

Company: Southern California Gas Company (U 904 G)
Proceeding: 2016 General Rate Case
Application: A.14-11-XXX
Exhibit: SCG-11

SOCALGAS

**DIRECT TESTIMONY OF EVAN GOLDMAN
(CUSTOMER SERVICE OFFICE OPERATIONS)**

November 2014

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



TABLE OF CONTENTS

- I. INTRODUCTION..... 1**
 - A. Summary of Costs 1**
 - B. Summary of Activities 1**
 - C. Supports SoCalGas’ Goals of Providing Safe, Efficient, Reliable and Effective Service 3**
 - 1. Meeting Customers’ Evolving Interaction Preferences 3**
 - 2. Continuous Improvement..... 4**
 - 3. Quality & Performance Management 5**
 - 4. Compliance and Data Privacy..... 5**
 - 5. Service Level Optimization 5**
 - D. Safety/Risk Considerations 6**
 - E. Support To/From Other Witnesses 6**
 - F. Excludes Advanced Metering Infrastructure (“AMI”)..... 7**
 - G. Forecast Methodology 7**
- II. NON-SHARED COSTS..... 9**
 - A. Introduction..... 9**
 - B. Customer Contact Center Operations 10**
 - 1. Description of Costs and Underlying Activities..... 10**
 - 2. Forecast Method..... 12**
 - 3. Cost Drivers 14**
 - C. Customer Contact Center Support 23**
 - 1. Description of Costs and Underlying Activities..... 23**
 - 2. Forecast Method..... 24**
 - 3. Cost Drivers 24**
 - D. Branch Offices..... 31**
 - 1. Description of Costs and Underlying Activities..... 32**
 - 2. Forecast Method..... 32**
 - 3. Cost Drivers 32**
 - E. Billing Services 33**
 - 1. Description of Costs and Underlying Activities..... 33**
 - 2. Forecast Method..... 34**
 - 3. Cost Drivers 35**
 - F. Measurement Data Operations (MDO) 36**

1.	Description of Costs and Underlying Activities.....	36
2.	Forecast Method.....	37
3.	Cost Drivers	37
G.	Credit and Collections	38
1.	Description of Costs and Underlying Activities.....	38
2.	Forecast Method.....	38
3.	Cost Drivers	39
H.	Credit and Collections Postage	40
1.	Description of Costs and Underlying Activities.....	40
2.	Forecast Method.....	40
3.	Cost Drivers	40
I.	Remittance Processing.....	42
1.	Description of Costs and Underlying Activities.....	42
2.	Forecast Method.....	42
3.	Cost Drivers	43
J.	Remittance Processing Postage.....	44
1.	Description of Costs and Underlying Activities.....	44
2.	Forecast Method.....	44
3.	Cost Drivers	44
K.	Customer Service Other Office Operations and Technology	46
1.	Description of Costs and Underlying Activities.....	46
2.	Forecast Method.....	47
3.	Cost Drivers	48
III.	SHARED COSTS.....	54
A.	Introduction.....	54
B.	Major Market Credit and Collections 2200-0354	55
1.	Description of Costs and Underlying Activities.....	55
2.	Forecast Method.....	56
3.	Cost Drivers	56
C.	Payment Processing and Manager of Remittance Processing 2200-0355 & 2200-2247.....	57
1.	Description of Costs and Underlying Activities.....	57
2.	Forecast Method.....	57
3.	Cost Drivers	58
D.	SR VP Customer Service Innovation & Strategy	58

1.	Description of Costs and Underlying Activities.....	58
2.	Forecast Method.....	58
3.	Cost Drivers	59
IV.	CAPITAL.....	59
A.	Introduction.....	59
B.	Improved Customer Experience.....	61
1.	Customer Order Communication.....	61
2.	Voice Recording and QA Tools- Collections and Billing.....	62
3.	Integrated Customer Data & Analytics	63
4.	My Account Mobile 1C	65
5.	SCG My Business Account.....	66
6.	SCG IVR Phase 4	67
C.	Obsolescence and Technology Refresh	68
1.	My Account Technology Refresh.....	68
2.	CCC Avaya System Refresh.....	70
3.	CCC Genesys Upgrade	71
4.	Small Cap Requests (Customer Operations Technology Applications Server)	72
D.	Operational Efficiency/ Continuous Improvement.....	73
1.	Collections Optimization Projects	73
E.	Mandated.....	76
1.	Customer Data Controls Projects.....	76
2.	3 rd Party Data Request Web Portal.....	77
V.	UNCOLLECTIBLE RATE.....	78
VI.	CONCLUSION	79
VII.	WITNESS QUALIFICATIONS.....	80

LIST OF APPENDICES

Appendix A	Continuous Improvement and Efficiency Programs	A-1
Appendix B	Web/Social Media and Customer Contact Center Interaction Matrix	B-1
Appendix C	Glossary of Terms	C-1
Appendix D	SoCalGas Response to Informal ORA DR-05 , Question 4.....	D-1

SUMMARY

TY 2016 Summary of Total O&M Costs

(Thousands of 2013 dollars)

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars	2013 Adjusted-Recorded	TY2016 Estimated	Change
Total Non-Shared	\$92,875	\$98,076	\$5,201
Total Shared Services (Incurred)	\$6,002	\$6,032	\$30
Total O&M	\$98,877	\$104,108	\$5,231

Test Year 2016 Summary of Total Capital IT Costs

(Thousands of 2013 dollars)

CS – OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars	Estimated 2014	Estimated 2015	Estimated 2016
Capital IT Projects, Annual Estimated Total	\$17,610	\$14,645	\$6,967

Summary of Requests

The activities within Customer Service Office Operations (“CSOO”) support the delivery of safe, efficient, reliable and effective service through the Customer Contact Centers (“CCC”), Branch Offices, Billing & Payments, Credit & Collections and other related supporting functions. Costs reflect efforts to continuously improve operations while developing or enhancing Southern California Gas Company’s (“SoCalGas”) capabilities to be responsive to the following:

- A diverse customer base with evolving expectations regarding their available options to contact SoCalGas;
- Increased volume of safety-related customer orders;
- Heightened focus on protecting customer data as well as compliance with data privacy mandates and standards; and
- Increased responsiveness to customer feedback and improved service levels.

A base year forecast methodology was used to develop operations and maintenance (“O&M”) costs. My testimony will elaborate on why base year represents a good starting point to calculate Test Year (“TY”) 2016 O&M expenses and also describe the necessary adjustments due to forecasted changes in base year activities.

Significant changes between 2013 base and TY 2016 are as follows:

- Incremental CCC Operations costs to support and sustain: growth in call volume due to meter growth & incremental safety services offset by an increase in self-service, increased average call handle time and increased level of service;
- Incremental CCC Support labor and non-labor costs to support an increased variety of customer contact channel preferences, expanding the special investigations team and QA functions and additional technology costs offset by reduction in outbound dialer resource costs;
- Incremental Billing Services labor costs to support meter growth, backlog reduction and adjustments for full year staffing;
- Incremental Credit & Collections labor and non-labor costs to support adjustments for full year staffing and vendor costs to improve collections efficiency;
- Reduction in collections postage costs from incorporation of the late payment notice into the customer billing statement;
- Net reduction of Remittance Processing paper and printing and postage costs from increased adoption of paperless billing; and
- Incremental labor and non-labor costs to support the establishment and ongoing support of a Customer Data Privacy program, increased support for mobile applications, increased data analytics capabilities and increased costs for business management of customer technology projects.

My testimony also includes a request for funding an uncollectable rate based on a five year average and business justification for IT Capital projects that deliver an improved customer experience, replace obsolete technology, deliver operational efficiency and comply with regulatory mandates.

**SOCALGAS DIRECT TESTIMONY OF EVAN D. GOLDMAN
(CUSTOMER SERVICE OFFICE OPERATIONS)**

I. INTRODUCTION

A. Summary of Costs

I sponsor the TY 2016 non-shared and shared services forecasts for O&M costs and business justification for capital projects for the forecast years 2014, 2015, and 2016, associated with the CSOO area for SoCalGas. The purpose of my testimony is to demonstrate that the following SoCalGas CSOO O&M expenses, capital projects and Uncollectable Rate forecast are reasonable and should be approved by the California Public Utilities Commission (“CPUC” or “Commission”). Table 1 summarizes my sponsored O&M costs and Table 2 summarizes the capital IT project costs for which I sponsor the business justification.

**TABLE 1
TY 2016 Summary of Total O&M Costs
(Thousands of 2013 dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars	2013 Adjusted-Recorded	TY2016 Estimated	Change
Total Non-Shared	\$92,875	\$98,076	\$5,201
Total Shared Services (Incurred)	\$6,002	\$6,032	\$30
Total O&M	\$98,877	\$104,108	\$5,231

**TABLE 2
TY 2016 Summary of Total Capital IT Costs
(Thousands of 2013 dollars)**

CS – OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars	Estimated 2014	Estimated 2015	Estimated 2016
Capital IT Projects, Annual Estimated Total	\$17,610	\$14,645	\$6,967

B. Summary of Activities

CSOO provides revenue cycle services to meet the needs of SoCalGas’ 5.7 million diverse customers. CSOO also provides shared support to the San Diego Gas & Electric

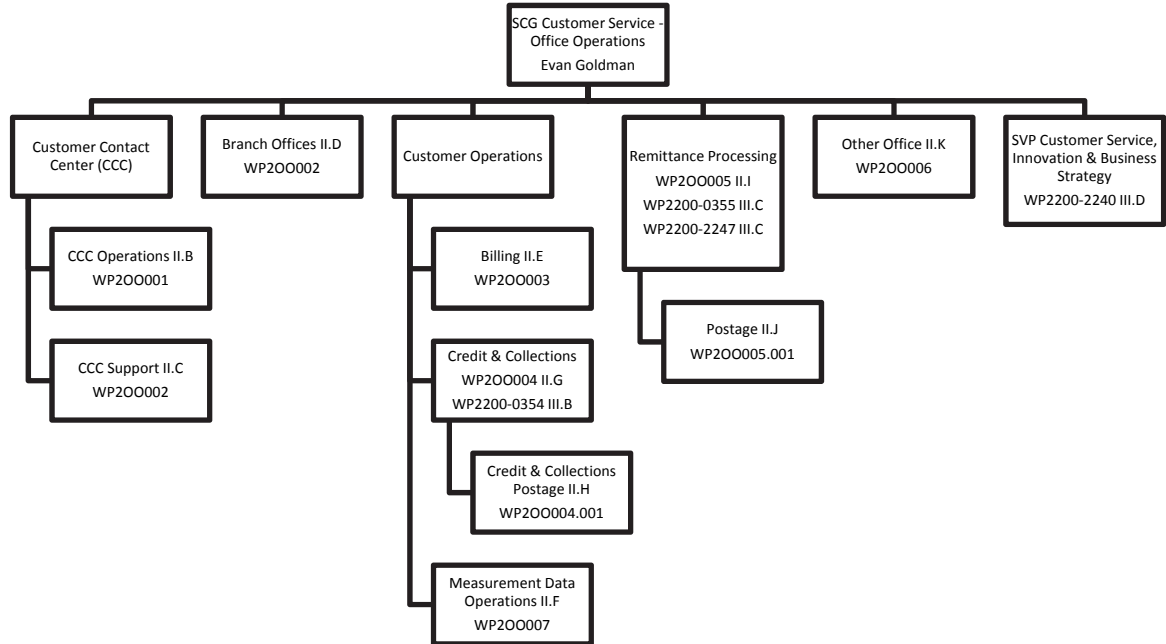
1 Company (“SDG&E”) for some Bill Delivery and Credit & Collections functions¹. The Scope
2 of CSOO activities includes the following and is illustrated in FIGURE 1:

- 3 • Customer Contact Center Operations & Support;
- 4 • Branch Offices and Authorized Payment Locations;
- 5 • Billing Services;
- 6 • Measurement Data Operations;
- 7 • Credit and Collections;
- 8 • Remittance Processing;
- 9 • Postage;
- 10 • Customer Services Office Operations Executive Leadership, Technology &
11 Support;
- 12 • Business Justification for IT Capital Projects that support Customer Service
13 Operations areas; and
- 14 • Uncollectable Rate.

¹ Specific shared services are discussed in Shared Costs - Section III.

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FIGURE 1
CSSO Testimony Organization



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C. Supports SoCalGas’ Goals of Providing Safe, Efficient, Reliable and Effective Service

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The following principles influence SoCalGas estimated expenses, which are required to achieve SoGalGas’ service delivery goals of providing safe, efficient, reliable and effective service:

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1. Meeting Customers’ Evolving Interaction Preferences

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SoCalGas has a diverse customer base with increasing expectations and evolving preferences for how they contact the company and request and receive service. Outside of their interactions with utilities, “customers are comparing their interactions with airlines, retailers, banks, and other industries with their utilities and that is starting to shape brand awareness, loyalty, expectations and experiences.”² Many customers are choosing to utilize interactive voice response (“IVR”), web, mobile and social media as their preferred methods of contact. As Illustrated in Table 3, the complexity and variety of customer interaction options required to

² Adams, Will. “Mobile: Trends and Opportunities 2013”, Chartwell, January 2013.

1 meet customer expectations have increased and therefore resulted in changes to the underlying
 2 costs to provide services. SoCalGas has focused on meeting evolving customer preferences by
 3 expanding contact and service channels in a cost efficient manner. At the same time, although
 4 O&M costs for traditional channels (e.g., Customer Service Representative calls, paper bills,
 5 etc.) are declining, it is imperative that SoCalGas continue to operate these channels for
 6 customers who have either decided to forego the use of newer forms of interaction or do not have
 7 access to the technology necessary to make such contact. Accordingly, SoCalGas' GRC
 8 forecasts reflect a balance between traditional O&M expenditures for legacy channels as well as
 9 incremental capital and O&M costs required to support more diverse customer service
 10 preferences.

11 **TABLE 3**
 12 **Self-Service Transactions**
 13 **Growth in Channels**

Year	IVR Transactions	SoCalGas.com Visits	My Account Visits	Mobile Bill Payments	Social Media Followers*
2009	1,548,149	12,113,297	11,307,784	n/a	n/a
2010	1,750,380	13,147,991	13,500,000**	n/a	1,794
2011	1,773,093	13,560,000	15,000,000**	n/a	9,649
2012	1,973,793	15,807,826	17,687,432	263,967***	18,755
2013	2,693,197	16,452,438	20,437,188	505,805	74,580

*Social Media Followers is comprised of Facebook, Twitter, and Instagram followers, along with You tube views
 ** Annual My Account Visit data for 2010 and 2011 was estimated because of incomplete data for the year.
 ***2012 is missing one month of data (Jan 2012).

14 **2. Continuous Improvement**

15 Continuous improvement has enabled CSOO to realize more than \$5,407,828 in cost
 16 savings and avoided costs which are reflected in base year 2013 recorded actuals. All CSOO
 17 organizations have focused on operating efficiently in order to reduce costs. The Customer
 18 Contact Center has applied Lean Six Sigma (“LSS”) methodologies to a number of high volume
 19 calls reducing the Average Handle Time (“AHT”) by as much as 41 seconds for a single call
 20 type. Credit and Collections has begun to optimize the collections process through initiatives to
 21 reduce costs and also slow the growth of bad debt. Remittance Processing has continued to
 22 focus on sustaining customer adoption of paperless billing and payments. Billing Services has
 23 automated exception processing and implemented process enhancements to increase staff

1 productivity. Additional benefits of \$4,967,000 resulting from technology capital investments
2 and other continuous improvement activities are reflected in TY 2016 expenses and described in
3 the relevant sections of this CSOO testimony. See Appendix A for a summary of continuous
4 improvement benefits.

5 **3. Quality & Performance Management**

6 SoCalGas makes use of quality assurance and other processes to review compliance and
7 service quality on customer interactions. The CCC conducts quality assurance reviews on
8 customer calls, and the CCC special investigations team is responsible for ensuring follow-up
9 and resolution on elevated customer issues. Branch Offices monitor and ensure the quality of
10 customer interactions by conducting quality assurance reviews on payment and order
11 transactions and providing each employee with coaching and constructive feedback. The
12 Customer Operations Technology (“COT”) group conducts quality assurance testing of customer
13 applications and systems to ensure that they perform according to business specifications.
14 SoCalGas’ GRC request reflects an expansion of quality assurance and customer resolution
15 capabilities.

