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6	BEFORE THE PUBLIC UTILITIES COMMISSION
7	OF THE STATE OF CALIFORNIA
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9	Discovery Dispute Between Public Advocates Office and Southern California Gas Company, Not in a Proceeding; Pub. Util. Code § 309.5(e)
10	October 2021
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13	[NOT IN A PROCEEDING-SEC 309.5(e)]
14	OPPOSITION OF
15	SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)
16	TO THE PUBLIC ADVOCATES OFFICE'S
17	OCTOBER 21, 2021 MOTION TO COMPEL
18	IN THE DISCOVERY DISPUTE BETWEEN PUBLIC ADVOCATES OFFICE AND SOUTHERN CALIFORNIA GAS COMPANY, OCTOBER 2021
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26	November 2, 2021
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I. INTRODUCTION.

Pursuant to Rules 11.1 and 11.3 of the California Public Utilities Commission's	
("Commission") Rules of Practice and Procedure ("Rules"), Public Utilities Code Section	
309.5(e), and the instructions provided by the Commission's Administrative Law Judge ("ALJ")	
Division on November 1, 2021, Southern California Gas Company (U 904 G) ("SoCalGas")	
hereby opposes the Public Advocates Office's ("Cal Advocates") "Motion to Compel Southern	
California Gas Company to Provide Remote Access to SAP Database to Audit Ratepayer	
Accounts," which was proffered outside of any Commission proceeding on October 21, 2021 (the	
"Motion"). The pleading caption supplied with Cal Advocates' Motion references an	
"investigation" that is "not in a proceeding" and also Application ("A.") 20-12-011, a closed	
docket. ¹ Nevertheless, based on the procedural email from President Batjer on October 27, 2021	
and the subsequent email instructions from ALJs Simon and DeAngelis, ² SoCalGas understands	
that the Commission is treating the Motion as a request for resolution of objections under Public	
Utilities Code 309.5(e). ALJ DeAngelis provided leave to submit this opposition on November 2	
2021, so it is timely.	

Cal Advocates' Motion includes a series of inflammatory and irrelevant accusations, but, when these distractions are swept away, what remains is an attempt by Cal Advocates to compel a type of access to SoCalGas's records that is currently prohibited by an order of the Commission. To be clear, SoCalGas has already offered to provide the accounting information that Cal Advocates seeks in its data request.³ To the extent Cal Advocates' Motion suggests otherwise, it

¹ SoCalGas does not agree with the provocative title that Cal Advocates continues to apply to this "non-proceeding." SoCalGas has captioned the matter in a neutral manner, consistent with the ALJ Division's instructions.

² The Motion was served on October 21, 2021. On October 22, 2021, SoCalGas sent a procedural communication to President Batjer and all individuals whom Cal Advocates had copied on the Motion, through which SoCalGas expressed its intent to respond to the Motion. President Batjer referred the matter to the Commission's Chief ALJ through an email on October 27, 2021, and Chief ALJ Simon assigned the matter to ALJ DeAngelis on November 1, 2021. On November 1, 2021, ALJ Simon provided guidance regarding submissions related to this matter, and ALJ DeAngelis granted SoCalGas's request to submit this response, setting the due date at November 2, 2021.

³ *Motion* at 1-2, n. 3. Aside from redacting certain vendor names and description of activities, the Microsoft Access database and SoCalGas's offer to respond to requests for further documentation will provide Cal Advocates with all of the information sought. SoCalGas encourages the Commission to review

is inaccurate. ⁴ Cal Advocates' Motion amounts to a complaint that it is not being granted "remote 1 2 access" – but this type of access is currently stayed based on a compromise reached between 3 SoCalGas and the Commission in connection with ongoing appellate litigation, as manifested in an extension issued by the Commission's Executive Director. If Cal Advocates' Motion were 4 5 granted, the balance underlying that compromise would be undone and SoCalGas would be forced 6 to revisit the need for a judicial stay from the Court of Appeal. 7 On March 19, 2021, over Cal Advocates' objections, the Commission's Executive Director 8 9 to comply with a subpoena from Cal Advocates for "remote" access to SoCalGas's internal

issued a duly-authorized order pursuant to Rule 16.6 granting an extension of time for SoCalGas accounting system (the "Executive Director Order").⁵ The Rule 16.6 extension arose in the context of this same non-proceeding investigation and the ongoing appellate litigation between the Commission and SoCalGas concerning the application of First Amendment protections to Cal Advocates' requests for remote access to SoCalGas's accounting records.⁶ Paralleling the broad scope of the Court of Appeal's Temporary Stay Order, the Executive Director Order extended compliance with the entirety of Resolution ALJ-391's requirements, including SoCalGas's obligation to provide remote, live access to its accounting systems "until twenty-one (21) days following the Court of Appeal's final disposition of SoCalGas's Petition for Writ of Review."8 Despite this unambiguous directive, Cal Advocates seeks to circumvent the Commission's order by demanding "remote access" to a sub-set of the same data covered by the authorized extension, which would undermine reliance that SoCalGas had placed on the Executive Director Order in

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SoCalGas's October 11, 2021 and October 18, 2021 emails, which are attached as Exhibit 2 to Cal Advocates' Motion. The emails explain how SoCalGas's offer will provide Cal Advocates with more information than it would get through SAP access alone. Cal Advocates' emails are tellingly nonresponsive to this point.

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⁴ It is not until the last section of Cal Advocates' Motion that it substantively acknowledges the existence of SoCalGas's offer during the meet and confer process. See Motion at 9-10 ("As described in footnote 3 above, SoCalGas proposed during the meet and confer process to provide Cal Advocates ratepayer account information in a 'Microsoft Access database' that it will curate for Cal Advocates' review.").

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⁵ See Executive Director Order at 1; Res. ALJ-391 at 29 (FOF 9); May 4, 2020 Subpoena, OP 1. The Executive Director Order is attached hereto as Attachment A.

