

Docket	:	<u>A.17-10-007/008</u>
Exhibit Number	:	<u>ORA-17</u>
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**

SoCalGas Customer Services – Field & Meter Reading;
Office Operations; Information; and Technologies,
Policies & Solutions

San Francisco, California
April 13, 2018

TABLE OF CONTENTS

SCG CUSTOMER SERVICES – FIELD & METER READING; OFFICE OPERATIONS; INFORMATION; AND TECHNOLOGIES, POLICIES & SOLUTIONS	1
I. INTRODUCTION	1
II. SUMMARY OF RECOMMENDATIONS.....	1
A. Customer Services Field & Meter Reading.....	1
1. Expenses.....	1
2. Capital Expenditures.....	2
B. Customer Services Office Operations	2
1. Expenses.....	2
2. Capital Expenditures.....	3
3. Uncollectible Rate.....	3
C. Customer Services Information	3
1. Expenses.....	3
2. Capital Expenditures.....	4
D. Customer Services Technologies, Policies & Solutions.....	4
PART I: CUSTOMER SERVICES FIELD AND METER READING.....	6
I. NON-SHARED EXPENSES	6
A. Customer Services – Field	6
1. Overview of SCG’s Request	7
2. ORA’s Analysis	7
B. Customer Services – Meter Reading.....	7
1. Overview of SCG’s Request	8
2. ORA’s Analysis	8
II. SHARED EXPENSES	8
A. Overview of SCG’s Position	8
B. ORA’s Analysis.....	9
III. SUMMARY OF CUSTOMER SERVICES FIELD CAPITAL EXPENDITURES: 2012 – 2016.....	9
PART II: CUSTOMER SERVICES OFFICE OPERATIONS.....	11
I. NON-SHARED EXPENSES	11

A. Overview of SCG’s Request.....	12
B. ORA’s Analysis.....	12
1. Customer Contact Center Operations.....	12
a. SoCalGas’ request for Customer Contact Center Operations.....	12
b. ORA’s Recommendation for Customer Contact Center Operations	13
2. Customer Contact Center Support.....	13
a. SoCalGas’ request for Customer Contact Center Support.....	13
b. ORA’s Recommendation for Customer Contact Center Support	14
3. Branch Offices & Authorized Payment Locations	15
a. SoCalGas’ request for Branch Offices.....	15
b. ORA’s Recommendation for Branch Offices	15
4. Billing Services	16
a. SoCalGas’ request for Billing Services	16
b. ORA’s Recommendation for Billing Services.....	16
5. Credit & Collections	17
a. SoCalGas’ request for Credit & Collections.....	17
b. ORA’s Recommendation for Credit & Collections.....	17
6. Credit & Collections Postage	18
a. SoCalGas’ request for Credit & Collections Postage.....	18
b. ORA’s Recommendation for Credit & Collections Postage	18
7. Remittance Processing.....	19
a. SoCalGas’ request for Remittance Processing	19
b. ORA’s Recommendation for Remittance Processing	19
8. Remittance Processing Postage.....	20
9. Customer Service Other Office Operations & Technology	20
a. SoCalGas’ request for Other Office Operations & Technology	20
b. ORA’s Recommendation for Other Office Operations & Technology	21

10. Measurement Data Operations (MDO)	21
a. SoCalGas' request for Measurement Data Operations	21
b. ORA's Recommendation for Measurement Data Operations	21
II. SHARED EXPENSES	22
A. Overview of SCG's Request	22
B. ORA's Analysis	23
III. UNCOLLECTIBLE RATE	23
A. Overview of SCG's Request	23
B. ORA's Analysis	23
IV. SUMMARY OF CUSTOMER SERVICES OFFICE OPERATIONS CAPITAL EXPENDITURES: 2012 – 2016	23
PART III: CUSTOMER SERVICES INFORMATION	25
I. NON-SHARED EXPENSES	25
A. Overview of SCG's Request	25
B. ORA's Analysis	26
1. Customer Strategy & Engagement	27
a. SoCalGas' request for Customer Strategy & Engagement	27
b. ORA's Recommendation for Customer Strategy & Engagement	28
i. Customer Marketing and Communications	29
ii. Creative Services	30
iii. Customer Insights and Analytics	31
iv. Digital Engagement	32
1. Customer Assistance Programs	33
a. SoCalGas' request for Customer Assistance	33
b. ORA's Recommendation for Customer Assistance	34
2. Segment Services	34
a. SoCalGas' request for Segment Services	34
b. ORA's Recommendation for Segment Services	35
II. SHARED EXPENSES	35
A. Overview of SCG's Request	36

B. ORA’s Analysis.....	36
III. SUMMARY OF CUSTOMER SERVICE INFORMATION CAPITAL EXPENDITURES: 2012 – 2016	36
IV. CUSTOMER SERVICE INFORMATION CAPITAL EXPENDITURES: 2017 – 2019.....	37
A. Improving Customer Experience	37
1. Overview of SCG’s Request	37
2. ORA’s Analysis	38
B. Mandated Programs	38
1. Overview of SCG’s Request	38
2. ORA’s Analysis	39
PART IV: CUSTOMER SERVICES TECHNOLOGIES, POLICIES AND SOLUTIONS	40
I. NON-SHARED EXPENSES	40
A. Overview of SCG’s Request.....	40
B. ORA’s Analysis.....	41
1. Research, Development & Demonstration (RD&D)	41
a. SoCalGas’ request for RD&D	41
b. ORA’s Recommendation for RD&D	42
2. Policy & Environmental Solutions	43
a. SoCalGas’ request for Policy and Environmental Solutions.....	43
b. ORA’s Recommendation for Policy and Environmental Solutions.....	43
II. SHARED EXPENSES	43
A. Overview of SCG’s Request.....	44
B. ORA’s Analysis.....	44
WITNESS QUALIFICATIONS	45

1 **SCG CUSTOMER SERVICES – FIELD & METER READING; OFFICE**
2 **OPERATIONS; INFORMATION; AND TECHNOLOGIES, POLICIES &**
3 **SOLUTIONS**

4 **I. INTRODUCTION**

5 This exhibit presents the analyses and recommendations of the Office of
6 Ratepayer Advocates (ORA) regarding the proposals of Southern California Gas
7 Company (SCG or SoCalGas) in its Test Year (TY) 2019 General Rate Case (GRC)
8 associated with:

- 9 • Customer Services Field & Meter Reading;
- 10 • Customer Services Office Operations;
- 11 • Customer Services Information; and
- 12 • Customer Services Technologies, Policies & Solutions.

13 Specifically, ORA addresses SoCalGas' forecasts of operation and
14 maintenance (O&M) expenses for 2019 and capital expenditures for 2017 through
15 2019.

16 **II. SUMMARY OF RECOMMENDATIONS**

17 **A. Customer Services Field & Meter Reading**

18 **1. Expenses**

19 The following summarizes ORA's recommendations regarding Customer
20 Services Field (CS-F) & Meter Reading (MR) expenses:

- 21 • ORA does not oppose SoCalGas' \$165.48 million request for CS-F
22 for TY 2019;
- 23 • ORA does not oppose SoCalGas' \$3.027 million request for CS-MR
24 for TY 2019.

25

1 Table 17-1 compares ORA's and SoCalGas' 2019 Customer Services Field &
2 Meter Reading expense forecasts:

3 **Table 17-1**
4 **Customer Services Field & Meter Reading**
5 **O&M Expenses for 2019**
6 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SCG Proposed¹ (c)	Amount SCG>ORA (d=c-b)
Non-Shared Services	\$168,507	\$168,507	\$0
Shared Services	\$1,514	\$1,514	\$0
Total	\$170,021	\$170,021	\$0

7 **2. Capital Expenditures**

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

- 10 • ORA does not oppose SoCalGas' business justifications for its
11 proposed CS-F & MR capital projects.

12 **B. Customer Services Office Operations**

13 **1. Expenses**

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

- 16 • ORA's recommendation for CS-OO is \$89.622 million, which is
17 \$0.167 million less than SCG's forecast.

18

¹ Ex. SCG-18, p. GRM-1, Table GRM-1.

1 Table 17-2 compares ORA's and SoCalGas' 2019 Customer Services Office
2 Operations expense forecasts:

3 **Table 17-2**
4 **Customer Services Office Operations**
5 **O&M Expenses for 2019**
6 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SCG Proposed ² (c)	Amount SCG>ORA (d=c-b)
Non-Shared Services	\$84,130	\$84,297	\$167
Shared Services	\$5,492	\$5,492	\$0
Total	\$89,622	\$89,789	\$167

7 **2. Capital Expenditures**

8 The following summarizes ORA's recommendations regarding Customer
9 Service Office Operations capital expenditures:

- 10 • ORA does not oppose SoCalGas' business justifications for its
11 proposed CS-OO capital projects.

12 **3. Uncollectible Rate**

- 13 • ORA does not oppose SoCalGas' request to increase the
14 authorized uncollectible expense rate to 0.316% from the current
15 authorized rate of 0.298%.

