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Commissioner	:	<u>L. Randolph</u>
ALJ	:	<u>R. Lirag</u>
Witness	:	<u>C. Yeh</u>



OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION

**Report on the Results of Operations
for
San Diego Gas & Electric Company
Southern California Gas Company
Test Year 2019
General Rate Case**

**SDG&E Customer Services – Field; Office Operations;
and Information & Technologies**

San Francisco, California
April 13, 2018

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1 **SDG&E CUSTOMER SERVICES – FIELD; OFFICE OPERATIONS; AND**
2 **INFORMATION & TECHNOLOGIES**

3 **I. INTRODUCTION**

4 This exhibit presents the analyses and recommendations of the Office of
5 Ratepayer Advocates (ORA) regarding the proposals of San Diego Gas & Electric
6 Company (SDG&E) in its Test Year (TY) 2019 General Rate Case (GRC) associated
7 with:

- 8 • Customer Services Field;
- 9 • Customer Service Office Operations; and
- 10 • Customer Service Information and Technologies.

11 Specifically, ORA addresses SDG&E's forecasts of operations and
12 maintenance (O&M) expenses for 2019 and capital expenditures for 2017 through
13 2019. SDG&E breaks down O&M expenses into Shared and Non-Shared expenses.
14 Shared expenses are expenses shared by both SDG&E and Southern California
15 Gas Company (SCG or SoCalGas), Non-Shared expenses shown here are those
16 specific only to SDG&E.

17 **II. SUMMARY OF RECOMMENDATIONS**

18 **A. Customer Services Field**

19 **Expenses**

20 The following summarizes ORA's recommendations regarding TY 2019

21 Customer Services Field (CS-F) expenses:

- 22 • ORA recommends \$14.911 million for CS-F Operations, which is
23 \$0.977 million lower than SDG&E's request;
- 24 • ORA recommends \$1.144 million for CS-F Supervision, which is
25 \$0.278 million lower than SDG&E's request;
- 26 • ORA does not oppose SDG&E's CS-F Dispatch and CS-F Support
27 requests.

28

1 Table 16-1 compares ORA's recommendation and SDG&E's request for 2019
2 Customer Services Field expenses:

3 **Table 16-1**
4 **Customer Services Field**
5 **O&M Expenses for 2019**
6 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SDG&E Proposed ¹ (c)	Amount SDG&E>ORA (d=c-b)
Non-Shared Services	\$22,478	\$23,733	\$1,255
Total	\$22,478	\$23,733	\$1,255

7 **Capital Expenditures**

8 The following summarizes ORA's recommendations regarding Customer
9 Services Field capital expenditures:

- 10 • ORA does not oppose the business rationale for SDG&E's
11 proposed capital projects.

12 **B. Customer Service Office Operations**

13 **Expenses**

14 The following summarizes ORA's recommendations regarding TY 2019
15 Customer Service Office Operations (CS-OO) expenses:

- 16 • ORA recommends \$9.198 million for CS-OO Advanced Metering
17 Ops, which is \$0.837 million lower than SDG&E's request;
- 18 • ORA recommends \$5.841 million for CS-OO Billing, which is
19 \$2.182 million lower than SDG&E's request;
- 20 • ORAs does not oppose SDG&E's \$3.073 million request for CS-OO
21 Credit and Collections;
- 22 • ORA does not oppose SDG&E's \$0.745 million request for CS-OO
23 Remittance Processing;
- 24 • ORA does not oppose SDG&E's \$3.856 million request for CS-OO
25 Postage;
- 26 • ORA does not oppose SDG&E's \$2.209 million request for CS-OO
27 Branch Offices;

¹ Ex. SDG&E-17-R, p. GRM-1, Table GRM-1.

- 1 • ORA does not oppose SDG&E’s \$10.097 million request for CS-OO
2 CCC Operations;
- 3 • ORA does not oppose SDG&E’s \$2.680 million request for CS-OO
4 CCC Support;
- 5 • ORA does not oppose SDG&E’s request for \$3.605 million for CS-OO
6 Customer Operations Support & Projects.

7 Table 16-2 compares ORA’s recommended and SDG&E’s requested totals
8 for TY 2019 Customer Service Office Operations expenses:

9 **Table 16-2**
10 **Customer Service Office Operations**
11 **O&M Expenses for 2019**
12 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SDG&E Proposed ² (c)	Amount SDG&E>ORA (d=c-b)
Non-Shared Services	\$41,303	\$44,319	\$3,019
Total	\$41,303	\$44,319	\$3,019

13 **Capital Expenditures**

14 The following summarizes ORA’s recommendations regarding Customer
15 Service Office Operations (CS-OO) capital expenditures:

- 16 • ORA does not oppose the business rationale for SDG&E’s
17 proposed capital projects.

18 **Uncollectible Rate**

19 ORA does not oppose SDG&E’s request to have the uncollectible rate remain
20 at 0.174%.

21 **C. Customer Service Information & Technologies**

22 **Expenses**

23 The following summarizes ORA’s recommendations regarding TY 2019
24 Customer Service Information & Technologies (CS-IT) expenses:

- 25 • ORA recommends \$6.131 million for CS-IT Residential Customer
26 Service, which is \$0.137 million below SDG&E’s request;

² Ex. SDG&E-18, p. JDS-1, Table JS-1.

- 1 • ORA does not oppose SDG&E \$4.813 million request for CS-IT
2 Business Services;
- 3 • ORA recommends \$7.706 million for CS-IT Marketing Research &
4 Analytics, which is \$0.868 million below SDG&E's request;
- 5 • ORA recommends \$6.065 million for CS-IT Customer Programs
6 Pricing & Other Office, which is \$0.341 million below SDG&E's
7 request.

8 Table 16-3 compares ORA's recommended and SDG&E's requested TY
9 2019 Customer Service Information & Technologies expenses:

10 **Table 16-3**
11 **Customer Service Information & Technologies**
12 **O&M Expenses for 2019**
13 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SDG&E Proposed ³ (c)	Amount SDG&E>ORA (d=c-b)
Non-Shared Services	\$24,715	\$26,058	\$1,346
Shared Services	\$343	\$343	\$0
Total	\$25,059	\$26,401	\$1,346

14 **Capital Expenditures**

15 The following summarizes ORA's recommendations regarding Customer
16 Service Information & Technologies capital expenditures:

- 17 • ORA does not oppose the business rationale for SDG&E's
18 proposed capital projects.

19
³ Ex. SDG&E-19, p. LCD-1, Table LD-1.

1

PART I: CUSTOMER SERVICES FIELD

I. NON-SHARED EXPENSES

3 SDG&E’s Customer Services Field (CSF) technicians perform various
 4 services at the customer premises such as gas and electric meter work, establishing
 5 and terminating gas and electric services, lighting gas pilot lights, conducting
 6 customer appliances checks, investigating reports of gas leaks, investigating
 7 customer complaints of high bills, shutting off and restoring gas services for
 8 fumigations and responding to other emergencies⁴. SDG&E combined the forecast
 9 expenses from four Work Groups to calculate its forecast for its Customer Services
 10 Field Non-Shared expenses. Table 16-4 below shows SDG&E’s adjusted-recorded
 11 expenses for 2012-2016, ORA’s recommendation and SDG&E’s TY 2019 request.

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Table 16-4
Customer Services Field
Non-Shared O&M Expenses
2012-2016 Recorded and 2019 Forecasts
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
CSF – Operations	\$17,221	\$16,560	\$14,004	\$14,136	\$13,212	\$15,888	\$14,911
CSF – Supervision	\$1,765	\$1,748	\$1,388	\$1,272	\$1,237	\$1,422	\$1,144
CSF – Dispatch	\$3,816	\$4,048	\$3,829	\$3,993	\$4,335	\$3,906	\$3,906
CSF – Support	\$2,803	\$2,777	\$2,395	\$2,614	\$2,655	\$2,517	\$2,517
Total	\$25,605	\$25,133	\$21,616	\$22,015	\$21,439	\$23,733	\$22,478

17
18

Source: 2012-2016 data from SDG&E’s response to data request ORA-SDG&E-DR-082-CY3, Q.1.
 SDG&E 2019 forecast from Ex. SDG&E-17-R, p. GRM-B-1.

⁴ Ex. SDG&E-17-R, p. GRM-B-2.

1 **A. Overview of SDG&E's Request**

2 SDG&E forecasts \$23.733 million for its CSF O&M expenses for TY 2019.
3 This is an increase of \$2.294 million or 11% from Base Year (BY) 2016 adjusted
4 recorded costs.⁵

5 **B. ORA's Analysis**

6 ORA recommends \$22.478 million, which is \$1.255 lower than SDG&E's
7 forecast. This is consistent with historical levels and is sufficient to meet TY 2019
8 CS-F expense needs.

9 **C. SDG&E's Request for CSF – Operations**

10 SDG&E forecasts \$15.888 million for CSF-Operations for the TY 2019, an
11 increase of \$2.646 million or 20% from BY 2016 levels. The table below shows
12 CSF-Operations historical expenses from 2012-2016, as well as SDG&E's TY
13 2019 forecast and ORA's TY 2019 forecast.

14 **Table 16-5**
15 **CSF Operations Expense**
16 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$16,286	\$15,375	\$13,293	\$13,388	\$12,566	\$14,889	\$13,962
Non-Labor	\$935	\$1185	\$711	\$748	\$646	\$999	\$949
Total	\$17,221	\$16,560	\$14,004	\$14,136	\$13,212	\$15,888	\$14,911

17 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
18 DR-082-CY3, Q.1.

19 SDG&E forecast its CS-F Operations expenses primarily by breaking down
20 the costs into 62 distinct work order types, of which 53 were existing work orders
21 with data existing from 2012-2016,⁶ and 9 of which are new work order types
22 which are incremental funding requests for TY 2019. The majority of existing work
23 order types are projected utilizing a three year average (2014-2016),⁷ 6 work order

⁵ Ex. SDG&E-17-R, p. GRM-iii.

