR programs, as intended, address risk above and beyond current regulatory requirements (federal and state). SoCalGas executed on these PAARs; however, since the development of the workpapers in 2010, the scope of the programs was modified based on continual evaluation and results of the programs. For example, as explained above, for the SLIP, it was recognized that additional services would require review and the rate of services inspected per year would significantly increase. In addition, for the GIPP, the program expanded beyond the proposed scope of Excess Flow Valve installation to include bollard protection and re-location of meter set assemblies. This expanded scope more adequately addresses the threat of vehicular damage. As such, since the scope has changed, the initial planned activity levels are listed as “not comparable” on the summary tables above. For the TY 2012 GRC, SoCalGas attempted to estimate the scope of these PAARs. However, given the infancy of each of the programs, it was expected that the programs would adapt to program findings to adequately mitigate the risk being addressed.

Comparison of Authorized and Actual Revenue Requirement for 2016

DIMP Balancing Account Details Revenue Requirements (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|--------------------------|---------------|---------------|-----------------------------|-------------|-------------------|
| | Actual | Authorized | Under/ (Over) Collection | Interest | DIMPBA Balance |
| <u>Year 2016:</u> | | | | | |
| O&M | 32,409 | 44,060 | (11,651) | | (11,651) |
| Capital-Related Costs | 2,193 | 4,406 | (2,213) | | (2,213) |
| Interest | | | | (63) | (63) |
| Total | 34,602 | 48,466 | (13,864) | (63) | (13,927) |

2016 Variance Explanation:

DIMP O&M and capital are managed over the TY 2016 GRC cycle (2016 - 2018), so any particular year could be over or underspent compared to authorized. Note that the authorized capital amount in the regulatory balancing account is not the capital spending level, but is the capital-related costs, which comprise return on rate base, taxes on return, depreciation, and ad valorem taxes.

Comparison of 2016 “Proposed” Metrics Levels to 2016 Actual Metrics Levels

See explanation above for 2014 and 2015 comparison levels.

| SoCalGas DIMP Operating & Maintenance (O&M) | 2016 Metrics | |
|--|---------------------------------|---------------------------------|
| | Actual Activity Level | Planned Activity Level |
| Sewer Lateral Inspection Program (SLIP) Cleared by Field Inspection | 61,180 Services Cleared | 50,000 Services Cleared |
| Gas Infrastructure Protection Program (GIPP) Mitigations (combined O&M and Capital) | 6,245 Inspections/Mitigations | 6,558 Inspections/Mitigations |
| Distribution Riser Inspection Project (DRIP) Inspections/Mitigations | 172,600 Inspections/Mitigations | 225,000 Inspections/Mitigations |
| SoCalGas DIMP Capital | 2016 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| DREAMS: Early-vintage Steel Replacements | 25 miles | 37 miles |
| DREAMS: Early-vintage Aldyl-A Replacements | 11 miles | 18 miles |
| Gas Infrastructure Protection Program (GIPP) Mitigations (combined O&M and Capital) | 6,245 Inspections/Mitigations | 6,558 Inspections/Mitigations |

2016 Variance Explanation:

As part of the DIMP GRC request for the TY 2016 GRC Cycle (2016-2018), SoCalGas requested funding for PAARs, as discussed above. These PAAR programs, as intended, address risk above and beyond current regulatory requirements (federal and state). SoCalGas executed on these PAARs; however, since the development of the workpapers in 2014, the scope of the programs was modified based on continual evaluation and results of the programs. For example,

for the SLIP, it was recognized that additional services would require review and the rate of services inspected per year would significantly increase. In addition, for the GIPP, the program expanded beyond the proposed scope of Excess Flow Valve installation to include bollard protection and re-location of meter set assemblies. This expanded scope more adequately addresses the threat of vehicular damage. As such, since the scope changed, the initial planned activity levels are listed as “not comparable” on the summary tables above. For the TY 2016 GRC, SoCalGas attempted to estimate the scope of these PAARs. However, given the infancy of each of the programs, it was expected that the programs would continually adapt to program findings to adequately mitigate the risk being addressed.

b. SoCalGas Transmission Integrity Management Program

TIMP supports SoCalGas’ goals of operating the system safely and with excellence by continually assessing, mitigating, and reducing system risk. To comply with 49 CFR 192, Subpart O—Gas Transmission Pipeline Integrity Management, SoCalGas is required to continually identify threats to transmission pipelines located in High Consequence Areas (HCAs), determine the risk posed by these threats, schedule and track assessments to address threats within prescribed timelines, collect information about the condition of the pipelines, take actions to minimize applicable threats and integrity concerns to reduce the risk of a pipeline failure, and report findings to regulators. TIMP-related costs are balanced and recorded in a regulatory balancing account, the TIMP Balancing Account (TIMPBA).

In the 2016 GRC testimony, SoCalGas presented various activities including an Assessment category. TIMP’s allowable options in Assessments are:

- In-line Inspection (ILI) - The in-line inspection method utilizes specialized inspection tools that travel inside the pipeline. ILI tools are often referred to as “smart pigs.” Smart pigs come in a variety of types and sizes with different measurement capabilities that assist in collecting information about the pipeline.⁴⁷
- Pressure Test - Pressure testing is a method that uses a hydraulic approach by filling the pipeline, usually with water, at a pressure greater than the maximum allowable operating pressure of the pipeline for fixed period of time. In certain circumstances, the pipeline may be temporarily removed from service post-construction, pressure-tested, and then returned to service. If a leak occurs during the pressure test, the leak is investigated and remediated prior to continuing or completing a pressure test.⁴⁸
- External Corrosion Direct Assessment (ECDA) - ECDA is a process that proactively seeks to identify external corrosion defects before they grow to a size that can affect the integrity of the inspected pipeline. The ECDA process requires integration of operating data and the completion of above-ground surveys. This information is used to identify

⁴⁷ A.14-11-004, Ex. 49 SCG/Martinez at 10.

⁴⁸ *Id.*

and define the severity of coating faults, diminished cathodic protection, and areas where corrosion may have occurred or may be occurring.⁴⁹

Similar to the SoCalGas DIMP showing above, the tables below illustrate the TIMP-related O&M and capital costs on a revenue requirement basis. As mentioned in Section 1c, the Utilities are presenting this balanced account program information in revenue requirement terms rather than direct expenditures to best represent how the TIMP program is managed and reported in advice letter filings. For the 2014 and 2015 showing, the Utilities are providing information for the entire TY 2012 GRC cycle (2012-2015) because TIMP O&M and capital are managed over the authorized full GRC cycle, so any one particular year could be over or under-collected. For 2016, the table provides only the 2016 information, which was only the first year of the TY 2016 GRC cycle (2016 – 2018), and for the reasons stated above, the 2016 variance alone is not representative of what was spent compared to what was authorized for the entire TY 2016 GRC cycle.

⁴⁹ *Id.* at 10-11.

Comparison of Authorized and Actual Revenue Requirement 2012-2015

TIMP Balancing Account Details Revenue Requirements (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|--|----------------|--------------------------|-----------------------------|------------|-------------------|
| | Actual | Authorized ^{1/} | Under/ (Over) Collection | Interest | TIMPBA Balance |
| Year 2012:^{2/} | | | | | |
| O&M | 40,816 | 28,612 | 12,204 | | 12,204 |
| Capital-Related Costs | 102 | 948 | (846) | | (846) |
| Interest | | | | 3 | 3 |
| Subtotal | 40,918 | 29,560 | 11,358 | 3 | 11,362 |
| Year 2013: | | | | | |
| O&M | 45,252 | 29,370 | 15,882 | | 15,882 |
| Capital-Related Costs ^{3/} | 2,673 | 973 | 1,700 | | 1,700 |
| Cost of Capital Adjust. | | (52) | 52 | | 52 |
| Interest | | | | 21 | 21 |
| Subtotal | 47,925 | 30,291 | 17,634 | 21 | 17,655 |
| Year 2014: | | | | | |
| O&M | 42,686 | 30,178 | 12,508 | | 12,508 |
| Capital-Related Costs ^{3/} | 7,531 | 946 | 6,585 | | 6,585 |
| Cost of Capital Adjust. | | | - | | - |
| Interest | | | | 37 | 37 |
| 2014 Subtotal | 50,217 | 31,124 | 19,093 | 37 | 19,130 |
| Year 2015: | | | | | |
| O&M | 37,820 | 31,008 | 6,812 | | 6,812 |
| Capital-Related Costs ^{3/} | 10,997 | 972 | 10,025 | | 10,025 |
| Cost of Capital Adjust. | | | - | | - |
| Interest | | | | 79 | 79 |
| 2015 Subtotal | 48,817 | 31,980 | 16,837 | 79 | 16,916 |
| Total TY2012 GRC Cycle for Years 2012-2015: | | | | | |
| O&M | 166,573 | 119,168 | 47,405 | | 47,405 |
| Capital-Related Costs | 21,303 | 3,839 | 17,464 | | 17,464 |
| Cost of Capital Adjust. | - | (52) | 52 | | 52 |
| Interest | | | | 140 | 140 |
| Total | 187,877 | 122,955 | 64,921 | 140 | 65,062 |

^{1/} Recorded O&M expenses includes an adjustment for certain prior year expenses removed from TIMPBA as a result of the Energy Division's review of TIMP expenses.

^{2/} Authorized O&M and capital-related revenue requirement increased by 2.75% attrition adjustment adopted in 2012 GRC decision.

^{3/} Actual capital-related costs also include the capital-related costs associated with capital additions from 2012 - 2014 and impact of the 2013 Cost of Capital.

GRC Cycle Variance Explanations:

For the TY 2012 GRC cycle, TAMP was overspent compared to its authorized revenue requirement, resulting in an under-collected balance in the TAMPBA. This occurred for three reasons. First, in D.13-05-010, the Commission did not authorize SoCalGas to recover the entire forecast cost of implementing its TAMP. Second, in early 2010, when SoCalGas prepared its TY 2012 GRC application, SoCalGas did not anticipate the resources that would later be required to address the heightened focus on transmission integrity as a consequence of the rupture of a Pacific Gas and Electric Company transmission pipeline on September 10, 2010. Since the pipeline rupture in San Bruno, California, regulations such as “The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011,” have led the PHMSA to change its reporting requirements and review the existing transmission integrity requirements to identify areas for improvement. Third, there is an impact as a result of how capital expenditures are recovered and balanced. As discussed in Section 1c, the amount recovered by SoCalGas for TAMP-related capital is less than actual capital-related costs recorded to the TAMPBA.

It should be noted that SoCalGas has requested recovery of under-collected balances in the TAMPBA through three advice letter filings during the 2012-2015 GRC cycle.⁵⁰

Comparison of 2014 and 2015” Proposed” Metrics Levels to 2014 and 2015 Actual Metrics Levels

The metrics included herein are provided to compare actual activity levels against what were assumed levels of work, herein noted as “planned” activity levels, during the TY 2012 and TY 2016 GRCs. Where a planned activity level is provided, it is based on planning assumptions in the GRC forecast for that specific activity. For some programs, however, “not comparable” indicates that SoCalGas could not discern an easily identifiable assumed level of work (*e.g.*, each activity was not specifically forecasted). When the TY 2012 and TY 2016 GRCs were developed, the metrics or assumed level of activities supporting the forecasts were not anticipated to be used for these purposes, as the interim accountability reporting requirements were established after the fact in the TY 2016 GRC Decision. In addition, the metrics may have changed as the programs matured and the scope of planned activities changed over time. As such, the metrics in this report are not the optimal way to display this information. Future accountability reporting should consider better performance metrics to demonstrate progress over time as SoCalGas gains long-term experience with such programs that evolve year over year, as well as knowledge through the TY 2019 GRC and S-MAP proceedings.

⁵⁰ Advice Letter 4632, approved in Resolution G-3499 (June 11, 2015); Advice Letter 4819, approved in Resolution G-3517 (May 12, 2016); and Advice Letter 5057, which was filed on November 4, 2016 and is currently pending.

| SoCalGas TIMP Operating & Maintenance (O&M) and Capital | 2014 Metrics | |
|---|-----------------------|--|
| | Actual Activity Level | Planned Activity Level |
| Assessment: In-Line Inspection | 393 miles | Planned activity levels not comparable to actual activity levels |
| Assessment: Pressure Testing | 0 miles | |
| Assessment: External Corrosion Direct Assessment | 45 miles | |

| SoCalGas TIMP Operating & Maintenance (O&M) and Capital | 2015 Metrics | |
|---|-----------------------|--|
| | Actual Activity Level | Planned Activity Level |
| Assessment: In-Line Inspection | 246 miles | Planned activity levels not comparable to actual activity levels |
| Assessment: Pressure Testing | 0 miles | |
| Assessment: External Corrosion Direct Assessment | 27 miles | |

GRC Cycle Variance Explanations:

For the TIMP, at a minimum, transmission pipelines within densely populated areas require an assessment (ILI, Pressure Test or ECDA) every 7 years. To meet deadlines for TIMP assessments, schedules may be modified each year to account for resource, inspection tools, and system availability. For the TY 2012 GRC, a zero-based forecast was provided for assessment projects intended to be completed in 2010 and 2011. SoCalGas and SDG&E used a zero-based forecast methodology because the number of assessment projects changes from year to year. SoCalGas and SDG&E have attempted to level out the number of assessment projects completed each year to avoid large fluctuations in cost from year to year, but fluctuations still exist; therefore, it is not useful to compare the planned activity level from 2010 and 2011 to 2014 and 2015 to measure performance for a program with a long-term assessment cycle. Accordingly, the “planned” metrics are listed as “not comparable.” It should be noted that all TIMP assessments were completed on time, meeting regulatory deadlines for 2014 and 2015.

Comparison of Authorized and Actual Revenue Requirement 2016

TIMP Balancing Account Details Revenue Requirements (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|--------------------------|---------------|---------------|--------------------------|------------|-----------------|
| | Actual | Authorized | Under/ (Over) Collection | Interest | TIMPBA Balance |
| <u>Year 2016:</u> | | | | | |
| O&M | 40,023 | 57,571 | (17,548) | | (17,548) |
| Capital-Related Costs | 744 | 1,363 | (619) | | (619) |
| Interest | | | | 139 | 139 |
| Total | 40,767 | 58,934 | (18,167) | 139 | (18,028) |

2016 Variance Explanation:

For the TY 2016 GRC cycle (2016 – 2018), TIMP was underspent compared to its authorized revenue requirement, resulting in an over-collected balanced in the TIMPBA. This occurred because as mentioned above, the Utilities manage the TIMP O&M and capital over the authorized full TY 2016 GRC cycle (2016 -2018), so any one particular year could be over or under-collected.

Comparison of 2016 “Proposed” Metrics Levels to 2016 Actual Metrics Levels

See explanation above for 2014 and 2015 comparison levels.

| SoCalGas TIMP Operating & Maintenance (O&M) and Capital | 2016 Metrics | |
|---|-----------------------|------------------------|
| | Actual Activity Level | Planned Activity Level |
| Assessment: In-Line Inspection | 333 miles | 615 miles |
| Assessment: Pressure Testing | 4 miles | 0 miles |
| Assessment: External Corrosion Direct Assessment | 30 miles | 33 miles |

2016 Variance Explanation:

For the TIMP, at a minimum, transmission pipelines within densely populated areas require an assessment (ILI, Pressure Test, or ECDA) every 7 years. To meet deadlines for TIMP assessments, schedules may be modified each year to account for resources, inspection tools, and system availability. For the TY 2016 GRC, a zero-based forecast was provided for assessment projects intended to be completed in the years TY 2016 through 2018. SoCalGas and SDG&E used a zero-based forecast methodology because the number of assessment projects changes from year to year. SoCalGas and SDG&E have attempted to level out the number of assessment projects completed each year to avoid large fluctuations in costs from year to year, but fluctuations still exist; therefore, where TY 2016 GRC planning assumptions were available for these activities, it is not useful to compare the planned activity level in 2016 alone to actual levels in 2016, to measure performance for a program with a long-term assessment cycle, until all three years are available. However, it should be noted that all TIMP assessments were completed on time, meeting regulatory deadlines for 2016 and additional inspections have been completed during 2017 and are planned for 2018 to ensure continued compliance.

Additionally, during 2016, the ILI rate was lower than planned due to multiple inspections that had to occur on the same lines, which extended the completion date to the following year. For example, during an ILI, the tool would become lodged and retrofitting of the pipeline needed to occur prior to attempting a second ILI. The mileage reflected in the accountability report is based on a successful ILI assessment and does not account for mileage attempted. As previously mentioned, it is expected that during this iterative process, the performance metrics will continue to improve to better demonstrate accountability.

c. SoCalGas Storage Integrity Management Program

SoCalGas proposed to institute a new approach to storage integrity management, the SIMP, modeled after the TIMP and the DIMP, in its Test Year 2016 GRC Application, A.14-11-004, filed in November 2014. The SIMP is a “proactive program of SoCalGas to ensure the integrity of SoCalGas’ underground gas storage facilities, and to detect and repair problems before they occur.”⁵¹ D.16-06-054, effective on January 1, 2016, approved the SIMP on June 23, 2016 and provided for the establishment of a two-way balancing account for SIMP expenditures.⁵²

In accordance with D.16-06-054, SoCalGas filed Advice Letter 5000 on July 29, 2016, effective on August 28, 2016, to establish the SIMP Balancing Account (SIMPBA). Pursuant to Ordering Paragraph 8 of D.16-06-054, the SIMPBA records the difference between actual and authorized costs associated with SoCalGas’ SIMP effective with the TY 2016 GRC cycle. The SIMPBA is authorized for the three-year GRC period from January 1, 2016 to December 31, 2018 or until the effective implementation date of SoCalGas’ next GRC.

Similar to the showing for TIMP and DIMP and as discussed in Section 1c, the Utilities are presenting this information in revenue requirement terms rather than direct expenditures to best represent how the SIMP program is managed.

As seen in the tables below, because the formal SIMP was not approved until June 23, 2016 in D.16-06-054 and effective January 1, 2016, there are not any recorded actuals or “SIMP”-related revenue requirement recorded to the SIMPBA in the years 2014 and 2015. However, while the TY 2016 GRC was pending, SoCalGas continued to undertake integrity management work at the storage facilities using traditional GRC funding.

Comparison of Authorized and Actual Revenue Requirement 2014-2015

SIMP Balancing Account Details Revenue Requirement (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|---------------------------------|--------|--------------------------|-----------------------------|----------|-------------------|
| <u>Year 2014:</u> ^{1/} | Actual | Authorized ^{1/} | Under/ (Over) Collection | Interest | SIMPBA Balance |
| O&M | - | - | - | - | - |
| Capital-Related Costs | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Subtotal | - | - | - | - | - |

^{1/} Authorized O&M and capital-related revenue requirement were adopted in TY2016 GRC decision. SoCalGas was not authorized to record dollars to SIMPBA prior to 2016.

⁵¹ D.16-06-054 at 5.

⁵² *Id.* at OP 8.

2014 Variance Explanation:

In 2014, because the SIMP balancing account had not yet been authorized, no costs could be recorded in the SIMP account. Although SIMP had not yet been approved, SoCalGas undertook integrity management work at the storage facilities using traditional GRC funding. This work incorporated certain SIMP-planned activities and is identified as “Program Support” in the below metrics. In 2014, this work included the SIMP pilot program, which involved running integrity tests of the Frew 2 and Porter 42B wells at Aliso Canyon. The recorded capital expenses for the Frew 2 and Porter 42B pilot work totaled approximately \$1.67 million and \$1.27 million, respectively.

SIMP Balancing Account Details Revenue Requirement (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|------------------------------|--------|--------------------------|--------------------------|----------|----------------|
| Year 2015: ^{1/} | Actual | Authorized ^{1/} | Under/ (Over) Collection | Interest | SIMPBA Balance |
| O&M | - | - | - | - | - |
| Capital-Related Costs | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Subtotal | - | - | - | - | - |

^{1/} Authorized O&M and capital-related revenue requirement were adopted in TY2016 GRC decision. SoCalGas was not authorized to record dollars to SIMPBA prior to 2016.

2015 Variance Explanation:

In 2015, because the SIMP balancing account had not yet been authorized, no costs could be recorded in the SIMP account. SoCalGas did incur approximately \$180,000 in direct O&M expenses for Well View data entry efforts to prepare SoCalGas’ storage data and prioritize wells for SIMP testing.⁵³ These expenses were funded through traditional GRC funding.

The 2015 SIMP capital work was completed in parallel with ongoing traditional GRC Capital well activities. In 2015, well logging activities and well site enhancement projects⁵⁴ at the 4 SoCalGas storage facilities, or “fields” were identified as SIMP activities, since both result in data used for SIMP. These activities are identified below as “Program Support” for the metrics. The recorded direct capital costs associated with this work was \$214,000 and \$625,000, respectively.

⁵³ The purpose of this project was to enter historical well information/data into the well data management database called WellView. New well workover, drilling, and abandonment data is entered, maintained, and accessible via this database. The goal was to enter historical information into this database so it is a one stop shop for the team.

⁵⁴ This project raised and relocated the annulus gas venting system to above grade, and installed standardized racks for well pressure monitoring and installed continuous pressure monitoring on all wells. Real-time pressure monitoring provides continuous monitoring of well integrity, improved management of well performance, and optimization of field deliverability and facilitates well and pipeline integrity operations. Additionally, continuous pressure monitoring is an important component of the SIMP.

Comparison of 2014 and 2015 “Proposed” Metrics Levels to 2014 and 2015 Actual Metrics Levels

SoCalGas is providing the metrics below to illustrate the progress made with regard to storage integrity.

For the SIMP Capital metrics, the 2014 metrics for “Program Support” includes the SIMP pilot on one well. In the 2015 SIMP Capital metrics, “Program Support” includes capital work performed at all 4 fields in support of developing SIMP activities. SoCalGas’ capital funding proposals in 2014 and 2015 were made to develop the TY 2016 Revenue Requirement, but not technically implemented in rates until 2016. Work performed during 2014 and 2015 was performed under other Underground Storage GRC capital budgets.

For the SIMP O&M metrics, “Data Management” includes SoCalGas’ Well View data entry efforts that prepared SoCalGas’ storage data and prioritized wells for SIMP testing.

| | 2014 Metrics | | 2015 Metrics | |
|-----------------------|---------------------------|------------------------|---------------------------------|------------------------|
| | Actual Activity Level | Planned Activity Level | Actual Activity Level | Planned Activity Level |
| SIMP Capital | | | | |
| Company Labor (FTE's) | 0 | 0.5 | 0 | 0.6 |
| Program Support | 1 Well | 1 Well | 4 Fields | 4 Fields |
| | | | | |
| | 2014 Metrics ¹ | | 2015 Metrics ¹ | |
| | Actual Activity Level | Planned Activity Level | Actual Activity Level | Planned Activity Level |
| SIMP O&M | | | | |
| Company Labor (FTE's) | 0 | not planned | 0.2 | not planned |
| Data Management | 0 | not planned | 1 Field of Well View Data Entry | not planned |

Note 1: O&M funding was not requested until TY2016.

Comparison of Authorized and Actual Revenue Requirement 2016

SIMP Balancing Account Details Revenue Requirement (\$000)

| | (a) | (b) | (c) = (a) - (b) | (d) | (e)=(c)+(d) |
|--------------------------------|---------------|---------------------------------|---------------------------------|-----------------|-----------------------|
| <u>Year 2016:^{1/}</u> | Actual | Authorized ^{1/} | Under/ (Over) Collection | Interest | SIMPBA Balance |
| O&M | 11,814 | 5,910 | 5,904 | | 5,904 |
| Capital-Related Costs | 672 | 361 | 311 | | 311 |
| Interest | | | | 7 | 7 |
| Subtotal | 12,486 | 6,271 | 6,215 | 7 | 6,222 |

2016 Variance Explanation:

Since the Commission’s authorization of SIMP in TY 2016, and to respond to new and proposed regulatory requirements on gas storage projects, SoCalGas has accelerated the pace of SIMP

inspections of the gas storage wells at Aliso Canyon, Honor Rancho, Playa de Rey, and La Goleta gas storage fields. O&M expenses primarily include mandated well inspections, wellbore inspection logs, noise and temperature surveys, and surface piping inspections. O&M expenses for TY 2016 also include: data management, reservoir and geologic studies, and labor. Capital expenses for 2016 are for gas storage well workovers⁵⁵ to prepare wells for inspection logging and to follow-up on the inspection logging. These workovers consist of mitigation for the safe return to operation, and are the definition of 2016 “Program Support” in the metrics below. Mitigation includes new tubing installed in all wells. If the well cannot be placed back in service, the work includes safely isolating the well from the gas storage reservoir until the well is plugged and abandoned. This accelerated pace of these activities resulted in TY 2016 SIMP recorded actuals exceeding the authorized funding level.

Comparison of 2016 Proposed Metrics Levels to 2016 Actual Metrics Levels

| | 2016 Metrics | |
|-----------------------|----------------------------------|---------------------------------|
| | Actual Activity Level | Planned Activity Level |
| SIMP Capital | | |
| Company Labor (FTE's) | 1.5 | 6.5 |
| Program Support | 33 wells | 28 wells |
| | | |
| | 2016 Metrics | |
| | Actual Activity Level | Planned Activity Level |
| SIMP O&M | | |
| Company Labor (FTE's) | 14.3 | 5.5 |
| Data Management | 2 Fields of Well View Data Entry | 1 Field of Well View Data Entry |
| Well Inspections | 43 wells | 40 wells |

Note 1: O&M funding was not requested until TY2016.

2016 Variance Explanation:

As noted above, the SIMP “Program Support” metric evolved from a pilot in 2014, to field work in 2015, to well workover⁵⁶ activity in 2016. SIMP TY 2016 capital testimony forecasted 28 storage well workovers per year. Due to the accelerated pace as described above, the actual activity level in 2016 was 33 completed storage well workovers. The primary drivers for acceleration are new, emerging, and proposed regulations and industry best practices. The TY

⁵⁵ The Direct Testimony of Phillip Baker refers to this activity as “Wells Requiring Capital Mitigation Work.” See A.14-11-004, Ex. 45 SCG/Baker at 42.

⁵⁶ Preparation of wells for inspection logging, and follow-up on the inspection logging with mitigation, including tubing replacement.

2016 testimony also forecasted 6.5 FTEs, primarily contract administrators, with 1 FTE for a well mitigation project manager. The variance in labor is due to the use of contracted labor.

For SIMP O&M, the metrics used was for “Well Inspections” and “Data Management.” Well Inspection involved well integrity inspections conducted via utilizing a variety of tools to assess well casing integrity. SIMP TY 2016 O&M testimony forecasted 40 well inspections per year. Due to the accelerated pace as referenced previously, the actual activity level in 2016 was 43 full storage well inspections. There were also 105 partial inspections of gas storage wells that included noise and temperature surveys and pressure tests. The primary drivers for acceleration are new, emerging, and proposed regulations and industry best practices. Two of the storage fields’ datasets were entered into WellView in 2016, exceeding the plan of 1 storage field. This variance is consistent with the accelerated pace of other SIMP activities. The variance in FTEs reflects a focus on accelerated inspection work, and focus of company labor on supporting inspections. The variance in well numbers also reflects the accelerated pace.

GLOSSARY OF TERMS

| | |
|----------|---|
| A. | Application |
| ADA | American Disabilities Act |
| ALJ | Administrative Law Judge |
| CAL FIRE | California Department of Forestry and Fire Protection |
| CCUE | Coalition of California Utility Employees |
| CFR | Code of Federal Regulations |
| CNF | Cleveland National Forest |
| D. | Decision |
| DOE | Do Not Operate Energized |
| DIMP | Distribution Integrity Management Program |
| DIMPBA | Distribution Integrity Management Program Balancing Account |
| DREAMS | Distribution Risk Evaluation and Monitoring System |
| DRIP | Distribution Riser Inspection Project |
| ECDA | External Corrosion Direct Assessment |
| ED | Energy Division |
| FAA | Federal Aviation Administration |
| FiRM | Fire Risk Management |
| FTEs | Full-Time Equivalent |
| GIPP | Gas Infrastructure Protection Program |
| GIS | Geographic Information System |
| GRC | General Rate Case |
| HCA | High Consequence Areas |
| I. | Investigation |
| ILI | In-Line Inspection |
| LiDAR | Light Detection and Rating |
| O&M | Operations and Maintenance |
| OP | Ordering Paragraph |
| OSA | Office of Safety Advocates |
| PAAR | Programs and Activities to Address Risk |
| PHMSA | Pipeline and Hazardous Materials and Safety Administration |

| | |
|-------------|---|
| PLS-CADD | Power Line Systems – Computer Aided Design and Drafting |
| PTC | Permit to Construct |
| RAMP | Risk Assessment Mitigation Phase |
| RCP | Rate Case Plan |
| RIRAT | Reliability Improvements in Rural Areas Team |
| RO | Results of Operation |
| SAIDI | System Average Interruption Duration Index |
| SAIFI | System Average Interruption Frequency Index |
| SB | Senate Bill |
| SCADA | Supervisory Control and Data Acquisition |
| SDG&E | San Diego Gas & Electric |
| SED | Safety and Enforcement Division |
| SF6 | Sulfur Hexafluoride |
| SIMP | Storage Integrity Management Program |
| SIMPBA | Storage Integrity Management Program Balancing Account |
| SLIP | Sewer Lateral Inspection Program |
| S-MAP | Safety Model Assessment Proceeding |
| SoCalGas | Southern California Gas Company |
| UCLA | University of California, Los Angeles |
| USA | Underground Service Alert |
| U.S. Forest | United States Forest Service |
| TIMP | Transmission Integrity Management Program |
| TIMPBA | Transmission Integrity Management Program Balancing Account |
| TMED | Threshold Major Event Days |
| TY | Test Year |
| WRRM | Wildfire Risk Reduction Model |

APPENDIX D
Audit of SoCalGas' Electricity Usage Data Privacy and Security Practices



Southern California Gas Company

**CPUC Covered Information Privacy and Security
Assessment Report**

June 30, 2017

kpmg.com

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Document structure

This report consists of the following sections:

Executive summary contains an overview of the project including background, scope, KPMG's overall results and noted exceptions as well as recommendations where necessary for each Rule comprising the California Public Utility Commission *Privacy Decision*.

Project approach and methodology contains an overview of key project phases and activities performed by KPMG throughout the course of the assessment.

Southern California Gas Company's management response to CPUC Covered Information Privacy and Security Assessment Report contains SoCalGas' management response to the *CPUC Covered Information Privacy and Security Assessment Report* dated June 21, 2017.

Rule assessment results, exceptions and recommendations provides a summary of the nine (9) Rules of the CPUC *Privacy Decision* including KPMG's interviews and document reviews (e.g., test work), overall results, detailed exceptions, and improvement recommendations associated with each exception.

Detailed compliance testing and conclusions provide the full details of KPMG's assessment criteria procedures and results for each Rule.

Appendix 1 – Abbreviations used throughout this report provides a list of abbreviations used throughout the report.

Appendix 2 – Stakeholders interviewed provides an overview of SoCalGas personnel interviewed as part of KPMG's assessment.

Executive summary

Southern California Gas Company (hereinafter SoCalGas or Company) provides natural gas service to 20.9 million consumers through 5.8 million meters in more than 500 communities. The Company's service territory encompasses approximately 20,000 square miles in diverse terrain throughout Central and Southern California, from Visalia to the Mexican border. Through its operations, managed via Advanced Metering Infrastructure and Real Time Energy Management systems, SoCalGas collects, processes, stores, and discloses Customer Energy Usage Data (CEUD) and other Customer Personally Identifiable Information (PII). The PII may contain name, address, social security numbers (SSN), service account number, and financial account information.

Background

On August 23, 2012, the California Public Utilities Commission (CPUC) issued Decision D.12-08-045 "Decision Extending Privacy Protections to Customers of Gas Corporations and Community Choice Aggregators and to Residential and Small Commercial Customers of Electric Service Providers" (hereinafter the "*Privacy Decision*"). The *Privacy Decision* requires SoCalGas to undergo an independent assessment of its Covered Information privacy and security practices.

Covered Information is defined in the *Privacy Decision* as Customer Energy Usage Data (CEUD)¹ obtained via Advanced Metering Infrastructure (AMI) and Real Time Energy Management systems when combined with other information that could reasonably be used to identify a residential customer, family, household, residence, or nonresidential customer. Covered Information does not include information provided to the California Public Utilities Commission pursuant to its oversight responsibilities.

SoCalGas engaged KPMG to conduct an objective assessment of its Covered Information privacy and security processes, controls, and practices in conjunction with general rate case proceedings.² This report represents the results of KPMG's assessment.

¹ Customer Energy Usage Data is any interval (60-minutes or less) consumption information for a customer service account obtained through its AMI and Real Time Energy Management systems.

² Objective privacy and security practices assessment is not intended to be an audit, examination, attestation, special report or agreed-upon procedures engagement as those services are defined in American Institute of Certified Public Accountants (AICPA) literature applicable to such engagements. Accordingly, these services will not result in the issuance of a written communication to third parties by KPMG directly reporting on financial data or internal control or expressing a conclusion, an opinion, or any other form of assurance

Scope

The scope of KPMG assessment was limited to systems and organizational units (OUs) processing Covered Information associated with information that could reasonably be used to identify a residential customer, family, household, residence, or nonresidential customer; KPMG did not review separate safeguards for SoCalGas employee, contractor, and other Personally Identifiable Information (PII) other than Covered Information.

To perform the review, KPMG used an Assessment Framework comprised of multiple criteria based on various industry-leading standards. We mapped the Assessment Framework criteria to the nine (9) Rules in the *Privacy Decision* and used the framework to perform our assessment of SoCalGas' privacy and security practices and procedures.

- The Covered Information Privacy and Security Practices Assessment was based on KPMG's review and understanding of the controls and processes in place from **January 1, 2016 through December 31, 2016**.³
- The exceptions and recommendations were based on our review of policy/procedure documents, stakeholder interviews, inspection of sample communications to customers and Third Parties, Covered Information access reports, system security profiles, and site walkthroughs.
- KPMG conducted interviews with personnel from Advanced Meter, Audit Services, Billing Operations, Credit & Collections, Customer Privacy Program, Customer Operations, Customer Service, Information Security, Law Department, Regulatory Affairs and Supply Management.
- KPMG assessed the design and implementation of privacy and security controls followed by an assessment of the operating effectiveness of key implemented controls.

The nine (9) Rules noted in the CPUC *Privacy Decision* are listed below.

| | |
|---------------|--|
| Rule 1 | Definitions |
| Rule 2 | Transparency (Notice) |
| Rule 3 | Purpose Specification |
| Rule 4 | Individual Participation (Access and Choice) |
| Rule 5 | Data Minimization |
| Rule 6 | Use and Disclosure Limitation |
| Rule 7 | Data Quality and Integrity |
| Rule 8 | Data Security |
| Rule 9 | Accountability and Auditing |

³ KPMG used the following key drivers to determine the assessment period: (1) The CPUC *Privacy Decision* does not define the assessment period and (2) Professional guidance provides flexibility in the period covered as long as the assessment period allows for sufficient time to assess Operating Effectiveness.

Summary of results and exceptions

Based on this assessment, KPMG noted that SoCalGas has designed and implemented Data Privacy and Security policies and supporting procedures to address the *Privacy Decision's* requirements, as measured against KPMG's Assessment Framework developed to test controls around Covered Information identified in the rules.

For eight (8) of the nine (9) rules in the *Privacy Decision*, KPMG did not identify any exceptions; however, KPMG did identify exceptions with the remaining one (1) rule. Overall, KPMG has noted **2 exceptions** (exceptions are areas where SoCalGas' program is not yet fully prepared to meet compliance with the *Privacy Decision* as measured against KPMG's Assessment Framework). The exceptions are shown below along with the recommendations associated with each exception. There were **2 Low-Risk Exception**. KPMG noted **No Medium-Risk or High-Risk Exceptions**. The risk rating methodology is based on the following definitions:

| Risk level | Description |
|------------|---|
| High | Issue poses a significant risk of data breach of Covered Information and/or a significant deviation from the CPUC <i>Privacy Decision</i> . |
| Medium | Inconsistent implementation of policies and procedures that may impact the ability of SoCalGas to protect Covered Information and/or achieve adequate alignment with the CPUC <i>Privacy Decision</i> . |
| Low | Undefined or undocumented policies and procedures supporting the protection of Covered Information and alignment with the CPUC <i>Privacy Decision</i> . |

For more details associated with each Rule, see the Rule assessment results, exceptions, and recommendations and detailed compliance and testing conclusions sections below.

| CPUC rule number | Risk level | Exceptions noted | KPMG recommendations |
|--|------------|------------------|----------------------|
| CPUC Rule 1 Definitions | - | - | N/A |
| CPUC Rule 2 Transparency (Notice) | - | - | N/A |
| CPUC Rule 3 Purpose Specification | - | - | N/A |
| CPUC Rule 4 Individual Participation (Access and Choice) | - | - | N/A |

| CPUC rule number | Risk level | Exceptions noted | KPMG recommendations |
|--|------------|---|---|
| CPUC Rule 5 Data Minimization | - | - | N/A |
| CPUC Rule 6 Use and Disclosure Limitation | - | - | N/A |
| CPUC Rule 7 Data Quality and Integrity | - | - | N/A |
| CPUC Rule 8 Data Security | - | - | N/A |
| CPUC Rule 9 Accountability and Auditing | Low | While company-wide Covered Information training is available, it has not been consistently deployed to all employees. SoCalGas scheduled this training to be rolled out over a three year cycle; the first and second deployments occurred in 2014 and 2015, respectively. The third deployment was scheduled for 2016 and has not yet been delivered due to a reorganization within the Company. | SoCalGas should consistently provide specific guidance to safeguard Covered Information to all employees as part of a company-wide training. |
| | Low | While contractors on the SoCalGas payroll are assigned trainings as regular employees, there are no formal trainings assigned to temporary contractors and their obligation to protect customer privacy is agreed through contracting provisions. | SoCalGas should implement standardized training requirements addressing safeguards of Covered Information for contractors who have access to Covered Information. |

Project approach and methodology



KPMG approached the Assessment in four (4) phases: Initiate, Assess, Validate, and Report.

- **Initiate** – KPMG developed an Assessment Framework to review SoCalGas’ privacy and security practices based on the nine (9) Rules comprising the *Privacy Decision*. KPMG identified controls for each Rule’s requirements and performed procedures to assess the Design and Implementation and Operating Effectiveness of program policies and procedures, and to identify any noted exceptions to those controls. Given the similarity of the Generally Accepted Privacy Principles (GAPP) framework promulgated by the American Institute of Certified Public Accountants (AICPA) and CPA Canada, KPMG leveraged GAPP as a baseline to develop our assessment procedures. KPMG worked with SoCalGas Customer Privacy Program (Project Team) to identify relevant stakeholders, reviewed the organizational structure to identify business groups where Covered Information may reside, and reviewed the current IT landscape to identify systems and applications that collect, store, or process Covered Information, such as Advanced Meter Systems, Customer Information Systems applications and databases, Back-end systems, Middleware, Development/Test environments, and Customer Portals.
- **Assess** – As part of its assessment KPMG performed a variety of interviews with stakeholders representing various lines of business. KPMG interviewed over **40** personnel, reviewed more than **330** documents and **nine (9)** system assessments, and performed **five (5)** site walkthroughs of critical SoCalGas facilities (including Customer Contact Center, Production Datacenter, Credit & Collections, Billing Operations and Branch Office) to observe the safeguards in place to protect Covered Information.
- **Validate** – KPMG validated observed exceptions with the SoCalGas Project Team, relevant business, IT stakeholders and leadership.
- **Report** – KPMG developed a final report providing exceptions and recommendations, presented the report to SoCalGas Leadership, and incorporated SoCalGas’ Management Response to the noted exceptions.

Southern California Gas Company's management response to CPUC Covered Information Privacy and Security Assessment Report

Please see SoCalGas' Management Response below.



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June 21, 2017

Doron Rotman
Managing Director
KPMG LLP

Re: Southern California Gas Company's Response to KPMG's 2017 Covered Information Privacy and Security Assessment Report

Dear Mr. Rotman:

On behalf of Southern California Gas Company ("SoCalGas") we would like to thank you for the professional services KPMG provided in performing the 2017 SoCalGas covered information privacy and security assessment.

SoCalGas engaged KPMG to perform this independent assessment to validate our company's compliance as required in the California Public Utilities Commission (CPUC) Decision (D.) 12-08-045, *Decision Extending Privacy Protections to Customers of Gas Corporations and Community Choice Aggregators, and to Residential and Small Commercial Customers of Electric Service Providers*. We appreciate that KPMG recognizes that SoCalGas is in compliance with most of the rules in D.12-08-045 and that SoCalGas is continuing to strengthen its Customer Privacy Program.

SoCalGas reviewed the exceptions contained in KPMG's 2017 Covered Information Privacy and Security Assessment Report and provides the following attached response.

Sincerely,

A handwritten signature in black ink that reads "Janet Yee".

Janet Yee
Director, Customer Operations
Attachment



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An assessment of a company's business practices and technologies represents an opportunity to evaluate applicable procedures, processes, and systems to ensure that customer privacy and covered information is protected appropriately. SoCalGas welcomed this opportunity to review its privacy and security practices as we continually seek to enhance our programs. KPMG noted two low risk findings. Below is the SoCalGas management response to those findings.

| CPUC rule number | Risk level | Exceptions noted by KPMG | SoCalGas management response |
|---|------------|---|---|
| CPUC Rule 9 Accountability and Auditing | Low | While company-wide Covered Information training is available, it has not been consistently deployed to all employees. SoCalGas scheduled this training to be rolled out over a three year cycle; the first and second deployments occurred in 2014 and 2015, respectively. The third deployment was scheduled for 2016 and has not yet been delivered due to a reorganization within the Company. | The company-wide Covered Information training that was scheduled for 2016 was rescheduled and delivered on 6/1/2017. |
| | Low | While contractors on the SoCalGas payroll are assigned trainings as regular employees, there are no formal trainings assigned to temporary contractors and their obligation to protect customer privacy is agreed through contracting provisions. | SoCalGas will partner with San Diego Gas & Electric Company (SDG&E) to determine the best approach to address reasonable training for temporary contractors who handle covered information. |

Rule assessment results, exceptions and recommendations

For each risk identified, KPMG reviewed the risk and assigned a risk rating of High, Medium, or Low to each Exception based on the potential impact the Exception could have as it relates to the protection of Covered Information. The risk rating methodology used the following definitions:

| Risk level | Description |
|------------|---|
| High | Issue poses a significant risk of data breach of Covered Information and/or a significant deviation from the CPUC <i>Privacy Decision</i> . |
| Medium | Inconsistent implementation of policies and procedures that may impact the ability of SoCalGas to protect Covered Information and/or achieve adequate alignment with the CPUC <i>Privacy Decision</i> . |
| Low | Undefined or undocumented policies and procedures supporting the protection of Covered Information and alignment with the CPUC <i>Privacy Decision</i> . |

For eight (8) of the nine (9) rules in the *Privacy Decision*, KPMG did not identify any exceptions; however, KPMG did identify exceptions for the remaining one (1) rule. Overall, KPMG has noted **2 Low-Risk exceptions**. KPMG noted **No Medium-Risk or High-Risk Exceptions**. These exceptions identify areas where KPMG believes SoCalGas' program is not fully prepared to meet requirements under the *Privacy Decision* as measured against KPMG's Assessment Framework.

The following tables provide a summary of the criteria that KPMG applied in the assessment of each of the nine (9) Rules of the *Privacy Decision*, the overall assessment results of the set of criteria evaluated, and relevant exceptions (if any) along with level of risk, risk implication and recommendation.