16 **C. Customer Services Information**

17 **1. Expenses**

18 The following summarizes ORA's recommendations regarding Customer
19 Services Information (CS-I) expenses:

- 20 • ORA's recommendation for CS-I non-shared services is \$19.400
21 million, which is \$1.158 million less than SCG's request.
22 • ORA does not oppose SCG's \$4.490 million request for CS-I
23 shared services for TY 2019.

24

² Ex. SCG-19, p. MHB-1, Table MHB-1.

1 Table 17-3 compares ORA's and SoCalGas' 2019 Customer Services
2 Information expense forecasts:

3 **Table 17-3**
4 **Customer Services Information**
5 **O&M Expenses for 2019**
6 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SCG Proposed ³ (c)	Amount SCG>ORA (d=c-b)
Non-Shared Services	\$19,400	\$20,558	\$1,158
Shared Services	\$4,490	\$4,490	\$0
Total	\$23,890	\$25,048	\$1,158

7 **2. Capital Expenditures**

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

- 10 • ORA does not oppose SoCalGas' business justifications for its
11 proposed CS-I capital projects.

12 **D. Customer Services Technologies, Policies & Solutions**

13 The following summarizes ORA's recommendations regarding Customer
14 Services Technologies, Policies & Solutions (CS-TPS) expenses:

- 15 • ORA's recommendation for non-shared services is \$14.792 million,
16 which is \$4.443 million less than SCG's request for CS-TPS.
17 • ORA does not oppose SCG's \$4.008 million request for shared
18 services for TY 2019 for CS-TPS.
19

³ Ex. SCG-20, p. ASC-1, Table AC-1.

1 Table 17-4 compares ORA's and SoCalGas' 2019 Customer Services
2 Technologies, Policies & Solutions expense forecasts:

3 **Table 17-4**
4 **Customer Services Technologies, Policies & Solutions**
5 **O&M Expenses for 2019**
6 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SCG Proposed⁴ (c)	Amount SCG>ORA (d=c-b)
Non-Shared Services	\$9,886	\$15,226	\$4,443
Shared Services	\$4,008	\$4,008	\$0
Total	\$14,792	\$19,234	\$4,443

7

⁴ Ex. SCG-21, p. LLA-iii.

1 **PART I: CUSTOMER SERVICES FIELD AND METER READING**

2 **I. NON-SHARED EXPENSES**

3 Customer Services Field & Meter Reading consists of CS Field (CS-F) and
4 CS Meter Reading (CS-MR). See the table below for 2012-2016 recorded and 2019
5 forecasts for Customer Services Field & Meter Reading Non-Shared O&M
6 Expenses.⁵

7 **Table 17-5**
8 **Customer Services Field & Meter Reading**
9 **Non-Shared O&M Expenses**
10 **2012-2016 Recorded and 2019 Forecasts**
11 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
CS – Field	\$149,568	\$147,268	\$144,109	\$149,915	\$155,943	\$165,480	\$165,480
CS – Meter Reading	\$39,111	\$35,445	\$25,597	\$17,690	\$10,063	\$3,027	\$3,027
Total	\$188,679	182,713	169,706	167,605	166,006	168,507	168,507

12 Source: 2012-2016 data from SoCalGas' Response to ORA-SCG-DR-083-CY3. SCG 2019 forecast
13 from Ex. SCG-18, p. GRM-14, Table GRM-10.

14 **A. Customer Services – Field**

15 SoCalGas' Customer Services Field (CS-F) technicians perform various
16 services at the customer premises such as gas meter work, establishing and
17 terminating gas services, lighting gas pilot lights, conducting customer appliances
18 checks, investigating reports of gas leaks, investigating customer complaints of high
19 bills, shutting off and restoring gas services for fumigations and responding to other
20 emergencies.⁶ Table 17-6 below shows SoCalGas' adjusted-recorded expenses for
21 2012 – 2016, as well as ORA's and SCG's TY 2019 forecast.

22
⁵ Ex. SCG-18-R, p. GRM-iii-GRM-v.

⁶ Ex. SCG-18-R, p. GRM-2.

1
2
3
4
5

Table 17-6
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	SCG 2019	ORA 2019
Operations	110,968	111,641	108,288	111,453	112,435	\$111,576	\$111,576
Supervision	13,672	13,040	10,796	11,539	11,400	\$11,070	\$11,070
Dispatch	9,384	8,387	8,916	9,598	9,806	\$8,689	\$8,689
Support	15,544	14,200	16,109	17,145	16,435	\$17,443	\$17,443
MSA Insp Prog	0	0	0	180	5,867	\$16,702	\$16,702
Total	\$149,568	\$147,268	\$144,109	\$149,915	\$155,943	\$165,480	\$165,480

6 Source: 2012-2016 data from SoCalGas' Response to ORA-SCG-DR-083-CY3. SCG 2019 forecast
7 from Ex. SCG-18, p. GRM-14, Table GRM-11.

8 **1. Overview of SCG's Request**

9 SCG's forecast for CS-F for TY 2019 is \$165.480 million, which is an increase
10 of 2% from Base Year (BY) 2016.⁷

11 **2. ORA's Analysis**

12 After reviewing SoCalGas' testimony, workpapers, and responses to
13 discovery, ORA does not take issue with SCG's TY 2019 forecast for CS-F.

14 **B. Customer Services – Meter Reading**

15 CS-MR consists primarily of meter readers who complete manual meter reads
16 at customer premises so that gas consumption can be measured and bills generated
17 for customers who do not get an AMI automated meter read.⁸ Table 17-7 below
18 shows SoCalGas' adjusted-recorded expenses for 2012 – 2016, and ORA's and
19 SoCalGas' TY 2019 forecast.⁹

20

⁷ Ex. SCG-18, p. GRM-14, Table GRM-11.

⁸ Ex. SCG-18-R, p. GRM-2.

⁹ SoCalGas' Response to data request ORA-SCG-083-CY3.

1
2
3
4
5

Table 17-7
Customer Services Meter Reading
Non-Shared O&M Expenses
2012-2016 Recorded and 2019 Forecasts
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
Operations	32,125	28,968	20,561	13,556	7,032	\$2,219	\$2,219
Clerical	1,190	1,156	1,030	789	514	\$148	\$148
Supv & Training	3,791	3,437	2,486	1,888	\$1,180	\$355	\$355
Support	2,005	1,884	1,520	1,457	\$1,337	\$305	\$305
Total	\$39,111	\$35,445	\$25,597	\$17,690	\$10,063	\$3,027	\$3,027

6 Source: 2012-2016 data from SoCalGas' Response to ORA-SCG-DR-083-CY3, Q1. SCG 2019
7 forecast from Ex. SCG-18, p. GRM-44, Table GRM-33.

8 **1. Overview of SCG's Request**

9 SCG's forecast for CS-MR for TY 2019 is \$3.027 million, which is a decrease
10 of 70% from BY 2016.¹⁰

11 **2. ORA's Analysis**

12 After reviewing SoCalGas' testimony, workpapers, and responses to
13 discovery, ORA does not take issue with SCG's TY 2019 forecast for CS-MR.

14 **II. SHARED EXPENSES**

15 The CS-F shared service expenses include personnel who manage and
16 support certain aspects of both SoCalGas and SDG&E CS-F operations.¹¹

17 **A. Overview of SCG's Position**

18 SCG requests \$1.514 million for the CS-F shared expenses. These expenses
19 are for CS-F Staff who establish and maintain uniform policies and procedures for
20 CS-F field personnel to follow.¹² Table 17-8 below shows the 2012-2016 recorded

¹⁰ Ex. SCG-18-R, p. GRM-45.

¹¹ Ex. SCG-18-R, p. GRM-45.

¹² Ex. SCG-18-R, p. GRM-54.

1 Customer Services Meter Support Shared O&M Expenses and the TY 2019
2 forecasts.

3 **Table 17-8**
4 **CS Meter Support Expense**
5 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019 Forecast	ORA 2019 Forecast
Labor	1,567	1,520	1,347	1,225	1,050	\$1,384	\$1,384
Non-Labor	74	115	165	137	144	\$130	\$130
Total	1,641	1,634	1,512	1,362	1,194	\$1,514	\$1,514

6 Source: 2012-2016 and TY 2019 forecast is from SoCalGas' Response to ORA-SCG-DR-083-CY3,
7 Q1.

8 **B. ORA's Analysis**

9 After reviewing SoCalGas' testimony, workpapers, and responses to
10 discovery, ORA does not take issue with SCG's TY 2019 forecast for CS Meter
11 Support.

12 **III. SUMMARY OF CUSTOMER SERVICES FIELD CAPITAL**
13 **EXPENDITURES: 2012 – 2016**

14 Ex. SCG-18 presents the business justification for the capital costs for the
15 forecast years 2017, 2018, and 2019 for information technology systems that
16 support CS-F and CS-MR operations, while the capital expenditure forecasts are
17 presented in Ex. SCG-26. Please see Ex. ORA-20 for further details regarding the
18 capital expenditure forecasts for 2017, 2018 and 2019.