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⁶ See Southern California Gas Company v. Pub. Util. Comm'n, Case No. B310811 (2nd Dist.). The Temporary Stay Order is attached hereto as Attachment B.

⁸ Executive Director Order at 1.

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taking its request for judicial stay off calendar and to extend the Commission's time to answer SoCalGas's petition before the Court of Appeal. On this basis alone, the Commission must uphold its order and deny the Motion.

Even absent the extension issued under Rule 16.6, strong grounds exist to deny the Motion. Cal Advocates' data request seeks a type of remote access to SoCalGas's system that does not currently exist and which cannot be provided without creating a wholly new functionality in SoCalGas's accounting system. SoCalGas estimates it will take approximately eight (8) employees and 200 hours to create the requested functionality. If SoCalGas were to re-engineer its system to allow for such access, unfettered viewing of the resulting contents would still reveal information that Cal Advocates cannot lawfully access, including attorney-client privileged information and constitutionally-protected political activities, an issue still pending before the Court of Appeal. Redactions for privileged material are a normal part of the discovery process, and the Commission adopted measures that recognize SoCalGas's legitimate concerns regarding privilege and confidentiality in Resolution ALJ-391. Granting a blanket license to Cal Advocates to review this information without appropriate redactions would violate SoCalGas's statutory and constitutional rights and compromise the First Amendment issues that are before the Court of Appeal. In addition, remote access could expose potentially material, incomplete, nonpublic financial information that has not been confirmed through SoCalGas's accounting review process.

There is no need for the Commission to confront any of these issues at this time, and there is no urgency to the review that Cal Advocates seeks to conduct, as Cal Advocates has not shown that there are any current ratemaking proposal pending that depends on these data.¹¹ Even though

⁹ See, e.g., Southern Cal. Gas Co. v. Pub. Utilities Comm'n, 50 Cal. 3d 31, 38-39 (1990) ("the commission's powers . . . are subject to the statutory limitation of the attorney-client privilege"); Pacific Gas & Electric Co. v. Pub. Util. Comm'n, 475 U.S. 1, n. 14 (a company's status as a public utility does not "lessen[] its right to be free from state regulation that burdens its speech").

¹⁰ Res. ALJ-391 at 27 (adopting specific confidentiality protections for materials copied or printed from accounting system), 34 (creating exceptions to remote access for privileged materials and directing SoCalGas to provide a privilege log).

¹¹ As explained below, SoCalGas is in between general rate cases. Its prior general rate cases already involved a full examination of the historical accounting information, and its upcoming general rate case

SoCalGas need not provide the information in response to Cal Advocates' demand based on the Rule 16.6 extension, SoCalGas has nevertheless offered a reasonable compromise in response to meet and confer efforts between the parties, which it reiterates here—SoCalGas has agreed to provide the information requested through Microsoft Access files, with privileged and protected information appropriately redacted. Even with the redactions, Cal Advocates will be able to see the transaction details, just not the vendor names and activities that are privileged or otherwise protected from disclosure. These files will allow Cal Advocates to begin to review the information it has requested while the appellate litigation is pending and the Rule 16.6 extension is in effect. Questions involving the extent of remote access can be resolved after the Court of Appeal addresses the First Amendment questions surrounding the data, and any ratemaking concerns will be fully addressed in SoCalGas's upcoming general rate case, which will begin in May 2022.

The Commission should not be enticed by the alarmist tone and provocative claims in Cal Advocates' pleading. The Commission has already issued an order through its Executive Director that governs this matter, and Cal Advocates' Motion provides no proper procedural vehicle or substantive basis to modify that order. The Commission should deny the Motion and, at most, direct the parties to pursue the compromise offered in good faith by SoCalGas.

II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND.

A. Cal Advocates' "Non-Proceeding."

Since at least May 2019, Cal Advocates has been conducting an informal investigation into SoCalGas's political and associational activities, with a focus on the topic of "decarbonization." As Cal Advocates' Motion acknowledges, these activities have taken place in a "non-proceeding;" there is no scope, no stated agenda, no schedule, no timeframe for resolution, and no procedural apparatus. Despite two requests from SoCalGas that the Commission assign this inquiry to a

will involve a review of more recent data.

¹² See Cal PA Data Request SCG051719 (May 23, 2019). It should be noted that Cal Advocates has a "joint prosecution" agreement with the Sierra Club, which appears to encompass this inquiry. See Exhibit 4 to the Declaration of Jason H. Wilson, submitted in support of SoCalGas's Comment on Draft Resolution ALJ-391 (submitted Nov. 1, 2020).

formal proceeding with rules and procedures in place,¹³ this "non-proceeding" investigation has continued for more than two years, defined only by the questions that Cal Advocates chooses to pose. To date, SoCalGas has addressed 24 sets of data requests on this subject, including more than 150 individual questions (not including subparts), all outside of any Commission docket, and produced approximately 8,000 pages of documents.¹⁴

B. The SAP System.

As part of this "non-proceeding," Cal Advocates has fixated on obtaining real-time, "remote access" to SoCalGas's internal accounting system, specifically its Systems Application and Products in Data Processing ("SAP") system. SAP is an enterprise resource planning ("ERP") software, and includes programs supporting core business functions such as finance, materials management, procurement and project management. Business transactions within SAP are configured to generate accounting entries and assign them to the appropriate accounts. All expenses, revenues, and investments are recorded using this system at a transactional level, with textual descriptions for many entries. The SAP software includes all accounting transactions, including those whose substance is protected by attorney-client privilege, First Amendment protections, or other statutory, constitutional, or common law privileges.

