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Commissioner	:	<u>L. Randolph</u>
ALJ	:	<u>R. Lirag</u>
Witness	:	<u>S. Hunter</u>

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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**

**Human Resources Department, Safety, Workers'
Compensation & Long-Term Disability**

San Francisco, California
April 13, 2018

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1 **HUMAN RESOURCES DEPARTMENT, SAFETY, WORKERS’**
2 **COMPENSATION & LONG-TERM DISABILITY**

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) and Southern California Gas Company (SCG or SoCalGas), in
7 their Test Year (TY) 2019 General Rate Case (GRC), associated with their Human
8 Resources (HR) Department, Safety, Workers’ Compensation & Long-Term
9 Disability (LTD).

10 ORA examined both companies’ requests for TY 2019 rate recovery and
11 conducted an independent analysis of their supporting workpapers, responses to
12 data requests and other discovery. ORA also reviewed past Commission decisions
13 from California and other states.

14 **II. SUMMARY OF RECOMMENDATIONS**

15 **A. SDG&E**

16 The following summarizes ORA’s recommendations regarding SDG&E’s
17 Human Resources Department, Safety, Workers’ Compensation, and LTD
18 expenses:

- 19 • SDG&E's forecasts and allocation of shared service expenses
20 should be adopted.
- 21 • ORA's use of 4.25% medical escalation rate should be used for
22 calculating Workers' Compensation expenses.
- 23 • Risk Assessment Mitigation Phase (RAMP)-related expenses
24 should be funded at the proposed alternate funding level.

1 Table 23-1 compares ORA's and SDG&E's 2019 expense forecasts:

2 **Table 23-1**
3 **SDG&E HR Department, Safety, Workers' Compensation & LTD Expenses for 2019**
4 **(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	\$14,170	\$14,558	\$388
Shared Services	\$4,606	\$4,606	\$0
Total	\$18,776	\$19,164	\$388

5 **B. SoCalGas**

6 The following summarizes ORA's recommendations regarding SoCalGas'
7 Human Resources Department, Safety, Workers' Compensation, and LTD costs:

- 8 • SoCalGas' forecasts and allocation of shared service expenses
9 should be adopted.
- 10 • ORA's use of 4.25% medical escalation rate should be used for
11 calculating Workers' Compensation expenses.
- 12 • RAMP-related expenses should be funded at the proposed
13 alternate funding level.

14 Table 23-2 compares ORA's and SoCalGas' 2019 expense forecasts:

15 **Table 23-2**
16 **SCG HR Department, Safety, Workers' Compensation & LTD Expenses for 2019**
17 **(in Thousands of 2016 Dollars)**

Description (a)	ORA Recommended (b)	SCG Proposed ² (c)	Amount SCG>ORA (d=c-b)
Non-Shared Services	\$42,675	\$44,839	\$2,164
Shared Services	\$1,700	\$1,700	\$0
Total	\$44,375	\$46,539	\$2,164

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¹ Ex. SDG&E-30, p. TT-iv.

² Ex. SCG-32, p. MG-v.

1 Table 23-3 shows SoCalGas' 2017-2019 Information Technology-related
2 capital expenditure forecasts:

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Table 23-3
SCG Information Technology – Business Optimization
2017-2019 Capital Expenditure Forecast
(in Thousands of 2016 Dollars)

Description	SoCalGas Proposed ³		
	2017	2018	2019
Business Optimization	\$300	\$491	\$791

7 ORA does not take issue with SoCalGas' business justification for this project.
8 ORA's capital expenditure forecast is addressed in Exhibit (Ex.) ORA-20.

³ Ex. SCG-32, p. MG-41, Table MG-24.

1 **PART I: SDG&E HUMAN RESOURCES DEPARTMENT, SAFETY,**
2 **WORKERS' COMPENSATION & LONG-TERM DISABILITY**

3 **I. NON-SHARED EXPENSES**

4 Non-shared services are expenses related to activities performed by the utility
5 solely for the benefit of its own customers. Corporate Center provides some
6 services to the utilities and to other subsidiaries; for purposes of this GRC, the
7 expenses for those services are treated as non-shared services.⁴

8 The Human Resources (HR) Department has three main areas of
9 responsibility: (1) attracting, hiring, and training employees; (2) establishing and
10 managing the programs, policies, and guidelines that ensure compliance, employee
11 safety, and public safety; and (3) administering and managing SDG&E's long-term
12 disability program, wellness programs, drug and alcohol testing and compliance,
13 leave and absence policies, and SDG&E's self-insured workers' compensation
14 program.⁵

15 Also included in this section of testimony are costs related to the offices of the
16 President and Chief Operating Offer (COO), along with business justifications for
17 HR-related Information Technology capital expenditures and costs related to the
18 RAMP that are requested in the Electric Distribution – Operations & Management
19 (O&M) testimony.⁶

⁴ Ex. SDG&E-30, p. TT-11.

⁵ Ex. SDG&E-30, p. TT-1.

⁶ Ex. SDG&E-30, pp. TT-1 and TT-2.

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Table 23-4
SDG&E Non-Shared HR, Disability, Workers' Comp & Safety Expenses
2012-2016 Recorded and 2019 Forecast
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Chief HR & Chief Admin Officer	\$395	\$398	\$461	\$513	\$516	\$597	\$597
Safety, Wellness & ECS	\$1,242	\$1,241	\$750	\$885	\$1,085	\$1,694	\$1,694
Long-Term Disability	\$823	\$922	\$816	\$873	\$992	\$1,187	\$1,187
Workers' Comp.	\$4,108	\$2,949	\$3,900	\$3,470	\$3,097	\$4,008	\$3,818
Diversity & Workforce Mgmt	\$2,502	\$2,348	\$1,710	\$2,282	\$2,121	\$1,986	\$1,986
Org Effectiveness	\$2,530	\$1,861	\$1,681	\$1,673	\$1,808	\$2,178	\$1,980
Employee Comm	\$0	\$252	\$225	\$249	\$338	\$338	\$338
HR Diversity	\$172	\$161	\$161	\$144	\$150	\$175	\$175
Offices of the President & COO	\$2,008	\$2,008	\$1,864	\$2,316	\$2,775	\$2,395	\$2,395
Total	\$13,780	\$12,140	\$11,568	\$12,405	\$12,882	\$14,558	\$14,170

5 Source: 2012-2016 data from Ex. SDG&E-30-WP, pp. 5, 11, 26, 36, 45, 52, 63, and 69. SDG&E
6 2019 forecasts from Ex. SDG&E-30, p. TT-11, Table TT-6.

7 **A. Chief Human Resources & Chief Administrative Officer**

8 The Chief HR function provides leadership and strategic direction for five HR
9 departments: Operational Effectiveness; Diversity and Workforce Management;
10 Employee Communications; HR & Labor Relations; and Safety, Wellness, and
11 Employee Care Services (ECS). The Chief Administrative Officer (CAO) function
12 provides leadership and strategic direction to the Vice President (VP) of Operations
13 Support and Environmental Services and the VP of Supply Management. The
14 expenses related to the departments overseen by these two VPs are covered in
15 other sections of this testimony.⁷

⁷ Ex. SDG&E-30, p. TT-12.