16 **4. Compliance and Data Privacy**

17 SoCalGas understands the heightened urgency for protecting customer data. As a
18 steward of sensitive customer information, the company is focused on developing capabilities
19 (including people, processes and technologies) to safeguard and advocate for customer privacy
20 while meeting Federal and State privacy obligations as well as industry-accepted best practices.
21 SoCalGas has designated the Vice President of Customer Services to be the company’s Chief
22 Customer Privacy Officer accountable for customer privacy across the organization, to set policy
23 and provide resources for achieving enterprise privacy goals and objectives. SoCalGas’ GRC
24 request reflects both O&M and capital investments required to achieve data privacy goals.

25 **5. Service Level Optimization**

26 With a focus on safety and the above referenced priorities (meeting evolving service
27 preferences, continuous improvement, quality & performance management and compliance &
28 data privacy) SoCalGas has made it a priority to provide safe, efficient, reliable and effective
29 service at a level that meets the expectations of the diverse customer base. Experience and
30 insight gained from service delivery optimization activities has provided a basis for 2014, 2015
31 and TY 2016 forecasts. In some instances, this represents a significant reduction from historic

1 recorded costs where optimization activities have not adversely impacted service levels. In other
2 instances the request reflects incremental funding required to achieve an increase in service
3 levels over those realized in BY 2013.

4 **D. Safety/Risk Considerations**

5 The CCC is generally the first point of company contact for emergencies; as such it provides a
6 critical support role in the safety of the SoCalGas system and the public's well-being. Gas leak calls are
7 given top priority in the Customer Service Representative ("CSR") call queue and CSRs are trained to
8 discern the different types of emergencies and triage calls to ensure appropriate field personnel are sent in
9 response to the situation. The CCC also helps to ensure safety during non-emergency situations by issuing
10 customer requested appliance inspection and maintenance orders. This request reflects the costs to
11 sustain safety practices already in place as well as increase customer safety by supporting the scheduling
12 of additional field safety inspections.

13 **E. Support To/From Other Witnesses**

14 The costs set forth in this testimony are also impacted by the following:

- 15 • Forecasted meter growth is covered in witness Rose-Marie Payan's testimony, Ex. SCG-
16 30 (as shown in Appendix D);
- 17 • Information Technology ("IT") capital costs for technology projects that support
18 Customer Services Office Operations are sponsored by witness Christopher Olmsted, Ex.
19 SCG-18; however, this testimony will provide the business justification for these
20 projects;
- 21 • Business justifications for some capital projects that support both CSOO and Customer
22 Services-Information are covered in this testimony, however related O&M forecasted
23 costs are sponsored by witness Ann Ayres, Ex. SCG-12;
- 24 • Miscellaneous revenues, including the basis for the forecasted revenues and the projected
25 revenues, are sponsored by witness Michelle Somerville, Ex. SCG-32;
- 26 • Customer Service Field ("CSF") costs are sponsored by witness Sara Franke, Ex. SCG-
27 10; however this testimony includes costs impacting Customer Service Office Operations
28 associated with three CSF proposals (Expanded Appliance Safety Checks, Customer
29 Outreach Safety Checks and Department of Transportation - Required Meter Set
30 Assembly Inspection Program);
- 31 • Gas Distribution costs, including those in support of the Customer Contact Center Set
32 Desk, are sponsored by witness Frank Ayala Ex. SCG-04; and

- Shared Services Policy and Billing are sponsored by witness Mark Diancin, Ex. SCG-25; however this testimony includes the total incurred costs for CSOO shared services areas.

F. Excludes Advanced Metering Infrastructure (“AMI”)

Commission decision (D.) 10-04-027 authorized SoCalGas to deploy AMI to approximately 6 million customers over a period of 7 years. Based on this timing, SoCalGas will not complete AMI deployment until 2017. Accordingly, as described in witness Rene F. Garcia’s testimony (Exhibit SCG-39) all SoCalGas forecasts presented in this TY 2016 GRC, including the forecasts in this testimony, reflect business operations, processes and practices without AMI deployment (i.e., “business as usual”). However, it should be noted that implementation of AMI involves both costs (i.e., increases to revenue requirement) and benefits (i.e., decreases to revenue requirement). The combined result is a net revenue requirement that is then embedded in rates. Since a forecasted net revenue requirement for SoCalGas AMI over the 2010 through 2017 timeframe was already approved in a SoCalGas Advice Letter³, a net revenue requirement is already embedded in SoCalGas rates. Accordingly, if the Commission authorizes operating expenses in this GRC that are materially different than those assumed in SoCalGas’ approved AMI net revenue requirement that is currently in rates, then the differences will need to be reconciled in an updated advice letter to ensure that embedded AMI operating benefits are consistent with and no more or no less than what is authorized in this TY 2016 GRC.

G. Forecast Methodology

For all O&M costs areas in CSOO a base year forecast methodology has been applied as a starting point to forecast estimated TY 2016 O&M expenses. SoCalGas has focused on reducing costs through continuous process improvements and strategic technology investments. Advances in self-service, paperless billing, process automation and other efficiencies have contributed to CSOO realizing significantly lower recorded operating expenses in 2013 than in recent prior years. Results in 2013 and projections for 2014 demonstrate that five year historical averages (which were applied to forecast the 2012 CSOO GRC test year requests) as well as other historical average calculations are not the best indicator of TY 2016 operating expenses for many CSOO work groups (see Table 4a). One notable aspect of a base year methodology is that it requires estimates to be made from a limited set of data which may not reflect the inter-year fluctuations in external operational cost drivers. Weather is one of the largest external drivers of

³ AL-4110, U 904 G, effective April 8, 2010.

1 operational costs because colder weather generally results in a higher volume of customer
2 contacts and higher customer bills which in turn result in challenges for customers in paying
3 their bills. In order to determine how closely 2013 weather resembled an average weather year,
4 the number of heating degree days (“HDD”) in 2013 was compared to the average number of
5 HDDs over the previous 10 years. Table 4b below shows that the number of HDDs in SoCalGas
6 service territory in 2012 and 2013 were relatively low compared to recent previous years for
7 SoCalGas. Accordingly, CSOO operational cost estimates are conservative. It should also be
8 noted that a base year methodology was recommended by both the Office of Ratepayer
9 Advocates (“ORA”) and The Utility Reform Network (“TURN”) in the 2012 GRC for several
10 CSOO areas where they disagreed with SoCalGas’ 2012 forecasts.⁴

TABLE 4a
Forecast Methodology Comparison (\$000s)

2013 Adjusted- Recorded	5-Year Average	3-Year Average	2-Year Average
\$98,877	\$103,914	\$101,622	\$100,216

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⁴ A.10-12-005/006 TURN Testimony Marcus SCG. Page 48, A.10-12-005/006 TURN Testimony Nahigian_SCG. Page 11. A.10-12-005/006 DRA-47. Page 6; line 23-24.

TABLE 4b
Heating Degree Days (“HDD”) by Year

Year	# HDDs ⁵
2004	1429
2005	1232
2006	1370
2007	1370
2008	1404
2009	1334
2010	1466
2011	1551
2012	1266
2013	1295
10 Year Average	1372

Additionally, it should be noted that in work group areas where a five year average would in fact be reflective of projected operating costs, a base year was still applied in order to maintain consistent forecasting across all CSOO work groups and avoid the perception that SoCalGas was selecting the methodology that produced the highest forecast. Specific forecast assumptions are discussed in further detail in each individual work group section. Additional details on forecast assumptions are also contained within the work papers for this testimony.

II. NON-SHARED COSTS

A. Introduction

SoCalGas CSOO non-shared O&M costs represent the costs of labor and non-labor activities required to deliver services exclusively benefitting SoCalGas and its customers and do not need to be allocated out to other business units. A summary of non-shared O&M costs can be found in Table 5. This section will describe the costs and cost drivers for each non-shared activity in CSOO.

⁵ HDD data is based on meter read cycle schedules and not calendar days.

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TABLE 5
Non-Shared O&M Summary of Costs
(Thousands of 2013 Dollars)

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. CCC – Operations	\$31,223	\$34,924	\$3,701
2. CCC – Support	\$9,190	\$10,381	\$1,191
3. Branch Offices	\$10,939	\$10,939	\$0
4. Billing Services	\$6,932	\$7,242	\$310
5. Measurement Data Operations (MDO)	\$1,451	\$1,456	\$5
6. Credit and Collections	\$3,936	\$4,251	\$315
7. Credit and Collections-Postage	\$1,899	\$1,308	(\$591)
8. Remittance Processing	\$6,454	\$6,423	(\$31)
9. Remittance Processing-Postage	\$17,521	\$16,651	(\$870)
10. CS - Other Office Ops and Technology	\$3,330	\$4,501	\$1,171
Total	\$92,875	\$98,076	\$5,201

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B. Customer Contact Center Operations

TABLE 6
TY 2016 Summary of Non-Shared CCC-Operations Costs
(Thousands of 2013 Dollars)

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. CCC – Operations	\$31,223	\$34,924	\$3,701

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1. Description of Costs and Underlying Activities

Table 8 below shows that the SoCalGas CCC handles more than 10 million annual contacts for residential, commercial and industrial customers through Customer Service Representatives (“CSRs”) as well as automated self-service. CSRs and automated systems are available to handle customer interactions 24 hours per day, 365 days per year. SoCalGas offers

1 multi-lingual communications through its CCCs as well as language line translation services
2 through a third party provider to support the needs of a diverse customer base.

3 SoCalGas has 2 CCC locations: San Dimas and Redlands. The San Dimas and Redlands
4 CCC facilities accommodate approximately 345 and 260 CSRs respectively. The CCCs are
5 complex operations, utilizing communications hardware and software technology to ensure
6 customer accessibility and to assist SoCalGas in forecasting call volume, optimizing staffing
7 levels and conducting data analysis on customer interaction behaviors and experiences.

8 SoCalGas CCC Operations expenses cover the cost of:

- 9 • answering customer telephone calls;
- 10 • responding to incoming e-mail from customers; and
- 11 • responding to other customer account related inquiries.

12 The CCC handles a variety of customer service needs with the largest volume of
13 interactions consisting of billing and payment inquiries as well as customer requested service
14 orders. Customers are directed to call the CCC for all emergencies and emergency calls receive
15 top priority in the CSR call queue. The CCC is prepared to discern and triage the different types
16 of emergencies in order to communicate appropriately with customers and field order dispatch to
17 ensure that appropriate field personnel are sent in response to the situation. CSRs are trained to
18 respond to multiple types of emergencies that normally fall within the following main
19 categories:

- 20 • General Leaks – at appliances, at gas meters, inside structures-source unknown,
21 ignited leaks, etc.;
- 22 • Outside Leaks- damaged gas lines or meter, dying vegetation, etc.;
- 23 • Carbon Monoxide – customer experiencing symptoms or not, CO safety checks, CO
24 Alarm/Detectors activated or not, etc.;
- 25 • Miscellaneous Leak-Related issues – Odor Fade, appliance recalls, etc.; and
- 26 • Other Urgent Situations – water heater not cycling off (water steaming), bomb
27 threats, etc.

28 The San Dimas and Redlands contact centers act as one “virtual” contact center and serve
29 as back-up sites to one another in the case of an emergency. Calls are routed to the first available

1 CSR at either site. SoCalGas CSRs provide telephone service in six languages: English,
2 Spanish, Cantonese, Korean, Mandarin and Vietnamese. SoCalGas provides service in other
3 languages through a third party language line. SoCalGas also provides services for the hearing-
4 impaired.

5 The CCC supports the diverse and evolving interaction preferences of SoCalGas
6 customers by expanding and enhancing newer technologically advanced interaction channels
7 while also continuing to serve customers who wish to receive service via traditional CSR live
8 person calls. For example, customers increasingly contact SoCalGas via social media for
9 specific customer service related inquiries. The CCC works in collaboration with the Customer
10 Engagement and Insights department to respond to service-related communications and also
11 provide 24 hour 7 day coverage for any potential emergency situations received through social
12 media. Appendix B - Web/Social Media and Customer Contact Center Interaction Matrix further
13 describes web and social media communication channels and explains how these functions relate
14 to the CCC.

15 CCC Operations costs consist primarily of labor and reflect the number of FTEs required
16 for the contact activities described above. FTE needs are dictated by the number of customer
17 contacts (calls, email, etc.) requiring CSR assistance as well as call length (AHT), service level
18 objectives (LOS) and CSR utilization factors (Occupancy).⁶ SoCalGas makes use of workforce
19 planning software that leverages the above inputs to calculate the number of FTEs required to
20 support the projected level of work. Finally a “shrinkage” factor is applied to the FTE
21 requirements to account for paid time that is not spent handling customer contacts (i.e., vacation,
22 breaks, lunch, holidays, sick time, training, etc.).

23 The calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP,
24 200000.

25 **2. Forecast Method**

26 A base year forecasting methodology was applied to project CCC Operations O&M
27 costs. Base year 2013 customer contact volumes reflect customer adoption of self-service
28 options resulting from SoCalGas' capital investments and continuous improvement efforts for
29 IVR, web and mobile options. Adjustments to base year call volume have been made to account

⁶ Agent occupancy – The percentage of time CSRs handle calls versus waiting for calls to arrive.

1 for meter growth, adoption of self-service, and incremental safety orders and are described
2 further in the Cost Drivers section of testimony.

3 It is important to note that while SoCalGas believes that increased adoption of self-
4 service has and will continue to positively impact call volumes (and accordingly reductions are
5 reflected in the TY 2016 request), increased self-service projections cannot be used as the
6 primary driver to forecast overall CSR answered call volume. Other variables such as weather
7 and economic conditions also impact a customer's need to contact SoCalGas. In addition, not all
8 self-service transactions reduce CSR answered calls, and in some instances, customer adoption
9 of self-service can actually increase the volume of CSR calls. For example, a customer may
10 attempt to visit the SoCalGas My Account website, but they are unable to remember their
11 password (and also cannot successfully use the password reset feature on the website). This
12 customer will now call or email the CCC to request assistance with My Account access. The
13 imperfect relationship between self-service and CSR answered call volume is evidenced by
14 Table 7 below illustrating the changes in IVR and web self-service as well CSR answered calls
15 from 2009 – 2013.

16 Other factors that impact CCC Operations costs were forecasted using 2013 base year
17 and adjusted for specific changes as described in the Cost Drivers section of testimony.
18

1 **TABLE 7**

2 **Changes in CSR Answered Calls & Web/IVR Transactions**

Year	CSR Answered Calls (a)	Change from Previous Year (b)	Web and IVR Transactions (c)	Change from Previous Year (d)	Net Change = (b) + (d)
2009	7,215,157		1,650,272		-
2010	7,215,202	45	1,958,227	307,955	308,000
2011	7,023,482	(191,720)	2,478,947	520,720	329,000
2012	6,245,767	(777,715)	2,903,154	424,207	(353,508)
2013	6,312,561	66,794	3,705,822	802,668	869,462

3 **TABLE 8**

4 **Changes in CCC Contacts and Transactions**

Year	CSR Calls	% of Total	IVR Calls	% of Total	Email	% of Total	Web & Mobile Self Service	% of Total	Total Contacts
2009	7,215,157	79.9%	1,548,149	17.1%	168,152	1.9%	102,123	1.1%	9,033,581
2010	7,215,202	77.3%	1,750,380	18.8%	160,855	1.7%	207,847	2.2%	9,334,284
2011	7,023,482	72.5%	1,773,093	18.3%	191,486	2.0%	705,854	7.3%	9,693,915
2012	6,245,767	67.1%	1,973,793	21.2%	157,714	1.7%	929,361	10.0%	9,306,635
2013	6,312,561	62.0%	2,693,197	26.5%	156,070	1.5%	1,012,625	10.0%	10,174,453
2014F	6,144,627	59.6%	2,901,656	28.2%	156,772	1.5%	1,103,356	10.7%	10,306,411
2015F	6,093,803	58.2%	3,009,975	28.8%	157,769	1.5%	1,202,217	11.5%	10,463,764
2016F	6,370,219	58.6%	3,030,523	27.9%	158,959	1.5%	1,309,936	12.1%	10,869,637
13 to '16 Growth	57,658		337,326		2,889		297,311		695,184

5 **3. Cost Drivers**

6 SoCalGas CCC Operations TY 2016 estimated expenses compared to 2013 adjusted
7 recorded are based on meter growth, increased self-service adoption, increased CSR call duration
8 measured by Average Handle Time (“AHT”), increased service level measured by Level of
9 Service (“LOS”)⁷ and incremental costs related to CARE and field safety services. Table 6
10 shows the change from 2013 Adjusted expenses to TY2016 Estimated expenses and Table 9

⁷ LOS – Level of Service – The percentage of total incoming calls (CSR, IVR and Abandoned CSR Calls) answered within 60 seconds.