The SAP system is programmed to divide transactions between pre-defined operating accounts ("above-the-line") and non-operating accounts ("below-the-line"). This distinction is not used for ratemaking purposes until SoCalGas submits its financial information in a general rate case. Prior to including expenses or investments in regulated cost recovery calculations in the upcoming general rate case, as part of its routine procedure, SoCalGas reviews the above-the-line accounts to remove items that should be classified as below-the-line costs as not recoverable from ratepayers through regulated revenue requirement. SoCalGas's next general rate case

¹³ See July 17, 2020 Letter to President Batjer at 1; April 12, 2021 Letter to President Batjer at 1.

¹⁴ See SoCalGas Application for Rehearing of Resolution ALJ-391 at 34, n. 109. The data requests are available on Cal Advocates' website: https://www.publicadvocates.cpuc.ca.gov/general.aspx?id=4445.

¹⁵ Many protected transactions subject to the First Amendment are recorded in the below-the-line accounts. The above-the-line accounts nevertheless contain some protected transactions because, and, as SoCalGas has acknowledged, some below-the-line costs were originally recorded to above-the-line accounts. SoCalGas has reclassified or identified for exclusion these costs from its upcoming general rate cases.

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application is not due until May 2022,¹⁶ and the financial information upon which the company's forward-looking revenue requirement and rate design is determined, will be subject to a full examination in a formal Commission docket, which will include Cal Advocates' participation.

C. Cal Advocates' 2020 Demand for Remote Access.

Cal Advocates' repeated request for remote access to SoCalGas's accounting system has already generated a dispute that is pending before the Court of Appeal. On May 1, 2020, Cal Advocates served its 14th set of data requests, seeking "[r]emote access to the SoCalGas SAP system" at a level "equivalent to the highest quality and functionality available to SoCalGas accountants and auditors." Three days later, Cal Advocates served a subpoena seeking even broader access, demanding "on-site and remote access" to "all databases associated in any manner with the company's accounting systems." In response, SoCalGas agreed to provide "remote access" to the SAP system, provided that materials subject to First Amendment and attorney-client protections would remain restricted. Cal Advocates refused to accept this solution, which led to a motion by SoCalGas to quash the subpoena, a motion from Cal Advocates to enforce the subpoena, which denied SoCalGas's Motion to Quash and directed SoCalGas to "produce the information and documents requested" in the subpoena and Cal Advocates' underlying data request, with the exception of materials "privileged as attorney-client or attorney work product."

While these costs will not be included in the upcoming general rate case, they will still be reflected in SoCalGas's SAP as the system does not allow a transaction to be deleted. These transactions will similarly appear in the Microsoft Access solution offered by SoCalGas with proper redactions to protect First Amendment information and information protected by the attorney-client privilege and work product.

16 D.20-01-002 at 55 (Table 4).

¹⁷ See Data Request CALADVOCATES-TB-SCG-2020-03 (May 1, 2020), Questions 1, 2.

¹⁸ Subpoena to Produce Access to Company Accounting Databases (May 4, 2020), ¶¶ 1, 2.

¹⁹ Declaration of Elliott S. Henry in Support of SoCalGas Motion to Quash Subpoena (May 19, 2020) at ¶ 13 (describing meet and confer process, SoCalGas's proposed "remote access" compromise, and Cal Advocates' rejection of that compromise).

²⁰ SoCalGas Motion to Quash Subpoena (May 22, 2020) at 3 (seeking order quashing aspects of subpoena that seek privileged and protected information).

²¹ Cal Advocates' Motion for Contempt and Sanctions (June 23, 2020) at 22-24 (seeking immediate compliance with subpoena and monetary sanctions).

²² Res. ALJ-391 at 33 (OP 8).

D. SoCalGas's Appeal and the Judicial Stay.

On March 8, 2021, SoCalGas filed a timely Petition for Writ of Review with the Second District Court of Appeal, alleging that Resolution ALJ-391 violated the company's First Amendment rights by forcing it to expose political and associational information in its accounting system.²³ With its appellate filing, SoCalGas sought a stay of Resolution ALJ-391, which otherwise would have required "remote access" on March 17, 2021. The Court responded by issuing a *Temporary Stay Order* on [March 16, 2021], which mandated that the Commission's "order for production of documents in accordance with Resolution ALJ-391... and all related orders is hereby stayed pending completion of a hearing regarding [SoCalGas's] application for stay or further order of this Court."²⁴ This judicial stay covered not only the protected materials that had given rise to the appellate action, but *all* access requirements under Resolution ALJ-391, while the Court considered the application for stay upon full briefing and hearing. The Second District's hearing date to address the merits of an extended stay was set for March 25, 2021.²⁵

E. The Commission's Administrative Extension Order.

Following the issuance of the *Temporary Stay Order*, SoCalGas engaged in a meet and confer process with the Commission that included a discussion of the timing of compliance with Resolution ALJ-391 in light of the pending appeal, among other things. Based on those meetings, on March 18, 2021, SoCalGas submitted a request for extension of time pursuant to Rule 16.6, asking that the compliance deadline for Resolution ALJ-391 be extended administratively. ²⁶ Cal Advocates opposed the extension, recognizing it would extend time to "comply with the Resolution . . . and all related obligations and put off resolution of the audit for an additional year and a-half." The Commission granted the request in full on March 19, 2021, noting that "[g]ranting the requested extension would avoid the need for further stay proceedings in the Court

²³ See Southern California Gas Company v. Pub. Util. Comm'n, Case No. B310811 (2nd Dist.).

²⁴ See id., Temporary Stay Order at 1.

²⁵ *Id.* at 2.

²⁶ The Rule 16.6 request sought broad relief as to the requirements of Resolution ALJ-391 and "all related obligations." *SoCalGas Rule 16.6 Request*, at 1. The request also noted that the "requested extension would avoid the need for further stay proceedings in the Court of Appeal." *Id.* at 2.