19

1 Table 17-9 below shows the recorded 2012-2016 Capital Expenditures for
2 Customer Services Field.¹³

3 **Table 17-9**
4 **Customer Services Field**
5 **Recorded 2012-2016 Capital Expenditures**
6 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016
Total	\$3,042	\$8,089	\$2,735	\$3,951	\$2,579

7 Source: 2012-2016 data from SoCalGas' response to ORA- SCG-DR-102.

8

¹³ Ex. SCG-18-R, p. GRM-54.

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

2 **I. NON-SHARED EXPENSES**

3 Customer Services Office Operations branch supports the activities within
 4 Customer Services to deliver service through the Customer Contact Centers, Branch
 5 Offices, and Authorized Payment Locations (APL), Billing & Payments, Credit and
 6 Collections and other related supporting functions.¹⁴ See Table 17-10 below for the
 7 2012 – 2016 recorded and 2019 forecasts for the Customer Services Office
 8 Operations Non-Shared O&M Expenses.

9 **Table 17-10**
 10 **Customer Services Office Operations**
 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	SCG 2019	ORA 2019
CCC Operations	\$34,758	\$33,476	\$31,913	\$31,198	\$30,143	\$29,872	\$29,872
CCC Support	\$9,213	\$9,530	\$8,725	\$7,871	\$7,782	\$9,024	\$8,857
Branch Offices	\$11,657	\$11,580	\$11,914	\$11,628	\$11,592	\$12,012	\$12,012
Billing Services	\$8,097	\$7,356	\$6,822	\$6,977	\$6,968	\$6,265	\$6,265
Credit & Collections	\$40,24	\$4,156	\$4,224	\$4,139	\$4,221	\$4,100	\$4,100
Credit & Collections Postage	\$2,019	\$1,923	\$1,044	\$1,049	\$995	\$995	\$995
Remittance Process	\$7,123	\$6,647	\$5,892	\$6,004	\$4,928	\$3,994	\$3,994
Remittance Processing Postage	\$18,232	\$17,739	\$17,959	\$17,727	\$17,011	\$13,812	\$13,812
Other Operations	\$2,697	\$2,417	\$3,135	\$2,426	\$2,065	\$3,180	\$3,180
Measurement Data Operations (MDO)	\$1,478	\$1,521	\$1,429	\$1,346	\$1,314	\$1,043	\$1,043
Total	\$99,298	\$96,345	\$93,057	\$90,365	\$87,019	\$84,297	\$84,130

14 Source: 2012-2016 data from *SoCal Gas' response to ORA-SCG-DR-083*. SCG 2019 forecast from
 15 Ex. SCG-19, p. MHB-10, Table MB-9.

¹⁴ Ex. SCG-19-R, p. MHB-vi.

1 **A. Overview of SCG’s Request**

2 SoCalGas requests \$84.297 million, which is a reduction of 3% from BY 2016
3 levels for TY 2019.¹⁵ The decrease in Customer Contact Center (CCC) Operations
4 costs are due to an increase in self-service, decreased average call handle time due
5 to more efficient call routing, while increasing level of service.¹⁶

6 **B. ORA’s Analysis**

7 **1. Customer Contact Center Operations**

8 The CCC Operations handles a variety of customer service needs with the
9 largest volume of interactions consisting of billing and payment inquiries as well as
10 customer-requested service orders.¹⁷

11 **a. SoCalGas’ request for Customer Contact
12 Center Operations**

13 SoCalGas’ request for CCC Operations for TY 2019 is \$29.872 million, which
14 is a reduction of 1% from BY 2016 levels. See Table 17-11 below for the 2012 –
15 2016 recorded and 2019 forecasts for the CCC Operations section.¹⁸

16 **Table 17-11**
17 **CS Customer Contact Center Operations**
18 **Expense**
19 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	\$34,380	\$33,124	\$31,504	\$30,870	\$29,794	\$29,525	\$29,525
Non-Labor	\$379	\$352	\$408	\$328	\$349	\$347	\$347
Total	\$34,758	\$33,476	\$31,913	\$31,198	\$30,143	\$29,872	\$29,872

20 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas’ response to ORA-SCG-DR-083.

21

¹⁵ Ex. SCG-19-R, p. MHB-10.

¹⁶ Ex. SCG-19-R, p. MHB-vii.

¹⁷ Ex. SCG-19-R, p. MHB-11.

¹⁸ Ex. SCG-19-R, p. MHB-11, Table MB-10.

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

3 After reviewing SoCalGas’ testimony, workpapers, and responses to
 4 discovery, ORA does not take issue with SCG’s TY 2019 forecast for CCC
 5 Operations.

6 **2. Customer Contact Center Support**

7 CCC support includes services such as forecasting call volumes, planning
 8 and scheduling Customer Service Representatives (CSR) to support the forecast
 9 levels of customer contact, training CSRs, interpreting policy, following up on CPUC
 10 complaints, as well as other services.¹⁹

11 **a. SoCalGas’ request for Customer Contact**
 12 **Center Support**

13 SoCalGas’ request for CCC Support for TY 2019 is \$9.024 million, which is
 14 an increase of 16% from BY 2016 levels. See Table 17-12 below for the 2012 –
 15 2016 recorded and 2019 forecasts for the Customer Contact Center Support
 16 section.²⁰

17 **Table 17-12**
 18 **CS Customer Contact Center Support**
 19 **Expense**
 20 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	\$5,393	\$5,796	\$5,397	\$4,929	\$4,760	\$5,742	\$5,577
Non-Labor	\$3,819	\$3,734	\$3,328	\$2,942	\$3,022	\$3,282	\$3,280
Total	\$9,213	\$9,530	\$8,725	\$7,871	\$7,782	\$9,024	\$8,857

21 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas’ response to ORA-SCG-DR-083.

22 SoCalGas’ forecast starts with BY 2016. SoCalGas then makes upward
 23 adjustments for: (1) Accounting for increased quality assurance support and CCC
 24 system maintenance fees, (2) planned training, development and special
 25 investigation teams, and (3) full year staffing for CCC Support. SoCalGas also

¹⁹ Ex. SCG-19-R, p. MHB-20.

²⁰ Ex. SCG-19-R, p. MHB-20, Table MB-16.

1 includes a decrease for FOF (Fueling our Future)-Process Efficiency Reductions to
2 Increase Productivity in the Customer Correspondence Group, telecommunications
3 costs, and the IVR confirmation Email Fee.²¹

4 **b. ORA’s Recommendation for Customer**
5 **Contact Center Support**

6 ORA’s forecast for TY 2019 is \$8.857 million. ORA reviewed SCG’s request
7 and does not take issue with the majority of SoCalGas’ proposed adjustments for
8 this function. ORA disagrees with the adjustment of \$165,000 in labor and \$2,000 in
9 non-labor for 2.0 full-time employees (FTEs) for the Expansion of the Special
10 Investigation Team.²² In response to ORA discovery, SoCalGas stated that,
11 “SoCalGas did not conduct a formal cost study related to these positions.” ORA also
12 sent a data request (DR) asking for a figure showing the last five recorded years of
13 employee levels for this function, and SoCalGas provided the figure below.²³

14 **Figure 1**

15

	2012	2013	2014	2015	2016
Special Investigation Clerk FTES	7.50	6.82	6.35	6.48	6.49

16 The labor requirements for this function have been relatively steady over the
17 last two recorded years. A three-year average of the 2014 – 2016 FTE count is 6.44,
18 which is around the same as 2016. Given this information, ORA concludes that
19 SoCalGas has been able to conduct its CCC support activities without having to add
20 FTES, and opposes the requested increase of \$167,000 for this function.

²¹ Ex. SCG-19-R, p. MHB-22, Table MB-17.

²² Ex. SCG-19-R, p. MHB-22, Table MB-23.

²³ SoCal Gas’ response to data request ORA-SCG-120-CY3, Q.3a, 3b.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

3. Branch Offices & Authorized Payment Locations

SoCalGas currently operates 44 branch offices throughout its service territory, which provide customers the options of paying their bills in-person, inquiring about accounts and completing other customer service transactions.²⁴

a. SoCalGas’ request for Branch Offices

SoCalGas’ request for Branch Offices for TY 2019 is \$12.011 million, which is an increase of 4% from BY 2016 levels. See Table 17-13 below for the 2012 – 2016 recorded and 2019 forecasts for the Branch Offices section.²⁵

Table 17-13
CS Branch Offices Expense
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	\$8,891	\$9,011	\$9,076	\$9,053	\$8,989	\$9,322	\$9,322
Non-Labor	\$2,766	\$2,568	\$2,838	\$2,576	\$2,602	\$2,689	\$2,689
Total	\$11,657	\$11,580	\$11,914	\$11,628	\$11,592	\$12,011	\$12,011

Source: 2012-2016 and TY 2019 forecast is from SoCal Gas’ response to ORA-SCG-DR-083.

b. ORA’s Recommendation for Branch Offices

After reviewing SoCalGas’ testimony, workpapers, and responses to discovery, ORA does not take issue with SCG’s TY 2019 forecast for Branch Offices.