1 **1. Overview of SDG&E’s Request**

2 SDG&E forecasts \$0.597 million for Chief HR and CAO expenses.⁸ The
3 forecast is based on 2016 recorded plus proposed incremental costs for leadership
4 training and certification.⁹

5 **2. ORA’s Analysis**

6 ORA has reviewed the testimony and workpapers presented to support this
7 forecast, and does not take issue with them. For 2019, ORA recommends \$0.597
8 million for Chief HR and CAO expenses.

9 **B. Safety, Wellness and Employee Care Services**

10 The Safety, Wellness, and ECS director oversees six direct report managers
11 and 21 associate and management employees. The director's primary responsibility
12 is to provide leadership and guidance for four distinct areas related to health and
13 safety: Safety Operations; Safety Compliance; Wellness; and ECS, which handles
14 disability leaves and accommodations, non-industrial medical leaves of absence,
15 return to work programs, and workers' compensation.¹⁰

16 Also included in this section are expenses for Industrial Hygiene and Electric
17 and Magnetic Field (EMF) Services. Industrial Hygiene is responsible for monitoring
18 changes in health and safety regulations, developing policies and procedures to
19 ensure compliance with relevant regulations, and managing industrial hygiene
20 programs such as Hazard Communications, Hearing Conservation, Respiratory
21 Protection, and Asbestos and Lead Exposure Management.¹¹ EMF Services tracks
22 EMF science and makes EMF health literature available to both employees and
23 customers, responds to EMF inquiries, conducts measurements in accord with
24 CPUC Decision 93-11-013, and provides oversight compliance checks and reviews

⁸ Ex. SDG&E-30, p. TT-12.

⁹ Ex. SDG&E-30, p. TT-13.

¹⁰ Ex. SDG&E-30, pp. TT-13 and TT-14.

¹¹ Ex. SDG&E-30, p. TT-17.

1 mandated EMF Management Plans for all SDG&E transmission construction
2 projects.¹²

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

4 SDG&E forecasts \$1.694 million for Safety, Wellness, and ECS expenses.¹³
5 The forecast is based on 2016 recorded plus proposed incremental costs for three
6 RAMP mitigation efforts: \$215,000 to support the Contractor Safety Program¹⁴;
7 \$150,000 for Enhanced Safety Training¹⁵; and \$150,000 to attain OSHA Voluntary
8 Protection Program certification.¹⁶

9 **2. ORA's Analysis**

10 ORA has reviewed the testimony and workpapers presented to support these
11 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.694
12 million for Safety, Wellness, and ECS expenses.

13 **C. Long-Term Disability**

14 Eligible employees who become disabled are eligible to receive income
15 replacement benefits equal to 60% of their pre-disability earnings. LTD benefits are
16 adjusted if the employee receives, or is entitled to receive, other income
17 supplementation, such as workers' compensation, Social Security benefits, state
18 disability insurance benefits, or retirement savings or pension plan benefits.
19 Employees who cannot return to their prior job are offered vocational assessment
20 and retraining, when possible, to help them obtain other employment
21 opportunities.¹⁷

¹² Ex. SDG&E-30, p. TT-17.

¹³ Ex. SDG&E-30, p. TT-13.

¹⁴ Ex. SDG&E-30, p. TT-14.

¹⁵ Ex. SDG&E-30, p. TT-15.

¹⁶ Ex. SDG&E-30, p. TT-16.

¹⁷ Ex. SDG&E-30, p. TT-18.

1 **1. Overview of SDG&E’s Request**

2 SDG&E forecasts \$1.187 million for Long-term disability expenses.¹⁸ The
3 forecast is based on 2016 recorded and escalated for projected changes in labor
4 costs.¹⁹

5 **2. ORA’s Analysis**

6 ORA has reviewed the testimony and workpapers presented to support these
7 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.187
8 million for Long-term disability expenses.

9 **D. Workers’ Compensation**

10 Workers' Compensation benefits are mandated and governed by the state of
11 California. SDG&E's self-insured and self-administered program provides benefits to
12 employees who are injured on the job. Benefits can include temporary disability,
13 permanent disability, and supplemental job displacement per the California Labor
14 Code. The costs of medical treatment, legal fees, and other WC-related expenses
15 are also included here.²⁰

16 **1. Overview of SDG&E’s Request**

17 SDG&E forecasts \$4.008 million for Workers' Compensation expenses.²¹
18 The forecast is a three-year (2014-2016) average of recorded costs which is then
19 escalated for medical costs and by non-labor escalation.²²

20 **2. ORA’s Analysis**

21 ORA has reviewed the testimony and workpapers presented to support these
22 forecasts, and takes issue with SDG&E's proposed medical escalation rate. See
23 Exhibit (Ex.) ORA-22, for a discussion of this issue. Using ORA's recommended

¹⁸ Ex. SDG&E-30, p. TT-13.

¹⁹ Ex. SDG&E-30, p. TT-18.

²⁰ Ex. SDG&E-30, pp. TT-18 and TT-19.

²¹ Ex. SDG&E-30, p. TT-13.

²² Ex. SDG&E-30, p. TT-19.

1 4.25% medical escalation rate results in an adjustment of \$0.190 million. For 2019,
2 ORA recommends \$3.818 million for Workers' Compensation expenses.

3 **E. Diversity and Workforce Management**

4 The Diversity and Workforce Management department includes the following
5 employee-related functions: Staffing, Employment Compliance, Diversity Outreach,
6 and Human Resources Information Systems (HRIS).²³ Staffing and Employment
7 Compliance manage the recruitment and selection of a qualified, diverse workforce
8 while ensuring compliance with Federal and State laws and regulations; tasks
9 include managing background checks, drug screening, verifying their right to work,
10 and relocation.²⁴ Diversity Outreach maintains applicant tracking as required by
11 Federal law, documents applicants as required by the Department of Homeland
12 Security, develops and monitors affirmative action plans, and manages a variety of
13 internal and external audits to ensure diversity and equal opportunities.²⁵ HRIS
14 supports the HR organization with technology support, reporting and other analytical
15 tools, and technology project management.²⁶

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

17 SDG&E forecasts \$1.986 million for Diversity and Workforce Management
18 expenses.²⁷ The forecast is based on 2016 recorded plus proposed incremental
19 costs of \$15,000 for the implementation of a web-based skills survey, which will
20 allow recruiters and managers to more easily gather input about a potential
21 employee's past performance from references.²⁸ There are also savings in this area
22 from the "Fueling Our Future" (FOF) initiative.²⁹

²³ Ex. SDG&E-30, p. TT-19.

²⁴ Ex. SDG&E-30, pp. TT-19 and TT-20.

²⁵ Ex. SDG&E-30, p. TT-20.

²⁶ Ex. SDG&E-30, p. TT-21.