Rule 2: Transparency (notice)

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas’ overall customer notice program focusing on:</p> <ul style="list-style-type: none"> — Internal and customer-facing <i>Privacy Policy</i> and <i>Privacy Notice</i> that address SoCalGas’ practices and procedures related to the collection, processing, storage, and disclosure of their Covered Information; — Review of methods and frequency for providing customers with notice and an examination of the actual notices; — Interviews with SoCalGas personnel; — Performance of site walkthroughs of Customer Service facilities to observe Customer Service Representatives interacting with customers and discussing their Covered Information. |
| Results summary | <p>SoCalGas provides its external-facing <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> on its website detailing the manner in which the Company collects, stores, shares, and protects Covered Information and the methods by which customers can access their data. The <i>Privacy Notice</i> includes information on how customers can contact SoCalGas with complaints, inquiries, and disputes regarding their Covered Information and SoCalGas’ privacy policy. SoCalGas provides its <i>Privacy Notice</i> to newly registered customers as part of a welcome package, and annually thereafter in a bill insert. The <i>Privacy Notice</i> is available in readable forms in several different languages to accommodate customer demographics. SoCalGas also makes available its previous versions of the <i>Privacy Notice</i> upon request.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 3: Purpose specification

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas' overall customer notice program focusing on:</p> <ul style="list-style-type: none"> — How SoCalGas specifies the reasons for which it collects, discloses, retains, and provides access to Covered Information; — Review of SoCalGas' <i>Privacy Notice</i> as well as other policies and procedures; — Interviews with stakeholders to understand the determination and specification of information and Third Party categories; — Examination of whether the <i>Privacy Notice</i> included a description of how customers could access and control their Covered Information collected, processed, stored, and disclosed by SoCalGas. |
| Results summary | <p>SoCalGas has documented policies and procedures outlining the acceptable purposes for which Covered Information may be collected, stored, used, and shared. These include detailed policies regarding both primary and secondary purposes. Covered Information is not disclosed for secondary purposes, per Company's policy, without customer authorization.</p> <p>SoCalGas' <i>Privacy Notice</i> includes the categories of Third Parties with which SoCalGas may share Covered Information, and circumstances under which that information may be shared.</p> <p>SoCalGas has implemented internal policies instructing employees on determining the veracity and propriety of Third Party requests, and on the appropriate use of Covered Information internally.</p> |
| Exception | No exceptions noted. |
| Risk level | - |
| Risk implication | - |
| Recommendation | - |

Rule 4: Individual participation (access and choice)

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas’ customer-facing program focusing on:</p> <ul style="list-style-type: none"> — Internal and external policies and procedures to provide customers with access and consent mechanisms related to their Covered Information; — Review of Customer Portals, stakeholder interviews, and walkthroughs of Customer Contact Center and other locations where SoCalGas Customer Service Representatives interact with customers with respect to their Covered Information; — Review of Customer Authorization forms to understand how customers can grant and revoke authorization for secondary uses of their Covered Information; — Examination of the process in place to disclose Covered Information pursuant to legal processes and in situations of imminent threat to life or property. Test procedures included review of policies and procedures for tracking these requests and the subsequent notice provided to customers and interviews with SoCalGas stakeholders in relevant business functions. |
| Results summary | <p>SoCalGas provides customers with multiple methods of accessing their Covered Information, including electronically via SoCalGas’ <i>My Account</i> feature online, and through monthly bills that allow them to review and interpret their usage information. Customers may contact SoCalGas through phone, web or mail with questions or concerns regarding their monthly bills. Further, internal guidelines for SoCalGas employees who interact with customers are in place addressing how to provide customers with access to their Covered Information.</p> <p>SoCalGas has processes and procedures in place for customers to grant and revoke authorization to Third Parties using an authorization form, the <i>Customer Information Service Request (CISR)</i> form. SoCalGas has processes in place to disclose Covered Information if it is necessary to provide energy services, to comply with relevant laws, to respond to subpoenas or warrants, or to provide emergency responders with pertinent information in the case of imminent threat to life or property.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 5: Data minimization

| | |
|-----------------------------------|---|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas' adoption of Data Minimization principles in the collection, use, and disclosure of Covered Information focusing on:</p> <ul style="list-style-type: none"> — Corporate and department-specific policies and procedures to understand how Covered Information is segregated from other systems; — How user access is restricted based on business need; — How records and assets are retained for only as long as reasonably necessary; — Disposal of records upon their eligibility for destruction; — How Data Minimization principles were adopted as part of Third Party disclosure practices; — Assessment procedures included review of policies and procedures and interviews with relevant stakeholders to understand appropriate safeguards in place to limit the disclosure of Covered Information. |
| Results summary | <p>SoCalGas has implemented the Data Minimization principle as a foundational component to its overall privacy framework, and has documented policies and procedures limiting the amount of information collected, stored, and retained; the number and level of employees who have access to Covered Information; and the categories of Third Parties with whom it is shared. SoCalGas management reviews and certifies that Covered Information is retained as necessary and that it is properly disposed of in electronic, hardcopy, and unstructured formats in a timely manner.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 6: Use and disclosure limitation

| | |
|-----------------------------------|---|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas' Third-Party Management Program focusing on:</p> <ul style="list-style-type: none"> — Review of processes in place for disclosure of Covered Information to Third Parties; — Third Parties are defined to include suppliers and contractors; — Review of procedures and forms for customers to authorize and revoke a Third Party to receive Covered Information on behalf of the customer; — Examination of Third Party management policies and procedures and interview of stakeholders to understand how SoCalGas implements practices and procedures based on the categories of Third Parties (i.e., primary purpose and secondary purpose); — Review of data transmission protocols and ongoing monitoring of Third Parties for compliance with SoCalGas policies and contractual provisions. |
| Results summary | <p>SoCalGas has processes in place to allow customers to share their Covered Information with Third Parties. SoCalGas has formal internal procedures to manage customer requests for disclosure to Third Parties, which include forms for explicit customer authorization and forms to revoke such authorization (Customer Information Service Request, or <i>CISR</i> Form). SoCalGas has internal Third Party management policies and informs Third Parties about data privacy requirements. Third Party vendors are contractually obligated per their contracts to maintain the privacy of Covered Information consistent with SoCalGas's standard of security</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 7: Data quality and integrity

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas' Data Validation methods and procedures focusing on:</p> <ul style="list-style-type: none"> — Review of how SoCalGas validates the quality and integrity of Covered Information; — Examination of the Advanced Meter systems and infrastructure to understand how usage data is managed and reconciled; — Review of policies and procedures and interviews with stakeholders to understand how SoCalGas provides customers with the opportunity to modify or remove other data elements collected by the Company. |
| Results summary | <p>SoCalGas has policies in place that address the confirmation, validation, and relevance of customer information. The <i>Privacy Notice</i> states that customers may contact SoCalGas through phone, email or mail should they need to update or alter their information. In addition, SoCalGas <i>Customer Service</i> Representatives authenticate customers and validate their account information when answering calls. SoCalGas' <i>My Account Online Services</i> Terms and Conditions indicates it is the customers' responsibility to ensure their Personal Information is updated and accurate.</p> <p>System controls and quality assurance processes are in place to validate energy usage reads and if necessary, perform edits to help ensure completeness and accuracy of usage data prior to billing the customer.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 8: Data security

| | |
|-----------------------------------|---|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas' physical and Cybersecurity measures to protect Covered Information focusing on:</p> <ul style="list-style-type: none"> — Review of Cybersecurity policies, procedures, and measures related to: Endpoint Security (Antivirus protection, E-mail/Database security), the Network environment (Network Segmentation, Intrusion Prevention Systems, Remote Access, Wireless), Firewalls, Network Access Control. (Logging/Monitoring, Data Loss Prevention, Web-content Filtering), Mobile Security, Patch Management, Vulnerability Management, Business Continuity, System Change Control, Privileged Access, Third Party Access and Data Classification; — Performance of site walkthroughs of critical SoCalGas locations focusing on the physical and technical security of Covered Information at these key areas: Customer Contact Centers, a Production Datacenter, Credit Operations and Billing Operations; — Inspection of key configurations and system settings related to: System Access (User Authentication and Password Configuration), Access Management (Restriction of Access based on least privilege and need-to-know, Segregation of Duties, Periodic access review), Logging and Monitoring of changes to customer data, Masking of sensitive data in production and development environments; — Review of SoCalGas' Incident Response/Breach Management Program and interviews of stakeholders who are responsible and/or accountable in the response to a potential incident involving Covered Information including communications to regulators and impacted customers; — Examination of evidence of tools deployed in the environment to detect and analyze potential threats to Covered Information. |
| Results summary | <p>SoCalGas has an established Information Security Program as part of Sempra shared services that is responsible for the design and implementation of both physical and logical information security controls to protect Covered Information. Formal policies and procedures have been established and implemented that address specific administrative, physical and technical controls to protect Covered Information. Monitoring procedures are in place to detect and address non-compliance with policies and procedures. Various technical controls have been implemented to prevent and detect network security breaches and unauthorized access to systems containing Covered Information. A process is also in place to report and track potential security incidents to help ensure they are resolved and measures are implemented to prevent similar events from occurring in the future.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 9: Accountability and auditing

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SoCalGas' overall Customer Data Privacy and Cybersecurity program, focusing on:</p> <ul style="list-style-type: none"> — Review of documentation supporting each program as well as SoCalGas' communication of these policies to both employees and contractors; — Review of executive support and sponsorship of Customer Privacy Program and Cybersecurity including the individuals and roles responsible and accountable for Customer Privacy Program and Cybersecurity throughout the enterprise; — Interviews with members of SoCalGas Executive Management to understand leadership's views on customer data protection; — Review of the process to receive, track and resolve customer complaints, disputes, and inquires related to the protection of Covered Information. Test procedures included a review of internal procedures, interviews with stakeholders involved in the complaints process, and a walkthrough of the Customer Contact Center; — Examination of employee training and awareness associated with the protection of Covered Information. This assessment included a review of enterprise-wide and targeted training materials provided to organizational units and contractors collecting, handling, storing, or transmitting Covered Information. Additionally, KPMG observed training compliance logs, meeting agendas, and attendance sheets maintained during PII training sessions. |
| Results summary | <p>SoCalGas has developed company and department policies addressing the proper safeguarding of Covered Information. The Company has achieved a high level of maturity for its Customer Privacy Program, including assigning a dedicated Customer Privacy Program Officer and Manager, and providing executive and management support, oversight, and visibility to key program metrics and performance indicators. In addition, the Customer Privacy Program Manager collaborates with appropriate organizational units when working to finalize policies and procedures to protect Covered Information.</p> <p>KPMG also noted that a process exists to respond to complaints and inquiries levied by customers related to customer privacy. Company-wide privacy training is implemented, and Company's representatives continue to identify opportunities to expand the training. Further, road shows including data privacy and security trainings are provided to employees accessing Covered Information and are tracked by SoCalGas.</p> |
| Exception one | <p>While company-wide Covered Information training is available, it has not been consistently deployed to all employees. SoCalGas scheduled this training to be rolled out over a three year cycle; the first and second deployments occurred in 2014 and 2015, respectively. The third deployment was scheduled for 2016 and has not yet been delivered due to a reorganization within the Company.</p> |
| Risk level | Low |

| | |
|-------------------------|--|
| Risk implication | SoCalGas employees who collect, use, process or store Covered Information but did not complete the training may not understand or be aware of the Company’s policies and procedures for safeguarding sensitive Covered Information, increasing the risk of misuse of data or a potential data incident |
| Recommendation | SoCalGas should consistently provide specific guidance to safeguard Covered Information to all employees as part of a company-wide training. |
| Exception two | While contractors on SoCalGas’ payroll are assigned trainings as regular employees and contracts include obligations to protect customer privacy, there are no formal trainings assigned to temporary contractors. |
| Risk level | Low |
| Risk implication | Contractors acting on behalf of SoCalGas who collect, use, process, or store Covered Information may not understand or be aware of company policies and procedures for safeguarding sensitive information increasing the risk of misuse of data or a potential data incident. |
| Recommendation | SoCalGas should implement standardized training requirements addressing safeguards of Covered Information for contractors who have access to Covered Information. |

Detailed compliance testing and conclusions

CPUC Rule 2 – Transparency (notice)

| Overall conclusion | | No exceptions noted. |
|---|---|----------------------|
| CPUC Rule 2 | When provided: Covered entities shall provide written notice when confirming a new customer account and at least once a year shall inform customers how they may obtain a copy of the covered entity's notice regarding the accessing, collection, storage, use, and disclosure of Covered Information and shall provide a conspicuous link to the notice on the home page of their website, and shall include a link to their notice in all electronic correspondence to customers. | |
| b | Rule description | |
| Assessment procedures | Assessment results | Exceptions |
| 1. Determine whether SoCalGas has documented policies addressing the provision of notice to customers of SoCalGas' data collection and handling techniques. | <p>1.a. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that the Company's privacy program is based on the Fair Information and Practice Principles and addresses the concepts of Notice and Purpose: "SoCalGas will be transparent by providing notice regarding the collection, use, dissemination, purpose and maintenance of Personally Identifiable Information. On a periodic basis, or as may be required by the CPUC, customers will be provided notice regarding the Company's Privacy Practices."</p> <p>1.b. Reviewed SoCalGas' <i>Customer Privacy Compliance Plan</i> and noted that the SoCalGas Customer Privacy Program identified its privacy requirements and assigned responsibilities to various business units to ensure compliance with CPUC rules. "Annual and New Customer Noticing of Privacy Policy" is listed as a required item. SoCalGas Customer Privacy Program Department coordinates with the Customer</p> | |

| Assessment procedures | Assessment results | Exceptions |
|---|--|------------|
| <p>2. Determine whether a procedure exists to ensure new customers receive notice</p> | <p>Billing Operations Department to include SoCalGas' <i>Privacy Notice</i> in the welcome package for new customers and in the annual communication for existing customers. All tasks related to the item are identified and tracked to completion.</p> <p>1.c. Met with members of SoCalGas Customer Privacy Program and was informed that customers receive notice of the Company's privacy policy upon registration and annually thereafter and that changes to the Company's data handling policies are reflected in SoCalGas' <i>Privacy Notice</i>.</p> <p>1.d. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that the policies addressing the provision of <i>Privacy Notice</i> to customers of Entity's data collection and handling techniques are listed under Sections 2.4 <i>Privacy Notice</i>:</p> <ul style="list-style-type: none"> — SoCalGas' <i>Privacy Notice</i> tells customers why SoCalGas collects energy usage information, how long SoCalGas retains your energy usage information, when SoCalGas shares energy usage information, how to view your energy usage information online, and how to view privacy notices online. A full version of the <i>Privacy Notice</i> is annually sent to all new customers. It is included on all electronic forms, bills, and messages. A link for the <i>Privacy Notice</i> must be included on all external communications. If the customer chooses to go paperless, then the customer will receive the <i>Privacy Notice</i> via email. — A full copy of SoCalGas' <i>Privacy Notice</i> must be made available to all new customers of SoCalGas. Each year customer must be made aware of where they can find a copy of the notice. The <i>Notice</i> must have contact information on how a customer can get answers to questions regarding how SoCalGas shares their data. All electronic communications to customers must include a link to the <i>Privacy Notice</i>. | |
| <p>2. Determine whether a procedure exists to ensure new customers receive notice</p> | <p>2.a. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that the <i>Privacy Notice</i> is required to be made available to all new customers. Additionally, customers are required to</p> | |

| Assessment procedures | Assessment results | Exceptions |
|--|---|------------|
| <p>of the SoCalGas' privacy policy upon registration and annually thereafter. In addition, a procedure exists to track prior iterations of the privacy policy.</p> | <p>be made aware of where they can find a copy of the <i>Privacy Notice</i>. A review of the <i>Privacy Notice</i> noted that it contains contact information for customers to provide inquiries regarding how SoCalGas shares their data.</p> <p>2.b. Met with members of SoCalGas Customer Privacy Program and was informed that customers receive notice of the Company's privacy policy upon registration and annually thereafter. All changes made to the <i>Privacy Notice</i> are informed through this annual communication. The <i>Privacy Notice</i> is also available on SoCalGas website home page.</p> <p>2.c. Reviewed documentation related to <i>Changes to the Privacy Notice</i> and noted that changes are driven and approved by SoCalGas Law Department. Old copies of the <i>Privacy Notice</i> are stored on a server and accessible upon demand if prior copies of the Notice are requested by customers. Web team posts the final document to the website.</p> <p>2.d. Reviewed SoCalGas' <i>Annual Bill Insert</i> and observed that SoCalGas provides the <i>Privacy Notice</i> as an insert with the customer's opening bill for new customers. Additionally, the <i>Bill Insert</i> contains a URL for the <i>Privacy Notice</i>, telephone number and postal address to which customers can use to request a hard copy of the <i>Privacy Notice</i>. Further, SoCalGas provides existing customers a copy of the <i>Privacy Notice</i> on an annual basis.</p> <p>2.e. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document provides customers with contact information to request a current or prior version of the <i>Privacy Notice</i>.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|--|--|------------|
| <p>3. Determine whether SoCalGas provides notice to customers on an annual basis and when signing up new customers as required by the CPUC regulation.</p> | <p>3.a. Reviewed SoCalGas' <i>Annual Privacy Bill Insert</i> and noted that it contains the URL at which customers can find the <i>Privacy Notice</i>, as well as the telephone number and postal address, to request a hard copy of the <i>Notice</i>. Additionally, SoCalGas informs customers annually of how they may obtain a copy of the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Covered Information</i>.</p> <p>3.b. Reviewed documentation related to <i>Bill Insert</i> and observed that SoCalGas provides new customers copies of the <i>Privacy Notice</i> as inserts with the customers' opening bills.</p> <p>3.c. Reviewed sample <i>Registration Emails</i> sent to new business and residential customers and observed that a link to the <i>Privacy Notice</i> is included in these emails.</p> <p>3.d. See CPUC Rule 2b.2d for Test Results.</p> | |

| <p>CPUC Rule 2</p> <p>c(1)-(2)</p> <p>Rule description</p> | <p>Form:</p> <p>The notice shall be labelled Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</p> <p>(1) be written in easily understandable language, and</p> <p>(2) be no longer than is necessary to convey the requisite information.</p> | |
|---|---|--------------------------|
| <p>Assessment procedures</p> | <p>Assessment results</p> | <p>Exceptions</p> |
| <p>1. Review SoCalGas' methods for providing customers notice about their privacy and accessing the <i>Privacy Notice</i>.</p> | <p>1.a. See CPUC Rule 2b for Test Results.</p> <p>1.b. Reviewed sample system-generated emails from SoCalGas and observed that a link to the <i>Privacy Notice</i> is included at the bottom of the email.</p> <p>1.c. Met with members of the SoCalGas Customer Privacy Program and was informed that customers receive notice of the Company's <i>Privacy Notice</i> upon registration and annually thereafter. All changes made to the <i>Privacy Notice</i> are noted in this annual communication.</p> | |
| <p>2. Determine whether a procedure exists to review the readability of the <i>Privacy Notice</i> and make updates based on customer feedback related to readability and content.</p> | <p>2. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document includes contact information where customers can provide comments or concerns regarding the <i>Privacy Notice</i>. The contact information includes an email address at webmaster@socialgas.com, a mailing address to the Customer Privacy Program Manager, and a phone number to a Customer Service Representative.</p> | |
| <p>3. Determine whether SoCalGas' <i>Privacy Notice</i> is written in an easy-to-understand language.</p> | <p>3.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document is written at a Flesch-Kincaid grade level of 16.7 and is available in 13 languages, including English.</p> <p>3.b. Reviewed SoCalGas' <i>Website Privacy Policy</i> website and observed that the <i>Privacy Notice</i> and the <i>Privacy Policy</i> are also available in 12 other languages (Arabic, Armenian, Farsi, Hmong, Khmer, Korean, Russian, Tagalog, Chinese, Thai, Vietnamese and Spanish). The links to the <i>Privacy Notice</i> and the <i>Privacy Policy</i> are also provided in the native language.</p> | |

| CPUC Rule 2 | <p>Content:</p> <p>The notice and the posted privacy policy shall state clearly:</p> <ol style="list-style-type: none"> (1) the identity of the covered entity, (2) the effective date of the notice or posted privacy policy, (3) the covered entity's process for altering the notice or posted privacy policy, including how the customer will be informed of any alterations, and where prior versions will be made available to customers, and (4) the title and contact information, including email address, postal address, and telephone number, of an official at the covered entity who can assist the customer with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information. | <p>Rule description</p> <p>d(1)-(4)</p> |
|---|---|---|
| Assessment procedures | Assessment results | Exceptions |
| <ol style="list-style-type: none"> 1. Understand the procedures in place to identify covered entities and determine whether the effective date is indicated in the relevant documentation. | <ol style="list-style-type: none"> 1.a. Reviewed SoCalGas' <i>Privacy Notice</i> on SoCalGas website and noted that the document addresses SoCalGas' <i>Tariff Rule 42</i> in which SoCalGas provides a definition of "covered entity". 1.b. Reviewed SoCalGas' <i>Tariff Rule 42</i> published on SoCalGas website, accessible by the general public, and noted that the Company addresses the definition of "covered entity" as: <ul style="list-style-type: none"> — the Utility or any Third Party that provides services to the Utility under contract. — any Third Party who accesses, collects, stores, uses or discloses Covered Information pursuant to an order of the Commission. — any Third Party, when authorized by the customer, that accesses, collects, stores, uses or discloses Covered Information relating to 11 or more customers who obtains this information from the Utility. 1.c. Reviewed SoCalGas' <i>Privacy Notice</i> on SoCalGas website and noted that the document is "effective July 2014", reflecting the date of recent iteration to the content of the <i>Privacy Notice</i>. | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Understand how the regulatory requirements, management review and approval process works, including potential alterations of the privacy policies.</p> | <p>2.a. Reviewed documentation related to <i>Changes to the Privacy Notice</i> and noted that changes are driven and approved by SoCalGas Law Department. Old copies of the <i>Privacy Notice</i> are stored on a server and accessible upon demand if prior copies of the <i>Privacy Notice</i> are requested by customers. Web team posts the final document to the website.</p> <p>2.b. Met with members of SoCalGas Customer Privacy Program and was informed that when the CPUC <i>Privacy Decision</i> was issued, a Privacy Working Group was established to identify the requirements of the Decision. Compliance actions were assigned to specific groups and tracked to completion.</p> <p>2.c. Met with Director, Regulatory Affairs, and was informed that a case management team reviews new directives issued in CPUC regulatory proceedings, then identifies individuals responsible for compliance items. These directives are also tracked by the case management team and the Customer Privacy Program whose responsibilities include privacy policy and procedure development, implementation, monitoring, enforcing, and updating.</p> | |
| <p>3. Inspect original and revision dates of policies to determine if actual updates/edits are made before approvals.</p> | <p>3. N/A – No revisions were made to SoCalGas’ <i>Privacy Notice</i> during the covered period. Observed evidence from the prior audit period that changes to the policy were approved by both Customer Privacy Program and Law Department prior to publishing.</p> | |
| <p>4. Determine how SoCalGas informs customers of any alterations to the <i>Privacy Notice</i> and where prior versions will be made available to customers.</p> | <p>4.a. Reviewed SoCalGas’ <i>Privacy Notice</i> and noted that it informs customers that they will be notified annually to visit the most updated version of the notice on SoCalGas website. Further, the website provides customers with a telephone number, link to a web contact form, and postal address at which individuals can request a current or prior versions of the <i>Privacy Notice</i>.</p> <p>4.b. See CPUC Rule 2d(1)-(4).2a for Test Results.</p> <p>4.c. See CPUC Rule 2b.2d for Test Results.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|--|--|------------|
| <p>5. Examine SoCalGas' <i>Privacy Notice</i> to identify whether the title and contact information (including email address, postal address and telephone number) of an official at the covered entity is indicated, who can assist the customer with potential privacy questions, concerns, or complaints.</p> | <p>5. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document includes contact information where customers can provide comments or concerns regarding the <i>Notice</i>. The contact information includes an email address at webmaster@socalgas.com, a mailing address to the Customer Privacy Program Manager, and a phone number to a Customer Service Representative.</p> | |
| <p>6. Determine whether a specific person or group within SoCalGas is responsible or accountable for privacy and security policy development, implementation, monitoring, enforcing and updating.</p> | <p>6.a. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and SoCalGas' <i>Customer Privacy Compliance Plan</i> and noted that the Customer Privacy Program Manager and team are responsible for privacy policy and procedure development, implementation, monitoring, enforcing, and updating.</p> <p>6.b. Reviewed documentation related to SoCalGas' <i>Privacy Working Group</i> and noted that the group is represented with different lines of business across the organization. The objectives of the Privacy Working Group are to update and enhance customer data privacy policies and practices and to address customer privacy matters and ensure appropriate alignment with Sempra Corporate practices. Individuals on the team represent their respective departments regarding topics related to customer privacy. Meetings are scheduled on an as-needed basis to discuss these topics. The Customer Privacy Program Manager leads the meetings.</p> <p>6.c. Reviewed <i>Job Description of Customer Privacy Program Manager</i> and noted that the responsibilities of the manager include overseeing the privacy and training communication plan, publishing key program materials, participating in privacy breach assessments, being responsible for compliance plan and ensuring privacy controls are in place.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|--|------------|
| | <p>6.d. Met with members of SoCalGas Customer Privacy Program and was informed that they are responsible for the online <i>Privacy Notice</i> and work with Law Department to identify any required changes and ensure that the policy is updated.</p> <p>6.e. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that the document provides employees with best practices and guidelines to comply with the requirements of applicable privacy and confidential laws, regulations and contractual requirements. The document also provides employees with the contact information of SoCalGas Customer Privacy Program team for discussion of questions or concerns about the guidelines.</p> <p>6.f. Reviewed sample <i>Emails or Agendas Distributed to Privacy Working Groups</i> and noted that these documents are related to meetings scheduled on an as-needed basis to discuss topics related to customer privacy.</p> | |

CPUC Rule 3 – Purpose specification

| Overall conclusion | | No exceptions noted. |
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| <p>CPUC Rule 3</p> <p>Categories of Information: The notice required under section 2 shall provide an explicit description of:</p> <p>(1) each category of Covered Information collected, used, stored or disclosed by the covered entity, and, for each category of Covered Information, the reasonably specific purposes for which it will be collected, stored, used, or disclosed,</p> <p>(2) each category of Covered Information that is disclosed to Third Parties, and, for each such category, (i) the purposes for which it is disclosed, and (ii) the categories of Third Parties to which it is disclosed, and</p> <p>(3) the identities of those Third Parties to whom data is disclosed for secondary purposes, and the secondary purposes for which the information is disclosed.</p> | | |
| <p>a(1)-(3)</p> <p>Rule description</p> | | |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SoCalGas' <i>Privacy Notice</i> documents the (1) categories and purposes of Covered Information collected, used, stored or disclosed, (2) each category of Covered Information that is disclosed to Third Parties and purpose of disclosure, and (3) the identities of those Third Parties with whom Covered Information is shared for secondary purposes.</p> | <p>1. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document provides the following:</p> <ul style="list-style-type: none"> — The categories of information collected, used, stored and disclosed by SoCalGas; — Specific purposes for which such information is collected, stored, used or disclosed; — In what cases customer information is disclosed to Third Parties and the type of companies receiving it; — To whom customer information would potentially be disclosed in outlined specific circumstances (e.g. subpoena, emergency responders, as ordered by CPUC or as required by law). | |

| Assessment procedures | Assessment results | Exceptions |
|---|---|------------|
| <p>2. Determine whether SoCalGas tracks the categories of agents, contractors and other Third Parties to which they disclose Covered Information for a primary purpose.</p> | <p>2.a. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that the document provides the definition of primary purpose.</p> <ul style="list-style-type: none"> — Provide or bill for natural gas; — Provide for system, grid or operational needs; — Provide services as required by state or federal law or as specifically authorized by an order of the Commission; — Plan, implement or evaluate demand response, energy management or energy efficiency programs under contract with the Utility, under contract with the Commission, or as part of a Commission authorized program conducted by a governmental entity under the supervision of the CPUC. <p>2.b. Reviewed SoCalGas' <i>Release of Customer-Specific Information Policy</i> and noted that the document provides a list of situations in which the requests for Covered Information would be considered primary purpose:</p> <ul style="list-style-type: none"> — Service providers/vendors providing services to SoCalGas; — CPUC and other regulatory/governmental agencies; — Subpoenas and other legally required disclosures; — Law enforcement requests for information; — Disclosure of information/non-disclosure agreements. <p>2.c. Reviewed <i>List of In-Scope Business Partners/Vendors</i> and noted that the document lists vendors who have access to Covered Information and the categories of Covered Information they utilize.</p> | |
| <p>3. Determine whether a procedure exists to ensure new customers receive notice of SoCalGas' reasons for collecting, using, storing, or</p> | <p>3. See CPUC Rule 2b for Test Results.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|--|---|------------|
| <p>disclosing Covered Information.</p> <p>4. Determine whether SoCalGas effectively monitors compliance with its collection, use, storage, and disclosure practices.</p> | <p>4.a. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that monitoring and enforcement of privacy policies and procedures are components of the Customer Privacy Program.</p> <p>4.b. Reviewed documentation related to SoCalGas' <i>Privacy Working Team</i> and noted that the objectives of the Privacy Working Team are to update and enhance customer data privacy policies and practices, to address customer privacy matters and to ensure appropriate alignment with Semptra Corporate practices. Individuals on this team represent their respective departments regarding topics related to customer privacy. Meetings are scheduled on an as-needed basis to discuss the relevant topics. SoCalGas Customer Privacy Program Manager leads these meetings.</p> <p>4.c. Reviewed SoCalGas' <i>Customer Privacy Compliance Plan</i> and noted that the document includes monitoring compliance with various sections of CPUC <i>Privacy Decision</i>, including collection, use, storage, and disclosure practices. It also includes the requirement to track key metrics such as number of breaches, number of Third Parties accessing Covered Information, vendors under contract and instances of non-compliance among others.</p> <p>4.d. Reviewed sample <i>Emails or Agendas Distributed to Privacy Working Groups</i> and noted that these documents are related to meetings scheduled on an as-needed basis to discuss topics related to customer privacy.</p> <p>4.e. Met with Manager, Customer Privacy Program, and Counsel, Law Department, and was informed that the two teams are involved in monitoring compliance requirements from the CPUC through direct contact with the CPUC, industry trade groups, as well as interactions with other utilities. Compliance and reporting requirements are discussed and agreed upon by Manager of Customer Privacy Program and Counsel.</p> | |

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| CPUC Rule 3 | Retention Time: The notice required under section 2 shall provide: The approximate period of time that Covered Information will be retained by the covered entity; |
| b | Rule description |
| Assessment procedures | Assessment results |
| 1. Determine whether SoCalGas' <i>Privacy Notice</i> addresses the retention of Covered Information. | 1. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document addresses the retention of Covered Information. Covered Information is kept as long as necessary to provide services and handle other specified matters. The <i>Privacy Notice</i> states that retention periods vary but are typically between eight and ten years. |
| | Exceptions |

| CPUC Rule 3 | Customer Limitation: | Rule description | Assessment results | Exceptions |
|-------------|---|--|---------------------------|-------------------|
| c(1) | The notice required under section 2 shall provide a description of (1) the means by which customers may view, inquire about, or dispute their Covered Information | | | |
| | | Assessment procedures | Assessment results | Exceptions |
| 1. | Determine whether SoCalGas' <i>Privacy Notice</i> addresses customers' ability to view, inquire, or dispute their Covered Information or other PII. | 1.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that it includes contact information where customers can refer to for questions as well as "limit, view, or dispute [their] disclosed information". Contact information provided includes an email address (webmaster@socialgas.com), a mailing address to the Customer Privacy Program Manager, and a phone number to a Customer Service Representative. 1.b. Reviewed SoCalGas' <i>Bill Insert</i> provided to customers and observed that SoCalGas discloses that: — Customers can manage online billing through "My Account"; — Customers may visit SoCalGas' <i>Privacy Notice</i> on SoCalGas website. 1.c. Met with Supervisor, Customer Contact Center, and was informed that there are processes in place for customers to inquire and dispute their Covered Information. Customer Service Representatives handle general disputes, complaints and inquiries. 1.d. Reviewed a sample <i>Customer Bill</i> and noted that it provides the customer with a 24-hour a day, 7 days a week phone number (800-427-5050) for inquiries regarding their bills and account management. 1.e. See CPUC Rule 9b for Test Results. | | |

| CPUC Rule 3 | Rule description | Customer Limitation: |
|---|--|---|
| c(2) | | <p>The notice required under section 2 shall provide a description of:</p> <p>(2) the means, if any, by which customers may limit the collection, use, storage or disclosure of Covered Information and the consequences to customers if they exercise such limits.</p> |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SoCalGas' <i>Privacy Notice</i> addresses explicit/implicit customer choice and consent regarding data collection, use, handling, and disclosure practices, and the consequences for denying consent.</p> | <p>1.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document addresses customer choice and consent regarding data collection, use, handling and disclosure practices. The <i>Privacy Notice</i> lists the circumstances where energy usage information is shared and whether customers have a choice of providing consent in each circumstance. Customers may limit their information by contacting SoCalGas through an email address at webmaster@socalgas.com, a mailing address to the Customer Privacy Program Manager, and a phone number to a Customer Service Representative.</p> <p>1.b. Reviewed SoCalGas' <i>Bill Insert</i> provided to new customers, which includes the <i>Privacy Notice</i>, and noted that SoCalGas provides customers with the option to "receive a current or prior version of [the] Notice, have any questions or concerns about [the] Notice, or would like to find out how [they] can limit, view, or dispute [their] disclosed information" by contacting SoCalGas at:</p> <ul style="list-style-type: none"> — Email: webmaster@socalgas.com; — Telephone: 800-427-2200 (residential customers) or 800-427-2000 (business customers); — U.S. Mail: Attn: Customer Privacy Program Manager, Southern California Gas Company, PO Box 3150, San Dimas, CA 91773. <p>1.c. Reviewed a sample <i>Customer Bill</i> and noted that it provides the customer with a 24-hour a day, 7 days a week phone number (800-427-5050) for inquiries regarding their bills and account management.</p> <p>1.d. See CPUC Rule 6e(1)-(3) for Test Results.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|---|--|------------|
| <p>2. Determine whether the communications policy addresses the consequences of denying consent.</p> | <p>2. Reviewed SoCalGas' <i>Website Privacy Policy</i> and noted that it addresses explicitly consent and consequences for denying such consent. The document states that: "[the customer] may choose not to provide any Personal Information and [they] will still be able to access most portions of the web site."</p> | |
| <p>3. Inspect SoCalGas' systems where Customer Energy Usage Data is collected to determine whether customers' implicit or explicit consent preferences are captured (before data transfer).</p> | <p>3.a. Reviewed <i>My Account Registration Process</i> on SoCalGas website and noted that in order to create a <i>My Account</i> username, the customer must check a box acknowledging review and agreement to SoCalGas <i>My Account Terms and Conditions</i> (www.socalgas.com/terms-and-conditions/my-account), which states that if customer wishes to disclose any information contain within his or her bill, including usage information, to another person or Third Party, the customer must provide SoCalGas with a written signed authorization through a <i>Customer Information Service Request (C/ISR)</i> form.</p> <p>3.b. Reviewed SoCalGas' <i>Website Privacy Policy</i> and noted that it includes an <i>Acceptance of Terms</i> clause that explicitly indicates: "By using our web site or obtaining any product or service through our web site, you agree to the collection and use of information as set forth in this policy. If you do not agree to this policy, please do not use the web site."</p> | |

CPUC Rule 4 – Individual participation (access and control)

| Overall conclusion | | No exceptions noted. |
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| CPUC Rule 4 | Access: Covered entities shall provide to customers upon request convenient and secure access to their Covered Information: | |
| a(1) | Rule description | (1) in an easily readable format that is at a level no less detailed than that at which the covered entity discloses the data to Third Parties. |
| Assessment procedures | Assessment results | Exceptions |
| 1. Determine whether SoCalGas' <i>Privacy Notice</i> addresses the provision of access to individuals to their Covered Information. | 1.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document provides a link to <i>My Account</i> , a secured online portal supported by SoCalGas where customers can access their Covered Information. 1.b. Reviewed <i>My Account</i> portal on SoCalGas website and noted that the portal provides detailed instructions for customers to register for accounts in order to retrieve their energy usage data. | |
| 2. Determine whether SoCalGas' internal policies describe the process for providing customers with access to their Covered Information. | 2. Reviewed <i>My Account Registration Procedures</i> and <i>User Access Procedures</i> and noted that these documents outline the process through which customers can access their Covered Information. In order for customers to personally retrieve their energy usage data, they must provide authentication by enrolling and logging on to the secured online customer portal, <i>My Account</i> . Once customers are authenticated and enrolled, they are enabled to view and retrieve their usage data. | |
| 3. Determine whether customers can access their Covered Information in a detailed, yet easy-to-read format. | 3.a. Met with Branch Office Supervisor and was informed that customers can visit one of SoCalGas Branch Offices to make payments and receive a copy of their bills. 3.b. Reviewed <i>My Account</i> portal on SoCalGas website and noted that the portal provides detailed instructions for customers to register for accounts in order to retrieve their energy usage data. | |

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|---|------------|
| | <p>3.c. Reviewed a sample <i>Home Energy Report</i> provided to customers on a monthly basis and noted that it includes information comparing the customer's usage details to those of their neighbors.</p> <p>3.d. Reviewed a sample <i>Energy Usage Report</i> extracted from <i>My Account</i> and noted that the document is an Excel file that contains energy usage data in a detailed, easy-to-read format for a specified date range.</p> | |

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| <p>CPUC Rule 4</p> | <p>Control: Covered entities shall provide customers with convenient mechanisms for:</p> <ol style="list-style-type: none"> (1) granting and revoking authorization for secondary uses of Covered Information, (2) disputing the accuracy or completeness of Covered Information that the covered entity is storing or distributing for any primary or secondary purpose, and (3) requesting corrections or amendments to Covered Information that the covered entity is collecting, storing, using, or distributing for any primary or secondary purpose. |
| <p>Rule description</p> <p>b(1)-(3)</p> | |
| <p>Assessment procedures</p> <ol style="list-style-type: none"> 1. Determine whether SoCalGas has a process in place for providing customers with access to grant and revoke authorization for secondary purposes. | <p>Assessment results</p> <ol style="list-style-type: none"> 1.a. See CPUC Rule 5c for Test Results. 1.b. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that customer consent is required to release to Third Parties any data of a secondary nature. The document also explains the <i>Customer Information Service Request (CISR)</i> form, a CPUC-approved form that collects customer authorization for SoCalGas to release customer information to a Third Party for secondary uses. 1.c. Met with Manager, Customer Privacy Program, and Supervisor, Customer Contact Center, and was informed that customer consent is required prior to disclosure of customer information for secondary uses through the <i>CISR</i> form. We reviewed the <i>CISR</i> form, publicly available on SoCalGas website, and noted that customer consent would be confirmed, tracked, and renewed at a maximum interval of three years. Additionally, the form states that the purpose is to allow customers to exercise their right to choose whether to disclose their Personal Information to a Third Party. 1.d. Reviewed the <i>CISR</i> form template as well as sample completed <i>CISR</i> forms and noted that customers provided authorization and consent for disclosure of specific account information to designated Third Parties for intervals such as single-time consent, one year authorization, or customer time interval (as designated by the customer and for a period of up to three years). 1.e. Reviewed SoCalGas' <i>Customer Contact Operating Procedures</i> followed by SoCalGas Customer Contact Center and noted that the document <p>Exceptions</p> |

| Assessment procedures | Assessment results | Exceptions |
|--|---|------------|
| | <p>includes guidelines of practices related to sharing customer information with Third Parties. The document also contains links to the <i>CISR</i> forms.</p> <p>1.f. Reviewed SoCalGas' <i>Release of Customer-Specific Information Policy</i> and noted that the document provides guidance to employees regarding the process through which the Company provides Covered Information to Third Parties. The process involves the <i>CISR</i> forms to collect customer's consent to grant authorization for secondary uses.</p> | |
| <p>2. Determine whether SoCalGas has a process in place for customers to access their Covered Information and dispute its accuracy and completeness.</p> | <p>2.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that customers have access to their Covered Information through monthly bills, and their SoCalGas online portal, <i>My Account</i>. Energy usage data is provided in a report which shows trends in usage, read types, weather and cost data for up to 13 months. Customers have the ability to export usage data for up to 24 months prior. Additionally, customers can contact SoCalGas through phone, web, or standard mail with questions, concerns or complaints.</p> <p>2.b. Reviewed <i>My Account Registration Procedures</i> and <i>User Access Procedures</i> and noted that these documents outline the process through which customers can access their Covered Information. In order for customers to personally retrieve their energy usage data, they must provide authentication by enrolling and logging on to SoCalGas' secured online customer portal, <i>My Account</i>. Once customers are authenticated and enrolled, they are able to view and update potential incorrect information.</p> <p>2.c. Met with Manager, Customer Privacy Program, and was informed that customers could contact SoCalGas Customer Contact Center and submit inquiries through SoCalGas website to dispute the accuracy and completeness of their Covered Information.</p> <p>2.d. Met with Supervisor, Customer Contact Center, performed a walkthrough of SoCalGas Customer Contact Center and noted that Customer Service Representatives have the ability to make updates to customer profiles upon request and inform customers how they can update and correct their Personal Information on <i>My Account</i>.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|--|--|------------|
| <p>3. Determine whether SoCalGas has a process in place to make corrections or amendments to the collection, storage, use, or distribution of Covered Information upon a customer's request.</p> | <p>3.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that it indicates that customers may contact SoCalGas through phone, email or mail with any questions, concerns and complaints. The document includes contact information where customers can "limit, view, or dispute their disclosed information". The contact information includes an email address at webmaster@socalgas.com, a mailing address to SoCalGas Customer Privacy Program Manager, and a phone number to a Customer Service Representative.</p> <p>3.b. Met with Supervisor, Customer Contact Center, conducted a walkthrough of SoCalGas Customer Contact Center, and noted that Customer Service Representatives, once verified the account owner, can update customers' records, including correcting addresses, phone numbers, names and social security numbers.</p> <p>3.c. Met with Manager, Customer Privacy Program, and was informed that customers' requests for corrections or amendments to the collection, storage, use, or distribution of Covered Information can also be handled by SoCalGas Customer Contact Center.</p> <p>3.d. Reviewed SoCalGas' <i>Customer Contact Center Operating Procedures</i> and noted that the document provides procedures to analyze and resolve bill inquiries related to gas usage or bill amount. The procedures outline detailed actions to be taken in various types of customers' inquiries related to Covered Information. When a customer complaint is received through SoCalGas Customer Contact Center, the information is entered into <i>Customer Comment Tracking System</i>. The <i>System</i> tracks the status of the complaint and the department to which the complaint is assigned. Customer Service Representatives then directs the complaint to the appropriate department, which tracks it to resolution.</p> <p>3.e. Reviewed a sample <i>Customer Bill</i> and noted that the document includes a phone number for customers to inquire, dispute and question their bills. The document also informs customers that if they are not satisfied with SoCalGas' response to their requests for correction or would like to involve the CPUC, they may do so with the CPUC Consumer Affairs Branch by mail, email or phone.</p> | |

CPUC Rule 4

Disclosure Pursuant to Legal Process:

- (1) Except as otherwise provided in this rule or expressly authorized by state or federal law or by order of the Commission, a covered entity shall not disclose Covered Information except pursuant to a warrant or other court order naming with specificity the customers whose information is sought. Unless otherwise directed by a court, law, or order of the Commission, covered entities shall treat requests for real-time access to Covered Information as wiretaps, requiring approval under the federal or state wiretap law as necessary.
- (2) Unless otherwise prohibited by court order, law, or order of the Commission, a covered entity, upon receipt of a subpoena for disclosure of Covered Information pursuant to legal process, shall, prior to complying, notify the customer in writing and allow the customer 7 days to appear and contest the claim of the person or entity seeking disclosure.
- (6) On an annual basis, covered entities shall report to the Commission the number of demands received for disclosure of customer data pursuant to legal process or pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed. Upon request of the Commission, covered entities shall report additional information to the Commission on such disclosures. The Commission may make such reports publicly available without identifying the affected customers, unless making such reports public is prohibited by state or federal law or by order of the Commission.

Rule description

c(1)-(6)

Assessment procedures

1. Determine whether SoCalGas has procedures in place to ensure proper handling and documentation of any Covered Information data disclosures for legal reasons.