1 summarizes the changes in CCC Operations expenses. SoCalGas proposes a TY 2016 increase
 2 of \$3,701,000 (58 FTEs) from 2013 recorded adjusted costs. Each cost driver is described
 3 below.

4 **TABLE 9**
 5 **TY 2016 Incremental Changes to CCC Operations**
 6 **(Thousands of 2013 Dollars)**

	2013/2016 Change \$(000)	Labor	Non- Labor	FTEs
CCC Operations	\$3,701	\$3,656	\$45	58.0
Increase in CSR Call volume due to meter growth	\$498	\$498		7.9
Reduction in CSR call volume resulting from increase in customer self-service adoption	(\$1,224)	(\$1,224)		-19.5
Increase in CSR LOS to 70%	\$1,579	\$1,579		25.0
Increase in call volume to schedule MSA Inspection Orders	\$791	\$791		12.6
Increase in call volume to schedule customer outreach safety checks	\$169	\$169		2.7
Increase in AHT to offer expanded appliance safety checks	\$47	\$47		0.8
Other changes in AHT	\$441	\$441		7.1
Adjustments for full year staffing for CCC Operations	\$96	\$96		1.5
Incremental non-labor due to growth in FTE count	\$45	\$0	\$45	0.0
Increases in resources for CSRs to enroll customers in the CARE program	\$1,259	\$1,259		19.9

1 **a. Meter growth**

2 SoCalGas is requesting an incremental \$498,000 (7.9 FTEs) to support an increase in
3 116,870 CSR answered calls resulting from forecasted meter growth from 2013 – 2016. A
4 projection of 1.13 CSR handled calls per meter was used to project call volume growth.
5 Forecasted meter growth is covered in Witness Rose-Marie Payan’s testimony, Ex. SCG-30.

6 **b. Self-service adoption**

7 SoCalGas is forecasting a reduction of \$1,224,000 (19.5 FTEs) from 2013 adjusted
8 recorded costs to reflect reduced TY 2016 CSR answered call volumes. An increase in customer
9 preference and adoption of self-service resulting from expanded options and enhanced usability
10 contributes to reduced and avoided incremental CSR call volume. Previous investments in self-
11 service technology as well as continued investment in the IVR, web and mobile capital projects
12 are forecasted to sustain the self-service levels realized to date and also reduce⁸ an incremental
13 287,465 CSR answered calls between BY 2013 and TY 2016.

14 **c. Increase CSR Level of Service (“LOS”)**

15 SoCalGas is requesting an incremental \$1,579,000 (25.0 FTEs) to increase the CSR LOS,
16 (the percentage of calls answered within 60 seconds) to 70%. An increase in CSR LOS reduces
17 the time customers wait “in queue” to speak with a CSR. Historically, SoCalGas has reported an
18 overall LOS which included both IVR self-service calls as well as CSR calls answered within 60
19 seconds of being placed in the CSR call queue. Since every IVR self-service call is counted as a
20 call answered within 60 seconds, overall LOS including IVR self-service calls is always higher
21 than CSR LOS⁹

22 In the TY 2012 GRC, SoCalGas targeted an overall LOS of 76%. As IVR self-service
23 has increased, the difference between overall LOS and CSR LOS has grown. For example, in
24 2013 SoCalGas achieved a CSR LOS of 59%, but the contribution from IVR self-service calls
25 resulted in an overall LOS of 71%. The continued adoption of IVR self-service is projected to
26 further amplify the IVR contribution to overall LOS and diminish the value of reporting on
27 overall LOS. Table 10 illustrates the increasing contribution of the IVR to overall LOS. The

⁸ The CSR call reduction is a gross number of estimated calls avoided by incremental self-service. TY 2016 call volume forecasts also include call volume increases from meter growth and other cost drivers described in this section. The net of the reduction and increases is the projected 2016 call volume estimate.

⁹ In theory, if all CSR calls were answered within 60 seconds and there were no abandoned calls (customer hangs up before reaching a CSR), CSR LOS and overall LOS would be the same.

1 CSR LOS achieved in 2013 was lower than recent historical levels and resulted in increased wait
 2 times for customers who needed to speak with a CSR. A five year average of CSR LOS from
 3 2008-2012 is 70%. In the TY 2012 GRC the Utility Workers Union of America (“UWUA”)
 4 requested an overall LOS of 90%, which at the time would have equated to an approximately
 5 85% CSR LOS. SoCalGas believes that 85% is too expensive to achieve and will not materially
 6 impact customer satisfaction. A target 70% CSR LOS provides a good balance between cost and
 7 responsiveness and is consistent with recent historical CSR LOS levels (2008-2012).
 8 Accordingly, SoCalGas’ request for CCC expenses includes costs to achieve a 70% CSR LOS.
 9 If the Commission decides that a different CSR LOS is appropriate, Table 11 demonstrates the
 10 cost and FTEs required to achieve various levels of CSR LOS. It should be noted that for
 11 emergency calls, SoCalGas has exceeded a LOS of 90% of calls answered in less than 20
 12 seconds in 2012 and 2013.

13 **TABLE 10**
 14 **TY 2016 Incremental Changes to CCC Operations**

Year	Overall LOS (a)	CSR LOS (b)	IVR Incremental Contribution = (a) - (b)
2004	79.4%	76.9%	2.5%
2005	82.6%	77.5%	5.1%
2006	81.7%	76.4%	5.3%
2007	83.2%	78.4%	4.8%
2008	77.4%	72.8%	4.6%
2009	76.0%	71.2%	4.8%
2010	70.4%	63.8%	6.6%
2011	77.4%	71.9%	5.5%
2012	76.1%	68.8%	7.3%
2013	71.1%	59.4%	11.7%
10 Year Average	77.5%	71.7%	5.8%

TABLE 11

2016 FTEs Required at Various CSR LOS Levels

CSR LOS	Overall LOS	FTEs	Incremental/ (Reduced) FTEs	Total Cost (\$000)	Incremental/ (Reduced) Cost (\$000)
60.0%	70.1%	474.1	(26.5)	\$ 33,223	\$ (1,702)
65.0%	73.9%	486.5	(14.1)	\$ 34,011	\$ (914)
70%*	77.5%	500.6	-	\$ 34,925	\$0
75.0%	81.1%	514.8	14.2	\$ 35,837	\$ 912
80.0%	84.7%	530.0	29.4	\$ 36,812	\$ 1,887
85.0%	88.2%	545.0	44.4	\$ 37,837	\$ 2,912

*Overall LOS, FTEs and Total Costs at 70% is based on 2016 projected CSR Call Volumes and AHT

d. Increase in calls due to Department of Transportation - Required Meter Set Assembly (“MSA”) Inspection Program

SoCalGas is requesting an incremental of \$791,000 (12.6 FTEs) to handle an additional 188,653 customer calls resulting from the MSA Inspection Program. The details of the program are described in the prepared direct testimony of witness Sara Franke, Ex. SCG-10. The estimated AHT for these calls is 247 seconds, which is the AHT for Customer Service Orders.

e. Customer outreach safety checks and expanded appliance safety checks

SoCalGas is requesting an incremental \$169,000 (2.7 FTEs) to provide additional customer outreach safety checks as described in the prepared direct testimony of witness Sara Franke Ex. SCG-10. It is forecasted that 39,600 appliance safety check orders will be issued by customer calls to CSRs and 10,400 will be issued through web or IVR self-service¹⁰

SoCalGas is also requesting an incremental \$47,000 (0.8 FTEs) for CSRs to offer expanded appliance safety checks as described in the prepared direct testimony of witness Sara Franke Ex. SCG-10. An estimated 30 seconds of incremental CSR handle time on 95,209 existing customer service order calls (0.5 seconds overall AHT) is required to offer these safety checks on all appliances.

¹⁰ The percentage of appliance safety check orders issued by CSRs vs. IVR and web was calculated using 2013 actual transactions for similar customer service orders; 79.2% for CSRs and 20.8% for IVR and web. 79.2% of 50,000 proposed safety check transactions = 39,600 CSR calls.

1 **f. Other changes impacting Average Handle Time (“AHT”)**

2 SoCalGas is requesting an incremental \$441,000 (7.1 FTEs) to support a projected net
3 increase in AHT of 4.7 seconds. A number of variables impact the projected increases and
4 reductions in AHT:

- 5 • As customers continue to adopt self-service technology, the types of calls that remain
6 to be answered by CSRs contain a larger proportion of complex call types. These call
7 types require longer AHT than the more straightforward calls that have increasingly
8 moved to self-service channels. For example, stop service calls (“close orders”) are
9 generally shorter when compared to other call types. SoCalGas added stop service as
10 an IVR self-service capability in 2013. As more stop-service calls move to self-
11 service, the AHT for calls that remain with a CSR increases.
- 12 • As a continuous improvement activity, SoCalGas has completed Lean Six Sigma
13 (“LSS”)¹¹ projects to increase the call handling efficiency for several high volume
14 call types. The results of these efforts have led to reductions in excess handle time on
15 transactions as indicated in Table 12. These improvements are already reflected in
16 the AHT levels achieved in 2013. Ongoing continuous improvement activities that
17 enable CSRs to handle calls more efficiently will offset a portion of the increase in
18 AHT.

19

¹¹ Lean Six Sigma (LSS), a business management strategy, comes from two process improvement methodologies, called “Lean” and “Six Sigma”. Lean methodology, created by Toyota, identifies activities that directly impact the customer and how to conduct those activities with efficiency. The Six Sigma methodology, created by Motorola, improves customer quality by reducing any errors that may occur during the process. Lean and Six Sigma methodologies focus on delivering value added products and services to the customer in an efficient and safe manner without sacrificing quality.

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TABLE 12
Lean Six Sigma Impacts on AHT

	Annual Volume	AHT Change	Reduction in Hours (no shrinkage)	Reduction in Hours (with shrinkage)	Value
Payment Arrangements	638,400	-41	(7,271)	(11,614)	(\$349,325)
CSO	720,395	-9	(1,801)	(2,877)	(\$86,309)
Start/Move	1,093,178	-10	(3,037)	(4,851)	(\$145,524)
Total					(\$581,158)

- CSRs will also proactively engage customers to capture future communication preferences, inform them of value added service offerings and sign them up for beneficial SoCalGas services (such as My Account). These activities will result in a longer AHT for CSR answered calls.

Specific AHT impacts are identified in Table 13 below.

TABLE 13
Proposed Changes to AHT

	Effective Date	2014	2015	2016
2013 AHT	12/31/2013	255.0	255.0	255.0
Expanded appliance safety checks*	01/01/2016			0.5
Increase number of self-service close order calls (these calls have lower AHT than other call types leaving a higher AHT for remaining calls)	11/7/2013	0.8	0.8	0.8
Process efficiency gains in handling CSR close order calls	11/7/2013	(0.4)	(0.4)	(0.4)
CSRs sign customers up for My Account	1/1/2015		2.0	2.0
CSRs request customer preference (email, call, text, etc.) for future contact.	1/1/2015		1.3	1.3
CSRs ask for landlord information on start service orders to help target offerings to renters	1/1/2016			1.0
CSRs enroll customers in CARE on relevant calls (See CSR CARE Enrollment cost driver for explanation)**	7/1/2015		6.3	12.6
Projected Annual AHT (Rounded)		255	265	273
Change in AHT from 2013		(0)	10	18

1 *costs and FTE for expanded appliance safety checks are included in the Customer Outreach and
2 Expanded Appliance Safety Checks instead of the incremental AHT cost driver request
3
4 **costs and FTE for the CARE request are included in the CSR CARE Enrollment cost driver request
5 instead of the incremental AHT cost driver request
6

1 **g. Adjustments for full year staffing for CCC Operations**

2 SoCalGas is requesting an incremental \$96,000 (1.5 FTEs) to cover the full year labor
3 costs of positions that incurred partial recorded expenses in base year 2013. 2013 base year
4 numbers include two supervisor positions that were staffed for six months each and totaled \$72K
5 in Labor (1.0 FTE). 2013 base year numbers also include salary for an administrative support
6 position; \$24K in labor (0.5 FTE) that was staffed for six months in 2013. The CCC supervisor
7 positions are needed to maintain a supervisor to employee ratio of 15:1, which is necessary to
8 effectively manage day-to-day contact center activities. CCC supervisors provide individualized
9 supervision and coaching to CSRs, monitor CSR and other frontline staff productivity and assist
10 with training and employee development. CCC supervisors also respond to the highest level of
11 escalated calls and participate in resolving complex escalated customer issues. According to the
12 Corporate Executive Board Customer Contact Leadership Council's 2013 contact center
13 benchmarking data, 15.56-to-1 is the median CSR to supervisor ratio for utility contact centers
14 sized between 200-500 CSRs.¹²

15 **h. Incremental non-labor due to growth in FTE count**

16 SoCalGas is requesting an incremental \$45,000 in non-labor to account for an increase in
17 employee non-labor costs associated with increased FTEs. These non-labor expenses primarily
18 consist of office supplies, office furniture, headsets and travel expenses.

19 **i. CSRs enroll customers in CARE**

20 **Note regarding CSR CARE enrollment:** SoCalGas is also requesting funding for CSR
21 CARE enrollment costs in the Low Income Programs proceeding projected for Q4 2014. If
22 funding is approved as part of the Low Income Programs proceeding, update testimony will be
23 filed to remove the funding request from this GRC application.

24 SoCalGas is requesting an incremental \$1,259,000 (19.9 FTEs) to cover the cost of CSRs
25 enrolling customers in the California Alternate Rates for Energy ("CARE") program. Currently
26 the CCC has a limited role in the CARE enrollment process. Customers are informed by the
27 IVR system about the CARE program when they call to request new service or payment
28 arrangements. When speaking with a CSR, customers can request for a CARE application to be
29 mailed. This is mandated in Public Utilities Code 739.4.

¹² See Ex. SCG-11-WP 200000 Supplemental Workpaper 4.

D. 14-06-036 on the Residential Disconnection Settlement Agreement further ordered CSR CARE enrollment – “Utilities currently providing access to a live representative or agent for CARE enrollment by phone will continue to do so. All other utilities will seek funding through the Low Income Programs proceeding to implement in the next program cycle.”

If approved, CSRs will submit CARE applications for all customers who believe they meet qualification guidelines when they call to request to start service as well as customers currently not on CARE who request payment arrangements. CSR sign-up of customers for CARE would reduce paper, postage, printing, and inserting costs associated with the CARE program¹³ and would make the process easier for customers. In addition to a simplified process, qualified customers will also benefit by receiving the CARE discount on their first bill.

C. Customer Contact Center Support

TABLE 14
TY 2016 Summary of Non-Shared CCC-Support Costs
(Thousands of 2013 Dollars)

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
2. CCC – Support	\$9,190	\$10,381	\$1,191

1. Description of Costs and Underlying Activities

CCC Support provides the necessary services to keep CCC operations efficient and productive. It includes the following major functions:

- Forecasting call volumes and planning and scheduling CSRs to support the forecast levels of customer contact;
- Developing training material and conducting training for CSRs and other support staff;
- Conducting quality assurance monitoring and reporting;
- Interpreting policy and developing and updating CCC procedures and CSR reference material;
- Following up on all CPUC telephone referrals and informal/formal CPUC complaints;
- Answering written customer correspondence regarding customer account activity;

¹³ CARE postage, printing and inserting reduced costs are not accounted for in this GRC because they are covered by CARE program funding.

- Conducting data and trend analysis and managing continuous improvement initiatives;
- Developing CCC technology strategy and collaborating with Information Technology to ensure the technology supports operations objectives; and,
- Monitoring customer experience across all customer contact channels (CSR, IVR, Web, mobile, etc.) to identify improvement opportunities and ensure channel consistency.

SoCalGas CCC Support TY 2016 estimated expenses are based on the base year 2013 adjusted recorded expenses. The changes in costs for CCC Support reflect evolving customer interaction preferences and the resulting requirements to manage the increased complexity of customer interactions with SoCalGas. They also reflect incremental activities to better understand how customers interact with the CCC (and the experience they receive) in order to improve service quality as well as drive incremental efficiency. The calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP, 200001.