²⁷ Cal Advocates Opposition to March 18, 2018 Extension of Time at 2 (emphasis in original).

of Appeal."²⁸ The Executive Director Order granted a full extension "to comply with the Resolution"—without qualification—"until twenty-one (21) days following the Court of Appeal's final disposition of SoCalGas's Petition for Writ of Review and Request for Stay currently pending before the California Court of Appeal (Case No. B310811)."²⁹ In reliance on this administrative extension, SoCalGas agreed to take the request for an extended judicial stay off calendar and provide the Commission with a 50-day extension of time to file its answer with the Court of Appeal.³⁰

F. Cal Advocates' Continued Requests for Remote Access.

Despite the clear directive in the March 19, 2021 Executive Director Order, Cal Advocates' requests for direct access to the SAP system have continued. On April 1, 2021, Cal Advocates issued a data request seeking "remote access" to SoCalGas's FERC Accounts 901 through 935 "for the period of January 1, 2017 to . . . March 15, 2021," in direct violation of the administrative stay imposed by the Commission pursuant to the Rule 16.6 extension. This request was identified as "CalAdvocates-TB-SCG-2021-04," and is attached as Exhibit 1 to the Motion. SoCalGas provided a response to the request on April 12, 2021, explaining that it was barred by the Executive Director's Order.³¹ For simplicity, SoCalGas will refer to the data request as "Cal PA 2021-04."

G. The Present Dispute.

After almost six months of inaction, Cal Advocates followed up on Cal PA 2021-04. In that communication, Cal Advocates not only sought to circumvent the Executive Director Order,

²⁸ Executive Director Order at 1.

²⁹ *Id* at 1

In its order taking the stay hearing off calendar, the Court of Appeal recognized SoCalGas's detrimental reliance and the relationship between the Executive Director Order and the agreement to forego a longer judicial stay. See Southern California Gas Company v. Pub. Util. Comm'n, Case No. B310811 (2nd Dist.), March 22, 2021 Order at 1 ("in light of respondent's agreement to grant petition an extension of time in which to comply with Resolution ALJ-391 . . . until 21 days after this Court's disposition of the petition, our March 16, 2021 temporary stay order is hereby vacated"). SoCalGas notes that it also received an additional 20 days to file its reply brief before the Court of Appeal in connection with this agreement.

31 See SoCalGas Response to Data Request 2021-04 (April 12, 2021) at 3 ("SoCalGas objects to this request on the grounds that it violates the Executive Director's March 19, 2021 Rule 16.6 stay of Resolution ALJ-391")

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but also improperly attempted to expand the scope of the data request from just over three years of material to data covering 11 years. Exhibit 2 to the Motion to Compel reflects the full record of meet and confer correspondence on the subject. As reflected in the October 18, 2021 communication from SoCalGas's representatives, SoCalGas has presented a compromise by which responsive accounting information can be made available, while respecting the Executive Director Order and protecting constitutionally-protected and privileged information. Cal Advocates rejected that proposal, choosing instead to file the instant Motion that has necessitated this response. In the Motion, it appears that Cal Advocates has accepted SoCalGas's compromise, at least as an interim measure.³² Cal Advocates nevertheless filed its Motion.

III. CAL ADVOCATES SEEKS A FORM OF ACCESS THAT IS BARRED BY AN ONGOING EXTENSION IMPOSED BY THE COMMISSION'S EXECUTIVE DIRECTOR'S MARCH 19, 2021 ORDER AND UPON WHICH SOCALGAS RELIED IN AGREEING TO DROP ITS APPLICATION FOR STAY BEFORE THE COURT OF APPEAL.

The Motion should be denied because SoCalGas has a Commission-authorized extension of time to provide the requested access in effect, which will not elapse until 21 days after the appellate litigation is resolved. Cal Advocates' Motion seeks the same "remote access" to SoCalGas's internal accounting system that was extended by the Executive Director Order on March 19, 2021. The principal difference between the instant data request and the prior disputed discovery is that Cal Advocates now asks for access to a sub-set of the same information, focusing on "FERC Uniform System of Account Nos. 901 through 935," which are the above-the-line accounts, and 11 years of data.³³ However, this narrowing of the prior, discovery cannot escape the force of the Executive Director Order because the ongoing extension applies to the entirety of Resolution ALJ-391, not just access to certain accounts.³⁴

Cal Advocates argues that the Executive Director Order "only applies to shareholderfunded accounts at issue in the utility's appeal," but the plain language of the order does not support this characterization.³⁵ Cal Advocates' subpoena was sweeping in scope, and sought

³² Motion, at 10 ("Cal Advocates has accepted this proposal as a way to move forward incrementally").

Cal PA 2021-04, at 5.

³⁴ March 19, 2021 Executive Director Order at 1 (extending time "to comply with the Resolution").

³⁵ *Motion* at 5 (emphasis in original).

"access to all databases associated in any manner with the company's accounting system."

Resolution ALJ-391 was equally broad, ordering SoCalGas to "produce the information requested by Public Advocates Office," with only limited exceptions for privilege. Like the subpoena and the Resolution, the Executive Director Order was categorical, providing an extension "to comply with the Resolution," without exception. Cal Advocates does not offer any language from the Executive Director Order to dispute the plain language of the extension.

Cal Advocates' attempts to limit the scope of the Executive Director Order should be rejected. It is incorrect that the extension "applies only to *shareholder-funded* accounts," nor is it correct that the directive in Resolution ALJ-391 was "limited to SoCalGas' claims that Cal Advocates may not access accounts that the utility claims are '100% shareholder funded." The fact that the ongoing appeal focuses on the shareholder information does not change the scope of the Executive Director Order. Moreover, as SoCalGas has explained, even its above-the-line accounts contain privileged and protected material, which makes remote access prior to a judicial determination on the First Amendment issues important. Neither the language of the Executive Director Order nor its context support Cal Advocates' position.