Assessment results

- 1.a. Reviewed SoCalGas' *Privacy Notice* and noted that the document informs customers that SoCalGas does not release Covered Information without customers' written consent except under certain circumstances. These circumstances include disclosures:
 - Pursuant to legal process (such as a warrant or subpoena);
 - To emergency responders in the case of imminent threat to life or property;
 - As ordered by the CPUC;
 - As required by law.
- 1.b. Reviewed SoCalGas' *Rule 42 Legal Process Request Policy* and noted that the document outlines the procedures for handling and documenting any Covered Information data disclosures for legal purposes. Upon receipt of a legal process request, SoCalGas Law

Exceptions

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|--|------------|
| | <p>Department must determine if Covered Information is being requested. If Covered Information is being requested, the Department prepares and sends a <i>Notice to Customer</i> to inform relevant customer(s) of the request for Covered Information. If the customer does not provide a copy of a motion or objection to the disclosure of the Covered Information within seven days, Covered Information may be disclosed. If the customer provides a motion or objection, SoCalGas must await the outcome of the motion or objection prior to disclosing the Covered Information. If Covered Information has been requested by an investigative agency, SoCalGas Law Department must prepare a <i>Notice to Requesting Entity</i> form prior to providing the customer notification, and informing requesting entity of <i>Rule 42</i> requirements around Covered Information.</p> <p>1.c. Reviewed SoCalGas' <i>Customer Contact Operating Procedures</i> and noted that when a subpoena requests are received by Customer Service Representatives, they are required to transfer related calls to SoCalGas Law Department and are instructed not to disclose customer-specific account information.</p> <p>1.d. Inspected <i>Notice to Customer</i> and <i>Notice to Requesting Entity</i> forms under <i>Rule 42</i> and noted that the documents explain the procedures to handle Covered Information data disclosures for legal reasons to customers and requesting entities.</p> <p>1.e. Met with Senior Counsel, Law, and was informed that SoCalGas has procedures in place for handling and documenting Covered Information data disclosures for legal purposes. Inquiries pursuant to legal process are handled by SoCalGas Law Department. The authenticity of these requests are examined closely by SoCalGas. Customer data is provided only when SoCalGas has customers' consent, or pursuant to a lawful subpoena or warrant. If SoCalGas Law Department deems a request reasonable, it notifies the customers through a standard written notice and allows the customers seven days to respond or contest. SoCalGas Law Department manages, keeps track of and reports disclosures pursuant to legal process, including the statistics provided in SoCalGas' <i>Annual Privacy Report</i>.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Inspect documentation regarding disclosure of Covered Information pursuant to a legal purpose to determine whether the entity properly handled the demand.</p> | <p>1.f. Reviewed a sample <i>Notice to Customer</i> mailed to customers regarding subpoena demands for information and noted that SoCalGas provided a seven day notice for demands pursuant to legal process. The letter states that if the customer opposes the disclosure of information sought, the customer must obtain an order from the court to prevent disclosure of such information. In addition, the letter indicates that the customer should email the Senior Counsel of SoCalGas Law Department any documents used to suppress disclosure of information. As such, we verified a formal process for customer notification, tracking, and demand response is in place.</p> | |
| <p>2. Inspect documentation regarding disclosure of Covered Information pursuant to a legal purpose to determine whether the entity properly handled the demand.</p> | <p>2.a. Reviewed SoCalGas' <i>Website Privacy Policy</i> and noted that SoCalGas may disclose Covered Information without customer consent in good faith to "comply with relevant laws or to respond to subpoenas or warrants served on [SoCalGas]."</p> <p>2.b. Inspected <i>Notice to Customer and Notice to Requesting Entity</i> forms under <i>Rule 42</i> and noted that the documents explain the procedures to handle Covered Information data disclosures for legal reasons to the customers and the entity that requested the Covered Information.</p> <p>2.c. Reviewed SoCalGas' <i>Third Party Requests for Energy Analysis</i> guidance document intended for SoCalGas employees and noted that customer information may only be released without written consents when a subpoena is present, or when requested by government agency with legal authority.</p> <p>2.d. Reviewed SoCalGas' <i>Subpoena Log for Covered Information</i> corresponding to 2016 and noted the document lists the cases related to each subpoena, the status of the notice sent to the relevant customers and the requesting agency.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>3. Inspect the <i>Annual Privacy Report</i> submitted to the Commission to determine whether the entity reported the number of demands received for disclosure of customer data pursuant to legal process and the number of customers whose records were disclosed.</p> | <p>3. Reviewed SoCalGas' 2016 <i>Annual Privacy Report</i> dated April 28, 2017 and noted that during 2016, SoCalGas received seven (7) demands to disclose customer data pursuant to legal process which were answered disclosing seven (7) customer records.</p> | |

| CPUC Rule 4 d(1)-(6) | Rule description | Disclosure of Information in Situations of Imminent Threat to Life or Property: These rules concerning access, control and disclosure do not apply to information provided to emergency responders in situations involving an imminent threat to life or property. Emergency disclosures, however, remain subject to reporting rule 4(c)(6). |
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| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SoCalGas has procedures in place to ensure proper handling and documentation of any Covered Information data disclosures in situations of imminent threat to life or property.</p> | <p>1.a. Reviewed documentation related to <i>Procedures Ensuring Proper Handling and Documentation of Any Covered Information Data Disclosures in Situations of Imminent Threat to Life or Property</i> and noted that data requests related to situations imminent threat to life or property are directed to SoCalGas Corporate Security. Corporate Security does not have access to Covered Information and does not disclose customer information. The request is routed by Corporate Security to be fulfilled by SoCalGas Law Department or Customer Operations Technology Department, as appropriate. If SoCalGas Law Department receives the request, it advises the requestor that a subpoena is required. If Customer Operations Technology receives the request, SoCalGas Customer Privacy Program gets involved.</p> <p>1.b. Reviewed documentation related to <i>Procedures Ensuring Proper Handling and Documentation of Any Covered Information Data Disclosures in Situations of Imminent Threat to Life or Property</i> and noted that Corporate Security has not received any requests for Covered Information in a situation of imminent threat to life or property to date.</p> | |
| <p>2. Inspect documentation regarding disclosure of Covered Information in situations of imminent threat to life of property.</p> | <p>2.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that SoCalGas may disclose Covered Information without customers' prior consent to emergency responders in the case of imminent threat to life or property.</p> <p>2.b. Reviewed email communication between Corporate Security and SoCalGas Customer Privacy Program dated 3/19/17 and noted that Corporate Security confirmed that there were no request for Covered Information in a situation of imminent threat to life or property for 2016.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|---|---|------------|
| <p>3. Inspect the <i>Annual Privacy Report</i> submitted to the Commission to determine whether the Company reported the number of demands received for disclosure of customer data pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed.</p> | <p>3. Reviewed SoCalGas' 2016 <i>Annual Privacy Report</i> dated April 28, 2017 and noted that SoCalGas reported zero (0) demand for disclosure of customer data pursuant to situations of imminent threat to life or property.</p> | |

CPUC Rule 5 – Data minimization

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| Overall conclusion | | No exceptions noted. |
| CPUC Rule 5 | Generally: | |
| a | Covered entities shall collect, store, use, and disclose only as much Covered Information as is reasonably necessary or as authorized by the Commission to accomplish a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer. | |
| Assessment procedures | | Assessment results |
| <p>1. Determine whether SoCalGas has data minimization procedures in place as they relate to the collection, storage, usage, and disclosure of Covered Information for primary purposes.</p> | | <p>1.a. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that the document addresses:</p> <ul style="list-style-type: none"> — Personal Information should only be kept for the length of time necessary to accomplish the specified purpose for which it was collected or as required by law, regulation or current record retention guidelines; — Only the minimum amount of Personal Information necessary to carry out the valid business purpose will be provided to a Third Party. <p>1.b. Reviewed SoCalGas' <i>Tariff Rule 42</i> and noted that it addresses data minimization as a required principle associated with the collection, retention, and sharing of Covered Information.</p> <p>1.c. Reviewed SoCalGas' <i>Privacy Impact Assessment</i> form and noted that the purpose of the form is to facilitate resolution of privacy risk and compliance challenges in new and updated systems and business processes. The form lists a series of questions to precisely identify the sensitive customer information required in order to minimize the collection, storage, usage and disclosure of Covered Information for all purposes.</p> <p>1.d. Inspected a sample completed <i>Privacy Impact Assessment</i> and noted that the assessment was completed according to the Company's privacy policies.</p> |
| Assessment procedures | | Exceptions |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Determine whether SoCalGas has data minimization procedures in place as they relate to the collection, storage, usage, and disclosure of Covered Information for secondary purposes.</p> | <p>2.a. See CPUC Rule 5a.1 for Test Results.</p> <p>2.b. Reviewed SoCalGas' <i>Release of Customer-Specific Information Policy</i> and noted that SoCalGas does not share Personal Information with Third Parties for secondary purposes without customer's consent.</p> | |
| <p>3. Determine whether SoCalGas has internal privacy policies.</p> | <p>3.a. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that the document addresses the data minimization ruling by the CPUC.</p> <p>3.b. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that the document addresses:</p> <ul style="list-style-type: none"> — Personal Information should only be kept for the length of time necessary to accomplish the specified purpose for which it was collected or as required by law, regulation or current record retention guidelines; — Only the minimum amount of PII necessary to carry out the valid business purpose will be provided to a Third Party. | |
| <p>4. Determine whether SoCalGas implements data minimization across User Access roles to systems and applications where Covered Information is stored, used, or processed.</p> | <p>4.a. Met with Infrastructure Team Lead, Infrastructure, responsible for user provisioning, and was informed that access to systems and applications is restricted to business needs and enforced using user security groups.</p> <p>4.b. Reviewed <i>Electronic Access Management Standard</i> and noted that access to the Company's information must be controlled to prevent unauthorized disclosure beyond the intended audience.</p> | |

| CPUC Rule 5 | Data Retention: | Rule description | Assessment results | Exceptions |
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| b | Covered entities shall maintain Covered Information only for as long as reasonably necessary or as authorized by the Commission to accomplish a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer. | | <p>Assessment procedures</p> <ol style="list-style-type: none"> Determine whether SoCalGas' internal policies address a document retention policy covering all relevant aspects. <ol style="list-style-type: none"> Reviewed SoCalGas' <i>Information Management Policy</i> and noted that the document addresses the process of preservation, organization and disposal of all company-related information (records and non-records), regardless of its classification, the medium in which it exists, and the location at which it is stored. The document also provides links to the "<i>Records Retention Standards</i>" and "<i>Records Retention Schedules</i>" that provide several record series codes grouped by business functions, subjects, descriptions, and retention timeframes. Reviewed SoCalGas' <i>Wireless Communication Device Policy</i> and noted that mobile devices are subject to the same retention periods set out in the <i>Information Management Policy</i>. Reviewed SoCalGas' <i>Desktop Computing Policy</i> and noted that prior to disposal, all company information shall be erased in accordance with legal regulations. Reviewed SoCalGas' <i>Data Destruction and Sanitization Guidelines</i> and noted that the document describes guidelines for destroying data and sanitizing data to protect customer data from misuse. All data should be securely destroyed after its retention period has ended. All media should be security sanitized or destroyed when its data is no longer needed and before being discarded. Determine whether SoCalGas' retention policies are periodically reviewed and updated where necessary. <ol style="list-style-type: none"> Met with Director, Risk Management and Compliance, and was informed that each business unit is assigned a Records and Information Management (RIM) Coordinator, also called an Information Coordinator. Records retention schedules for each business unit are reviewed by the assigned Information Coordinators at least annually. If changes are requested, the Information Coordinator informs the RIM Office which reviews the requested changes and decides whether or not to accept them. | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>3. Determine whether a management procedure exists to help ensure that documents are retained in compliance with SoCalGas policies and that records are kept for only as long as reasonably necessary.</p> | <p>2.b. Reviewed SoCalGas' <i>Information Management Policy</i> and noted that the document was not revised during the covered period.</p> <p>3.a. Reviewed SoCalGas' <i>Information Management Policy</i> and noted that each business unit's Information Management Officer must review the records retention schedule at least once per year for accuracy and completeness. The officer must also certify annually that the business unit is in compliance with this policy.</p> <p>3.b. Reviewed SoCalGas' <i>Wireless Communication Device Policy</i> and noted that the document retention policies apply to mobile devices and all company information and software must be erased upon separation from the Company.</p> | |
| <p>4. Inspect evidence of SoCalGas' documents complying with the record retention policies set forth by SoCalGas.</p> | <p>4.a. Reviewed sample <i>Records Disposal Logs</i> and noted that various fields are completed to comply with the records retention and disposal policies, including business unit/department, records coordinator, record title, record series code, date of disposal, method of disposal and record owner. A manager/director's signature is included for each disposal log.</p> <p>4.b. Reviewed a sample <i>Information Management Certification</i> that is required to be completed by a Senior Director, Director and/or Manager and noted that the designated employee must sign and initial various items in a checklist to confirm that the department understands SoCalGas' <i>Information Management Policy</i>, complies with the retention schedule and approved storage locations, and disposes of records when no longer needed or upon the disposal dates.</p> | |
| <p>5. Inspect evidence that SoCalGas destroys documents that are no longer necessary or when the appropriate retention policy ends.</p> | <p>5.a. Reviewed sample <i>Records Disposal Logs</i> and noted that various fields are completed to comply with the records retention and disposal policies, including business unit/department, records coordinator, record title, record series code, date of disposal, method of disposal and record owner. A manager/director's signature is included for each disposal log.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>5.b. Reviewed sample <i>Serialized Inventory Reports</i> and noted the documents list the details of the equipment to be disposed such as type of device, model, serial number. etc.</p> <p>5.c. Reviewed sample <i>Certificate of Data Destructions</i> from e-waste vendor for 2016 and noted that the vendor certified that it disposed of the equipment received from SoCalGas in full compliance with all federal and state regulations and guidelines for electronic equipment transporting and recycling.</p> <p>5.d. Conducted walkthroughs of SoCalGas Customer Contact Center and one of SoCalGas Branch Offices and noted that the facilities uses shred bins to dispose of sensitive documents.</p> | |

| CPUC Rule 5 | Data Disclosure: | Rule description | Assessment procedures | Assessment results | Exceptions |
|-------------|--|--|--|--------------------|------------|
| c | <p>Covered entities shall not disclose to any Third Party more Covered Information than is reasonably necessary or as authorized by the Commission to carry out on behalf of the covered entity a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer.</p> | <p>1. Understand SoCalGas' privacy policies to determine whether they:</p> <ul style="list-style-type: none"> — describe the practices related to sharing Covered Information (if applicable) with Third Parties and the reasons for information sharing, — identify Third Parties or classes of Third Parties to whom Covered Information is disclosed. | <p>1.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that SoCalGas describes practices related to sharing Personal Information with Third Parties and the purposes of sharing. Specifically, SoCalGas informs customers that information is disclosed to Third Parties for the following purposes:</p> <ul style="list-style-type: none"> — Primary purposes – SoCalGas may share Covered Information with vendors under contract with SoCalGas such as technology providers and consulting organizations; — At the customer's choice – customers can designate Third Parties to receive their Covered Information by providing written consent; — Other purposes – SoCalGas may release Covered Information in pursuant to legal process, to emergency responders in the case of imminent threat to life or property, as ordered by the CPUC, or as otherwise required by law. <p>1.b. Reviewed <i>Customer Privacy</i> portal on SoCalGas' intranet page and noted that the page is accessible to employees with access to Sempra network. The portal provides:</p> <ul style="list-style-type: none"> — Links to CPUC regulations should employees require information in this regard and would like to further educate themselves on CPUC <i>Privacy Decision</i>; — Definition of Personal Information as "information that can be used to identify, contact or locate customers or information that is associated with identifying information"; — Requirement for employees to adhere to SoCalGas' customer data privacy rules in order to protect customer's privacy and escalate any issues or questions in this regard to their corresponding supervisors. | | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>1.c. Reviewed a <i>List of In-Scope Vendors</i> identified as Third Parties with access to Covered Information during 2016 and confirmed that there is a process to track Third Parties with access to Covered Information. Third Parties are subject to their contractual agreements as well as Sempra's <i>Supplier Code of Conduct</i>.</p> <p>1.d. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that data shall only be released to vendors under contract with SoCalGas, in pursuant to legal process, to emergency responders in the case of imminent threat to life or property, or as ordered by the CPUC. Other Third Party requests require written consent from customers through <i>CISR</i> forms.</p> <p>1.e. Reviewed SoCalGas' <i>Release of Customer-Specific Information Policy</i> and noted that the document provides a list of situations in which the requests for Covered Information would be considered primary purpose:</p> <ul style="list-style-type: none"> — Service providers/vendors providing services to SoCalGas; — CPUC and other regulatory/governmental agencies; — Subpoenas and other legally required disclosures; — Law enforcement requests for information; — Disclosure of information/non-disclosure agreements. <p>1.f. Reviewed SoCalGas' <i>Protecting Customer Information</i> training, mandatory for SoCalGas employees, and noted that the training content provides specific references to SoCalGas' policies concerning the handling, storage, and use of Covered Information.</p> <p>1.g. Reviewed SoCalGas' <i>CISR</i> form 8206 and <i>CISR</i> form 8204 and noted that their purposes are to allow customers to exercise the rights to choose whether to disclose Personal Information to a Third Party:</p> <ul style="list-style-type: none"> — <i>CISR</i> form 8206 collects customer's authorization or revocation for a Third Party to receive customer information or act on a customer's behalf; | |

| Assessment procedures | Assessment results | Exceptions |
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| | <ul style="list-style-type: none"> — <i>CISR</i> form 8204 collects customer's authorization or revocation of authorization to receive customer interval usage information; — Using these forms, customers have options to provide Third Party access authorization for a specific period up to a maximum of three years. Customers must determine in the <i>CISR</i> forms the type of information to be shared (e.g. billing records, billing history, meter usage data). SoCalGas provides the information requested, to extent available, via hard copy through postal mail, facsimile at a telephone number, or electronic format via electronic email. | |

CPUC Rule 6 – Use and disclosure limitation

| Overall conclusion | No exceptions noted. |
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| CPUC Rule 6 | <p>Disclosures to Third Parties</p> <p>(1) Initial Disclosures by an Gas Corporation: An gas corporation may disclose Covered Information without customer consent to a Third Party acting under contract with the Commission for the purpose of providing services authorized pursuant to an order or resolution of the Commission or to a governmental entity for the purpose of providing energy efficiency or energy efficiency evaluation services pursuant to an order or resolution of the Commission. An gas corporation may disclose Covered Information to a Third Party without customer consent</p> <ul style="list-style-type: none">a. when explicitly ordered to do so by the Commission; orb. for a primary purpose being carried out under contract with and on behalf of the gas corporation disclosing the data; provided that the covered entity disclosing the data shall, by contract, require the Third Party to agree to access, collect, store, use, and disclose the Covered Information under policies, practices and notification requirements no less protective than those under which the covered entity itself operates as required under this rule, unless otherwise directed by the Commission. <p>(2) Subsequent Disclosures: Any entity that receives Covered Information derived initially from a covered entity may disclose such Covered Information to another entity without customer consent for a primary purpose, provided that the entity disclosing the Covered Information shall, by contract, require the entity receiving the Covered Information to use the Covered Information only for such primary purpose and to agree to store, use, and disclose the Covered Information under policies, practices and notification requirements no less protective than those under which the covered entity from which the Covered Information was initially derived operates as required by this rule, unless otherwise directed by the Commission.</p> <p>(3) Terminating Disclosures to Entities Failing to Comply with Their Privacy Assurances:</p> <p>When a covered entity discloses Covered Information to a Third Party under this subsection 6(c), it shall specify by contract, unless otherwise ordered by the Commission, that it shall be considered a material breach if the Third Party engages in a pattern or practice of accessing, storing, using or disclosing the Covered Information in violation of the Third Party’s contractual obligations to handle the Covered Information under policies no less protective than those under which the covered entity from which the Covered Information was initially derived operates in compliance with this rule.</p> |
| c(1)-(3) | <p>Rule description</p> |

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| | <ul style="list-style-type: none"> — If a covered entity disclosing Covered Information for a primary purpose being carried out under contract with and on behalf of the entity disclosing the data finds that a Third Party contractor to which it disclosed Covered Information is engaged in a pattern or practice of accessing, storing, using or disclosing Covered Information in violation of the Third Party’s contractual obligations related to handling Covered Information, the disclosing entity shall promptly cease disclosing Covered Information to such Third Party. — If a covered entity disclosing Covered Information to a Commission-authorized or customer-authorized Third Party receives a customer complaint about the Third Party’s misuse of data or other violation of the privacy rules, the disclosing entity shall, upon customer request or at the Commission’s direction, promptly cease disclosing that customer’s information to such Third Party. The disclosing entity shall notify the Commission of any such complaints or suspected violations. |
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| Assessment procedures | Assessment results | Exceptions |
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| 1. Understand SoCalGas’ privacy policies to determine whether they: <ul style="list-style-type: none"> — describe the practices related to sharing Personal Information (if applicable) with Third Parties and the reasons for information sharing, — identify Third Parties or classes of Third Parties to whom Personal Information is disclosed. | 1.a. Reviewed SoCalGas’ <i>Privacy Notice</i> and noted that SoCalGas limits the specific reasons for sharing Covered Information with a Third Party to the following: <ul style="list-style-type: none"> — Disclosure to Third Parties such as technology providers, consulting organizations, engineering firms and energy-efficiency providers for primary purposes that are necessary to perform essential services; — Disclosure to government agencies as directed by CPUC; — Disclosure upon explicit customer written consent to release information to a Third Party; — Disclosure pursuant to legal processes such as warrant or subpoena; — Disclosure to emergency responders in the case of imminent threat to life or property; — Other disclosures as ordered or allowed by the CPUC. 1.b. Reviewed SoCalGas’ <i>Customer Privacy Program Standard Operating Procedures</i> and noted that data shall only be released to vendors under contract with SoCalGas, in pursuant to legal process, to emergency responders in the case of imminent threat to life or property, or as | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Determine whether SoCalGas informs customers that Personal Information is disclosed to Third Parties only for the purposes (a) identified in the notice, and (b) for which the individual has provided implicit or explicit consent, or as specifically allowed or required by law or regulation</p> | <p>ordered by the CPUC. Other Third Party requests require written consent from customers through <i>CISR</i> forms.</p> <p>1.c. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that the document outlines policies related to sharing Personal Information and identifies Third Parties and classes of Third Parties to whom Personal Information is disclosed.</p> <p>1.d. Reviewed SoCalGas' <i>Release of Customer-Specific Information Policy</i> and noted that the document provides a list of situations in which the requests for Covered Information would be considered primary purpose:</p> <ul style="list-style-type: none"> — Service providers/vendors providing services to SoCalGas; — CPUC and other regulatory/governmental agencies; — Subpoenas and other legally required disclosures; — Law enforcement requests for information; — Disclosure of information/non-disclosure agreements. <p>1.e. Reviewed SoCalGas' 2016 <i>Annual Privacy Report</i> dated April 28, 2017 and noted that SoCalGas classified Third Parties with access to Covered Information into two categories:</p> <ul style="list-style-type: none"> — Customer authorized Third Parties — Vendors under contract | |
| <p>2. Determine whether SoCalGas informs customers that Personal Information is disclosed to Third Parties only for the purposes (a) identified in the notice, and (b) for which the individual has provided implicit or explicit consent, or as specifically allowed or required by law or regulation</p> | <p>2.a. Reviewed SoCalGas' <i>Privacy Notice</i> which informs customers that SoCalGas may share customer information with Third Parties for essential services (i.e. purposes of operating the utility system). In addition, the <i>Notice</i> indicates that SoCalGas does not disclose customer information, including Customer Energy Usage Data, without written consent, except under the following circumstances:</p> <ul style="list-style-type: none"> — Contracted Third Parties; — Parties as ordered by the CPUC; | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>before data is disclosed to Third Parties.</p> | <ul style="list-style-type: none"> — Third Party with explicit customer consent through the <i>CISR</i> form; — Pursuant to a legal process such as a warrant or subpoena; — In cases of imminent threat to life or property, including disclosure to law enforcement; — As ordered by the CPUC. <p>2.b. Met with members of SoCalGas Customer Privacy Program and was informed that SoCalGas does not share Customer information with Third Parties for secondary purposes without the customers' prior written consent.</p> <p>2.c. Reviewed SoCalGas' <i>CISR</i> Form 8206 and <i>CISR</i> Form 8204 and noted that these documents collect customers' authorization and consent for disclosure of specific information to designated Third Parties and for a certain period of time (up to three years maximum). The documents' purpose is to allow customers to exercise their rights and choose whether to disclose their Personal Information to a Third Party.</p> <ul style="list-style-type: none"> — <i>CISR</i> Form 8206 collects customer's authorization for a Third Party to receive customer information or act on a customer's behalf. — <i>CISR</i> Form 8204 collects customer's authorization or revocation of authorization to receive customer interval usage information. By completing this form, the customer explicitly authorizes a Third Party to request and receive the customer's data such as billing history, account information, and usage data. — In both <i>CISR</i> forms, the customer must specify whether it is a one-time authorization, one-year authorization, or determine an expiration date limited to maximum of three years. By completing this forms, the customer must check a box stating that the customer "understands that [he/she] may cancel this authorization at any time by submitting a written request." A sample executed <i>CISR</i> form was reviewed for evidence of consistency with this process and noted no exceptions. <p>2.d. Reviewed SoCalGas' <i>Safeguarding Customer Account Information Procedures</i>, a guidance document for Customer Service</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>3. Determine whether SoCalGas communicates specific instructions for handling Personal Information and the consequences of improper disclosure to the Third Party prior to disclosing the information.</p> | <p>Representatives, and noted that upon receipt of Third Party data requests for Customer information, Customer Service Representatives are instructed to mail <i>CISR</i> forms to customers to acquire authorization. The Customer Service Representatives also notify the customers and the Third Parties that upon receipt and verification of consent, information will be released within 10 business days.</p> <p>2.e. See CPUC Rule 2c(2) for Test Results.</p> <p>3.a. Met with Portfolio Manager, IT/Telecommunications, and was informed that Third Party vendors are contractually obligated to maintain privacy of the information shared. Contractual provisions may be negotiated and modified in exceptional cases, maintaining consistency with CPUC regulations and in compliance with other legal requirements.</p> <p>3.b. Reviewed <i>Sempra Procurement Policy</i> and noted that it outlines policies, procedures, and guidance for procurement purposes, and notes that contractors are not allowed to commence work until a valid contract is in place.</p> <p>3.c. Reviewed <i>Confidentiality Article 28</i> clause included in sampled vendor contracts and noted that it provides instructions for handling confidential information and the consequences of improper disclosure. Information related to customers is included under the definition of confidential information.</p> <p>3.d. Inspected non-disclosure clause of contract templates most frequently used by SoCalGas for engaging with suppliers with Covered Information access, and noted they contain confidentiality clauses governing the handling of customer information. Specifically, the templates contain a definition of confidential information, stating that the information shall only be used for the purposes that was agreed upon by SoCalGas and the Third Party and specify that the information shall be kept confidential and Third Parties shall not disclose the confidential information to any other parties.</p> <p>3.e. Reviewed <i>Sempra's Supplier Code of Conduct</i> and noted that the document outlines policies regarding information protection and confidentiality:</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <ul style="list-style-type: none"> — If [suppliers] are granted access through electronic or physical means to Sempra Energy’s non-public information to perform Sempra Energy-related work, the information may only be used for Sempra Energy business; — Non-public information provided by Sempra Energy and/or its business partners could include, but is not limited to, financial, customer, employee or other business information; — Non-public information accessed by suppliers must be limited to only that information that is required to perform the contracted work; — Suppliers must keep non-public information confidential and may only disclose non-public information if it is necessary for the performance of their work. Such disclosures may be made only to those people who are also subject to Sempra Energy’s confidentiality provisions and have a legitimate business need to know; — Non-public information contained in electronic or physical form must be appropriately secured and protected; — Suppliers will not make any announcements or release any information on behalf of Sempra Energy, to any member of the public, press, official body, business entity, or other person, or claim or imply any endorsement by Sempra Energy or Sempra Energy employees without the prior and appropriately authorized written consent of Sempra Energy. <p>3.f. Met with Supervisor, Customer Contact Center, and was informed that when customers contact SoCalGas Customer Contact Center, before access is authorized, they must be authenticated by using their account information (i.e. completed address, method of last payment, driver’s license number, last four digits of social security number, etc.)</p> <p>3.g. Inspected a sample of three executed contracts with contractors and noted that they contain confidentiality clauses governing the handling of information. Specifically, the confidential clause governing the handling of Covered Information includes potential breach of contract</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>4. Understand whether Third Party contracting documentation is consistent with the SoCalGas' policies and procedures.</p> | <p>damages, should the Third Party not adhere to contract terms. Additionally, the contracts restrict the use of confidential information solely for the purposes stated in the contract.</p> <p>4.a. Reviewed sample <i>Non-Disclosure Agreements</i> and noted that SoCalGas requires suppliers to preserve and take "reasonable security precautions to keep the confidentiality of customer Personal Information" and notify SoCalGas immediately following any unauthorized access or disclosure of customer Personal Information.</p> <p>4.b. Reviewed Sempra's <i>Procurement Policy</i> and noted Supply Management and contract-issuing party have the responsibility to ensure that other interested parties (project managers, risk management, regulatory, tax, etc.) review the issued contract. Law Department must review and approve every contract with a dollar value of \$1,000,000 or more and contracts involving high risk products or services. Contractors are not allowed to commence work until a valid contract is in place.</p> <p>4.c. Inspected contract template <i>General Terms and Conditions</i> and noted a confidentiality clause governing the handling of Covered Information which includes potential breach of contract damages should the Third Party not adhere to contract terms. Additionally, it restricts the use of confidential information to solely the purposes stated in the contract, and that Third Party contractors shall "use at least the same degree of care Contractor uses with respect to its own confidential information." In addition, the contract template includes language requiring contractors to comply with SoCalGas rules and guidelines for protecting confidential Covered Information. Contractors shall not disclose any confidential information to other Third Parties, including SoCalGas affiliates that produce energy or energy-related products or services, without prior written consent and approval of SoCalGas, or required by the disclosure requirements by law, rule, regulation or any other subpoena or ruling of governmental agency.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>5. Inspect sample evidence of acknowledgments/certifications from Third Parties regarding compliance with SoCalGas' data privacy policies.</p> | <p>5. Obtained and inspected contracts of three vendors with access to Covered Information and noted they include data privacy and confidentiality provisions as provided in <i>General Terms and Conditions</i> template and requires vendors to "access, collect, store, use, and disclose the Confidential Customer Information under policies, practices and notification requirements no less protective than those under which Company operates."</p> | |
| <p>6. Determine whether SoCalGas has a process in place to review contract compliance for Third Parties receiving Covered Information.</p> | <p>6.a. Met with Portfolio Manager, IT/Telecommunications, and was informed that SoCalGas has a process in place to monitor contract compliance. Compliance with confidential customer information <i>Terms and Conditions</i> is the responsibility of the contract owner. Supply Management and Law Department get involved in the contract negotiation as necessary and when noncompliance issues arise.</p> <p>6.b. Reviewed SoCalGas' <i>Third Party Sharing Information Review</i> form and noted that the document outlines questions regarding the purpose and scope of the data request and the Third Party's internal procedure for handling sensitive information. The document also states that except required by law, for an outside party who is not currently under contract with SoCalGas, a non-disclosure is required for SoCalGas to share customer information.</p> <p>6.c. Inspected sample <i>Third Party Information Sharing Reviews</i> and noted that the forms are completed in accordance with the Company's privacy policies.</p> <p>6.d. Reviewed a sample of three executed vendor contracts with access with CEUD and noted that the contracts mention that SoCalGas has the right to perform audits of "cost, payment, settlement or other supporting documentation resulting from the services." Additionally, SoCalGas has the right to inspect and approve the contractor facilities at all times, and thus has the ability to evaluate contractor's compliance with the contract.</p> | |

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| <p>CPUC Rule 6</p> | <p>Secondary Purposes</p> <p>No covered entity shall use or disclose Covered Information for any secondary purpose without obtaining the customer’s prior, express, written authorization for each type of secondary purpose. This authorization is not required when information is:</p> <ol style="list-style-type: none"> (1) provided pursuant to a legal process as described in 4(c) above; (2) provided in situations of imminent threat to life or property as described in 4(d) above; or (3) authorized by the Commission pursuant to its jurisdiction and control. |
| <p>d(1)-(3)</p> <p>Rule description</p> | <p>Assessment results</p> <ol style="list-style-type: none"> 1.a. Met with Manager, Customer Privacy Program, and was informed that the Company requires customer consent prior to disclosure of customer information for secondary purposes. 1.b. Inspected SoCalGas’ <i>Procedure for Processing Third Party Requests</i> and noted that the Customer Contact Center reviews and processes Third Party requests for secondary purposes. Once a request is received, the Customer Contact Center mails or faxes a <i>CISR</i> form to the Third Party to be completed and returned to the Customer Contact Center. The <i>CISR</i> form is required to verify authorization from the customer of record to release account information. 1.c. Reviewed SoCalGas’ <i>Customer Privacy Program Standard Operating Procedures</i> and noted that customer consent through <i>CISR</i> form, a CPUC-approved form that collects customer authorization for SoCalGas to release customer information to a Third Party, is required to release to Third Parties any data for a secondary purpose. 1.d. Reviewed SoCalGas’ <i>Release of Customer-Specific Information Policy</i> and noted that the document provides guidance to employees regarding the process through which the Company provides Covered Information to Third Parties. The process involves <i>CISR</i> forms to collect customer’s consent to grant authorization for secondary purposes. 1.e. Reviewed sample Covered Information provided to a Third Party and the corresponding <i>CISR</i> form and noted that the data is limited to the type of data and the specific time range authorized by customers. |
| <p>Assessment procedures</p> <ol style="list-style-type: none"> 1. Determine whether SoCalGas engages in secondary purposes, and determine if procedures are in place to: <ul style="list-style-type: none"> — notify individuals and obtain their consent prior to disclosing Covered Information to a Third Party for purposes not identified in the <i>Privacy Notice</i>, — document whether SoCalGas has notified the individual and received the individual’s consent — monitor that Personal Information is being provided to Third Parties only for uses specified in the <i>Privacy Notice</i>. | <p>Exceptions</p> |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Determine whether the entity has secondary use authorization forms customers sign to authorize use of Covered Information for secondary uses.</p> | <p>2. See CPUC Rule 6c(1)-(3) for Test Results.</p> | |
| <p>3. Determine whether customer consent authorizing use of energy usage data for secondary purposes is documented.</p> | <p>3.a. Met with Manager, Customer Privacy Program, and was informed that SoCalGas Customer Contact Center maintains tracking of Covered Information requests. These requests are indexed in a tracking log and copies of the requests are filed at SoCalGas Customer Contact Center.</p> <p>3.b. Inspected <i>Tracking Log for CISR Requests</i> for 2016 and noted that it includes the name of the requesting party, requested customer of record, date of receipt and amount of accounts authorized. The log also states whether information was provided for the request and the mailing date for the information supplied.</p> | |

| CPUC Rule 6 | Customer Authorization: (1) Authorization. Separate authorization by each customer must be obtained for all disclosures of Covered Information except as otherwise provided for herein. (2) Revocation. Customers have the right to revoke, at any time, any previously granted authorization. (3) Opportunity to Revoke. The consent of a residential customer shall continue without expiration, but an entity receiving information pursuant to a residential customer's authorization shall contact the customer, at least annually, to inform the customer of the authorization granted and to provide an opportunity for revocation. The consent of a non-residential customer shall continue in the same way, but an entity receiving information pursuant to a non-residential customer's authorization shall contact the customer, to inform the customer of the authorization granted and to provide an opportunity for revocation either upon the termination of the contract, or annually if there is no contract. | |
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| Rule description e(1)-(3) | Customer Authorization: (1) Authorization. Separate authorization by each customer must be obtained for all disclosures of Covered Information except as otherwise provided for herein. (2) Revocation. Customers have the right to revoke, at any time, any previously granted authorization. (3) Opportunity to Revoke. The consent of a residential customer shall continue without expiration, but an entity receiving information pursuant to a residential customer's authorization shall contact the customer, at least annually, to inform the customer of the authorization granted and to provide an opportunity for revocation. The consent of a non-residential customer shall continue in the same way, but an entity receiving information pursuant to a non-residential customer's authorization shall contact the customer, to inform the customer of the authorization granted and to provide an opportunity for revocation either upon the termination of the contract, or annually if there is no contract. | |
| Assessment procedures | Assessment results | Exceptions |
| 1. Determine whether customers receive notice and must provide separate authorization if information is being used for a new secondary purpose. | 1.a. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that customer consent is required to release data to Third Parties for a secondary purpose. The document also explains the <i>CISR</i> form, a CPUC-approved form that collects customer authorization for SoCalGas to release customer information to a Third Party for a secondary purpose. 1.b. Reviewed SoCalGas' <i>Customer Contact Operating Procedures</i> followed by Customer Service Representatives at SoCalGas Customer Contact Center and noted that Customer Service Representatives are instructed to inform customers requesting their information to be sent to Third Parties to complete the <i>CISR</i> form. 1.c. Reviewed SoCalGas' <i>Release of Customer-Specific Information Policy</i> and noted that the document provides guidance to SoCalGas employees regarding the process to provide Covered Information to Third Parties. The process involves <i>CISR</i> forms to collect customer's consent to grant authorization for secondary purposes. 1.d. Met with Manager, Customer Privacy Program, and was informed that customers must provide separate authorization through a <i>CISR</i> form if information will be used for any secondary purpose. 1.e. See CPUC Rule 5c for Test Results. | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Understand how customers are notified of their right to revoke any previously granted authorization and the process to do so.</p> | <p>1.f. Reviewed sample executed <i>CISR</i> forms and verified customers provided their consent for disclosure of specific account information to designated Third Parties for a specific period of time.</p> <p>2.a. Reviewed SoCalGas' <i>Customer Privacy Program Standard Operating Procedures</i> and noted that customer consent is required to release any data of a secondary nature to Third Parties. The document also explains that the <i>CISR</i> form is a CPUC-approved form that collects customer authorization for SoCalGas to release customer information to a Third Party. Once a customer revokes their authorization request, it is effective immediately upon receipt of the revocation notice.</p> <p>2.b. Reviewed the <i>CISR</i> form template and noted that in order to complete the form, customers must provide explicit consent and sign acknowledgement clause that states the customers may cancel their authorization any time by submitting a written request.</p> <p>2.c. Met with members of SoCalGas Customer Privacy Program and was informed that SoCalGas did not receive any revocation request during the covered period.</p> <p>2.d. Reviewed a sample executed <i>CISR</i> form and noted that the form allows for the customers to specify what types of Covered Information is authorized as well as the duration of authorization. The specific types of information included as options to request and/or receive are:</p> <ul style="list-style-type: none"> — Customer billing records, billing history and all meter usage data used for bill calculation; — Copies of correspondence in connection with the customers' account; — Investigations of the customers' utility bills; — Special meeting data in association with the account; — Rate analysis; — Verification of balances on customer accounts and discontinuance notices. | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>The specific duration of these requests are for:</p> <ul style="list-style-type: none"> — Single use authorization; — One year authorization; — Custom authorization up to three years. | |

| CPUC Rule 6 | Parity |
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| f | Covered entities shall permit customers to cancel authorization for any secondary purpose of their Covered Information by the same mechanism initially used to grant authorization. |
| Rule description | |
| Assessment procedures | Assessment results |
| Exceptions | |
| <ol style="list-style-type: none"> Determine whether the entity has a process in place to allow customers to cancel authorization for any secondary purposes. | <ol style="list-style-type: none"> Reviewed the <i>CISR</i> form template and noted that customers must check a box to agree that they understand they “may cancel the authorization at any time by submitting a written request.” |
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| CPUC Rule 6 | Availability of Aggregated Usage Data: | |
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| 9 | Covered entities shall permit the use of aggregated usage data that is removed of all Personally-Identifiable information to be used for analysis, reporting or program management provided that the release of that data does not disclose or reveal specific customer information because of the size of the group, rate classification, or nature of the information. | |
| Rule description | | |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SoCalGas' <i>Privacy Notice</i> or internal policies address the use of aggregate information.</p> | <p>1. Reviewed SoCalGas' <i>Release of Aggregate or Anonymized Customer Data Policy</i> and noted that the document addresses the use of aggregate information.</p> <ul style="list-style-type: none"> — Customer information may be released to Third Parties for legitimate business reasons when it has been sufficiently aggregated or anonymized to hide the customers' identity. SoCalGas applies the 15/15 Rule to protect customer confidentiality; — The 15/15 Rule requires that aggregated or anonymized customer-specific information must be made up of at least 15 customers and a single customer's load must be less than 15% of an assigned category; — If the number of customers in the compiled data is below 15, or if a single customer's load is more than 15% of the total data, categories must be combined or non-conforming customer information must be removed before the information is released; — When providing anonymized customer-specific data, information for customers using over 250,000 therms per year shall be excluded. | |
| <p>2. Determine whether SoCalGas has a procedure in place to ensure aggregate information does not disclose or reveal specific Covered Information.</p> | <p>2.a. See CPUC Rule 6g.1 for Test Results.</p> <p>2.b. Reviewed <i>Energy Data Request Program (EDRP)</i> factsheet and noted that the program is an offering from SoCalGas in response to <i>CPUC Decision Adopting Rules to Provide Access to Energy Usage and Usage-Related Data While Protecting Privacy of Personal Data</i> as a one-stop process to provide data to eligible Third Parties:</p> <ul style="list-style-type: none"> — Local governments; | |

| Assessment procedures | Assessment results | Exceptions |
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| | <ul style="list-style-type: none"> — State/federal agencies; — Community service developed organizations; — Researchers of accredited academic institutions access. <p>2.c. Reviewed SoCalGas' <i>Energy Data Request Program (EDRP)</i> webpage available to the public on SoCalGas website and noted that it provides the following:</p> <ul style="list-style-type: none"> — Quarterly reports containing total monthly sum and average of customer gas usage by zip code and customer class (residential, commercial, industrial). These reports follow CPUC procedures regarding aggregation rules that protect customer privacy and are accessible by the public; — Instructions for eligible Third Parties (See CPUC Rule 6g.2b for Test Results) to submit requests for customized reports of aggregated data if they are not satisfied with the quarterly reports provided on SoCalGas website; — Data request log that allow requestors to see the status of their submitted requests; — Link for eligible Third Parties to submit requests for custom data reports; — Summary of aggregation standards (See CPUC Rule 6g.1 for Test Results). <p>2.d. Reviewed <i>Data Request and Release Process</i> documentation related to <i>EDRP</i> and noted that prior to receiving access to energy data requested, requesting parties shall execute a standard non-disclosure agreement to manage confidentiality. Per guidelines by the CPUC, local governments are not subject to such non-disclosure agreements.</p> <p>2.e. Met with Analyst, Customer Operations, and was informed that SoCalGas Customer Operations reviews the eligibility of each requestor based on guidelines provided by the CPUC before fulfilling the request.</p> | |

CPUC Rule 7 – Data quality and integrity

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| Overall conclusion | | No exceptions noted. |
| CPUC Rule 7 | Rule description | Covered entities shall ensure that Covered Information they collect, store, use, and disclose is reasonably accurate and complete or otherwise compliant with applicable rules and tariffs regarding the quality of energy usage data. |
| Assessment procedures | Assessment results | Exceptions |
| 1. Determine whether SoCalGas' privacy policies address the quality of Covered Information and other customer PII. | <p>1.a. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that PII collected should be relevant to the purpose for which it is collected and should be accurate, complete and current as needed for that purpose.</p> <p>1.b. Reviewed SoCalGas' <i>Release of Customer-Specific Information Policy</i> and noted that "accurate information of the customers" must be provided timely to the party which the customer provides authorization to, in accordance with Commission and Company policies.</p> <p>1.c. Reviewed SoCalGas' <i>My Account Terms and Conditions</i> and noted that it addresses the customer's responsibility to ensure the information in the user profile is current and accurate, and updated promptly if necessary by making the changes within the <i>My Account</i> service area, or by contacting SoCalGas' Customer Service by email or at 1-877-238-0092.</p> <p>1.d. Reviewed SoCalGas' <i>Information Management Policy</i> and noted that the Information Manager of each business unit is required to ensure at least once a year that information is accurate and complete, and certify annually that the business unit is in compliance with this policy.</p> <p>1.e. Reviewed a sample <i>Information Management Certification</i> that is required to be completed by a Senior Director, Director and/or Manager and noted that the designated employee must sign and initial various items in a checklist to confirm that the department understands SoCalGas' <i>Information Management Policy</i>, complies with the retention schedule and approved storage locations, and disposes of records when no longer needed or upon the disposal dates.</p> <p>1.f. Reviewed Sempra's <i>Supplier Code of Conduct</i> and noted it emphasizes the importance of records accuracy.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Inspect sample communication to customers to ensure whether SoCalGas policies include customer data integrity.</p> | <p>2.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that customers can "limit, view, or dispute their disclosed information". In the case that their information is incorrectly recorded in the SoCalGas system, they are provided the contact information:</p> <ul style="list-style-type: none"> — Email address: webmaster@socalgas.com; — Mailing address to the Customer Privacy Program Manager; — Phone number to a Customer Service Representative. <p>2.b. Reviewed SoCalGas' <i>Website Privacy Policy</i> and noted that it prompts the customers to contact SoCalGas should there be any questions and comments at:</p> <ul style="list-style-type: none"> — Email address: webmaster@socalgas.com; — Mailing address to the Privacy Policy department; — Phone number to the SoCalGas general inquiry line. <p>2.c. Performed walkthrough of the setup process of <i>My Account</i> on SoCalGas website and noted that before customers can create an account, they must check a box acknowledging that they have read the <i>My Account Terms and Conditions</i>, which states that the customers have read and agreed to comply with the <i>My Account Terms and Conditions</i> addressing that it is the customers' responsibility to provide accurate and up-to-date information.</p> | |
| <p>3. Determine whether procedures are in place that:</p> <ul style="list-style-type: none"> — edit and validate Personal Information as it is collected, created, maintained, and updated. — specify when the Personal Information is no longer valid. | <p>3.a. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that employees are provided procedures to ensure customer's Personal Information is accurate and complete. If a customer cannot be appropriately identified over the phone by providing his name, service address or account number and in some instances his social security number, the customer must be authenticated in person by submitting valid picture ID in a Branch Office.</p> <p>3.b. Met with Manager, Customer Contact Center, and was informed that Customer Service Representatives authenticate customers during the call intake process. The call intake process includes validation of</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>4. Inspect sample evidence to ensure that procedures are in place that help ensure Personal Information is sufficiently relevant for the purposes for which it is to be used and to minimize the possibility that inappropriate information is used to make business decisions about the individual.</p> | <p>customer account information, such as name, phone number and address. During the call, customers are given the opportunity to edit and update their information. Customers are also informed that they may make any changes in their <i>My Account</i> portal.</p> <p>3.c. Reviewed SoCalGas' <i>Privacy Notice</i> and noted SoCalGas only retains customers' energy usage information "as long as necessary to serve [the customer] and handle matters like billing disputes, inquiries and system planning. Retention periods vary based on the specific circumstances and business needs, but will most typically be for eight to ten years."</p> <p>3.d. Reviewed documentation related to <i>Management Corrective Actions</i> in response to business controls issues identified during audits related to data privacy and noted that business control issues are tracked to closure by Audit Services.</p> <p>3.e. Reviewed SoCalGas' <i>Information Management Policy</i> available to all employees and noted that employees must read and certify that they read this policy and dispose of information accordingly.</p> | |
| <p>4. Inspect sample evidence to ensure that procedures are in place that help ensure Personal Information is sufficiently relevant for the purposes for which it is to be used and to minimize the possibility that inappropriate information is used to make business decisions about the individual.</p> | <p>4.a. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that the document states Personally Identifiable Information should be relevant to the purpose for which it is collected and should be accurate, complete and current as needed for that purpose. Personally Identifiable Information should only be kept for the length of time necessary to accomplish the specified purpose for which it was collected or as required by law, regulation or current record retention guidelines.</p> <p>4.b. Reviewed SoCalGas' <i>Safeguarding Customer Account Information Procedures</i> and noted that employees are instructed with guidelines and procedures to reinforce SoCalGas' existing policy on confidentiality of customer-specific information, and not disclose customer specific information to any Third Party, SoCalGas' affiliate or persons not acting as the customer's agent without the customers' prior written consent or subpoena.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>4.c. Met with Manager, Billing Operations, and was informed that billing exceptions such as inaccurate or incomplete information related to customer billing are reported to the Customer Contact Center by customers and deferred to SoCalGas Billing Operations to resolve.</p> | |