1 types used an alternative forecast that can be found in Table GRM-10 in Ex.
 2 SDG&E-17.⁸

3 Table 16-6 below is a recreation of TABLE GRM-13 found in Ex. SDG&E-
 4 17-R.⁹

5 **Table 16-6**

CS-F OPERATIONS	TY 2019 Estimated		
BY 2016 Adjusted Recorded	\$12,566	\$646	\$13,212
Increase due to the Order Forecast methodology	\$920	\$49	\$969
TY 2019 1% Increase in Drive Time Due to Increasing Traffic Congestion	\$147	8	\$155
Incremental Funding Request from III.A.5			
Planned Meter Changes	\$700	\$36	\$736
Perform Bi-Monthly opt-out Reads	\$318	\$22	\$340
Field Parts Replacement Service Program	\$153	\$70	\$223
Underset Regulator Remediation Program	\$120	\$6	\$126
Five-minute Clock Test	\$92	\$4	\$96
Non-labor for Multi-Gas Detector tool and cell phone costs for call ahead program		\$136	\$136
Sub Total	\$15,016	\$977	\$15,993
FOF Savings	(127)	22	(105)
TY 2019 Estimated	\$14,889	\$999	\$15,888

6
 7 As seen in Table 16-6 above, SDG&E's TY 2019 forecast includes an upward
 8 adjustment for an increase due to the order forecast methodology and an increase in
 9 drive time due to increasing traffic congestion. Incremental funding requests
 10 including: planned meter changes, bi-monthly opt-out reads, field parts replacement

(continued from previous page)

⁶ Ex. SDG&E-17-R, p. GRM-C-5.

⁷ Ex. SDG&E-17-R, p. GRM-C-5.

⁸ Ex. SDG&E-17-R, p. GRM-B-11.

⁹ Ex. SDG&E-17-R, p. GRM-B-14.

1 service program, underset regulator remediation program, five minute clock test,
2 non-labor for multi-gas detector tool and cool phone costs for call ahead program.
3 There is also a downwards adjustment for Fueling Our Future (FOF)¹⁰ savings. The
4 “Increase due to the order forecast methodology is the difference between the
5 forecast as a result of the aforementioned-primarily three year averaging of work
6 order types-and the BY 2016 adjusted recorded value. This leads to an upward
7 adjustment of \$977,000 for TY 2019.

8 **D. ORA’s Recommendation for CS-F Operations**

9 ORA recommends \$14.911 million for TY 2019 for CS-F Operations, which is
10 an increase of 13% above BY 2016. ORA does not disagree with the proposed
11 incremental funding requests or the 1% increase in drive time upward adjustments.
12 ORA only disagrees with the increase due to the order forecast Methodology
13 upwards adjustment of \$977,000. When asked to explain the premise of using a
14 three year average as the basis for CS-F Operations forecast, SDG&E responded¹¹:

15 CS-F operations are primarily driven by work order volumes, which are
16 largely driven by factors outside of SDG&E’s control. These factors
17 include customer growth, weather, the state of the economy, customer
18 turnover, the level of natural gas and electric prices, customer
19 appliances/equipment choices, emergency incidents such as fires and
20 earthquakes, and changes to applicable laws and regulations. Therefore,
21 SDG&E’s TY 2019 forecast should be based on a historical average of
22 years that sufficiently capture the volatility of these factors.
23

24 If there is a clear trend of “volatility” in the work order volume, then by
25 definition one would see total values oscillate up and down historically. Instead,
26 Table 16-7 below shows the actual 2012-2016 Total Work Order Volumes for the 53
27 historically existing work order types, and SDG&E’s forecast for 2019 which uses a
28 three-year average.

¹⁰ FOF savings represent business optimization measures that typical result in downward adjustments.

¹¹ SDG&E’ response to data request ORA-SDG&E-058-CY3.

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Table 16-7
CSF Operations
Total Work Order Volumes, Historical and Estimated

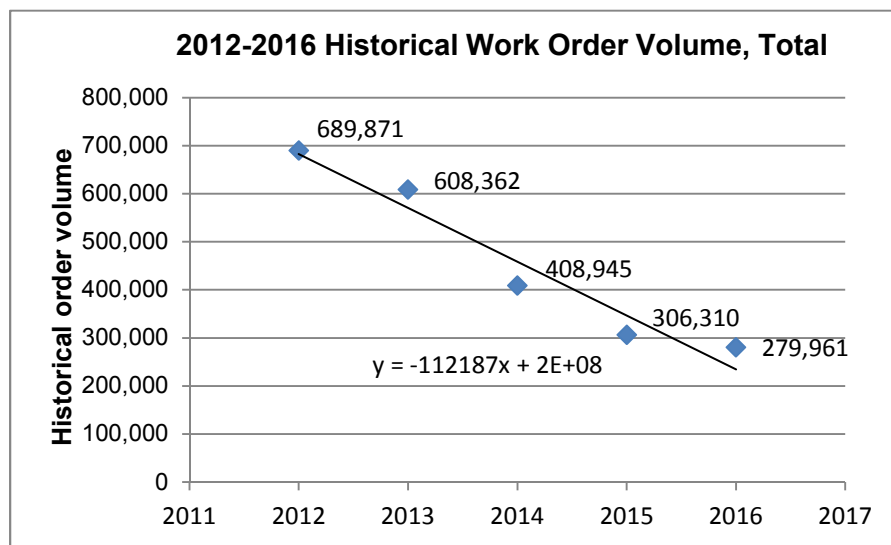
	2012	2013	2014	2015	2016	SDG&E 2019
Total	689,871	608,362	408,945	306,310	279,961	316,315

4 Source: Ex. SDG&E-17-R, p. GRM-C-5.

5 Figure 16-1 below shows a simple linear trend line of the Total Work Order Volumes
6 for years 2012-2016.

7

Figure 16-1



8

9 The declining trend in total work order volume is unambitious, and no outlier
10 is present in the past five recorded years. Yet, SDG&E claims it is necessary to
11 predict a large increase in incremental funding due to work order volume, which was
12 calculated by factoring in two previous recorded years (2014 and 2015) with much
13 larger work order volumes than BY 2016. There is no historical basis from recent
14 years to suggest that the volatility between years negates the clear downward trend
15 of work order volumes. Therefore the increase due to the order forecast
16 methodology request should be denied. Using BY 2016 values and adding on
17 planned program changes that SDG&E proposed should yield more than sufficient
18 funding for the TY 2019.

1 **E. SDG&E’s Request for CS-F – Supervision**

2 CS-F Operations field employees report to field supervisors. SDG&E
3 forecasts \$1.422 million for CSF-Supervision for TY 2019, an increase of \$185,000
4 or 15% from BY 2016 levels. The table below shows CSF-Supervision historical
5 expenses from 2012-2016, as well as SDG&E’s TY 2019 forecast and ORA’s TY
6 2019 recommendation.

7 **Table 16-8**
8 **CSF Supervision Expense**
9 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$1,676	\$1,698	\$1,350	\$1,213	\$1,186	\$1,366	\$1,093
Non-Labor	\$89	\$50	\$38	\$59	\$51	\$56	\$51
Total	\$1,765	\$1,748	\$1,388	\$1,272	\$1,237	\$1,422	\$1,144

10 Source: 2012-2016 and TY 2019 forecast is from SDG&E’s response to data request ORA-SDG&E-
11 DR-082-CY3, Q.1.

12 SDG&E’s forecast methodology for CSF-Supervision starts with BY 2016
13 Recorded Costs, and makes an upwards adjustment in the form of a request for
14 incremental supervisors (2.7 full-time employees (FTEs)) for an increase of
15 \$273,000 in labor and \$5,000 in Non-Labor costs. SDG&E also makes a downward
16 adjustment of \$93,000 in FOF Savings.¹² SDG&E calculates the need for an
17 additional 2.7 FTE Supervisors based on a zero based forecast that attempts to
18 maintain the three year (2014-2016) average employee to supervisor ratio of 12:1,
19 and an assumption that the CS-F Operations FTE count in TY 2019 will be 173.3.¹³

20 **F. ORA’s Recommendation for CS-F Supervision**

21 ORA does not oppose the downwards adjustment. After receiving data on
22 the number of CS-F Supervisors in 2017, ORA recommends an adjustment to the
23 requested \$273,000 in Labor and \$5,000 in Non-Labor costs. ORA’s
24 recommendation for CS-F Supervision is \$1.144 million.

¹² Ex. SDG&E-17-R, p. GRM-B-21.

¹³ SDG&E’s response to data request ORA-SDG&E-101-CY3, Q.1.b.

1 To justify the addition of 2.7 FTEs, SDG&E provided the following
2 information.¹⁴

3 **Figure 16-2**

Line #	Incremental CS-F Supervision FTEs	FTE	Exhibit Reference
1	CS-F Supervision FTE TY 2019 Estimate	15.1	Exhibit SDGE-17-WP-R, SDGE-17-WP - 1FC002 CS - Field Supervision Supplemental Workpaper 1, page 64 of 86, Line 6
2	CS-F Supervision FTE BY 2016	12.4	Exhibit SDGE-17-WP-R, Page 56 of 86, Workpaper 1FC002.000 - Customer Services Field - Supervision
3	Incremental CS-F Supervision FTEs over BY 2016	2.7	TY 2019 Estimated FTEs (Line 1) - BY 2016 FTEs (Line 2)

4
5 In Ex, SDGE-17-WP-R, Page 57 of 86, Workpaper 1FC002.000 - Customer
6 Services Field – Supervision, SDG&E projects that it will go from 12.4 Supervision
7 FTEs in 2016 to 15.1 Supervision FTEs in 2019, in 2017 they predicted there would
8 be 13.8 FTEs, in 2018 they predicted there would be 14.1 FTEs, in 2019 they
9 predicted there would be 15.1 FTEs. If actual recorded 2017 CS-F Supervision FTE
10 levels were in line with the predicted increasing trend from 2016, then ORA would
11 agree that SDG&E’s forecast is reasonable.

12 ORA asked SDG&E for recorded 2017 CS-F Supervision FTEs. SDG&E
13 responded: “There were 10.4 CS-F Supervision FTEs in 2017 adjusted recorded
14 data”.¹⁵ If SDG&E planned to have 2.7 FTEs above BY 2016 by 2019, then 2017
15 FTEs for this cost center should be slightly higher than BY 2016. Instead, recorded
16 data demonstrates a decrease in CS-F Supervision FTEs. Therefore, ORA
17 recommends that the BY 2016 authorized level of FTEs, 12.4, will be sufficient to
18 meet TY 2019 CS-F supervision needs.

¹⁴ SDG&E's response to data request ORA-SDG&E-101-CY3, 1Q.b.

¹⁵ SDG&E's response to data request ORA-SDG&E-145-CY3, Q.1.b.