²⁷ Ex. SDG&E-30, p. TT-19.

²⁸ Ex. SDG&E-30, p. TT-20.

²⁹ Ex. SDG&E-30, p. TT-22.

1 **2. ORA’s Analysis**

2 ORA has reviewed the testimony and workpapers presented to support these
3 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.986
4 million for Diversity and Workforce Management expenses.

5 **F. Organizational Effectiveness (OE)**

6 The OE department performs five main functions: Talent Management,
7 Talent Development, Organizational Design, People Research, and Workforce
8 Planning.³⁰ Talent Management oversees succession planning at SDG&E,
9 including the identification and development of high-potential employees, and the
10 employee engagement survey process, which can help identify areas of concern
11 such as supervisor effectiveness and safety culture awareness.³¹ Talent
12 Development designs, develops, delivers, and evaluates employee and leadership
13 development programs and tools.³² Organizational Development provides services
14 such as strategic planning, organizational design, team effectiveness, and change
15 management.³³ People Research conducts HR-related research and statistical
16 analysis for compliance efforts, measuring employee attitudes and predicting
17 turnover, and measuring employee skills and competence; this research is designed
18 to lead to improved workplace effectiveness.³⁴ Workforce Planning analyzes
19 staffing trends, economic drivers, and skill readiness to predict future attrition and
20 gaps in talent availability.³⁵

³⁰ Ex. SDG&E-30, p. TT-22.

³¹ Ex. SDG&E-30, p. TT-22.

³² Ex. SDG&E-30, p. TT-22.

³³ Ex. SDG&E-30, p. TT-23.

³⁴ Ex. SDG&E-30, p. TT-23.

³⁵ Ex. SDG&E-30, p. TT-23.

1 **1. Overview of SDG&E’s Request**

2 SDG&E forecasts \$2.178 million for Organizational Effectiveness expenses.³⁶
3 The forecast is based on 2016 recorded, plus proposed incremental costs of
4 \$40,000 in salary differentials required to attract employees with higher skill sets,³⁷
5 and \$330,000 in RAMP projects. Two new leadership training programs, one for
6 Supervisors and one for Working Foremen, will include communication, coaching,
7 and feedback techniques to develop leadership skills, safety culture, and policy
8 knowledge to minimize the knowledge gap when long-term employees retire.
9 Another training program, the Human Performance Program, is intended to improve
10 the safety culture across the company by creating a unified and consistent approach
11 to safety leadership. Costs for these trainings include consultants, training
12 workshops, training instruction, and ongoing reinforcement.³⁸

13 **2. ORA’s Analysis**

14 ORA has reviewed the testimony and workpapers presented to support these
15 forecasts and takes issue only with the estimates for RAMP projects.

16 The RAMP-related cost estimates include various levels of funding. The
17 RAMP forecasts in this section total \$330,000, which is significantly higher than the
18 alternate funding level of \$132,000.³⁹ Until SDG&E has more years of recorded
19 expenses, ORA recommends a more conservative estimate to protect ratepayers
20 from overpaying for a new program. ORA recommends that RAMP projects be
21 funded at the alternate funding level of \$132,000. This results in an adjustment of
22 \$198,000 in non-labor, for an ORA recommended expense of \$1.980 million for
23 Diversity and Workforce Management expenses for 2019.

³⁶ Ex. SDG&E-30, p. TT-2.

³⁷ Ex. SDG&E-30, p. TT-23.

³⁸ Ex. SDG&E-30, p. TT-24.

³⁹ Ex. SDG&E-30-WP, pp. 57 – 60.

1 **G. Employee Communications**

2 Employee Communications is responsible for keeping SDG&E employees
3 informed and engaged by providing information and materials related to the
4 company’s strategic focus, priorities, and positions, financial performance, customer
5 service, employee benefits, and safety and security. It utilizes a variety of methods
6 to communicate these messages, including video messaging, internal stories posted
7 to the intranet, targeted communications to specific groups of employees, a digital
8 bulletin board system, and employee town hall meetings.⁴⁰

9 **1. Overview of SDG&E’s Request**

10 SDG&E forecasts \$0.338 million for Employee Communications expenses,
11 which is the 2016 base year recorded amount.⁴¹

12 **2. ORA’s Analysis**

13 ORA has reviewed the testimony and workpapers presented to support these
14 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.338
15 million for Employee Communications expenses.

16 **H. HR Diversity**

17 The HR Diversity department develops and directs the company’s efforts to
18 promote workplace diversity. Among its tasks are: developing action plans, strategic
19 plans, policies, and programs; investigating complaints and conducting
20 investigations; developing and conducting training for all employees, and for all
21 supervisors as required by California law; and overseeing the company-wide
22 Employee Diversity Council and local diversity committees.⁴²

⁴⁰ Ex. SDG&E-30, p. TT-25.

⁴¹ Ex. SDG&E-30, p. TT-25.

⁴² Ex. SDG&E-30, pp. TT-26 and TT-27.

1 **1. Overview of SDG&E’s Request**

2 SDG&E forecasts \$0.175 million for HR Diversity expenses.⁴³ The forecast is
3 based on 2016 recorded, plus proposed incremental costs of \$25,000 for external
4 training and consultants.⁴⁴

5 **2. ORA’s Analysis**

6 ORA has reviewed the testimony and workpapers presented to support these
7 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.175
8 million for HR Diversity expenses.

9 **I. Offices of the President and Chief Operating Officer**

10 The President and COO are responsible for the overall leadership, guidance,
11 and direction of employees in the provision of safe and reliable gas and electric
12 service to customers. These positions direct the activities of the entire company in
13 accordance with policies, goals, and objectives set by the board of directors and
14 senior management.⁴⁵

15 **1. Overview of SDG&E’s Request**

16 SDG&E forecasts \$2.395 million for Offices of the President and COO
17 expenses, which is the 2016 base year recorded amount.⁴⁶ Also included in this
18 section are SDG&E’s membership dues for the Edison Electric Institute and the
19 American Gas Association.⁴⁷

20 **2. ORA’s Analysis**

21 ORA has reviewed the testimony and workpapers presented to support these
22 forecasts, and does not take issue with them. For 2019, ORA recommends \$2.395
23 million for Offices of the President and COO expenses.

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⁴³ Ex. SDG&E-30, p. TT-26.

⁴⁴ Ex. SDG&E-30, p. TT-27.

⁴⁵ Ex. SDG&E-30, pp. TT-27 and TT-28

⁴⁶ Ex. SDG&E-30, p. TT-27.

⁴⁷ Ex. SDG&E-30, p. TT-28.