²⁴ Ex. SCG-19-R, p. MHB-28.
²⁵ Ex. SCG-19-R, p. MHB-28, Table MB-18.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

4. Billing Services

Billing Services is responsible for calculating bills and maintaining accurate customer account information.²⁶

a. SoCalGas’ request for Billing Services

SoCalGas’ request for Billing Services for TY 2019 is \$6.264 million, which is a reduction of 10% from BY 2016 levels. See Table 17-14 below for the 2012 – 2016 recorded and 2019 forecasts for the Billing Services section.²⁷

**Table 17-14
CS Billing Services
Expense
(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	\$7,832	\$7,257	\$6,692	\$6,868	\$6,632	\$6,216	\$6,216
Non-Labor	\$265	\$100	\$130	\$109	\$335	\$48	\$48
Total	\$8,097	\$7,356	\$6,822	\$6,977	\$6,968	\$6,264	\$6,264

Source: 2012-2016 and TY 2019 forecast is from SoCal Gas’ response to ORA-SCG-DR-083.

b. ORA’s Recommendation for Billing Services

After reviewing SoCalGas’ testimony, workpapers, and responses to discovery, ORA does not take issue with SCG’s TY 2019 forecast for Billing Services.

²⁶ Ex. SCG-19-R, p. MHB-32.
²⁷ Ex. SCG-19-R, p. MHB-31, Table MB-21.

1 **5. Credit & Collections**

2 Credit and Collections establishes and implements policies and procedures to
3 ensure authorized collections-related tariff rules are followed and collections activity
4 is effectively performed.²⁸

5 **a. SoCalGas’ request for Credit & Collections**

6 SoCalGas’ request for Credit and Collections for TY 2019 is \$4.100 million,
7 which is a reduction of 10% from BY 2016 levels. See Table 17-14 below for the
8 2012 – 2016 recorded and 2019 forecasts for the Credit & Collections section.²⁹

9 **Table 17-14**
10 **CS Credit & Collections**
11 **Expense**
12 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	3,140	3,070	3,172	3,046	2,966	2,845	2,845
Non-Labor	885	1,086	1,052	1,093	1,255	1,255	1,255
Total	\$4,024	\$4,156	\$4,224	\$4,139	\$4,221	\$4,100	\$4,100

13 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas’ response to ORA-SCG-DR-083.

14 **b. ORA’s Recommendation for Credit &**
15 **Collections**

16 After reviewing SoCalGas’ testimony, workpapers, and responses to
17 discovery, ORA does not take issue with SCG’s TY 2019 forecast for Credit &
18 Collections.
19

²⁸ Ex. SCG-19-R, p. MHB-36.

²⁹ Ex. SCG-19-R, p. MHB-36, Table MB-25.

1 **6. Credit & Collections Postage**

2 The Credit & Collections Postage cost center’s expenses include the cost of
3 mailing collection notices.³⁰

4 **a. SoCalGas’ request for Credit & Collections**
5 **Postage**

6 SoCalGas’ request for Credit and Collections for TY 2019 is \$4.100 million,
7 which is a reduction of 10% from BY 2016 levels. See Table 17-15 below for the
8 2012 – 2016 recorded and 2019 forecasts for the Credit & Collections Postage
9 section.

10 **Table 17-15**
11 **CS Credit & Collections Postage**
12 **Expense**
13 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	0	0	0	0	0	0	0
Non-Labor	0	0	0	0	0	0	0
NSE	\$2,019	\$1,923	\$1,044	\$1,049	\$995	\$995	\$995
Total	\$2,019	\$1,923	\$1,044	\$1,049	\$995	\$995	\$995

14 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas’ response to ORA-SCG-DR-083.

15 **b. ORA’s Recommendation for Credit &**
16 **Collections Postage**

17 After reviewing SoCalGas’ testimony, workpapers, and responses to
18 discovery, ORA does not take issue with SCG’s TY 2019 forecast for Credit &
19 Collections Postage.

20

³⁰ Ex. SCG-19-R, p. MHB-38.

1 **7. Remittance Processing**

2 Remittance Processing provides printing and inserting services for customer
3 bills, notices, letters and other customer correspondence as well as management
4 support for payment processing activities.³¹

5 **a. SoCalGas' request for Remittance**
6 **Processing**

7 SoCalGas' request for Remittance Processing for TY 2019 is \$3.994 million,
8 which is a reduction of 19% from BY 2016 levels. See Table 17-16 below for the
9 2012 – 2016 recorded and 2019 forecasts for the Remittance Processing section.³²

10 **Table 17-16**
11 **CS Remittance Processing**
12 **Expense**
13 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	\$2,041	\$2,016	\$1,872	\$1,897	\$1,579	\$1,681	\$1,681
Non-Labor	\$5,082	\$4,631	\$4,020	\$4,107	\$3,349	\$2,313	\$2,313
Total	\$7,123	\$6,647	\$5,892	\$6,004	\$4,928	\$3,994	\$3,994

14 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas' response to ORA-SCG-DR-083.

15 **b. ORA's Recommendation for Remittance**
16 **Processing**

17 After reviewing SoCalGas' testimony, workpapers, and responses to
18 discovery, ORA does not take issue with SCG's TY 2019 forecast for Remittance
19 Processing.
20

³¹ Ex. SCG-19-R, p. MHB-39.

³² Ex. SCG-19-R, p. MHB-39, Table MB-28.

1 **8. Remittance Processing Postage**

2 Remittance Processing Postage expenses include the cost of mailing
3 customer bills, notices, letters and other customer correspondence. SoCalGas'
4 forecast for TY 2019 for this function is \$13.812 million,³³ which is a reduction of
5 19% from BY 2016 levels. After reviewing SoCalGas' testimony, workpapers, and
6 responses to discovery, ORA does not take issue with SCG's TY 2019 forecast.

7 **9. Customer Service Other Office Operations &**
8 **Technology**

9 Customer Operations Technology includes the Customer Operations
10 Technology group and the Vice President of Customer Services group.³⁴

11 **a. SoCalGas' request for Other Office**
12 **Operations & Technology**

13 SoCalGas' request for Other Office Operations & Technology for TY 2019 is
14 \$3.179 million, which is an increase of 54% from BY 2016 levels. See Table 17-17
15 below for the 2012 – 2016 recorded and 2019 forecasts for Other Office Operations
16 & Technology section.³⁵

17 **Table 17-17**
18 **CS Other Office Operations & Technology**
19 **Expense**
20 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	\$2,040	\$2,287	\$2,479	\$2,190	\$1,909	\$2,973	\$2,973
Non-Labor	\$657	\$130	\$656	\$236	\$155	\$206	\$206
Total	\$2,697	\$2,417	\$3,135	\$2,426	\$2,065	\$3,179	\$3,179

21 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas' response to ORA-SCG-DR-083.

22
³³ Ex. SCG-19-R, p. MHB-41, Table MB-30.

³⁴ Ex. SCG-19-R, p. MHB-43.

³⁵ Ex. SCG-19-R, p. MHB-39, Table MB-28.

1 **b. ORA’s Recommendation for Other Office**
 2 **Operations & Technology**

3 After reviewing SoCalGas’ testimony, workpapers, and responses to
 4 discovery, ORA does not take issue with SCG’s TY 2019 forecast for Other Office
 5 Operations & Technology.

6 **10. Measurement Data Operations (MDO)**

7 MDO monitors and maintains accurate and timely usage measurement
 8 reporting to support SoCalGas and SDG&E Major Marketing Billing functions for
 9 almost 1,300 large gas volume meters.³⁶

10 **a. SoCalGas’ request for Measurement Data**
 11 **Operations**

12 SoCalGas’ request for MDO for TY 2019 is \$1.042 million, which is a
 13 reduction of 21% from BY 2016 levels. See Table 17-18 below for the 2012 – 2016
 14 recorded and 2019 forecasts for the MDO section.³⁷

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

Description	2012	2013	2014	2015	2016	SoCalGas 2019 Forecast	ORA 2019 Forecast
Labor	998	938	894	858	812	925	925
Non-Labor	480	583	534	488	501	117	117
Total	\$1,478	\$1,521	\$1,429	\$1,346	\$1,314	\$1,042	\$1,042

19 Source: 2012-2016 and TY 2019 forecast is from SoCalGas’ response to ORA-SCG-DR-083.

20 **b. ORA’s Recommendation for Measurement**
 21 **Data Operations**

22 After reviewing SoCalGas’ testimony, workpapers, and responses to
 23 discovery, ORA does not take issue with SCG’s TY 2019 forecast.

³⁶ Ex. SCG-19-R, p. MHB-35.

³⁷ Ex. SCG-19-R, p. MHB-39, Table MB-28.