2. Forecast Method

A base year forecasting methodology was applied to project CCC Support O&M costs. Base year is appropriate because 2013 costs reflect some growth in staff for data analysis, continuous improvement and customer experience efforts that support process improvements and continued adoption of self-service. These costs are increasing as customer expectations of service evolve and are not appropriately reflected in historical averages.

3. Cost Drivers

Table 14 shows the change from 2013 Adjusted-Recorded expenses to TY2016 Estimated expenses and the major impacts on the CCC Support TY 2016 expenses are identified in Table 15.

SoCalGas proposes a TY 2016 increase of \$1,191,000 (10.5 FTEs) from 2013 recorded adjusted costs.

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TABLE 15
TY 2016 Incremental Changes to CCC Support
(Thousands of 2013 Dollars)

	2013/2016 Change \$(000)	Labor	Non- Labor	FTEs
CCC Support	\$1,191	\$908	\$283	10.5
Expand IVR support staff	\$189	\$186	\$3	2.0
Expand Special Investigations team	\$569	\$560	\$9	7.0
Add online web chat capability	\$185	\$0	\$185	0.0
Increase Quality Assurance support	\$301	\$296	\$5	4.0
Adjustments for full year staffing to the Customer Experience team	\$107	\$106	\$1	1.1
Incremental software maintenance/hosting fees	\$35	\$0	\$35	0.0
Increase in telecommunication costs	\$22	\$0	\$22	0.0
Process efficiency reductions due to automating Outbound Dialing (“OBD”) calls	(\$245)	(\$240)	(\$5)	(3.6)
Additional telecommunications costs for increased AHT for CSRs to sign customers up for CARE (see CARE item in CCC Operations Cost Drivers for justification and Ex. SCG-11-WP 200001 Supplemental Work Paper 4)	\$28	\$0	\$28	0.0

a. Expand IVR support staff due to increased IVR utilization

SoCalGas is requesting an incremental \$189,000 (2 FTEs) to cover the costs of IVR Team Lead and Analyst positions to support the IVR. SoCalGas replaced the IVR in 2009 as part of a broader CCC technology refresh. The new technology which provides the ability to recognize speech in addition to touch tones has allowed SoCalGas more flexibility in developing new IVR functionality and improved usability in order to better serve customers. These enhancements have been delivered through capital projects. The additional focus has increased the number of IVR self-service transactions from 1,548,149 and a self-service rate of 17% in

1 2009 to 2,693,197 and a self-service rate of 30% in 2013. The IVR user experience has also
2 significantly improved. In 2014 the IVR Doctors and Market Strategies International recognized
3 SoCalGas as the “Top U.S. Gas Company” in their Annual Energy Utility IVR Benchmark
4 Report¹⁴. In the 2013 E Source Review of North American Electric and Gas Company IVRs¹⁵,
5 the SoCalGas IVR scored in the first quartile (up from third quartile in 2011).

6 As customer adoption of the IVR has progressed, an increased level of support is required
7 to ensure the IVR system continues to provide a good experience to a greater volume of
8 customers and to ensure customers continue to effectively use the IVR to complete self-service
9 transactions. The IVR Team Lead position was added in 2014 to provide business oversight of
10 IVR operations and production support activities. Specific responsibilities include:

- 11 • Develop and maintain ongoing IVR strategy and serve as the central point of
12 contact for IVR business processes and functionality;
- 13 • Oversee and coordinate business support for production problem identification
14 and resolution;
- 15 • Assess internal and external process/policy changes for impact to the IVR;
- 16 • Define and document business requirements;
- 17 • Oversee functional and user acceptance testing; and
- 18 • Interpret analytics and reporting on IVR key performance indicators to identify
19 opportunities for improvement.

20 The IVR Analyst position supports the IVR Team Lead and provides analysis of IVR
21 issues. This position has previously been part of IVR capital projects but has been required for
22 ongoing support and maintenance since 2014. Specific responsibilities include:

- 23 • Develop IVR business requirements and enhancement requests;
- 24 • Continuously monitor, maintain and enhance IVR menus, navigation and
25 prompts; and
- 26 • Perform user testing on the IVR system.

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28

¹⁴ See Ex. SCG-11-WP 200001 Supplemental Workpaper 1.

¹⁵ <http://www.esource.com/ES-PR-IVR-2013-11/Press-Release/IVR>.

1 **b. Expansion of the Special Investigations team**

2 SoCalGas is requesting an incremental \$569,000 (7 FTEs) to expand the capabilities of
3 the Special Investigations team in order to comprehensively handle customer issues, complaints
4 and escalations. Currently, the Special Investigations team is responsible for investigating
5 informal complaints filed by customers through the Commission, resolving escalated billing
6 questions and handling all letters, emails, telephone communications and social media inquiries
7 that are escalated through company officers or the CPUC. The team also handles issues that
8 require further attention when standard contact center escalation paths do not resolve a customer
9 concern. In 2013, the Special Investigations team handled 1 formal CPUC complaint¹⁶, 346
10 informal CPUC complaints¹⁷, 915 CPUC telephone complaints¹⁸ and 423 executive complaints.¹⁹
11 Although escalations are resolved within defined timeline parameters (e.g., 20 days to resolve
12 informal CPUC complaints) there is currently no broad-based review and analysis of escalated
13 customer issues to identify reoccurring or systemic problems. Customer interaction policy and
14 procedure changes arise as a result of the level of senior management or Commission visibility,
15 rather than a thorough structured assessment of how frequently issues occur. The volume of
16 customer complaints and escalations through social media channels is also increasing and is
17 expected to continue to grow. The CCC helped respond to 781 customer service related social
18 media inquiries in 2013. Currently, one CCC resource is assigned to handle all social media
19 inquiries.

20 If this request is approved, SoCalGas will be able to expand the analytical capability of
21 its Special Investigations team to provide greater coverage and quicker response to complaints.
22 Additional responsibilities will include:

- 23 • Trending, analysis and process/procedure/policy improvement recommendations for
24 customer escalations and complaints received through multiple sources, including the
25 contact center, web, social media, CPUC complaints, executive complaints and verbatim
26 feedback from customers through the Customer Experience Survey;

¹⁶ Formal CPUC complaints are customer complaints that are litigated before a CPUC Administrative Law Judge.

¹⁷ Informal CPUC complaints are handled between SoCalGas and the customer with facilitation by the CPUC Consumer Affairs branch.

¹⁸ CPUC telephone complaints are CPUC Consumer Affairs mediated telephone calls between customers and SoCalGas.

¹⁹ Executive Complaints are phone calls, letters and emails directed toward SoCalGas company executives that are handled by Special Investigations team supervisors.

- 1 • Investigate and respond to all customer account related social media inquiries, including
2 escalated issues and 24 X 7 monitoring for urgent customer issues; and
- 3 • Expand coverage for executive level complaints beyond normal business hours to include
4 off-hours and holidays.

5 The expansion of the Special Investigations team will also improve both customer and employee
6 satisfaction while achieving the following results:

- 7 • Increased identification and visibility of systematic (recurring) customer issues resulting
8 in improved customer facing processes;
- 9 • Faster response to social media inquiries; and
- 10 • Greater coverage for highly visible issues through multiple channels beyond normal
11 business hours (to include off-hours and holidays) for customers who may have special
12 needs or circumstances.

13 **c. Add online web chat capability**

14 SoCalGas is requesting an incremental \$185,000 to provide responsive service to
15 customers through an online web chat service (“chat”). Chat functionality is a common feature
16 offered by major service organizations, including SCE, SDG&E, other electric and gas utilities,
17 telephone and cable television providers and other service providers. Chat will allow SoCalGas
18 to provide immediate assistance to a customer interacting with SoCalGas on the web by enabling
19 online communication between the customer and a company representative. In order to chat
20 successfully with a customer, the technology must be available and maintained on the
21 SoCalGas.com website, and the chat session needs to be routed to an available representative
22 within the CCC. This request is for ongoing software licensing required to support chat as start-
23 up costs are planned prior to TY 2016.

24 **d. Increase Quality Assurance support**

25 SoCalGas is requesting an incremental \$296,000 (4 FTEs) in labor and \$5,000 in non-
26 labor to improve CSR Quality Assurance (“QA”) call monitoring. Currently, the CCC employs a
27 staff of 5 QA specialists who monitor and score CSR answered customer phone interactions for
28 compliance and quality assurance. In addition, two specialists are assigned to conduct Sarbanes-

1 Oxley (“SOX”) reviews²⁰ of order transactions in the Customer Information System to ensure
2 that CSRs have completed them accurately. Currently, the QA team monitors 0.25% of the total
3 volume of incoming CSR handled calls or approximately 15,000 calls per year. This equates to
4 QA reviews of approximately 27 calls per year, per CSR. Contact center industry guidance
5 suggests the ideal volume of QA monitored calls is 0.75% - 1% of total CSR calls.

6 Accordingly, SoCalGas is requesting three additional QA specialists as well as one QA
7 supervisor to double the amount of calls that receive quality assurance reviews. Although this is
8 below industry guidance, it will allow for a significant improvement in the QA process. The QA
9 team will also collaborate with CSR supervisors on a front-line coaching program with the goals
10 of increasing compliance and improving customer satisfaction. The monitoring activities of the
11 team will surface individual CSR trends and identify specific personalized areas for coaching.
12 For example, monitoring may reveal how effectively a CSR uses empathy and other “soft skills”
13 when speaking with customers, and the QA team will be able to provide specific, actionable
14 feedback to supervisors to use in coaching CSRs. In 2013, the QA group reported to the
15 Training Manager. Adding additional staff to the team will require a supervisor to oversee QA
16 team activities, and to drive coaching, process and improvement integration across the
17 organization. The responsibilities of the QA Supervisor will include:

- 18 • Assigning and balancing the work of QA team members;
- 19 • Tracking data and performance for each team member;
- 20 • Leading the process to determine, update and reinforce QA standards; and
- 21 • Regular reporting on qualitative feedback from QA activities.

22 **e. Adjustments for full year staffing to the Customer Experience**
23 **team**

24 SoCalGas is requesting an incremental \$107,000 (1.1 FTEs) for the full year staffing
25 costs of Customer Experience team positions that only partially incurred recorded expenses in
26 2013. 2013 Base year numbers reflect 4.5 months of a Senior Business Analyst position (\$39k in
27 labor and 0.4 FTEs) and 6 months of a Customer Experience Advisor (\$41k in labor and 0.5

²⁰ The Sarbanes-Oxley Act of 2002 mandates that senior executives take individual responsibility for the accuracy and completeness of corporate financial reports. CCC Review ensures CSRs perform financial related transactions in compliance with SOX requirements. The Quality Assurance (QA) Specialists review various reports and accounts to ensure CCC employees have adhered to delegation of authority limits on financial transactions (i.e., waiving deposits, SEC fees and Grant Money Only Allowance) for their job classification and have followed the SOX policies and procedures.

1 FTEs). The Customer Experience team was created in 2012 with the objective of collaborating
2 with other SoCalGas departments to improve the efficiency and service level of customer
3 interactions.

4 The work of the Customer Experience team can best be illustrated by an example of a
5 recent initiative that improved customers' experiences when contacting SoCalGas to request
6 payment arrangements by CSR, IVR or web. Members of the team first analyzed available
7 process documentation and customer data to determine what customers were experiencing in
8 each channel and then identified customer "pain points" as well as procedural inconsistencies
9 between channels. The Customer Experience team next facilitated collaborative sessions with
10 stakeholders from the CCC, Credit & Collections, Customer Operations Technology, Customer
11 Engagement & Insights and Information Technology departments to identify and prioritize
12 policy, procedure and technology changes. Team members then collaborated with the other
13 organizations to assist with defining business requirements and application design for prioritized
14 changes. The implemented changes have resulted in a more consistent customer experience for
15 payment arrangements as many differences between channels have been eliminated. It has also
16 resulted in an increase in adoption of customer self-service for payment arrangement transactions
17 from 25% self-service at the end of 2011 to 60% at the end of 2013.

18 **f. Incremental software maintenance and hosting fees**

19 SoCalGas is requesting an incremental \$35,000 for additional software license
20 maintenance and hosting fees for the ClickFox Channel Analytics software tool. This tool was
21 originally implemented in 2008 and provides detailed analytics on customer navigation in the
22 IVR, Web and across channels in order to determine where customers may encounter problems.
23 The tool is used by the IVR, Web and Customer Experience teams to help identify opportunities
24 to improve customer navigation of self-service channels. As the number customer contact
25 channels increase and complexity of interactions and available data grows, additional licensing is
26 needed to support growth and provide more comprehensive analysis of customer contacts.
27 Licensing costs increase as more customers utilize self-service and also as additional data (such
28 as mobile site visits and email contacts) is added to the software tool. Incremental licenses were
29 purchased in 2014 that require increased annual maintenance and hosting fees.

1 **g. Increase in telecommunications costs**

2 SoCalGas is requesting an incremental \$22,000 in telecommunication carrier costs.
3 These costs are the fees paid to the telephone carrier for inbound and outbound customer calls.
4 The incremental cost is the net impact of an increase of \$89,000 for higher call volume and call
5 handle time offset by a savings of \$67,000 due to a reduction of a backup line that is no longer
6 required.

7 **h. Process efficiency reductions due to automating Outbound**
8 **Dialing (“OBD”) calls**

9 SoCalGas is projecting a reduction of \$245,000 (3.6 FTEs and \$5,000 non-labor) due to
10 automation of the OBD 48 hour notification process. The 48 hour notification process (which
11 complies with disconnect mandates as specified in Public Utilities Code 779.1 and SoCalGas
12 Tariff Rule No. 09)²¹ places an outbound call to warn customers with delinquent balances of the
13 potential to disconnect their service if payment is not received within 48 hours. If a customer is
14 not reached via phone, a notice will be mailed. For safety sensitive customers, a field visit is
15 made to provide notice. Currently, if the outbound call reaches the customer, the call is then
16 routed to an OBD agent that advises the customer of the 48 hour notification. The current OBD
17 process fails to reach a customer 90% of the time as calls are only placed during hours that OBD
18 agents are available to answer calls (8:30am – 5:00pm). The automated OBD solution will have
19 a higher success rate of reaching customers as it does not depend on OBD CSR availability in
20 order to place calls. The automated process will also provide the customer options to request a
21 CARE application or request payment arrangements within the IVR. Automation of this process
22 will reduce the need for one Lead OBD clerk position, two full-time OBD clerk positions and
23 one part-time OBD clerk position.

24 **D. Branch Offices**

25 **Note regarding Branch Offices costs:** SoCalGas estimated TY 2016 expenses as shown
26 in Table 16 assume the same number of branch office locations for TY 2016 as the current state
27 reflected in base year 2013 recorded. In September of 2013, a branch office optimization
28 application (A.13-09-010) was filed in which SoCalGas requested to close six under-utilized
29 branch office locations. If the Commission approves the application’s proposed office closures,

²¹ <http://www.socalgas.com/regulatory/tariffs/tm2/pdf/09.pdf>

1 in whole or in part, SoCalGas will file revised testimony for the TY 2016 GRC request to reflect
2 the impact of the approved branch office closures on forecasted O&M and capital costs.

3 **TABLE 16**
4 **TY 2016 Summary of Non-Shared Branch Offices Costs**
5 **(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
3. Branch Offices	\$10,939	\$10,939	\$0

6 **1. Description of Costs and Underlying Activities**

7 SoCalGas currently operates 47 branch offices throughout its service territory, which
8 provide customers the options of paying their bills in-person, inquiring about accounts and
9 completing other customer service transactions. Approximately 97% of all branch office
10 transactions are related to bill payments. Branch offices are open from 9:00 a.m. to 5:00 p.m.,
11 Monday through Friday and employ approximately 86 full-time and 68 part-time employees.

12 SoCalGas also provides customer services through a network of authorized payment
13 locations (“APL”). These APLs provide similar payment services for SoCalGas customers and
14 offer convenient locations and extended hours with no transaction fee to the customer.

15 SoCalGas has enhanced access to APLs by expanding the APL network to over 300 locations,
16 including more than 100 Walmart store locations in the SoCalGas service territory. The
17 calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP, 200002.

18 **2. Forecast Method**

19 A base year forecasting methodology was applied to project Branch Offices O&M costs.
20 This method is appropriate because the base year reflects estimated costs to sustain branch office
21 operations at current service levels. Although branch office transaction volumes are declining at
22 some locations, branch offices are staffed at optimal levels to provide service during current
23 operating hours, and labor costs are not projected to decline. The majority of non-labor expenses
24 are also fixed and not sensitive to transaction volume reductions.