CPUC Rule 8 – Data security

| Overall conclusion | | No exceptions noted. |
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| CPUC Rule 8 | Rule description | Generally Covered entities shall implement reasonable administrative, technical, and physical safeguards to protect Covered Information from unauthorized access, destruction, use, modification, or disclosure. |
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| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SoCalGas has documented policies addressing security provisions for Covered Information including:</p> <ul style="list-style-type: none"> — Risk assessment and treatment — Security policy — Organization of information Security — Asset management — Human resources security — Physical and environmental security — Communications and operations management — Access control — Information systems acquisition, development, and maintenance — Information security incident management | <p>1. Reviewed <i>Information Security Policy Framework</i> and noted that, in addition to the <i>Information Security Policy</i> and <i>Acceptable Use Policy</i>, several additional security policies and standards exist to protect company sensitive information.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <ul style="list-style-type: none"> — Business continuity management — Compliance | | |
| <p>2. Determine whether SoCalGas' privacy policies and procedures cover protection of electronic and print media containing Covered Information from unauthorized access, destruction, use, modification or disclosure.</p> | <p>2.a. Reviewed <i>Information Security Policy, Acceptable Use Policy, and Information Security Standard</i> and noted that together they address the protection of electronic and print media from unauthorized access, destruction, use, modification or disclosure.</p> <p>2.b. Reviewed <i>Data Destruction and Media Sanitization Guidelines</i> and noted that electronic and print media categories are defined and subject to specified data storage locations, data retention periods, destruction method guidelines, sanitization guidelines, and recordkeeping.</p> <p>2.c. Performed a walkthrough of key facilities such as the Customer Contact Center, the Production Datacenter and a Branch Office, and noted that Covered Information is safeguarded from unauthorized access, destruction, use, modification, and disclosure using a combination of physical controls, such as restricted areas with badge access readers, and technical controls, such as user security groups, logging and monitoring. Clean desk policies are enforced and there are secure bins located throughout the facilities in which sensitive information can be discarded and later shredded.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>3. Determine whether a management procedure exists to monitor compliance with the security provisions in the policy and instances of noncompliance are identified and remediated.</p> | <p>3.a. Met with Manager, Information Security, and was informed that information security policies and standards are available to all employees on Sempra Energy's security portal. Further, information security standards must be followed during the SDLC process and members of the Information Security team are regularly involved in IT projects. Risk exceptions require approval and acceptance by the risk owner and are only valid for one year after which they must be renewed.</p> <p>3.b. Reviewed <i>Exception Form Sample</i> which is required to be submitted by risk owners who request exceptions from policies, procedures, standards, or requirements and must include a business justification, mitigation steps, and be approved by a compliance reviewer and risk owner.</p> <p>3.c. Reviewed <i>Risk Policy Exceptions with Remediation Plans</i> and noted that it is an eGRC tool report for policy exceptions which includes a description, business justification and remediation/mitigation steps.</p> | |
| <p>4. Review evidence of SoCalGas providing customers with notice on the security mechanisms used by the Company to protect their Covered Information.</p> | <p>4. Reviewed SoCalGas' <i>Website Privacy Policy</i> on SoCalGas website and noted that there is a section that informs customers of the high-level information security practices used to protect their information.</p> | |
| <p>5. Review evidence that SoCalGas' policies on Data Security are communicated to internal employees and contractors who have access to Covered Information.</p> | <p>5.a. Reviewed <i>Information Security Policy</i> and noted that it is applicable to all employees of Sempra Energy companies and they are required to comply with it. Further, information security-related policies, standards, and guidelines are on Sempra Energy's security portal which is accessible to all employees and contractors who have access to the Company's network.</p> <p>5.b. Reviewed an email communication regarding the <i>Acceptable Use Policy</i> and noted that it was communicated to the workforce with a URL to the intranet where the policy can be found. An additional URL pointing to Sempra Energy's security portal was also communicated.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>6. Determine whether a management procedure is in place to monitor whether the Company manages its security program to help ensure the protection of Covered Information.</p> | <p>6.a. Reviewed <i>Security Policy Framework Document Review Procedure</i> and noted that security policy documents are reviewed by Information Security and IT on a three-year default review cycle and approved by management before being published.</p> <p>6.b. Met with Manager, Information Security, and was informed that various procedures are in place monitor the security program, including regular reports and assessments. An annual security controls assessment is performed and the outcome drives future roadmaps, projects, and assessments for the following year.</p> <p>6.c. Met with members of the Information Security and was informed that there are teams for various functions including governance, security operations, incident response, threat and vulnerability management, program management, and security software services.</p> <p>6.d. Met with Director, Information Security, and was informed that numerous audits and assessments are performed each year as part of the overall monitoring of the information security program. Internal assessments, Third Party assessments, and several operational and project-focused assessments were performed in the last year across the functions within Information Security and other departments throughout the organization.</p> | |
| <p>7. Review SoCalGas' relevant policies to determine if Company incorporates security into their SDLC.</p> | <p>7.a. Reviewed <i>Information Security Engineering & Consulting Process</i> document and noted that it applies to all types of IT products including software development and technology infrastructure. There are eight (8) phases, from concept to implementing into production, and each phase details the purpose and information security supporting activities. The process also includes roles and responsibilities, the engagement process, a security risk assessment methodology, etc.</p> <p>7.b. Met with Manager, Information Security, and was informed that all IT projects are required to comply with published IT/IS policies and standards. Risk owners who seek policy or standard exceptions must submit a formal risk exception form for approval.</p> <p>7.c. Reviewed the risk exception landing page on the Sempra Energy's security portal and noted that it includes a risk exception form (tracked</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>in the eGRC tool), instructions, and other guidance. Risk owners are ultimately responsible for final approval including the assets at risk and the impact to those assets if the risk is realized. The process requires details such as the reason a risk cannot be addressed, a business justification, and a remediation and mitigation plan.</p> <p>7.d. Reviewed <i>SDLC IT Project Lifecycle</i> and noted that it follows industry best practices with approvals required after each phase. During the requirements phase, a <i>Privacy Impact Assessment</i> is performed to identify the types of sensitive and confidential customer information collected or maintained by the system, including the types and number of customers.</p> <p>7.e. Reviewed <i>Risk Exception Guidelines</i> for when the risk owner deems it is infeasible to remove the risk or comply with a policy. Risk exceptions are valid for one year and must be renewed after this time. The guidelines lay out when a risk exception is required and not required. Roles and responsibilities are documented and the document includes links to the risk exception procedure and process flow. A <i>Risk Exception Form</i> must be completed, submitted, and approved as part of the process.</p> <p>7.f. Reviewed a sample information security risk assessment and noted that it followed the <i>Security Risk Assessment Methodology</i> as part of the overall <i>Information Security Engineering & Consulting Process</i>. A vulnerability assessment was performed and risks were identified and ranked using the defined risk rating matrix. All "High" and "Medium" risks were addressed and documented in the eGRC tool using a built-in workflow with necessary approvals. The Information Security team worked with a vendor to remediate vulnerabilities in the vendor's solution.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>8. Determine whether SoCalGas uses appropriate facility entry controls to limit and monitor physical access to systems and locations where Covered Information is processed and stored.</p> | <p>8.a. Reviewed physical security standards within in the <i>Physical Security Policy</i> and noted that all employees, vendors and contractors must wear a company-issued access control badge in a visible location. Further, the facility planning standard addresses access control and requires that security systems for access control be integrated with the Corporate Security Operations Center. Corporate Security administers a company-wide access control system which includes features such as a highly distributed networked environment, high performance, multi-site management and monitoring, and independent control at each location.</p> <p>8.b. Met with Manager, Production Datacenter, and noted that access requests for restricted physical areas must be formally submitted via a ticketing process and approved by the requestor's supervisor. Further, access reviews are performed quarterly for all areas of the Production Datacenter to validate appropriateness.</p> <p>8.c. Performed a walkthrough of various facilities including the Customer Contact Center, the Production Datacenter and a Branch Office, and observed various physical entry controls including badge access cards, badge readers, cameras, visitor sign-in sheets, and security guards.</p> | |
| <p>9. Determine whether SoCalGas has implemented procedures for protecting Covered Information including controls for physically securing all media.</p> | <p>9. Reviewed <i>Information Protection Standard</i> and noted that portable storage devices must be secured in a locked room, drawer, cabinet, or safe when not in use or unattended.</p> | |
| <p>10. Inspect whether physical records containing Covered Information are stored in locked cabinets or rooms restricting unauthorized access.</p> | <p>10. Performed a walkthrough of key facilities such as the Customer Contact Center, the Production Datacenter and a Branch Office, and noted that badge access readers are installed throughout the facilities which create "security zones". If an employee does not have access to a particular zone, any Covered Information in that zone would not be accessible. Covered Information on physical records largely consists of billing information that is printed out for Customer Service</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>11. Inquire of SoCalGas' personnel to gain an understanding of the logical control procedures in place to prevent unauthorized access to Covered Information.</p> | <p>Representatives to better assist customers. There are secure bins located throughout the facilities for securely discarding, and later shredding, any sensitive information therein.</p> <p>11.a. Reviewed <i>Electronic Access Management Standard</i> and noted that access to company information must be controlled to prevent unauthorized disclosure beyond the intended audience, prevent corruption of company information, preserve the availability of the information, and ensure the reliability of critical systems. Responsibilities are defined for business process owners, control owners, SME's, and anyone who has a role in access management. There are documented requirements for privileged access, the various account types and user roles, and guiding principles.</p> <p>11.b. Reviewed <i>Password Standard</i> and noted that forms of identification and authentication are required to gain access to systems. The standard also details password construction parameters, password handling, and management procedures that should be followed by users and administrators.</p> <p>11.c. Met with Manager, Information Security who is in charge for IS solution services, and was informed that a privileged access management solution has been implemented which also provides password management and privileged session recording. The solution has been expanding to encompass more applications and business units. Further, additional logical controls have been implemented via an enterprise Public Key Infrastructure with automatic enforcement using Active Directory security groups and manual enforcement using a web portal request process. Security tokens are also used for multifactor authentication for access to VPN, VDI, critical servers, and more.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>12. Inspect evidence that logical controls are in place to prevent unauthorized access to Covered Information including user access provisioning and deprovisioning.</p> | <p>12.a. Reviewed <i>Electronic Access Management Standard</i> and noted that provisioning and deprovisioning is addressed in Section 5 of the standard.</p> <p>12.b. Met with Infrastructure Team Lead, Information Security, and noted that the HR system feeds employee data to the directory service which is used to create user accounts for employees and assign privileges. Users accounts are initially created in one of the three corporate domains and access to specific systems or applications require manager approval as part of a ticketing process.</p> <p>12.c. Reviewed samples for access requests and access removals and noted that an email chain is used to process the requests. Reviewed screenshots of the user profiles before and after the access requests and access removals and noted that the users were provisioned and deprovisioned in accordance with documented policies and procedures.</p> | |
| <p>13. Review SoCalGas' relevant policies to determine if physical controls are in place protecting Covered Information.</p> | <p>13.a. Reviewed <i>Physical Security Policy</i> and noted that it is Corporate Security's role to provide governance related to security systems, procedures and investigative programs. The policy outlines physical security standards, security equipment standards, and incident reporting.</p> <p>13.b. Reviewed material related to preventing social engineering and noted that employees are made aware of the warning signs of phishing, smart disposal practices, covering digital tracks, staying safe during the holidays, and an anti-phishing tracking process.</p> | |
| <p>14. Inquire of SoCalGas' personnel to gain an understanding of the controls protecting physical access to systems storing Covered Information.</p> | <p>14. Met with Manager, Infrastructure Technology, and was informed that the Production Datacenter is equipped with a variety of perimeter controls such as a fenced perimeter requiring badge access to the site, ingress/egress cameras, security guard, and policies requiring that visitors sign-in and be escorted.</p> | |
| <p>15. Inspect evidence that physical access to sites and systems</p> | <p>15.a. Performed a walkthrough of Production Datacenter and observed the following: cameras ingress/egress including inside the Production</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>storing Covered Information is monitored and restricted.</p> | <p>Datacenter, badge readers with logs, various restricted zones within the facility enforced by badge readers, a security guard, a man trap, and locked server cabinets restricted to specific employees.</p> <p>15.b. Met with Manager, Production Datacenter, and noted that quarterly access reviews are performed for the various rooms and zones within the Production Datacenter for appropriateness.</p> <p>15.c. Observed an access revocation request as a result of an access review and noted that email is used to facilitate the process and confirm when badge access has been removed for the employee as requested.</p> | |
| <p>16. Review SoCalGas' relevant policies to determine if environmental controls are in place.</p> | <p>16. Reviewed <i>Information Security Requirements</i> which apply to all Sempra IT assets and noted that there are requirements for physical and environmental policies and procedures, maintenance, power equipment and power cabling, emergency shutoff, emergency power, emergency lighting, fire protection, temperature and humidity controls, water damage protection, delivery and removal, alternate work site, location of information system components, information leakage due to electromagnetic signals, and asset monitoring and tracking.</p> | |
| <p>17. Inquire of SoCalGas' personnel to gain an understanding of the environmental controls to protect systems storing Covered Information from natural disasters and environmental disasters (such as fire or flooding).</p> | <p>17.a. Reviewed <i>Disaster Recovery Tier Structure & Services</i> and noted that each tier includes recovery time and point objectives, impact descriptions, recovery services, and a guide for estimated costs.</p> <p>17.b. Reviewed <i>2016 DR Testing Plan for the Customer Information System</i> and noted that the plan includes contacts, descriptions of the application, tier designations and production sites, high-level recovery methods, recovery procedure/script, procedures prior to conducting tests, dependencies and assumptions, and the actual disaster recovery test results.</p> <p>17.c. Reviewed <i>2016 DR Exercise Report for the Customer Information System</i> and noted that it includes relevant information such as the application support manager, exercise leads and contributors, an exercise log with significant milestones and other details, the individuals who performed application functional verifications, interfaces with other applications, tier recovery time and recovery point</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>objectives, and issues encountered which resulted to changes in the process.</p> <p>17.d. Performed a walkthrough of Production Datacenter and noted the following environmental controls implemented: HVAC with chilled water to keep the temperature at an appropriate level, condensers, fire detectors and alarms, fire suppression using a halon alternative and sprinklers, backup power supply, generators, hot and cold aisles, emergency power off, and leak detection.</p> | |
| <p>18. Inspect whether SoCalGas has the ability to send large files to 3rd parties using Secure FTP. Files should be checked for confidential data prior to be transferred.</p> | <p>18.a. Inquired of Manager, Information Security, and was informed that Information Security has approved methods for sending large customer data files to Third Parties once the privacy authorization and approval processes are complete. Files are sent via EDX which uses the secure SFTP protocol.</p> <p>18.b. Inspected <i>Secure File Transfer</i> solution used to send files in a secure manner and noted that it encrypts data at rest and in transit.</p> | |
| <p>19. Inspect whether SoCalGas has deployed an automated tool on network perimeter that monitors for Customer PII, keywords, and other document characteristics to discover unauthorized attempts to exfiltrate data across network boundaries and block such transfers while alerting information security personnel.</p> | <p>19.a. Met with Manager, Information Security, and was informed that a Data Loss Prevention solution is deployed across the enterprise which monitors for sensitive information leaving the corporate network. The solution covers endpoints, email, removable media, HTTP(S), cloud storage, and FTP. Custom policies are created in the solution to monitor Covered Information leaving the corporate network by identifying customer account numbers and dictionaries of data terms regarding customer usage data. Upon the identification of potential customer energy usage data, the solution alerts information security personnel who investigate the event.</p> <p>19.b. Inspected <i>Data Loss Prevention solution policy</i> regarding customer usage data and noted that is configured to notify information security personnel upon the detection of customer account numbers or terms associated with customer usage data leaving the corporate network.</p> | |
| <p>20. Inspect whether SoCalGas has deployed an automated tool</p> | <p>20. See CPUC Rule 8a.19 for Test Details.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>on workstations that monitors for Customer PII, keywords, and other document characteristics to discover unauthorized attempts to exfiltrate data to removable media and block such transfers while alerting information security personnel.</p> | | |
| <p>21. Determine whether the Company understands the current threat landscape and potential threats to the organization by leveraging multiple threat feeds.</p> | <p>21.a. Met with Manager, Information Security, and was informed that threat hunting activities take place on a regular basis and threat intelligence is digested from a variety of sources including high-confidence government work products, industry sources, E-ISAC, commercial sources, and open sources. Machine readable threat feeds are ingested directly by the Company's SIEM. Threat sources are aggregated and correlated using enterprise security tools and reports are generated for various needs.</p> <p>21.b. Inspected the core enterprise security solution, a malware and threat intelligence repository, and an eGRC platform and noted that Information Security uses various technical and nontechnical indicators to track threats in real time. The Security Operations Center responds and investigates threats as they are detected and collaborate with the incident response team whenever necessary. Government, commercial, and industry threat feeds are correlated with logs from devices and security appliances across the enterprise.</p> | |
| <p>22 Inspect whether the Company scans source code for bugs and vulnerabilities before moving it into production</p> | <p>22.a. Reviewed <i>Information Security Engineering & Consulting Process</i> and noted that as part of the Test Phase, security testing and assessments are performed to resolve risks and prepare for moving to production. Supporting artifacts demonstration security controls, processes or procedures are documented in the eGRC tool and reviewed prior to deployment into production; this evidence can include test results, source code, technical analysis, and more. The ISEC team works with</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>vendors to remediate or mitigate all vulnerabilities to reduce residual risk to an acceptable level.</p> <p>22.b. Reviewed a sample source code review, which is performed when provided by the IT Department or a vendor, and noted that scans are performed for various vulnerabilities such as buffer overflow, injection, and path manipulation. Vulnerabilities are required to be remediated before implementing any system into production. For vendor solutions, Information Security works with the vendor to come up with a remediation or mitigation strategy and holds them contractually obligated within an agreed-upon timeframe.</p> | |
| <p>23. Inspect whether SoCalGas' development/test environments are separate from the production environment, with access control in place to enforce the separation.</p> | <p>23.a. Met with Manager, Information Security, and was informed that development, test, and QA environments are separated from the production environment using firewalls and access controls.</p> <p>23.b. Inspected the population of systems that are identified as having Covered Information and noted that they have separate environments for development, testing, and/or quality assurance purposes.</p> | |
| <p>24. Determine whether SoCalGas does not use Production Covered Information for testing or development. Test data and accounts are removed before a production system becomes active.</p> | <p>24. Met with Manager, Information Security, and was informed that the data used in development and test environments is different for each application. See CPUC Rule 8a.23 for Test Details.</p> | |
| <p>25. Inspect whether SoCalGas utilizes a Data Masking tool to limit access to and protect Covered Information and other PII.</p> | <p>25.a. Met with System Architect, Information Management, and was informed that data masking is typically performed at the database layer when there is a requirement for this. Privacy and security requirements are defined and implemented as part of the SDLC process.</p> <p>25.b. Observed a screen on the customer information system used by Customer Service Representatives and noted that customer Social</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | Security Numbers are masked so that only the last four digits are visible. | |
| 26. Inspect whether SoCalGas' web applications should use encryption when transmitting sensitive data across the network. | <p>26.a. Reviewed <i>Information Security Encryption Standard</i> and noted that information classified as confidential or restricted must be encrypted at all times (using the documented minimum encryption strength and protocols), while internal information must be encrypted when transported outside of the Company. It should be noted that customer information is classified as internal information.</p> <p>26.b. Observed the electronic data transfer (EDT) enterprise application which is approved by Information Security for file transfers and noted that it uses SFTP to encrypt data in transit.</p> | |
| 27. Determine whether SoCalGas has implemented an Intrusion Detection system within the environment to detect and generate log messages detailing events. | 27. See CPUC Rule 8a.28 for Test Details. | |
| 28. Determine whether SoCalGas has implemented an Intrusion Prevention system within the environment to detect events and reject packets. | <p>28.a. Reviewed <i>Network Security Standard</i> and noted that network-based IPS sensors are deployed inline on DMZ and secure zone network connection points that can prevent, capture, inspect network traffic for unusual attack mechanisms and detect compromise of systems.</p> <p>28.b. Reviewed IPS rule categories including threat names, severity and actions, and noted that it is configured to take preventative actions for a variety of different threats.</p> <p>28.c. Reviewed sample IPS alerts to the Security Operations Center and noted that it includes information such as descriptions, technical fields and values, correlation searches, histories, and contributing events.</p> | |
| 29. Inspect whether SoCalGas only allows limited access to | 29. Reviewed <i>Electronic Access Management Standard</i> and noted that contractors and vendors can be issued accounts for the length of the | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>network resource to vendors and 3rd parties.</p> | <p>contract/agreement or ninety (90) days, whichever is shorter. Further, the standard states that the principle of least privilege must always be used when establishing accounts.</p> | |
| <p>30. Determine whether SoCalGas has a formal process for approving and testing all network connections and changes to the firewall and router configurations</p> | <p>30.a. Reviewed <i>Firewall Standard</i> and noted that new firewall configurations or changes to existing firewall configurations must include a business justification and approval of the business unit manager level. Design and configuration must be approved and implemented by Information Security. Further, firewall patches/updates must comply with the <i>Security Patch, Upgrade, and Vulnerability Management Standard</i>.</p> <p>30.b. Reviewed <i>Extranet Standard</i> and noted that router configurations must be hardened and approved.</p> <p>30.c. Met with Infrastructure Team Lead, Information Security, and noted that the formal process exists for approving and testing all network connections including changes to networking gear such as firewalls and routers. The process involves documenting upstream and downstream systems, submitting a detailed form with the nature of changes (i.e., source, destination, protocol, etc.) which must be approved by a manager, and approval from the Change Advisory Board.</p> | |
| <p>31. Inspect whether SoCalGas has implemented a DMZ to limit inbound traffic to only system components that provide authorized publicly accessible services, protocols, and ports.</p> | <p>31.a. Reviewed <i>Network Security Standard</i> and noted that various DMZ standards are documented to minimize the potential exposure to the Company, including limiting traffic only to authorized services, protocols, and ports.</p> <p>31.b. Met with Infrastructure Team Lead, Information Security, and noted that there is a DMZ implemented on the network perimeter whereby all inbound traffic must pass through.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>32. Entity has controls in place so that users cannot disable and modify security products or services.</p> | <p>32.a. Reviewed <i>Desktop Client Computing Policy</i> and noted that IT is responsible for defining and maintaining a configuration standard to facilitate the protection of desktop computers. The policy states that standard configurations will be applied to all devices and remain unchanged by users.</p> <p>32.b. Met with Manager, Information Security, and was informed that an endpoint protection solution has been implemented across workstations which includes an application whitelisting agent with low enforcement capabilities to prevent known malware files from executing but still allows for unapproved applications to execute. The solution also allows for the locking down of endpoints and preventing unwanted changes.</p> <p>32.c. Inspected a contractor virtual computer with basic privileges and noted that administrator settings, including those for security services, cannot be modified by the end user without elevated privileges.</p> | |
| <p>33. Determine whether the entity's firewall performs stateful inspection (dynamic packet filtering) to restrict network access at the header level.</p> | <p>33.a. Reviewed <i>Network Security Standard</i> and noted that packet screening firewalls must be configured to deny unauthorized protocols and network routes from entering the networks.</p> <p>33.b. Met with Infrastructure Team Lead, Information Security, and was informed that a three tier network architecture is used which requires packet communication with a firewall before moving to another tier or application.</p> | |

| CPUC Rule 8 | Notification of Breach: | | |
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| | Rule description | | |
| | Assessment procedures | Assessment results | Exceptions |
| <p>b</p> | <p>1. Determine whether SoCalGas has documented incident response and breach management procedures in place including roles and responsibilities, testing and training, incident classification and logging, remediation, and program updates.</p> <p>2. Determine whether the Company's management has adequately reviewed the incident review process in place.</p> | <p>1.a. Reviewed <i>Cyber Security Incident Response Procedure</i> and noted that it includes incident response team roles and responsibilities, phases aligned to the SANS Incident Response model, classification, documentation of the entire process, remediation and program updates. There is also a master contact list and a notification and reporting procedure. There is also an incident response sub-plan specific to Personal Information breaches inclusive of customers' information.</p> <p>1.b. Reviewed various sub-plans for incident response procedures relating to specific types of incidents, including a sub-plan for customer information breaches.</p> <p>1.c. Met with Manager, Information Security, and was informed that tabletop exercises are performed and in the past have included simulated incidents in regards to customer privacy, HR records breach, SCADA controls, etc. These activities are scheduled based on emerging priorities and when deemed necessary.</p> <p>2.a. Reviewed <i>Personal Information Breach and Notification Response Plan</i> – <i>P//I</i> and noted that it includes various procedures and references for "incidents of unauthorized acquisition of unencrypted Personal Information of California residents". The procedure was approved by management and effective as of 3/9/2016. There is also a master contact list and a notification and reporting procedure.</p> <p>2.b. Reviewed a list of specific incident response plans for various events and noted that they align to the overall <i>Cyber Security Incident</i></p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p><i>Response Procedure.</i> There are specific plans for events such as exercise scanning network defense testing, false positives, unauthorized access, security policy violations, denial-of-service, poor security practice, reconnaissance scanning probing, malicious code, and PII.</p> <p>2.c. Reviewed a report on key risk indicators which tracks metrics about incidents over time for management to review and act on. Metrics include things such as the number of critical and high severity incidents, the percentage closed and opened, and more.</p> | |
| <p>3. Determine whether the Company can perform forensic analysis in the instance of a Customer PII breach.</p> | <p>3. Met with Manager, Information Security, and was informed that forensics can be performed in the event of a customer PII breach. Further, there is a contract in place in case Third Party forensic assistance is needed.</p> | |
| <p>4. Inspect sample evidence of breach incidents for the last 12 months.</p> | <p>4. Reviewed a sample privacy incident involving customer information and noted the investigation process uses a built-in workflow within the eGRC tool and includes attributes such as the description, severity, justification, case number, status, legal interpretation, whether or not CEUD was involved, supporting documentation, case logs, and other actions. The Information Security Department, Law Department, and Customer Privacy Program are able to collaborate in the tool until in the incident is closed.</p> | |

| CPUC Rule 8 | Annual Report of Breaches: | |
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| c | In addition, gas corporations shall file an annual report with the Commission’s Executive Director, commencing with the calendar year 2012, that is due within 120 days of the end of the calendar year and notifies the Commission of all security breaches within the calendar year affecting Covered Information, whether by the covered gas corporation or by a Third Party. | |
| Rule description | | |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SoCalGas tracks the reporting requirement and assigns compliance to the appropriate department.</p> | <p>1.a. Reviewed documentation related to <i>Process Addressing Privacy Reporting Requirements and Assignment of Compliance to Appropriate Department(s)</i> and noted that Customer Privacy Program initiates actions related to customer privacy. The Customer Privacy Program Manager contacts various departments and individuals to obtain the tracking of relevant information in order to populate the <i>Annual Privacy Report</i>. The information is then reviewed by SoCalGas Law Department before being filed with the CPUC.</p> <p>1.b. Reviewed SoCalGas’ <i>Customer Privacy Compliance Plan</i> and noted that the plan includes monitoring compliance with various sections of the <i>CPUC Privacy Decision</i>, including collection, use, storage, and disclosure practices. It also includes key metrics tracked such as the number of breaches, number of Third Parties accessing Covered Information, vendors under contract, instances of non-compliance, etc. “Breach Detection Process” is listed as an action item in this document, which states that employees of Security Operations Center have to send a report to the Customer Privacy Program Manager to be reviewed for SoCalGas’ <i>Annual Privacy Report</i>.</p> <p>1.c. Met with Manager, Customer Privacy Program, and Senior Attorney, Law Department, and was informed that as part of SoCalGas’ <i>Customer Privacy Compliance Plan</i>, both teams are involved in monitoring compliance requirements, including annual mandatory reporting of breaches, and the Customer Privacy Program team is responsible for collecting the information to populate SoCalGas’ CPUC mandated <i>Annual Privacy Report</i>. Case Managers from SoCalGas Law Department are assigned responsibilities to track CPUC compliance directives, to confirm completion, and to notify the Customer Privacy Program team of any exceptions.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>1.d. Reviewed SoCalGas' <i>Incident Response Log for 2016</i> and noted that is maintained in the eGRC tool. Attributes include general information such as the date of incident, description, and status along with analytical findings such as case logs for collaborative investigations, supporting documentation, whether or not CEUD is involved, and whether it is a reportable incident. See CPUC Rule 8b.4 for additional test results regarding this document.</p> | |
| <p>2. Determine whether SoCalGas filed its <i>Annual Privacy Report</i> to the CPUC as required by the <i>Privacy Decision</i>.</p> | <p>2.a. Reviewed SoCalGas' 2016 <i>Annual Privacy Report</i> and noted that report was filed on April 28, 2017 to the CPUC by Director, Regulatory Affairs. The report identified two reported privacy breaches affecting Covered Information within the 2016 calendar year.</p> <p>2.b. Reviewed documentation related to two reported privacy breaches and noted that detailed reports describing the incidents and resolution to the incidents were drafted by Information Security and reviewed and approved by both SoCalGas Customer Privacy Program and SoCalGas Law Department.</p> | |

CPUC Rule 9 – Accountability and auditing

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| Overall conclusion | <p>Two exceptions noted:</p> <ul style="list-style-type: none"> — While company-wide Covered Information training is available, it has not been consistently deployed to all employees. SoCalGas scheduled this training to be rolled out over a three year cycle; the first and second deployments occurred in 2014 and 2015, respectively. The third deployment was scheduled for 2016 and has not yet been delivered due to a reorganization within the Company. — While contractors on SoCalGas’ payroll are assigned trainings as regular employees and contracts include obligations to protect customer privacy, there are no formal trainings assigned to temporary contractors. |
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| CPUC Rule 9 | Rule description |
| a | <p>Availability: Covered entities shall be accountable for complying with the requirements herein, and must make available to the Commission upon request or audit:</p> <ol style="list-style-type: none"> (1) the privacy notices that they provide to customers, (2) their internal privacy and data security policies, (3) the categories of agents, contractors and other Third Parties to which they disclose Covered Information for a primary purpose, the identities of agents, contractors and other Third Parties to which they disclose Covered Information for a secondary purpose, the purposes for which all such information is disclosed, indicating for each category of disclosure whether it is for a primary purpose or a secondary purpose. (A covered entity shall retain and make available to the Commission upon request information concerning who has received Covered Information from the covered entity.), and (4) copies of any secondary-use authorization forms by which the covered party secures customer authorization for secondary uses of covered data. |

| Assessment procedures | Assessment results | Exceptions |
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| <ol style="list-style-type: none"> 1. Determine whether SoCalGas has a process in place to provide the Commission with the <i>Annual Privacy Report</i> or any other requested documentation | <ol style="list-style-type: none"> 1.a. SoCalGas made available for this assessment the following documents, in line with these CPUC requirements: <ul style="list-style-type: none"> — <i>Privacy Notice</i> provided to customers and made available to the public through SoCalGas website; — Internal privacy and data security policies; | |

| Assessment procedures | Assessment results | Exceptions |
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| | <ul style="list-style-type: none"> — Listing of agents, contractors and Third Parties with access to Covered Information for a primary purpose; — Listing of agents, contractors and Third Parties with access to Covered Information for a secondary purpose; — Sample copies of secondary-use authorization form (C/ISR form) by which SoCalGas secures customer authorization for secondary uses of Covered Information; — Training materials provided to employees related to customer privacy; — Procedures for processes related to accessing, collecting, using and disclosing Covered Information. <p>1.b. Reviewed SoCalGas' <i>Customer Privacy Guidelines</i> and noted that regulatory requests from the CPUC are routed to a Regulatory Case Manager. The Regulatory Case Manager is responsible for tracking and monitoring the status of the request to complete.</p> <p>1.c. Met with Director, Regulatory Affairs, and was informed that requests for customer-specific information from regulatory or governmental agencies are to be directed to a Regulatory Case Manager. The Case Manager ensures that responses are handled in accordance with SoCalGas' privacy policies.</p> <p>1.d. Reviewed SoCalGas' <i>Customer Privacy Compliance Plan</i> maintained by SoCalGas Customer Privacy Program to track the different business units responsible for contents requested by the CPUC, and noted that it includes tracking and monitoring of compliance with various sections of the CPUC <i>Privacy Decision</i>, including collection, use, storage, and disclosure practices. SoCalGas Customer Privacy Program is responsible for working with the appropriate business units within the Company to complete the <i>Annual Privacy Report</i> and submit it on time to the CPUC.</p> <p>1.e. Met with Manager, Customer Privacy Program, and Senior Attorney, Law Department and was informed that SoCalGas' <i>Annual Privacy Report</i> is reviewed by the Regulatory Affairs Director before finalized and delivered to the CPUC before the deadline.</p> | |

| CPUC Rule 9 | Customer Complaints: Covered entities shall provide customers with a process for reasonable access to Covered Information, for correction of inaccurate Covered Information, and for addressing customer complaints regarding Covered Information under these rules. |
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| Rule description | Assessment results |
| Assessment procedures | Exceptions |
| <p>1. Assess whether SoCalGas provides notice to its customers on how they can contact the Company for inquiries, complaints or disputes related to their Personal Information.</p> | <p>1.a. Reviewed SoCalGas' <i>Privacy Notice</i> and noted that the document provides contact information through which customers can provide inquiries, complaints or disputes related to their Personal Information. The contact information includes an email address at webmaster@socialgas.com, a mailing address to the Customer Privacy Program Manager, and a phone number to a Customer Service Representative.</p> <p>1.b. Met with members of SoCalGas Customer Privacy Program and was informed that customers could contact SoCalGas Customer Contact Center or submit inquiries through SoCalGas website to provide inquiries, complaints or disputes related to their Personal Information.</p> <p>1.c. Reviewed SoCalGas website and observed that SoCalGas provides a telephone number, a postal mailing address and addresses of its Branch Offices under "Contact Us" for any inquiries regarding SoCalGas and its services.</p> <p>1.d. Reviewed documentation related to <i>Bill Insert</i> and observed that SoCalGas provides the <i>Privacy Notice</i> as an insert with the customer's opening bill for new customers.</p> <p>1.e. Reviewed SoCalGas' <i>Annual Privacy Bill Insert</i> and observed that SoCalGas provides existing customers a copy of the <i>Privacy Notice</i> on an annual basis.</p> <p>1.f. Reviewed sample <i>Registration Emails</i> sent to new business and residential customers and observed that a link to SoCalGas' <i>Privacy Notice</i> is included in these emails.</p> |
| | |

| Assessment procedures | Assessment results | Exceptions |
|--|--|------------|
| <p>2. Assess whether SoCalGas has a documented process to receive customer disputes, complaints, and inquiries, addresses and resolve complaints, and communicate resolution back to the customer in a timely and satisfactory manner.</p> | <p>2.a. Reviewed SoCalGas' <i>Customer Contact Center Operating Procedures</i> and noted that the documents outline the process to receive and address customer complaints for resolution. Customer Service Representatives typically handle general disputes, complaints and inquiries. Additional procedures to document specific situations are available when follow-up are necessary. Comments are automatically assigned to the appropriate region/department and base/workgroup to resolve the issue.</p> <p>2.b. Reviewed a sample <i>Customer Complaint</i> and noted that the item follows the documented procedures for documenting, classifying and resolving customer complaints.</p> | |
| <p>3. Assess whether SoCalGas has a process to escalate disputes, complaints, and inquiries to help ensure resolution within a timely manner.</p> | <p>3.a. Reviewed SoCalGas' <i>Customer Complaint Elevation Guidelines</i> and the <i>Referral Chart for Elevated Written Complaints</i> and noted that the documents outline the procedures for escalation of disputes, complaints, and inquiries.</p> <p>3.b. Reviewed SoCalGas' <i>Customer Comment Tracking System</i> and noted that Customer Service Representative Leads are automatically alerted when disputes, complaints, or inquiries are classified as "Urgent" in the comment tracking system. These situations require immediate action while "High" priority complaints require action on the same day or next morning.</p> <p>3.c. Reviewed a sample <i>Customer Complaint</i> received through SoCalGas Customer Contact Center and noted that it follows the documented procedures for documenting, classifying and resolving customer complaints.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|--|---|------------|
| <p>4. Inspect evidence that SoCalGas tracks and resolves customer complaints consistent with SoCalGas' policies.</p> | <p>4.a. See Rule 9b.3 for Test Results. 4.b. Reviewed documentation related to a specific <i>Customer Complaint Case</i> and noted that the customer submitted his inquiry to the contact email provided on SoCalGas' <i>Privacy Notice</i>. The email was routed to SoCalGas Customer Privacy Program from Customer Contact Center. The inquiry was resolved by members of the Customer Privacy Program and routed back Customer Contact Center to be sent to the customer.</p> | |

| CPUC Rule 9 | Rule description | Training: |
|--|--|--|
| c | | Covered entities shall provide reasonable training to all employees and contractors who use, store or process Covered Information. |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Review SoCalGas' documented privacy awareness program materials to identify personnel who handle and store access to CEUD.</p> | <p>1.a. Reviewed SoCalGas' <i>Privacy Working Group Charter</i> and noted that SoCalGas identifies the following teams that access, collect, store, use, disclose, or protect Covered Information: Customer Operations, Advanced Meter, Commercial & Industrial Services Department, Regulatory Affairs, Customer Strategy, Customer Contact Center, Customer Services Staff, Information Security, Operations Research, Application Services, Customer Programs & Assistance, Law, Energy Markets & Capacity Products and Customer Privacy Program. The Privacy Working Group meets on an as-needed basis to discuss customer privacy. The purpose of this group is to examine effectiveness of any implemented customer privacy programs, to provide updates and progress on the protection of Covered Information and privacy and for the discussion of any issues.</p> <p>1.b. Met with Manager, Customer Privacy Program, and was informed that all of the Company's business units are trained on <i>Information Security and Cybersecurity</i> and <i>Code of Business Conduct</i> (See Rule 9c.2 for Test Results). Some business units with high levels of Covered Information access receive additional targeted departmental in-depth Covered Information privacy training:</p> <ul style="list-style-type: none"> — Advanced Meter; — Customer Contact Center; — Law Department; — Customer Privacy Programs; — Customer Services Technology Operations/Data Privacy. <p>1.c. Reviewed documentation related to <i>Department-Specific Training Materials</i> and noted that the below departments have trainings and policies regarding Covered Information:</p> | |

| Assessment procedures | Assessment results | Exceptions |
|---|---|------------|
| <p>2. Understand the awareness material and communications to SoCalGas personnel to determine how internal privacy policies are communicated to associates.</p> | <ul style="list-style-type: none"> — Customer Contact Center – procedures for handling data requests and customers' inquiries; — Commercial & Industrial Services Department – internal site that provides account managers working in the Commercial & Industrial Services Department with resources and tools that support various aspects of their job responsibilities. Employees are required to complete a privacy training, which includes privacy and security protections for customer energy usage data; — Customer Operations – customer data privacy information brochures and customer privacy concepts are available at various lunch-and-learn events designated for members of Customer Operations. <p>1.d. Met with representatives from sample business units with access to Covered Information such as Customer Contact Center and Customer Privacy Program and confirmed that they have taken the mandatory <i>Protecting Customer Information</i> training (See Rule 9c.3 for Test Results) and are aware of SoCalGas' privacy policies.</p> | |
| <p>2. Understand the awareness material and communications to SoCalGas personnel to determine how internal privacy policies are communicated to associates.</p> | <p>2.a. Reviewed internal trainings, awareness programs and communications sent to employees with customer privacy content and noted that during the covered period, internal privacy policies were communicated through company-wide trainings required for all SoCalGas employees:</p> <ul style="list-style-type: none"> — <i>Information Security and Cybersecurity Training and Awareness</i> – required to be completed by all employees on an annual basis. The materials covered in the course include protection of customer privacy such as system compromise and loss of PII, secure equipment and passwords, avoidance of unapproved computing devices, data classification, email practices, reporting issues and getting assistance or support; — <i>Code of Business Conduct Training</i> – required to be completed by all employees on an annual basis. The materials covered in the course include protection of confidential information. Confidential information is defined as non-public or private information regarding | |