1 **II. SHARED EXPENSES**

2 This section presents SoCalGas' estimated TY 2019 expenses for CSOO
3 shared services that are required for both SoCalGas and SDG&E. Table 17-19
4 below shows the 2012 – 2016 recorded and 2019 forecasts for Customer Services
5 Office Operations Shared O&M Expenses.³⁸

6 **Table 17-19**
7 **Customer Services Office Operations**
8 **Shared O&M Expenses**
9 **2012-2016 Recorded and 2019 Forecasts**
10 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
Major Market Credit & Collections	\$1,660	\$1,547	\$1,449	\$1,517	\$1,608	\$1,604	\$1,604
Paymnt Processing	\$4,075	\$3,781	\$3,494	\$3,025	\$3,486	\$3,511	\$3,511
Mgr of Remittance Processing	\$455	\$444	\$503	\$521	\$309	\$377	\$377
Total	\$6,190	\$5,772	\$5,446	\$5,063	\$5,403	\$5,492	\$5,492

11 Source: 2012-2016 data from SoCalGas' response to ORA-SCG-DR-083. SCG 2019 forecast from
12 Ex. SCG-19, p. MHB-50, Table MB-35.

13 **A. Overview of SCG's Request**

14 Major Market Credit & Collections is a shared service utilized by several
15 departments at both SoCalGas and SDG&E that works on collection activities.³⁹
16 Payment Processing expenses cover the cost of processing payments mailed to
17 SCG and SDG&E through the USPS as well as electronic payments received
18 through home banking, electronic data interchange, wire transfers and electronic pay
19 programs, including direct debit, pay-by-phone and My Account.⁴⁰ The Manager of
20 Remittance Processing function manages the strategy and policy for the overall

³⁸ Ex. SCG-19-R, p. MHB-50, Table MB-35.

³⁹ Ex. SCG-19-R, p. MHB-50.

⁴⁰ Ex. SCG-19-R, p. MHB-52.

1 customer bill presentment and payment processing channels for both SoCalGas and
2 SDG&E.⁴¹

3 SCG's request for all of these functions is \$5.492 million for TY 2019.⁴²

4 **B. ORA's Analysis**

5 After reviewing SoCalGas' testimony, workpapers, and responses to
6 discovery, ORA does not take issue with SCG's TY 2019 forecast.

7 **III. UNCOLLECTIBLE RATE**

8 **A. Overview of SCG's Request**

9 SoCalGas is requesting to increase the authorized uncollectible expense rate
10 to 0.316% from the current authorized rate of 0.298%. SoCalGas' proposed rate is
11 based on a five-year average of average write-offs for the period of 2012 through BY
12 2016.⁴³

13 **B. ORA's Analysis**

14 After reviewing SoCalGas' testimony, workpapers, and responses to
15 discovery, ORA does not take issue with SCG's proposed uncollectible rate.

16 **IV. SUMMARY OF CUSTOMER SERVICES OFFICE OPERATIONS** 17 **CAPITAL EXPENDITURES: 2012 – 2016**

18 Ex. SCG-19 presents the business justification for the capital costs for the
19 forecast years 2017, 2018, and 2019 for information technology systems that
20 support CS-F and CS-MR operations. The costs are presented in Ex. SCG-26.
21 Please see Ex. ORA-20 for further details regarding the 2017, 2018 and 2019 capital
22 expenditure forecasts.

⁴¹ Ex. SCG-19-R, p. MHB-53.

⁴² Ex. SCG-19-R, p. MHB-50, Table MB-36.

⁴³ Ex. SCG-19-R, p. MHB-54.

1 Table 17-20 below shows the recorded 2012-2016 Capital Expenditures for
2 Customer Services Office Operations.⁴⁴

3 **Table 17-20**
4 **Customer Service Office Operations**
5 **Information Technology**
6 **Recorded 2012-2016 Capital Expenditures**
7 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016
Total	\$3,002	\$2,995	\$7,227	\$7,546	\$7,996

8 Source: 2012-2016 data from SoCalGas' response to ORA- SCG-DR-102.

9

⁴⁴ SoCalGas' response to data request ORA-SCG-102-CY3.

1 **PART III: CUSTOMER SERVICES INFORMATION**

2 **I. NON-SHARED EXPENSES**

3 Ex. SCG-20-R, CS Information (CS-I) branch includes cost categories such
 4 as account management services to residential, commercial, and industrial
 5 customers; services for low-income and disadvantages customers, and efforts to
 6 reduce greenhouse gas emissions and improve local air quality through supporting
 7 cleaner transportation and renewable gas options.⁴⁵ See Table 17-21 below for the
 8 2012 – 2016 recorded and 2019 forecasts for the Customer Services Information
 9 Non-Shared O&M Expenses.

10 **Table 17-21**
 11 **Customer Services Information**
 12 **Non-Shared O&M Expenses**
 13 **2012-2016 Recorded and 2019 Forecasts**
 14 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
Customer Strategy & Engagement	\$6,413	\$6,242	\$6,721	\$5,846	\$5,184	\$7,102	\$5,944
Customer Assistnce	\$3,633	\$2,878	\$2,486	\$2,189	\$1,968	\$3,438	\$3,438
Segment Services	\$9,421	\$9,523	\$11,125	\$9,154	\$8,371	\$10,018	\$10,018
Total	\$19,467	\$18,643	\$20,332	\$17,189	\$15,523	\$20,558	\$19,399

15 Source: 2012-2016 data from SoCal Gas' response to ORA-SCG-DR-083. SCG 2019 forecast from
 16 Ex. SCG-20-R, p. ASC-12, Table AC-8.

17 **A. Overview of SCG's Request**

18 SCG requests \$20.558 million for TY 2019 for CS-I non-shared expenses, an
 19 increase of 41% from BY 2016.⁴⁶ This forecast includes:

- 20 • "Customer Strategy & Engagement-provides management of
 21 marketing and communications efforts across various channels and
 22 mediums to keep customers informed of the latest products,
 23 services, and programs;

⁴⁵ Ex. SCG-20-R, p. ASC-ii.

⁴⁶ Ex. SCG-20-R, p. ASC-12, Table AC-8.

- 1 • Customer Assistance-provides financial and energy conservation
2 assistance to residential customers;
- 3 • Segment Services-manages customer energy needs, products,
4 programs, services and education and outreach necessary or
5 beneficial to all customer segments.”⁴⁷

6 **B. ORA’s Analysis**

7 ORA’s forecast for CS-I non-shared expenses is \$19.399 million, which is
8 \$1.158 million less than SCG’s forecast, and 25% above the BY 2016 expenses.
9 The 2017 Adjusted-Recorded Operating costs for this cost center of \$17.817 million
10 strongly corroborates ORA’s forecast over SCG’s.⁴⁸

11 ORA supports the missions of the Customer Assistance and Segment
12 Services functions of CS-I, given that they are projects that provide assistance to
13 customers and help customers manage their energy usage more efficiently and
14 effectively. However, in Ex. SCG-20 of its testimony, SCG states that some activities
15 in Customer Strategy & Engagement are used to communicate “how SCG is
16 addressing its GHG emissions and SLCPs,”⁴⁹ among other activities that come
17 across as SCG trying to improve its own PR and image to customers. ORA does not
18 believe it is appropriate nor necessary for SCG to ask for significant extra funding to
19 this end, as the purpose of CS-I should ultimately be for activities that benefit the
20 customer or are directly relevant to helping customers’ energy usage align with
21 SCG’s greenhouse gas and SLCP (short lived climate pollutant) reduction targets.
22 Instead, ORA’s forecast for Customer Strategy and Engagement is consistent with
23 recorded expense levels to allow SCG to maintain its current level of Customer
24 Strategy & Engagement.

47 Ex. SCG-20-R, pp. ASC-iii-ASC-iv.

48 Ex. ORA-01, Attachment 2, SCG.

49 Ex. SCG-20-R, p. ASC-19, lines 11-12.

1 **1. Customer Strategy & Engagement**

2 SCG's Customer Strategy & Engagement consists of several programs
3 including:

- 4 • Customer Marketing and Communications
- 5 • Creative Services
- 6 • Customer Insights and Analytics⁵⁰

7 **a. SoCalGas' request for Customer Strategy &**
8 **Engagement**

9 SCG requests \$7.102 million for TY 2019, a 37% increase from BY 2016
10 levels. Table 17-22 below shows the CS Customer Strategy & Engagement five-year
11 historical expenses and 2019 forecasts.⁵¹

12 **Table 17-22**
13 **CS Customer Strategy & Engagement**
14 **Expense**
15 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019 Forecast	ORA 2019 Forecast
Labor	1,750	1,611	1,805	1,827	1,562	2,442	1,802
Non-Labor	4,664	4,632	4,916	4,019	3,622	4,660	4,142
Total	\$6,413	\$6,242	\$6,721	\$5,846	\$5,184	\$7,102	\$5,944

16 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas' response to ORA-SCG-DR-083.

17 SCG's forecast started with a five-year historical average with adjustments for
18 incremental costs and FOF savings.⁵² The five year historical average of 2012 –
19 2016 recorded expenses yields a base of \$6.081 million. SCG made labor and non-
20 labor upward adjustments for 2 FTEs for Customer Marketing and Communications,
21 2 FTEs for Creative Services, 1 FTE for Customer Insights and Analytics, 1 FTE for
22 Digital Engagement, 0.3 FTEs for FOF Costs, and FTE resources for Aliso
23 Adjustments. SCG also made a downward adjustment for FOF benefits. These

⁵⁰ Ex. SCG-20-R, p. ASC-13.