1 **G. SDG&E’s Request for CSF – Dispatch**

2 CS-F Dispatch personnel route and dispatch work orders to CS-F
3 employees, electric troubleshooters, electric crews and Gas distribution field
4 employees on a day before and same day basis.¹⁶ SDG&E forecasts \$3.906
5 million for CS-F Dispatch for TY 2019, a decrease of \$429,000 or 10% below BY
6 2016 levels. Table 16-9 below shows CS-F Dispatch historical expenses from
7 2012-2016, as well as SDG&E’s TY 2019 request and ORA’s TY 2019
8 recommendation.

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10
11

Table 16-9
CSF Dispatch Expense
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$3733	\$3947	\$3737	\$3889	\$4261	\$3816	\$3816
Non-Labor	\$83	\$101	\$92	\$104	\$74	\$90	\$90
Total	\$3816	\$4048	\$3829	\$3993	\$4335	\$3906	\$3906

12 Source: 2012-2016 and TY 2019 forecast is from SDG&E’s response to data request ORA-SDG&E-
13 DR-082-CY3, Q.1.

14 SDG&E’s forecast methodology for CS-F Dispatch was based on a three-year
15 average, SDG&E believes this best reflects the effects of Smart Meter
16 implementation. There was also a downwards adjustment due to FOF Net Savings.

17 **H. ORA’s Recommendation for CS-F Dispatch**

18 ORA’s recommendation for CS-F Dispatch is \$3.906 million, which is the
19 same as SDG&E’s forecast.

¹⁶ Ex. SDG&E-17-R, p. GRM-B-21.

1 **I. SDG&E's Request for CSF – Support**

2 SDG&E forecasts \$2.517 million for TY 2019 CS-F Support, a decrease of
3 \$138,000 or 5% below BY 2016 levels. The table below shows CS-F Support
4 historical expenses from 2012-2016, as well as SDG&E's TY 2019 request and
5 ORA's TY 2019 recommendation.¹⁷

6 **Table 16-10**
7 **CSF Support Expense**
8 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$2293	\$2369	\$2010	\$2241	\$2244	\$2165	\$2165
Non-Labor	\$510	\$408	\$385	\$373	\$411	\$352	\$352
Total	\$2803	\$2777	\$2395	\$2614	\$2655	\$2517	\$2517

9 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
10 DR-082-CY3, Q.1.

11 SDG&E's forecast methodology for CS-F Support was based on a three-year
12 average, SDG&E believes this best reflects the effects of Smart Meter
13 implementation. There was also a downward adjustment due to a reduction in
14 SORT (Service Order Routing Tool, CS-F work order management system)
15 maintenance costs.¹⁸

16 **J. ORA's Recommendation for CS-F Support**

17 ORA's recommendation for CS-F Support is \$2.517 million, which is the same
18 as SDG&E's forecast.

19 **II. SMART METER OPT-OUT PROGRAM**

20 In D.12-04-019 and D.14-12-078, the Commission modified SDG&E's Smart
21 Meter Program to include an analog meter option (Opt-Out Program) for residential
22 customers who do not wish to have a smart meter installed. SDG&E implemented
23 modifications to its billing system to begin charging opt-out fees for customers who

¹⁷ Ex. SDG&E-17-R, p. GRM-B-25.

¹⁸ Ex. SDG&E-17-R, p. GRM-B-25.

1 enroll in the Opt-Out program. SDG&E’s Opt-Out program implementation costs
2 include field costs to manually read meters and replace smart meters with analog
3 meters, as well as office costs such as communicating Opt-Out program information,
4 etc.¹⁹

5 **A. Smart Meter Opt-Out Balancing Account (SMOBA)**

6 D.14-12-078 adopted a balancing account (i.e., recorded cost) approach to
7 settle the revenue requirement for opt-out service until SDG&E’s next GRC. This
8 Decision authorized SDG&E to recover actual costs up to \$1.447 million associated
9 with providing the opt-out option.²⁰

10 **B. Overview of SDG&E’s Position**

11 SDG&E is requesting the “true up and close out” of the Smart Meter Opt-Out
12 Balancing Accounts (SMOBA) in this GRC which is covered in the testimony of Ms.
13 Jasso (Ex.SDG&E-41). Table GRM-23 in Ex. SDG&E-17-R, page GRM-B-27,
14 summarizes the Opt-Out Program recorded revenues and expenses in SMOBA from
15 2012 to June 2017 for electric and gas.²¹ For SMOBA-Electric, the Account balance
16 as of June 2017 is \$573,300. For SMOBA-Gas, the Account balance as of June
17 2017 is \$332,100.

18 **C. ORA’s Analysis**

19 ORA does not oppose SDG&E’s request to close the SMOBA.

20

¹⁹ Ex. SDG&E-17-R, pp. GRM-B-25-GRM-B-26.

²⁰ Ex. SDG&E-17-R, p. GRM-B-26.

²¹ Ex. SDG&E-17-R, p. GRM-B-27.

1 **III. SUMMARY OF CUSTOMER SERVICES FIELD CAPITAL**
2 **EXPENDITURES: 2012 – 2016**

3 When asked to provide five years of recorded data in a data request, SDG&E
4 responded with the following qualitative description:²²

5 IT Capital projects are not planned or recorded by functional area
6 within SDG&E. The information provided in this data request
7 response, by GRC witness areas and by IT workpaper, are subsets of
8 the overall IT portfolio of projects, as presented in the workpapers of
9 Mr. Christopher Olmsted Exhibit SDG&E-24-CWP-R. For GRC
10 purposes only, SDG&E operational witnesses provide the business
11 justification for projects that are primarily driven by their business
12 needs, whereas the IT Capital Costs are included as part of the IT
13 revenue requirement.
14

15 Table 16-11 below shows the recorded 2012-2016 capital expenditures.

16 **Table 16-11**
17 **Customer Services Field**
18 **Recorded 2012-2016 Capital Expenditures**
19 **(in Dollars)**

Description	2012	2013	2014	2015	2016
Total	\$225,412	\$1,633,381	(\$335,561)	\$324	\$907,365

20 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
21 DR-104-CY3, Q.1.

22 **IV. CUSTOMER SERVICES FIELD CAPITAL EXPENDITURES: 2017**
23 **– 2019**

24 SDG&E's CS-F testimony covers capital costs for the forecast years 2017,
25 2018 and 2019 for informational technology that support CS-F operations, which are
26 sponsored by Mr. Olmsted (Ex. SDG&E-24). This section describes the business
27 justification for these costs.²³ Table 16-12 below shows the 2017-2019 Capital
28 Expenditure Forecast for Customer Services Field. Please see Ex. ORA-20 for
29 further details regarding the capital expenditures forecasts for 2017, 2018 and 2019.

²² SDG&E response to data request ORA-SDG&E-104-CY3, Q.1.

²³ Ex. SDG&E-17-R, p. GRM-B-28. For the basis of these costs, refer to Ex. SDG&E-24_CWP-
Information Technology.

1
2
3
4

Table 16-12
Customer Services Field
2017-2019 Capital Expenditure Forecast
(in Thousands of 2016 Dollars)

Description	SDG&E Proposed ²⁴		
	2017	2018	2019
Field Parts Replacement Service Program	\$589	\$0	\$0
Service Order Routing Tool (SORT) Extension	\$1,661	\$0	\$0
Total	\$2,250	\$0	\$0

5 **A. SDG&E’s Request for Field Parts Replacement Service (FPRS)**
6 **Program**

7 SDG&E is requesting \$0.589 million for 2017 capital expenses associated
8 with the implementation of CS-F’s Field Parts Replace Service (FPRS) program ²⁵
9 ORA does not oppose the business rationale of SDG&E’s request.

10 **B. SDG&E’s Request for Service Order Routing Tool (SORT)**
11 **Extension**

12 SDG&E is requesting \$1.661 million for 2017 capital expenses associated
13 with the implementation of CS-F’s SORT program.²⁶ ORA does not oppose the
14 business rationale for SDG&E’s request.

15

²⁴ Ex. SDG&E-17-R, p. GRM-B-28, Table GRM-24.

²⁵ Ex. SDG&E-17-R, p. GRM-B-28.

²⁶ Ex. SDG&E-17-R, p. GRM-B-29.

1 **PART II: CUSTOMER SERVICE OFFICE OPERATIONS**

2 **I. NON-SHARED EXPENSES**

3 SDG&E’s Customer Service Office Operations work group perform various
 4 activities such as providing customers with Advanced Meter Operations, Billing,
 5 Credit and Collections, Remittance Processing, Postage, Branch Offices, Customer
 6 Contact Center, Customer Operations Support and Projects among other services.²⁷
 7 SDG&E separates the forecast expenses into nine cost centers.

8 ORA analyzed the adjusted-recorded expenses and the forecast estimates for
 9 each individual work group to calculate its TY 2019 recommendation for SDG&E’s
 10 Customer Service Office Operations (CS-OO) Non-Shared O&M expenses. Table
 11 16-13 shows SDG&E’s adjusted-recorded expenses, request, and ORA’s
 12 recommendation.

13 **Table 16-13**
 14 **Customer Service Office Operations**
 15 **Non-Shared O&M Expenses**
 16 **2012-2016 Recorded and 2019 Forecasts**
 17 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Adv Metering Op	\$8,681	\$8,705	\$8,568	\$8,099	\$8,157	\$10,034	\$ 9,198
Billing	\$4,122	\$4,285	\$3,926	\$3,887	\$4,263	\$8,023	\$5,840
Credit & Collection	\$2,667	\$2,838	\$2,707	\$2,445	\$2,627	\$3,073	\$3,073
Remittance Prcss	\$823	\$899	\$699	\$792	\$785	\$745	\$745
Postage	\$4,659	\$4,489	\$4,620	\$4,571	\$4,160	\$3,856	\$3,856
Branch Offices	\$1,998	\$2,130	\$2,035	\$1,875	\$1,979	\$2,209	\$2,209
Customer Contact Center Operations	\$9,536	\$9,740	\$8,696	\$8,070	\$8,937	\$10,097	\$10,097
Customer Contact Center Support	\$2,383	\$2,526	\$2,457	\$2,591	\$2,790	\$2,680	\$2,680
Cust Operations Support & Projects	\$3,867	\$3,307	\$2,770	\$2,901	\$3,120	\$3,605	\$3,605
Total	\$38,736	\$38,919	\$36,478	\$35,231	\$36,818	\$44,319	\$41,303

18 Source: 2012-2016 and TY 2019 forecast is from SDG&E’s response to data request ORA-SDG&E-
 19 DR-082-CY3, Q.1.

²⁷ Ex. SDG&E-18, p. JDS-v.