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|--|------------|
| | <p>the organization, suppliers, and customers. Employees are required ensure that business needs are present when disclosing confidential information to colleagues and that nondisclosure agreement has been completed prior to discussing confidential information to Third Parties.</p> <p>Additionally, we noted multiple efforts throughout the covered period when customer privacy is communicated:</p> <ul style="list-style-type: none"> — Articles regarding customer data privacy and cybersecurity are posted on the SoCalGas' internal website on a monthly basis throughout the year; — On January 28th of each year, SoCalGas celebrates Data Privacy Day by promoting and increasing awareness on privacy and data protection. On this day, posters with information on privacy are displayed in front of elevators on every floor of the Gas Company Tower for one week; — Information Security hosted presentations which included information on customer data privacy and cybersecurity. <p>2.b. Met with Director, Audit Services, and was informed that SoCalGas includes customer privacy in its yearly strategic audit planning to identify any risks involved. Customer privacy was not identified as a high risk area, but was monitored closely by SoCalGas' management during the covered period, particularly by SoCalGas Customer Privacy Program and Privacy Working Group through scheduled meetings.</p> <p>2.c. Reviewed SoCalGas' <i>New Hire Package</i> and noted the following documents are provided to new non-represented employees:</p> <ul style="list-style-type: none"> — <i>Employment, Confidential Information, and Invention Assignment Agreement</i> – required employee's signature and submission to Human Resources. The document requires employees to adhere to company-wide guidelines regarding confidential information; — <i>New Employee Orientation Resource Guide: Compliance – Information Security</i> – required employee to sign a "SoCalGas Orientation Day Acknowledgement Form". The document explains | |

| Assessment procedures | Assessment results | Exceptions |
|--|--|---|
| | <p>the importance of information security and provides employees with tips on protecting confidential information;</p> <ul style="list-style-type: none"> — <i>Code of Business Conduct: Integrity, Honesty and Respect in Our Workplace – Confidential Information and Privacy</i> – required employee to sign a "SoCalGas Orientation Day Acknowledgement Form". The document provides employees with the Company's policies on confidential information and privacy. Confidential information is defined as employee or customer personal data, technical information, customer lists, terms, conditions, rates or fees offered to customers, or any content labelled as "Restricted" or "Confidential." <p>2.d. Reviewed sample <i>Tracking Logs for Privacy Policies Trainings</i> in 2016 and noted that the documents track trainings provided to employees that are related to customer privacy. The documents identify the names of individuals who completed the trainings and their job titles, their departments, the dates of training assignment and the dates of the training completion.</p> <p>2.e. Reviewed documentation related to <i>Privacy and Security Awareness</i> and noted that the cybersecurity brochures, factsheets and digital boards containing information on protecting customer privacy are available on SoCalGas' internal website.</p> | |
| <p>3. Understand SoCalGas' specific training materials to assess whether they adequately communicate/train employees on how to handle Covered Information.</p> | <p>3.a. Reviewed SoCalGas' <i>Protecting Customer Information</i> training and noted that the training course is deployed by SoCalGas' Customer Privacy Program to non-represented employees at SoCalGas on a three year cycle. The course explains the legal and corporate requirements for protecting customer information handled in day-to-day operations. The topics include what is considered customer information and why it is important, physical safeguards, administrative safeguards, technical safeguards, encryption, handling customer information, electronic identification and passwords, social engineering and security incidents.</p> <p>3.b. Met with Manager, Customer Privacy Program, and was informed that <i>Protecting Customer Information</i> training is deployed on a three year cycle. The first and second deployments occurred in 2014 and 2015.</p> | <p>While company-wide Covered Information training is available, it has not been consistently deployed to all employees. SoCalGas scheduled this training to be rolled out over a three year cycle; the first and second deployments occurred in 2014 and 2015, respectively. The third</p> |

| Assessment procedures | Assessment results | Exceptions |
|---|--|---|
| <p>4. Inspect evidence that employees and contractors have completed privacy and security training requirements (e.g. training logs, certifications of compliance, etc.).</p> | <p>respectively. The third deployment was scheduled for 2016. However, it has not yet deployed due to reorganization in 2016.</p> <p>3.c. See CPUC Rule 5c.1b for Test Results.</p> <p>4.a. Met with Manager, Customer Privacy Program, and confirmed the training efforts below. Completion of mandatory trainings is enforced and noncompliance is escalated through the employees' business unit directors for monitoring and compliance.</p> <p>4.b. There are three mandatory trainings for SoCalGas employees that address privacy and security requirements:</p> <ul style="list-style-type: none"> a. Protecting Customer Information; b. Information Security and Cybersecurity Training and Awareness; c. Code of Business Conduct Training. <p>— New employees are required to complete mandatory trainings, which contain information on protection of customer privacy.</p> <p>— Business units with high-level access to Covered Information are subject to mandatory targeted trainings with specific content on how they are to handle Covered Information. An example of these business units is SoCalGas Customer Contact Center.</p> <p>— SoCalGas conducts multiple awareness efforts to increase safeguards of Covered Information, including speaking engagements and Privacy Day, in addition to frequent posting of articles and tips regarding data privacy on SoCalGas' internal website.</p> <p>4.c. Met with Manager, Customer Privacy Program, and was informed that contractors who are on SoCalGas' direct payroll receive similar training to regular new employees. Contractors engaged by a temporary workforce solution company are not required to take any training to date, however information privacy requirements are noted in the language within the contract and signed nondisclosure agreements.</p> | <p>deployment was scheduled for 2016 and has not yet been delivered due to a reorganization within the Company.</p> |

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|---|------------|
| | <p>Additionally, union employees have an option to complete a training video. Due to collective bargaining agreement in the union contract, union employees have limited subsection on training completion.</p> <p>4.d. Reviewed sample <i>Tracking Logs for Privacy Policies Trainings</i> in 2016 and noted that the documents track trainings provided to employees that are related to customer privacy. The documents identify the names of individuals who completed the trainings and their job titles, their departments, the dates of training assignment and the dates of the training completion.</p> <p>4.e. Reviewed <i>Contingent Worker Confidentiality Agreement</i> and noted that SoCalGas requires engaged contractors to sign off on their understanding that their assignment includes access to sensitive and confidential information and their responsibility to protect and safeguard it.</p> <p>4.f. Reviewed Sempra's <i>Supplier Code of Conduct</i> and noted that the document outlines policies regarding information protection and confidentiality:</p> <ul style="list-style-type: none"> — If suppliers are granted access through electronic or physical means to Sempra Energy's non-public information to perform Sempra Energy-related work, the information may only be used for Sempra Energy business; — Non-public information provided by Sempra Energy and/or its business partners could include, but is not limited to, financial, customer, employee or other business information; — Non-public information accessed by suppliers must be limited to only that information that is required to perform the contracted work; — Suppliers must keep non-public information confidential and may only disclose non-public information if it is necessary for the performance of their work. Such disclosures may be made only to those people who are also subject to Sempra Energy's confidentiality provisions and have a legitimate business need to know; | |

| Assessment procedures | Assessment results | Exceptions |
|---|--|---|
| <p>5. Understand the privacy training required of Third Parties accessing Covered Information in order to determine whether they are adequately equipped to handle Covered Information.</p> | <ul style="list-style-type: none"> — Non-public information contained in electronic or physical form must be appropriately secured and protected; — Suppliers do not make any announcements or release any information on behalf of Sempra Energy, to any member of the public, press, official body, business entity, or other person, or claim or imply any endorsement by Sempra Energy or Sempra Energy employees without the prior and appropriately authorized written consent of Sempra Energy. <p>5.a. Met with Portfolio Manager, IT/Telecommunications, and noted that vendors are contractually obligated per their contract clauses to maintain the privacy of the information shared. SoCalGas does not independently deliver trainings, provide training materials, or validate whether these trainings took place for Third Parties. SoCalGas relies on the contractual relationship between itself and Third Parties to ensure that Third Parties train their own internal resources on proper data handling techniques.</p> <p>5.b. Met with Manager, Customer Privacy Program, and was informed that contractors who are on SoCalGas’ direct payroll receive similar training to regular new employees. Contractors engaged by a temporary workforce solution company are not required to take any training to date, however information privacy requirements are noted in the language within the contract and signed nondisclosure agreements</p> <p>5.c. Reviewed a sample <i>Master Service Agreement</i> and noted that the document includes the Confidentiality clause that provides instructions for Third Parties to handle confidential information and the consequences of improper disclosure.</p> <p>5.d. Reviewed sample <i>Non-Disclosure Agreements</i> and noted that the documents are agreements between Third Parties and SoCalGas. The agreements outline the scope of the requested data, the project description, security breach protocol, and policies regarding data protection. The agreements are signed and dated by Third Parties.</p> <p>5.e. Inspected a sample of three executed vendor contracts and noted that they include confidentiality clauses protecting SoCalGas’ confidential</p> | <p>While contractors on SoCalGas’ payroll are assigned trainings as regular employees and contracts include obligations to protect customer privacy, there are no formal trainings assigned to temporary contractors.</p> |

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|--|------------|
| | <p>information. The contracts state that contractor "may be required to complete training regarding the foregoing at Company's sole discretion" and noted that they include the following provisions:</p> <ul style="list-style-type: none"> — Disclosure of non-public information: contracts are not to disclose any confidential information or otherwise make it available to any other person, including any affiliate of SoCalGas that provides energy or energy-related products or services, without the prior written approval of SoCalGas, or as required by law, subpoena or government agencies; — Use of SoCalGas information: contractors agree that it shall only use and require its employees to use confidential information for the purposes of performing agreed upon services under the contract; — Protecting confidential information: contractors will keep confidential and not disclose confidential information. | |

| | |
|--|---|
| <p>CPUC Rule 9</p> | <p>Reporting Requirements: On an annual basis, each gas corporation shall disclose to the Commission as part of an annual report required by Rule 8.b, the following information:</p> <p>Rule description</p> <p>e</p> <p>(1) the number of authorized Third Parties accessing Covered Information, (2) the number of non-compliances with this rule or with contractual provisions required by this rule experienced by the Utility, and the number of customers affected by each non-compliance and a detailed description of each non-compliance.</p> |
| <p>Assessment procedures</p> <p>1. Determine whether SoCalGas tracks the reporting requirement and assigns compliance to the appropriate department(s).</p> | <p>Assessment results</p> <p>1.a. Reviewed documentation related to <i>Process of Addressing Privacy Reporting Requirements and Assignment of Compliance to Appropriate Department(s)</i> and noted that SoCalGas Customer Privacy Program is responsible for compiling SoCalGas' <i>Annual Privacy Report</i> information. SoCalGas Customer Privacy Program Manager contacts various departments and individuals to obtain information to include in the <i>Annual Privacy Report</i> to be filed with the CPUC. After Customer Privacy Program Manager gathers the information and populates the report, it is sent to SoCalGas Law Department for final review and approval, before being delivered to the CPUC.</p> <p>1.b. Reviewed SoCalGas' <i>Customer Privacy Compliance Plan</i>, maintained by SoCalGas Customer Privacy Program Manager to track the different business units responsible for contents requested by the CPUC, and noted that it includes tracking and monitoring of compliance with various sections of the <i>CPUC Privacy Decision</i>, including collection, use, storage, and disclosure practices. It also includes key metrics such as the number of breaches, number of Third Parties accessing Covered Information, vendors under contract and instances of non-compliance among others.</p> <p>1.c. Met with members of SoCalGas Customer Privacy Program and was informed that Customer Privacy Program collects metrics from various units to compile SoCalGas' <i>Annual Privacy Report</i>.</p> <p>Exceptions</p> |

| Assessment procedures | Assessment results | Exceptions |
|--|---|------------|
| <p>2. Determine whether the Company filed its <i>Annual Privacy Report</i> to the CPUC as required by the <i>Privacy Decision</i>.</p> | <p>2. Reviewed SoCalGas' 2016 <i>Annual Privacy Report</i> and noted that it was submitted to the CPUC on April 28, 2017 by the Director of Regulatory Affairs. The report indicated:</p> <ul style="list-style-type: none"> — 32 vendors under contract were given access to Covered Information. 146 vendors were authorized access to Covered Information through the <i>CISR</i> process; — Zero (0) reported privacy breaches affecting 1,000 or more customers; — Two (2) reported breaches within the calendar year affecting Covered Information; — Zero (0) instances of non-compliance with the Privacy Rules or with contractual provisions required by the Privacy Rules which became known to SoCalGas through its daily operations. | |

Appendix 1 – Abbreviations used in this report

| Abbreviation | Full name |
|--------------|--|
| AICPA | American Institute of Certified Public Accountants |
| AMI | Advanced Metering Infrastructure |
| CEUD | Customer Energy Usage Data |
| CISR | Customer Information Service Request |
| CPA | Certified Public Accountant |
| CPUC | California Public Utilities Commission |
| DLP | Data Loss Prevention |
| DMZ | Demilitarized Zone |
| EDRP | Energy Data Request Program |
| EDT | Electronic Data Transfer |
| EDX | Electronic Data Exchange |
| eGRC | Enterprise Governance, Risk, and Compliance |

| Abbreviation | Full name |
|---------------|---|
| E-ISAC | Electricity Information Sharing and Analysis Center |
| FTP | File Transfer Protocol |
| GAPP | Generally Accepted Privacy Principles |
| HR | Human Resources |
| HVAC | Heating, Venting, and Air Conditioning |
| ID | Identification |
| IPS | Intrusion Prevention System |
| IS | Information Security |
| ISEC | Information Security Engineering and Consulting |
| IT | Information Technology |
| NDA | Non Disclosure Agreement |
| OU | Organizational Unit |
| PII | Personally Identifiable Information |
| QA | Quality Assurance |
| RIM | Retention and Information Management |
| SDLC | Systems Development Life Cycle |
| SFTP | SSH (Secure) File Transfer Protocol |

| Abbreviation | Full name |
|--------------|---|
| SIEM | Security Information and Event Management |
| SME | Subject Matter Expert |
| SSN | Social Security Number |
| URL | Uniform Resource Locator (Web Address) |
| VDI | Virtual Desktop Infrastructure |
| VPN | Virtual Private Network |

Appendix 2 - Stakeholders interviewed

| # | Title | Department | Date |
|----|---|--|-----------|
| 1 | Portfolio Manager | IT/Telecom – Supply Management & Logistics | 3/22/2017 |
| 2 | Portfolio Manager | IT/Telecom – Supply Management & Logistics | 3/22/2017 |
| 3 | Senior Contracting Agent | IT/Telecom – Supply Management & Logistics | 3/22/2017 |
| 4 | IT Audit Manager | Audit-Information Technology – Audit Services | 3/23/2017 |
| 5 | FLP & Audit Services Manager | Audit QA & FLP Program – Audit Services | 3/23/2017 |
| 6 | Mass Markets Credit & Collections Manager | Mass Markets Credit & Collections – Customer Operations | 3/28/2017 |
| 7 | Billing Manager | Mass Markets Billing – Customer Operations | 3/28/2017 |
| 8 | Project Manager II | Billing Operations Support – Customer Operations | 3/28/2017 |
| 9 | Facilities Manager | Facilities – San Dimas | 3/28/2017 |
| 10 | Project Manager II | Advanced Meter Business Systems Support – Advanced Meter | 3/29/2017 |
| 11 | IT Architect | Enterprise Architecture – Information Management | 3/29/2017 |
| 12 | Information Security Manager | Information Security Operations Center – Cybersecurity | 3/30/2017 |

| # | Title | Department | Date |
|----|-------------------------------------|---|-----------|
| 13 | Information Security Manager | IS Governance Awareness Oversight – Cybersecurity | 3/30/2017 |
| 14 | Information Security Manager | Security Engineering & Operations – Information Security | 3/30/2017 |
| 15 | Customer Service Technology Manager | Customer Service Technology Operations/Data Privacy – Customer Operations | 4/3/2017 |
| 16 | Customer Privacy Program Manager | Customer Operations Privacy Program – Customer Operations | 4/3/2017 |
| 17 | Customer Service Technology Manager | Customer Service Technology Operations/Data Privacy – Customer Operations | 4/4/2017 |
| 18 | Customer Privacy Program Manager | Customer Operations Privacy Program – Customer Operations | 4/4/2017 |
| 19 | Information Security Manager | IS Governance Awareness Oversight – Cybersecurity | 4/4/2017 |
| 20 | Regulatory Compliance Advisor | SDG&E and SCG Affiliate Compliance – Risk Management | 4/4/2017 |
| 21 | Senior Compliance Advisor | Corporate Compliance | 4/4/2017 |
| 22 | Customer Service Technology Manager | Customer Service Technology Operations/Data Privacy – Customer Operations | 4/5/2017 |
| 23 | Customer Privacy Program Manager | Customer Operations Privacy Program – Customer Operations | 4/5/2017 |
| 24 | Business Systems Analyst II | Customer Operations Privacy Program – Customer Operations | 4/5/2017 |
| 25 | Customer Service Technology Manager | Customer Service Technology Operations/Data Privacy – Customer Operations | 4/6/2017 |
| 26 | Information Security Manager | Security Engineering & Operations – Information Security | 4/13/2017 |
| 27 | Infrastructure Team Lead | Production Support – Information Security | 4/13/2017 |
| 28 | Information Security Manager | Information Security Operations Center – Cybersecurity | 4/14/2017 |
| 29 | Infrastructure Technology Manager | Data Center Architecture & Automation – IT & OT Infrastructure | 4/24/2017 |

| # | Title | Department | Date |
|----|--|---|-----------|
| 30 | Branch Office Supervisor | Branch Office – Remittance Processing | 4/24/2017 |
| 31 | Information Security Manager | IS Governance Awareness Oversight – Cybersecurity | 4/25/2017 |
| 32 | Director – Regulatory Affairs SCG | CPUC/FERC – Gas | 4/25/2017 |
| 33 | Senior Paralegal | Litigation – General Counsel | 4/26/2017 |
| 34 | Senior Counsel | Commercial – General Counsel | 4/26/2017 |
| 35 | Senior Counsel | Litigation – General Counsel | 4/26/2017 |
| 36 | Managing Attorney | Technology & Business Services | 4/26/2017 |
| 37 | CCC Operations Support Manager | CCC Operations Support – Customer Contact Centers | 4/27/2017 |
| 38 | Facilities Manager | Facilities – San Dimas | 4/27/2017 |
| 39 | Infrastructure Team Lead | Identity & Access Management – Information Management | 4/27/2017 |
| 40 | Customer Service Technology Manager | Customer Service Technology Operations/Data Privacy – Customer Operations | 5/1/2017 |
| 41 | Customer Privacy Program Manager | Customer Operations Privacy Program – Customer Operations | 5/1/2017 |
| 42 | Director – Customer Operations | Customer Operations | 5/1/2017 |
| 43 | Director – Enterprise Risk Management | Risk Management – Enterprise Risk Management | 5/2/2017 |
| 44 | Project Manager – Affiliate Compliance | SDG&E and SCG Affiliate Compliance – Risk Management | 5/2/2017 |
| 45 | Director – Information Security | Information Security | 5/5/2017 |
| 46 | Infrastructure Team Lead | Security Operations – Information Security | 5/8/2017 |

| # | Title | Department | Date |
|----|------------------------------|--|-----------|
| 47 | Information Security Manager | Information Security Operations Center – Cybersecurity | 5/10/2017 |
| 48 | Information Security Manager | Security Engineering & Operations – Information Security | 5/10/2017 |

Contact us

Doron Rotman
Managing Director
408-367-7607
drotman@kpmg.com

Douglas Farrow
Partner
213-955-8389
dfarrow@kpmg.com

www.kpmg.com

kpmg.com/socialmedia



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APPENDIX E
Audit of SDG&E's Electricity Usage Data Privacy and Security Practices



San Diego Gas & Electric

CPUC Covered Information Privacy and Security Assessment Report

June 30, 2017

kpmg.com

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Document structure

This report consists of the following sections:

Executive summary contains an overview of the project including background, scope, and KPMG's overall results and noted exceptions and recommendations where necessary for each Rule comprising the *California Public Utility Commission Privacy Decisions*.

Project approach and methodology contains an overview of key project phases and activities performed by KPMG throughout the course of the assessment.

San Diego Gas & Electric's management response to CPUC Covered Information Privacy and Security Assessment Report contains SDG&E's Management response to the *CPUC Covered Information Privacy and Security Assessment Report* dated June 30, 2017.

Rule assessment results, exceptions and recommendations provides a summary of the nine (9) Rules of the *CPUC Privacy Decisions* including KPMG's interviews and document reviews (e.g., test work), overall results, detailed exceptions, and improvement recommendations associated with each Exception.

Detailed compliance testing and conclusions provide the full details of KPMG's assessment criteria procedures and results for each Rule.

Appendix 1 – Abbreviations used throughout this report provides a list of abbreviations used throughout the report.

Appendix 2 – Stakeholders interviewed provides an overview of SDG&E personnel interviewed as part of KPMG's assessment.

Executive summary

San Diego Gas & Electric (hereinafter SDG&E or Company) provides energy service to 3.4 million people through 1.4 million electric meters and 860,000 natural gas meters in San Diego and southern Orange County. Through its operations, SDG&E collects, processes, stores, and discloses Customer Energy Usage Data (CEUD) and other customer Personally Identifiable Information (PII). The PII may contain name, address, social security numbers (SSN), service account numbers, and financial account information.

Background

On July 29, 2011, the California Public Utilities Commission (CPUC) issued Decision D.11-07-056 “Rules Regarding Privacy and Security Protections for Energy Usage Data” and Decision D.14-12-004 “Decision Extending Privacy Protections to Customers of Gas Corporations and Community Choice Aggregators and to Residential and Small Commercial Customers of Electric Service Providers (hereinafter the “Privacy Decisions”). The *Privacy Decisions* require SDG&E to undergo an independent assessment of its Covered Information privacy and security practices.

Covered Information is defined in the *Privacy Decisions* as Customer Energy Usage Data (CEUD)¹ obtained via Advanced Metering Infrastructure (AMI) and Real Time Energy Management systems when combined with other information that could reasonably be used to identify a residential customer, family, household, residence, or nonresidential customer. Covered Information does not include information provided to the California Public Utilities Commission pursuant to its oversight responsibilities.

SDG&E engaged KPMG to conduct an objective assessment of its Covered Information privacy and security processes, controls, and practices in conjunction with general rate case proceedings.² This report represents the results of KPMG’s assessment.

Scope

The scope of KPMG assessment was limited to systems and organizational units (OUs) processing Covered Information associated with information that could reasonably be used to identify a residential customer, family, household, residence, or nonresidential customer; KPMG did not review separate safeguards for SDG&E employee, contractor, and other Personally Identifiable Information (PII) other than Covered Information.

To perform the review, KPMG used an Assessment Framework comprised of multiple criteria based on various industry-leading standards. We mapped the Assessment Framework criteria to the nine (9) Rules in

¹ Customer Energy Usage Data is any interval (60-minutes or less) consumption information for a customer service account obtained through its AMI and Real Time Energy Management systems.

² Objective privacy and security practices assessment is not intended to be an audit, examination, attestation, special report or agreed-upon procedures engagement as those services are defined in American Institute of Certified Public Accountants (AICPA) literature applicable to such engagements. Accordingly, these services will not result in the issuance of a written communication to third parties by KPMG directly reporting on financial data or internal control or expressing a conclusion, an opinion, or any other form of assurance.

the *Privacy Decisions* and used the framework to perform our assessment of SDG&E’s privacy and security practices and procedures.

- The Covered Information Privacy and Security Practices Assessment was based on KPMG’s review and understanding of the controls and processes in place from **January 1, 2016 through December 31, 2016.**³
- The exceptions and recommendations were based on our review of policy/procedure documents, stakeholder interviews, inspection of sample communications to customers and Third Parties, Covered Information access reports, system security profiles, and site walkthroughs.
- KPMG conducted interviews with personnel from Audit Services, Branch Office, Computing Infrastructure, Customer Contact Center, Customer Services (includes Office of Customer Privacy, Customer Billing Operations, Credit Operations), Direct Access, Human Resources, Information Security (IS) & Information Management, Law, Regulatory Affairs, SDG&E Application Services, Smart Meter Operations and Supplier Management.
- KPMG assessed the design and implementation of privacy and security controls followed by an assessment of the operating effectiveness of key implemented controls.

The nine (9) Rules noted in the *Privacy Decisions* are listed below.

| | |
|---------------|--|
| Rule 1 | Definitions |
| Rule 2 | Transparency (Notice) |
| Rule 3 | Purpose Specification |
| Rule 4 | Individual Participation (Access and Choice) |
| Rule 5 | Data Minimization |
| Rule 6 | Use and Disclosure Limitation |
| Rule 7 | Data Quality and Integrity |
| Rule 8 | Data Security |
| Rule 9 | Accountability and Auditing |

³ KPMG used the following key drivers to determine the assessment period: (1) The CPUC *Privacy Decisions* do not define the assessment period and (2) Professional guidance provides flexibility in the period covered as long as the assessment period allows for sufficient time to assess Operating Effectiveness.

Summary of results and exceptions

Based on this assessment, KPMG noted that SDG&E has designed and implemented Data Privacy and Security policies and supporting procedures to address the *Privacy Decisions*' requirements, as measured against KPMG's Assessment Framework developed to test controls around Covered Information identified in the rules.

For five (5) of the nine (9) rules in the *Privacy Decisions*, KPMG did not identify any exceptions; however, KPMG did identify exceptions with the remaining four (4) rules. Overall, KPMG has noted **6** exceptions (exceptions are areas where SDG&E's program is not yet fully prepared to meet compliance with the *Privacy Decisions* as measured against KPMG's Assessment Framework). The exceptions are shown below along with the recommendations associated with each exception. There were **2** Medium-Risk Exceptions and **4** Low-Risk Exceptions. KPMG noted **No** High-Risk Exceptions. The risk rating methodology is based on the following definitions:

| Risk level | Description |
|---------------|---|
| High | Issue poses a significant risk of data breach of Covered Information and/or a significant deviation from the CPUC <i>Privacy Decisions</i> . |
| Medium | Inconsistent implementation of policies and procedures that may impact the ability of SDG&E to protect Covered Information and/or achieve adequate alignment with the CPUC <i>Privacy Decisions</i> . |
| Low | Undefined or undocumented policies and procedures supporting the protection of Covered Information and alignment with the CPUC <i>Privacy Decisions</i> . |

For more details associated with each Rule, see the Rule assessment results, exceptions, and recommendations and detailed compliance and testing conclusions sections below.

| CPUC Rule number | Risk level | Exceptions noted | KPMG recommendations |
|--------------------------------------|------------|---|---|
| CPUC Rule 1 Definitions | - | - | N/A |
| CPUC Rule 2 Transparency (Notice) | Low | SDG&E's <i>Privacy Notice</i> states that "an online version of SDG&E's <i>Privacy Notice</i> along with any previous versions of this notice are located at sdge.com". However, customers cannot access older versions of this <i>Privacy Notice</i> as a link to these versions does not exist. | SDG&E should provide a directory of prior versions of the <i>Privacy Notice</i> on its website, consistently with the language in its <i>Privacy Notice</i> . |
| CPUC Rule 3 Purpose Specification | - | - | N/A |
| CPUC Rule 4 Individual Participation | - | - | N/A |

| CPUC Rule number | Risk level | Exceptions noted | KPMG recommendations |
|---|---------------|---|---|
| (Access and Choice) | | | |
| CPUC Rule 5 Data Minimization | - | - | N/A |
| CPUC Rule 6 Use and Disclosure Limitation | Medium | <p>SDG&E's <i>Privacy Notice</i> and the <i>Privacy Decisions</i> require Third Parties to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which SDG&E operates.</p> <p>Sampled vendor contract requires Third Party to "use at least the same degree of care Contractor uses with respect to its own proprietary or confidential information".</p> <p>This contract provision represents an inconsistency that may lead to reduced level of protection.</p> | SDG&E should reevaluate its process for ensuring appropriate contract language is in place when CEUD is going to be shared with a Third Party. |
| CPUC Rule 7 Data Quality and Integrity | - | - | N/A |
| CPUC Rule 8 Data Security | Medium | Computers used by customers as kiosks for purposes of accessing <i>My Account</i> at Branch Offices do not utilize privacy screens or an automatic logoff feature. Covered Information including account numbers, passwords, and <i>My Account</i> are susceptible to shoulder-surfing and session hijacking if a user fails to manually terminate the session. | SDG&E should install privacy screens and/or an automatic logoff feature in computers used by customers as kiosks for purposes of accessing <i>My Account</i> at Branch Offices. |
| CPUC Rule 9 Accountability and Auditing | Low | SDG&E provides company-wide trainings that reference procedures to safeguard customer information, including energy usage information. However, these trainings do not outline specific guidance to safeguard Covered Information. | SDG&E should provide specific guidance to safeguard Covered Information to all employees as part of a company-wide training. |
| | Low | Covered Information is included in privacy training targeted for groups with access to Covered Information, | SDG&E should require new employees to complete training related to safeguarding Covered |

| CPUC Rule number | Risk level | Exceptions noted | KPMG recommendations |
|------------------|------------|---|--|
| | | however it is not consistently rolled out to new employees hired after the training was initially launched. | Information at their date of hire. |
| | Low | Management did not provide Covered Information training to certain contractors with access to Covered Information. Contractor’s obligation to protect customer privacy is managed through contracting provisions. | SDG&E should implement a standardized training requirement addressing the safeguarding of Covered Information for contractors that have access to Covered Information. |

Project approach and methodology



KPMG approached the Assessment in four (4) phases: Initiate, Assess, Validate, and Report.

- **Initiate** – KPMG developed an Assessment Framework to review SDG&E’s privacy and security practices based on the nine (9) Rules comprising the *Privacy Decisions*. KPMG identified controls for each Rule’s requirements and performed procedures to assess the Design and Implementation and Operating Effectiveness of program policies and procedures, and to identify any noted exceptions to those controls. Given the similarity of the Generally Accepted Privacy Principles (GAPP) framework promulgated by the American Institute of Certified Public Accountants (AICPA) and CPA Canada, KPMG leveraged GAPP as a baseline to develop our assessment procedures. KPMG worked with SDG&E Office of Customer Privacy (Project Team) to identify relevant stakeholders, reviewed the organizational structure to identify business groups where Covered Information may reside, and reviewed the current IT landscape to identify systems and applications that collect, store, or process Covered Information, such as Smart Meter, Customer Information Systems applications and databases, Back-end systems, Middleware, Development/Test environments, and Customer Portals.
- **Assess** – As part of its assessment KPMG performed a variety of interviews with stakeholders representing various lines of business. KPMG interviewed over **40** personnel, reviewed more than **180** documents and **20** system assessments, and performed **five (5)** site walkthroughs of critical SDG&E facilities (including Customer Contact Center, Production Datacenter, Credit & Collections, Billing Operations and Branch Office) to observe the safeguards in place to protect Covered Information.
- **Validate** – KPMG validated observed exceptions with the SDG&E Project Team, relevant business and IT stakeholders, and SDG&E leadership.
- **Report** – KPMG developed a final report providing exceptions and recommendations, presented the report to SDG&E Leadership, and incorporated SDG&E’s Management Response to the noted exceptions.

San Diego Gas & Electric's management response to CPUC Covered Information Privacy and Security Assessment Report

Please see SDG&E's Management Response below.



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June 30, 2017

Doron Rotman
Managing Director
KPMG LLP
Suite 200
355 South Grand Ave
Los Angeles, CA 90071

Re: San Diego Gas & Electric's Response to KPMG's Covered Information Privacy and Security Assessment Report Dated June 30, 2017

Dear Mr. Rotman:

On behalf of San Diego Gas & Electric ("SDG&E") we would like to thank you for the Professional Services KPMG provided in their external review and assessment of SDG&E's privacy and information security practices regarding Covered Information.

SDG&E engaged KPMG to complete this assessment in order to satisfy the California Public Utilities Commission's requirement to perform an independent audit of our compliance with the rules described in the Smart Grid Data Privacy Decisions (D.11-07-056 and D.12-08-045). We appreciate the rigor with which KPMG reviewed our privacy and security practices, validated where our programs are sound, and provided guidance on where our programs can do even better.

SDG&E has reviewed the exceptions contained in KPMG's Audit Report issued on June 30, 2017 and provides the following attached response.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Kim".

Alex Kim
Director, Residential Services & Customer Privacy
San Diego Gas & Electric
Attachment



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SDG&E Management Responses to KPMG’s Covered Information Privacy and Security Assessment Dated June 30, 2017

Any audit of an organization’s privacy and security practices represents an opportunity to review and improve vital processes and technologies in order to better protect customer privacy. SDG&E welcomed the opportunity to review its privacy and security practices as we continually seek to enhance our programs. While KPMG’s independent audit validated much of what our programs are doing to protect customer privacy, KPMG described some noteworthy findings in SDG&E’s privacy and security audit. Below are SDG&E’s responses to those findings.

| CPUC Rule Number | Exceptions Noted by KPMG | SDG&E Management Response |
|--|---|---|
| CPUC Rule 2 Transparency (Notice) | SDG&E’s Privacy Notice states that “an online version of SDG&E’s Privacy Notice along with any previous versions of this notice are located at sdge.com”. However, customers cannot access older versions of this Privacy Notice as a link to these versions does not exist. | Copies of old privacy notices are available to interested parties by contacting the SDG&E Customer Contact Center or the Office of Customer Privacy. The Privacy Notice has been corrected as of June 26, 2017 to reflect the correct process for requesting copies of previous versions of the Privacy Notice. |
| CPUC Rule 6 Use and Disclosure Limitation | <p>SDG&E’s Privacy Notice and the Privacy Decisions require Third Parties to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which SDG&E operates.</p> <p>Sampled vendor contract requires Third Party to “use at least the same degree of care Contractor uses with respect to its own proprietary or confidential information”.</p> <p>This contract provision represents an inconsistency that may lead to reduced level of protection.</p> | SDG&E’s intention is to include such language when Covered Information is involved. SDG&E will review its supply management process to ensure that the appropriate language is consistently added to contracts that involve Covered Information. |
| CPUC Rule 8 Data Security | Computers used by customers as kiosks for purposes of accessing My Account at Branch Offices do not utilize privacy screens or an automatic | SDG&E’s Branch Offices have ordered privacy screens for lobby computers. Further, SDG&E’s Kiosk Replacement Project has been provided a requirement to ensure new kiosks will have |



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| CPUC Rule Number | Exceptions Noted by KPMG | SDG&E Management Response |
|--|---|---|
| | <p>logoff feature. Covered Information including account numbers, passwords, and My Account are susceptible to shoulder-surfing and session hijacking if a user fails to manually terminate the session.</p> | <p>privacy screens when deployed.</p> <p>SDG&E's My Account application is configured to automatically log off a user after a short period of inactivity.</p> |
| <p>CPUC Rule 9 Accountability and Auditing</p> | <p>SDG&E provides company-wide trainings that reference procedures to safeguard customer information, including energy usage information. However, these trainings do not outline specific guidance to safeguard Covered Information.</p> | <p>SDG&E's privacy training did not specifically use the phrase, "Covered Information" because we view Covered Information as a subset of the sensitive customer information that employees and contractors are required to know how to protect. However, the training absolutely includes Covered Information in its scope, and trainees are provided information on how to protect such information. Future training materials will specifically use the phrase "Covered Information" in relevant parts of the training to make this clearer.</p> |
| | <p>Covered Information is included in privacy training targeted for groups with access to Covered Information, however it is not consistently rolled out to new employees hired after the training was initially launched.</p> | <p>SDG&E has delivered updated training materials to its Organizational Development department for inclusion in the employee new hire welcome packet so that all new hires receive initial training regarding customer privacy when they join the company. Further, SDG&E is investigating with its sister utility SoCalGas and our Sempra parent company the idea of making the privacy training part of corporate's mandated compliance bundle.</p> |
| | <p>Management did not provide Covered Information training to certain contractors with access to Covered Information. Contractor's obligation to protect customer privacy is managed through contracting provisions.</p> | <p>SDG&E's customer privacy training is offered to employees and contractors approximately every other year. Training is first rolled out to office employees with access to Covered Information. The following year, the same training is rolled out to contractors and field personnel. In 2016, the target year which was the scope of KPMG's audit, the training was provided to office personnel. Contractors are scheduled to receive and are receiving this training in 2017.</p> |

Rule assessment results, exceptions and recommendations

For each risk identified, KPMG reviewed the risk and assigned a risk rating of High, Medium, or Low to each Exception based on the potential impact the Exception could have as it relates to the protection of Covered Information. The risk rating methodology used the following definitions:

| Risk level | Description |
|------------|---|
| High | Issue poses a significant risk of data breach of Covered Information and/or a significant deviation from the CPUC <i>Privacy Decisions</i> . |
| Medium | Inconsistent implementation of policies and procedures that may impact the ability of SDG&E to protect Covered Information and/or achieve adequate alignment with the CPUC <i>Privacy Decisions</i> . |
| Low | Undefined or undocumented policies and procedures supporting the protection of Covered Information and alignment with the CPUC <i>Privacy Decisions</i> . |

For five (5) of the nine (9) rules in the *Privacy Decisions*, KPMG did not identify any exceptions; however, KPMG did identify exceptions for the remaining four (4) rules. Overall, KPMG has noted **6** exceptions, comprised of **2** Medium Risk Exceptions and **4** Low-Risk Exceptions. KPMG noted **No** High-Risk Exceptions. These exceptions identify areas where KPMG believes SDG&E’s program is not fully prepared to meet requirements under the *Privacy Decisions* as measured against KPMG’s Assessment Framework.

The following tables provide a summary of the criteria that KPMG applied in the assessment of each of the nine (9) Rules of the *Privacy Decisions*, the overall assessment results of the set of criteria evaluated, and relevant exceptions (if any) along with level of risk, risk implication and recommendation.

Rule 2: Transparency (notice)

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s overall customer notice program focusing on:</p> <ul style="list-style-type: none"> — Internal and customer-facing <i>Privacy Policy</i> and <i>Privacy Notice</i> that address SDG&E’s practices and procedures related to the collection, processing, storage, and disclosure of their Covered Information; — Review of methods and frequency for providing customers with notice and an examination of the actual notices; — Interviews with SDG&E personnel; — Performance of site walkthroughs of Customer Service facilities to observe Customer Service Representatives interacting with customers and discussing their Covered Information. |
| Results summary | <p>SDG&E provides its external-facing <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> on its website detailing the manner in which the Company collects, stores, shares, and protects Covered Information and the methods by which customers can access their data. The <i>Privacy Notice</i> includes information on how customers can contact SDG&E with complaints, inquiries, and disputes regarding their Covered Information and SDG&E’s privacy policy. SDG&E provides its <i>Privacy Notice</i> to newly registered customers as part of a welcome package, and annually thereafter in a bill insert. The <i>Notice</i> is available in readable forms in several languages to accommodate customer demographics.</p> |
| Exception | <p>SDG&E’s <i>Privacy Notice</i> states that “an online version of SDG&E’s <i>Privacy Notice</i> along with any previous versions of this notice are located at sdge.com”. However, customers cannot access older versions of this <i>Privacy Notice</i> as a link to these versions does not exist.</p> |
| Risk level | Low |
| Risk implication | <p>Customers may not be informed on updates to SDG&E’s practices regarding the accessing, collection, storage, use and disclosure of Covered Information.</p> |
| Recommendation | <p>SDG&E should provide a directory of prior versions of the <i>Privacy Notice</i> on its website, consistently with the language in its <i>Privacy Notice</i>.</p> |

Rule 3: Purpose specification

| | |
|-----------------------------------|---|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s overall customer notice program focusing on:</p> <ul style="list-style-type: none"> — How SDG&E specifies the reasons for which it collects, discloses, retains, and provides access to Covered Information; — Review of SDG&E’s <i>Privacy Notice</i> as well as other policies and procedures; — Interviews with stakeholders to understand the determination and specification of information and Third Party categories; — Examination of whether the <i>Privacy Notice</i> included a description of how customers could access and control their Covered Information collected, processed, stored, and disclosed by SDG&E. |
| Results summary | <p>SDG&E has documented policies and procedures outlining the acceptable purposes for which Covered Information may be collected, stored, used, and shared. These include detailed policies regarding both primary and secondary purposes. Covered Information is not disclosed for secondary purposes, per Company’s policy, without customer authorization.</p> <p>SDG&E’s <i>Privacy Notice</i> includes the categories of Third Parties with which SDG&E may share Covered Information, and circumstances under which that information may be shared.</p> <p>SDG&E has implemented internal policies instructing employees on determining the veracity and propriety of Third Party requests, and on the appropriate use of Covered Information internally.</p> |
| Exception | No exceptions noted. |
| Risk level | - |
| Risk implication | - |
| Recommendation | - |

Rule 4: Individual participation (access and choice)

| | |
|-----------------------------------|---|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s customer-facing program focusing on:</p> <ul style="list-style-type: none"> — Internal and external policies and procedures to provide customers with access and consent mechanisms related to their Covered Information; — Review of Customer Portals review, stakeholder interviews, and walkthroughs of Customer Contact Center and other locations where SDG&E Customer Service Representatives interact with customers with respect to their Covered Information; — Review of Customer Authorization forms to understand how customers can grant and revoke authorization for secondary uses of their Covered Information; — Examination of the process in place to disclose Covered Information pursuant to legal processes and in situations of imminent threat to life or property. Test procedures included review of policies and procedures for tracking these requests and the subsequent notice provided to customers and interviews with SDG&E stakeholders in relevant business functions. |
| Results summary | <p>SDG&E provides customers with multiple methods of accessing their Covered Information, including electronically via SDG&E’s <i>My Account</i> feature online, and through monthly bills that allow them to review and interpret their usage information. Customers may contact SDG&E through phone, web or mail with questions or concerns regarding their monthly bills. Further, internal guidelines for SDG&E employees who interact with customers are in place addressing how to provide customers with access to their Covered Information.</p> <p>SDG&E has processes and procedures in place for customers to grant and revoke authorization to Third Parties using an authorization form, the <i>Customer Information Service Request (CISR)</i> form. SDG&E has processes in place to disclose Covered Information if it is necessary to provide energy services, to comply with relevant laws, to respond to subpoenas or warrants, or to provide emergency responders with pertinent information in the case of imminent threat to life or property.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 5: Data minimization

| | |
|-----------------------------------|---|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s adoption of Data Minimization principles in the collection, use, and disclosure of Covered Information focusing on:</p> <ul style="list-style-type: none"> — Corporate and department-specific policies and procedures to understand how Covered Information is segregated from other systems; — How user access is restricted based on business need; — How records and assets are retained for only as long as reasonably necessary; — Disposal of records upon their eligibility for destruction; — How Data Minimization principles were adopted as part of Third Party disclosure practices; — Assessment procedures included review of policies and procedures and interviews with relevant stakeholders to understand appropriate safeguards in place to limit the disclosure of Covered Information. |
| Results summary | <p>SDG&E has implemented the Data Minimization principle as a foundational component to its overall privacy framework, and has documented policies and procedures limiting the amount of information collected, stored, and retained; the number and level of employees who have access to Covered Information; and the categories of Third Parties with whom it is shared. SDG&E management reviews and certifies that Covered Information is retained as necessary and that it is properly disposed of in electronic, hardcopy, and unstructured formats in a timely manner.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 6: Use and disclosure limitation

| | |
|-----------------------------------|---|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s Third-Party Management Program focusing on:</p> <ul style="list-style-type: none"> — Review of processes in place for disclosure of Covered Information to Third Parties; — Third Parties are defined to include suppliers and contractors; — Review of procedures and forms for customers to authorize and revoke a Third Party to receive Covered Information on behalf of the customer; — Examination of Third Party management policies and procedures and interview of stakeholders to understand how SDG&E implements practices and procedures based on the categories of Third Parties (i.e., primary purpose and secondary purpose); — Review of data transmission protocols and ongoing monitoring of Third Parties for compliance with SDG&E policies and contractual provisions. |
| Results summary | <p>SDG&E has processes in place to allow customers to share their Covered Information with Third Parties. SDG&E has formal internal procedures to manage customer requests for disclosure to Third Parties, which include forms for explicit customer authorization and forms to revoke such authorization (<i>Customer Information Service Request</i>, or <i>CISR Form</i>). SDG&E has internal Third Party management policies and informs Third Parties about data privacy requirements. Third Party vendors are contractually obligated per their contract clauses to maintain the privacy of the information shared.</p> |
| Exception | <p>SDG&E’s <i>Privacy Notice</i> and the <i>Privacy Decisions</i> require Third Parties to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which SDG&E operates.</p> <p>Sampled vendor contract requires Third Party to “use at least the same degree of care Contractor uses with respect to its own proprietary or confidential information”.</p> <p>This contract provision represents an inconsistency that may lead to reduced level of protection.</p> |
| Risk level | Medium |
| Risk implication | <p>Third Party data security practices may not be sufficient to safeguard Covered Information, heightening SDG&E’s legal and regulatory exposure and increasing the risk of potential breaches of Covered Information.</p> |
| Recommendation | <p>SDG&E should reevaluate its process for ensuring appropriate contract language is in place when CEUD is going to be shared with a Third Party.</p> |

Rule 7: Data quality and integrity

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s Data Validation methods and procedures focusing on:</p> <ul style="list-style-type: none"> — Review of how SDG&E validates the quality and integrity of Covered Information; — Examination of the Smart Meter systems and infrastructure to understand how usage data is managed and reconciled; — Review of policies and procedures and interviews with stakeholders to understand how SDG&E provides customers with the opportunity to modify or remove other data elements collected by Company. |
| Results summary | <p>SDG&E has policies in place that address the confirmation, validation, and relevance of customer information. The <i>Privacy Notice</i> states that customers may contact SDG&E through phone, email or mail should they need to update or alter their information. In addition, SDG&E Customer Service Representatives authenticate customers and validate their account information when answering calls. SDG&E’s <i>My Account Online Services Terms and Conditions</i> indicates it is the customers’ responsibility to ensure their Personal Information is updated and accurate.</p> <p>System checks and quality assurance processes are in place to validate energy usage reads and if necessary, perform edits to help ensure completeness and accuracy of usage data prior to billing the customer.</p> |
| Exception | <p>No exceptions noted.</p> |
| Risk level | <p>-</p> |
| Risk implication | <p>-</p> |
| Recommendation | <p>-</p> |

Rule 8: Data security

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s physical and Cybersecurity measures to protect Covered Information focusing on:</p> <ul style="list-style-type: none"> — Review of Cybersecurity policies, procedures, and measures related to: Endpoint Security (Antivirus protection, E-mail/Database security), the Network environment (Network Segmentation, Intrusion Prevention Systems, Remote Access, Wireless), Firewalls, Network Access Control. (Logging/Monitoring, Data Loss Prevention, Web-content Filtering), Mobile Security, Patch Management, Vulnerability Management, Business Continuity, System Change Control, Privileged Access, Third Party Access and Data Classification; — Performance of site walkthroughs of critical SDG&E locations focusing on the physical and technical security of Covered Information at these key areas: Customer Contact Centers, a Production Datacenter, Credit Operations and Billing Operations; — Inspection of key configurations and system settings related to: System Access (User Authentication and Password Configuration), Access Management (Restriction of Access based on least privilege and need-to-know, Segregation of Duties, Periodic access review), Logging and Monitoring of changes to customer data, Masking of sensitive data in production and development environments; — Review of SDG&E's Incident Response/Breach Management Program and interviews of stakeholders who are responsible and/or accountable in the response to a potential incident involving Covered Information including communications to regulators and impacted customers; — Examination of evidence of tools deployed in the environment to detect and analyze potential threats to Covered Information. |
| Results summary | <p>SDG&E has an established Information Security Program as part of Sempra shared services that is responsible for the design and implementation of both physical and logical information security controls to protect Covered Information. Formal policies and procedures have been established and implemented that address specific administrative, physical and technical controls to protect Covered Information. Monitoring procedures are in place to detect and address non-compliance with policies and procedures. Various technical controls have been implemented to prevent and detect network security breaches and unauthorized access to systems containing Covered Information. A process is also in place to report and track potential security incidents to help ensure they are resolved and measures are implemented to prevent similar events from occurring in the future.</p> |
| Exception | <p>Computers used by customers as kiosks for purposes of accessing <i>My Account</i> at the branch offices do not utilize privacy screens or an automatic logoff feature. Covered Information including account numbers, passwords, and <i>My Account</i> are susceptible to shoulder-surfing and session hijacking if a user fails to manually terminate the session.</p> |
| Risk level | Medium |
| Risk implication | <p>Personal Information may be disclosed to unauthorized parties without the customer’s or the Company’s knowledge.</p> |

Recommendation

SDG&E should install privacy screens and/or an automatic logoff feature in computers used by customers as kiosks for purposes of accessing *My Account* at Branch Offices.