To the extent that Cal Advocates seeks to reverse or modify the Executive Director Order through a motion to compel, its request is procedurally improper. The Executive Director Order was issued more than seven months ago pursuant to a specific procedural rule—Rule 16.6—which empowers the Executive Director to extend deadlines for compliance with Commission orders.³⁷ Cal Advocates disputed the extension at the time, acknowledging that it would apply broadly to all aspects of "remote access" and may delay its audit.³⁸ Nevertheless, Cal Advocates chose not to challenge the extension further, and it is final and non-appealable.³⁹ The proper procedure for disputing the extension would have been an application for rehearing,⁴⁰ but the deadline for such a

³⁶ *Motion* at 6-7

³⁷ The power to extend deadlines imposed by a "Commission decision or order" is within the province of the Executive Director, who may "grant" and "authorize" such extensions on behalf of the Commission. Rule 16.6.

 $^{^{38}}$ Cal Advocates Opposition to March 18, 2018 Extension of Time at 2-3.

³⁹ Pub. Util. Code §§ 1708, 1709.

⁴⁰ Pursuant to Rule 16.6, the Executive Director has the power to speak for the Commission regarding

challenge expired months ago.⁴¹ It cannot be collaterally attacked months later by seeking an ALJ Ruling to reach a different result.⁴² For the same reasons, Cal Advocates' repeated invocations of Public Utilities Code Sections 309.5 and 314 are misplaced.⁴³ These provisions describe Cal Advocates' investigatory and discovery powers, but they do not allow Cal Advocates to side-step a duly-authorized Commission order issued by the Executive Director.

The Executive Director Order effectuates a complete, ongoing extension on compliance with the "remote access" request, and Cal Advocates cannot overcome that order just by asking the same question in a different way. The breadth of the Executive Director's directive was not an accident; it was grounded in the Commission's desire to avoid further stay proceedings at the Court of Appeal, and SoCalGas's reliance on a full extension of compliance with Resolution ALJ-391 to take its extended stay request off calendar. This is evident from: (1) the Court of Appeal's *Temporary Stay Order's* breadth, (2) SoCalGas's broad Rule 16.6 request and rationale, (3) the meet and confer process between SoCalGas and the Commission leading up to that request and the related points of compromise implemented by the two appellate parties, and (4) the plain language of the Executive Director's Order. Cal Advocates' Motion would upset the balance achieved by the extension and undo the compromise that occurred before the Court of Appeal. Both the plain words of the Executive Director Order and the events that led to its issuance confirm that it must

compliance deadlines imposed by Commission decisions or orders. Once an extension is "grant[ed] and "authorized" through the Rule 16.6 process, it constitutes an "order" of the Commission. Under Public Utilities Code Section 1731(b) and Rule 16.1(a), an application for rehearing is the vehicle for challenging a "decision" or an "order" of the Commission. Pub. Util. Code § 1731(b); Rule 16.1(a). Commission "orders" need not be formal Commission decisions identified with a "D" number. See, e.g., D.21-03-001 (denying rehearing of Resolution ALJ-391). Because they are the product of specifically-authorized action under a Commission procedural rule, Executive Director "grant[s]" of extension are also Commission "orders" within the meaning of the Public Utilities Code.

⁴¹ Pub. Util. Code § 1731(b)(1) (requiring applications for rehearing within 30 days of the "date of issuance" of an "order or decision" of the Commission").

⁴² No authority exists for ALJs to adjust deadlines imposed by Commission decisions or orders, and the Commission's rules prohibit ALJs from ruling on matters that would "involve final determination[s] of proceedings." Rule 9.1. ALJ actions must be "consistent with the statutory and other authorities under which the Commission functions and with the rules and policies of the Commission," including Rule 16.6. *Id.* As the Commission has recognized, once a proceeding is closed," any requests for extension of time to comply with [a] decision should be submitted to the Executive Director pursuant to Rule 16.6...." D.09-06-028 at 55.

⁴³ *Motion* at 1, 5-8.

remain in full force and effect, foreclosing "remote access" until the appellate matter is over.

IV. CAL ADVOCATES' REQUEST SEEKS ACCESS TO INFORMATION IN A FORM THAT DOES NOT CURRENTLY EXIST AND CANNOT REASONABLY BE PROVIDED WITHOUT EXHAUSTING SIGNIFICANT RESOURCES.

Cal Advocates' requested "remote access" is not just improper, it would impose a substantial burden on SoCalGas without any discernible benefit to Cal Advocates' ongoing audit. Cal Advocates is seeking a form of remote access that does not currently exist using the SAP system. Contrary to Cal Advocates' suggestions, creating this functionality within SAP would require significant additional engineering by SoCalGas. In this context, SoCalGas is not suggesting that remote access to this system is merely inconvenient; rather, the compilation requested is beyond what SoCalGas provides in any audit scenario, is not in SoCalGas's possession, and it cannot be reasonably facilitated without exhausting significant resources. For example, to satisfy the requirements of the request, custom SAP programming must be completed by SoCalGas's employees to compile the information for the FERC 900 series of accounts for 11 years' worth of transactions, manual redactions of First Amendment-protected information, as well as information protected by the attorney-client privilege and the work product doctrine must be completed. A series of SAP functional and system testing must also be performed to ensure the customizations are met and do not negatively impact other functionality in SAP. SoCalGas estimates that it would take approximately eight (8) employees and approximately 200 hours to develop this functionality within SAP. This puts the request beyond the scope of reasonable discovery, especially when there is a viable option that is more readily available that is acceptable to other auditors/regulators as discussed below.⁴⁴

The Motion characterizes SoCalGas's objections to full remote access as a gratuitous effort

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⁴⁴ See, e.g., A.05-04-020, ALJ Ruling Addressing Motion of Owest to Compel Responses, Aug. 5, 2005, at 7

("Verizon is not required to create new documents responsive to the data request"); A.05-02-027, ALJ Ruling Regarding ORA's Second Motion to Compel at 23 (on motion to compel, stressing that SBC

Communications "shall not be required to produce new studies specifically in response to this DR"); see also Code of Civil Procedure § 2031.230 (valid objection to inspection demand includes representation that

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the requested "item or category has never existed . . . or is no longer, in the possession, custody, or control of the responding party.").

to "curate" Cal Advocates' review of the accounting material, ⁴⁵ but this characterization overlooks the need to preserve privileged and First Amendment protected information from disclosure. The Commission reaffirmed in Resolution ALJ-391 that attorney-client and attorney work product materials should be protected, and if steps are not taken to remove those materials from the SAP system prior to "remote access," they would be exposed. ⁴⁶ The extent of First Amendment protections for these materials is currently before the Court, but SoCalGas cannot lawfully be compelled to waive its rights to those protections while that matter is pending. As SoCalGas has explained, there are some First Amendment protected materials in above-the-line accounts. Addressing these issues prior to providing "remote access" is not an attempt to "curate access" or a method of "hiding information;" it is a normal part of discovery by which protected materials are redacted.