⁵¹ Ex. SCG-20-R, p. ASC-13, Table AC-9.

⁵² Ex. SCG-20-R, p. ASC-17, lines 4-8.

1 adjustments total \$1.021 million, which added with the \$6.081 million base equals
 2 SCG’s forecast of \$7.102 million.⁵³

3 **b. ORA’s Recommendation for Customer**
 4 **Strategy & Engagement**

5 ORA’s forecast for Customer Strategy & Engagement is \$5.944 million for TY
 6 2019, which is an increase of 15% from BY 2016. ORA’s forecast was calculated by
 7 taking SCG’s forecast for 2019 and subtracting the incremental funding requests that
 8 ORA concludes are unnecessary. This is the equivalent of taking the base forecast
 9 SCG uses for a five-year average and only using the upward adjustments for FOF
 10 Costs and Aliso Adjustments, and the downward adjustment for FOF benefits.

11 On March 16, 2018, SoCalGas provided ORA with 2017 Adjusted-Recorded
 12 Operating costs for this and other cost centers. Using those numbers, ORA
 13 produced the table below showing recorded expenses and SCG’s and ORA’s
 14 forecast.⁵⁴ Columns highlighted yellow represent actual recorded costs, not
 15 forecasts.

16 **Table 17-23**
 17 **SCG 2017-2019 Forecasts and 2016-2017 Actual Recorded Expenses**

CI-Customer Strategy and Engagement				SCG forecasts versus Actual (000s \$)		
Forecast	Actual Recorded	SCG Forecast	Actual Recorded	SCG Forecast	SCG Forecast	ORA Forecast
Years	2016	2017	2017	2018	2019	2019
Labor	\$1562	\$1805	\$2139	\$1937	\$2442	\$1802
Non Labor	\$3622	\$4161	\$3348	\$5036	\$4660	\$4142
Total	\$5184	\$5966	\$5487	\$6973	\$7102	\$5944

18 Given the actual adjusted-recorded 2017 expenses are more in line with
 19 ORA’s forecast than SCG’s forecast, in addition to the reasons outlined below, ORA
 20 concludes that its forecast is more appropriate.

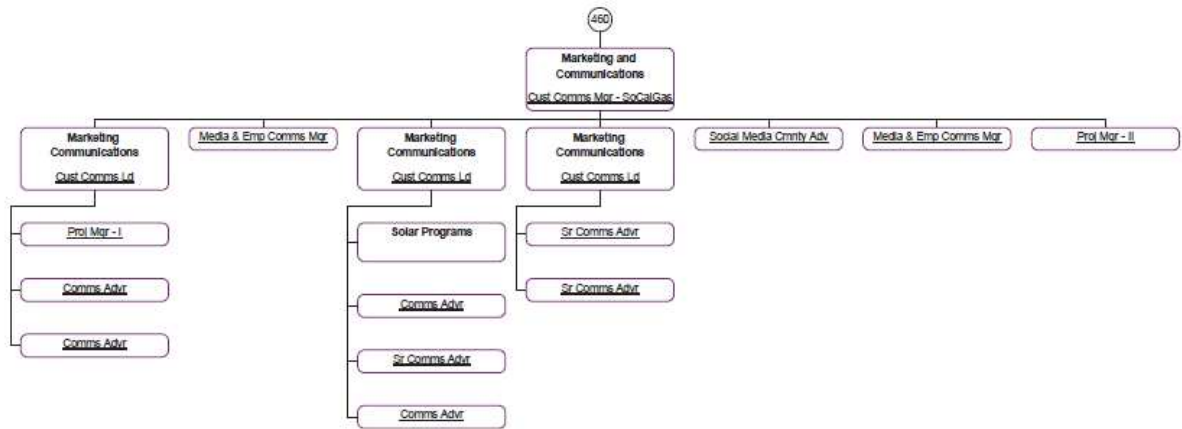
⁵³ Ex. SCG-20-R, p. ASC-18, Table AC-10.

⁵⁴ Ex. ORA-01, Attachment 2, SCG.

1 SCG provided the organizational charts of the existing positions for every work
2 group in this cost center. Figure 2 below shows the organizational chart for
3 Marketing and Communications.⁵⁷ This work group already has sufficient
4 communication advisors.

5

Figure 2



6

7

ii. Creative Services

8

9

10

11

12

13

14

15

16

17

18

For Creative Services, SCG requests \$0.130 million for 1 FTE Project Manager, and \$0.100 for 1 FTE Production Advisor for creating customer communication materials. The reason for this request, SCG states, is “Customers are increasingly demanding information through multiple channels and responses to their questions in a timely manner.”⁵⁸ ORA is unaware of any such demand. No study was cited as to how this conclusion was reached, not was any quantitative explanation given, or even a concrete example of why the quoted idea might be true. In addition, ORA opposes the requested incremental funding is because SCG already has sufficient staffing in this work group. Figure 3 below shows the organizational chart for Creative Services.⁵⁹

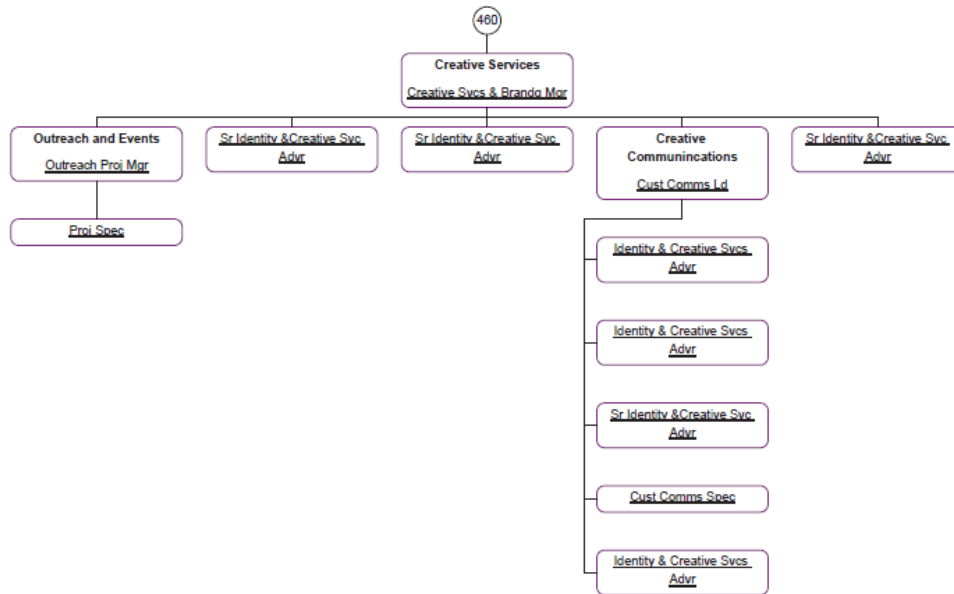
⁵⁷ SoCal Gas’ response to data request ORA-SCG-142-CY3, Q.1a Attachment.

⁵⁸ Ex. SCG-20-R, p. ASC-20.

⁵⁹ SoCal Gas’ response to data request ORA-SCG-142-CY3, Q.2a Attachment.

1

Figure 3



2

3 There are already Project Specialists and Identity & Creative Services
4 Advisors that could perform needed functions.

5 **iii. Customer Insights and Analytics**

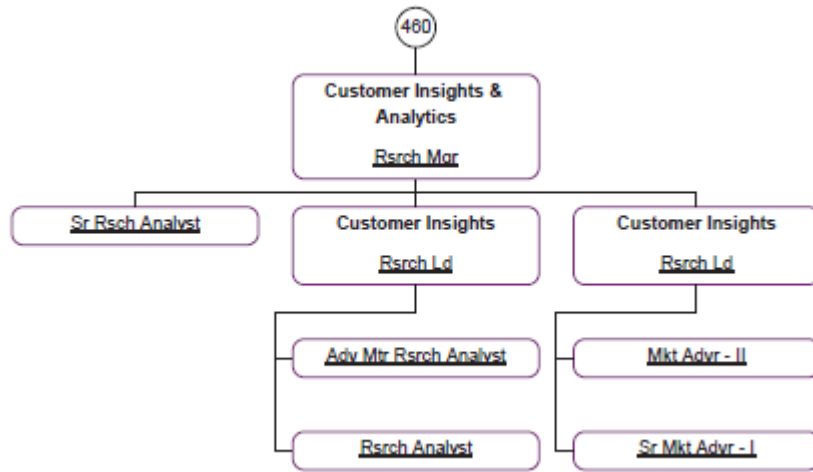
6 For Customer Insights and Analytics, SCG requests \$0.090 million for 1 FTE
7 Data Analyst, \$0.110 in non-labor for communications campaign analysis. SCG
8 believes the cost drivers are “the rise in the amount of data collection and analysis
9 from the availability of big data and the growth of digital technology in recent years
10 has led to new opportunities for companies to analyze and leverage the collected
11 data to benefit the customers they serve.”⁶⁰ ORA observed that SCG did not cite a
12 study to justify how this conclusion was reached, nor did SCG provide any
13 quantitative explanation or even a concrete example of why the assumption might be
14 true. For those reasons, ORA opposes the requested incremental funding as SCG
15 already has sufficient staffing in this work group. Figure 4 below shows the
16 organizational chart for Customer Insights and Analytics.⁶¹

⁶⁰ Ex. SCG-20-R, p. ASC-21.