Rule 9: Accountability and auditing

| | |
|-----------------------------------|--|
| KPMG assessment procedures | <p>KPMG assessed SDG&E’s overall Office of Customer Privacy and Cybersecurity program, focusing on:</p> <ul style="list-style-type: none"> — Review of documentation supporting each program as well as SDG&E’s communication of these policies to both employees and contractors; — Review of executive support and sponsorship of Office of Customer Privacy and Cybersecurity including the individuals and roles responsible and accountable for Office of Customer Privacy and Cybersecurity throughout the enterprise; — Interviews with members of SDG&E Executive Management to understand leadership’s views on customer data protection; — Review of the process to receive, track and resolve customer complaints, disputes, and inquires related to the protection of Covered Information. Test procedures included a review of internal procedures, interviews with stakeholders involved in the complaints process, and a walkthrough of the Customer Contact Center; — Examination of employee training and awareness associated with the protection of Covered Information. This assessment included a review of enterprise-wide and targeted training materials provided to organizational units and contractors collecting, handling, storing, or transmitting Covered Information. Additionally, KPMG observed training compliance logs, meeting agendas, and attendance sheets maintained during PII training sessions. |
| Results summary | <p>SDG&E has developed company and department policies addressing the proper safeguarding of Covered Information. The Company has achieved a high level of maturity for its Office of Customer Privacy, including assigning a dedicated Office of Customer Privacy Officer and Manager, and providing executive and management support, oversight, and visibility to key program metrics and performance indicators. In addition, the Office of Customer Privacy Manager collaborates with appropriate organizational units when working to finalize policies and procedures to protect Covered Information.</p> <p>SDG&E has implemented a process to respond to complaints and inquiries levied by customers related to customer privacy. Targeted privacy training has been implemented, and Company’s representatives continue to identify opportunities to expand the training. Further, road shows including data privacy and security trainings are provided to employees accessing Covered Information and are tracked by SDG&E.</p> |
| Exception one | <p>SDG&E provides company-wide trainings that reference procedures to safeguard customer information, including energy usage information. However, these trainings do not outline specific guidance to safeguard Covered Information.</p> |
| Risk level | Low |

| | |
|-------------------------|--|
| Risk implication | SDG&E employees who collect, use, process, or store Covered Information may not understand or be aware of the Company's policies and procedures for safeguarding sensitive information increasing the risk of data misuse or a potential data incident. |
| Recommendation | SDG&E should provide specific guidance to safeguard Covered Information to all employees as part of a company-wide training. |
| Exception two | Covered Information is included in privacy training targeted for groups with access to Covered Information, however it is not consistently rolled out to new employees hired after the training was initially launched. |
| Risk level | Low |
| Risk implication | SDG&E employees who collect, use, process, or store Covered Information may not understand or be aware of the Company's policies and procedures for safeguarding sensitive information increasing the risk of data misuse or a potential data incident. |
| Recommendation | SDG&E should require new employees to complete training related to safeguarding Covered Information at their date of hire. |
| Exception three | Management did not provide Covered Information training to certain contractors with access to Covered Information. Contractor's obligation to protect customer privacy is managed through contracting provisions. |
| Risk level | Low |
| Risk implication | Contractors acting on behalf of SDG&E who collect, use, process, or store Covered Information may not understand or be aware of company policies and procedures for safeguarding sensitive information increasing the risk of misuse of data or a potential data incident. |
| Recommendation | SDG&E should implement standardized training requirements addressing the safeguarding of Covered Information for contractors that have access to Covered Information. |

Detailed compliance testing and conclusions

CPUC RULE 2 – Transparency (notice)

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| Overall Conclusion | <p>One exception noted:</p> <p>— SDG&E’s <i>Privacy Notice</i> states that “an online version of SDG&E’s <i>Privacy Notice</i> along with any previous versions of this notice are located at sdge.com”. However, customers cannot access older versions of this <i>Privacy Notice</i> as a link to these versions does not exist.</p> |
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| CPUC Rule 2 | Rule description | When provided: | Assessment results | Exceptions |
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| b | | <p>Covered entities shall provide written notice when confirming a new customer account and at least once a year shall inform customers how they may obtain a copy of the covered entity’s notice regarding the accessing, collection, storage, use, and disclosure of Covered Information and shall provide a conspicuous link to the notice on the home page of their website, and shall include a link to their notice in all electronic correspondence to customers.</p> | <p>1. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that the Company’s privacy program is based on the Fair Information and Practice Principles and addresses the concepts of Notice and Purpose: “SDG&E will be transparent by providing notice regarding the collection, use, dissemination, purpose and maintenance of Personal</p> | |
| Assessment procedures | | Assessment results | | |
| <p>1. Determine whether SDG&E has documented policies addressing the provision of notice to customers of SDG&E’s</p> | | <p>1.a. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that the Company’s privacy program is based on the Fair Information and Practice Principles and addresses the concepts of Notice and Purpose: “SDG&E will be transparent by providing notice regarding the collection, use, dissemination, purpose and maintenance of Personal</p> | | |

| Assessment procedures | Assessment results | Exceptions |
|---|---|------------|
| <p>data collection and handling techniques.</p> | <p>Information. On an annual basis, customers will be provided notice regarding the Company's Privacy Practices."</p> <p>1.b. Met with Manager, Office of Customer Privacy, and was informed that changes to the Company's data handling policies are reflected in SDG&E's <i>Privacy Notice</i>.</p> | |
| <p>2. Determine whether a procedure exists to ensure new customers receive notice of the SDG&E's privacy policy upon registration and annually thereafter. In addition, a procedure exists to track prior iterations of the privacy policy.</p> | <p>2.a. Reviewed documentation related to <i>Changes to the Privacy Notice</i> and noted that changes are driven and approved by SDG&E Law Department. Old copies of SDG&E's <i>Privacy Notice</i> are stored on a server and accessible upon demand if prior copies of the <i>Privacy Notice</i> are requested by customers. Web team posts the final document to SDG&E website.</p> <p>2.b. Reviewed SDG&E's <i>Annual Bill Insert</i> and observed that the document provides customers with instructions on how to access the <i>Privacy Notice</i> on SDG&E website and how to request a physical copy of the <i>Privacy Notice</i> through postal mail. The instructions are available in English and Spanish.</p> <p>2.c. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document indicates previous versions of the <i>Privacy Notice</i> are located on the SDG&E website. It also states that SDG&E will update the <i>Privacy Notice</i> as necessary and when required by CPUC and will inform customers of the update through information provided with their bill or on SDG&E website. However, customers cannot access older versions of SDG&E's <i>Privacy Notice</i> since a link to these versions does not exist.</p> | |
| <p>3. Determine whether SDG&E provides notice to customers on an annual basis and when signing up new customers as required by the CPUC regulation.</p> | <p>3.a. Reviewed SDG&E's <i>Annual Bill Insert</i> sent to customers and noted that the document contains a section dedicated to SDG&E's privacy practices. The section provides customers with a link to SDG&E website where they can access SDG&E's <i>Privacy Notice</i> and with contact information (email address and telephone number) through which customers can request a physical copy of the <i>Privacy Notice</i>.</p> <p>3.b. Inspected SDG&E's <i>Annual Bill Inserts</i>, included annually in customers' bills for the month of April from 2012 to 2017, and noted that they contain instructions on how to access SDG&E's <i>Privacy Notice</i>.</p> <p>3.c. Reviewed SDG&E's <i>Welcome Package for New Customers</i> and noted that the package includes a hardcopy of SDG&E's <i>Privacy Notice</i>.</p> <p>3.d. Met with Manager, Office of Customer Privacy, and confirmed that while SDG&E's <i>Privacy Notice</i> is publicly available and accessible through SDG&E's website, the</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>Company did not provide new customers with the <i>Privacy Notice</i> for the calendar year of 2016.</p> <p>3.e. Reviewed sample system-generated emails sent to customers from SDG&E and noted that a link to SDG&E's <i>Privacy Notice</i> was not included in sampled emails.</p> | |

| CPUC Rule 2 | Form: The notice shall be labelled Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information and shall (1) be written in easily understandable language, and (2) be no longer than is necessary to convey the requisite information. | | |
|--|--|---------------------------|-------------------|
| c(1)-(2) | Rule description | | |
| Assessment procedures | | Assessment results | Exceptions |
| 1. Review SDG&E’s methods for providing customers notice about their privacy and accessing the <i>Privacy Notice</i> . | 1.a. See CPUC Rule 2b for Test Results. 1.b. Reviewed SDG&E website and noted that a link to SDG&E’s <i>Privacy Notice</i> is listed at the bottom of the homepage; clicking on the link brings user to the <i>Privacy Notice</i> titled “ <i>Notice of accessing, collecting, storing, using and disclosing energy usage information.</i> ” 1.c. Met with Manager, Office of Customer Privacy, and was informed that customers receive the Company’s <i>Privacy Notice</i> annually in their <i>Bill Onsert</i> . | | |
| 2. Determine whether a procedure exists to review the readability of the <i>Privacy Notice</i> and make updates based on customer feedback related to readability and content. | 2. Reviewed SDG&E’s <i>Privacy Notice</i> and noted that it includes contact information where customers can provide comments and concerns regarding the <i>Privacy Notice</i> . The contact information includes an email address (CustomerPrivacySupport@semprautilities.com), a mailing address directed to Customer Privacy, and a phone number (1-800-411-7343). | | |
| 3. Determine whether SDG&E’s <i>Privacy Notice</i> is written in an easy-to-understand language. | 3.a. Reviewed SDG&E’s <i>Privacy Notice</i> and noted that it is available in a Flesch-Kincaid font grade level of 15.2 and in 4 languages (Chinese, English, Spanish and Vietnamese). 3.b. Reviewed SDG&E’s <i>Website Privacy Policy</i> and noted that it is available in a Flesch-Kincaid font grade level of 15.2 and in 12 languages (Arabic, Armenian, English, Farsi, Hmong, Khmer, Korean, Russian, Spanish, Tagalog, Thai and Vietnamese). | | |

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| CPUC Rule 2 | Rule description | <p>Content: The notice and the posted privacy policy shall state clearly:</p> <ol style="list-style-type: none"> (1) the identity of the covered entity, (2) the effective date of the notice or posted privacy policy, (3) the covered entity's process for altering the notice or posted privacy policy, including how the customer will be informed of any alterations, and where prior versions will be made available to customers, and (4) the title and contact information, including email address, postal address, and telephone number, of an official at the covered entity who can assist the customer with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information. |
| Assessment procedures | Assessment results | Exceptions |
| <ol style="list-style-type: none"> 1. Understand the procedures in place to identify covered entities and determine whether the effective date is indicated in the relevant documentation. | <ol style="list-style-type: none"> 1.a. Reviewed SDG&E's <i>Tariff Rule 33 for Electric</i> published on SDG&E website, accessible by the general public, and noted that the document addresses "covered entity" as: <ul style="list-style-type: none"> — any electrical corporation, or any Third Party that provides services to an electrical corporation under contract; — any Third Party who accesses, collects, stores, uses or discloses Covered Information pursuant to an order of the Commission, unless specifically exempted, who obtains this information from an electrical corporation; — any Third Party, when authorized by the customer, that accesses, collects, stores, uses, or discloses Covered Information relating to 11 or more customers who obtains this information from an electrical corporation. 1.b. Reviewed SDG&E's <i>Tariff Rule 33 for Gas</i> published on SDG&E website, accessible by the general public, and noted that the document addresses "covered entity" as: <ul style="list-style-type: none"> — any gas corporation, or any Third Party that provides services to an gas corporation under contract; — any Third Party who accesses, collects, stores, uses or discloses Covered Information pursuant to an order of the Commission, unless specifically exempted, who obtains this information from an gas corporation; — any Third Party, when authorized by the customer, that accesses, collects, stores, uses, or discloses Covered Information relating to 11 or more customers who obtains this information from an gas corporation. | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>1.c. Reviewed SDG&E's <i>Privacy Notice</i> on SDG&E website and noted that the document is "effective October 2012", reflecting the date of last iteration to the content of the <i>Privacy Notice</i>.</p> | |
| <p>2. Understand how the regulatory requirements, management review and approval process works, including potential alterations of the privacy policies.</p> | <p>2.a. Met with Manager, Office of Customer Privacy, and was informed that the office is designed to track compliance with relevant regulations. There are approved workflows used for a variety of scenarios to comply with the regulations. An eGRC tool is used to track requests for customer data, transactions and sharing of data, among others. The tool includes built-in approval processes, privacy impact assessments, and the status of requests for Covered Information.</p> <p>2.b. See CPUC Rule 2b.1b for Test Results.</p> | |
| <p>3. Inspect original and revision dates of policies to determine if actual updates/edits are made before approvals.</p> | <p>3. N/A – No revisions were made to SDG&E's <i>Privacy Notice</i> during the covered period. Observed evidence from the prior audit period that changes to the policy were approved by both Office of Customer Privacy and Law Department prior to publishing.</p> | |
| <p>4. Determine how SDG&E informs customers of any alterations to the <i>Privacy Notice</i> and where prior versions will be made available to customers.</p> | <p>4.a. See CPUC Rule 2b.1b for Test Results.</p> <p>4.b. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document indicates previous versions of the <i>Privacy Notice</i> are located on SDG&E website. It also states that SDG&E will update the <i>Notice</i> as necessary and when required by CPUC and will inform customers of the update through information provided with the bill or on SDG&E website. However, customers cannot access older versions of this <i>Privacy Notice</i> as a link to these versions does not exist.</p> | <p>SDG&E's <i>Privacy Notice</i> states that "an online version of SDG&E's <i>Privacy Notice</i> along with any previous versions of this notice are located at sdge.com". However, customers cannot access older versions of this <i>Privacy</i></p> |

| Assessment procedures | Assessment results | Exceptions |
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| <p>5. Examine SDG&E’s <i>Privacy Notice</i> to identify whether the title and contact information (including email address, postal address and telephone number) of an official at the covered entity is indicated, who can assist the customer with potential privacy questions, concerns, or complaints.</p> | <p>5. Reviewed SDG&E’s <i>Privacy Notice</i> and noted that the document includes contact information where customers can provide comments and concerns regarding the <i>Privacy Notice</i>. The contact information includes an email address (CustomerPrivacySupport@semprautilities.com), a mailing address directed to Customer Privacy and a phone number (1-800-411-7343).</p> | <p>Notice as a link to these versions does not exist.</p> |
| <p>6. Determine whether a specific person or group within SDG&E is responsible or accountable for privacy and security policy development, implementation, monitoring, enforcing and updating.</p> | <p>6.a Met with members of Office of Customer Privacy and was informed that Office of Customer Privacy is responsible for the development, implementation, monitor and enforcement of privacy policies and procedures.</p> <p>6.b Reviewed <i>Office of Customer Privacy Organization Chart</i> and noted that the organization currently has five personnel: Chief Customer Privacy Officer, Director of Customer Privacy, Office of Customer Privacy Manager, Project Manager and Customer Information Management Administrator.</p> <p>6.c Reviewed <i>Office of Customer Privacy Roadmap</i> and noted that the document outlines the Office’s strategic goals:</p> <ul style="list-style-type: none"> — Enable customer and Third Party self-service; — Reduce privacy risk; — Maintain compliance; — Develop privacy-aware customers and employees; — Improve the Company privacy reputation. | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>6.d Reviewed documentation related to the job description for various positions at SDG&E Office of Customer Privacy and noted that the documents provide the outline of responsibilities for each position and how each position is accountable for privacy and security development, implementation, monitoring, enforcing and updating among others.</p> | |

CPUC RULE 3 – Purpose specification

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| Overall Conclusion | | No exceptions noted. | |
| CPUC Rule 3 | a(1)-(3) | Rule description | <p>Categories of Information:</p> <p>The notice required under section 2 shall provide an explicit description of:</p> <p>(1) each category of Covered Information collected, used, stored or disclosed by the covered entity, and, for each category of Covered Information, the reasonably specific purposes for which it will be collected, stored, used, or disclosed,</p> <p>(2) each category of Covered Information that is disclosed to Third Parties, and, for each such category, (i) the purposes for which it is disclosed, and (ii) the categories of Third Parties to which it is disclosed, and</p> <p>(3) the identities of those Third Parties to whom data is disclosed for secondary purposes, and the secondary purposes for which the information is disclosed.</p> |
| Assessment procedures | | Assessment results | |
| <p>1. Determine whether SDG&E’s <i>Privacy Notice</i> documents the (1) categories and purposes of Covered Information collected, used, stored or disclosed, (2) each category of Covered Information that is disclosed to Third Parties and purpose of disclosure, and (3) the identities of those Third Parties with whom Covered Information is</p> | | <p>1. Reviewed SDG&E’s <i>Privacy Notice</i> and noted that the document provides the following:</p> <ul style="list-style-type: none"> — The categories of information collected, used, stored and disclosed by SDG&E; — Specific purposes for which such information is collected, stored, used or disclosed; — In what cases customer information is disclosed to Third Parties and the type of companies receiving it; — To whom customer information would potentially be disclosed in outlined specific circumstances (e.g., subpoena, emergency responders, as ordered by CPUC or as required by law). | |
| Assessment procedures | | Exceptions | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>shared for secondary purposes.</p> <p>2. Determine whether SDG&E tracks the categories of agents, contractors and other Third Parties to which they disclose Covered Information for a primary purpose.</p> | <p>2.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document informs customers that SDG&E may share electricity and natural gas use information with various Third Parties for primary purposes such as consulting organizations, engineering firms, demand-response and energy-efficiency providers.</p> <p>2.b. Reviewed SDG&E's <i>Customer Privacy Guidelines</i> and noted that the primary purposes for the collection, storage, use or sharing of Personal Information is to:</p> <ul style="list-style-type: none"> — Provide or bill for electrical power or natural gas; — Provide for system, grid, or operational needs; — Fulfill other operation needs of the electrical or natural gas system or grid; — Provide services as required by state or federal law or as specifically authorized by an order of the CPUC; — Plan, implement or evaluate demand response, energy management or energy efficiency programs under contract with SDG&E, under contract with the CPUC, or as part of a CPUC authorized program conducted by a government entity under the supervision of the CPUC; — Provide enhanced services for customers (except in the case of electricity usage data). | |
| <p>3. Determine whether a procedure exists to ensure new customers receive notice of SDG&E's reasons for collecting, using, storing, or disclosing Covered Information.</p> | <p>3. See CPUC Rule 2b for Test Results.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>4. Determine whether SDG&E effectively monitors compliance with its collection, use, storage, and disclosure practices.</p> | <p>4.a. Met with Manager, Office of Customer Privacy, and was informed that the Office of Customer Privacy is responsible for the development, implementation, monitor and enforcement of privacy policies and procedures related to the handling of customer information. The eGRC platform is used to document the <i>Privacy Decisions</i> and workflows with approval processes built-in to maintain compliance with collection, use, storage, and disclosure practices.</p> <p>4.c. Conducted a walkthrough of SDG&E Customer Contact Center and noted that the facility implements a clean desk policy and uses shred bins to dispose of sensitive documents.</p> <p>4.d. Met with Manager, Audit Services, and was informed that Audit Services performed audits to evaluate the adequacy and effectiveness of business controls related to <i>SDG&E Energy Efficiency Direct Install Program</i> and <i>SDG&E Customer Rates</i>. Some privacy-related topics covered in these audits include:</p> <ul style="list-style-type: none"> — Third-party vendor management; — Data accuracy and completeness; — Records retention. <p>4.e. Reviewed documentation related to <i>Management Corrective Actions</i> in response to business controls issues identified during audits related to data privacy and noted that business control issues are tracked to closure by Audit Services. Instances of noncompliance are escalated to management level until the issues are corrected.</p> <p>4.f. Reviewed <i>Sempra Energy SOX Report</i> related to customer energy data and noted that the audit includes procedures to ensure appropriate security measures to prevent unauthorized access and potential data loss for data centers.</p> | |

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| CPUC Rule 3 | Retention Time: The notice required under section 2 shall provide: The approximate period of time that Covered Information will be retained by the covered entity; |
| b | Rule Description |
| Assessment procedures | Assessment results |
| 1. Determine whether SDG&E's <i>Privacy Notice</i> addresses the retention of Covered Information. | 1.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document addresses the retention of Covered Information. Covered Information is kept as long as necessary to provide services and handle other specified matters. The <i>Privacy Notice</i> states that retention periods vary but are typically between eight and ten years. 1.b. See CPUC Rule 5b for Test Results. |
| | Exceptions |

| CPUC Rule 3 | Rule description | Customer Limitation: The notice required under section 2 shall provide a description of (1) the means by which customers may view, inquire about, or dispute their Covered Information |
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| c(1) | | |
| Assessment procedures | | Assessment results |
| <p>1. Determine whether SDG&E's <i>Privacy Notice</i> addresses customers' ability to view, inquire, or dispute their Covered Information or other PII.</p> | <p>1.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document includes contact information where customers can "limit, view, or dispute [their] disclosed information". The contact information includes an email address (CustomerPrivacySupport@semptrautilities.com), a mailing address directed to Customer Privacy and a phone number (1-800-411-7343).</p> <p>1.b. Met with Supervisor, Customer Contact Center, and was informed that there are processes in place for customers to inquire and dispute their Covered Information. Customer Service Representatives handle general disputes, complaints and inquiries.</p> <p>1.c. Reviewed a sample <i>Customer Bill</i> and noted that it provides the customer with a phone number for inquiries regarding their bills and account management.</p> <p>1.d. See CPUC Rule 9b for Test Results.</p> | <p>Exceptions</p> |

| CPUC Rule 3 | Rule description | Customer Limitation: | |
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| c(2) | | <p>The notice required under section 2 shall provide a description of: (2) the means, if any, by which customers may limit the collection, use, storage or disclosure of Covered Information and the consequences to customers if they exercise such limits.</p> | |
| Assessment procedures | | Assessment results | |
| <p>1. Determine whether SDG&E's <i>Privacy Notice</i> addresses explicit/implicit customer choice and consent regarding data collection, use, handling, and disclosure practices, and the consequences for denying consent.</p> | <p>1.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document addresses customer choice and consent regarding data collection, use, handling and disclosure practices. The <i>Privacy Notice</i> lists the circumstances where energy usage information is shared and whether customers have a choice of providing consent in each circumstance. Customers may limit their information by contacting SDG&E through an email address (CustomerPrivacySupport@semptrautilities.com), a mailing address directed to Customer Privacy and a phone number (1-800-411-7343)</p> <p>1.b. Reviewed SDG&E's <i>Annual Bill Insert</i> provided to existing customers, which includes the link to SDG&E's <i>Privacy Notice</i>, and noted that SDG&E provides customers with the option to "find out how [they] can limit, view, or dispute [their] disclosed information" by contacting SDG&E by telephone at 1-800-411-7343, by email to CustomerPrivacySupport@Semprautilities.com or by postal mail: SDG&E, Attn: Customer Privacy P.O. Box 129831, San Diego, CA 92112-9831</p> <p>1.c. Reviewed a sample <i>Customer Bill</i> and noted that it provides the customer with a phone number for inquiries regarding their bills and account management.</p> <p>1.d. See CPUC Rule 6c(1)-(3) for Test Results.</p> | <p>Exemptions</p> | |
| <p>2. Determine whether the communications policy addresses the consequences of denying consent.</p> | | <p>2. Reviewed SDG&E's <i>Website Privacy Policy</i> and noted that it explicitly addresses customer consent and consequences for denying such consent. The document states that "SDG&E will not, without [the customers'] consent, share [their] Personal Information with third-parties, including certain affiliated companies or other trusted business solely in order to enable them to perform services for SDG&E related to SDG&E's own business purposes." Additionally, the customers "may choose not to provide any Personal Information and [they] will still be able to access most portions of the web site."</p> | |
| <p>3. Inspect SDG&E's systems where</p> | | <p>3.a. Reviewed <i>My Account Registration Process</i> on SDG&E website and noted that in order to create a <i>My Account</i> username, the customer must check a box acknowledging</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>Customer Energy Usage Data is collected to determine whether customers' implicit or explicit consent preferences are captured (before data transfer).</p> | <p>review and agreement to SDG&E's <i>My Account Terms and Conditions</i> (www.sdge.com/terms-and-conditions/my-account), which states that if customer wishes to disclose any information contain within his or her bill, including usage information, to another person or Third Party, the customer must provide SDG&E with a written signed authorization through a <i>Customer Information Service Request (CISR)</i> form.</p> <p>3.b. Reviewed SDG&E's <i>Website Privacy Policy</i> and noted that it includes an <i>Acceptance of Terms</i> clause that explicitly states: "By using our web site or obtaining any product or service through our web site, you agree to the collection and use of information as set forth in this policy. If you do not agree to this policy, please do not use the web site."</p> | |

CPUC RULE 4 – Individual participation (access and control)

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| Overall Conclusion | | No exceptions noted. | |
| CPUC Rule 4 | Rule description | <p>Access: Covered entities shall provide to customers upon request convenient and secure access to their Covered Information: (1) in an easily readable format that is at a level no less detailed than that at which the covered entity discloses the data to Third Parties.</p> | |
| Assessment procedures | | Assessment results | Exceptions |
| <p>1. Determine whether SDG&E's <i>Privacy Notice</i> addresses the provision of access to individuals to their Covered Information.</p> | | <p>1.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document provides a link to <i>My Account</i> (sdge.com/myaccount), a secured online portal supported by SDG&E where customers can access their Covered Information.</p> <p>1.b. Reviewed <i>My Account</i> portal on SDG&E website and noted that the portal provides detailed instructions for customers to register for accounts in order to retrieve their energy usage data.</p> <p>1.c. Reviewed SDG&E's <i>Welcome Package for New Customers</i> and noted that SDG&E informs customers that they can access <i>My Account</i>, a secured online portal supported by SDG&E, to make payments, manage their bills and review their energy use information.</p> <p>1.d. Met with Supervisor, Branch Office, and was informed that customers can visit one of SDG&E Branch Offices to access their Covered Information, to make payments and to receive copies of their bills.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Determine whether SDG&E’s internal policies describe the process for providing customers with access to their Covered Information.</p> | <p>2. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that “customers have the right to know about the collection of Personal Information, have access to their Personal Information, to be able to request correction if their Personal Information is incorrect and to challenge the denial of those rights”. The document outlines the following procedures for verifying the identities of the customers requesting their own Covered Information:</p> <ul style="list-style-type: none"> — A customer can be authenticated over the telephone by providing his name, service address, account number and social security number; — A customer can be authenticated in person by submitting valid identification and valid proof of social security number in a Branch Office. Acceptable identification includes driver’s license, picture identification, passport, credit card with picture, etc. | |
| <p>3. Determine whether customers can access their Covered Information in a detailed, yet easy-to-read format.</p> | <p>3.a. Inspected <i>My Account</i> portal on SDG&E website and noted that SDG&E provides customers with <i>Green Button</i>, an energy management tool. Customers can use <i>Green Button</i> to see an overview of their energy use, get current bill and a forecasted bill for the month, review hourly, weekly or monthly energy use, analyze bill to see why it changes and learn about energy-saving actions.</p> <p>3.b. Reviewed a sample <i>Energy Usage Report</i> extracted from <i>My Account</i> and noted that the document is an Excel file that contains energy usage data in a detailed, easy-to-read format for a specified date range.</p> <p>3.c. Reviewed a sample <i>Home Energy Report</i> sent to customers by email on a weekly basis and noted that the email provides customers a link to log into <i>My Account</i> for a detailed analysis of their energy use. The email also includes:</p> <ul style="list-style-type: none"> — Days into billing cycle; — Total days in billing cycle; — End of bill period; — Bill to date amount; — Projected bill amount; — Gas use summary; — Electric use summary. | |

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| CPUC Rule 4 | Rule description | <p>Control: Covered entities shall provide customers with convenient mechanisms for:</p> <ul style="list-style-type: none"> (1) granting and revoking authorization for secondary uses of Covered Information, (2) disputing the accuracy or completeness of Covered Information that the covered entity is storing or distributing for any primary or secondary purpose, and (3) requesting corrections or amendments to Covered Information that the covered entity is collecting, storing, using, or distributing for any primary or secondary purpose. |
| Assessment procedures | <ol style="list-style-type: none"> 1. Determine whether SDG&E has a process in place for providing customers with access to grant and revoke authorization for secondary purposes. | Assessment results |
| <ol style="list-style-type: none"> 2. Determine whether SDG&E has a process in place for customers to access their Covered Information and dispute its accuracy and completeness. | <ol style="list-style-type: none"> 1.a. See CPUC Rule 5c for Test Results. 1.b. Reviewed the <i>CISR</i> form, publicly available on SDG&E website, and noted that customer consent would be confirmed, tracked, and renewed at a maximum interval of three years. The form states that the purpose is to allow customers to exercise their right to choose whether to disclose their Personal Information to a Third Party. 1.c. Reviewed the <i>CISR</i> template as well as sample executed <i>CISR</i> forms and noted that customers provided authorization and consent for disclosure of specific account information to designated Third Parties for intervals such as single-time consent, one year authorization, or customer timed interval (as designated by the customer and for a period of up to three years). <ol style="list-style-type: none"> 2.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that customers have access to their Covered Information through <i>My Account</i>. Energy usage data is provided in a report which shows trends in usage, read types, weather and cost data. Customers have the ability to export usage data for up to 24 months prior. Customers can contact SDG&E through phone, web, or standard mail with questions, concerns or complaints. 2.b. Met with Manager, Office of Customer Privacy, and was informed that customers can contact SDG&E Customer Contact Center or submit inquiries through SDG&E website to dispute the accuracy and completeness of their Covered Information. 2.c. Met with Supervisor, Customer Contact Center, performed a walkthrough of SDG&E Customer Contact Center and noted that Customer Service Representatives have the ability to make updates to customer profiles upon request and inform customers how they can update and correct their Personal Information on <i>My Account</i>. | Exceptions |

| Assessment procedures | Assessment results | Exceptions |
|---|---|------------|
| <p>3. Determine whether SDG&E has a process in place to make corrections or amendments to the collection, storage, use, or distribution of Covered Information upon a customer's request.</p> | <p>2.d. Reviewed <i>My Account Registration Process</i> on SDG&E website and noted that customers can access Covered Information on <i>My Account</i>. Once customers are authenticated on the portal, they are able to view and update their information.</p> <p>2.e. Reviewed sample <i>Customer Bill</i> and noted that it provides the customer with a phone number for inquiries regarding their bills and account management.</p> <p>3.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that it indicates that customers may contact SDG&E through phone, email or mail with any questions, concerns and complaints. The document includes contact information where customers can "limit, view, or dispute their disclosed information". The contact information includes an email address (CustomerPrivacySupport@semprautilities.com), a mailing address directed to Customer Privacy and a phone number (1-800-411-7343).</p> <p>3.b. Met with Supervisor, Customer Contact Center, conducted a walkthrough of SDG&E Customer Contact Center and noted that Customer Service Representatives, once verified the account owner, can update customers' records, including correcting addresses, phone numbers, names, and social security numbers.</p> <p>3.c. Met with Manager, Customer Privacy Program, and was informed that customers' requests for corrections or amendments to the collection, storage, use, or distribution of Covered Information can also be handled by SDG&E Customer Contact Center.</p> <p>3.d. Reviewed SDG&E's <i>SmartMeter Opt-Out</i> webpage, publicly available at www.sdge.com/residential/smart-meter-opt-out/smart-meter-opt-out-program, for customers who do not wish to have advanced meters installed for their homes. The website provides guidance to customers, necessary forms to complete, and contact information: "For your convenience there are multiple ways to opt-out of smart meter. 1) Opt-out using our online form [provided link]; 2) Submit your opt-out request by visiting one of our branch offices; 3) You may also opt-out by phone by calling at 1-877-357-8525."</p> <p>3.e. Reviewed a sample <i>Customer Bill</i> and noted that the document includes a phone number for customers to inquire, dispute and question their bills. The document also informs customers that if they are not satisfied with SDG&E's response to their requests for correction or would like to involve the CPUC, they may do so with the CPUC Consumer Affairs Branch by mail, email or phone.</p> | |

| CPUC Rule 4 | Rule description | Disclosure Pursuant to Legal Process: |
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| c(1)-(6) | | <p>(1) Except as otherwise provided in this rule or expressly authorized by state or federal law or by order of the Commission, a covered entity shall not disclose Covered Information except pursuant to a warrant or other court order naming with specificity the customers whose information is sought. Unless otherwise directed by a court, law, or order of the Commission, covered entities shall treat requests for real-time access to Covered Information as wiretaps, requiring approval under the federal or state wiretap law as necessary.</p> <p>(2) Unless otherwise prohibited by court order, law, or order of the Commission, a covered entity, upon receipt of a subpoena for disclosure of Covered Information pursuant to legal process, shall, prior to complying, notify the customer in writing and allow the customer 7 days to appear and contest the claim of the person or entity seeking disclosure.</p> <p>(6) On an annual basis, covered entities shall report to the Commission the number of demands received for disclosure of customer data pursuant to legal process or pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed. Upon request of the Commission, covered entities shall report additional information to the Commission on such disclosures. The Commission may make such reports publicly available without identifying the affected customers, unless making such reports public is prohibited by state or federal law or by order of the Commission.</p> |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SDG&E has procedures in place to ensure proper handling and documentation of any Covered Information data disclosures for legal reasons.</p> | <p>1.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that the document informs customers that SDG&E does not release Covered Information without customers' written consent except under circumstances. These circumstances include disclosures:</p> <ul style="list-style-type: none"> — Pursuant to legal process (such as a warrant or subpoena); — To emergency responders in the case of imminent threat to life or property; — As ordered by the CPUC; — As required by law. <p>1.b. Met with Assistant General Counsel, Law, and Senior Paralegal, Law, and was informed that SDG&E has procedures in place for handling and documenting Covered Information data disclosures for legal purposes. Inquiries pursuant to legal process are handled by SDG&E Law Department. The authenticity of these requests are examined closely by SDG&E. Customer data is provided only when SDG&E has customers' consent, or pursuant to a lawful subpoena or warrant. If SDG&E Law Department deems a request reasonable, it notifies the customers through a standard written notice and allows the customers seven days to respond or contest. SDG&E Law</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Inspect documentation regarding disclosure of Covered Information pursuant to a legal purpose to determine whether the entity properly handled the demand.</p> | <p>Department manages, keeps track of and reports disclosures pursuant to legal process, including the statistics provided in SDG&E's <i>Annual Privacy Report</i>.</p> <p>2.a. Reviewed SDG&E's <i>Website Privacy Policy</i> and noted that SDG&E may disclose Covered Information without customer consent in good faith to "comply with relevant laws or to respond to subpoenas or warrants served on [SDG&E]."</p> <p>2.b. Inspected the template of SDG&E's <i>Notice of Disclosure of Information Letter</i> mailed to customers regarding subpoena demands for information and noted that the letter explains the procedures to handle Covered Information data disclosures for legal reasons.</p> <p>2.c. Reviewed sample <i>Notice of Disclosure of Information Letter</i> sent to customers prior to SDG&E disclosing Covered Information pursuant to legal purposes and noted that SDG&E informs the customer of records that he or she has at least seven (7) days from the date of the letter to appear in court and contest the subpoena if the customer should choose to do so.</p> <p>2.d. Reviewed SDG&E's <i>Subpoena Log in 2016</i> and noted that the document lists the case related to each subpoena received and the date of the notice sent to the customer, the requesting agency, whether usage data was requested, customer names provided per subpoena, and the name of the SDG&E personnel who handled the subpoena.</p> | |
| <p>3. Inspect the <i>Annual Privacy Report</i> submitted to the Commission to determine whether the entity reported the number of demands received for disclosure of customer data pursuant to legal process and the number of customers whose records were disclosed.</p> | <p>3. Reviewed SDG&E's 2016 <i>Annual Privacy Report</i> dated April 30, 2017 and noted that during 2016, SDG&E received 521 demands to disclose customer data pursuant to legal process which were answered disclosing a total of 1,340 customer records.</p> | |

| CPUC Rule 4 | Rule description | <p>Disclosure of Information in Situations of Imminent Threat to Life or Property: These rules concerning access, control and disclosure do not apply to information provided to emergency responders in situations involving an imminent threat to life or property. Emergency disclosures, however, remain subject to reporting rule 4(c)(6).</p> | |
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| Assessment procedures | | Assessment results | Exceptions |
| <p>1. Determine whether SDG&E has procedures in place to ensure proper handling and documentation of any Covered Information data disclosures in situations of imminent threat to life or property.</p> | <p>1.a. Reviewed documentation related to <i>Procedures Ensuring Proper Handling and Documentation of Any Covered Information Data Disclosures in Situations of Imminent Threat to Life or Property</i> and noted that when customer information is released related to situations imminent threat to life or property, the disclosure of customer information must be documented by SDG&E Customer Contact Center by entering the following new note on the account where the information was provided:</p> <ul style="list-style-type: none"> — Type: GC (General); — Sub-Type: CPI (Customer Private Information Released); — Remarks: <ul style="list-style-type: none"> – Type of Information Provided; – Reason Information Provided; – Name and Title (if applicable) of Caller; – Contact Telephone Number; — In addition, after entering the appropriate note, a Supervisor should be notified immediately. <p>1.b. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that SDG&E may provide Personal Information “to emergency responders in situations involving an imminent threat to life or property without obtaining the customer’s prior consent”. For example, emergency responders may be at a residence responding to a 911 call for which SDG&E has the gate code. In such a circumstance, employees may share this code with the emergency responders to help them access the premise.</p> | | |

| Assessment procedures | Assessment results | Exceptions |
|---|---|------------|
| <p>2. Inspect documentation regarding disclosure of Covered Information in situations of imminent threat to life of property.</p> | <p>2. Reviewed SDG&E's <i>Privacy Notice</i> and noted that SDG&E may disclose Covered Information without customers' prior consent to emergency responders in situations of imminent threat to life or property.</p> | |
| <p>3. Inspect the <i>Annual Privacy Report</i> submitted to the Commission to determine whether the Company reported the number of demands received for disclosure of customer data pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed.</p> | <p>3. Reviewed SDG&E's 2016 <i>Annual Privacy Report</i> dated April 30, 2017 and noted that SDG&E received one (1) demand for disclosure of customer data pursuant to situations of imminent threat to life or property which was answered disclosing one (1) customer record.</p> | |