25 **3. Cost Drivers**

26 SoCalGas TY 2016 forecasted costs for Branch Offices are unchanged from the base year
27 2013 adjusted recorded expense level as illustrated by Table 16.

E. Billing Services

TABLE 17

TY 2016 Summary of Non-Shared Billing Services Costs

(Thousands of 2013 Dollars)

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
4. Billing Services	\$6,932	\$7,242	\$310

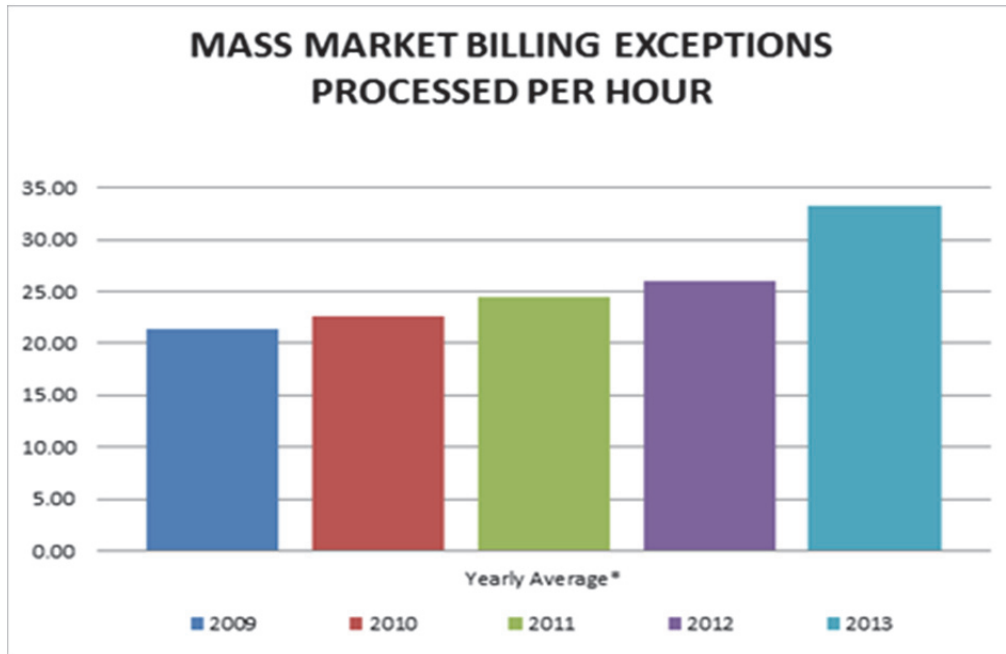
1. Description of Costs and Underlying Activities

Billing Services is responsible for calculating bills and maintaining accurate customer account information. Billing Services at SoCalGas consists of two distinct organizations: (1) billing for residential and small commercial and industrial customers (“Mass Market Billing”); and (2) billing for large commercial and industrial customers (“Major Market Billing”).

Mass Market Billing activities primarily consist of processing billing exceptions and maintaining accurate customer account records. Each bill is subjected to an electronic test before it is mailed where the billing system validates the accuracy of the bill by comparing current usage to historic usage. The majority of customer bills pass accuracy validations and are issued automatically. Bills that fail validations require further manual review and adjustment by the Mass Market Billing group. These are classified as billing exceptions. Similar to the bill validation process, completed field service orders are also subjected to an electronic test to ensure the accuracy of customer account data. Service orders that fail the validations cannot be routinely processed and must be manually resolved by the Mass Market Billing group. In 2013, 97.91% of billing statements and service orders passed the automated accuracy validations. The Mass Market Billing group has implemented several technology and process improvements which have contributed to both an increase in the number of automated (no manual intervention required) exceptions processed and also an increase in the rate at which manual billing exceptions can be processed (productivity rate). Table 18 illustrates the change in number of exceptions processed per hour over the period of 2009-2013. These improvements directly contributed to a reduction in Mass Market Billing O&M costs in the base year.

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TABLE 18
Billing Exceptions Processed Per Hour 2009-2013



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Major Market Billing provides services to large non-core C&I customers, wholesale customers, California producers, energy service providers, and customers with special negotiated arrangements or complex metering configurations. It also generates billings for the Natural Gas Vehicle (“NGV”) rate and for monthly gas balancing, storage, backbone transportation service, and processes the enrollment and termination of customers on the core aggregation transportation program. Billing large C&I accounts is an involved effort requiring gathering and validation of billing input data and processing of complex bill calculations in compliance with authorized tariffs. For special negotiated contract arrangements, the billing process requires extensive manual intervention and manipulation due to the uniqueness of the individual contracts. The calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP, 200003.

2. Forecast Method

A base year forecasting methodology was applied to project Billing Services O&M costs. This method is most appropriate because the base year reflects the full impact of reductions in labor costs resulting from technology and process improvements implemented throughout the 2009-2012 historical period and fully realized in 2013.

1 **3. Cost Drivers**

2 Table 17 shows the change from 2013 Adjusted-Recorded expenses to TY2016
 3 Estimated expenses and the major impacts on the Billing Services TY 2016 expenses are
 4 identified in Table 19.

5 SoCalGas proposes a TY 2016 increase of \$310,000 (4.0 FTEs) from 2013 recorded adjusted
 6 costs.

7 **TABLE 19**
 8 **TY 2016 Incremental Changes to Billing Services**
 9 **(Thousands of 2013 Dollars)**

	2013/2016 Change \$(000)	Labor	Non- Labor	FTEs
Billing Services	\$310	\$310	\$0	4.0
Meter Growth	\$108	\$108	\$0	1.4
Mass Market Billing exception backlog reduction	\$116	\$116	\$0	1.5
Adjustments for full year staffing in Major Market Billing	\$86	\$86	\$0	1.1

10 **a. Meter Growth**

11 SoCalGas is requesting an incremental \$108,000 (1.4 FTEs) to support the increase in
 12 Mass Market Billing exception work resulting from forecasted meter growth from 2013 – 2016.
 13 A base year average of exceptions per meter was used to estimate incremental work volume
 14 because the exception rate reflects the positive impact of process improvements. Forecasted
 15 meter growth is covered in witness Rose-Marie Payan’s testimony, Ex. SCG-30.

16 **b. Mass Market Billing Exception Backlog Reduction**

17 SoCalGas is requesting an incremental \$116,000 (1.5 FTE) to reduce and maintain the
 18 size of the billing exception backlog volume at 2012 historical levels. The billing backlog
 19 represents the number of unworked billing exceptions outstanding at any given point in time. An
 20 increase in the size of the backlog can result in a longer time to produce and deliver accurate bills
 21 for customers. In 2013, SoGalGas observed a 12 point reduction from 2012 levels in the JD

1 Power Residential Customer Satisfaction Survey for the billing & payment score category.
 2 Although significant process improvements have reduced the number of required resources to
 3 maintain the billing exception backlog, it appears base year staffing levels are not sufficient to
 4 keep the exception backlog in line with the 2012 historical level.

5 **c. Adjustments for Full Year Staffing in Major Market Billing**

6 SoCalGas is requesting an incremental \$86,000 to account positions that incurred partial
 7 recorded expenses in 2013. 2013 base year numbers reflect approximately 10 months of an
 8 Advisor position (\$65K in Labor and 0.8FTE), approximately 6 months of an Analyst position
 9 (\$33K in Labor and 0.5 FTE), and 6 months of a Billing Analyst position (\$35K in Labor and 0.5
 10 FTE). These positions support the billing process and administration of customer contracts in
 11 order to bill large commercial and industrial customers.

12 **F. Measurement Data Operations (MDO)**

13 **TABLE 20**

14 **TY 2016 Summary of Non-Shared MDO Costs**

15 **(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
5. Measurement Data Operations (MDO)	\$1,451	\$1,456	\$5

16 **a. Description of Costs and Underlying Activities**

17 Measurement Data Operations (“MDO”) monitors and maintains accurate and timely
 18 usage measurement reporting to support SoCalGas and SDG&E²² Major Markets billing
 19 functions for approximately 1,303 large gas volume meters. These meters are equipped with
 20 communication devices that enable meter usage data to be collected and transmitted
 21 electronically. MDO also receives and processes measurement and gas quality data from other
 22 electronic devices such as storage field meters, producer meters, supplier meters and company
 23 facility meters. In addition, MDO is responsible for the processing of the monthly BTU averages
 24 used to bill core customers in the Customer Information System (“CIS”). The calculations for
 25 estimated expenses are included in workpapers, Ex. SCG-11-WP, 200007.

²² SoCalGas directly bills SDG&E for any costs to perform MDO services on behalf of SDG&E so this is not a shared service cost center.

2. Forecast Method

A base year forecasting methodology was applied to project MDO O&M costs. This method is most appropriate because 2013 workforce size provides an appropriate estimation of the staffing required to continue business, regulatory and systems support in the management of complex customer accounts for gas measurement activities. Non-labor costs consist mainly of telecommunications costs required to transmit meter usage data electronically and are driven by meter count. Thus, the base year forecast provides the most up to date starting point for projecting telemetry costs.

3. Cost Drivers

Table 20 shows the change from 2013 Adjusted-Recorded expenses to TY2016 Estimated expenses and the major impacts on the MDO TY 2016 expenses are identified in Table 21. SoCalGas proposes a TY 2016 increase of \$5,000 in non-labor from 2013 recorded adjusted costs.

**TABLE 21
TY 2016 Incremental Changes to MDO
(Thousands of 2013 Dollars)**

	2013/2016 Change \$(000)	Labor	Non- Labor	FTEs
Measurement Data Operations	\$5	\$0	\$5	0.0
Meter growth	\$5	\$0	\$5	0.0

a. Meter growth

SoCalGas is requesting an incremental \$5,000 to support increased Meter telecommunications costs resulting from forecasted meter growth from 2013 – 2016. Forecasted meter growth is covered in witness Rose-Marie Payan’s testimony, Ex. SCG-30.

1 **G. Credit and Collections**

2 **TABLE 22**

3 **TY 2016 Summary of Non-Shared Credit and Collections Costs**

4 **(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
6. Credit and Collections	\$3,936	\$4,251	\$315

5 **1. Description of Costs and Underlying Activities**

6 Credit and Collections establishes and implements policies and procedures to ensure
7 authorized collections related tariff rules are followed and collections activity is effectively
8 performed. Credit and Collections activities include accounts receivable management reporting
9 and analysis, credit process review and improvement, management of outside collection
10 agencies, skip tracing (research to locate a customer after a service termination and the final bill
11 reaches delinquent status), final bill collection, credit investigations (e.g., customer attempting to
12 sign for new service with previous bad debts), ID validations and bankruptcy
13 processing. Regular analysis and reporting of key credit metrics drive credit risk guidelines (i.e.,
14 account securitization, bill extension and payment arrangement terms) as well as individual
15 customer credit decisions. These activities are critical in assessing credit risk exposure and
16 managing bad debt expense.

17 Credit and Collections also plays an important role in protecting consumers from identity
18 theft by administering, implementing and supporting provisions of The Fair & Accurate Credit
19 Transactions Act (“FACTA”)²³ ID validation and ID theft processes. The calculations for
20 estimated expenses are included in workpapers, Ex. SCG-11-WP, 200004.

21 **2. Forecast Method**

22 A base year forecasting methodology was applied to project Credit and Collections O&M
23 costs. 2013 represents the most recent recorded labor and non-labor costs. Adjustments for full
24 year staffing and investments to support operational efficiency were added to the base year to
25 represent forecasted expenses in the test year.

²³ See Ex. SCG-11-WP 200004 Supplemental Workpaper 1.

1 **3. Cost Drivers**

2 Table 22 shows the change from 2013 Adjusted-Recorded expenses to TY2016
3 Estimated expenses and the major impacts on the Credit and Collections TY 2016 expenses are
4 identified in Table 23. SoCalGas proposes a TY 2016 increase of \$315,000 (1.6 FTEs) from
5 2013 recorded adjusted costs.

6 **TABLE 23**
7 **TY 2016 Incremental Changes to Credit and Collections**
8 **(Thousands of 2013 Dollars)**

	2013/2016 Change \$(000)	Labor	Non- Labor	FTEs
Credit and Collections	\$315	\$117	\$198	1.6
Adjustments for full year staffing in Credit and Collections	\$117	\$117	\$0	1.6
Adjustments in support of Collections Optimization Phases 2 & 3 initiatives	\$198	\$0	\$198	0.0

9 **a. Adjustments for full year staffing in Credit and Collections**

10 SoCalGas is requesting an incremental \$117,000 (1.6 FTEs) to cover positions that
11 incurred partial recorded expenses in 2013. 2013 Base year numbers include 8 months of a
12 Project Specialist position (\$51K in labor and 0.7 FTEs) and a combined 21 months of 3
13 Collections Clerks positions (\$128K in labor and 1.75 FTEs).

14 **b. Adjustments in support of Collections Optimization**
15 **Phases 2 & 3 initiatives**

16 SoCalGas is requesting an incremental \$198,000 in non-labor to support collections
17 improvements implemented through the Collections Optimization capital projects. (Phase 2
18 #14875, Phase 3 #14877)

19 These projects are further described in Section IV of CSOO testimony, and the capital
20 project costs are sponsored in the Information Technology testimony of witness Christopher
21 Olmsted Ex. SCG-18. The resulting incremental O&M costs are included in the CSOO request
22 and are as follows:

- 23 (1) \$34,259 in vendor fees to perform outbound closing bill reminder calls as described in
24 Collections Optimization Phase 2, project #14875.

(2) \$156,000 in annual software costs to manage performance of and reconcile the receivables sent to Outside Collections Agencies as described in Collections Optimization Phase 2, project#14875

(3) \$7,693 in vendor fees for “challenge questions” to help verify customers’ identities as described in Collections Optimization Phase 3, project #14877

H. Credit and Collections Postage

TABLE 24

TY 2016 Summary of Non-Shared Credit and Collections Postage Costs

(Thousands of 2013 Dollars)

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
7. Credit and Collections Postage	\$1,899	\$1,308	(\$591)

1. Description of Costs and Underlying Activities

Credit and Collections postage expenses include the cost of mailing collection notices. The calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP, 200004.001.

2. Forecast Method

A base year forecasting methodology was applied to project Credit and Collections Postage O&M costs. This method is most appropriate because the process of mailing a separate Past Due Payment Notice for residential customers was discontinued effective September 20, 2013, which resulted in reduced postage expense.

3. Cost Drivers

Table 24 shows the change from 2013 Adjusted-Recorded expenses to TY2016 Estimated expenses and the major impacts on the Credit and Collections Postage TY 2016 expenses are identified in Table 25. SoCalGas proposes a TY 2016 reduction of \$591,000 in non-labor from 2013 recorded adjusted costs.

1 **TABLE 25**

2 **TY 2016 Incremental Changes to Credit and Collections Postage**

3 **(Thousands of 2013 Dollars)**

	2013/2016 Change \$(000)	Labor	NSE Non- Labor	FTEs
Credit and Collections Postage	(\$591)	0	(\$591)	0.0
Reduction of Postage Expense	(\$591)	0	(\$591)	0.0

4 **a. Reduction of Postage Expense due to Capital Projects**

5 SoCalGas is projecting a reduction of \$591,000 due to postage savings resulting from
6 incorporating the late payment notice on the customer bill. This change is part of the
7 implementation of the Collections Optimization Phase 1 Capital Project (#81415), and is further
8 described in Section IV of CSOO testimony. The capital project costs are sponsored in the
9 Information Technology testimony of witness Christopher Olmsted Ex. SCG-18.

10 At the time of its Notice of Intent (“NOI”) submittal, SoCalGas forecasted a Credit and
11 Collections postage savings of \$844,000 resulting from incorporating the late payment notice
12 with the customer’s bill. Although it had been determined that some of the paperless savings
13 would be offset by the requirement to mail a paper bill with the late notice to a customer signed
14 up for paperless billing, specific cost impacts had not been determined when the NOI was
15 submitted. Reporting has subsequently been developed and SoCalGas has determined that over
16 30% of customers who receive late notices are signed up for paperless billing but need to receive
17 paper bills containing the late notice. As a result, the initial forecasted savings has been reduced
18 from \$844,000 to \$591,000.

