

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

Application of San Diego Gas & Electric Company (U 902 M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2019.

Application No. 17-10-007

And Related Matter.

Application No. 17-10-008

**RESPONSE OF UTILITY WORKERS UNION OF AMERICA,
LOCAL UNIONS 132, 483, 522
TO FILING OF CPUC ENERGY DIVISION REVIEW
OF SEMPRA'S 2017-2018 SPENDING REPORTS**

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Local Unions 132, 483, and 522 of the Utility Workers Union of America (UWUA) respond to the letter dated April 28, 2020 from Edward Randolph, CPUC Deputy Executive Director for Energy and Climate Policy, to Dan Skopec, Sempra Vice President for Regulatory Affairs, transmitting CPUC Energy Division Review of 2017 and 2018 Interim Risk Spending Accountability Report of San Diego Gas and Electric and Southern California Gas as follows:

UWUA notes that Deputy ED Randolph concludes that:

“The data for the 2017-2018 reports show a pattern of overspending for many capital projects and underspending in most operations and maintenance projects. ... Underspending on operations and maintenance raises the concern that a utility is not adequately maintaining its system and is pocketing the savings from this underspending. This review focuses on spending variances from the 2018 report. ... Importantly, the 2018 report

shows a pattern of underspending ... expensed work at both utilities. ED [Energy Division] will further scrutinize O&M underspending in future reviews.” (Letter, page 1)

UWUA notes the following specific spending variances identified by the Commission’s Energy Division staff evaluation:

(1) ATTACHMENT A. Subsection D. (Page 7):

“D. SoCalGas Transmission O&M: Operator Qualification

The 2018 report says that SoCalGas spent \$1.5 million on their Operator Qualification program in the reporting period, which is approximately 381 percent more than their imputed authorized value. *The report explains that SoCalGas spent less than the authorized amount on Gas Distribution O&M because of lower than forecasted staffing levels, which precipitated labor being shifted to other groups. The utility explained the variance as having to merge Operator Qualification with Operations Management & Training.* The utility disclosed that there had been 5,600 trainings in 2018. However, SoCalGas explained that its training forecast was based upon adjusted-recorded base year costs rather than historic trends in employee training since trainings vary by task and expiration date. [fn] The variance explanation, workpaper activity description and in line citations did not provide enough context to understand how the values from Operations Management and Training had affected the variance. ED staff recommends the utility consider ways to incorporate work unit reporting requirements from D.19-04-020 into Operator Qualification to ease verification. [fn]” (emphasis added.)

The points made above raise important issues that require further examination by SoCalGas and the Commission. UWUA submits that both SoCalGas’s report and the Energy Division staff’s examination of it would have benefitted from the UWUA’s participation in the process, as has been required for years by Public Utilities Code section 961. UWUA hopes that SoCalGas and the Energy Division staff will include the Union in future discussion of these issues.

(2) ATTACHMENT A, Subsection F. (Page 8):

“F. SoCalGas Distribution Capital: Main and Service Abandonments

The 2018 report states that SoCalGas spent \$12.6 million on Main and Service Abandonments in the reporting period, which is approximately 180 percent more than their imputed authorized value. *The utility explained they had received more than the expected number of requests and orders for the program.* The utility disclosed they had received 4,672 orders for abandonments but their forecast for abandonments was based upon a five-year average of actuals rather than historic trends. SoCalGas has indicated that they are evaluating methods for calculating work units for the Main and Service Abandonment line item since they are required to provide them in their 2019 RSAR. The utility justified spending on abandonments based upon a five-year spending average (SCG-04-R FBA-106 and SCG-04-R GOM-108) because the scope and costs for work orders or requests can vary widely. [fn] However, with no measure of authorized work, the variance for this program is hard to verify. [fn] ED staff recommend the Utility pursue the work unit requirements in D.19-04-020 and include a presentation of the work orders or requests upon which these program costs are based.” (emphasis added)

Here too, the Energy Division staff has raised important issues requiring further examination by SoCalGas and the Commission. And here too, the report and the Energy Division’s evaluation would have benefitted from the UWUA’s participation, as section 961 requires. UWUA is ready, willing and able to contribute.

The issues addressed by the Energy Division staff are directly related to employee and public safety, adequacy of the utility’s workforce, leak reduction and safety culture issues that have historically been of concern to UWUA and their members. These issues are the subject of legislative mandate in SB 705 (Pub. Util. Code §§ 961 and 963) and SB 1371 (Pub. Util. Code §§ 975 and 978.)

UWUA shares the Energy Division staff’s concerns and looks forward to meaningful, substantial, and ongoing participation in the process of understanding these issues and their impact on the provision of safe, reliable and affordable gas service to California. (Pub. Util. Code §§ 961, subd. (e) and 975, subd. (g).)

(3) ATTACHMENT B, Table 4 (page 4):

Distribution and transmission operations appear to represent the largest areas of underspending in terms of absolute dollars, and among the highest in percentage underspending among all work categories.

<u>Expense Category</u>	<u>\$ Underspend (2018)</u>	<u>% Underspend (2018)</u>
Gas Engineering	(8,875,000)	36%
Customer Service Field & Meter	(62,334,000)	28%
Customer Service Information	(7,368,000)	28%
Customer Service Office	(14,267,000)	27%
Gas System Integrity	(3,499,000)	27%
Gas Transmission	(10,566,000)	25%
Human Resources Dept. – Safety, Long Term Disability, Workers Comp	(4,443,000)	21%
Gas Distribution	(10,417,000)	7%

These are items of significant underspending; they are directly related to employee and public safety, adequate workforce, leak reduction and safety culture issues. They have historically been vital concerns of UWUA and their members, and are the subject of the legislative mandates in SB 705 (Pub. Util. Code §§ 961 and 963) and SB 1371 (Pub. Util. Code §§ 975 and 978.)

UWUA looks forward to meaningful, substantial, and ongoing participation in the process of understanding these issues and their impact on the provision of safe, reliable and affordable gas service to California. (Pub. Util. Code §§ 961, subd. (e) and 975, subd. (g).)

Dated: May 11, 2020

Respectfully submitted,

/s/ John J. Davis, Jr.

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