1 **II. SHARED EXPENSES**

2 Shared services expenses are for activities performed by an SDG&E shared
 3 services department for the benefit of SDG&E, SoCalGas, Sempra Energy
 4 Corporate Center, and/or unregulated subsidiaries. The utility providing shared
 5 services allocates and bills incurred costs to the entity or entities receiving those
 6 services. This exhibit presents the total amount of SDG&E’s shared services
 7 expenses. The costs allocated to affiliates are presented in Ex. SDG&E-32.⁴⁸

8 **Table 23-5**
 9 **SDG&E Shared HR, Disability, Workers’ Comp & Safety Expenses**
 10 **2012-2016 Recorded and 2019 Forecast**
 11 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SDG&E 2019	ORA 2019
Field Safety	\$917	\$1,371	\$1,156	\$856	\$881	\$971	\$971
Labor Relations & Business Partner	\$866	\$982	\$940	\$910	\$1,055	\$1,258	\$1,258
Business Partner South	\$268	\$303	\$298	\$387	\$407	\$407	\$407
Safety Compl	\$836	\$429	\$598	\$657	\$571	\$601	\$601
ECS & Wellness	\$443	\$419	\$636	\$653	\$768	\$767	\$767
EAP and Wellness Progs	\$355	\$389	\$223	\$289	\$263	\$294	\$294
Mgr Analysis & Workforce Planning	\$176	\$169	\$166	\$183	\$173	\$308	\$308
Total	\$xx	\$xx	\$xx	\$xx	\$4,118	\$4,606	\$4,606

12 Source: 2012-2016 data from Ex. SDG&E-30-WP, pp. 83, 91, 99, 107, 115, 122, and 130. SDG&E
 13 2019 forecasts from Ex. SDG&E-30, p. TT-29, Table TT-14.

14 **A. Field Safety**

15 The Field Safety department attempts to reduce and eliminate accidents and
 16 injuries through job observations, incident investigation and analysis, and the
 17 promotion of defensive driving, good body mechanics, ergonomics, and the use of
 18 personal protective equipment. Field Safety also acts as a safety consultant to

⁴⁸ Ex. SDG&E-30, p. TT-29.

1 provide safety, ergonomic, and education support to those business units without a
2 Safety Department.⁴⁹

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

4 SDG&E forecasts \$0.971 million for Field Safety expenses.⁵⁰ The forecast is
5 based on 2016 recorded, plus proposed incremental costs of \$90,000 for an
6 additional Field Safety Advisor to support the department's objectives.⁵¹

7 **2. ORA's Analysis**

8 ORA has reviewed the testimony and workpapers presented to support these
9 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.971
10 million for Field Safety expenses and accepts SDG&E's allocation factors.

11 **B. Labor Relations and Business Partner**

12 The Labor Relations Advisors oversee labor strategy, union relations,
13 Collective Bargaining Agreement (CBA) negotiations, contract administration,
14 grievances, mediations, arbitrations, and National Labor Relations Board actions.⁵²

15 The Business Partner Human Resource Advisors serve as the primary point
16 of contact on HR issues for SDG&E's leadership and employees, ensuring that
17 strategic HR plans align with the company's short- and long-term business plans,
18 administering and interpreting company policies, providing coaching and counseling
19 on complex HR issues, and ensuring compliance with Federal and State laws. The
20 Business Partner Compensation is responsible for developing and delivering
21 competitive compensation programs and ensuring legal compliance and adherence
22 to compensation policies, performing market studies, market and trending analyses,
23 forecasting, modeling, and analytics to support union negotiations.⁵³

⁴⁹ Ex. SDG&E-30, p. TT-30.

⁵⁰ Ex. SDG&E-30, p. TT-30.

⁵¹ Ex. SDG&E-30, p. TT-31.

⁵² Ex. SDG&E-30, p. TT-31.

⁵³ Ex. SDG&E-30, pp. TT-32 and TT-33.

1 **1. Overview of SDG&E’s Request**

2 SDG&E forecasts \$1.665 million for Labor Relations and Business Partners
3 expenses, which is the 2016 base year recorded amount.⁵⁴

4 **2. ORA’s Analysis**

5 ORA has reviewed the testimony and workpapers presented to support these
6 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.665
7 million for Labor Relations and Business Partners expenses and accepts SDG&E's
8 allocation factors.

9 **C. Safety Compliance**

10 Safety Compliance is responsible for compliance with safety regulations,
11 establishing and managing programs, policies, and guidelines to ensure the safety of
12 SDG&E employees, and interpreting safety-related rules and regulations and
13 potential legislation that would impact field operations. Drug and alcohol testing and
14 oversight are also within this department.⁵⁵

15 **1. Overview of SDG&E’s Request**

16 SDG&E forecasts \$0.601 million for Safety Compliance expenses, which is
17 the 2016 base year recorded amount.⁵⁶

18 **2. ORA’s Analysis**

19 ORA has reviewed the testimony and workpapers presented to support these
20 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.601
21 million for Safety Compliance expenses and accepts SDG&E's allocation factors.

22 **D. Employee Care Services (ECS) and Wellness Programs**

23 ECS is responsible for managing and administering Workers’ Compensation
24 programs, short-term disability, LTD, total disability under the pension plan, and
25 leave and return to work programs for SDG&E, Sempra Infrastructure, Sempra

⁵⁴ Ex. SDG&E-30, p. TT-31.

⁵⁵ Ex. SDG&E-30, pp. TT-33 and TT-34.

⁵⁶ Ex. SDG&E-30, p. TT-33.

1 Service Corporation, Sempra LNG & Midstream, and domestic-based Sempra
2 International employees. ECS also provides guidance on disability related issues
3 and reasonable accommodations.⁵⁷

4 Wellness Programs is responsible for managing and administering the
5 company's EAP services, emergency childcare program, and wellness programs
6 and activities.⁵⁸

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

8 SDG&E forecasts \$1.061 million for Employee Care Services and Wellness
9 Programs expenses, which is the 2016 base year recorded amount.⁵⁹

10 **2. ORA's Analysis**

11 ORA has reviewed the testimony and workpapers presented to support these
12 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.061
13 million for ECS and Wellness Programs expenses and accepts SDG&E's allocation
14 factors.

15 **E. Manager Analysis and Workforce Planning**

16 The Manager of Analysis and Workforce Planning performs research,
17 analysis, and workforce planning services for SoCalGas and Sempra Corporate
18 Center, and ensures compliance with legal, professional, and regulatory issues
19 related to personnel selection issues such as testing and promotion for SoCalGas
20 and Sempra Corporate. This position also supervises the People Research work
21 unit discussed in Operational Effectiveness above.⁶⁰

⁵⁷ Ex. SDG&E-30, p. TT-35.

⁵⁸ Ex. SDG&E-30, p. TT-36.

⁵⁹ Ex. SDG&E-30, p. TT-34.

⁶⁰ Ex. SDG&E-30, p. TT-37.

1 **1. Overview of SDG&E’s Request**

2 SDG&E forecasts \$0.308 million for Manager Analysis and Workforce
3 Planning expenses.⁶¹ The forecast is based on 2016 recorded,⁶² plus proposed
4 incremental costs of \$135,000 for an external test validation consultant.⁶³

5 **2. ORA’s Analysis**

6 ORA has reviewed the testimony and workpapers presented to support these
7 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.308
8 million for Manager Analysis and Workforce Planning expenses and accepts
9 SDG&E's allocation factors.