1 **I. Remittance Processing**

2 **TABLE 26**

3 **TY 2016 Summary of Non-Shared Remittance Processing Costs**

4 **(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
8. Remittance Processing	\$6,454	\$6,423	(\$31)

5 **1. Description of Costs and Underlying Activities**

6 Remittance Processing provides printing and inserting services for customer bills,
7 notices, letters and other customer correspondence as well as management support for payment
8 processing activities. Expenses include the labor costs associated with these activities as well as
9 non-labor costs for paper stock, bill forms, envelopes, stationery items, printer and inserter
10 machine maintenance and associated consumable supplies. SoCalGas provides electronic bill
11 presentment and payment (“EBPP”) through the SoCalGas My Account website where
12 customers can access their current and historical billing statements. SoCalGas also provides
13 electronic bill delivery through multiple bill consolidation networks (“consolidator”) that allow
14 customers to receive SoCalGas electronic bills at the website of their financial institution.
15 Approximately 4.5% of customers receive their SoCalGas bills electronically through banks or
16 other financial institutions. Consolidator vendors charge SoCalGas a fee for each electronic bill
17 delivered, and consolidator vendor costs are included in this area. The calculations for
18 estimated expenses are included in workpapers, Ex. SCG-11-WP, 200005.

19 **2. Forecast Method**

20 A base year forecasting methodology was applied to project Remittance Processing
21 O&M costs. These costs are driven by the volumes of bills, notices and payments which are
22 impacted by customer growth as well as customer choice of billing and payment channels. For
23 these reasons, the base year 2013 is used as basis to forecast TY2016, plus adjustments for cost
24 increases and savings from these activities.

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3. Cost Drivers

Table 26 shows the change from 2013 Adjusted-Recorded expenses to TY2016 Estimated expenses and the major impacts on the Remittance Processing TY 2016 expenses are identified in Table 27. SoCalGas proposes a TY 2016 reduction of \$31,000 in non-labor from 2013 recorded adjusted costs.

TABLE 27
TY 2016 Incremental Changes to Remittance Processing
(Thousands of 2013 Dollars)

	2013/2016 Change \$(000)	Labor	Non- Labor	FTEs
Remittance Processing	(\$31)	\$0	(\$31)	0.0
Savings from paperless adoption	(\$181)	\$0	(\$181)	0.0
Increased vendor fees For e-bills delivered	\$150	\$0	\$150	0.0

a. Savings from paperless adoption

SoCalGas is projecting a reduction of \$181,000 due to savings from bills, envelopes, and toner required to produce paper bills. Bill forms, envelopes and printing expenses are reduced due to the forecasted increase in electronic bills and the corresponding reduction in the cost of printing paper bills. The detailed calculations for estimated expenses are included in Ex. SCG-11-WP-200005 supplemental workpaper 1.

b. Increased vendor fees for e-bills delivered

SoCalGas is requesting an incremental \$150,000 for increased vendor fees for consolidator e-bills delivery and online bill presentment. The requested increase is based on the assumed growth rate of accounts that receive consolidator bills. The detailed calculations for estimated expenses are included in Ex. SCG-11-WP-200005 supplemental workpaper 1.

J. Remittance Processing Postage

TABLE 28

TY 2016 Summary of Non-Shared Remittance Processing Postage Costs

(Thousands of 2013 Dollars)

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
9. Remittance Processing Postage	\$17,521	\$16,651	(\$870)

1. Description of Costs and Underlying Activities

Remittance Processing Postage expenses include the cost of mailing customer bills, notices, letters and other customer correspondence. The calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP, 200005.001.

2. Forecast Method

A base year forecasting methodology was applied to project Remittance Processing Postage O&M costs. Postage for bill delivery includes postage for paper bills and notices mailed through the United States Postal Service (“USPS”). The postage expense depends on current postage rates which are determined by the USPS and the volume of paper bills and notices which are impacted by customer growth as well as electronic bill adoption levels. For these reasons, a base year is used as the basis to forecast TY 2016, plus adjustments (as detailed below) for postage rate increases for paper bills and notices mailed through USPS and savings from paperless billing (My Account) and electronic bill delivery to customers’ home banking websites (consolidator).

3. Cost Drivers

Table 28 shows the change from 2013 Adjusted-Recorded expenses to TY2016 Estimated expenses and the major impacts on the Remittance Processing Postage TY 2016 expenses are identified in Table 29. SoCalGas proposes a TY 2016 reduction of \$870,000 in non-labor from 2013 recorded adjusted costs.

1 **TABLE 29**

2 **TY 2016 Incremental Changes to Remittance Processing Postage**

3 **(Thousands of 2013 Dollars)**

	2013/2016 Change \$(000)	Labor	NSE Non- Labor	FTEs
Remittance Processing Postage	(\$870)	\$0	(\$870)	0.0
Increase in postage due to meter growth	\$412	\$0	\$412	0.0
Increase in postage due to rate increase	\$1,444	\$0	\$1,444	0.0
Postage savings due to reduction in printed bills (increased adoption of paperless billing)	(\$2,726)	\$0	(\$2,726)	0.0

4 **a. Meter Growth**

5 SoCalGas is requesting an incremental \$412,000 for an increase of 1,194,308 paper bills
6 resulting from forecasted meter growth from 2013 – 2016. The projected rate of paper bills per
7 meter in TY 2016 is 7.6. Forecasted meter growth is covered in witness Rose-Marie Payan’s
8 testimony, Ex. SCG-30.

9 **b. USPS Postage Rate Increase**

10 SoCalGas is requesting an incremental \$1,444,000 related to increased postage rates.²⁴
11 On December 24, 2013, the USPS was granted a 0.8 cent per piece increase due to inflation and
12 a 1.3 cent per piece increase due to exigent (compelling) circumstances. The combined 2.1 cent
13 per piece increase was effective January 26, 2014.

14 **c. Paperless Adoption**

15 SoCalGas is projecting a reduction in postage cost of \$2,726,000 due to incremental
16 customer adoption of paperless electronic billing statements. The average number of bills and
17 letters issued per meter (both paper and electronic/paperless) is approximately 12 per year. The
18 number of paper bills sent by mail per meter has declined from 10.25 in 2009 to 8.62 in 2013,
19 which equates to an approximately 3% annualized reduction over this time period. SoCalGas
20 projects that this trend will continue at a slightly reduced rate based on an observed slowdown in
21 the reduction rate in the latter half of 2013. Achieving a continued reduction is dependent on the

²⁴ Remittance Processing qualifies for a 5 digit rate due to the volume of mail they send. As a result, their postage increase is equal to 2.1 cents as opposed to Credit & Collections postage increase of 2.2 cents.

capital investments in the My Account Mobile1C and SoCalGas My Business Account projects as described in Capital Projects (#81423 and #81436) in section IV.B.

K. Customer Service Other Office Operations and Technology

TABLE 30

**TY 2016 Summary of Non-Shared Customer Service Other Office Ops and Technology Costs
(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
10. Customer Service Other Office Ops and Technology	\$3,330	\$4,501	\$1,171

1. Description of Costs and Underlying Activities

Customer Service Other Office Ops and Technology is comprised of the following groups:

- Vice President of Customer Services

The Vice President of Customer Services provides oversight and leadership for all Customer Services activities. This area also contains executive support as well costs associated with a summer internship program (described in more detail below).

- Customer Operations Technology

Customer Operations Technology (“COT”) serves as a business liaison with information technology to support customer related systems and data. The group provides business systems support including:

- Business requirements definition, analysis and prioritization;
- Quality assurance, user acceptance and regression testing of applications;
- Responding to and coordinating with IT on system issues;
- Compiling and publishing system change release notes;
- Administering user access and privileges to customer applications; and
- Facilitating internal requests for data from customer systems.

Customer Service Technology Project Management

Customer Service Technology Project Management helps ensure that customer related IT projects deliver the intended business value in alignment with the priorities of the Customer Services and Customer Solutions organizations. The group develops and manages the governance and standards for customer service technology projects, and monitors and reports on project status. Specifically, the group facilitates and supports the following activities:

- Project identification, prioritization and approval;
- Business case development;
- Significant risk and issue tracking;
- Cross project dependency identification and management;
- Schedule and budget tracking;
- Change control;
- Project close-out and transition to ongoing business support; and
- Consolidated project status reporting.

Business Planning Client Support

Business Planning Client Support manages the annual budget and provides financial leadership for the Customer Services, Innovations & Strategy operational organizations. The group works collaboratively with the client organizations to provide comprehensive financial reporting of operating results, produce variance reporting, develop year-end outlooks, annual budgets and the 5 year financial plan. The group also ensures that client organizations are in compliance with company policies, accounting principles and Sarbanes-Oxley reporting requirements.

The calculations for estimated expenses for Customer Service Other Office Operations and Technology are included in workpapers, Ex. SCG-11-WP, 200006.

2. Forecast Method

A base year forecasting methodology was applied to project Customer Services Other Office Ops and Technology O&M costs. The base year method is appropriate because it reflects the growing level of support required as the number of technology projects increases. It also reflects the increased support required as the number and complexity of customer technology

1 applications has grown. These costs are not reflected in historical averages, but are planned to
 2 continue in the forecast years.

3 **3. Cost Drivers**

4 Table 30 shows the change from 2013 Adjusted-Recorded expenses to TY2016
 5 Estimated expenses and the major impacts on the Customer Service Other Office Ops and
 6 Technology TY 2016 expenses are identified in Table 31. SoCalGas proposes a TY 2016
 7 increase of \$1,171,000 (11.8 FTEs) from 2013 recorded adjusted costs.

8 **TABLE 31**
 9 **TY 2016 Incremental Changes to Customer Service Other Office Ops and Technology**
 10 **(Thousands of 2013 Dollars)**

	2013/2016 Change \$(000)	Labor	Non- Labor	FTEs
Customer Service Other Office Ops and Technology	\$1,171	\$1,015	\$156	11.8
Summer internship program	\$55	\$55	\$0	1.3
Establish a Customer Data Privacy Program	\$507	\$360	\$147	4.0
Increase support for mobile customer applications	\$114	\$114	\$0	1.5
Increase data analytics support	\$186	\$186	\$0	2.0
Increased customer technology program management	\$309	\$300	\$9	3.0

11 **a. Summer internship program**

12 SoCalGas is requesting an incremental \$55,000 (1.3 FTEs) to cover the costs of a
 13 summer internship program. This program leverages college students to work on projects in a
 14 variety of departments within CSOO. SoCalGas benefits from lower-cost labor (as
 15 recommended by ORA in their response to witness Edward Fong’s testimony in the 2012
 16 SoCalGas GRC)²⁵ to complete important company work. The program is also a recruiting
 17 mechanism for entry-level positions within Customer Services and provides an opportunity for
 18 college students and SoCalGas to evaluate fit and mutual interest for future employment.

²⁵ A.10-12-005/006 DRA-48. Page 5; Lines 17-19.

1 **b. Customer Data Privacy Program for SoCalGas**

2 SoCalGas is requesting an incremental \$360,000 (4 FTEs) for resources to develop and
3 manage a Customer Data Privacy Program. This program will ensure customer information is
4 handled in accordance with company privacy policies and that SoCalGas complies with CPUC
5 D. 12-08-045, mandating privacy rules for energy use data for natural gas corporations.

6 SoCalGas Privacy Policies require customer information to be safeguarded and classified
7 as confidential,²⁶ and Regulatory mandates and laws also govern the protection of customer data.
8 SoCalGas is dedicated in its obligation to continue to protect customer data as business needs,
9 regulations and laws continue to change. As previously noted, SoCalGas has designated the
10 Vice President of Customer Services to be the company's Chief Customer Privacy Officer
11 accountable for customer privacy across the organization, to set policy, and provide resources for
12 achieving enterprise privacy goals and objectives. The Customer Operations Director is also
13 assigned responsibility for oversight of the implementation of privacy policy. Increased
14 employee data protection awareness, more robust compliance programs and a heightened
15 employee awareness of methods to protect customer data are all required. In addition, SoCalGas
16 will work to educate third parties who request data on expectations of how to protect customer
17 data provided by SoCalGas. The Customer Data Privacy Program is a new compliance program
18 created to ensure Customer Privacy policies, rules and laws are understood, implemented and
19 followed and that customer data is protected.

20 Third parties including researchers, state and local governments and agencies are
21 increasingly requesting access to customer data to develop innovative ways to advance new
22 energy practices. Those requesting customer data do not always understand the risk associated
23 with mishandling customer energy usage data. To help address this need, the CPUC adopted D.
24 12-08-045 extending the privacy rules for energy use data as ordered for the electric decision in
25 D.11-07-056 to natural gas corporations as well as community choice aggregators and energy
26 service providers. Balancing the needs of third parties with the privacy rules for energy use data
27 can be a challenge. The Customer Privacy Program applies a structured approach to assessing

²⁶ Confidential information is any information that if disclosed or corrupted in an unauthorized manner could cause great harm to an individual or the company. It requires reasonable control because unauthorized access or improper security measures could cause a violation of applicable law or could harm the company's reputation, credibility, competitive advantage, revenue generating potential or employee morale.

1 third party requests and applying the appropriate authoritative rules to help ensure customer data
2 privacy.

3 To prepare for these changes, a Customer Privacy Program Manager was hired to
4 implement the compliance program for the new Privacy Rules set forth in SoCalGas Tariff Rule
5 42.²⁷ The program manager is responsible for administering the day-to-day activities of the
6 customer data privacy program including but not limited to:

- 7 • Data governance using Generally Accepted Privacy Principles as a framework;
- 8 • Outreach and training for employees, vendors and other third parties on ways to
9 protect customer data that comply with Federal and State laws;
- 10 • Managing a privacy impact assessment process that is required for capital
11 technology projects to ensure data privacy and data security controls are fully
12 incorporated into technology implementations;
- 13 • Overseeing the development of an annual privacy report to be filed with the
14 commission;
- 15 • Administering an independent privacy audit of customer energy usage data with
16 each application year of the Company's GRC cycle beginning in 2014 in
17 compliance with CPUC D.12-08-045; and
- 18 • Overseeing an online customer usage data request and sharing process as ordered
19 in the Phase III Decision for the Energy Data Center (D.14-05-016) that protects
20 customer information but allows for an efficient way for third parties to use
21 customer energy usage data to drive energy policies.

22 In 2015, two Customer Privacy Business Systems Analysts will be added to further
23 advance the Customer Data Privacy Program at SoCalGas. One of the Business Systems
24 Analysts will assist the Customer Data Privacy Program Manager with on-going monitoring and
25 outreach for the Customer Privacy Compliance Program. This includes establishing champions
26 in each department that are knowledgeable of Customer Privacy policies, rules and laws. It also
27 includes managing content on the Customer Privacy website, which needs to be reviewed
28 regularly for relevancy, current changes in regulations and tips/tools to help employees keep

²⁷ Tariff Rule 42 resulted from D-12-08-045 and was approved by the commission in August of 2013.

1 customer information confidential. The Business System Analyst will also help educate
2 employees by assisting with Privacy Impact Assessments for projects and supporting the
3 development of the annual privacy report.

4 Two Business Systems Analysts will be required to administer all third party requests for
5 data, assessing the requests and either denying or fulfilling the requests as ordered in the Smart
6 Grid Phase III Decision D.14-05-016. One analyst will be responsible for ongoing review,
7 update and maintenance of approved data requests as well as ensuring data is posted to the third
8 party request portal as further described in capital project #14912 - Third Party Data Request
9 Web Portal. The second analyst will work on ad-hoc third party data requests and will coordinate
10 with others in the company to determine the intent and validity of the request, clarify any data
11 requirements and ensure all requests are in compliance with the decision.

12 SoCalGas is requesting \$30,000 in non-labor for (1) licensing of an on-line training
13 module to educate SoCalGas employees on how to protect personal information; (2) education
14 and certification costs for a Certified Information Privacy Professional (“CIPP”) designation for
15 the Privacy Program Manager; and (3) bill insert costs to inform new customers of the SoCalGas
16 Privacy Notice.²⁸

17 SoCal Gas is requesting \$117,000 in non-labor for costs associated with a customer
18 energy usage information data privacy audit. In compliance with CPUC D.12-08-045, SoCalGas
19 has contracted with a third party to perform an independent privacy audit of SoCalGas’ data
20 privacy and security practices.²⁹ The audit is scheduled to be completed in September 2014.
21 The results of the audit will be included in the testimony of witness Greg Shimansky Ex. SCG-
22 36 as part of SoCalGas’ final TY 2016 GRC application. Assuming SoCalGas is on a three year
23 rate case cycle, the next independent privacy audit will be conducted and reported to the CPUC
24 as part of its TY 2019 GRC application. The amount requested represents one third of the total
25 cost of SoCalGas’ 2014 audit (\$243K) adjusted for anticipated audit cost increases expected in
26 2017.