1 **A. Overview of SDG&E’s Request**

2 SDG&E’s request is \$44.319 million, which is \$7.501 million or 20% above
3 the BY 2016 recorded costs.

4 **B. ORA’s Analysis**

5 ORA’s recommendation for this cost center is \$41.303 million. This is
6 consistent with historical levels and should be more than sufficient to meet TY 2019
7 CS-OO expense needs. ORA’s forecast is based on the following forecasts for the
8 component work groups in CS-OO.

9 **C. Advanced Metering Operations, SDG&E’s Request for CS-OO**
10 **Advanced Metering Operations**

11 SDG&E requests \$10.034 million for TY 2019, which is \$1.877 million or 23%
12 above the BY 2016 value. Table 16-14 below shows the historical Advanced
13 Metering Operations (AMO) expenses from 2012-2019, as well as SDG&E’s TY
14 2019 forecast and ORA’s TY 2019 forecast.

15 **Table 16-14**
16 **CS-OO Advanced Metering Operations Expenses**
17 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$7,824	\$8,091	\$8,023	\$7,464	\$7,451	\$8,301	\$7,961
Non-Labor	\$857	\$614	\$545	\$635	\$706	\$1,733	\$1,236
Total	\$8,681	\$8,705	\$8,568	\$8,099	\$8,157	\$10,034	\$9,198

18 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
19 DR-082-CY3, Q.1.

20 SDG&E’s forecast for AMO started with a base year forecast method using
21 the last recorded year 2016. SDG&E then included upward adjustments for work
22 order volume increase (1.0 incremental FTE), apprentice meter tests (2.9
23 incremental FTE), RAMP-workforce planning-electric meter testers (0.6 incremental
24 FTE), RAMP-workforce planning-meter school, residential TOU mass default (10
25 contract resources, 10 labor FTE), and capital projects impact. There were

1 downward adjustments for VREP (Voluntary Retirement Enhancement Program)
2 and full year Labor impact, Non-Labor adjustment, and FOF-Business optimization.²⁸

3 **D. ORA's Recommendation for Advanced Metering Operations**

4 ORA reviewed work papers and sent data requests regarding historical labor
5 levels and work hour calculations and thus does not oppose the majority of the
6 aforementioned upward and downward adjustments. The majority of the labor
7 adjustments are reasonably consistent with historical labor levels. ORA disagrees
8 with SDG&E's proposed upward adjustment of \$1.673 million for Residential time of
9 use (TOU) Mass Default. The request consists of \$923,000 in Non-Labor for ten
10 contract resources (Business Analysts), \$680,000 in Labor for ten Single Phase
11 Meter Technicians (SPT), and \$70,000 in Non-Labor funding for tools to support
12 meter data and communications exception management and field data collection
13 activities related to Residential TOU Mass Default. ORA recommends instead an
14 upwards adjustment of half of that amount, or \$0.8365 million, which will provide
15 sufficient support for Residential TOU Mass Default.²⁹

16 SDG&E is asking for this increase in response to D.15-07-001, wherein the
17 Investor Owned Utilities (IOUs) were ordered to implement a default residential TOU
18 pilot program no earlier than January 1, 2018, in preparation for the full roll out of
19 default residential TOU rates in TY 2019 (TOU Mass Default).³⁰ SDG&E argues that
20 the ten Business Analyst contract resources will be needed to handle a predicted
21 800,000 meters that will be defaulted to TOU rates in 2019. SDG&E also states that
22 the ten SPTs will be required to support field data collection and investigation
23 activities.³¹ ORA sent a data request about the number of employees who
24 performed the aforementioned business analyst and Single Phase Meter

²⁸ Ex. SDG&E-18, p. JDS-13, Table JS-10.

²⁹ Ex. SDG&E-18, p. JDS-17.

³⁰ Ex. SDG&E-18, p. JDS-16.

³¹ Ex. SDG&E-18, p. JDS-16-JDS-17.

1 Technicians functions over the past five recorded years, and received the
2 information below represented in Figure 16-3:³²

3 **Figure 16-3**

	2012	2013	2014	2015	2016
Single Phase Meter Tech	9.8	13.0	13.7	12.9	10.2
Business Analysts					5

4
5 Source: SDG&E's response to data request SDG&E ORA-114-CY3, Q.1.

6 SDG&E's response to data request SDG&E-ORA-114-CY3, Q.1 included this
7 justification to Figure 3 above: "As of BY 2016, of the 10.2 Single-Phase Meter
8 Technicians (SPT), 5.9 FTEs performed field orders and 4.3 FTEs performed shop
9 orders. The field SPTs performed read and verify orders due to meter non-
10 communication, mitigation, and billing issues."

11 Based on Figure 3 which shows SDG&E's historical FTE levels from 2012-
12 2016, there were only five business analysts in 2016. The addition of ten business
13 analysts would triple the number of FTEs working in that function (from 5 to 15) in a
14 three-year period from 2016-2019. This is an unprecedented increase. From 2012-
15 2016, the number of SPTs has experienced some fluctuation but remained relatively
16 steady or decreased slightly. According to SDG&E's response, in 2016, there were
17 only 5.9 SPT FTEs performing field orders. An increase of ten SPTs performing field
18 orders is unprecedented and would nearly triple (from 5.9 to 15.9) the number of
19 FTEs working on field orders. ORA agrees that some level of labor increase will
20 likely be necessary in order to respond to the full roll out of default residential TOU
21 rates. However, the basis of SDG&E's proposed incremental FTEs is speculative in
22 nature and not based on a precedent in FTE increase in response to workload.

³² SDG&E's response to data request SDG&E DR-114-CY3, Q.3.

1 ORA recommends one half of SDG&E’s request for Residential TOU default:
 2 half of the requested \$923,000 in Non-Labor for 10 contract resources amount,
 3 which would be \$461,500 for 5 contract resources; half of the requested \$680,000 in
 4 labor for 10 field SPTs, which would be \$340,000 for 5 SPTs; and in SDG&E-18-WP
 5 AMOO001.000 it states as one of the assumptions in the calculation: “Tools are
 6 \$7k/SPT”, therefore for an increase of 5 SPTs ORA recommend a non-labor
 7 increase of \$35,000. ORA’s final recommendation is \$0.8365 million for Residential
 8 TOU Mass default. This adjustment results in ORA’s forecast for CS Office
 9 Operations AMO of \$9.198 million, which is 13% above BY 2016 recorded
 10 expenses.

11 **E. SDG&E’s Request for CS-OO Billing**

12 SDG&E requests \$8.023 million for TY 2019, which is \$3.760 million or 88%
 13 above the BY 2016 value. ORA’s recommendation for TY 2019 is \$5.841 million,
 14 which is an increase of 37% above the BY 2016 recorded expenses. Table 16-15
 15 below shows the historical billing expense from 2012-2016, as well as SDG&E’s
 16 request and ORA’s recommendation.

17 **Table 16-15**
 18 **CS-OO Billing Expense**
 19 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$3,822	\$3,990	\$3,561	\$3,278	\$3,580	\$3,799	\$3,799
Non-Labor	\$300	\$295	\$365	\$609	\$683	\$4224	\$2,042
Total	\$4,122	\$4,285	\$3,926	\$3,887	\$4,263	\$8,023	\$5,841

20 Source: 2012-2016 and TY 2019 forecast is from SDG&E’s response to data request ORA-SDG&E-
 21 082-CY3, Q.1.

22 SDG&E’s increase consists of a Non-Labor increase of 11.5 FTE resources
 23 for growth in interval billing accounts, a Non-Labor increase of 15.5 FTE resources
 24 for Residential TOU Default, 2 labor FTE resources for Complex Billing Data
 25 Analytics, and one FTE for impact of regulatory decisions. SDG&E also had a
 26 downwards adjustment for FOF.³³

³³ SDG&E-18, p. JDS-21, Table JS-12.

1 **F. ORA’s Recommendation for Billing**

2 ORA reviewed work papers and sent data requests regarding historical labor
3 levels and work hour calculations and thus does not oppose the majority of the
4 aforementioned upward and downward adjustments. ORA only contests the
5 proposed increases of \$1.277 million for Growth in Interval Billed Accounts and
6 \$2.255 million for the Resident TOU Default program. ORA’s forecast is \$0.222
7 million for Growth in Interval Billed Accounts and \$1.127 million for Residential TOU
8 Default program. Using historical labor levels, ORA forecasts alternative incremental
9 contract resource needs for these two programs, which are discussed in detail in the
10 sections below.

11 **G. Growth in Interval Billed Accounts**

12 SDG&E is requesting \$1.277 million in non-labor expense above the BY 2016
13 for one and a half Billing Supervisor resources and ten Billing Analyst resources to
14 support a one-time 438% growth rate in interval data billed accounts. To justify this
15 increase, SDG&E provided “SDG&E-18-WP Billing 100002.000 Supplemental
16 Workpaper 1 Growth in Interval Data Forecast.” SDG&E provided the information
17 reproduced in Figure 16-4 below:
18

1

Figure 16-4

Year End Totals	2014	2015	2016	2017	2018	2019
Interval Data Billed Accounts	29,250	33,076	177,985	177,985	177,985	177,985
Percent Growth ^{1,2}		13%	438%	0%	0%	0%
Average Number of New Interval Data Billed Accounts Per Month ¹		319	12,076	0	0	0
Required Interval Billing Tasks ³						
- Supervision			5.0	6.5	6.5	6.5
- New Setups			8.0	8.0	8.0	8.0
- Monthly Exception Handling and Maintenance			24.0	34.0	34.0	34.0
Total Resource Requirement			37.0	48.5	48.5	48.5
Proposed TY2019 GRC Incremental Increase						
(Required to support continued growth rate)			Resources	11.5	11.5	11.5
Forecast Adjustment Assumptions						
Contract Labor			Non-Labor	\$1,728,438	\$1,365,988	\$1,277,300
Assumptions:						
¹ 2016 increases compared to historical years are related to the SMB (Small and Medium Business) time-of-use default, NEM 2.0, and virtual net metering.						
² Does not include growth from RES-TOU Pilot and Mass Default in compliance with D.15-07-001. See Billing 100002.000 Supplemental Workpaper 3- Residential TOU Mass Default Forecast						
³ In 2016 there was growth in TOU billed customers due to the SMB rollout. Without the necessary additional staffing it caused the backlog to grow. This backlog continued to grow so resources are forecasted being brought in beginning with 2017 to eliminate the delayed billing backlog.						

