

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

SOUTHERN CALIFORNIA GAS COMPANY

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

DATE RECEIVED: July 19, 2019

DATE RESPONDED: August 2, 2019

QUESTION 1:

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

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

RESPONSE 1:

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

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

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

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

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QUESTION 2:

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

RESPONSE 2:

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

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

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

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QUESTION 3:

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

RESPONSE 3:

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

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QUESTION 4:

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

RESPONSE 4:

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

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QUESTION 5:

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

RESPONSE 5:

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