CPUC RULE 5 – Data minimization

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| Overall Conclusion | No exceptions noted. |
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| CPUC Rule 5 | Rule description | Generally: |
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| a | | Covered entities shall collect, store, use, and disclose only as much Covered Information as is reasonably necessary or as authorized by the Commission to accomplish a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer. |
| Assessment procedures | Assessment results | Exceptions |
| 1. Determine whether SDG&E has data minimization procedures in place as they relate to the collection, storage, usage, and disclosure of Covered Information for primary purposes. | <p>1.a. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that the document addresses:</p> <ul style="list-style-type: none"> — Employee access to customer Personal Information is limited to information necessary for legitimate business needs. — Personal Information is kept for the length of time necessary to accomplish the specified purpose for which it was collected or as required by law, regulation or record retention guidelines. — Only the minimum amount of Personal Information necessary to carry out the valid business purpose is provided to a Third Party. <p>1.b. Reviewed SDG&E’s <i>Privacy Notice</i> and noted that SDG&E retains customer information only for as long as necessary to serve customers and handle matters such as billing disputes, inquiries and system planning.</p> <p>1.c. Conducted a walkthrough of a SDG&E’s facility and observed that printers have a release feature that require users to find and select their jobs by name before the printers produce the documents.</p> | |
| 2. Determine whether SDG&E has data minimization procedures in place as they relate to the collection, storage, | 2.a. See CPUC Rule 5a.1 for Test Results. | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>usage, and disclosure of Covered Information for secondary purposes.</p> | <p>2. b. Reviewed documentation related to <i>Privacy Impact Assessment</i> and noted that the purpose of the process is to facilitate resolution of privacy risk and compliance challenges in new and updated systems and business processes. The form lists a series of questions to precisely identify the sensitive customer information required in order to minimize the collection, storage, usage and disclosure of Covered Information for all purposes.</p> <p>2. c. Inspected a sample completed <i>Privacy Impact Assessment</i> and noted that the assessment was completed according to the Company's privacy policies.</p> | |
| <p>3. Determine whether SDG&E has internal privacy policies.</p> | <p>3. See CPUC Rule 5a.1 for Test Results.</p> | |
| <p>4. Determine whether SDG&E implements data minimization across User Access roles to systems and applications where Covered Information is stored, used, or processed.</p> | <p>4.a. Met with Supervisor, Customer Contact Center, and was informed that Customer Service Representatives are able to view account information and Covered Information to assist customers who call with questions. Data minimization controls have been implemented in customer service systems (i.e. CISCO and SEAD) in the form of data masking for information not necessary for job duties.</p> <p>4.b. Reviewed <i>CISCO System Profile</i> and noted that only superusers (users with privileged access) are able to view unmasked social security numbers while other users only see the last four digits.</p> <p>4.c. Observed <i>SEAD Interface to CISCO</i> used by Customer Service Representatives and noted that sensitive information not relevant to job duties (i.e. customer social security numbers) is masked. For example, only last 4 digits of customers' Social Security Numbers are visible.</p> | |

| CPUC Rule 5 | Rule description | Data Retention: | |
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| b | | Covered entities shall maintain Covered Information only for as long as reasonably necessary or as authorized by the Commission to accomplish a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer. | |
| Assessment procedures | | Assessment results | Exceptions |
| <ol style="list-style-type: none"> 1. Determine whether SDG&E’s internal policies address a document retention policy covering all relevant aspects. | <ol style="list-style-type: none"> 1.a. Reviewed SDG&E’s <i>Information Management Policy</i> and noted that the document addresses the process of preservation, organization and disposal of all company-related information (records and non-records), regardless of its classification, the medium in which it exists, or the location at which it is stored. The document also provides links to the “<i>Records Retention Standards</i>” and “<i>Records Retention Schedules</i>” that provide several record series codes grouped by business functions, subjects, descriptions, and retention timeframes. 1.b. Reviewed SDG&E’s <i>Wireless Communication Device Policy</i> and noted that mobile devices are subject to the same retention periods set out in the <i>Information Management Policy</i>. 1.c. Reviewed SDG&E’s <i>Desktop Computing Policy</i> and noted that prior to disposal, company information shall be erased in accordance with legal regulations. 1.d. Reviewed SDG&E’s <i>Data Destruction and Sanitization Guidelines</i> and noted that the document describes guidelines for destroying data and sanitizing data to protect customer data from misuse. Data should be securely destroyed after its retention period has ended. Media should be security sanitized or destroyed when its data is no longer needed and before being discarded. | | |
| <ol style="list-style-type: none"> 2. Determine whether SDG&E’s retention policies are periodically reviewed and updated where necessary. | <ol style="list-style-type: none"> 2.a. Met with Director, Risk Management and Compliance, and was informed that each business unit is assigned a Records and Information Management (RIM) Coordinator, also called an Information Coordinator. Records retention schedules for each business unit are reviewed by the assigned Information Coordinators at least annually. If changes are requested, the Information Coordinator informs the RIM Office which reviews the requested changes and decides whether or not to accept them. 2.b. Reviewed SDG&E’s <i>Information Management Policy</i> and noted that the document was not revised during the covered period. | | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>3. Determine whether a management procedure exists to help ensure that documents are retained in compliance with SDG&E policies and that records are kept for only as long as reasonably necessary.</p> | <p>3.a. Reviewed SDG&E's <i>Information Management Policy</i> and noted that each business unit's Information Management Officer must review the records retention schedule at least once per year for accuracy and completeness. The officer must also certify annually that the business unit is in compliance with this policy.</p> <p>3.b. Reviewed SDG&E's <i>Wireless Communication Device Policy</i> and noted that the document retention policies apply to mobile devices and all company information and software must be erased upon separation from the Company.</p> | |
| <p>4. Inspect evidence of SDG&E's documents complying with the record retention policies set forth by SDG&E.</p> | <p>4.a. Reviewed sample <i>Records Disposal Logs</i> and noted that various fields are completed to comply with the records retention and disposal policies, including business unit/department, records coordinator, record title, record series code, date of disposal, method of disposal and record owner. A manager/director's signature is included for each disposal log.</p> <p>4.b. Reviewed a sample <i>Information Management Certification</i> that is required to be completed by a Senior Director, Director and/or Manager and noted that the designated employee must sign and initial various items in a checklist to confirm that the department understands SDG&E's <i>Information Management Policy</i>, complies with the retention schedule and approved storage locations, and disposes of records when no longer needed or upon the disposal dates.</p> | |
| <p>5. Inspect evidence that SDG&E destroys documents that are no longer necessary or when the appropriate retention policy ends.</p> | <p>5.a. Reviewed sample <i>Records Disposal Logs</i> and noted that various fields are completed to comply with the records retention and disposal policies, including business unit/department, records coordinator, record title, record series code, date of disposal, method of disposal and record owner. A manager/director's signature is included for each disposal log.</p> <p>5.b. Reviewed sample <i>Serialized Inventory Reports</i> and noted the documents list the details of the equipment to be disposed such as type of device, model, serial number, etc.</p> <p>5.c. Reviewed sample <i>Certificate of Data Destructions</i> from e-waste vendor for 2016 and noted that the vendor certified that it disposed of the equipment received from SDG&E in full compliance with all federal and state regulations and guidelines for electronic equipment transporting and recycling.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>5.d. Conducted a walkthrough of SDG&E Customer Contact Center and noted that the facility implements a clean desk policy and uses shred bins to dispose of sensitive documents.</p> <p>5.e. Met with Analyst, Office of Customer Privacy, and observed the process for requesting customer data disposal from Third Parties who have customer data via <i>Privacy Green Light</i> (See CPUC Rule 6g for Test Results) and noted that once the disposal date arrives, the administrator requests disposal of the relevant data via a certificate of destruction.</p> | |

| CPUC Rule 5 | Rule description | Data Disclosure: | |
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| c | | Covered entities shall not disclose to any Third Party more Covered Information than is reasonably necessary or as authorized by the Commission to carry out on behalf of the covered entity a specific primary purpose identified in the notice required under section 2 or for a specific secondary purpose authorized by the customer. | |
| Assessment procedures | | Assessment results | Exceptions |
| <p>1. Understand SDG&E’s privacy policies to determine whether they:</p> <ul style="list-style-type: none"> — describe the practices related to sharing Covered Information (if applicable) with Third Parties and the reasons for information sharing, — identify Third Parties or classes of Third Parties to whom Covered Information is disclosed. | <p>1.a. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that SDG&E’s privacy policies describe practices related to sharing Covered Information for primary and secondary purposes with Third Parties.</p> <p>1.b. Reviewed SDG&E’s <i>Privacy Notice</i> and noted that SDG&E describes practices related to sharing Personal Information with Third Parties and the reasons for the information sharing. Specifically, SDG&E informs customers that information is disclosed to Third Parties for the following purposes:</p> <ul style="list-style-type: none"> — Primary purposes – SDG&E may share Covered Information with vendors under contract with SDG&E such as technology providers and consulting organizations; — At the customer’s choice – customers can designate Third Parties to receive their Covered Information by providing written consent; — Other purposes – SDG&E may release Covered Information pursuant to a legal process, to emergency responders in the case of imminent threat to life or property, as ordered by the CPUC, or as otherwise required by law. <p>1.c. Reviewed <i>List of In-Scope Vendors</i> identified as Third Parties with access to Covered Information during 2016 and confirmed that there is a process to track Third Parties with access to Covered Information. Third Parties are subject to their contractual agreements as well as to Sempra’s <i>Supplier Code of Conduct</i>.</p> <p>1.d. Reviewed <i>Green Button</i> information page, publicly available at www.sdge.com/green-button, and noted that Third Parties cannot download customer’s data without the customers’ <i>My Account</i> log-in information.</p> <p>1.e. Reviewed the template of SDG&E’s <i>CISR</i> form and noted that allows a customer the option to provide Third Party access authorization for a specific period of time, up to a maximum of three years. The customer must specify in the <i>CISR</i> form the type of information to be shared (e.g., billing records, billing history, meter usage data).</p> | | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>1.f. Examined sample executed <i>C/ISR</i> form and noted that it states it must be completed and signed by the customer. The customer indicates what rights are delegated to Third Parties, what information the Third Party is entitled to receive and whether the authorization is being provided on a one time basis or on a long term basis (maximum interval available is three years).</p> | |

CPUC RULE 6 – Use and disclosure limitation

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| <p>Overall Conclusion</p> | <p>One exception noted:</p> <p>— SDG&E’s <i>Privacy Notice</i> and the <i>Privacy Decisions</i> require Third Parties to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which SDG&E operates. Sampled vendor contract requires Third Party to “use at least the same degree of care Contractor uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care, to prevent unauthorized use or disclose of Confidential Information.” This contract provision represents an inconsistency that may lead to reduced level of protection.</p> |
| <p>CPUC Rule 6</p> | <p>Disclosures to Third Parties:</p> <p>(1) Initial Disclosures by an Gas/Electrical Corporation: An gas/electrical corporation may disclose Covered Information without customer consent to a Third Party acting under contract with the Commission for the purpose of providing services authorized pursuant to an order or resolution of the Commission or to a governmental entity for the purpose of providing energy efficiency or energy efficiency evaluation services pursuant to an order or resolution of the Commission. An gas/electrical corporation may disclose Covered Information to a Third Party without customer consent</p> <p>a. when explicitly ordered to do so by the Commission; or</p> <p>b. for a primary purpose being carried out under contract with and on behalf of the gas/electrical corporation disclosing the data; provided that the covered entity disclosing the data shall, by contract, require the Third Party to agree to access, collect, store, use, and disclose the Covered Information under policies, practices and notification requirements no less protective than those under which the covered entity itself operates as required under this rule, unless otherwise directed by the Commission.</p> <p>(2) Subsequent Disclosures: Any entity that receives Covered Information derived initially from a covered entity may disclose such Covered Information to another entity without customer consent for a primary purpose, provided that the entity disclosing the Covered Information shall, by contract, require the entity receiving the Covered Information to use the Covered Information only for such primary purpose and to agree to store, use, and disclose the Covered Information under policies, practices and notification requirements no less protective than</p> |

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| | <p>those under which the covered entity from which the Covered Information was initially derived operates as required by this rule, unless otherwise directed by the Commission.</p> <p>(3)Terminating Disclosures to Entities Failing to Comply with Their Privacy Assurances:</p> <p>When a covered entity discloses Covered Information to a Third Party under this subsection 6(c), it shall specify by contract, unless otherwise ordered by the Commission, that it shall be considered a material breach if the Third Party engages in a pattern or practice of accessing, storing, using or disclosing the Covered Information in violation of the Third Party's contractual obligations to handle the Covered Information under policies no less protective than those under which the covered entity from which the Covered Information was initially derived operates in compliance with this rule.</p> <ul style="list-style-type: none"> — If a covered entity disclosing Covered Information for a primary purpose being carried out under contract with and on behalf of the entity disclosing the data finds that a Third Party contractor to which it disclosed Covered Information is engaged in a pattern or practice of accessing, storing, using or disclosing Covered Information in violation of the Third Party's contractual obligations related to handling Covered Information, the disclosing entity shall promptly cease disclosing Covered Information to such Third Party. — If a covered entity disclosing Covered Information to a Commission-authorized or customer-authorized Third Party receives a customer complaint about the Third Party's misuse of data or other violation of the privacy rules, the disclosing entity shall, upon customer request or at the Commission's direction, promptly cease disclosing that customer's information to such Third Party. The disclosing entity shall notify the Commission of any such complaints or suspected violations. |
| <p>Assessment procedures</p> <p>1. Understand SDG&E's privacy policies to determine whether they:</p> <ul style="list-style-type: none"> — describe the practices related to sharing Personal Information (if applicable) with Third Parties and the reasons for information sharing, | <p>Assessment results</p> <p>1.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that SDG&E limits the specific reasons for sharing Covered Information with a Third Party to the following:</p> <ul style="list-style-type: none"> — Disclosure to Third Parties such as technology providers, consulting organizations, engineering firms and energy-efficiency providers for primary purposes that are necessary to perform essential services; — Disclosure to government agencies as directed by CPUC; — Disclosure upon explicit customer written consent to release information to a Third Party; — Disclosure pursuant to legal processes such as warrant or subpoena; — Disclosure to emergency responders in the case of imminent threat to life or property; <p>Exceptions</p> |

| Assessment procedures | Assessment results | Exceptions |
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| <ul style="list-style-type: none"> — identify Third Parties or classes of Third Parties to whom Personal Information is disclosed. | <ul style="list-style-type: none"> — Other disclosures as ordered or allowed by the CPUC. <p>1.b. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that the document outlines policies related to sharing Personal Information and identifies Third Parties and classes of Third Parties to whom Personal Information is disclosed.</p> | |
| <p>2. Determine whether SDG&E informs customers that Personal Information is disclosed to Third Parties only for the purposes (a) identified in the notice, and (b) for which the individual has provided implicit or explicit consent, or as specifically allowed or required by law or regulation before data is disclosed to Third Parties.</p> | <p>2.a. Reviewed SDG&E’s <i>Privacy Notice</i> which informs customers that SDG&E may share customer information with Third Parties for essential services (i.e. purposes of operating the utility system). In addition, the <i>Notice</i> indicates that SDG&E does not disclose customer information, including Customer Energy Usage Data, without written consent, except under the following circumstances:</p> <ul style="list-style-type: none"> — Contracted Third Parties; — Third Party with explicit customer consent through the <i>CISR</i> form; — Pursuant to a legal process such as a warrant or subpoena; — In cases of imminent threat to life or property, including disclosure to law enforcement; — As ordered by the CPUC. <p>2.b. Reviewed <i>CISR</i> form template and noted that the document collects customers’ authorization and consent for disclosure of specific amount of information to designated Third Parties and for a certain period of time (up to three years maximum). The document’s purpose is to allow customers to exercise their rights and to choose whether to disclose their Personal Information to Third Parties. By completing this form, a customer:</p> <ul style="list-style-type: none"> — Explicitly authorizes a Third Party to request and receive the customer’s data such as billing history, account information, and usage data; — Must specify whether this is a one-time authorization, one-year authorization, or determine an expiration date limited to maximum of three years; — Must check a box stating that the customer “understands that [he/she] may cancel this authorization at any time by submitting a written request.” | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>3. Determine whether SDG&E communicates specific instructions for handling Personal Information and the consequences of improper disclosure to the Third Party prior to disclosing the information.</p> | <p>2.c. Reviewed <i>Green Button</i> information page, publicly available at www.sdge.com/green-button, and noted that customers with <i>My Account</i> username and password and electric smart meter connected to the network can choose to share up to 13 months of energy usage data with selected Third Parties.</p> <p>3.a. Met with Portfolio Manager, IT/Telecommunications, and was informed that Third Party vendors are contractually obligated to maintain the privacy of the information shared. Contractual provisions may be negotiated and modified in exceptional cases, consistent with compliance with CPUC regulations and other legal requirements.</p> <p>3.b. Reviewed <i>Sempra Procurement Policy</i> and noted that it outlines the policies, procedures, and guidance for procurement purposes and noted that contractors are not allowed to commence work until a valid contract is in place.</p> <p>3.c. Reviewed <i>Confidentiality Article 28</i> clause included in sampled vendor contracts and noted that it provides instructions for handling confidential information and the consequences of improper disclosure. Information related to customers is included under the definition of confidential information.</p> <p>3.d. Inspected non-disclosure clause in contract templates frequently used by SDG&E for engaging with suppliers with Covered Information access, and noted they contain confidentiality clauses governing the handling of customer information. Specifically, the templates contain a definition of confidential information stating that the information shall only be used for the purposes that were agreed upon by SDG&E and the Third Party. It is also specified that the information shall be kept confidential and Third Parties shall not disclose the confidential information to any other parties.</p> <p>3.e. Reviewed <i>Sempra's Supplier Code of Conduct</i> and noted that the document outlines policies regarding information protection and confidentiality:</p> <ul style="list-style-type: none"> — If suppliers are granted access through electronic or physical means to Sempra Energy's non-public information to perform Sempra Energy-related work, the information may only be used for Sempra Energy business; — Non-public information provided by Sempra Energy and/or its business partners could include, but is not limited to, financial, customer, employee or other business information; — Non-public information accessed by suppliers must be limited to only that information that is required to perform the contracted work; | |

| Assessment procedures | Assessment results | Exceptions |
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| | <ul style="list-style-type: none"> — Suppliers must keep non-public information confidential and may only disclose non-public information if it is necessary for the performance of their work. Such disclosures may be made only to those people who are also subject to Sempra Energy’s confidentiality provisions and have a legitimate business need to know; — Non-public information contained in electronic or physical form must be appropriately secured and protected; — Suppliers must not make any announcements or release any information on behalf of Sempra Energy, to any member of the public, press, official body, business entity, or other person, or claim or imply any endorsement by Sempra Energy or Sempra Energy employees without the prior and appropriately authorized written consent of Sempra Energy. <p>3.f. Inspected a sample of two executed contracts with contractors and noted that they contain confidentiality clauses governing the handling of information. Specifically, the confidential clause governing the handling of Covered Information includes potential breach of contract damages, should the Third Party not adhere to contract terms. Additionally, the contracts restrict the use of confidential information solely for the purposes stated in the contract.</p> <p>3.g. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that if a customer cannot be appropriately identified over the telephone for the purpose of accessing Covered Information by providing his or her name, service address or account number and in some instances, social security number, the customer must be authenticated in person by submitting valid identification and valid proof of their social security number in a Branch Office or specific designated Authorized Payment Location. Acceptable identification includes driver’s license, picture identification, passport, credit card with picture, etc.</p> <p>3.h. Met with Supervisor, Customer Contact Center, and was informed that when customers contact SDG&E Customer Contact Center, before access is authorized, they must be authenticated by using their account information (i.e. completed address, method of last payment, driver’s license number, last four digits of social security number, etc.)</p> <p>3.i. Met with Manager, Direct Access, and was informed that SDG&E did not have any active community choice aggregators during the covered period.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>4. Understand whether Third Party contracting documentation is consistent with the SDG&E’s policies and procedures.</p> | <p>4.a. Reviewed sample <i>Non-Disclosure Agreements</i> and noted that SDG&E requires suppliers to preserve and take “reasonable security precautions to keep the confidentiality of customer Personal Information” and notify SDG&E immediately following any unauthorized access or disclosure of customer Personal Information.</p> <p>4.b. Reviewed Semptra’s <i>Procurement Policy</i> and noted Supply Management and contract-issuing party have the responsibility to ensure that other interested parties (project managers, risk management, regulatory, tax, etc.) review the issued contract. Law Department must review and approve every contract with a dollar value of \$1,000,000 or more and contracts involving high risk products or services. Contractors are not allowed to commence work until a valid contract is in place.</p> <p>4.c. Inspected contract template <i>General Terms and Conditions</i> and noted a confidentiality clause governing the handling of Covered Information and that it includes potential breach of contract damages should the Third Party not adhere to contract terms. The contract template includes language indicating contractors shall not disclose any confidential information to other Third Parties, including SDG&E affiliates that produce energy or energy-related products or services, without prior written consent and approval of SDG&E or required by the disclosure requirements by law, rule, regulation or any other subpoena or ruling of governmental agency.</p> | |
| <p>5. Inspect sample evidence of acknowledgments or certifications from Third Parties regarding compliance with SDG&E’s data privacy policies.</p> | <p>5.a. Obtained and inspected contracts of two vendors with access to Covered Information and noted that the contracts contain data privacy and confidentiality provisions as provided in the <i>General Terms and Conditions</i> template. We also noted that standard provisions with regards to contractual data privacy standards required for contractors with access to Covered Information were not consistently included in the sampled vendor contracts reviewed:</p> <ul style="list-style-type: none"> — The first contract requires Third Party to “use at least the same degree of care Contractor uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care, to prevent unauthorized use or disclose of Confidential Information.” This contract provision represents an inconsistency that may lead to reduced level of protection; — The second contract states that contractor shall “access, collect, store, use, and disclose the Confidential Customer Information under policies, practices and notification requirements no less protective than those under which Company | <p>SDG&E’s <i>Privacy Notice</i> and the <i>Privacy Decisions</i> require Third Parties to safeguard Covered Information under policies, practices, and notification requirements no less protective than</p> |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>operates." This contract provision complies with SDG&E's <i>Privacy Notice</i> and the <i>Privacy Decisions</i>.</p> | <p>those under which SDG&E operates. Sampled vendor contract requires Third Party to "use at least the same degree of care Contractor uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care, to prevent unauthorized use or disclose of Confidential Information." This contract provision represents an inconsistency that may lead to reduced level of protection.</p> |

| Assessment procedures | Assessment results | Exceptions |
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| <p>6. Determine whether SDG&E has a process in place to review contract compliance for Third Parties receiving Covered Information.</p> | <p>6.a. Met with Portfolio Manager, IT/Telecommunications, and was informed that SDG&E has a process in place to monitor contract compliance. Compliance with confidential customer information <i>Terms and Conditions</i> is the responsibility of the contract owner. Supply Management and Law Department get involved in the contract negotiation as necessary and when noncompliance issues arise.</p> <p>6.b. Reviewed a sample of two executed vendor contracts of vendors with access to Covered Information and noted that the contracts mention SDG&E has the right to perform audits of "cost, payment, settlement or other supporting documentation resulting from the services." Additionally, SDG&E has the right to inspect and approve the contractor facilities at all times, and thus has the ability to evaluate contractor's compliance with the contract.</p> <p>6.c. Met with Portfolio Manager, IT/Telecommunications, and was informed that SDG&E did not exercise its audit rights over its vendors with CEUD access during 2016.</p> | |

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| CPUC Rule 6 | Rule description | <p>Secondary Purposes: No covered entity shall use or disclose Covered Information for any secondary purpose without obtaining the customer's prior, express, written authorization for each type of secondary purpose. This authorization is not required when information is:</p> <p>(1) provided pursuant to a legal process as described in 4(c) above; (2) provided in situations of imminent threat to life or property as described in 4(d) above; or (3) authorized by the Commission pursuant to its jurisdiction and control.</p> |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SDG&E engages in secondary purposes, and determine if procedures are in place to:</p> <ul style="list-style-type: none"> — notify individuals and obtain their consent prior to disclosing Covered Information to a Third Party for purposes not identified in the <i>Privacy Notice</i> — document whether SDG&E has notified the individual and received the individual's consent — monitor that Personal Information is being provided to Third Parties only for uses specified in the <i>Privacy Notice</i>. | <p>1.a. Met with Manager, Office of Customer Privacy, and was informed that the Company requires customer consent prior to disclosure of customer information for secondary purposes.</p> <p>1.b. Reviewed <i>My Account Terms and Conditions</i> (https://www.sdge.com/my-account-terms-and-conditions) and noted that the document states that if the customer wishes to disclose any information on his bill, including usage information, to another person or Third Party, customer must provide SDG&E with a written signed authorization through a <i>CISR</i> form.</p> <p>1.c. Inspected documentation related to <i>Processing Third Party Requests</i> followed by SDG&E Electric Load Analysis and noted that the department reviews and processes Third Party requests for secondary purposes. Prior to fulfilling a Third Party request, the department verifies that a <i>CISR</i> form with customer authorization for the release of data is included in the request.</p> <p>1.d. Reviewed sample Covered Information provided to Third Parties and corresponding <i>CISR</i> forms and noted that the data is limited to the type of data and the specific time range authorized by the customers.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Determine whether the entity has secondary use authorization forms customers sign to authorize use of Covered Information for secondary uses.</p> | <p>2. See CPUC Rule 6c(1)-(3) for Test Results.</p> | |
| <p>3. Determine whether customer consent authorizing use of energy usage data for secondary purposes is documented.</p> | <p>3.a. Met with Manager, Office of Customer Privacy, and was informed that each business unit with access to Covered Information maintains its tracking of Covered Information requests. These requests are noted in a tracking log.</p> <p>3.b. Inspected <i>Tracking Log for CISR Requests</i> for 2016 and noted that it includes the name of the requesting party, customer of record, date of receipt and date of request completion.</p> | |

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| CPUC Rule 6 | Rule description | <p>Customer Authorization:</p> <p>(1) Authorization. Separate authorization by each customer must be obtained for all disclosures of Covered Information except as otherwise provided for herein.</p> <p>(2) Revocation. Customers have the right to revoke, at any time, any previously granted authorization.</p> <p>(3) Opportunity to Revoke. The consent of a residential customer shall continue without expiration, but an entity receiving information pursuant to a residential customer's authorization shall contact the customer, at least annually, to inform the customer of the authorization granted and to provide an opportunity for revocation. The consent of a non-residential customer shall continue in the same way, but an entity receiving information pursuant to a non-residential customer's authorization shall contact the customer, to inform the customer of the authorization granted and to provide an opportunity for revocation either upon the termination of the contract, or annually if there is no contract.</p> |
| <p>Assessment procedures</p> <p>1. Determine whether customers receive notice and must provide separate authorization if information is being used for a new secondary purpose.</p> <p>2. Understand how customers are notified of their right to revoke any previously granted authorization and the process to do so.</p> | <p>Assessment results</p> <p>1.a. Reviewed the <i>CISR</i> form template and noted that customers can provide authorization and consent for disclosure of specific account information to designated Third Parties for intervals such as single-time consent, one year authorization, or customer time interval (as designated by the customer and for a period of up to three years).</p> <p>1.b. Inspected documentation related to <i>Processing Third Party Requests</i> followed by SDG&E Electric Load Analysis and noted that once a request is received from a Third Party, the business unit ensures that a <i>CISR</i> form is signed and dated by the customer included with the request. Each request requires a separate <i>CISR</i> form for authorization.</p> <p>2.a. Reviewed SDG&E's <i>CISR</i> form template, publicly available on SDG&E's website, and noted that in order to complete the form, customers must complete explicit consent options and acknowledge a clause regarding cancellation of authorization: "I understand that I may cancel this authorization at any time by submitting a written request."</p> | <p>Exceptions</p> |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>2.b. Reviewed sample executed CISR form and noted that the form allows for the customers to specify what types of Covered Information are authorized as well as the duration of authorization. The specific types of information included as options to request and/or receive are:</p> <ul style="list-style-type: none"> — Customer billing records, billing history and all meter usage data used for bill calculation; — Copies of correspondence in connection with the customer’s account; — Investigations of the customers’ utility bills; — Special meeting data in association with the account; — Rate analysis; — Verification of balances on customer accounts and discontinuance notices. <p>The specific duration of these requests are for:</p> <ul style="list-style-type: none"> — Single use authorization; — One year authorization; — Customer authorization up to three years. | |

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| CPUC Rule 6 | Rule description | Parity: Covered entities shall permit customers to cancel authorization for any secondary purpose of their Covered Information by the same mechanism initially used to grant authorization. |
| Assessment procedures | Assessment results | Exceptions |
| 1. Determine whether the entity has a process in place to allow customers to cancel authorization for any secondary purposes. | 1. Reviewed <i>CISR</i> form template and noted that customers must check a box to agree that they understand they “may cancel the authorization at any time by submitting a written request.” | |

| CPUC Rule 6 | Rule description | Availability of Aggregated Usage Data: Covered entities shall permit the use of aggregated usage data that is removed of all Personally-Identifiable information to be used for analysis, reporting or program management provided that the release of that data does not disclose or reveal specific customer information because of the size of the group, rate classification, or nature of the information. | |
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| Assessment procedures | | Assessment results | Exceptions |
| <p>9</p> <p>1. Determine whether SDG&E's <i>Privacy Notice</i> or internal policies address the use of aggregate information.</p> | <p>1. Reviewed SDG&E's <i>Customer Privacy Guidelines</i> and noted that the document addresses the use of aggregated information and states that aggregated data or anonymized data is not Personal Information:</p> <ul style="list-style-type: none"> — Aggregated data is data that has no identifiable information to disclose or reveal specific customer information because of the size of the group, rate classification, or nature of the information and that comports with the '15/15' rule; — Anonymized data is customer data from which all identifying information has been removed such that the customer cannot be identified or reasonably re-identified; — "15/15 Rule" was established to protect customer confidentiality. The Rule requires that any aggregated information must be comprised of at least 15 customers and a single customer's load must be less than 15% of an assigned category. If the number of customers in the compiled data is below 15, or if a single customer's load is more than 15% of the total data, categories are required to be combined before sharing the information. If the 15/15 Rule is triggered for a second time after the data has been reviewed using the Rule, the information related to that customer must be dropped from the data provided. | | |
| <p>2. Determine whether SDG&E has a procedure in place to ensure aggregate information does not disclose or reveal specific Covered Information.</p> | <p>2.a. See CPUC Rule 6g.1 for Test Results.</p> <p>2.b. Reviewed <i>Energy Data Request Program</i> information on SDG&E website and noted that the program is an offering from SDG&E in response to <i>CPUC Decision Adopting Rules to Provide Access to Energy Usage and Usage-Related Data While Protecting Privacy of Personal Data</i> as a one-stop process to provide data to eligible Third Parties:</p> <ul style="list-style-type: none"> — Local governments; — State/federal agencies; — Community service development organizations; | | |

| Assessment procedures | Assessment results | Exceptions |
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| | <ul style="list-style-type: none"> — Researchers of accredited academic institutions access. 2.c. Reviewed SDG&E’s <i>Energy Data Request Program (EDRP)</i> webpage available to the public on SDG&E website and noted that it provides the following: <ul style="list-style-type: none"> — Quarterly reports containing total monthly sum and average of customer gas usage by zip code and customer class (residential, commercial, industrial). These reports follow CPUC procedures regarding aggregation rules that protect customer privacy and are accessible by the public; — Instructions for eligible Third Parties (See CPUC Rule 6g.2b for Test Results) to submit requests for customized reports of aggregated data if they are not satisfied with the quarterly reports provided on SDG&E website; — Data request log that allow requestors to see the status of their submitted requests; — Link for eligible Third Parties to submit requests for custom data reports; — Summary of aggregation standards (See CPUC Rule 6g.1 for Test Results). 2.d. Reviewed <i>Privacy Green Light</i> portal on SDG&E’s internal website and noted that the portal provides employees with information related to EDRP. 2.e. Reviewed documentation related to <i>EDRP</i> on <i>Privacy Green Light</i> portal and noted that prior to receiving access to energy data requested, requesting parties shall execute a standard non-disclosure agreement to manage confidentiality. Per guidelines by the CPUC, local governments are not subject to such non-disclosure agreements. 2.f. Met with Analyst, Office of Customer Privacy, and was informed that SDG&E Office of Customer Privacy reviews the eligibility of each requestor based on guidelines provided by the CPUC before fulfilling the request. | |

CPUC RULE 7 – Data quality and integrity

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| Overall Conclusion | No exceptions noted. |
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| CPUC Rule 7 | Rule description | Assessment results | Exceptions |
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| CPUC Rule 7 | | Covered entities shall ensure that Covered Information they collect, store, use, and disclose is reasonably accurate and complete or otherwise compliant with applicable rules and tariffs regarding the quality of energy usage data. | |
| Assessment procedures | Rule description | Assessment results | Exceptions |
| <p>1. Determine whether SDG&E’s privacy policies address the quality of Covered Information and other customer PII.</p> | <p>1.a. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that Personal Information collected should be relevant to the purpose for which it is collected and should be accurate, complete and current as needed for that purpose.</p> <p>1.b. Reviewed SDG&E’s <i>My Account Terms and Conditions</i> and noted that it addresses the customer’s responsibility to ensure that the information in the user profile is current and accurate. Customers are instructed to update their information promptly if necessary by making the changes within the <i>My Account</i>, or by contacting SDG&E’s Customer Service by email or at 1-800-411-SDGE.</p> <p>1.c. Reviewed SDG&E’s <i>Information Management Policy</i> and noted that the Information Manager of each business unit is required to ensure at least once a year that information is accurate and complete, and certify annually that the business unit is in compliance with this policy.</p> <p>1.d. Reviewed sample <i>Information Management Certification</i> that is required to be completed by a Senior Director, Director and/or Manager on an annual basis and noted that the designated employee must sign and initial various items in a checklist to confirm that the department understands SDG&E’s <i>Information Management Policy</i>, complies with the retention schedule and approved storage locations, and disposes of records when no longer needed or upon the disposal dates.</p> <p>1.e. Reviewed <i>Sempra’s Supplier Code of Conduct</i> and noted that it emphasizes importance of records accuracy.</p> | <p>1.a. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that Personal Information collected should be relevant to the purpose for which it is collected and should be accurate, complete and current as needed for that purpose.</p> <p>1.b. Reviewed SDG&E’s <i>My Account Terms and Conditions</i> and noted that it addresses the customer’s responsibility to ensure that the information in the user profile is current and accurate. Customers are instructed to update their information promptly if necessary by making the changes within the <i>My Account</i>, or by contacting SDG&E’s Customer Service by email or at 1-800-411-SDGE.</p> <p>1.c. Reviewed SDG&E’s <i>Information Management Policy</i> and noted that the Information Manager of each business unit is required to ensure at least once a year that information is accurate and complete, and certify annually that the business unit is in compliance with this policy.</p> <p>1.d. Reviewed sample <i>Information Management Certification</i> that is required to be completed by a Senior Director, Director and/or Manager on an annual basis and noted that the designated employee must sign and initial various items in a checklist to confirm that the department understands SDG&E’s <i>Information Management Policy</i>, complies with the retention schedule and approved storage locations, and disposes of records when no longer needed or upon the disposal dates.</p> <p>1.e. Reviewed <i>Sempra’s Supplier Code of Conduct</i> and noted that it emphasizes importance of records accuracy.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>2. Inspect sample communication to customers to ensure whether SDG&E policies include customer data integrity.</p> | <p>2.a. Reviewed SDG&E's <i>Privacy Notice</i> and noted that customers can "limit, view, or dispute" their disclosed information. If customers' information is incorrectly recorded in SDG&E's system, they are provided the following contact information for correction:</p> <ul style="list-style-type: none"> — Telephone: 1-800-411-7343; — Email: CustomerPrivacySupport@semprautilities.com; — U.S. Mail: SDG&E, Attn: Customer Privacy P.O. Box 129831, San Diego CA 92112-9831. <p>2.b. Reviewed SDG&E's <i>Website Privacy Policy</i> and noted that it prompts customers to contact SDG&E should there be any questions and comments:</p> <ul style="list-style-type: none"> — Telephone: 1-800-411-SDGE; — Email: info@sdge.com; — U.S. Mail: 8330 Century Park Court, San Diego, CA 92123-1538. <p>2.c. Performed walkthrough of the setup process of <i>My Account</i> on SDG&E website and noted that before customers can create an account, they must check a box acknowledging they have read the <i>My Account Terms and Conditions</i>, which states the customer read and agreed to comply with <i>My Account Terms and Conditions</i> addressing that it is the customers' responsibility to provide accurate and up-to-date information.</p> | |
| <p>3. Determine whether procedures are in place that:</p> <ul style="list-style-type: none"> — edit and validate Personal Information as it is collected, created, maintained, and updated. — specify when the Personal Information is no longer valid. | <p>3.a. Reviewed SDG&E's <i>Customer Privacy Guidelines</i> and noted that employees are provided procedures to ensure customer's Personal Information is accurate and complete. If a customer cannot be appropriately identified over the phone by providing his name, service address or account number and in some instances his social security number, the customer must be authenticated in person by submitting valid picture ID in a Branch Office.</p> <p>3.b. Met with Manager, Audit Services, and was informed that SDG&E privacy and security are subject to internal audits. Business control issues are identified and management corrective actions are provided with items to resolve.</p> <p>3.c. Reviewed documentation related to <i>Management Corrective Actions</i> in response to business controls issues identified during audits related to data privacy and noted that business control issues were tracked to closure by Audit Services.</p> | |

| Assessment procedures | Assessment results | | Exceptions |
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| <p>4. Inspect sample evidence to ensure that procedures are in place that help ensure Personal Information is sufficiently relevant for the purposes for which it is to be used and to minimize the possibility that inappropriate information is used to make business decisions about the individual.</p> | <p>3.d. Reviewed SDG&E's <i>Information Management Policy</i> available to employees and noted that employees must certify they read this policy and manage as well as dispose of information accordingly.</p> | | |
| | <p>4. Reviewed SDG&E's <i>Customer Privacy Guidelines</i> and noted that Personally Identifiable Information (PII) should be relevant to the purpose for which it is collected and should be accurate, complete and current as needed for that purpose. PII should only be kept for the length of time necessary to accomplish the specified purpose for which it was collected or as required by law, regulation or current record retention guidelines.</p> | | |

CPUC RULE 8 – Data security

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| Overall Conclusion | <p>One exception noted:</p> <ul style="list-style-type: none"> — Computers used by customers as kiosks for purposes of accessing <i>My Account</i> at the branch offices do not utilize privacy screens or an automatic logoff feature. Covered Information including account numbers, passwords, and <i>My Account</i> are susceptible to shoulder-surfing and session hijacking if a user fails to manually terminate the session. |
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| CPUC Rule 8 | Rule description | Generally: | Assessment results | Exceptions | |
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| a | | <p>Covered entities shall implement reasonable administrative, technical, and physical safeguards to protect Covered Information from unauthorized access, destruction, use, modification, or disclosure.</p> | <p>Assessment procedures</p> <ol style="list-style-type: none"> 1. Determine whether SDG&E has documented policies addressing security provisions for Covered Information including: <ul style="list-style-type: none"> — Risk assessment and treatment — Security policy — Organization of information Security — Asset management — Human resources security — Physical and environmental security | <ol style="list-style-type: none"> 1. Reviewed <i>Information Security Policy Framework</i> and noted that, in addition to the <i>Information Security Policy</i> and <i>Acceptable Use Policy</i>, several additional security policies and standards exist to protect company sensitive information. | |

| Assessment procedures | Assessment results | Exceptions |
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| <ul style="list-style-type: none"> — Communications and operations management — Access control — Information systems acquisition, development, and maintenance — Information security incident management — Business continuity management — Compliance | | |
| <p>2. Determine whether SDG&E's privacy policies and procedures cover protection of electronic and print media containing Covered Information from unauthorized access, destruction, use modification or disclosure.</p> | <p>2.a. Reviewed <i>Information Security Policy, Acceptable Use Policy, and Information Security Standard</i> and noted that together they address the protection of electronic and print media from unauthorized access, destruction, use, modification or disclosure.</p> <p>2.b. Reviewed <i>Data Destruction and Media Sanitization Guidelines</i> and noted that electronic and print media categories are defined and subject to specified data storage locations, data retention periods, destruction method guidelines, sanitization guidelines, and recordkeeping.</p> <p>2.c. Performed a walkthrough of key facilities such as the Customer Contact Center, the Production Datacenter and Branch Offices, and noted that Covered Information is safeguarded from unauthorized access, destruction, use, modification, and disclosure using a combination of physical controls, such as restricted areas with badge access readers, and technical controls, such as user security groups, logging and monitoring. Clean desk policies are enforced and there are secure bins located throughout the facilities in which sensitive information can be discarded and later shredded.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>3. Determine whether a management procedure exists to monitor compliance with the security provisions in the policy and instances of noncompliance are identified and remediated.</p> | <p>3.a. Met with Manager, Information Security, and was informed that information security policies and standards are available to all employees on Sempra Energy’s security portal. Further, information security standards must be followed during the SDLC process and members of Information Security are regularly involved in IT projects. Risk exceptions require approval and acceptance by the risk owner and are only valid for one year after which they must be renewed.</p> <p>3.b. Reviewed <i>Exception Form Sample</i> which is required to be submitted by risk owners who request exceptions from policies, procedures, standards, or requirements and must include a business justification, mitigation steps, and be approved by a compliance reviewer and risk owner.</p> <p>3.c. Reviewed <i>Risk Policy Exceptions with Remediation Plans</i> and noted that it is an eGRC tool report for policy exceptions which includes a description, business justification and remediation/mitigation steps.</p> | |
| <p>4. Review evidence of SDG&E providing customers with notice on the security mechanisms used by the Company to protect their Covered Information.</p> | <p>4. Reviewed SDG&E’s <i>Website Privacy Policy</i> on SDG&E website and noted that there is a section that informs customers of the high-level information security practices used to protect their information.</p> | |
| <p>5. Review evidence that SDG&E’s policies on Data Security are communicated to internal employees and contractors who have access to Covered Information.</p> | <p>5.a. Reviewed <i>Information Security Policy</i> and noted that it is applicable to all employees of Sempra Energy companies and they are required to comply with it. Further, all information security-related policies, standards, and guidelines are on Sempra Energy’s security portal which is accessible to all employees and contractors who have access to the Company’s network.</p> <p>5.b. Reviewed an email communication regarding <i>Acceptable Use Policy</i> and noted that it is communicated to the workforce with a URL to the intranet where the policy can be found. An additional URL pointing to Sempra Energy’s security portal is also communicated.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>6. Determine whether a management procedure is in place to monitor whether the Company manages its security program to help ensure the protection of Covered Information.</p> | <p>6.a. Reviewed <i>Security Policy Framework Document Review Procedure</i> and noted that security policy documents are reviewed by IS and IT on a three-year default review cycle and approved by management before being published.</p> <p>6.b. Met with Manager, Information Security, and was informed that various procedures are in place monitor the security program, including regular reports and assessments. An annual security controls assessment is performed and the outcome drives future roadmaps, projects, and assessments for the following year.</p> <p>6.c. Met with members of Information Security and was informed that there are teams for various functions including governance, security operations, incident response, threat and vulnerability management, program management, and security software services.</p> <p>6.d. Met with Director, Information Security, and was informed that numerous audits and assessments are performed each year as part of the overall monitoring of the information security program. Internal assessments, Third Party assessments, and several operational and project-focused assessments were performed in the last year across the functions within Information Security and other departments throughout the organization.</p> | |
| <p>7. Review SDG&E's relevant policies to determine if Company incorporates security into their SDLC.</p> | <p>7.a. Reviewed <i>Information Security Engineering & Consulting Process</i> document and noted that it applies to all types of IT products including software development and technology infrastructure. There are eight (8) phases, from concept to implementing into production, and each phase details the purpose and information security supporting activities. The process also includes roles and responsibilities, the engagement process, a security risk assessment methodology, and more.</p> <p>7.b. Met with Manager, Information Security, and was informed that all IT projects are required to comply with published IT/IS policies and standards. Risk owners who seek policy or standard exceptions must submit a formal risk exception form for approval.</p> <p>7.c. Reviewed the risk exception landing page on Sempra Energy's security portal and noted that it includes a risk exception form (tracked in Archer), instructions, and other guidance. Risk owners are ultimately responsible for final approval including the assets at risk and the impact to those assets if the risk is realized. The process requires details such as the reason a risk cannot be addressed, a business justification, and a remediation and mitigation plan.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|---|--|------------|
| | <p>7.d. Reviewed <i>SDLC IT Project Lifecycle</i> and noted that it follows industry best practices with approvals required after each phase. During the requirements phase, a <i>Privacy Impact Assessment</i> is performed to identify the types of sensitive and confidential customer information collected or maintained by the system, including the types and number of customers.</p> <p>7.e. Reviewed <i>Risk Exception Guidelines</i> for when the risk owner deems it is infeasible to remove the risk or comply with a policy. Risk exceptions are valid for one year and must be renewed after this time. The guidelines lay out when a risk exception is required and not required. Roles and responsibilities are documented and the document includes links to the risk exception procedure and process flow. A <i>Risk Exception Form</i> must be completed, submitted, and approved as part of the process.</p> <p>7.f. Reviewed a sample <i>Information Security Risk Assessment</i> and noted that it followed the <i>Security Risk Assessment Methodology</i> as part of the overall <i>Information Security Engineering & Consulting Process</i>. A vulnerability assessment was performed and risks were identified and ranked using the defined risk rating matrix. All "High" and "Medium" risks were addressed and documented in the eGRC tool using a built-in workflow with necessary approvals. The Information Security team worked with a vendor to remediate vulnerabilities in the vendor's solution.</p> | |
| <p>8. Determine whether SDG&E uses appropriate facility entry controls to limit and monitor physical access to systems and locations where Covered Information is processed and stored.</p> | <p>8.a. Reviewed physical security standards within in <i>Physical Security Policy</i> and noted that all employees, vendors and contractors must wear a company-issued access control badge in a visible location. Further, the facility planning standard addresses access control and requires that security systems for access control be integrated with Corporate Security Operations Center. Corporate Security administers a company-wide access control system which includes features such as a highly distributed networked environment, high performance, multi-site management and monitoring, and independent control at each location.</p> <p>8.b. Met with Manager, Production Datacenter, and noted that access requests for restricted physical areas must be formally submitted via a ticketing process and approved by the requestor's supervisor. Further, access reviews are performed quarterly for all areas of the Production Datacenter to validate appropriateness.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>8.c. Performed a walkthrough of various facilities including SDG&E's Main Campus, Branch Offices, and the Production Datacenter and observed various physical entry controls including badge access cards, badge readers, cameras, visitor sign-in sheets, and security guards.</p> | |
| <p>9. Determine whether SDG&E has implemented procedures for protecting Covered Information including controls for physically securing all media.</p> | <p>9. Reviewed <i>Information Protection Standard</i> and noted that portable storage devices must be secured in a locked room, drawer, cabinet, or safe when not in use or unattended.</p> | |
| <p>10. Inspect whether physical records containing Covered Information are stored in locked cabinets or rooms restricting unauthorized access.</p> | <p>10. Performed a walkthrough of key facilities such as SDG&E's Main Campus, Branch Offices, and the Production Datacenter, and noted that badge access readers are installed throughout the facilities which create "security zones". If an employee does not have access to a particular zone, any Covered Information in that zone would not be accessible. Covered Information on physical records largely consists of billing information that is printed out for Customer Service Representatives to better assist customers. There are secure bins located throughout the facilities for securely discarding, and later shredding, any sensitive information therein.</p> | |
| <p>11. Inquire of SDG&E's personnel to gain an understanding of the logical control procedures in place to prevent unauthorized access to Covered Information.</p> | <p>11.a. Reviewed <i>Electronic Access Management Standard</i> and noted that access to company information must be controlled to prevent unauthorized disclosure beyond the intended audience, prevent corruption of company information, preserve the availability of the information, and ensure the reliability of critical systems. Responsibilities are defined for business process owners, control owners, SME's, and anyone who has a role in access management. There are documented requirements for privileged access, the various account types and user roles, and guiding principles.</p> <p>11.b. Reviewed <i>Password Standard</i> and noted that forms of identification and authentication are required to gain access to systems. The standard also details password construction parameters, password handling, and management procedures that should be followed by users and administrators.</p> | <p>Computers used by customers as kiosks for purposes of accessing <i>My Account</i> at the branch offices do not utilize privacy screens or an automatic logoff feature. Covered</p> |