2

3 SDG&E provided information on forecast interval data billed accounts and
 4 number of positions requested, but did not provide information that shows how the
 5 latter was calculated from the former. When clicking on the cells in the working
 6 spreadsheet Excel file, there is also no demonstration of how the number of
 7 positions requested was calculated from forecast work load/orders. In the testimony
 8 on page JDS-22, SDG&E states that the increase is needed because “the additional
 9 resources are needed to support and maintain the growth of interval data billed
 10 accounts.” Absent a quantitative calculation of how the predicted work load
 11 corresponds with 11.5 new FTEs, SDG&E’s proposed level of incremental FTEs is
 12 arbitrary. ORA produced an alternative forecast.

13 ORA asked SDG&E about the historical number of employees who performed
 14 this function.³⁴ ORA received the following chart and information:

³⁴ SDG&E's response to data request ORA-SDG&E-114-CY3, Q.4.

1

Figure 16-5

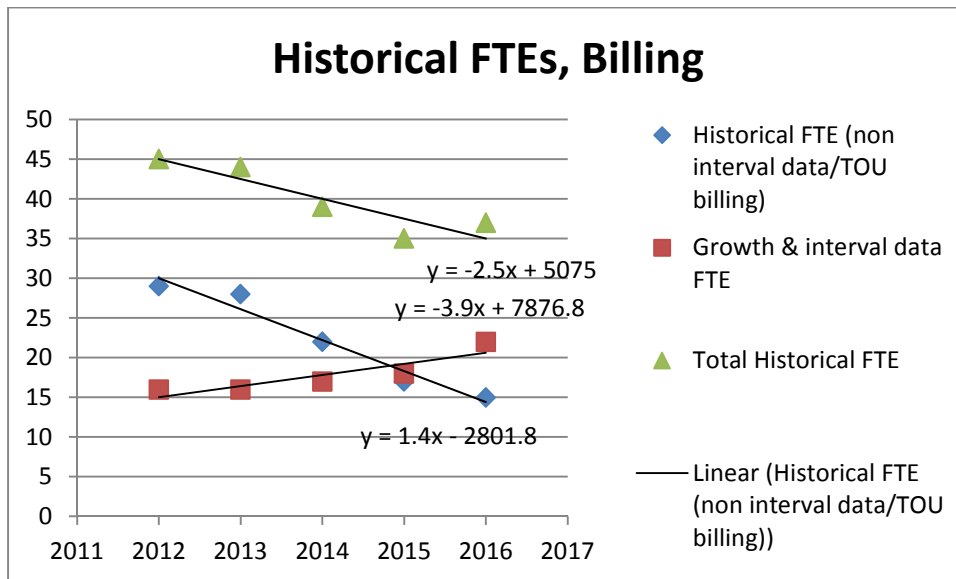
	2012	2013	2014	2015	2016
Historical FTE (non-interval data/TOU Billing)	29	28	22	17	15
Growth & Interval Data FTE	16	16	17	18	22
Total Historical FTE (Billing)	45	44	39	35	37

2

3 “Small and medium business customer meters that were previously billed from meter
 4 (register) reads are now billed from interval data.” ORA graphed these values in
 5 Figure 16-6 below:

6

Figure 16-6



7

8 When combined with the above information, it appears that the “growth and
 9 interval data FTEs” increasingly took on the billing workload from the “Historical FTE
 10 (non interval data/TOU billing)”, thus the former FTE count is on a trend of
 11 increasing while being offset by the latter FTE count having a trend of dramatically
 12 decreasing, which leads to an overall decreasing trend for total FTEs.

13 ORA forecast the 2019 FTE need for Growth in Interval Billed Accounts in
 14 the following way: (1) Assume that SDG&E’s requested 11.5 FTEs in Growth and
 15 Interval Data FTEs to be valid, (2) Calculate the number of Billing FTEs this function
 16 would have if a linear trend analysis was conducted, in the absence of changes in

1 policy, (3) Add on the requested 11.5 FTEs to the Growth and Interval data work
 2 group to reach a final number.

3 ORA conducted a linear trend analysis wherein the equations in Figure 16-6
 4 above for each of the three trend lines were used to forecast 2017-2019 FTE levels
 5 for their respective category. Following each category's respective trends, historical
 6 FTE would be 2.7 in 2019 and Growth & Interval data FTE would be 24.8 in 2019
 7 with the total being 27.5 for 2019. Then, ORA added on the 11.5 FTEs requested by
 8 SDG&E to determine that there would be about 39 FTEs in the two combined
 9 sections by 2019. Below is a table of these results:

10 **Figure 16-7**

	2012	2013	2014	2015	2016	2017	2018	2019
Historical FTE	29	28	22	17	15	10.5	6.6	2.7
Growth & interval data FTE	16	16	17	18	22	22	23.4	24.8+11.5=36.3
Total Historical FTE	45	44	39	35	37	32.5	30	39

11
 12 Using ORA's analysis, the FTE count for the two sections combined is
 13 forecast to increase by two, from 37 in 2016 to 39 in 2019. Prorating SDG&E's
 14 original assumption that it would require \$1.277 million to hire 1.5 Billing Supervisors
 15 and ten Billing Analysts and assuming the same proportions apply, ORA determined
 16 it would require about \$222,087 to hire two new FTEs in this section. Thus, ORA
 17 recommends \$222,000 above BY 2016 for this function.³⁵

18 **H. Residential TOU Mass Default**

19 SDG&E is requesting \$2.255 million for one contract Billing Supervisor
 20 position, one and a half contract Billing Team Lead positions, and thirteen contract
 21 Billing Analyst resources to support the 2018 Residential TOU Default Pilot Program
 22 and 2019 Residential TOU Default.³⁶ To justify this increase, SDG&E provided

³⁵ Calculated from $[(2/11.5) * 1,277,000]=222,087$.

³⁶ Ex. SDG&E-18, p. JDS-23.

1 SDG&E-18-WP Billing 100002.000 Supplemental Work paper 3 Residential TOU
 2 Mass Default Forecast which is presented in Figure 16-8 below:

3 **Figure 16-8**

Year End Totals	2014	2015	2016	2017	2018	2019
Residential TOU Pilot/Default Customers					100,000	900,000
Required Interval Billing Tasks						
- Supervision					1.5	2.5
- New Setups					0.0	2.0
- Monthly Exception Handling and Maintenance					10.0	11.0
Total Resource Requirement					11.5	15.5
Proposed TY2019 GRC Incremental Increase						
(Required to support RES-TOU Pilot and Mass Default)			Resources		11.5	15.5
Forecast Adjustment Assumptions ¹						
Contract Labor			Non-Labor		\$1,365,988	\$2,255,150

4 ¹ Incremental contract labor to support Residential TOU Pilot and Mass Default as per D.15-07-001

5 SDG&E has provided information on predicted Residential TOU Pilot/Default
 6 Customers, and the number of positions requested, but no information that shows
 7 how the latter was calculated from the former. When clicking on the cells in the
 8 working spreadsheet Excel file, there is also no demonstration of how the number of
 9 positions requested was calculated from forecast work load/orders. In the testimony
 10 on page JDS-23, SDG&E states that the increase is needed because “A contracted
 11 work force will be needed to handle increasingly complex billing exceptions and
 12 manual workarounds.”³⁷ Absent a quantitative calculation of how the predicted work
 13 load corresponds with 15.5 new FTEs, SDG&E’s proposed level of incremental
 14 FTEs is arbitrary.

15 ORA asked about the historical number of employees who performed this
 16 function.³⁸ ORA received the following chart and information below:

17

³⁷ Ex. SDG&E-18, JDS-23.

³⁸ SDG&E response to data request ORA-SDG&E-114-CY3, Q.5.

1 **Figure 16-9**

	2012	2013	2014	2015	2016
Historical FTE (Billing)	45	44	39	35	37
Residential TOU Default FTE	-	-	-	-	-
Total	45	44	39	35	37

2
3 "The Residential TOU Default function did not exist historically."³⁹

4 Given there is no historical basis to determine the requested 15.5 FTEs, no
5 exact calculations, and no historical precedent in the working group to add 15.5
6 FTEs in a three-year time span, ORA recommends that SDG&E be granted exactly
7 half of their initial request for this cost center. ORA believes that an addition of 7.8
8 FTEs in the working group should be more than sufficient to meet the predicted
9 "increasingly complex billing exceptions."⁴⁰ Therefore, ORA's recommendation for
10 Residential TOU Mass Default is \$1.127 million.⁴¹

11 **I. SDG&E's Request for CS-OO Credit & Collections**

12 SDG&E requests \$3.073 million for TY 2019, which is \$446,000 or 17%
13 above the BY 2016 value. The table below shows the historical Credit & Collections
14 expense from 2012-2019, as well as SDG&E's request and ORA's recommendation.

15 **Table 16-16**
16 **CS-OO Credit & Collections Expense**
17 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$2,216	\$2,351	\$2,269	\$2,002	\$2,083	\$2,234	\$2,234
Non-Labor	\$451	\$487	\$438	\$443	\$544	\$839	\$839
Total	\$2,667	\$2,838	\$2,707	\$2,445	\$2,627	\$3,073	\$3,073

18 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E--
19 082-CY3, Q.1.

20
³⁹ SDG&E response to data request SDG&E-114-CY3, Q.5.

⁴⁰ Ex. SDG&E-18, p. JDS-23.

⁴¹ SDG&E's request of \$2.255 million/2=\$1.1275 million.

1 **J. ORA’s Recommendation for Credit & Collections**

2 ORA does not oppose SDG&E’s forecast of \$3.073 million for TY 2019.

3 **K. SDG&E’s Request for CS-OO Remittance Processing**

4 SDG&E requests \$0.745 million for TY 2019, which is \$40,000 or 5% below
5 the BY 2016 value. The table below shows the historical Credit & Collections
6 expense from 2012-2016, as well as SDG&E’s request and ORA’s recommendation.

7 **Table 16-17**
8 **CS-OO Remittance Processing Expense**
9 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Labor	\$823	\$899	\$699	\$792	\$785	\$745	\$745
Total	\$823	\$899	\$699	\$792	\$785	\$745	\$745

10 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
11 082-CY3, Q.1.