⁶¹ SoCal Gas’ response to data request ORA-SCG-142-CY3, Q.3a Attachment.

1

Figure 4



2

3 There are already multiple research analysts in this work group that could
 4 perform the needed analysis. If existing research analysts are unable to perform the
 5 data analysis SCG describes, ORA’s forecast still allows for additional resources
 6 above the BY 2016 to be used to provide professional training to existing research
 7 analysts or hire ad hoc contract resources.

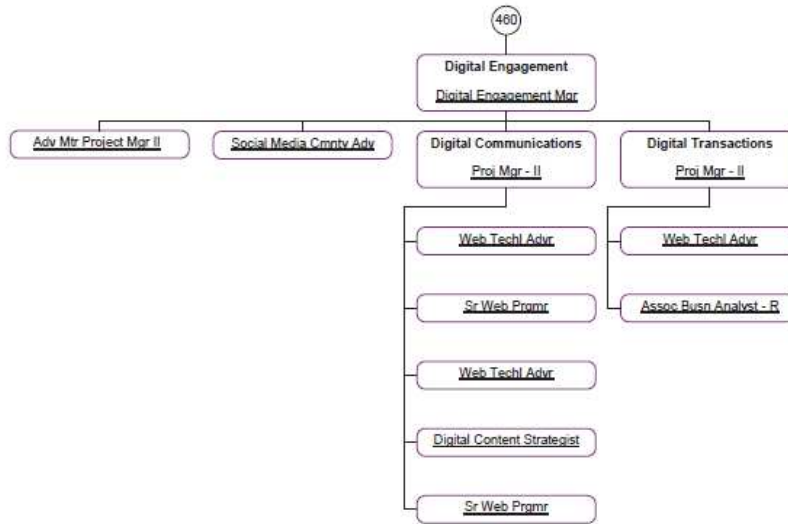
8 **iv. Digital Engagement**

9 For Digital Engagement, SCG requests \$0.090 million for 1 FTE Program
 10 Specialist, \$0.060 in non-labor for 2 video productions, \$0.168 million for Aclara
 11 Annual CE-EP software Fees, \$0.088 Annual Bill Tracker SMS Fees. SCG argues
 12 that this is needed for increased digital engagement. ORA opposes the requested
 13 incremental funding because SCG already has sufficient staffing and resources in
 14 this work group. Figure 5 below shows the organizational chart for Digital
 15 Engagement.⁶²

⁶² SoCal Gas’ response to data request ORA-SCG-142-CY3, Q.4a Attachment.

1

Figure 5



2

3

1. Customer Assistance Programs

4

The Customer Assistance Programs area covers costs for the administration of assistance programs offered to residential customers with limited income and/or certain medical conditions. These programs include the Natural Gas Appliance Testing (NGAT), Medical Baseline (MBL) Program, and the Gas Assistance Fund (GAF).⁶³

9

a. SoCalGas' request for Customer Assistance

10

SCG requests \$3.437 million, a 75% increase from BY 2016, for incremental funding for customer assistance.⁶⁴

11

12

⁶³ Ex. SCG-20-R, pp. ASC-24-ASC-25.

⁶⁴ Ex. SCG-20-R, p. ASC-24, Table AC-11.

1
2
3
4

Table 17-24
CS Customer Assistance
Expense
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SCG 2019 Forecast	ORA 2019 Forecast
Labor	192	182	140	171	161	169	169
Non-Labor	3,441	2,696	2,346	2,017	1,806	3,268	3,268
Total	\$3,633	\$2,878	\$2,486	\$2,189	\$1,968	\$3,437	\$3,437

5 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas' response to ORA-SCG-DR-083.

6
7

b. ORA's Recommendation for Customer Assistance

8 After reviewing SoCalGas' testimony, workpapers, and responses to
9 discovery, ORA does not take issue with SCG's TY 2019 forecast.

10

2. Segment Services

11 Segment Services strategically manage customer segments to ensure
12 relevant information, services, products, programs, and other offerings are provided
13 to help meet and manage customers' energy needs.⁶⁵

14

a. SoCalGas' request for Segment Services

15 SCG requests \$10.018 million, a 20% increase from BY 2016, for
16 incremental funding to provide customer support services for climate change policies
17 and renewable gas initiative.⁶⁶

18
19
20
21

Table 17-25
CS Segment Services
Expense
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SCG 2019 Forecast	ORA 2019 Forecast
Labor	7,692	7,693	8,223	7,715	7,086	7,776	7,776
Non-Labor	1,730	1,830	2,902	1,439	1,286	2,242	2,242
Total	\$9,421	\$9,523	\$11,125	\$9,154	\$8,371	\$10,018	\$10,018

22 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas' response to ORA-SCG-DR-083.

⁶⁵ Ex. SCG-20-R, p. ASC-28.

⁶⁶ Ex. SCG-20-R, p. ASC-28, Table AC-13.

1 **b. ORA’s Recommendation for Segment**
 2 **Services**

3 ORA supports programs that provide customer support services for meeting
 4 California’s climate change and renewable gas policies. After reviewing SoCalGas’
 5 testimony, workpapers, and responses to discovery, ORA does not take issue with
 6 SCG’s TY 2019 forecast.

7 **II. SHARED EXPENSES**

8 SCG’s Shared Expenses for CS-I include the following work groups:

- 9 • Clean Transportation Customer Support-covers costs related to the
 10 development and management of new and existing NGV related
 11 products and services.
- 12 • Clean Transportation Customer Outreach-covers costs related to
 13 direct customer contact activities such as providing customer
 14 information, education and training.
- 15 • Renewable Gas-supports customer implementation of renewable
 16 gas initiatives.

17 Table 17-26 below shows the Customer Services Information Shared O&M
 18 Expenses 2012 – 2016 recorded and 2019 forecasts.⁶⁷

19 **Table 17-26**
 20 **Customer Services Information**
 21 **Shared O&M Expenses**
 22 **2012-2016 Recorded and 2019 Forecasts**
 23 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
Clean Transport Customer Support	2,033	1,502	1,442	2,589	\$833	\$2,178	\$2,178
Clean Transport Customer Outreach	346	235	486	514	\$1,047	\$1,358	\$1,358
Renewable Gas Customer Outreach	0	0	3	502	\$423	\$954	\$954
Total	\$2,379	\$1,737	\$1,931	\$3,605	\$2,303	\$4,490	\$4,490

24 Source: 2012-2016 data from SoCal Gas’ response to ORA-SCG-DR-083. SCG 2019 forecast from
 25 Ex. SCG-22, p. ASC-36, Table AC-17 and p. ASC-46, Table AC-20.

⁶⁷ Ex. SCG-20-R, p. ASC-36.

1 **IV. CUSTOMER SERVICE INFORMATION CAPITAL**
2 **EXPENDITURES: 2017 – 2019**

3 Table 17-28 below shows SoCalGas' 2017-2019 Capital Expenditure forecast
4 for Customer Services Information.

5 **Table 17-28**
6 **Customer Services Information**
7 **2017-2019 Capital Expenditure Forecast**
8 **(in Thousands of 2016 Dollars)**

Description	SoCalGas Proposed ⁶⁹		
	2017	2018	2019
Improving Customer Exp	\$3,287	\$5,959	\$12,483
Mandated	\$1,177	\$551	\$0
Total	\$4,464	\$6,510	\$12,483

9 Please see Ex. ORA-20 for further details regarding capital expenditure
10 forecasts for 2017, 2018, and 2019.

11 **A. Improving Customer Experience**

12 **1. Overview of SCG's Request**

13 This section of capital projects for CS-I focuses on projects that improve the
14 customer experience. Table 17-29 below shows SoCalGas' 2017 – 2019 Capital
15 Expenditure forecast for Improving Customer Experience, broken down by project.
16 Please see Ex. SCG-20, pages ASC 50-53 for a detailed description.
17

⁶⁹ Ex. SCG-20-R, p. ASC-50, Table AC-22.

1
2
3
4

Table 17-29
Improving Customer Experience
2017-2019 Capital Expenditure Forecast
(in Thousands of 2016 Dollars)

Description	SoCalGas Proposed ⁷⁰		
	2017	2018	2019
Data Driven Customer Communications	\$0	\$2,218	\$2,202
MyAccount Addtln Features & Trans Improv	\$0	\$934	\$6,343
MyAccount Customer Engagement Improvemnt	\$0	\$1,381	\$2,072
Optimizing Self-Service Payment Extensions	\$0	\$486	\$0
Socalgas.com / MyAccount Alignment	\$0	\$940	\$1,866
Customer Experience	\$3,287	\$0	\$0
Total	\$3,287	\$5,959	\$12,483

5

2. ORA's Analysis

6

After reviewing SoCalGas' testimony, workpapers, and responses to discovery requests, ORA does not oppose the business rationale for any of the proposed capital projects.