| Assessment procedures | Assessment results | Exceptions |
|---|---|---|
| | <p>11.c. Met with Manager, Information Security, responsible for IS solution services, and was informed that a privileged access management solution has been implemented which also provides password management and privileged session recording. The solution has been expanding to encompass more applications and business units. Further, additional logical controls have been implemented via an enterprise Public Key Infrastructure with automatic enforcement using Active Directory security groups and manual enforcement using a web portal request process. Security tokens are also used for multifactor authentication for access to VPN, VDI, critical servers, and more.</p> <p>11.d. Performed a walkthrough of a Branch Office where customers can pay bills, ask questions, etc. Customer self-service computers with dedicated access to <i>My Account</i> are available at some branch office locations so customers can avoid lines for Customer Service Representatives. Customers can authenticate to <i>My Account</i> on these computers by typing in their account number and password. Once customers are finished on <i>My Account</i>, they must use the "home" button to go back to the home page so that the next customer may log in.</p> | <p>Information including account numbers, passwords, and <i>My Account</i> are susceptible to shoulder-surfing and session hijacking if a user fails to manually terminate the session.</p> |
| <p>12. Inspect evidence that logical controls are in place to prevent unauthorized access to Covered Information including user access provisioning and deprovisioning.</p> | <p>12.a. Reviewed the <i>Electronic Access Management Standard</i> and noted that provisioning and deprovisioning is addressed in Section 5 of the standard.</p> <p>12.b. Met with Infrastructure Team Lead, Information Security, and noted that the HR system feeds employee data to the directory service which is used to create user accounts for employees and assign privileges. Users accounts are initially created in one of the three corporate domains and access to specific systems or applications require manager approval as part of a ticketing process.</p> <p>12.c. Reviewed sample access requests and access removals and noted that an email chain is used to process the requests. Reviewed screenshots of the user profiles before and after the access requests and access removals and noted that the users were provisioned and deprovisioned in accordance with documented policies and procedures.</p> | |
| <p>13. Review SDG&E's relevant policies to determine if physical controls are in place</p> | <p>13.a. Reviewed <i>Physical Security Policy</i> and noted that it is Corporate Security's role to provide governance related to security systems, procedures and investigative programs. The policy outlines physical security standards, security equipment standards, and incident reporting.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>protecting Covered Information.</p> | <p>13.b. Reviewed material related to preventing social engineering and noted that employees are made aware of the warning signs of phishing, smart disposal practices, covering digital tracks, staying safe during the holidays, and an anti-phishing tracking process.</p> <p>13.c. See CPUC Rule 8a.11 for information relating to the customer self-service computers at branch offices.</p> | |
| <p>14. Inquire of SDG&E's personnel to gain an understanding of the controls protecting physical access to systems storing Covered Information.</p> | <p>14. Met with Manager, Infrastructure Technology, and was informed that the Production Datacenter is equipped with a variety of perimeter controls such as a fenced perimeter requiring badge access to the site, ingress/egress cameras, security guard, and policies requiring that visitors sign-in and be escorted.</p> | |
| <p>15. Inspect evidence that physical access to sites and systems storing Covered Information is monitored and restricted.</p> | <p>15.a. Performed a walkthrough of the Production Datacenter and observed the following: cameras ingress/egress including inside the facility, badge readers with logs, various restricted zones within the facility enforced by badge readers, a security guard, a man trap, and locked server cabinets restricted to specific employees.</p> <p>15.b. Met with Manager, Production Datacenter, and noted that quarterly access reviews are performed for the various rooms and zones within the facility for appropriateness.</p> <p>15.c. Observed an access revocation request as a result of an access review and noted that email is used to facilitate the process and confirm when badge access has been removed for the employee as requested.</p> | |
| <p>16. Review SDG&E's relevant policies to determine if environmental controls are in place.</p> | <p>16. Reviewed <i>Information Security Requirements</i> which apply to all Sempra IT assets and noted that there are requirements for physical and environmental policies and procedures, maintenance, power equipment and power cabling, emergency shutoff, emergency power, emergency lighting, fire protection, temperature and humidity controls, water damage protection, delivery and removal, alternate work site, location of information system components, information leakage due to electromagnetic signals, and asset monitoring and tracking.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>17. Inquire of SDG&E's personnel to gain an understanding of the environmental controls to protect systems storing Covered Information from natural disasters and environmental disasters (such as fire or flooding).</p> | <p>17.a. Reviewed <i>Disaster Recovery Tier Structure & Services</i> and noted that each tier includes recovery time and point objectives, impact descriptions, recovery services, and a guide for estimated costs.</p> <p>17.b. Reviewed <i>2016 DR Testing Plan for the Customer Information System</i> and noted that the plan includes contacts, descriptions of the application, tier designations and production sites, high-level recovery methods, recovery procedure/script, procedures prior to conducting tests, dependencies and assumptions, and the actual disaster recovery test results.</p> <p>17.c. Reviewed <i>2016 DR Exercise Report for the Customer Information System</i> and noted that it includes relevant information such as the application support manager, exercise leads and contributors, an exercise log with significant milestones and other details, the individuals who performed application functional verifications, interfaces with other applications, tier recovery time and recovery point objectives, and issues encountered which resulted to changes in the process.</p> <p>17.d. Performed a walkthrough of the Production Datacenter and noted the following environmental controls implemented: HVAC with chilled water to keep the temperature at an appropriate level, condensers, fire detectors and alarms, fire suppression using a halon alternative and sprinklers, backup power supply, generators, hot and cold aisles, emergency power off, and leak detection.</p> | |
| <p>18. Inspect whether SDG&E has the ability to send large files to 3rd parties using Secure FTP. Files should be checked for confidential data prior to be transferred.</p> | <p>18.a. Met with Manager, Information Security, and was informed that Information Security has approved methods for sending large customer data files to Third Parties once the privacy authorization and approval processes are complete. Files are sent via EDIX which uses the SFTP protocol.</p> <p>18.b. Inspected <i>Secure File Transfer</i> solution used to send files in a secure manner and noted that it encrypts data at rest and in transit.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>19. Inspect whether SDG&E has deployed an automated tool on network perimeters that monitors for Customer PII, keywords, and other document characteristics to discover unauthorized attempts to exfiltrate data across network boundaries and block such transfers while alerting information security personnel</p> | <p>19.a. Met with Manager, Information Security, and was informed that a Data Loss Prevention solution is deployed across the enterprise which monitors for sensitive information leaving the corporate network. The solution covers endpoints, email, removable media, HTTP(S), cloud storage, and FTP. Custom policies are created in the solution to monitor Covered Information leaving the corporate network by identifying customer account numbers and dictionaries of data terms regarding customer usage data. Upon the identification of potential customer energy usage data, the solution alerts information security personnel who investigate the event.</p> <p>19.b. Inspected <i>Data Loss Prevention Solution Policy</i> regarding customer usage data and noted that is configured to notify information security personnel upon the detection of customer account numbers or terms associated with customer usage data leaving the corporate network.</p> | |
| <p>20. Inspect whether SDG&E has deployed an automated tool on workstations that monitors for Customer PII, keywords, and other document characteristics to discover unauthorized attempts to exfiltrate data to removable media and block such transfers while alerting information security personnel</p> | <p>20. See CPUC Rule 8a.19 for information relating to the Data Loss Prevention solution which includes endpoint agents for workstations.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>21. Determine whether the Company understands the current threat landscape and potential threats to the organization by leveraging multiple threat feeds.</p> | <p>21.a. Met with Manager, Information Security, and was informed that threat hunting activities take place on a regular basis and threat intelligence is digested from a variety of sources including high-confidence government work products, industry sources, ES-ISAC, commercial sources, and open sources. Machine readable threat feeds are ingested directly by the Company's SIEM. Threat sources are aggregated and correlated using enterprise security tools and reports are generated for various needs.</p> <p>21.b. Inspected the core enterprise security solution, a malware and threat intelligence repository, and an eGRC platform and noted that the Information Security uses various technical and nontechnical indicators to track threats in real time. The Security Operations Center responds and investigates threats as they are detected and collaborate with the incident response team whenever necessary. Government, commercial, and industry threat feeds are correlated with logs from devices and security appliances across the enterprise.</p> | |
| <p>22. Inspect whether the Company scans source code for bugs and vulnerabilities before moving it into production</p> | <p>22.a. Reviewed <i>Information Security Engineering & Consulting Process</i> and noted that as part of the ITPL Test Phase, security testing and assessments are performed to resolve risks and prepare for moving to production. Supporting artifacts demonstration security controls, processes or procedures are documented in the eGRC tool and reviewed prior to deployment into production; this evidence can include test results, source code, technical analysis, and more. The ISEC team works with vendors to remediate or mitigate all vulnerabilities to reduce residual risk to an acceptable level.</p> <p>22.b. Inspected a sample source code review, which is performed when provided by the IT Department or a vendor, and noted that scans are performed for various vulnerabilities such as buffer overflow, injection, and path manipulation. Vulnerabilities are required to be remediated before implementing any system into production. For vendor solutions, Information Security works with the vendor to come up with a remediation or mitigation strategy and holds them contractually obligated within an agreed-upon timeframe.</p> | |
| <p>23. Inspect whether SDG&E's development/test environments are separate from the</p> | <p>23.a. Met with Manager, Information Security, and was informed that development, test, and QA environments are separated from the production environment using firewalls and access controls.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>production environment, with access control in place to enforce the separation.</p> | <p>23.b. Inspected the population of systems that are identified as having Covered Information and noted that they have separate environments for development, testing, and/or quality assurance purposes.</p> | |
| <p>24. Determine whether SDG&E does not use Production Covered Information for testing or development. Test data and accounts are removed before a production system becomes active.</p> | <p>24. Met with Manager, Information Security, and was informed that the data used in development and test environments is different for each application. See CPUC Rule 8a.23 for Test Procedures relating to development and test environments.</p> | |
| <p>25. Inspect whether SDG&E utilizes a Data Masking tool to limit access to and protect Covered Information and other PII.</p> | <p>25.a. Met with Architect, Information Technology, and was informed that data masking is typically performed at the database layer when there is a requirement for this. Privacy and security requirements are defined and implemented as part of the SDLC process.</p> <p>25.b. Observed a screen on the customer information system used by Customer Service Representatives and noted that customer Social Security Numbers are masked so that only the last four digits are visible.</p> | |
| <p>26. Inspect whether SDG&E's web applications should use encryption when transmitting sensitive data across the network.</p> | <p>26.a. Reviewed <i>Information Security Encryption Standard</i> and noted that information classified as confidential or restricted must be encrypted at all times (using the documented minimum encryption strength and protocols), while internal information must be encrypted when transported outside of the Company. It should be noted that customer information is classified as internal information.</p> <p>26.b. Observed the electronic data transfer (EDT) enterprise application which is approved by Information Security for file transfers and noted that it uses SFTP to encrypt data in transit.</p> | |
| <p>27. Determine whether SDG&E has implemented an</p> | <p>27. See CPUC Rule 8a.28 for information relating to the intrusion prevention system.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>Intrusion Detection system within the environment to detect and generate log messages detailing events.</p> | | |
| <p>28. Determine whether SDG&E has implemented an Intrusion Prevention system within the environment to detect events and reject packets.</p> | <p>28.a. Reviewed <i>Network Security Standard</i> and noted that network-based IPS sensors are deployed inline on DMZ and secure zone network connection points that can prevent, capture, inspect network traffic for unusual attack mechanisms and detect compromise of systems.</p> <p>28.b. Reviewed IPS rule categories including threat names, severity and actions, and noted that it is configured to take preventative actions for a variety of different threats.</p> <p>28.c. Reviewed sample IPS alerts to the Security Operations Center and noted that it includes it includes information such as descriptions, technical fields and values, correlation searches, histories, and contributing events.</p> | |
| <p>29. Inspect whether SDG&E only allows limited access to network resource to vendors and 3rd parties.</p> | <p>29. Reviewed <i>Electronic Access Management Standard</i> and noted that contractors and vendors can be issued accounts for the length of the contract/agreement or 90 days, whichever is shorter. Further, the standard states that the principle of least privilege must always be used when establishing accounts.</p> | |
| <p>30. Determine whether SDG&E has a formal process for approving and testing all network connections and changes to the firewall and router configurations</p> | <p>30.a. Reviewed <i>Firewall Standard</i> and noted that new firewall configurations or changes to existing firewall configurations must include a business justification and approval of the business unit manager level. Design and configuration must be approved and implemented by Information Security. Further, firewall patches/updates must comply with the <i>Security Patch, Upgrade, and Vulnerability Management Standard</i>.</p> <p>30.b. Reviewed <i>Extranet Standard</i> and noted that router configurations must be hardened and approved.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>30.c. Met with Infrastructure Team Lead, Information Security, and noted that the formal process exists for approving and testing all network connections including changes to networking gear such as firewalls and routers. The process involves documenting upstream and downstream systems, submitting a detailed form with the nature of changes (i.e., source, destination, protocol, etc.) which must be approved by a manager, and approval from the Change Advisory Board.</p> | |
| <p>31. Inspect whether SDG&E has implemented a DMZ to limit inbound traffic to only system components that provide authorized publicly accessible services, protocols, and ports.</p> | <p>31.a. Reviewed <i>Network Security Standard</i> and noted that various DMZ standards are documented to minimize the potential exposure to the Company, including limiting traffic only to authorized services, protocols, and ports.</p> <p>31.b. Met with Infrastructure Team Lead, Information Security, and noted that there is a DMZ implemented on the network perimeter whereby all inbound traffic must pass through.</p> | |
| <p>32. Entity has controls in place so that users cannot disable and modify security products or services.</p> | <p>32.a. Reviewed <i>Desktop Client Computing Policy</i> and noted that IT is responsible for defining and maintaining a configuration standard to facilitate the protection of desktop computers. The policy states that standard configurations will be applied to all devices and remain unchanged by users.</p> <p>32.b. Met with Manager, Information Security, and was informed that an endpoint protection solution has been implemented across workstations which includes an application whitelisting agent with low enforcement capabilities to prevent known malware files from executing but still allows for unapproved applications to execute. The solution also allows for the locking down of endpoints and preventing unwanted changes.</p> <p>32.c. Inspected a contractor virtual computer with basic privileges and noted that administrator settings, including those for security services, cannot be modified by the end user without elevated privileges.</p> | |
| <p>33. Determine whether the entity's firewall performs stateful inspection (dynamic packet filtering) to restrict network</p> | <p>33.a. Reviewed <i>Network Security Standard</i> and noted that packet screening firewalls must be configured to deny unauthorized protocols and network routes from entering the networks.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| <p>access at the header level.</p> | <p>33.b. Met with Infrastructure Team Lead, Information Security, and was informed that a three tier network architecture is used which requires packet communication with a firewall before moving to another tier or application.</p> | |

| CPUC Rule 8 | Rule description | Notification of Breach: |
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| <p>1. Determine whether SDG&E has documented incident response and breach management procedures in place including roles and responsibilities, testing and training, incident classification and logging, remediation, and program updates.</p> | <p>1.a. Reviewed <i>Cyber Security Incident Response Procedure</i> and noted that it includes incident response team roles and responsibilities, phases aligned to the SANS Incident Response model, classification, documentation of the entire process, remediation and program updates. There is also a master contact list and a notification and reporting procedure. There is also an incident response sub-plan specific to Personal Information breaches inclusive of customers' information.</p> <p>1.b. Reviewed various sub-plans for incident response procedures relating to specific types of incidents, including a sub-plan for customer information breaches.</p> <p>1.c. Met with Manager, Information Security, and was informed that tabletop exercises are performed and in the past have included simulated incidents in regards to customer privacy, HR records breach, SCADA controls, etc. These activities are scheduled based on emerging priorities and when deemed necessary.</p> | <p>Assessment results</p> <p>Exceptions</p> |
| <p>2. Determine whether the Company's management has adequately reviewed the incident review process in place.</p> | <p>2.a. Reviewed <i>Personal Information Breach and Notification Response Plan – PII</i> and noted that it includes various procedures and references for "incidents of unauthorized acquisition of unencrypted Personal Information of California residents". The procedure was approved by management and effective as of 3/9/2016. There is also a master contact list and a notification and reporting procedure.</p> <p>2.b. Reviewed a list of specific incident response plans for various events and noted that they align to the overall <i>Cyber Security Incident Response Procedure</i>. There are specific plans for events such as exercise scanning network defense testing, false positives, unauthorized access, security policy violations, denial-of-service, poor security practice, reconnaissance scanning probing, malicious code, and PII.</p> | |

| Assessment procedures | Assessment results | Exceptions |
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| | <p>2.c. Reviewed a report on key risk indicators which tracks metrics about incidents over time for management to review and act on. Metrics include things such as the number of critical and high severity incidents, the percentage closed and opened, and more.</p> | |
| <p>3. Determine whether the Company can perform forensic analysis in the instance of a Customer PII breach.</p> | <p>3. Met with Manager, Information Security, and was informed that forensics can be performed in the event of a customer PII breach. Further, there is a contract in place in case Third Party forensic assistance is needed.</p> | |
| <p>4. Inspect sample evidence of breach incidents for the last 12 months.</p> | <p>4. Reviewed a sample privacy incident involving customer information and noted the investigation process uses a built-in workflow within the eGRC tool and includes attributes such as the description, severity, justification, case number, status, legal interpretation, whether or not CEUD was involved, supporting documentation, case logs, and other actions. Information Security, Law Department, and Office of Customer Privacy are able to collaborate in the tool until in the incident is closed.</p> | |

| CPUC Rule 8 | Rule description | Annual Report of Breaches: |
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| c | | <p>In addition, gas/electrical corporations shall file an annual report with the Commission's Executive Director, commencing with the calendar year 2012, that is due within 120 days of the end of the calendar year and notifies the Commission of all security breaches within the calendar year affecting Covered Information, whether by the covered gas/electrical corporation or by a Third Party.</p> |
| Assessment procedures | Assessment results | Exceptions |
| <p>1. Determine whether SDG&E tracks the reporting requirement and assigns compliance to the appropriate department.</p> | <p>1.a. Met with Manager, Office of Customer Privacy, and was informed that SDG&E's Office of Customer Privacy is responsible for collecting information from various business units to populate the <i>CPUC Annual Privacy Report</i>.</p> <p>1.b. Reviewed <i>Procedure for Setting Up Annual Privacy Report</i> and noted that Office of Customer Privacy collects metrics from various business units through email communications to compile SDG&E's <i>Annual Privacy Report</i>. Once compiled, the draft report is circulated to SDG&E's Privacy Committee for review. The reviewed draft report is then presented to SDG&E Regulatory Department for final revision and submission to the CPUC.</p> <p>1.c. Reviewed sample email communication sent by Office of Customer Privacy to collect information for SDG&E's <i>Annual Privacy Report</i> and noted this process was followed during the covered period.</p> | |
| <p>2. Determine whether SDG&E filed its <i>Annual Privacy Report</i> to the CPUC as required by the <i>Privacy Decisions</i>.</p> | <p>2.a. Reviewed SDG&E's 2016 <i>Annual Privacy Report</i> and noted that it was filed on April 30, 2017 to the CPUC by Director, Regulatory Affairs. The report identified two reported privacy breaches affecting Covered Information within 2016 calendar year.</p> <p>2.b. Reviewed documentation related to two reported privacy breaches and noted that detailed reports describing the incidents and resolution to the incidents were drafted by Information Security and reviewed and approved by both SDG&E Office of Customer Privacy and SDG&E Law Department.</p> | |

CPUC RULE 9 – Accountability and auditing

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| <p>Overall Conclusion</p> | <p>Three exceptions noted:</p> <ul style="list-style-type: none"> — SDG&E provides company-wide trainings that reference procedures to safeguard customer information, including energy usage information. However, these trainings do not outline specific guidance to safeguard Covered Information. — Covered Information is included in privacy training targeted for groups with access to Covered Information, however it is not consistently rolled out to new employees hired after the training was initially launched. — Management did not provide Covered Information training to certain contractors with access to Covered Information. Contractor’s obligation to protect customer privacy is managed through contracting provisions. |
| <p>CPUC Rule 9</p> <p>a</p> <p>Rule description</p> | <p>Availability:</p> <p>Covered entities shall be accountable for complying with the requirements herein, and must make available to the Commission upon request or audit:</p> <ul style="list-style-type: none"> (1) the privacy notices that they provide to customers, (2) their internal privacy and data security policies, (3) the categories of agents, contractors and other Third Parties to which they disclose Covered Information for a primary purpose, the identities of agents, contractors and other Third Parties to which they disclose Covered Information for a secondary purpose, the purposes for which all such information is disclosed, indicating for each category of disclosure whether it is for a primary purpose or a secondary purpose. (A covered entity shall retain and make available to the Commission upon request information concerning who has received Covered Information from the covered entity.), and (4) copies of any secondary-use authorization forms by which the covered party secures customer authorization for secondary uses of covered data. |
| <p>Assessment procedures</p> <p>1. Determine whether SDG&E has a process in place to provide the Commission with the <i>Annual Privacy Report</i> or</p> | <p>Assessment results</p> <p>1.a. SDG&E made available for this assessment the following documents among others, in line with CPUC requirements:</p> <ul style="list-style-type: none"> — <i>Privacy Notice</i> provided to customers and made available to the public through SDG&E website; — Internal privacy and data security policies; <p>Exceptions</p> |

| Assessment procedures | Assessment results | Exceptions |
|---|--|------------|
| <p>any other requested documentation:</p> | <ul style="list-style-type: none"> — Listing of agents, contractors and Third Parties with access to Covered Information for a primary purpose; — Listing of agents, contractors and Third Parties with access to Covered Information for a secondary purpose; — Sample copies of secondary-use authorization form (<i>C/ISR</i> form) by which SDG&E secures customer authorization for secondary uses of Covered Information; — Training materials provided to employees related to customer privacy; — Procedures for processes related to accessing, collecting, using and disclosing Covered Information. <p>1.b. Met with Manager, Office of Privacy Program, and was informed Office of Customer Privacy exists to comply with the <i>Privacy Decisions</i> including the ability to provide the Commission with the relevant information.</p> <p>1.c. Reviewed SDG&E’s <i>Customer Privacy Guidelines</i> and noted that regulatory requests from the CPUC are routed to a Regulatory Case Manager. The Regulatory Case Manager is responsible for tracking and monitoring the status of the request through completion.</p> <p>1.d. Reviewed <i>Procedure for Setting Up Annual Privacy Report</i> and noted that Office of Customer Privacy collects metrics from various business units through email communications to compile SDG&E’s <i>Annual Privacy Report</i>. Once compiled, the draft report is circulated to SDG&E’s Privacy Committee for review. The reviewed draft report is then presented to SDG&E Regulatory Department for final revision and submission to the CPUC.</p> | |

| CPUC Rule 9 b | Customer Complaints: Covered entities shall provide customers with a process for reasonable access to Covered Information, for correction of inaccurate Covered Information, and for addressing customer complaints regarding Covered Information under these rules. | Rule description |
|---|---|--------------------------|
| <p>1. Assess whether SDG&E provides notice to its customers on how they can contact the Company for inquiries, complaints or disputes related to their Personal Information.</p> | <p>Assessment results</p> <p>1.a. Reviewed SDG&E’s <i>Privacy Notice</i> and noted that the document provides contact information through which customers can provide inquiries, complaints or disputes related to their Personal Information. The contact information includes an email address (CustomerPrivacySupport@semptrautilities.com), a mailing address directed to Customer Privacy and a phone number (1-800-411-7343).</p> <p>1.b. Met with Manager, Office of Customer Privacy, and was informed that customers could contact SDG&E Customer Contact Center or submit inquiries through SDG&E website to provide inquiries, complaints or disputes related to their Personal Information</p> <p>1.c. Reviewed SDG&E website and observed that SDG&E provides a telephone number, an email address and an online chat function under “Contact Us” for any inquiries regarding SDG&E and its services.</p> <p>1.d. Reviewed SDG&E’s <i>Annual Bill Insert</i> and observed that SDG&E provides instructions on how to access the <i>Privacy Notice</i> to existing customers on an annual basis.</p> | <p>Exceptions</p> |
| <p>2. Assess whether SDG&E has a documented process to receive customer disputes, complaints, and inquiries, addresses and resolve complaints, and communicate resolution back to the customer in a timely and satisfactory manner.</p> | <p>2. Met with Supervisor, Customer Contact Center, observed <i>Customer Comment Tracking</i> interface and noted that customers can contact the SDG&E Customer Contact Center with disputes, complaints and inquiries during normal operating hours. Customer Service Representatives gather relevant information and send it to their supervisors for resolution. Customers may also request a follow-up call back. The <i>Customer Comment Tracking</i> report is distributed to relevant supervisors to validate that there are no open or unresolved issues.</p> | |

| Assessment procedures | Assessment results | Exceptions |
|--|--|------------|
| <p>3. Assess whether SDG&E has a process to escalate disputes, complaints, and inquiries to help ensure resolution within a timely manner.</p> | <p>3.a. Met with Supervisor, Customer Contact Center, and was informed that disputes, complaints and inquiries can be escalated by Customer Service Representatives to their supervisors. In a scenario where a customer insists on speaking to a supervisor, a SDG&E supervisor calls the customer back at a later time (within 24 hours) or immediately addresses the customer’s concern if available.</p> <p>3.b. Reviewed a sample <i>Customer Complaint</i> regarding a suspicious phishing email and noted that the complaint was escalated to the Customer Privacy Project Manager to respond to the customer and resolve the issue. The initial complaint came about via the “Contact Us” link on the SDG&E website before being escalated by a Customer Service Representative.</p> | |
| <p>4. Inspect evidence that SDG&E tracks and resolves customer complaints consistent with SDG&E’s policies.</p> | <p>4. Observed SDG&E’s <i>Customer Comment Tracking System</i> used to log customer complaints, concerns, and compliments which are categorized (i.e. delayed bill, bill adjustment, high bill, incorrect turn off date, services, etc.).</p> | |

| CPUC Rule 9 c | Training: Covered entities shall provide reasonable training to all employees and contractors who use, store or process Covered Information. |
|--|--|
| Assessment procedures | Assessment results |
| <p>1. Review SDG&E's documented privacy awareness program materials to identify personnel who handle and store access to CEUD.</p> | <p>1.a. Met with Manager, Office of Customer Privacy, and was informed that SDG&E provides a company-wide training on <i>Information Security and Cybersecurity</i> and <i>Code of Business Conduct</i> (See Rule 9c.2 for Test Results). In addition, some business units with high levels of Covered Information access receive additional targeted departmental in-depth Covered Information privacy training:</p> <ul style="list-style-type: none"> — Office of Customer Privacy; — Regulatory Department; — Law Department; — Business Services; — Residential Services; — Customer Programs. <p>1.b. Met with representatives from a sample of business units with access to Covered Information such as Office of Customer Privacy and confirmed employees have taken the mandatory <i>SDG&E Customer Privacy</i> training with includes SDG&E's privacy policies content.</p> |
| <p>2. Understand the awareness material and communications to SDG&E personnel to determine how internal privacy policies are communicated to associates.</p> | <p>2.a. Reviewed SDG&E's <i>Office of Customer Privacy Power Up Privacy</i> portal on SDG&E's internal website and noted that it provides employees with aid in maintaining information secured and customer data privacy. The website includes the following:</p> <ul style="list-style-type: none"> — SDG&E's <i>Customer Privacy Guidelines</i> – includes a direct link to the privacy guideline, which provides standards for management and protection of confidential information, guidelines for compliance with privacy policies, and requirements for disclosure of information to Third Parties; — <i>Privacy Impact Assessment</i> – an interactive module that includes flowcharts to help an employee identify whether a <i>Privacy Impact Assessment</i> is needed, how to complete a <i>Privacy Impact Assessment</i>, submitting such <i>Assessment</i> to SDG&E Office of Customer Privacy for approval and applying privacy requirements to projects. |
| | <p>Exceptions</p> |
| | <p>SD&E provides company-wide trainings that reference procedures to safeguard customer information, including energy usage information. However, these trainings do not outline specific</p> |

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|---|---|
| | <ul style="list-style-type: none"> — Third Party Sharing – direct link to <i>Privacy Green Light</i> program, used by SDG&E to share information with Third Parties through the <i>EDRP</i> program, includes flow charts and procedure documents on sharing of information with Third Parties. — Privacy Day resources – document repository on SDG&E’s internal website with Privacy Day information, presentation, etc. — SDG&E Office of Customer Privacy contact email (sdgeprivacy@semprautilities.com) for questions and comments. <p>2.b. Reviewed internal trainings, awareness programs and communications sent to employees with customer privacy content and noted that during the covered period, internal privacy policies were communicated through company-wide trainings required for all SDG&E employees:</p> <ul style="list-style-type: none"> — <i>Information Security and Cybersecurity Training and Awareness</i> – required to be completed by employees on an annual basis. The materials covered in the course include protection of customer privacy such as system compromise and loss of Personal Information, secure equipment and passwords, avoidance of unapproved computing devices, data classification, email practices, reporting issues and getting assistance or support; — <i>Code of Business Conduct Training</i> – required to be taken by employees on an annual basis. The materials covered in the course include protection of confidential information. Confidential information is defined as nonpublic or private information regarding the organization, suppliers, and customers. Employees are required ensure that business needs are present when disclosing confidential information to colleagues and that nondisclosure agreement has been completed prior to discussing confidential information to Third Parties. <p>These company-wide trainings do not contain specific information related to Covered Information.</p> <p>Additionally, we noted multiple efforts throughout the covered period around customer privacy communications:</p> <ul style="list-style-type: none"> — On January 28, 2016, SDG&E celebrated Privacy Day which promoted and increased awareness on privacy and data protection. On this day, SDG&E Office of Customer Privacy hosted a lunch event where SDG&E employees attended to discuss privacy issues related to SDG&E and its customers. | <p>guidance to safeguard Covered Information.</p> |

| Assessment procedures | Assessment results | Exceptions |
|--|---|--|
| | <ul style="list-style-type: none"> — Information Security hosted presentations with information on customer data privacy and cybersecurity. <p>2.c. Reviewed SDG&E’s <i>New Hire Package</i> and noted the following are provided to new employees at their date of hire:</p> <ul style="list-style-type: none"> — <i>SDG&E New Employee Orientation</i> – provides new employees with links to SDG&E’s <i>Privacy Policy</i>, <i>Records and Retention Policy</i> and <i>Information Security Policy</i> among others; — <i>Customer Service Reference Manual</i> – provides new employees with tips on protecting customer privacy such as password security and email practices. <p>2.d. Reviewed sample <i>Tracking Logs for Privacy Policies Trainings</i> deployed during 2016 and noted that SDG&E tracks trainings provided to employees that are related to customer privacy. The documents identify names of individuals who completed the trainings and their job titles, departments, dates of training assignment and dates of training completion.</p> <p>2.e. Met with Manager, Audit Services, and was informed that SDG&E includes customer privacy in its yearly strategic audit planning to identify risks involved. Customer privacy was not identified as a high risk area during 2016, however it was monitored by SDG&E’s management during the covered period, particularly by SDG&E Office of Customer Privacy.</p> | |
| <p>3. Understand SDG&E’s specific training materials to assess whether they adequately communicate/train employees on how to handle Covered Information.</p> | <p>3.a. Reviewed SDG&E’s <i>Customer Privacy</i> training and noted that it is deployed by Office of Customer Privacy to business units at SDG&E with access to Covered Information. The course explains legal and corporate requirements for protecting customer information handled in day-to-day operations. Topics include what is considered customer information and why it is important. The training provides policies for collecting, storing, handling, sharing and disposing of customer information.</p> <p>3.b. Met with Manager, Office of Customer Privacy, and was informed that <i>SDG&E Customer Privacy</i> training is targeted for groups with access to Covered Information. However, it is not consistently rolled out to new employees hired after training was initially launched.</p> <p>3.c. See CPUC Rule 9c.2 for Test Results.</p> | <p>Covered Information is included in privacy training targeted for groups with access to Covered Information, however it is not consistently rolled out to new employees hired after the training</p> |

| Assessment procedures | Assessment results | Exceptions |
|--|--|---|
| <p>4. Inspect evidence that employees and contractors have completed privacy and security training requirements (e.g., training logs, certifications of compliance, etc.).</p> | <p>4.a. Met with Manager, Office of Customer Privacy, and confirmed the training efforts below. Completion of mandatory trainings is enforced and noncompliance is escalated through the employees' business unit directors, who monitor and enforce compliance. There are three employee trainings where SDG&E address privacy and security requirements:</p> <ul style="list-style-type: none"> (1) <i>SDG&E Customer Privacy</i> – targeted for SDG&E employees with access to Covered Information; (2) <i>Information Security and Cybersecurity Training and Awareness</i> – mandatory for all SDG&E employees; (3) <i>Code of Business Conduct Training</i> – mandatory for all SDG&E employees. <p>4.d. Met with Manager, Customer Privacy Program, and was informed that management did not provide Covered Information training to certain contractors with access to Covered Information. Contractor's obligation to protect customer privacy is managed through contracting provisions.</p> <p>4.e. Reviewed sample <i>Tracking Logs for Privacy Policies Trainings</i> in 2016 and noted that the documents track trainings provided to employees that are related to customer privacy. The documents identify the names of individuals who completed the trainings, their job titles, departments, dates of training assignment and the dates of completion.</p> <p>4.f. Reviewed Semptra's <i>Supplier Code of Conduct</i> and noted that it outlines policies regarding information protection and confidentiality:</p> <ul style="list-style-type: none"> — If suppliers are granted access through electronic or physical means to Semptra Energy's non-public information to perform Semptra Energy-related work, the information may only be used for Semptra Energy business; — Non-public information provided by Semptra Energy and/or its business partners could include, but is not limited to, financial, customer, employee or other business information; — Non-public information accessed by suppliers must be limited to only that information that is required to perform the contracted work; | <p>was initially launched.</p> <p>Management did not provide Covered Information training to certain contractors with access to Covered Information. Contractor's obligation to protect customer privacy is managed through contracting provisions.</p> |

| Assessment procedures | Assessment results | Exceptions |
|---|---|------------|
| <p>5. Understand the privacy training required of Third Parties accessing Covered Information in order to determine whether they are adequately equipped to handle Covered Information.</p> | <ul style="list-style-type: none"> — Suppliers must keep non-public information confidential and may only disclose non-public information if it is necessary for the performance of their work. Such disclosures may be made only to those people who are also subject to Sempra Energy’s confidentiality provisions and have a legitimate business need to know; — Non-public information contained in electronic or physical form must be appropriately secured and protected; — Suppliers do not make any announcements or release any information on behalf of Sempra Energy, to any member of the public, press, official body, business entity, or other person, or claim or imply any endorsement by Sempra Energy or Sempra Energy employees without the prior and appropriately authorized written consent of Sempra Energy. | |
| <p>5. Understand the privacy training required of Third Parties accessing Covered Information in order to determine whether they are adequately equipped to handle Covered Information.</p> | <p>5.a. Met with Portfolio Manager, IT/Telecommunications, and noted SDG&E vendors are contractually obligated to maintain privacy of the information shared. SDG&E does not independently deliver trainings, provide training materials, or validate whether these trainings took place for Third Parties. SDG&E relies on its contractual relationship with Third Parties to ensure Third Parties train their own internal resources on proper data handling techniques.</p> <p>5.b. Reviewed a sample <i>Master Service Agreement</i> and noted that it includes a Confidentiality clause that provides instructions for Third Parties to handle confidential information and the consequences of improper disclosure.</p> <p>5.c. Reviewed sample <i>Non-Disclosure Agreements</i> signed with Third Parties and noted they outline scope of the requested data, project description, security breach protocols, and policies regarding data protection. The agreements are signed and dated by Third Parties.</p> <p>5.d. Inspected a sample of two executed vendor contracts and noted that contractors “may be required to complete training regarding the foregoing at Company’s sole discretion.” The contracts also include the following provisions:</p> <ul style="list-style-type: none"> — Disclosure of non-public information: contracts are not to disclose any confidential information or otherwise make it available to any other person, including any affiliate of SDG&E that provides energy or energy-related products or services, without the prior written approval of SDG&E, or as required by law, subpoena or government agencies; | |

| Assessment procedures | Assessment results | Exceptions |
|-----------------------|--|------------|
| | <ul style="list-style-type: none"> — Use of SDG&E information: contractors agree that it shall only use and require its employees to use confidential information for the purposes of performing agreed upon services under the contract; — Protecting confidential information: contractors will keep confidential and not disclose confidential information; — The first contract requires Third Party to “use at least the same degree of care Contractor uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care, to prevent unauthorized use or disclose of Confidential Information”. This contract provision represents an inconsistency that may lead to reduced level of protection; — The second contract states that contractor shall “access, collect, store, use, and disclose the Confidential Customer Information under policies, practices and notification requirements no less protective than those under which Company operates”. This contract provision complies with SDG&E’s <i>Privacy Notice</i> and the <i>Privacy Decisions</i>; — Standard provisions with regards to contractual data privacy standards required for contractors with access to Covered Information were not consistently included in the sampled vendor contracts (See CPUC Rule 6c(1)-(3) for Test Results). | |

| CPUC Rule 9 | Reporting Requirements: | | |
|---|--|---|------------|
| e | Rule description | On an annual basis, each gas/electrical corporation shall disclose to the Commission as part of an annual report required by Rule 8.b, the following information: (1) the number of authorized Third Parties accessing Covered Information, (2) the number of non-compliances with this rule or with contractual provisions required by this rule experienced by the Utility, and the number of customers affected by each non-compliance and a detailed description of each non-compliance. | |
| Assessment procedures | | Assessment results | Exceptions |
| 1. Determine whether SDG&E tracks the reporting requirement and assigns compliance to the appropriate department(s). | <p>1.a. Met with Manager, Office of Customer Privacy, and was informed that Office of Customer Privacy is responsible for collecting information from various business units to populate SDG&E CPUC <i>Annual Privacy Report</i>.</p> <p>1.b. Reviewed <i>Procedure for Setting Up Annual Privacy Report</i> and noted that Office of Customer Privacy collects metrics from various business units through email communications to compile SDG&E's <i>Annual Privacy Report</i>. Once compiled, the draft report is circulated to SDG&E Privacy Committee for review. The reviewed draft report is then presented to SDG&E Regulatory Department for final revision and submission to the CPUC.</p> <p>1.c. Reviewed a sample email communication sent by Office of Customer Privacy to collect information for SDG&E's <i>Annual Privacy Report</i> and noted this process was followed during the covered period.</p> | 2. Reviewed SDG&E's 2016 <i>Annual Privacy Report</i> and noted that it was submitted to the CPUC on April 30, 2017 by Director of Regulatory. The report indicates: <ul style="list-style-type: none"> — 353 authorized Third Parties accessing Covered Information; — Two (2) reported breaches within the calendar year affecting Covered Information; — Zero (0) instances of non-compliance with the Privacy Rules or with contractual provisions required by the Privacy Rules which became known to SDG&E through its daily operations. | |
| 2. Determine whether the Company filed its <i>Annual Privacy Report</i> to the CPUC as required by the <i>Privacy Decisions</i> . | | | |

Appendix 1 - Abbreviations used in this report

| Abbreviation | Full name |
|---------------|---|
| <i>AICPA</i> | American Institute of Certified Public Accountants |
| <i>AMI</i> | Advanced Metering Infrastructure |
| <i>CEUD</i> | Customer Energy Usage Data |
| <i>CISR</i> | Customer Information Service Request |
| <i>CPA</i> | Certified Public Accountant |
| <i>CPUC</i> | California Public Utilities Commission |
| <i>DLP</i> | Data Loss Prevention |
| <i>DMZ</i> | Demilitarized Zone |
| <i>EDRP</i> | Energy Data Request Program |
| <i>EDT</i> | Electronic Data Transfer |
| <i>EDX</i> | Electronic Data Exchange |
| <i>eGRC</i> | Enterprise Governance, Risk, and Compliance |
| <i>E-ISAC</i> | Electricity Information Sharing and Analysis Center |
| <i>FTP</i> | File Transfer Protocol |
| <i>GAPP</i> | Generally Accepted Privacy Principles |
| <i>HR</i> | Human Resources |

| Abbreviation | Full name |
|--------------|---|
| <i>HVAC</i> | Heating, Venting, and Air Conditioning |
| <i>ID</i> | Identification |
| <i>IPS</i> | Intrusion Prevention System |
| <i>IS</i> | Information Security |
| <i>ISEC</i> | Information Security Engineering and Consulting |
| <i>IT</i> | Information Technology |
| <i>NDA</i> | Non Disclosure Agreement |
| <i>OU</i> | Organizational Unit |
| <i>PII</i> | Personally Identifiable Information |
| <i>QA</i> | Quality Assurance |
| <i>RIM</i> | Retention and Information Manager |
| <i>SDLC</i> | Systems Development Life Cycle |
| <i>SFTP</i> | SSH (Secure) File Transfer Protocol |
| <i>SIEM</i> | Security Information and Event Management |
| <i>SME</i> | Subject Matter Expert |
| <i>SSN</i> | Social Security Number |
| <i>URL</i> | Uniform Resource Locator (Web Address) |
| <i>VDI</i> | Virtual Desktop Infrastructure |
| <i>VPN</i> | Virtual Private Network |

Appendix 2 - Stakeholders interviewed

| # | Title | Department | Date |
|----|---|--|-----------|
| 1 | Customer Privacy Project Manager | Customer Privacy – Residential Services | 3/15/2017 |
| 2 | Customer Information Management Administrator | Customer Privacy – Residential Services | 3/15/2017 |
| 3 | CCC Ops Support Supervisor | Operations Support – Residential Services | 3/16/2017 |
| 4 | Facilities Manager | Facilities | 3/16/2017 |
| 5 | Customer Privacy Project Manager | Customer Privacy – Residential Services | 3/22/2017 |
| 6 | Demand Response Manager | DR Programs and Segmentation – Customer Programs | 3/22/2017 |
| 7 | Portfolio Manager | IT/Telecom – Supply Management & Logistics | 3/22/2017 |
| 8 | Senior Contracting Agent | IT/Telecom – Supply Management & Logistics | 3/22/2017 |
| 9 | IT Audit Manager | Audit-Information Technology – Audit Services | 3/23/2017 |
| 10 | FLP & Audit Services Manager | Audit QA & FLP Program – Audit Services | 3/23/2017 |
| 11 | IT Architect | Enterprise Architecture – Information Management | 3/29/2017 |
| 12 | Manager – CSF & Smart Meter Operations | CSF & Smart Meter Operations | 3/30/2017 |
| 13 | Smart Meter Technical Support Team Lead | Smart Meter Tech Support – CSF & Smart Meter Operations | 3/30/2017 |
| 14 | Information Security Manager | Information Security Operations Center – Cybersecurity | 3/30/2017 |
| 15 | Information Security Manager | IS Governance Awareness Oversight – Cybersecurity | 3/30/2017 |
| 16 | Information Security Manager | Security Engineering & Operations – Information Security | 3/30/2017 |

| # | Title | Department | Date |
|----|--|--|------------|
| 17 | Information Security Manager | IS Governance Awareness Oversight – Cybersecurity | 4/4/2017 |
| 18 | Information Security Manager | Security Engineering & Operations – Information Security | 4/13//2017 |
| 19 | Infrastructure Team Lead | Production Support – Information Security | 4/13/2017 |
| 20 | Information Security Manager | Information Security Operations Center – Cybersecurity | 4/14/2017 |
| 21 | Customer Billing Manager | Customer Billing – Customer Operations | 4/24/2017 |
| 22 | Software Component Architect | Customer Engagement Services – SDG&E Application Services | 4/24/2017 |
| 23 | Facilities Manager | Facilities | 4/24/2017 |
| 24 | Infrastructure Technology Manager | Data Center Architecture & Automation – IT & OT Infrastructure | 4/24/2017 |
| 25 | Assistant General Counsel | Litigation – General Counsel | 4/25/2017 |
| 26 | Senior Paralegal | Litigation – General Counsel | 4/25/2017 |
| 27 | Information Security Manager | IS Governance Awareness Oversight – Cybersecurity | 4/25/2017 |
| 28 | Branch Office Manager | Regional Branch Office – Residential Services | 4/25/2017 |
| 29 | Authorized Payment Locations Advisor | Regional Branch Office – Residential Services | 4/25/2017 |
| 30 | Customer Privacy Project Manager | Customer Privacy – Residential Services | 4/27/2017 |
| 31 | Infrastructure Team Lead | Identity & Access Management – Information Management | 4/27/2017 |
| 32 | Director – Enterprise Risk Management | Risk Management – Enterprise Risk Management | 5/2/2017 |
| 33 | Project Manager – Affiliate Compliance | SDG&E and SCG Affiliate Compliance – Risk Management | 5/2/2017 |
| 34 | Director – Information Security | Information Security | 5/5/2017 |
| 35 | Infrastructure Team Lead | Security Operations – Information Security | 5/8/2017 |
| 36 | Information Security Manager | Information Security Operations Center – Cybersecurity | 5/10/2017 |
| 37 | Information Security Manager | Security Engineering & Operations – Information Security | 5/10/2017 |
| 38 | Infrastructure Team Lead | Production Support – Information Security | 5/10/2017 |

Contact us

Doron Rotman
Managing Director
408-367-7607
drotman@kpmg.com

Douglas Farrow
Partner
213-955-8389
dfarrow@kpmg.com

www.kpmg.com

kpmg.com/socialmedia



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