²⁸ To comply with the use and disclosure limitation as ordered in D.12-08-045.

²⁹ CPUC D.12-08-045 page 48 O.P. 5. “Southern California Gas Company must submit annual privacy reports to the Director of Energy Division and conduct independent audits of privacy policies commencing with March 2014. Subsequent privacy audits will be due in March of the year in which the company’s General Rate Case is being considered.”

1 **c. Increased support for mobile customer applications**

2 SoCalGas is requesting an incremental \$114,000 (1.5 FTEs) to provide business systems
3 analyst support for mobile applications. The significant growth in the volume of personal
4 device types, sizes, manufacturers and models that customers use to access SoCalGas customer-
5 facing applications (such as My Account) has increased the level of support required to ensure
6 that these applications function properly when accessed from these various device types. The
7 increase in the amount of mobile functionality that SoCalGas continues to make available to
8 customers also requires an increase in support. Additional resources are required to perform
9 quality assurance and user acceptance testing for mobile devices, as well as to assist with
10 identifying and prioritizing application defects and enhancements and also resolving production
11 system issues. Additional distinct incremental mobile support costs for the Customer
12 Engagement & Insights team are sponsored in the testimony of Witness Ann Ayres, Ex. SCG-12.

13 **d. Increased data analytics support**

14 SoCalGas is requesting an incremental \$186,000 (2 FTEs) for increased data analytics
15 support. As described in the capital section IV.B.3 of this testimony, the Integrated Customer
16 Data & Analytics (“ICDA”) project (#14826) will integrate customer information and
17 operational transactions information to an updated data architecture platform with greater data
18 mining and analytic capabilities. Specifically, ICDA will integrate customer usage data with
19 SoCalGas customer information and third party customer databases. This integrated data
20 repository will require additional business system analyst resources in 2014 to support the initial
21 design, development, and maintenance of the Integrated Customer Data Analytics system. On-
22 going support is required to maintain new and changing data including updating the descriptions,
23 training and communicating the changes to the organization.

24 **e. Increased customer technology program management**

25 SoCalGas is requesting an incremental \$309,000 (3 FTEs) for additional resources
26 required to provide business program management support for technology related customer
27 initiatives. In mid-2013, consulting resources were engaged to help define and organize a
28 business program management office (“BPMO”). The purpose of the BPMO is to oversee the
29 delivery of major customer related projects and initiatives and collaborate with IT to ensure that
30 projects deliver the intended business value. Governance and business project management
31 guidelines have been established to ensure that all customer projects have the right level of

1 business support from strategy, to concept, to completed project. The BPMO monitors all major
2 customer projects, ensures that dependencies between projects are properly identified and
3 facilitates project risk and issue management. The BPMO also provides consolidated project
4 status reporting to managers and executives. 2014 costs reflect a full year of consulting
5 resources to sustain program management operations as well as the addition of a consultant
6 Business Architect. The Business Architect's role is to help ensure that the portfolio of customer
7 technology projects is aligned with SoCalGas' customer service priorities. The Business
8 Architect supports the organization by translating strategies into business capabilities, processes
9 and technologies required to meet current and future needs. Key responsibilities of the Business
10 Architect include:

- 11 • Understand company strategic priorities and business drivers as well as other customer
12 facing strategies;
- 13 • Translate strategies into the business capabilities required to enable business strategy;
- 14 • Identify the gaps between current capabilities and desired state;
- 15 • Develop implementation roadmaps;
- 16 • Conduct analysis to determine best path for solving business problems/opportunities that
17 may include process improvement, systems enhancement, user training, new skills,
18 data/information and organizational structure;
- 19 • Inventory and understand in-flight and proposed initiatives and determine alignment to
20 deliver required capabilities and identify gaps, overlaps and conflicts across initiatives;
- 21 • Develop or review project requirements, use cases and other functional deliverables to
22 ensure comprehensiveness and alignment with business strategy;
- 23 • Collaborate with line organizations on business case development and financial impact
24 analysis; and
- 25 • Understand high-level IT Architecture and collaborate with IT Architects to ensure IT
26 solutions align to business needs.

27 TY 2016 costs reflect a transition of consulting resources to employee positions.
28

1 **III. SHARED COSTS**

2 **A. Introduction**

3 **TABLE 32**

4 **Utility-Shared O&M Summary of Costs**

5 **(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Major Market Credit & Collections 2200-0354	\$1,488	\$1,518	\$30
2. Payment Processing 2200-0355	\$3,364	\$3,364	\$0
3. Manager of Remittance Processing 2200-2247	\$428	\$428	\$0
4. Sr. VP Customer Service, Innovation & Strategy 2200-2240	\$452	\$452	\$0
Total	\$6,002	\$6,032	\$30

6 This section presents SoCalGas' estimated TY 2016 expenses for CSOO shared services
7 that are required for both SoCalGas and SDG&E. The CSOO shared service expenses include
8 both labor and non-labor costs on a total incurred basis, as well as the shared service allocation
9 percentages to support certain aspects of both SoCalGas and SDG&E CSOO functions. Those
10 percentages are presented in the CSOO shared services workpapers, along with a description
11 explaining the activities being allocated. See Ex. SCG-11-Shared Services Workpapers. The
12 dollar amounts allocated to affiliates are presented in the Shared Services Policy and Procedures
13 testimony sponsored by witness Mark Diancin Ex. SCG-25. Table 32 summarizes the shared
14 services for CSOO.

1 **B. Major Market Credit and Collections 2200-0354**

2 **TABLE 33**

3 **TY 2016 Summary of Utility-Shared Major Market**

4 **Credit and Collections 2200-0354 Costs**

5 **(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Major Market Credit and Collections 2200-0354	\$1,488	\$1,518	\$30

6 **1. Description of Costs and Underlying Activities**

7 Major Market Credit and Collections is a shared service utilized by several departments
8 at both SoCalGas and SDG&E including: SoCalGas Gas Acquisition; SDG&E Electric & Fuel
9 Procurement; Contracted Marketer program; Core Aggregation Transportation program;
10 Capacity Products; California Producers; Renewable Energy & Long-Term Power Contracts;
11 Interconnection Agreements; Large Commercial & Industrial Customers; Sundry account
12 activity.

13 The group is responsible for the following activities:

- 14 • Establishing credit;
- 15 • Mitigating credit risk;
- 16 • Maintaining collateral;
- 17 • Negotiating contract credit terms;
- 18 • Monitoring accounts receivable; and
- 19 • Performing collections activity.

20 Collections activity includes working with Account Representatives on delinquent
21 accounts for the noncore market, contacting customers on delinquencies, making payment
22 arrangements when necessary and making arrangements with the field personnel to terminate
23 service when appropriate. In addition, the group is typically involved in the review of contracts
24 and tariffs that require credit provisions as well as the review of the Utilities' use of various

1 credit instruments such as Parental Guarantees, Letters of Credit, Surety Bonds and other credit
2 mitigation agreements.

3 The calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP-
4 2200-0354.

5 **2. Forecast Method**

6 A base year forecasting methodology was applied to project Major Market Credit and
7 Collections O&M costs. 2013 cost levels were similar to historical averages and a good
8 representation for the forecast because they are in-line with the workgroup's TY 2016 estimated
9 labor and non-labor expenses. Adjustments were made to the forecast years to maintain full year
10 staffing levels.

11 **3. Cost Drivers**

12 Table 33 shows the change from 2013 Adjusted-Recorded expenses to TY2016
13 Estimated expenses and the major impacts on Credit & Collections 2200-0354 TY 2016
14 expenses are identified in Table 34.

15 **TABLE 34**
16 **TY 2016 Incremental Changes to Major Market Credit and Collections 2200-0354**
17 **(Thousands of 2013 Dollars)**

	2013/2016 Change (\$000)	Labor	Non- Labor	FTEs
Major Market Credit and Collections USS 2200- 0354	\$30	\$30	\$0	0.3
Adjustment for Full Year Staffing for Major Market Credit and Collections	\$30	\$30	\$0	0.3

18 **a. Adjustments for Full Year Staffing for Major Market Credit**
19 **and Collections**

20 SoCalGas is requesting an incremental \$30,000 (0.3 FTE) for a position that incurred
21 partial recorded expenses in 2013. Base year numbers reflect approximately 9 months of a
22 Manager position (\$105K in Labor and 0.7FTE). During this time, some of these responsibilities
23 were covered by the group's supervisors, while many decisions regarding the operational
24 guidance and overall direction of the group were temporarily delayed.

C. **Payment Processing and Manager of Remittance Processing 2200-0355 & 2200-2247**

TABLE 35

**TY 2016 Summary of Utility-Shared Payment Processing 2200-0355 and Manager of Remittance Processing 2200-2247 Costs
(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
2. Payment Processing 2200-0355	\$3,365	\$3,365	\$0
3. Manager of Remittance Processing 2200-2247	\$427	\$427	\$0

1. Description of Costs and Underlying Activities

Payment Processing and Manager of Remittance Processing expenses cover the cost of processing payments mailed to SoCalGas through the USPS as well as electronic payments received through home banking, electronic data interchange, wire transfers and electronic pay programs, including direct debit, pay-by-phone, and My Account.

Additional functions performed by Payment Processing include handling returned checks, investigating payments received without associated account information, processing of all miscellaneous non-gas revenues (e.g., oil lease revenues) and responding to payment inquiries from banking institutions and authorized payment locations.

The calculations for estimated expenses are included in workpapers, Ex. SCG-11-WP - 2200-0355 and 2200-2247.

2. Forecast Method

Forecast Method (Payment Processing 2200-0355)

A base year forecasting methodology was applied to estimate Payment Processing O&M costs. The costs fluctuated from 2009 through 2012. However, 2013 cost levels were below historical averages and a good representation for the forecast because they are in-line with the workgroup's TY 2016 estimated labor and non-labor expenses with no changes anticipated.

1 **Forecast Method (Manager of Remittance Processing 2200-2247)**

2 A base year forecasting methodology was applied to project Manager of Remittance
3 Processing O&M costs. 2013 cost levels were similar to historical averages and a good
4 representation for the forecast because they are in-line with the workgroup’s TY 2016 estimated
5 labor and non-labor expenses with no changes anticipated.

6 **3. Cost Drivers**

7 SoCalGas TY 2016 forecasted costs for the Payment Processing and Manager of
8 Remittance Processing shared services O&M are unchanged from the BY 2013 adjusted
9 recorded expense level as illustrated by Table 35. **D.SR VP Customer Service Innovation &
10 Strategy**

11 **TABLE 36**
12 **TY 2016 Summary of Utility-Shared SR VP Customer Service Innovation &**
13 **Strategy 2200-2240**
14 **(Thousands of 2013 Dollars)**

CS - OFFICE OPERATIONS			
Shown in Thousands of 2013 Dollars			
A. Customer Service Office Operations	2013 Adjusted-Recorded	TY2016 Estimated	Change
4. Sr. VP Customer Service Innovation & Strategy 2200-2240	\$452	\$452	\$0

15 **1. Description of Costs and Underlying Activities**

16 The Senior VP of Customer Service Innovation & Strategy is responsible for all customer
17 services and programs, as well as strategic planning and development of new businesses and
18 technologies at SoCalGas. This includes providing executive leadership to guide the formulation
19 of service policies supporting improved customer satisfaction, customer communications,
20 business strategy and development, environmental and legislative, biofuel development and
21 natural gas vehicles within gas service. The calculations for estimated expenses are included in
22 workpapers, Ex. SCG-11-WP -2200-2240.

23 **2. Forecast Method**

24 A base year forecasting methodology was applied to project Senior VP of Customer
25 Service Innovation & Strategy O&M costs. This method is most appropriate because this

1 position was created in late 2012 and any historical average or linear trend would not accurately
2 reflect the dollars needed to support this cost category. Additionally, this methodology is
3 appropriate and a good representation for the forecast because it is reflective of the workgroup's
4 TY 2016 estimated labor and non-labor expenses and there are no changes anticipated.

5 **3. Cost Drivers**

6 SoCalGas TY 2016 forecasted costs for the Senior VP of Customer Service Innovation &
7 Strategy shared services O&M are unchanged from the BY 2013 adjusted recorded expense level
8 as illustrated by Table 36.

9 **IV. CAPITAL**

10 **A. Introduction**

11 SoCalGas CSOO testimony sponsors several capital projects which are important to
12 achieve the objective of providing safe, efficient, effective and reliable service. This section
13 identifies these capital projects and provides a description and business rationale for each project.
14 For the CSOO sponsored capital projects, estimated capital expense requests are included in
15 testimony of witness Christopher Olmsted (Information Technology, Ex. SCG-18). Table 37
16 summarizes the total capital forecasts for 2014, 2015, and 2016.
17

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TABLE 37
Capital Summary of Costs
(Thousands of 2013 Dollars)

Project Number	Capital Projects	2014 (\$000)	2015 (\$000)	2016 (\$000)
14914	Customer Order Communication	\$241	\$913	\$0
15925	Voice Recording and QA tools - Collections and Billing	\$0	\$403	\$0
14826	Integrated Customer Data & Analytics	\$1,435	\$3,080	\$326
81423	My Account Mobile 1C	\$1,273	\$416	\$0
81436	SCG My Business Account	\$1,958	\$2,012	\$1,615
81424	SCG IVR Ph 4	\$1,742	\$151	\$0
	Improved Customer Experience Total	\$6,649	\$6,975	\$1,941
81435	My Account Technology Refresh	\$7,874	\$6,183	\$295
51809	CCC Avaya System Refresh	\$0	\$0	\$753
15823	CCC Genesys Upgrade	\$0	\$0	\$601
15920	Small Cap Requests (Customer Operations Technology Application Server)	\$0	\$10	\$10
	Obsolescence and Technology Refresh Total	\$7,874	\$6,193	\$1,659
81415, 14875, 14877, 15878	Collections Optimization Phases 1-4	\$1,312	\$257	\$3,367
	Operational Efficiency/Continuous Improvement Total	\$1,312	\$257	\$3,367
81418, 14843	Customer Data Controls Phases 1-2	\$1,775	\$527	\$0
14912	3rd Party Data Request Web Portal	\$0	\$693	\$0
	Mandated Total	\$1,775	\$1,220	\$0
	Total	\$17,610	\$14,645	\$6,967

CSOO capital expenditures are driven by four factors:

- Improved Customer Experience;
- Obsolescence and Technology Replacement;
- Operational Efficiency / Continuous Improvement; and
- Mandated.

1 **B. Improved Customer Experience**

2 **TABLE 38**

3 **Improved Customer Experience Capital Summary**

4 **(Thousands of 2013 Dollars)**

Project Number	Capital Projects	2014 (\$000)	2015 (\$000)	2016 (\$000)
14914	Customer Order Communication	\$241	\$913	\$0
15925	Voice Recording and QA tools - Collections and Billing	\$0	\$403	\$0
14826	Integrated Customer Data & Analytics	\$1,435	\$3,080	\$326
81423	My Account Mobile 1C	\$1,273	\$416	\$0
81436	SCG My Business Account	\$1,958	\$2,012	\$1,615
81424	SCG IVR Ph 4	\$1,742	\$151	\$0
	Improved Customer Experience Total	\$6,649	\$6,975	\$1,941

5 **1. Customer Order Communication**

6 **a. Description**

7 The forecast for Customer Order Communication for 2014, 2015, and 2016 are \$241,000,
8 \$913,000, and \$0, respectively. SoCalGas plans to build and expects to place in service
9 Customer Order Communication, Project #14914 by Q3 2015.

10 The objective of the project is to improve the customer experience by providing
11 residential and small commercial customers with timely and relevant order notifications for
12 fielded service orders from order initiation through order completion. Customers will have the
13 option to provide notification preferences when requesting a service order through the CCC or
14 self-service options. Communication options will include notification method (email, call, text,
15 etc.) and timing preferences for order status. Order types include start service, appliance service
16 / inspection and high bill investigations. Currently, customers have limited options for
17 receiving information about their order status. Customers may not remember the specific details
18 of their orders such as date, appointment window and access arrangements. Primary research³⁰ of
19 SoCalGas residential customers with service appointment experience indicated that:

- 20
- Almost all SoCalGas customers want notification prior to their service appointment day;

³⁰ "How Can SoCalGas Improve the Service Appointment Notification Process", conducted in March 2012 by Davis Research

- 1 • The majority of SoCalGas customers would also like to receive notification the day of
2 the appointment;
- 3 • Two-thirds of customers indicated their opinion of SoCalGas would increase if they
4 received a notification the day of their appointment;
- 5 • Customers' preferred method to receive advance notification (by home or cell phone,
6 email, or text) varied by age as well as when the notification would be made (days ahead,
7 or day of); and
- 8 • Customers also indicated that other companies they are satisfied with (in terms of the
9 notification process) do provide appointment notification.