12 **L. ORA’s Recommendation for Remittance Processing**

13 ORA does not oppose SDG&E’s request for \$0.745 million for TY 2019.

14 **M. SDG&E’s Request for CS-OO Postage**

15 SDG&E requests \$3.856 million for TY 2019, which is \$304,000 or 7% below
16 the BY 2016 value. The table below shows the historical Credit & Collections
17 expense from 2012-2016, as well as SDG&E’s request and ORA’s recommendation.

18 **Table 16-18**
19 **CS-OO Postage Expense**
20 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	0	0	0	0	0	0	0
Non-Labor	0	0	0	0	0	0	0
Total	\$4,659	\$4,489	\$4,620	\$4,571	\$4,160	\$3,856	\$3,856

21 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E--
22 082-CY3, Q.1.

23

1 **N. ORA’s Recommendation for Postage**

2 ORA does not oppose SDG&E’s request for \$3.856 million for TY 2019.

3 **O. SDG&E’s Request for CS-OO Branch Offices**

4 SDG&E requests \$2.209 million for TY 2019, which is \$230,000 or 12%
5 above the BY 2016 value. The table below shows the historical Branch Offices
6 expense from 2012-2016, as well as SDG&E’s TY 2019 request and ORA’s
7 recommendation.

8 **Table 16-19**
9 **CS-OO Branch Offices Expense**
10 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$1,507	\$1,607	\$1,382	\$1,315	\$1,460	\$1,293	\$1,293
Non-Labor	491	523	653	560	519	916	916
Total	\$1,998	\$2,130	\$2,035	\$1,875	\$1,979	\$2,209	\$2,209

11 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
12 082-CY3, Q.1.

13 **P. ORA’s Recommendation for Branch Offices**

14 ORA’s does not oppose SDG&E’s request.

15 **Q. SDG&E’s Request for Customer Contact Center Operations**

16 SDG&E requests \$10.097 million for TY 2019, which is \$1.16 million or 13%
17 above the BY 2016 value. Table 16-20 below shows the historical Branch Offices
18 expense from 2012-2016, as well as SDG&E’s TY 2019 request and ORA’s TY 2019
19 recommendation.

20 **Table 16-20**
21 **CS-OO Customer Contact Center Operations Expense**
22 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$9,175	\$9,351	\$8,424	\$7,972	\$8,896	\$9,805	\$9,805
Non-Labor	\$361	\$389	\$272	\$98	\$41	\$292	\$292
Total	\$9,536	\$9,740	\$8,696	\$8,070	\$8,937	\$10,097	\$10,097

23 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
24 082-CY3, Q.1.

1 **R. ORA’s Recommendation for Customer Contact Center Operations**

2 ORA’s does not oppose SDG&E’s request.

3 **S. SDG&E’s Request for Customer Contact Center Support**

4 SDG&E requests \$2.68 million for TY 2019, which is \$0.11 million or 4%
5 below the BY 2016 value. The table below shows the historical Branch Offices
6 expense from 2012-2016, as well as SDG&E’s TY 2019 request and ORA’s TY 2019
7 recommendation.

8 **Table 16-21**
9 **CS-OO Customer Contact Center Support Expense**
10 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$1,471	\$1,503	\$1,485	\$1,541	\$1,512	\$1,366	\$1,366
Non-Labor	912	1023	972	1050	1278	1314	1314
Total	\$2,383	\$2,526	\$2,457	\$2,591	\$2,790	\$2,680	\$2,680

11 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
12 082-CY3, Q.1.

13 **T. ORA’s Recommendation for Customer Contact Center Operations**

14 ORA’s does not oppose SDG&E’s request.

15 **U. SDG&E’s Request for Customer Contact Center Operations**
16 **Support & Projects**

17 SDG&E requests \$3.605 million for TY 2019, which is \$0.486 million or 16%
18 above the BY 2016 value. The table below shows the historical Branch Offices
19 expense from 2012-2016, as well as SDG&E’s TY 2019 request and ORA’s TY 2019
20 recommendation.

21 **Table 16-22**
22 **CS-OO Customer Contact Center Operations Expense**
23 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$3,790	\$3,235	\$2,738	\$2,642	\$3,005	\$3,436	\$3,436
Non-Labor	\$77	\$72	\$32	\$259	\$114	\$169	\$169
Total	\$3,867	\$3,307	\$2,770	\$2,901	\$3,119	\$3,605	\$3,605

24 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
25 082-CY3, Q.1.

1 **V. ORA’s Recommendation for Customer Contact Center Operations**
2 **Support & Projects**

3 ORA’s does not oppose SDG&E’s request.

4 **II. UNCOLLECTIBLE RATE**

5 **A. Overview of SDG&E’s Request**

6 SDG&E requests that the current uncollectible rate remain at 0.174%. It
7 reflects the ten-year average and is consistent with the uncollectible rate requested
8 and authorized in the last two GRCs, TY 2012 and TY 2016.⁴²

9 **B. ORA’s Analysis**

10 ORA does not oppose SDG&E’s request to have the uncollectible rate remain
11 at 0.174%.

12 **III. SUMMARY OF CUSTOMER SERVICE OFFICE OPERATIONS**
13 **CAPITAL EXPENDITURES: 2012 – 2016**

14 Ex. SDG&E-18 provides the business rationale for four IT capital projects:⁴³

- 15 • Technical Obsolescence-Electronic Bill Presentment and Payment
16 Technology Refresh, Smart Meter Systems Upgrade;⁴⁴
- 17 • Improving Customer Experience-Advanced Analytics Foundation,
18 FOF, Bill Redesign Phase 2;⁴⁵
- 19 • Mandated Projects-Net Energy Metering Successor Tariff;⁴⁶
- 20 • Business Optimization which includes: FOF IVR Project, FOF-
21 KANA Enhancement and Online Training, FOF-Propensity to Pay,
22 DASR System Upgrade, Centralized Calculation Engine Phase 3,
23 IDS Billing Enhancement, Off But Registering Enhancement
24 Project, Remote Meter Configuration, Enhanced Network Analytics,

⁴² Ex. SDG&E-18, p. JDS-61.

⁴³ Ex. SDG&E-18, pp. JDS-63-JDS-71.

⁴⁴ Id., p. JDS-64, Table JS-36.

⁴⁵ Id., p. JDS-66, Table JS-37.

⁴⁶ Id., p. JDS-67, Table JS-38.

1 Branch Office Kiosk Replacement, Smart Meter Network
2 Enhancement, and Smart Meter Network Devices.⁴⁷

3 **IV. CUSTOMER SERVICE OFFICE OPERATIONS CAPITAL**
4 **EXPENDITURES: 2017 – 2019**

5 The table below shows SDG&E’s 2017-2019 Capital Expenditure forecast.⁴⁸

6 **Table 16-23**
7 **Customer Service Office Operations**
8 **Information Technology / Telecom**
9 **2017-2019 Capital Expenditure Forecast**
10 **(in Thousands of 2016 Dollars)**

Description	SDG&E Proposed ⁴⁹		
	2017	2018	2019
Technical Obsolescence	\$3,340	\$2,480	\$1,505
Improving Customer Exp	\$1,494	\$6,092	\$10,827
Mandated	\$559	\$0	\$0
Business Optimization	\$9,504	\$7,202	\$4,000
Total	\$14,897	\$15,774	\$16,332

11 ORA does not oppose the business rationale for SDG&E’s requests. Please
12 see Ex. ORA-20 for further details regarding ORA’s capital expenditure forecasts for
13 2017, 2018 and 2019.

14

⁴⁷ Id. p. JDS-68, Table JS-39.
⁴⁸ Ex. SDG&E-18, p. JDS-63, Table JS-34.
⁴⁹ Ex. SDG&E-18, p. JDS-63, Table JS-34.

1 **PART III: CUSTOMER SERVICE INFORMATION & TECHNOLOGIES**

2 **I. NON-SHARED EXPENSES**

3 SDG&E’s Customer Service Information & Technologies (CS-IT) section
 4 includes residential customer services, business services, marketing and
 5 communications, research and analytics, customer programs, and customer pricing,
 6 among other services.⁵⁰ Table 16-24 below shows the 2012-2016 Recorded and
 7 2019 request for of SDG&E and ORA’s recommendation for Non-Shared O&M
 8 Expenses.⁵¹

9 **Table 16-24**
 10 **Customer Service Information & Technologies**
 11 **Non-Shared O&M Expenses**
 12 **2012-2016 Recorded and 2019 Forecasts**
 13 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Residential CustSvc	\$3,135	\$3,807	\$3,291	\$4,472	\$5,262	\$6,267	\$ 6131
Business Services	\$5,464	\$5,113	\$4,801	\$5,217	\$5,037	\$4,813	\$4813
Marketing, Rsearch & Analytics	\$8,729	\$8,904	\$7,369	\$7,371	\$6,219	\$8,574	\$7706
Cust Prog, Pricing & Other Office	\$6,219	\$6,510	\$6,023	\$5,382	\$5,226	\$6,405	\$6065
Total	\$23,547	\$24,334	\$21,484	\$22,442	\$21,744	\$26,058	\$24,715

14 Source: 2012-2016 and TY 2019 forecast is from SDG&E’s response to data request ORA-SDG&E-
 15 082-CY3, Q.1 and Ex. SDG&E-19, p. LCD-8, Table LD-7.

16 **A. Overview of SDG&E’s Request**

17 SDG&E requests \$26.058 million for TY 2019, which is a 20% increase over
 18 BY 2016 levels.

⁵⁰ Ex. SDG&E-19, p. LCD-iv.

⁵¹ Ex. SDG&E-19, p. LCD-8, Table LD-7.

1 **B. ORA’s Analysis**

2 ORA’s recommendation for CS-IT non-shared services is \$24.715 million for
3 TY 2019. ORA’s recommendation is consistent with historical levels and should be
4 more than sufficient to meet TY 2019 CS-IT expense needs.

5 **C. SDG&E’s Request for Residential Customer Services**

6 CS-IT Residential Customer Services is responsible for services and
7 activities focused on delivering and enhancing the overall customer experience of
8 3.6 million consumers.⁵² SDG&E request \$6.268 million for CS-IT Residential
9 Customer Services for TY 2019, an increase of \$1.006 million or 19% above BY
10 2016 levels. The table below shows CS-IT Residential Customer Services
11 historical expenses from 2012-2016, as well as SDG&E’s TY 2019 request and
12 ORA’s TY 2019 recommendation.