⁶¹ Ex. SDG&E-30, p. TT-36.

⁶² Ex. SDG&E-30, p. TT-37.

⁶³ Ex. SDG&E-30, p. TT-37.

1 **PART II: SoCALGAS HUMAN RESOURCES DEPARTMENT,**
2 **SAFETY, WORKERS' COMPENSATION & LONG-TERM**
3 **DISABILITY**

4 **I. NON-SHARED EXPENSES**

5 Non-shared services are expenses related to activities performed by the utility
6 solely for the benefit of its own customers.⁶⁴

7 This section of testimony includes forecasts for operations and maintenance
8 (O&M) associated with the Office of the SoCalGas Chief Executive Officer (CEO),
9 President, and COO, Chief HR and Chief Administrative Officer, HR department,
10 Safety, and Workers' Compensation and Long-Term Disability.⁶⁵

11 Also included in this section of testimony are business justifications for HR-
12 related Information Technology capital expenditures⁶⁶ and costs related to the Risk
13 Assessment Mitigation Phase (RAMP).⁶⁷

⁶⁴ Ex. SCG-32, p. MG-10.

⁶⁵ Ex. SCG-32, p. MG-1.

⁶⁶ Ex. SCG-32, p. MG-1.

⁶⁷ Ex. SCG-32, pp. MG-1 and MG-2.

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Table 23-6
SCG Non-Shared HR, Disability, Workers' Comp & Safety Expenses
2012-2016 Recorded and 2019 Forecast
(in Thousands of 2016 Dollars)

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
CEO, President & COO, Chief HR & CAO	\$2,682	\$3,617	\$4,302	\$3,045	\$2,758	\$2,758	\$2,758
Business Partners	\$1,921	\$1,494	\$1,041	\$1,928	\$1,862	\$1,943	\$1,943
Mgr Performance & Org Strategy	\$1,395	\$1,454	\$1,751	\$1,586	\$1,160	\$1,532	\$1,532
Director HR Svcs	\$3,933	\$4,345	\$4,480	\$4,708	\$3,913	\$5,186	\$5,039
LTD and Workers' Compensation	\$28,601	\$24,392	\$16,670	\$17,079	\$17,034	\$18,063	\$16,692
Director Labor Rel	\$1,878	\$1,652	\$1,728	\$1,198	\$821	\$1,025	\$1,025
Director Safety & Wellness	\$4,252	\$4,230	\$5,034	\$4,898	\$4,497	\$10,509	\$9,970
Director Org Eff	\$1,642	\$1,607	\$2,404	\$2,505	\$2,160	\$3,823	\$3,716
Total Non-Shared	\$46,304	\$42,791	\$37,410	\$36,947	\$34,205	\$44,839	\$42,675

5 Source: 2012-2016 data from Ex. SCG-32-WP, pp. 5, 15, 22, 31, 40, 51, 57, 66. SoCalGas 2019
6 forecasts from Ex. SCG-32, p. MG-11, Table MG-8.

7 **A. Office of the SoCalGas CEO, President & COO, and Chief HR**
8 **& CAO**

9 The CEO, President & COO, and Chief HR & CAO provide executive
10 leadership to SoCalGas and are ultimately responsible and accountable for the
11 company's performance. The CEO is the highest-ranking officer. The President &
12 COO directs the activities of the company in accordance with the policies, goals, and
13 objectives set by the CEO. The Chief HR & CAO establishes and develops HR
14 policy and strategy, integrates diversity and affirmative action, and guides short- and
15 long-term performance management, workforce and succession planning, employee
16 development, and employee relations. The Chief HR & CAO also provides direction
17 to the company's supply management and logistics department.⁶⁸

⁶⁸ Ex. SCG-32, p. MG-12.

1 **1. Overview of SCG’s Request**

2 SoCalGas forecasts \$2.758 million for CEO, President & COO, and Chief HR
3 & CAO expenses, which is the 2016 base year recorded amount.⁶⁹

4 **2. ORA’s Analysis**

5 ORA has reviewed the testimony and workpapers presented to support these
6 forecasts, and does not take issue with them. For 2019, ORA recommends \$2.758
7 million for CEO, President & COO, and Chief HR & CAO expenses.

8 **B. HR Department – Business Partners**

9 The Business Partners department serves as the primary point of contact on
10 HR issues for utility leadership. It provides coaching and guidance on complex HR
11 issues including employee relations, workforce and succession planning, career
12 development, and employee recognition. The department also provides
13 interpretation on company policies and the Collective Bargaining Agreement,
14 conducts investigations on complaints about HR issues, acts as the case manager
15 for protests and grievances filed by employees or labor unions, and advises on
16 performance management, disciplinary actions, compensation administration, and
17 company policies.⁷⁰

18 **1. Overview of SCG’s Request**

19 SoCalGas forecasts \$1.943 million for HR – Business Partners expenses.⁷¹
20 The forecast is based on 2016 recorded,⁷² plus proposed incremental costs of
21 \$75,000 in additional labor to support the increased work load required by
22 organizational changes. Additionally, labor related to the Aliso Canyon leak
23 mitigation has been removed from the forecast, but there is an incremental forecast
24 for \$0.20 million to “resume routine operations.”⁷³

⁶⁹ Ex. SCG-32, p. MG-12.

⁷⁰ Ex. SCG-32, pp. MG-14 and MG-15.

⁷¹ Ex. SCG-32, p. MG-14.

⁷² Ex. SCG-32, p. MG-15.

⁷³ Ex. SCG-32, p. MG-15.

1 **2. ORA’s Analysis**

2 ORA has reviewed the testimony and workpapers presented to support these
3 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.943
4 million for HR – Business Partners expenses.

5 **C. HR Department – Performance Management and**
6 **Organizational Strategy**

7 The Performance Management and Organizational Strategy department
8 develops systems and processes to measure and monitor workforce performance,
9 and to improve operational productivity, quality, and effectiveness. The department
10 has four focuses: Continuous Improvement, in which belt-certified industrial
11 engineers lead the company in Lean Six Sigma continuous improvement methods;
12 Data Analytics, which specializes in data mining, data management, analytical
13 projects and services, and the coordination of IT systems and data system updates;
14 Advanced Analytics, which provides advanced statistical analysis, mathematical
15 simulation modeling, optimization modeling, and other research services related to
16 prescriptive and predictive analytics; and the FOF Project Management Office, which
17 tracks and implements ideas related to the FOF initiative.⁷⁴

18 **1. Overview of SCG’s Request**

19 SoCalGas forecasts \$1.532 million for HR – Performance Management and
20 Organizational Strategy expenses.⁷⁵ The forecast is based on 2016 recorded,⁷⁶
21 plus proposed incremental costs of \$232,000 for two industrial engineers to support
22 the expansion of Advanced Analytics.⁷⁷ Additionally, labor related to the Aliso
23 Canyon leak mitigation has been removed from the forecast, but there is an
24 incremental forecast for \$0.162 million to “resume routine operations.”⁷⁸

⁷⁴ Ex. SCG-32, pp. MG-16 and MG-17.