7

8

9

B. Mandated Programs

10

1. Overview of SCG's Request

11

This section of capital projects is for mandated programs such as Building Benchmarking⁷¹ to comply with AB 802, GT-NC rates, SCG website enhancements, etc.⁷² Table 17-30 below shows SoCalGas' 2017 – 2019 Capital Expenditure Forecast for Mandated, broken down by project. Please see Ex. SCG-20, pages ASC 54-56 for a detailed description.

12

13

14

15

⁷⁰ Ex. SCG-20-R, p. ASC-50, Table AC-22.

⁷¹ Existing law requires electric and gas utilities to maintain records of the energy consumption data of all nonresidential building to which they provide service, and requires that this data will be maintained, in a format comparable for uploading to the US EPA Energy STAR Portfolio Manager.

⁷² Ex. SCG-20-R, pp. ASC-54-ASC-55.

1
2
3
4

**Table 17-30
Mandated
2017-2019 Capital Expenditure Forecast
(in Thousands of 2016 Dollars)**

Description	SoCalGas Proposed ⁷³		
	2017	2018	2019
AB802 Benchmarking	\$832	\$0	\$0
GT-NC Rate Changes	\$661	\$0	\$0
Socalgas.com Transactional & Reg	\$1,513	\$0	\$0
Total	\$1,177	\$551	\$0

5
6
7
8
9

2. ORA's Analysis

After reviewing SoCalGas' testimony, workpapers, and responses to discovery, ORA does not oppose SoCalGas' business rationale for any of the proposed capital projects.

⁷³ Ex. SCG-20, p. ASC-50, Table AC-22.

1 **PART IV: CUSTOMER SERVICES TECHNOLOGIES, POLICIES AND**
 2 **SOLUTIONS**

3 **I. NON-SHARED EXPENSES**

4 Ex. SCG-21 presents the CS Technologies, Policies & Solutions (CS-TPS)
 5 cost categories. These activity areas cover a variety of functions and activities to
 6 promote the development and implementation of policies, regulations and
 7 technologies that optimize the use of natural gas, enhance safety and reliability of
 8 the system, support customer adoption and use of low-emission technologies, and
 9 support a variety of statewide initiatives and customer needs in related areas.⁷⁴

10 Table 17-31 below shows the 2012 – 2016 Recorded and 2019 Forecasts for Non-
 11 Shared O&M expenses for CS-TPS.

12 **Table 17-31**
 13 **Customer Services Technologies, Policies & Solutions**
 14 **Non-Shared O&M Expenses**
 15 **2012-2016 Recorded and 2019 Forecasts**
 16 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
RD&D	8,545	8,324	8,697	13,219	\$10,643	\$14,329	\$9,886
Policy&Enviro Soln	0	58	278	449	\$767	\$897	\$898
Total	\$8,545	\$8,382	\$8,975	\$13,668	\$11,410	\$15,226	\$10,784

17 *Source:* 2012-2016 data from SoCalGas’ response to ORA- SCG-DR-102. SCG 2019 forecast from
 18 Ex. SCG-21, p. LLA-1, Table LLA-1.

19 **A. Overview of SCG’s Request**

20 SCG is requesting \$15.226 million for TY 2019 for non-shared CS-TPS
 21 expenses, an increase of \$3.816 million or 33% above BY 2016 expenses.⁷⁵

⁷⁴ Ex. SCG-20, p. LLA-iii.

⁷⁵ Ex. SCG-21, p. LLA-1, Table LLA-1.

1 **B. ORA’s Analysis**

2 ORA’s forecast is \$10.784 million, which is a reduction of \$4.443 million from
3 SCG’s forecast. ORA agrees with the forecast for the Policy and Environmental
4 Solutions NSS. ORA does not agree with the forecast for RD&D, and proposes to
5 use a five-year historical average instead.

6 **1. Research, Development & Demonstration (RD&D)**

7 SCG’s RD&D program identifies and supports new technologies and research
8 activities that “benefit customers through improve reliability and safety,
9 environmental benefits and operational efficiencies.”⁷⁶ They include the following
10 programs:

- 11 • Customer End-Use Applications
- 12 • Clean Generation
- 13 • Clean Transportation
- 14 • Gas Operations
- 15 • Low Carbon Resources

16 **a. SoCalGas’ request for RD&D**

17 SCG requests \$14.329 million for TY 2019, 35% above BY 2016 levels. Table
18 17-32 below shows the historical expenses and 2019 forecasts for CS RD&D.

19 **Table 17-32**
20 **CS RD&D**
21 **Expense**
22 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019 Forecast	ORA 2019 Forecast
Labor	1,549	1,292	1,553	2,006	2,119	2,136	1,704
Non-Labor	6,996	7,032	7,145	11,213	8,524	12,193	8,182
Total	\$8,545	\$8,324	\$8,697	\$13,219	\$10,643	\$14,329	\$9,886

23 Source: 2012-2016 and TY 2019 forecast is from SoCal Gas’ response to ORA-SCG-DR-083.

24 SCG’s methodology is based off its forecasted subtotals for the five programs
25 in this cost center.

⁷⁶ SCG-21, p. LLA-9.

1 **b. ORA's Recommendation for RD&D**

2 ORA's forecast for TY 2019 is \$9.886 million. ORA calculated this by using a
 3 five-year average of historic spending levels for the total of the five programs in the
 4 RD&D area. Table 17-33 below was created from 2012 – 2016 historic data on
 5 RD&D spending levels for each program, received from a DR.⁷⁷

6 **Table 17-33**
 7 **2012-2016 Historic Expenses and 2019 Forecasts for RD&D**

RD&D Historical Adjusted-Recorded				(In Thousands of 2016 Dollars)			
Program	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
Customer End-Use App.	1,422	1,027	1,709	2,322	2,059	2,050	1,708
Clean Generation	1,169	1,391	764	738	522	1600	917
Clean Transportation	1,055	1,130	1,508	1,826	2,040	1,950	1,512
Gas Operations	2,894	2,477	2,553	3,604	3,308	3,449	2,967
Low Carbon Resources	2,007	2,300	2,163	4,729	2,714	5,280	2,783
Totals	\$8,547	\$8,325	\$8,696	\$13,219	\$10,643	\$14,329	\$9,886

8 Source: 2012-2016 data from SoCal Gas' Final response to ORA-SCG-DR-105, Q.1.

9 ORA concludes that using a five-year average of historic spending levels
 10 yields a forecast that is sufficient for RD&D needs. The California Energy
 11 Commission (CEC) has a Natural Gas RD&D program,⁷⁸ so therefore SCG doesn't
 12 necessarily need to increase spending in its RD&D work group. SCG is a gas
 13 distribution utility that is a retailer of natural gas; its ratepayers should not have to
 14 fund a large RD&D program, when there are already private and public entities that
 15 perform Natural Gas RD&D. ORA's forecast is consistent with historical spending
 16 levels.

⁷⁷ SoCal Gas' final response to data request ORA-SCG-105-CY3, Q.1.

⁷⁸ http://www.energy.ca.gov/naturalgas_research/

1 Solutions workgroup are cost centers including Environmental Affairs, Energy &
2 Environmental Policy, Planning & Legislative Analysis.⁸¹

3 **Table 17-35**
4 **Customer Services Technologies, Policies & Solutions**
5 **Shared O&M Expenses**
6 **2012-2016 Recorded and 2019 Forecasts**
7 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
Policy & Enviro Solutions	\$1,967	\$2,130	\$2,594	\$2,187	\$2,026	\$2,508	\$2,508
Business Strategy & Development	\$1,326	\$1,273	\$1,394	\$1,640	\$1,190	\$1,500	\$1,500
Total	\$3,293	\$3,403	\$3,988	\$3,827	\$3,216	\$4,008	\$4,008

8 Source: 2012-2016 data from SoCal Gas' response to ORA-SCG-DR-083. SCG 2019 forecast from
9 Ex. SCG-21, p. LLA-1, Table LLA-1.

10 **A. Overview of SCG's Request**

11 SCG's request for TY 2019 for the Shared O&M expenses is \$4.008 million,
12 an increase of 25% above the BY 2016 levels.⁸²

13 **B. ORA's Analysis**

14 After reviewing SoCalGas' testimony, workpapers, and responses to
15 discovery, ORA does not take issue with SCG's TY 2019 forecast.

⁸¹ Ex. SCG-21, pp. LLA 35-LLA-36.

⁸² SCG 2019 forecast from Ex. SCG-21, p. LLA-1, Table LLA-1.

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 the Bear Valley Electric Service 2018
18 GRC, where I was responsible for Administrative & General expenses.

19 This completes my prepared testimony.