13
14
15

Table 16-25
CS-IT Residential Customer Services Expense
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$2,027	\$2,324	\$1,967	\$2,099	\$2,643	\$3,140	\$3,003
Non-Labor	\$1,108	\$1,483	\$1,324	\$2,373	\$2,619	\$3,128	\$3,128
Total	\$3,135	\$3,807	\$3,291	\$4,472	\$5,262	\$6,268	\$6,131

16 Source: 2012-2016 and TY 2019 forecast is from SDG&E’s response to data request ORA-SDG&E-
17 082-CY3, Q.1.

18 SDG&E’s forecast for Residential Customer Services consists of an upward
19 adjustment for capital project impacts: customer authorization project, customer
20 information advisor (1.0 FTE), privacy training, cool zones, expansion of clean
21 transportation (4.7 FTEs), and electric vehicle education and outreach. There were
22 also downward adjustments made due to SDG&E’s employees retiring.⁵³

⁵² Ex. SDG&E-19, p. LCD-9.

⁵³ Ex. SDG&E-19, p. LCD-12.

1 **D. ORA’s Recommendation for Residential Customer Services**

2 ORA sent data requests regarding historical levels of spending and historical
3 labor levels for SDG&E’s various requests. ORA does not disagree with the majority
4 of the upward adjustments. ORA disagrees with the \$498,000 requested for 4.7
5 FTEs for the “Expansion of Clean Transportation” program.⁵⁴ SDG&E’s workpapers
6 asks for 1.0 FTE for a Regulatory & Policy Manager, 0.8 FTE for a Business Analyst,
7 1.0 FTE for a Marketing Research & Analytics Analyst, 1.0 Policy Project Manager,
8 and 0.9 FTE Customer Outreach Manager.⁵⁵ ORA asked for the historical recorded
9 data on the Residential Customer Service positions and how SDG&E arrived at its
10 request of 4.7 FTEs. In response, SDG&E provided Figure 16-10 below.⁵⁶

11 **Figure 16-10**

Position	2012	2013	2014	2015	2016
Regulatory & Policy Manager	0.10	0.10	0.23	0.25	0.21
Market Research & Analytics Analyst	0.66	0.70	0.78	0.56	0.28
Policy Project Manager	0.20	0.20	0.23	0.25	0.21
Customer Outreach Manager	0.10	0.15	0.31	0.31	0.58
Business Analyst	0.25	0.26	0.25	0.25	0.31
Total FTE	1.31	1.41	1.80	1.62	1.59

12
13 While ORA does not object to the idea of these positions being filled by
14 full time staff rather than 2016’s part time dedication to each position, ORA
15 disagrees with cost increases that will lead to a non-whole number of FTEs
16 performing these functions in 2019. Instead, ORA argues it is more reasonable
17 to increase the FTEs such that 1 FTE (or the equivalent hours of 1 FTE) is in
18 charge of each of the five positions in Figure 10.

19 ORA calculated an alternative forecast for this cost center by assuming
20 that in 2019, one FTE will fill the role of each of the five listed positions, equaling

⁵⁴ Ex. SDG&E-19, p. LCD-16.

⁵⁵ Ex. SDG&E-19-WP 11N001.000 Residential Customer Services page 7 of 68.

⁵⁶ SDG&E’s response to data request ORA-SDG&E-131-CY3, Q.3.

1 a total FTE count in 2019 for this cost center of five FTEs. ORA then subtracted
 2 the one by the number of FTEs dedicated to each position in 2016, to determine
 3 the equivalent number of incremental FTEs for each position. Having
 4 determined that 3.41 more FTEs will be necessary to make this cost center have
 5 five FTEs in 2019 over 1.59 FTEs in 2016, ORA then prorated the number to
 6 determine that 73% of SDG&E's request should be granted. If assuming the
 7 exact same ratio of costs, that prorating leads to an alternative forecast of
 8 \$361,000 for this cost center. ORA represents this calculation in Figure 16-11
 9 below.

10

Figure 16-11

Positions SDG&E is requesting	2016 FTE	SDGE 2019 inc	SDGE 2019 FTE	ORA 2019 FTE	ORA Inc over 2016	Final Calculation Methodology: (1) Prorate 3.41 FTE/4.7FTE=0.73 (2) Assume the same ratio of costs (3) 0.73*\$0.448 million (4) Result is \$0.361 million
Regulatory & policy manager	0.21	1	1.21	1	0.79	
Market research & analytics analyst	0.28	1	1.28	1	0.72	
Policy project manager	0.21	1	1.21	1	0.79	
Customer outreach manager	0.58	0.9	1.48	1	0.42	
Business analyst	0.31	0.8	1.11	1	0.69	
Total	1.59	4.7	6.29	5	3.41	

11 ORA calculated the forecast for this cost center by prorating the 3.41
 12 incremental FTE's against SDG&E's proposed 4.7 FTEs, yielding a ratio of 0.73.
 13 Then, the same ratio of costs was assumed, which was multiplied with the proposed
 14 SDG&E's incremental request of \$0.448 million. This yielded \$0.361 million. ORA
 15 calculated its forecast by subtracting the requested \$0.448 million from SDG&E's
 16 funding request and adding in \$0.361 million in its place. This resulted in ORA's
 17 forecasted recommendation of \$6.131 million.
 18

1 **E. Alternative Fuel Vehicle Memorandum Account (AFVMA)**

2 The AFVMA was established pursuant to Ordering Paragraph (OP) 7 of D.13-
3 11.002. The costs recorded in the AFVMA are incurred for expenses related to
4 implementation of the sub-metering pilots, which are above what could reasonably
5 be recovered through the Electric Program Investment Charge (EPIC). Costs
6 recorded in this memorandum account cannot exceed \$2 million per utility in the
7 case of co-funding from EPIC and cannot exceed \$5 million per utility in the case
8 that the EPIC program is not authorized. SDG&E requests AFVMA recovery in this
9 GRC. Upon approval, this account will be closed.⁵⁷ The Account Balance as of
10 2017 was \$1.048 million.⁵⁸

11 ORA does not object to this request.

12 **F. Energy Data Request Memorandum Account (EDRMA)**

13 The EDRMA was established pursuant to Ordering Paragraph 13 of D.14-
14 05.016. The costs recorded in the EDRMA are incurred for developing processes
15 and technologies and providing labor to support functions and activities related to
16 managing Energy Data Access Rules. SDG&E requests EDRMA recovery in this
17 GRC. Upon approval, this account will be closed. The Account Balance as of 2017
18 was \$0.346 million.⁵⁹

19 ORA does not object to this request.

20 **G. SDG&E's Request for Business Services**

21 CS-IT Business Services is responsible for Business Account Management
22 and Customer Services Staff Support.⁶⁰ SDG&E forecasts \$4.813 million for CS-IT
23 Business Services for TY 2019, a decrease of \$0.224 million from BY 2016 levels.
24 The table below shows CS-IT Residential Customer Services historical expenses

⁵⁷ Ex. SDG&E-19, p. LCD-18.

⁵⁸ Ex. SDG&E-19, p. LCD-19, Table LD-10.

⁵⁹ Ex. SDG&E-19, p. LCD-19.

⁶⁰ Ex. SDG&E-19, p. LCD-20.

1 from 2012-2016, as well as SDG&E's TY 2019 request and ORA's TY 2019
2 recommendation.

3
4
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Table 16-26
CS-IT Business Services Expense
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$4,512	\$4,317	\$4,323	\$4,323	\$4,217	\$3,912	\$3,912
Non-Labor	\$952	\$796	\$478	\$894	\$820	\$901	\$901
Total	\$5,464	\$5,113	\$4,801	\$5,217	\$5,037	\$4,813	\$4,813

6 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
7 082-CY3, Q.1.

8 **H. ORA's Recommendation for Business Services**

9 ORA does not oppose SDG&E's request.

10 **I. AB 802 Commercial Benchmarking Memorandum Account**

11 AB 802 was established to provide building owners with the ability to request
12 and obtain energy usage data so they can benchmark their buildings.⁶¹ Upon
13 approval, this account will be closed. The Account Balance as of 2017 was \$0.147
14 million for AB 802 Memo Account Electric and \$0.07 million for AB802 Memo
15 Account Gas.⁶²

16 ORA does not object to this request.

17

18 **J. SDG&E's Request for Marketing, Research & Analytics**

19 CS-IT Marketing, Research & Analytics is responsible for marketing plans,
20 communication tactics, oversight of websites, customer research and analytics,
21 among other activities.⁶³ SDG&E requests \$8.574 million for CS-IT Marketing,
22 Research & Analytics for TY 2019, an increase of \$2.355 million or 38% from BY
23 2016 levels. Table 16-27 below shows CS-IT Residential Customer Services

⁶¹ Ex. SDG&E-19, p. LCD-25.

⁶² Ex. SDG&E-19, p. LCD-19.

⁶³ Ex. SDG&E-19, p. LCD-27.

1 historical expenses from 2012-2016, as well as SDG&E's TY 2019 request and
2 ORA's TY 2019 recommendation.

3
4
5

Table 16-27
CS-IT Marketing, Research & Analytics Expense
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$2,504	\$2,623	\$2,513	\$2,635	\$3,112	\$3,112	\$3,112
Non-Labor	\$6,225	\$6,281	\$4,856	\$4,736	\$3,107	\$5,462	\$4,522
Total	\$8,729	\$8,904	\$7,369	\$7,371	\$6,219	\$8,574	\$7,706

6 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
7 082-CY3, Q.1.

8 SDG&E's forecast for this cost center includes upward adjustments for rate
9 education & outreach, marketing automation, outage communications, customer
10 insight-surveys, multicultural campaign, contact information campaign, RAMP-
11 Summer and Winter Prep Communication. There was also a downward adjustment
12 for Business optimization due to FOF.⁶⁴

13 **K. ORA's Recommendation for Marketing, Research & Analytics**

14 ORA reviewed work papers and sent data requests regarding historical labor
15 levels and work hour calculations and thus does not oppose the majority of the
16 aforementioned upward and downward adjustments. ORA contests the proposed
17 increase of \$1,700,000 for Rate Education & Outreach. Using historical labor levels,
18 ORA forecast alternative incremental contract resource needs for the programs,
19 which are discussed in detail in the sections below. ORA's recommendation for TY
20 2019 is \$7.706 million, which is an increase of 24% above the BY 2016 recorded
21 expenses and should be more than sufficient for meeting SDG&E's needs in TY
22 2019.

⁶⁴ Ex. SDG&E-19, p. LCD-34, Table LD-16.