SoCalGas has presented valid objections demonstrating that "remote access" in the format Cal Advocates demands is not currently available and cannot be provided without exhausting

SoCalGas has presented valid objections demonstrating that "remote access" in the format Cal Advocates demands is not currently available and cannot be provided without exhausting significant resources given the current capabilities and configuration of the SAP system, and SoCalGas has presented an appropriate compromise that removes these difficulties. Nevertheless, if the Commission overrules these objections, SoCalGas would need significantly more time to comply than the "three business days" demanded in the Motion.⁴⁷ SoCalGas estimates that at least ten (10) business days would be needed to re-engineer and test the program, perform the appropriate redactions, and arrange for access.

V. SOCALGAS HAS OFFERED A REASONABLE COMPROMISE THAT DOES NOT VIOLATE THE EXECUTIVE DIRECTOR ORDER AND WHICH PROVIDES RESPONSIVE INFORMATION IN A REASONABLE FORMAT WITHOUT PRECLUDING FUTURE REMEDIES OR FOLLOW-UP QUESTIONS.

Despite the plain language of the Executive Director Order and SoCalGas's valid objections to providing remote access in the manner and time requested, SoCalGas has proposed a reasonable compromise—which it is already working on executing—that should resolve this

⁴⁵ *Motion* at 9.

⁴⁶ Res. ALJ-391 at 33 (OP 8).

⁴⁷ *Motion* at 11.

dispute. As reflected in the "meet and confer" correspondence, SoCalGas is willing to provide the information requested from the above-the-line accounts in a Microsoft Access database, with redactions for privileged and constitutionally-protected information.⁴⁸ Although SoCalGas was not informed of Cal Advocates' desire for 11 years of data until its October 6, 2021 email,⁴⁹ SoCalGas is making arrangements to deliver data for the expanded timeframe from the requested accounts, to the extent it is available,⁵⁰ again subject to limited redactions for the protected information. This is the same type of information and in the same format as the data that SoCalGas provides to Cal Advocates in its general rate cases and to the Commission's auditors. Likewise, SoCalGas understands that the same type of information and format is used in Federal Energy Regulatory Commission ("FERC") audits for utilities within FERC's jurisdiction.

In addition to providing the Microsoft Access materials, SoCalGas offered to meet and confer to set up regular intervals for follow-up questions, similar to what it does in other audits. As SoCalGas explained in its meet and confer email, even if SoCalGas provided Cal Advocates with the access to SAP that it requested, Cal Advocates will still not be able to view all the information that Cal Advocates apparently seeks—some of that information is simply not in SAP.⁵¹ Further details regarding this good faith compromise are reflected in SoCalGas's meet and confer correspondence on October 11, 2021 and October 18, 2021.⁵²

The existence of this alternative obviates the need for Commission intervention, and it should have avoided the Motion altogether. SoCalGas's offer will provide Cal Advocates with the exact same accounting information Cal Advocates is requesting, except through a different medium and with redactions for protected information. Cal Advocates will have the ability to see all costs and accounting treatment associated with an account over the timeframe requested,

⁴⁸ See Motion, Exhibit 2 (October 11, 2021 and October 18, 2021 Meet and Confer Emails).

⁴⁹ The original data request requested data "for the period of January 1, 2017 to . . . March 15, 2021." *See* Cal PA 2021-04 at 5.

⁵⁰ 2021 data will not be available until approximately March 2022.

⁵¹ For example, Cal Advocates is requesting access to Work Order Authorization ("WOAs"). However, many of the WOAs are not in SAP, but are available in hard copy at SoCalGas's offices or at an off-site storage location. Similarly, SoCalGas's accounting policies and procedures are not contained in SAP.

⁵² See Motion, Exhibit 2 (October 11, 2021 and October 18, 2021 Meet and Confer Emails)

including non-protected vendor identification, the dates for each transaction, whether the transaction are credits or debits, amounts of each transaction, and other accounting details. This is a reasonable solution, especially given the extension imposed by the Executive Director Order on Cal Advocates' preferred form of access. Indeed, Cal Advocates' Motion indicates that it "has accepted this proposal as a way to move forward incrementally . . . ," even though other aspects of the Motion incorrectly state that SoCalGas is "withholding . . . access to audit its records." ⁵³

While the Court of Appeal dispute is pending, there is no justification—nor any need—for the ALJ to overrule a Commission order and grant "remote access." That issue will be resolved in due course once the status of the First Amendment materials is confirmed. In the meantime, Cal Advocates will have the data it seeks to conduct its audit.

VI. CAL ADVOCATES' MOTION ADVANCES A SERIES OF TANGENTIAL ALLEGATIONS, UNFOUNDED ASSERTIONS AND PROCEDURAL DISTRACTIONS THAT SHOULD BE IGNORED.