⁷⁵ Ex. SCG-32, p. MG-16.

⁷⁶ Ex. SCG-32, p. MG-18.

⁷⁷ Ex. SCG-32, p. MG-18.

⁷⁸ Ex. SCG-32, pp. MG-18 and MG-19.

1 **2. ORA’s Analysis**

2 ORA has reviewed the testimony and workpapers presented to support these
3 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.532
4 million for HR – Performance Management and Organizational Strategy expenses.

5 **D. HR Department – HR Services**

6 The HR Services department contains five work units: Staffing, HR Research
7 & Workforce Planning, HR Operations, Compensation, and Employee Care Services
8 (ECS). Staffing manages the recruitment and selection of a qualified, diverse
9 workforce, including tracking applicants per Federal law, performing pre-employment
10 drug testing, documenting employees per Homeland Security requirements, and
11 making union position placements as specified in the CBA. HR Research &
12 Workforce Planning is responsible for establishing and validating the criteria used to
13 assess employee qualifications, and ensuring that employees have the necessary
14 skills and abilities to perform their jobs; HR information system reporting is also a
15 function for this work unit. HR Operations is responsible for the management and
16 retention of all employee personnel records including hiring, transfers, and
17 promotions; this work unit also provides leadership and guidance on issues
18 regarding pay, leave accruals, adjustments to job assignments, and resolution of pay
19 issues involving employee records. Compensation is the group responsible for
20 developing and delivering competitive compensation programs and ensuring
21 compliance with labor laws; this work unit also develops HR-related communications
22 to management, supervisors, and the SoCalGas workforce. The ECS group
23 manages and administers the Workers’ Compensation programs, short- and long-
24 term disability, leaves of absence, return-to-work programs, temporary modified duty
25 placements, and reasonable accommodations in accordance with Federal and State
26 laws; ECS also provides guidance to managers, supervisors, and employees on
27 these issues.⁷⁹

⁷⁹ Ex. SCG-32, pp. MG-19 through MG-21.

1 **1. Overview of SCG’s Request**

2 SoCalGas forecasts \$5.186 million for HR Services expenses.⁸⁰ The
3 forecast is based on 2016 recorded,⁸¹ plus proposed incremental costs of \$370,000
4 for new staff to support increased recruitment efforts and three RAMP mitigation
5 projects: \$400,000 for workforce planning advisers to assist in forecasting hiring and
6 staffing needs, and \$220,000 for software implementation for workforce planning;
7 \$150,000 for new positions to support the development and validation of testing
8 within technical testing; and \$70,000 for interns to support competency modeling.⁸²
9 Additionally, labor related to the Aliso Canyon leak mitigation has been removed
10 from the forecast, but there is an incremental forecast for \$0.169 million to “resume
11 routine operations.”⁸³ There are also savings in this department from the “Fueling
12 Our Future” (FOF) initiative.⁸⁴

13 **2. ORA’s Analysis**

14 ORA has reviewed the testimony and workpapers presented to support these
15 forecasts and takes issue only with the estimates for RAMP projects.

16 The RAMP-related cost estimates include various levels of funding. The
17 RAMP forecasts in this section total \$840,000, which is significantly higher than the
18 alternate funding level of \$693,000.⁸⁵ Until SoCalGas has more years of recorded
19 expenses, ORA recommends a more conservative estimate to protect ratepayers
20 from overpaying for a new program. ORA recommends that RAMP projects be
21 funded at the alternate funding level of \$693,000. This results in an adjustment of
22 \$109,000 in labor and \$38,000 in non-labor, for an ORA recommended expense of
23 \$5.039 million for HR Services expenses for 2019.

⁸⁰ Ex. SCG-32, p. MG-19.

⁸¹ Ex. SCG-32, pp. MG-22 and MG-23.

⁸² Ex. SCG-32, pp. MG-22 and MG-23.

⁸³ Ex. SCG-32, p. MG-22.

⁸⁴ Ex. SCG-32, p. MG-23.

⁸⁵ Ex. SCG-32-WP, p. 38.

1 **E. HR Department – Labor Relations**

2 Labor Relations is responsible for labor strategy, union relations, CBA
3 negotiations and compliance, contract administration, grievances, mediations,
4 arbitrations, and National Labor Relations Board actions. Additionally, Labor
5 Relations supports Business Partners in employee investigations, provides guidance
6 regarding work rules, company policy, and procedure, and works with a third party to
7 ensure that represented jobs are leveled appropriately and paid fairly.⁸⁶

8 **1. Overview of SCG’s Request**

9 SoCalGas forecasts \$1.025 million for Labor Relations expenses.⁸⁷ The
10 forecast is based on 2016 recorded,⁸⁸ plus proposed incremental costs of \$170,000
11 for updates to the job leveling system.⁸⁹ Additionally, labor related to the Aliso
12 Canyon leak mitigation has been removed from the forecast, but there is an
13 incremental forecast for \$0.034 million to “resume routine operations.”⁹⁰

14 **2. ORA’s Analysis**

15 ORA has reviewed the testimony and workpapers presented to support these
16 forecasts, and does not take issue with them. For 2019, ORA recommends \$1.025
17 million for Labor Relations expenses.

18 **F. HR Department – Safety & Wellness**

19 The Safety & Wellness department encourages employees to lead a safe,
20 healthy, and productive life. The Health & Safety work unit ensures compliance with
21 all required health and safety regulations, and provides training and education to
22 help promote an incident-free workplace; this work unit also participates in incident
23 analysis and reporting, facility inspections, and administers many of the company’s
24 occupational health and safety programs. The EAP & Wellness work unit promotes

⁸⁶ Ex. SCG-32, p. MG-24.

⁸⁷ Ex. SCG-32, p. MG-24.

⁸⁸ Ex. SCG-32, p. MG-24.

⁸⁹ Ex. SCG-32, pp. MG-24 and MG-25.

⁹⁰ Ex. SCG-32, p. MG-25.

1 the adoption of a safe and healthy lifestyle and manages and administers the health
2 and wellness programs offered by SoCalGas. This work unit also provides
3 information and education on topics such as hydration, nutrition, and sleep, which
4 can help prevent workplace injuries, provides oversight and administration of drug
5 and alcohol testing of employees in safety sensitive positions, and provides
6 guidance and support for employee substance abuse, mental health, and workplace
7 violence issues.⁹¹

8 **1. Overview of SCG’s Request**

9 SoCalGas forecasts \$10.509 million for Safety & Wellness expenses.⁹² The
10 forecast is based on 2016 recorded,⁹³ plus proposed incremental costs for a number
11 of RAMP mitigation efforts:

- 12 • \$80,000 for labor and \$33,000 for non-labor to support new rules
13 under the Employer Pull Notice program, which will require
14 employers to verify the drug and alcohol testing records of
15 commercial drivers they intend to hire, report testing violations, and
16 conduct annual searches for current and prospective testing
17 violations;⁹⁴
- 18 • \$255,000 in labor and \$1.910 million in non-labor to support an
19 interactive driver safety program;⁹⁵
- 20 • \$390,000 to support the incorporation of wellness and fitness into
21 field training;⁹⁶
- 22 • \$260,000 in labor and \$34,000 in non-labor to support the
23 expansion of defensive driver training and in-vehicle instruction,
24 plus 23 FTE hours for employee time for in-vehicle instruction;⁹⁷

⁹¹ Ex. SCG-32, pp. MG-25 through MG-27.