1 **L. Rate Education & Outreach**

2 SDG&E is requesting \$1.700 million above the BY 2016 “to educate
3 customers about the changing landscape of energy pricing and new rate options”.⁶⁵
4 ORA asked SDG&E for the historical spending levels for this function. SDG&E
5 responded “The table below [Figure 16-12] represents the Marketing, Research and
6 Analytics department spend for 2013-2016 non-labor costs related to rate education
7 and outreach. Prior to 2013, SDG&E did not separately track rate education and
8 outreach costs.”⁶⁶

9 **Figure 16-12**

Nominal (\$000)	2013	2014	2015	2016
Rate Education & Outreach	\$1,941	\$1,501	\$804	\$306

10
11 SDG&E’s requested \$1.700 million increase above 2016 levels would total a
12 spending level of \$2.006 million in 2019 (the 2016 spending level is \$0.306 million,
13 added with SDG&E’s requested increase of \$1.700 million would yield a sum of
14 \$2.006 million). That represents not only an unprecedented dollar increase over
15 three years but also an unprecedented level of spending for this function.

16 ORA calculated an alternative forecast by taking a four-year average of 2013-
17 2016 recorded costs to develop a recommendation of \$1.138 million for 2019. This is
18 an increase of \$0.832 million over the BY 2016 level and should be more than
19 sufficient to allow SDG&E to meet its needs for this function.

20 **M. Rate Reform Memorandum Account (RRMA)**

21 The Rate Reform Memorandum Account (RRMA) was established pursuant
22 to Ordering Paragraph (OP) 12 of D.15-07-001. It is used to track verifiable
23 incremental costs in the following categories: (i) TOU pilots, (ii) TOU studies,
24 including hiring of a consultant or consultants to assist in developing study
25 parameters, (iii) ME&O (Marketing, Education and Outreach) costs associated with

⁶⁵ Ex. SDG&E-19, p. LCD-34, lines 11-12.

⁶⁶ SDG&E response to data request ORA-SDG&E-131-CY3, Q.6.a.

1 the rate changes approved in that decision, and (iv) other reasonable expenditures
2 as required per the decision. The 2017 balance was \$5,858 million.⁶⁷

3 ORA does not oppose SDG&E recovering all recorded costs in the RRMA.

4 **N. SDG&E's Request for Customer Programs, Pricing & Other Office**

5 CS-IT Customer Programs, Pricing & Other Office (CP&P) is responsible for
6 three key groups: Customer Assistance Programs, Customer Solutions and
7 Customer Pricing.⁶⁸ SDG&E forecasts \$6.406 million for CS-IT CP&P for TY 2019,
8 an increase of \$1.180 million or 23% above BY 2016 levels. Table 16-28 below
9 shows CS-IT Residential Customer Services historical expenses from 2012-2016,
10 as well as SDG&E's TY 2019 request and ORA's recommendation.

11 **Table 16-28**
12 **CS-IT Customer Programs, Pricing & Other Office Expense**
13 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Labor	\$3,780	\$4,072	\$4,580	\$4,398	\$4,263	\$4,706	\$4,374
Non-Labor	\$2,439	\$2,438	\$1,443	\$984	\$963	\$1,700	\$1,691
Total	\$6,219	\$6,510	\$6,023	\$5,382	\$5,226	\$6,406	\$6,065

14 Source: 2012-2016 and TY 2019 forecast is from SDG&E's response to data request ORA-SDG&E-
15 082-CY3, Q.1.

16 SDG&E's forecast for this cost center includes upward adjustments for
17 customer pricing-full year labor & non-labor impact, customer pricing regulatory
18 compliance, medical baseline system upgrades, neighbor to neighbor system
19 enhancements and RAMP-natural Gas appliance testing. There was also a
20 downward adjustment for Business optimization due to FOF.⁶⁹

⁶⁷ Ex. SDG&E-19, p. LCD-39, lines 20-25.

⁶⁸ Ex. SDG&E-19, p. LCD-44, lines 8-13.

⁶⁹ Ex. SDG&E-19, p. LCD-47, Table LD-19.

1 **O. ORA’s Recommendation for Customer Programs, Pricing & Other**
2 **Office**

3 ORA recommends \$6.065 million for CP&P in TY 2019, which is an increase
4 of 16% from BY 2016 levels and should be more than sufficient for this function.
5 ORA reviewed work papers and sent data requests regarding historical labor levels
6 and work hour calculations and thus does not oppose the majority of the
7 aforementioned upward and downward adjustments. Instead, ORA only contests
8 the proposed increase of \$341,000 (\$332,000 for three new FTEs in labor, \$9,000 in
9 associated non-labor) for Customer Pricing Regulatory Compliance. SDG&E states
10 it needs three new FTEs in Labor because “this increase is the result of increasing
11 legislative and regulatory requirements regarding the analysis and development of
12 rate options, which include growing requirements for data provided, such as
13 population of bill impacts and segmentation.”⁷⁰

14 SDG&E’s work papers do not provide a quantitative basis to justify the need
15 for three new FTEs nor does SDG&E list specific “increasing legislative and
16 regulatory requirements.”⁷¹ Because of this, it is more appropriate to analyze
17 historical levels of spending in this function. Using historical labor levels, ORA
18 forecast alternative incremental contract resource needs for the programs. ORA
19 asked SDG&E for the historical FTEs for this function and received the information
20 presented in Figure 16-13 below.

21 **Figure 16-13**

	2012	2013	2014	2015	2016
Customer Pricing & Rates - FTE	7.5	9.6	11.4	14.1	12.9

22
23 The level of FTEs appears to have fluctuated in the past five recorded years,
24 therefore ORA used a three year recorded average (2014-2016) to calculate a
25 reasonable level of FTEs for TY 2019. This equals 12.8 FTEs, which is around the
26 same as BY 2016 FTE levels. Therefore, ORA recommends CP&P labor costs

⁷⁰ Ex. SDG&E-19, p. LCD-48

⁷¹ Ex. SDG&E-19-WP-1IN004.00 - Customer Programs Pricing and Other Office, page 37 of 68.

1 remain the same as BY 2016 FTE levels and the requested \$341,000 in incremental
2 funding should be denied.

3 **II. SHARED EXPENSES**

4 This section presents SDG&E's estimated TY 2019 expenses for Shared
5 Services that are required for both SoCalGas and SDG&E. Below is a table of
6 Shared O&M Expenses.⁷²

7 **Table 16-29**
8 **Customer Service Information & Technologies**
9 **Shared O&M Expenses**
10 **2012-2016 Recorded and 2019 Forecasts**
11 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Business Strategy & Development	\$331	\$233	\$253	\$229	\$239	\$239	\$239
Low Emissions Vehicle Program	\$95	\$100	\$101	\$102	\$104	\$104	\$104
Total	\$426	\$333	\$354	\$331	\$343	\$343	\$343

12 Source: 2012-2016 data from find SDG&E's response to ORA-SDG&E-DR-104-CY3. SDG&E 2019
13 forecast from Ex. SDG&E-19, p. LCD-50, Table LD-20.

14 **A. Overview of SDG&E's Request**

15 SDG&E requests \$0.343 million for TY 2019, which is the same as BY 2016
16 levels.

17 **B. ORA's Analysis**

18 ORA does not oppose SDG&E's request.

⁷² Ex. SDG&E-19, pp. LCD-49-LCD-50.

1 **III. SUMMARY OF CUSTOMER SERVICE INFORMATION &**
 2 **TECHNOLOGIES CAPITAL EXPENDITURES: 2012 – 2016**

3 The table below presents SDG&E’s historical CS I&T capital expenditures
 4 (2012-2016).

5 **Table 16-30**
 6 **Customer Service Information & Technologies**
 7 **Recorded 2012-2016 Capital Expenditures**
 8 **(in Dollars)**

Description	2012	2013	2014	2015	2016
Total	\$20,803,909	\$24,700,729	\$13,928,937	\$17,478,312	\$18,883,525

9 Source: 2012-2016 data from SDG&E’s response to data request ORA-SDG&E-104-CY3, Q.1,
 10 Attachment.

11 **IV. CUSTOMER SERVICE INFORMATION & TECHNOLOGIES (CS**
 12 **I&T) CAPITAL EXPENDITURES: 2017 – 2019**

13 CS I&T Capital Expenditures include Business Optimization, Improving
 14 Customer Experience and Mandated projects. ORA does not oppose SDG&E’s
 15 business rationale for CS I&T Capital Projects.⁷³ Please see Ex. ORA-20 for further
 16 details regarding the capital expenditures for 2017, 2018 and 2019.

17 **Table 16-31**
 18 **Customer Service Information & Technologies**
 19 **2017-2019 Capital Expenditure Forecast**
 20 **(in Thousands of 2016 Dollars)**

Description	SDG&E Proposed ⁷⁴		
	2017	2018	2019
Business Optimization	\$517	\$612	\$643
Improv Cust Experience	\$1,826	\$1,387	\$310
Mandated	\$18,240	\$19,110	\$865
Total	\$20,583	\$21,109	\$1,818

21
 22 ORA does not oppose SDG&E’s business rationale for its capital projects.

⁷³ Ex. SDG&E-19, p. LCD-52, Table LD-23.

1

WITNESS QUALIFICATIONS

2 My name is Crystal Yeh. My business address is 505 Van Ness Avenue, San
3 Francisco, California. I am employed by the Office of Ratepayer Advocates (ORA)
4 as a Public Utilities Regulatory Analyst I in the Energy Cost of Service and Natural
5 Gas (ECOSNG) Branch.

6 I received a Bachelor of Arts degree in Environmental Studies and Public
7 Policy from Hunter College, the City University of New York.

8 Prior to joining the Commission, I served as an Analyst at a consulting firm,
9 Monitor 360, where I performed analysis on large datasets and provided actionable
10 recommendations for a variety of private and nonprofit sector clients. Prior to that, I
11 interned at a think tank and at a consulting firm where I analyzed large energy-
12 related datasets and prepared summary reports.

13 I joined the Commission in August 2016. As part of the Natural Gas section
14 within the ECOSNG Branch, I participate in core gas supply meetings with the
15 Sempra Utilities and Pacific Gas and Electric Company (PG&E). I have worked on
16 the following General Rate Cases (GRC): (1) the SCE 2018 GRC, where I was
17 responsible for Customer Service costs; and (2) the Bear Valley Electric Service
18 2018 GRC, where I was responsible for Administrative & General expenses.

19 This completes my prepared testimony.