Cal Advocates' Motion is steeped in hyperbolic rhetoric that misconstrues that nature of this dispute and mischaracterizes SoCalGas's prior statements. The disagreement presented by the Motion is not a "threat to the Commission's regulatory authority," a "breach of the regulatory compact," or an entrée to "abusing . . . captive ratepayers." Contrary to the Motion's exaggerated claims, SoCalGas has not "refus[ed] to make its books and records available to the Commission; 55 the parties merely dispute the timing and form by which access to SoCalGas's accounting information should be provided. As reflected in the "meet and confer" correspondence and confirmed herein, SoCalGas is in the process of preparing Microsoft Access files containing its non-privileged accounting records dating from January 1, 2010 to December 31, 2020 (2021 data will not be available until approximately March 2022). Likewise, SoCalGas will provide

⁵³ Motion at 10.

| 54 *Motion* at 5-6, n. 22.

⁵⁵ The timing of the Motion and the categorical assertions of non-compliance that it contains strongly suggest that the Motion was drafted prior to the "meet and confer" process, and not revised to reflect SoCalGas's actual position. *See October 6, 2021, 4:49 p.m. Email from Traci Bone* (stating that "we will wait to file our motion to compel" before a substantive meet and confer process had occurred with SoCalGas"). The Commission should not be misled by these apocryphal statements, which are contrary to the facts.

⁵⁶ See Motion, Exhibit 2 (October 11, 2021 and October 18, 2021 Meet and Confer Emails)

reasonable "remote access" to the SAP system within a reasonable 21-day period following the conclusion of the Court of Appeal litigation, consistent with the March 19, 2021 Executive Director Order and any limitations that may be imposed by the Court.

Cal Advocates devotes significant attention to misplaced attacks on the candor and ethics of SoCalGas's attorneys, suggesting that they provided incorrect information to the Court of Appeal.⁵⁷ These arguments are unfounded and irrelevant. The quoted statements from the Court of Appeal record reflect SoCalGas's consistent position regarding "remote access"—it will provide Cal Advocates with reasonable remote access to the "ratepayer" accounts in its SAP system, with appropriate limitations on privileged and protected materials, *but not while there is an extension in place covering those materials*. Cal Advocates' selective citations from the Court of Appeal record ignore other statements made to the Court, which confirm SoCalGas's position:

SoCalGas has already provided CalPA with a significant amount of information, and repeatedly offered to provide it with access to all of SoCalGas's ratepayer and shareholder accounts, except for a narrow subset of shareholder information that would reveal SoCalGas's political strategy and messaging. (Reply at p. 13.) The reason that SoCalGas has thus far only "offered" to provide this additional information to CalPA (rather than actually providing it) is because CalPA has tellingly refused to sign a non-disclosure agreement or agree to a confidentiality protocol that would protect against the public disclosure of that information. (App. 960, 998.) ... SoCalGas's obligation to provide the information to CalPA has been stayed pending the resolution of these proceedings.⁵⁸

There is nothing misleading about the representations to the Court of Appeal; SoCalGas's commitments will become operative *after* the extension expires according to its terms.

Cal Advocates also attempts to imbue this dispute with a sense of false urgency regarding ratepayer impacts.⁵⁹ These allegations are baseless, but they also ignore the context and posture of this "non-proceeding," the prospective nature of the ratemaking process, and the Commission's processes for addressing these ratemaking issues in a timely and orderly manner. SoCalGas is between general rate cases, so there is no current ratemaking event or cost recovery request for the

⁵⁷ *Motion* at 3-4, n. 16.

⁵⁸ See Southern California Gas Company v. Pub. Util. Comm'n, Case No. B310811 (2nd Dist.), SoCalGas Reply to Amici Brief at 23, n. 6 (emphasis added).

⁵⁹ *Motion* at 6 ("unfettered access" is needed to "ensure that a utility is not abusing its captive ratepayers"), 10 (suggesting that SoCalGas has its "hands in the cookie jar").

costs at issue through which ratepayers would be impacted, even if Cal Advocates' fears were reasonable. Consistent with the Rate Case Plan and longstanding "test year" ratemaking principles, SoCalGas's rates are set with reference to a future test year, for which costs and revenues are examined.⁶⁰ To the extent that the ratemaking process reflects disagreements about whether costs are reasonable, the formal application proceeding surrounding each general rate case accommodates those debates before any ratepayer impacts occur. During the general rate case process, there is ample opportunity in the process for Cal Advocates to participate. SoCalGas's last general rate case was resolved in 2019 with respect to a test year of 2019, and, before that, SoCalGas concluded a general rate case with a test year of 2016.⁶¹ The historical financial information for 2010-2016 was already examined and subjected to a reasonableness review in those two prior general rate cases, both of which are final and non-appealable.⁶² Retroactive ratemaking is not permitted, and the information Cal Advocates seeks for these periods cannot have any impact on ratemaking.⁶³ As to the data for 2017 through 2021, the reasonableness of the costs during those years will be examined in the upcoming general rate case, with reference to a test year of 2024. SoCalGas expects Cal Advocates to participate actively in that proceeding, as it did in each of the prior general rate cases.⁶⁴ But there is no foreseeable impact on ratepayers before the conclusion of that general rate case, and there is no peril that will befall ratepayers if the Commission simply adheres to the Executive Director Order, as SoCalGas has suggested.

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⁶⁰ D.20-01-002 at 55 (Table 4) (confirming test year of 2024 and attrition years of 2025-2027).

²⁰ | 61 D.19-09-051 at 775 (OP 1); D.16-06-054 at 325 (OP 1).

⁶² Pub. Util. Code § 1709 ("[i]n all collateral actions or proceedings, the orders and decisions of the commission which have become final shall be conclusive"); Pub. Util. Code § 1731(b)(1) (applications for rehearing are due within 30 days of issuance date of a decision); see also Wise v. PG&E, 77 Cal.App.4th 287, 299 (1999) ("the PUC may not order reparation on the ground of unreasonableness where the rate in question has by formal finding been declared reasonable.").