⁹² Ex. SCG-32, p. MG-25.

⁹³ Ex. SCG-32, p. MG-27.

⁹⁴ Ex. SCG-32, p. MG-27.

⁹⁵ Ex. SCG-32, pp. MG-27 and MG-28.

⁹⁶ Ex. SCG-32, p. MG-28.

⁹⁷ Ex. SCG-32, p. MG-28.

1 **G. HR Department – Organizational Effectiveness**

2 The Organizational Effectiveness department has three work units that
3 provide leadership, organizational, and employee development programs,
4 instructional design services, and knowledge transfer and management programs for
5 SoCalGas. The Organizational Development and Talent Management work unit
6 provides services in the areas of strategic planning, organization design, team
7 effectiveness, and managerial coaching; it also manages succession planning tools
8 and uses that information to place high potential employees on key projects or into
9 key positions to develop their skills, and manages the employee engagement
10 survey. The Knowledge Management work unit provides guidance and support to
11 departments that anticipate the turnover of key personnel, and develops transition
12 plans that ensure operational knowledge is effectively transitioned from experienced
13 employees. The Learning and Development work unit uses a variety of
14 methodologies and technologies to enhance organizational performance through
15 individual skill development; it is also responsible for the various learning platforms
16 used by the company, ensuring that each department has the learning tools that it
17 needs, and for developing training courses, individual development programs, and
18 evaluation processes.¹⁰⁴

19 **1. Overview of SCG’s Request**

20 SoCalGas forecasts \$3.823 million for Organizational Effectiveness
21 expenses.¹⁰⁵ The forecast is based on 2016 recorded,¹⁰⁶ plus proposed
22 incremental costs for three RAMP mitigation projects: \$466,000 in labor and
23 \$150,000 in non-labor to support increased knowledge transfer; \$300,000 in labor
24 and \$70,000 in non-labor to support the development of technical supervisor
25 training; and \$80,000 in labor to incorporate knowledge transfer-related activities into
26 the succession planning process.¹⁰⁷

¹⁰⁴ Ex. SCG-32, pp. MG-30 through MG-32.

¹⁰⁵ Ex. SCG-32, p. MG-30.

¹⁰⁶ Ex. SCG-32, p. MG-32.

¹⁰⁷ Ex. SCG-32, pp. MG-32 and MG-33.

1 Additionally, labor related to the Aliso Canyon leak mitigation has been
2 removed from the forecast, but there is an incremental forecast for \$0.171 million to
3 “resume routine operations.”¹⁰⁸

4 **2. ORA’s Analysis**

5 ORA has reviewed the testimony and workpapers presented to support these
6 forecasts and takes issue only with the estimates for RAMP projects.

7 The RAMP-related cost estimates include various levels of funding. The
8 RAMP forecasts in this section total \$1.066 million, which is significantly higher than
9 the alternate funding level of \$0.959 million.¹⁰⁹ Until SoCalGas has more years of
10 recorded expenses, ORA recommends a more conservative estimate to protect
11 ratepayers from overpaying for a new program. ORA recommends that RAMP
12 projects be funded at the alternate funding level of \$0.959 million. This results in an
13 adjustment of \$85,000 in labor and \$22,000 in non-labor, for an ORA recommended
14 expense of \$3.716 million for Organizational Effectiveness expenses for 2019.

15 **H. Workers’ Compensation & Long-Term Disability**

16 Workers' Compensation benefits are mandated and governed by the state of
17 California. SDG&E's self-insured and self-administered program provides benefits to
18 employees who are injured on the job. Benefits can include temporary disability,
19 permanent disability, and supplemental job displacement per the California Labor
20 Code. The costs of medical treatment, legal fees, and other WC-related expenses
21 are also included here.¹¹⁰

22 Eligible employees who become disabled are eligible to receive income
23 replacement benefits equal to 60% of their pre-disability earnings. LTD benefits are
24 adjusted if the employee receives, or is entitled to receive, other income
25 supplementation, such as workers' compensation, Social Security benefits, state
26 disability insurance benefits, or retirement savings or pension plan benefits.

¹⁰⁸ Ex. SCG-32, p. MG-32.

¹⁰⁹ Ex. SCG-32-WP, p. 71.

¹¹⁰ Ex. SCG-32, pp. MG-33 and MG-34.

1 Employees who cannot return to their prior job are offered vocational assessment
2 and retraining, when possible, to help them obtain other employment
3 opportunities.¹¹¹

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

5 SoCalGas forecasts \$18.063 million for Workers' Compensation and Long-
6 term disability expenses.¹¹² The forecast is a three-year average (2014-2016) of
7 recorded costs which is then escalated for medical costs, anticipated changes in
8 employee headcount, and by non-labor escalation.¹¹³

9 **2. ORA's Analysis**

10 ORA has reviewed the testimony and workpapers presented to support these
11 forecasts, and takes issue with SoCalGas' proposed medical escalation rate. See
12 Ex. ORA-22 for a discussion of this issue. ORA's use of a 4.25% medical escalation
13 rate results in an adjustment of \$1.371 million. For 2019, ORA recommends
14 \$16.692 million for Workers' Compensation and Long-term disability expenses.

15

¹¹¹ Ex. SCG-32, p. MG-34.

¹¹² Ex. SCG-32, p. MG-33.

¹¹³ Ex. SCG-32, p. MG-34.

1 **II. SHARED EXPENSES**

2 Shared services expenses are for activities performed by a SoCalGas shared
 3 services department for the benefit of SDG&E, SoCalGas, Sempra Energy
 4 Corporate Center, and/or unregulated subsidiaries. The utility providing shared
 5 services allocates and bills incurred costs to the entity or entities receiving those
 6 services. This exhibit presents the total amount of SDG&E’s shared services
 7 expenses. The costs allocated to affiliates are presented in Ex. SCG-34.¹¹⁴

8 **Table 23-7**
 9 **SCG Shared HR, Disability, Workers’ Comp & Safety Expenses**
 10 **2012-2016 Recorded and 2019 Forecast**
 11 **(in Thousands of 2016 Dollars)**

Description	2012	2013	2014	2015	2016	SCG 2019	ORA 2019
HR Diversity	\$550.00	\$561.00	\$529.00	\$438.00	\$409	\$557	\$557
ECS System Rpt	\$298.00	\$278.00	\$266.00	\$303.00	\$282	\$171	\$171
ECS Operations	\$555.00	\$535.00	\$534.00	\$536.00	\$543	\$543	\$543
ECS Regulations & Training	\$308	\$316	\$322	\$351	\$429	\$429	\$429
Total Shared	\$1,711	\$1,690	\$1,651	\$1,628	\$1,663	\$1,700	\$1,700

12 Source: 2012-2016 data from Ex. SCG-32-WP, p. 75, 82, 89, and 96. SoCalGas 2019 forecasts
 13 from Ex. SCG-32, p. MG-35, Table MG-17.