⁶³ Pub. Util. Code § 728; see also Pacific Tel. & Tel. Co. v. Pub. Util. Comm'n, 62 Cal.2d 634, 650 (1965) (annulling rate refund ordered by the Commission as impermissible retroactive ratemaking in violation of Public Utilities Code Section 728); Ponderosa Telephone Co. v. Pub. Util. Comm'n, 197 Cal.App.4th 48, 51-52 (2011) ("the Commission has the power to fix rates prospectively only"); City & Cty. of San Francisco v. Pub. Util. Comm'n, 39 Cal. 3d 523, 534 (1985) ("the commission may prescribe rates only prospectively; if its determination is reasonable when made, it will stand even if subsequent events prove it to be otherwise.").

⁶⁴ Cal Advocates is also an active party to R.13-11-005, where the Commission is examining advocacy expenditures with reference to some of the same data at issue here. *See* R.13-11-005 at 2 (investigating accounting related to "energy efficiency codes and standards advocacy").

Cal Advocates' attempts to cast SoCalGas as an intransigent utility and distort the nature of this dispute should be ignored. Here, it is SoCalGas that is following a Commission order, offering a reasonable compromise, and working toward a transparent and fulsome examination of any ratemaking issues in the upcoming general rate case. By contrast, Cal Advocates is attempting an end run on the Commission-imposed extension and has sought Commission intervention even though a good faith alternative exists that would avoid the dispute. When the rhetorical underbrush in the Motion is swept away, the disposition of this matter remains straightforward—the Executive Director Order governs and the Motion should be denied.

VII. CONCLUSION.

Cal Advocates' Motion seeks relief that is at odds with the plain language of the March 19, 2021 Executive Director Order and seeks a form of access to SoCalGas's system that would require significant reprogramming and the imposition of measures to ensure that privileged and constitutionally-protected information is not disclosed. Cal Advocates asks the Commission to ignore these concerns and the Executive Director Order, but the Commission already weighed the equities associated with this dispute when it granted the Rule 16.6 extension. The Commission should enforce its own order, and, at most, direct the parties to pursue the alternative that SoCalGas has offered, with the understanding that when the Court of Appeal litigation is resolved, further steps can be taken.

Executed at Oakland, California on this 2nd of November, 2021.

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By: Tabailer

Patrick M. Rosvall

Attorneys for

Southern California Gas Company

Attachment A

March 19, 2021 Executive Director Order

STATE OF CALIFORNIA GAVIN NEWSOM, Governor

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE SAN FRANCISCO, CA 94102-3298



March 19, 2021

VIA EMAIL: <u>JMock@socalgas.com</u>

Joseph Mock Business Manager, Regulatory Affairs Southern California Gas Company 555 W. Fifth Street, GT14D6 Los Angeles, CA 90013-1011

RE: March 18, 2021 Request of Southern California Gas Company for Extension of Time to Comply with Resolution ALJ-391

Dear Mr. Mock:

This letter responds to your March 18, 2021 request for an extension of time for Southern California Gas Company (SoCalGas) to comply with Commission Resolution ALJ-391 (Resolution) pending the resolution of the litigation currently on file in *Southern California Gas Company v. California Public Utilities Commission*, Case No. B310811, California Court of Appeal, Second Appellate District, Division One. Public Advocates Office objects to SoCalGas' extension request.

This letter extends SoCalGas' time to comply with the Resolution until twenty-one (21) days following the Court of Appeal's final disposition of SoCalGas's Petition for Writ of Review and Request for Stay currently pending before the California Court of Appeal (Case No. B310811). As noted at page 2 of SoCalGas' March 18, 2021 request for extension of time, "[g]ranting the requested extension would avoid the need for further stay proceedings in the Court of Appeal."

Pursuant to Rule 16.6 of the Commission's Rules of Practice and Procedure, SoCalGas shall promptly notify the service list of Application 20-12-011 via electronic mail that this request was granted.

Sincerely,

Rachel Peterson
Executive Director

Rachel Deterson

Attachment B

Temporary Stay Order Second Court of Appeals Case No. B310811 Issued March 16, 2021

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT

DIVISION ONE

COURT OF APPEAL - SECOND DIST.

FILED

Mar 16, 2021

DANIEL P. POTTER, Clerk

JLOZANO Deputy Clerk

SOUTHERN CALIFORNIA GAS COMPANY,

Petitioner,

v.

PUBLIC UTILITIES COMMISSION,

Respondent.

B310811

(L.A.S.C. No. A201211)

TEMPORARY STAY ORDER

THE COURT*:

Compliance by petitioner Southern California Gas Company with the Public Utilities Commission's order for production of documents in accordance with Resolution ALJ-391, as modified by order dated March 2, 2021, and all related orders is hereby stayed pending completion of a hearing regarding petitioner's application for stay or further order of this Court. (Pub. Util. Code, §§ 1762, subd. (c), 1763, subd. (b); Code of Civ. Proc., § 923.)

We find that the requirements of Public Utilities Code sections 1762, subdivision (c) and 1763, subdivision (b) are satisfied because it appears that imminent and irreparable injury will occur if the data requests and subpoena at issue in the Resolution are enforced prior to completion of the statutory judicial review process, because enforcement could force disclosure of material that may be protected by the United States and California Constitutions.

A hearing pursuant to Public Utilities Code section 1762, subdivision (a) is hereby scheduled for March 25, 2021 at 11:00 a.m. In light of the COVID-19 health emergency, participation in the hearing will likely be by video or telephone conference. Instructions for participation will be provided before the scheduled hearing date.

Pursuant to Public Utilities Code section 1764, petitioner has filed a suspending bond in the amount of \$50,000, payable to the State of California. We conclude this amount is sufficient in amount and security to address any damages caused by the delay in enforcement of the Resolution, and we approve the suspending bond. (Pub. Util. Code, § 1764.) Accordingly, this temporary stay order is deemed effective immediately.

Ordered at 10:00 a.m. on March 16, 2021.

*ROTHSCHILD, P. J.

CHANEY, J.

BENDIX, J.