14 **A. HR Diversity**

15 The Diversity & Inclusion department is responsible for developing and
 16 directing the strategic business objectives for managing workplace diversity. This
 17 includes preparation of affirmative action plans and related reporting, developing and
 18 conducting training on workplace harassment and discrimination, conducting
 19 investigation into complaints that pertain to harassment or discrimination, and
 20 providing coaching, counseling, and guidance on diversity, harassment, and

¹¹⁴ Ex. SCG-32, p. MG-35.

1 discrimination issues. This department also oversees the company-wide Employee
2 Diversity and Inclusion Council, as well as local councils.¹¹⁵

3 **1. Overview of SCG’s Request**

4 SoCalGas forecasts \$0.557 million for HR Diversity expenses.¹¹⁶ The
5 forecast is based on 2016 recorded,¹¹⁷ plus proposed incremental costs of
6 \$107,000 in labor to support increased reporting and training, and to grow the
7 VALOR veterans mentoring program.

8 Additionally, labor related to the Aliso Canyon leak mitigation has been
9 removed from the forecast, but there is an incremental forecast for \$0.041 million to
10 “resume routine operations.”¹¹⁸

11 **2. ORA’s Analysis**

12 ORA has reviewed the testimony and workpapers presented to support these
13 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.557
14 million for HR Diversity expenses and accepts SoCalGas' allocation factors.

15 **B. HR Services – ECS System Reporting**

16 The ECS System Reporting cost center maintains and operates the electronic
17 systems used to manage ECS work, and prepares operating reports used by
18 management to monitor the status of WC, leave, and return to work activities as well
19 as staff performance.¹¹⁹

¹¹⁵ Ex. SCG-32, pp. MG-36 and MG-37.

¹¹⁶ Ex. SCG-32, p. MG-36.

¹¹⁷ Ex. SCG-32, p. MG-37.

¹¹⁸ Ex. SCG-32, p. MG-37.

¹¹⁹ Ex. SCG-32, p. MG-39.

1 **1. Overview of SCG’s Request**

2 SoCalGas forecasts \$0.171 million for ECS System Reporting expenses.^{**120**}
3 The forecast was developed from base year recorded costs and is lower than the
4 base year due to savings from the FOF initiative.^{**121**}

5 **2. ORA’s Analysis**

6 ORA has reviewed the testimony and workpapers presented to support these
7 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.171
8 million for ECS System Reporting expenses and accepts SoCalGas' allocation
9 factors.

10 **C. HR Services – ECS Operations**

11 The ECS Operations cost center provides administrative support to ECS
12 personnel by administering WC “medical only” claims, providing technical and
13 administrative support in the administration of WC disability and sickness claims,
14 inputting information into the claims management database, researching and
15 compiling data for analysis, resolving payroll discrepancies, and assisting field
16 supervisors.^{**122**}

17 **1. Overview of SCG’s Request**

18 SoCalGas forecasts \$0.543 million for ECS Operations expenses, which is
19 the 2016 base year recorded amount.^{**123**}

20 **2. ORA’s Analysis**

21 ORA has reviewed the testimony and workpapers presented to support these
22 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.543
23 million for ECS Operations expenses and accepts SoCalGas' allocation factors.

¹²⁰ Ex. SCG-32, p. MG-38.

¹²¹ Ex. SCG-32, p. MG-39.

¹²² Ex. SCG-32, pp. MG-39 and MG-40.

¹²³ Ex. SCG-32, p. MG-39.

1 **D. HR Services – ECS Regulations & Training**

2 The ECS Regulations & Training cost center audits the performance of HR
3 department personnel, provides training and coaching, and assists in ensuring
4 operations are in compliance with state regulations and company policy.¹²⁴

5 **1. Overview of SCG’s Request**

6 SoCalGas forecasts \$0.429 million for ECS Regulations & Training expenses,
7 which is the 2016 base year recorded amount.¹²⁵

8 **2. ORA’s Analysis**

9 ORA has reviewed the testimony and workpapers presented to support these
10 forecasts, and does not take issue with them. For 2019, ORA recommends \$0.429
11 million for ECS Regulations & Training expenses and accepts SoCalGas' allocation
12 factors.

13 **III. CAPITAL EXPENDITURES**

14 Included here are the business justifications for an information technology
15 capital project. The expense request for this project is included in Ex. SCG-26.¹²⁶

16 **Table 23-8**
17 **SCG Information Technology – Business Optimization**
18 **2017-2019 Capital Expenditure Forecast**
19 **(in Thousands of 2016 Dollars)**

Description	SoCalGas Proposed ¹²⁷		
	2017	2018	2019
Business Optimization	\$300	\$491	\$791

¹²⁴ Ex. SCG-32, p. MG-40.

¹²⁵ Ex. SCG-32, p. MG-40.

¹²⁶ Ex. SCG-32, p. MG-41.

¹²⁷ Ex. SCG-32, p. MG-41, Table MG-24.

1 **A. Business Optimization**

2 SCG requests funding to replace and upgrade outdated HR software. The
3 iVOS Claims system software is over 15 years old, and is expected to be phased out
4 by the vendor in 3 to 5 years. The vendor expects to replace iVOS with a new
5 product, “Reveal,” but since the new product is not yet available, it is not clear if
6 Reveal will maintain the same functionality as iVOS. This request proposes to
7 replace the current iVOS system with Reveal, add customizations as needed to
8 match current functionality, and update system hardware as needed for
9 compatibility.¹²⁸

10 **1. Overview of SCG’s Request**

11 The forecasts for the iVOS claims software project are \$0.300 million for
12 2017, \$0.491 million for 2018, and \$0.791 million for 2019.¹²⁹

13 **2. ORA’s Analysis**

14 ORA does not take issue with SoCalGas’ business justification for this project.
15 ORA’s capital expenditure forecast is addressed in Exhibit (Ex.) ORA-20.

¹²⁸ Ex. SCG-32, pp. MG-41 and MG-42.

¹²⁹ Ex. SCG-32, p. MG-42.

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WITNESS QUALIFICATIONS

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

6 I received a Bachelor of Sciences degree in Accounting from Golden Gate
7 University.

8 I joined the Commission in the Division of Ratepayer Advocates in January
9 2003. I have prepared Human Resources testimony in recent Pacific Gas and
10 Electric Company, Southern California Gas Company (SoCalGas), San Diego Gas &
11 Electric Company (SDG&E), and Southern California Edison Company General Rate
12 Cases. I have prepared other expense analysis testimony in many other
13 proceedings. I also review certain advice letter filings on behalf of ORA.

14 This completes my prepared testimony.