10 The specific details regarding the Customer Order Communication project costs are
11 found in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-764E.

12 **2. Voice Recording and QA Tools- Collections and Billing**

13 **a. Description**

14 The forecast for Voice Recording and QA Tools- Collections and Billing for 2014, 2015,
15 and 2016 are \$0, \$403,000, and \$0, respectively. SoCalGas plans to build and expects to place in
16 service Voice Recording and QA Tools- Collections and Billing, Project #15925 by Q3 2015.

17 This project will implement voice recording and quality assurance tools for the Credit
18 and Collections and Mass Market Billing groups. These groups interact with customers to
19 discuss and resolve issues related to billing disputes, bankruptcies, legal disputes (puts a hold on
20 collection activities), past due active and closed accounts, termination of service, account
21 referrals to collection agencies and validations for new service if no Social Security Number was
22 provided. These tools will enable quality assurance review of calls to monitor for procedure
23 compliance and also provide the ability to replay conversations after disputes or legal inquiries.
24 Currently, there is no ability to record or play back customer interactions with Credit and
25 Collections and Mass Market Billing employees.

26 The specific details regarding Voice Recording and QA Tools- Collections and Billing
27 project costs are found in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-
28 CWP-764H.

1 **3. Integrated Customer Data & Analytics**

2 **a. Description**

3 The forecast for Integrated Customer Data & Analytics for 2014, 2015, and 2016 are
4 \$1,435,000, \$3,080,000 and \$326,000, respectively. SoCalGas plans to build and expects to
5 place in service Integrated Customer Data & Analytics, Project #14826 by Q1 2016.

6 The Integrated Customer Data & Analytics project will develop a customer data
7 warehouse that enables SoCalGas to transform customer data into actionable information for
8 operational, tactical or strategic business decisions. The project will create a single customer
9 data platform using new standardized data extraction techniques and new report dashboards.
10 These capabilities will improve the usability of customer data and improve the speed of decision
11 making. The project will also improve SoCalGas' capacity to respond to ad-hoc query requests
12 and timely analysis of customer usage information.

13 The current customer analytics data warehouse was developed over fifteen years ago
14 using mainframe technology and is not able to support the volume, variability or velocity of
15 customer data currently being generated by customer interactions. The current system constrains
16 SoCalGas' ability to manage, sort and analyze customer data for business decision making. The
17 current data warehouse is a collection of many sources, requiring business analysts to navigate
18 multiple databases and spend excessive time manually integrating data to answer basic business
19 questions. The separate databases have inconsistent definitions of similar data elements and
20 documentation on data definitions is often lacking in organization. In addition, the various
21 databases and related applications add to the complexity, level of effort and time required to
22 complete data queries. The ongoing growth and increasing complexity of customer data and the
23 volume of new customer data exacerbates difficulties in integrating customer information for
24 analysis. Due to the size of the data, the duplication of locations and the age of the data
25 management and report generation technology, it can require several days or longer to run and
26 compile large reports.

27 The project will also be used to increase the effectiveness and consistency of customer
28 interactions. SoCalGas will use customer insights to provide actionable information across
29 contact channels, allowing SoCalGas to improve customer service and customer experience by
30 offering tailored treatments or services, context-based interactions and comprehensive energy
31 solutions in the preferred customer channel. These insights will be based on contact history,

1 customer preferences, historical participation in programs, propensity to self-serve and energy
2 consumption patterns.

3 Key requirements for the Integrated Customer Data & Analytics project are:

- 4 • Upgrade the current customer data warehouse from the mainframe system to a data
5 appliance³¹;
- 6 • Combine data from over a dozen separate customer data silos into one appliance;
- 7 • Implement new processes and tools for dynamic data analysis and customer
8 segmentation;
- 9 • Build data models and data governance that will allow self-service access to
10 analytics;
- 11 • Provide analysis that support the continuing evolution from mass communication to
12 segmented communication; and
- 13 • Create Customer Analysis Records that will enable SoCalGas to provide proactive
14 and targeted services.

15 The increasing complexity of the business decisions faced by SoCalGas and our
16 customers creates a corresponding increased need for data to be disseminated into actionable
17 information more widely across to our enterprise, our customers and interested external
18 stakeholders. Without the ability to easily gather, analyze and share customer data, SoCalGas
19 will not be able to see the trends and patterns found in operational data as quickly, which can
20 provide tailored services to individual customers.

21 The specific details regarding Integrated Customer Data & Analytics project costs are
22 found in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-784A.
23

³¹ A data appliance is a combination hardware and software solution optimized for data warehousing and designed specifically for analytical processing.

1 **4. My Account Mobile 1C**

2 **a. Description**

3 The forecast for My Account Mobile 1C for 2014, 2015, and 2016 are \$1,273,000,
4 \$416,000, and \$0, respectively. SoCalGas plans to build and expects to place in service My
5 Account Mobile 1C, Project #81423 by Q1 2015.

6 The My Account Mobile 1C project will enhance customer service by providing SMS³²
7 text based service capabilities for customers who want to conduct billing and payment
8 transactions via text. Customers who opt to do so will be able to receive billing notifications,
9 obtain their current balance and pay SoCalGas bills via SMS text. This project will also expand
10 self-service functionality on the My Account mobile web platform by adding mobile optimized
11 pages for customers who prefer to use their mobile device to make payment arrangements.

12 SoCalGas implemented a mobile optimized version of the My Account in 2012. The
13 mobile optimized site currently provides limited functionality, primarily allowing customers to
14 view and pay their SoCalGas bills. Customers who want to perform other service transactions
15 are required to access the full My Account site which is not mobile optimized, making those
16 transactions difficult to complete from a mobile device. The percentage of My Account
17 customers visiting Mobile My Account has risen from 8 % of all My Account customers in 2012
18 to just over 21% of all My Account customers in 2013, while visits to mobile My Account site
19 have increased 93% over the same time period. As more customers continue to access the
20 internet via their smartphones³³ and the number of wireless-only households continues to
21 increase³⁴, it is important for SoCalGas to provide more eServices via mobile. eServices through
22 SMS text offers instant balance and payment processing to customers that do not own a
23 smartphone or cannot access a computer due to income or location. 84% of adult Americans
24 with a household income of less than \$30,000/year own a mobile phone, with ownership
25 represented equally by ethnicity. For African-Americans and White adults, 90% own a mobile
26 phone, while 92% of Hispanic adults own a mobile phone³⁵. Text and mobile access to My

³² SMS stands for Short Message Service and is also commonly referred to as a "text message". With SMS, you can send a message of up to 160 characters. Most mobile phones support SMS.

³³ <http://www.pewinternet.org/2013/09/16/cell-internet-use-2013/>

³⁴ <http://www.cdc.gov/nchs/data/nhsr/nhsr070.pdf>

³⁵ <http://www.pewinternet.org/data-trend/mobile/cell-phone-and-smartphone-ownership-demographics/>

1 Account often represents the most efficient and preferred methods by which to provide important
2 bill payment and service-related information to many SoCalGas customer segments.

3 This project is one of the components necessary to achieve the rate of incremental
4 paperless savings estimated in section II.J Remittance Processing Postage. It is also key to
5 maintaining the current level of self-service adoption as customers preferences evolve toward
6 accessing My Account on mobile devices.

7 The specific details regarding My Account Mobile 1C costs are found in witness
8 Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-774M.

9 **5. SCG My Business Account**

10 **a. Description**

11 The forecast for SCG My Business Account for 2014, 2015, and 2016 are \$1,958,000,
12 \$2,012,000, and \$1,615,000, respectively. SoCalGas plans to build and expects to place in
13 service SCG My Business Account, Project #81436, by Q4 2016.

14 This Project will implement an online My Account system ("My Business Account")
15 specifically for C&I customers with a focus on meeting the needs of small and medium
16 businesses. Businesses will be able to view and manage usage, manage billing and payments
17 and request services such as routine maintenance for natural gas fired equipment. My Business
18 Account will also be used to communicate relevant energy saving tips, as well as information
19 about energy efficiency programs and equipment rebates³⁶ by providing tailored communications
20 specific to a customer's industry segment, regional location and/or equipment type. Businesses
21 will be able to provide access and also restrict access to specific functionality within My
22 Business Account to different users. For example, a business might provide their engineering
23 group access to gas usage or appointment scheduling functions, while accounts payable might
24 have access to billing and electronic payment functions.³⁷ My Business Account will allow
25 business customers to link multiple addresses and meters to a single online viewing page.

26 This project is one of the components necessary to achieve the rate of incremental
27 paperless savings estimated in section II.J - Remittance Processing Postage. Providing an online
28 tool specifically for business customers to view, manage and pay their bills will encourage

³⁶ Customer Insight Panel – Business - September 2012.

³⁷ Business My Account Qualitative Research_Jan- 2011.

1 adoption of paperless billing.³⁸ It will also increase customer satisfaction for customer service
2 and billing and payments, as measured by JD Power and Associates.³⁹ SoCalGas C&I Customer
3 Insight panels have also indicated that customers expect SoCalGas to provide online services
4 specific to business needs. A 2011 study specifically stated that smaller businesses that manage
5 and handle their billing themselves, and do not have a direct relationship with a representative
6 are inclined to utilize an online portal such as My Business Account.⁴⁰

7 The specific details regarding the SCG My Business Account project costs are found in
8 witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-776V.

9 **6. SCG IVR Phase 4**

10 **a. Description**

11 The forecast for SCG IVR Phase 4 for 2014, 2015, and 2016 are \$1,742,000, \$151,000,
12 and \$0, respectively. SoCalGas plans to build and expects to place in service SCG IVR Phase 4,
13 Project #81424, by Q1 2015.

14 This project, which began in 2013, is implementing new functionality and usability
15 changes to the SoCalGas Interactive Voice Response ("IVR") system to improve and streamline
16 the experience for customers who call the Customer Contact Center. SoCalGas engaged an IVR
17 usability consultant and also conducted usability sessions with customers to help determine and
18 prioritize IVR changes included in this project. New functionality includes the ability for
19 customers to complete stop-service requests in the IVR as well as making additional billing and
20 payment information available to customers. Several usability enhancements are also being
21 implemented to make billing, payment arrangement and service order menus and functionality
22 easier for customers to navigate. An integrated disaster recovery and quality assurance testing
23 environment is also being implemented.

24 The goals of this project are to increase self-service, reduce CSR answered call volume
25 and increase customer satisfaction with IVR. The project has directly contributed to the
26 incremental 719,000 self-service calls that customers completed in the IVR in 2013, and it is
27 projected to contribute to the estimated \$1.22 million in annualized savings realized from
28 reduced CSR answered call volume by TY2016 as projected in section II.B. CCC Operations.

³⁸ Business My Account Qualitative Research_ Jan- 2011.

³⁹ Increase Customer Service and Billing & Payment score, 2013 JD Power, noted SoCalGas scored 26 points below, and 2 points below the Peer Average scores, respectively.

⁴⁰ Business My Account Qualitative Research_ Jan- 2011.

1 Implementing an integrated Disaster Recovery and testing environment will help ensure
 2 continued availability of self-service options in the event of a failure of the primary data center.
 3 The increased volume of calls handled by the IVR also increases its criticality in sustaining
 4 business operations. The testing environment will help sustain quality for future system
 5 enhancements and upgrades.

6 The specific details regarding SCG IVR Phase 4 costs are found in witness Christopher
 7 Olmsted's capital workpapers. See Ex. SCG-18-CWP-774N.

8 **C. Obsolescence and Technology Refresh**

9 **TABLE 39**

10 **Obsolescence and Technology Refresh Capital Summary**

11 **(Thousands of 2013 Dollars)**

Project Number	Capital Projects	2014 (\$000)	2015 (\$000)	2016 (\$000)
81435	My Account Technology Refresh	\$7,874	\$6,183	\$295
51809	CCC Avaya System Refresh	\$0	\$0	\$753
15823	CCC Genesys Upgrade	\$0	\$0	\$601
15920	Small Cap Requests (Customer Operations Technology Application Server)	\$0	\$10	\$10
	Obsolescence and Technology Refresh Total	\$7,874	\$6,193	\$1,659

12 **1. My Account Technology Refresh**

13 **a. Description**

14 The forecast for My Account Technology Refresh for 2014, 2015, and 2016 are
 15 \$7,874,000, \$6,183,000, and \$295,000 respectively. SoCalGas plans to build and expects to
 16 place in service My Account Technology Refresh, Project #81435, by Q1 2016.

17 This project will upgrade the existing SoCalGas My Account technology platform and
 18 components to assure the stability and dependability of the SoCalGas My Account system.
 19 SoCalGas My Account is a digital portal that provides customers with the ability to handle their
 20 most common transactions via the internet. Services available include the ability to view and
 21 pay bills, setup automated payment plans or request payment extensions, schedule and update
 22 service requests, view and analyze energy usage and update user contact information. My
 23 Account services can be accessed online using any web browser, on a smartphone using either

1 the SoCalGas mobile app or a web browser and by SMS text messaging⁴¹. At this time, only
2 payment reminders, requests for current balance and payments of current balance are available
3 by SMS text.

4 My Account infrastructure will be upgraded to provide the capacity and scalability
5 needed to support projected customer usage and growth. As more SoCalGas customers use My
6 Account to manage their accounts and pay their bills online, My Account has become a critical
7 information and service channel that customers expect to be able to access twenty-four hours a
8 day, seven days a week. The current My Account system was implemented for SoCalGas in
9 2006. Major components of the existing My Account Portal and Electronic Bill Payment &
10 Processing applications are approaching end of useful life and need to be upgraded, expanded or
11 replaced in order to provide reliable online eServices to our customers in the future. Existing
12 transaction levels are reaching levels that are problematic with the current system and the current
13 platform will not support forecasted future transaction volumes.

14 Key requirements for the My Account Technology Refresh project are:

- 15 • Upgrade the My Account Portal and upgrade or replace the Electronic Bill
16 Payment & Processing application;
- 17 • Increase fail-over⁴² capability to reduce system outages that impact customers'
18 ability to complete transactions;
- 19 • Improve the response time and reduce system issues by consolidating a number of
20 system components and interfaces; and
- 21 • Provide a platform that will reliably handle forecasted Active User⁴³ growth from
22 1.8 million at the end of 2013 to 3.3 million in 2020.

23 SoCalGas' My Account provides access to vital bill viewing and paying services and was
24 accessed over 2.5 million times each month in 2013. Since 2010, annual visits to My Account
25 have grown by 81% to reach over 20 million in 2013 and that number is estimated to grow to
26 reach 34 million in 2016.⁴⁴ Currently, over 1.9 million customers are registered and actively

⁴¹ Implemented as part of the My Account Mobile 1C capital project #81423.

⁴² Failover is a backup operational mode in which the functions of a system are assumed by secondary system components when the primary component becomes unavailable.

⁴³ Active User is defined as: a user that logs on at least once in the previous 12 months.

⁴⁴ Assumes a linear growth consistent with the observed My Account growth rate from 2011-2013.

1 using My Account online services, with an average of 43,000 new users registering each
2 month. In 2013, an average of over 900,000 payments were processed each month totaling more
3 than \$600 million dollars in payments processed through My Account for the year.

4 Over the last three years, usage of the My Account online customer services other than
5 billing and payment (such as start service or request a payment extension) have grown 41%
6 annually, with over 432,000 transactions requested by customers in 2013.

7 The continued success of My Account as a customer service channel combined with the
8 aging and obsolete technology platform necessitates extraordinary monitoring to maintain system
9 reliability and integrity. This project is needed because the current system will not be able to
10 handle any significant increase in transaction volumes without risk to performance and stability
11 of the system. Without this project, on-line customer service will be less available as the system
12 requires more down-time for troubleshooting and repair. Data security risks can also increase as
13 older software is not upgraded or replaced and support costs will increase as non-supported
14 components fail because they are no longer supported by vendors.

15 The specific details regarding My Account Technology Refresh costs are found in
16 witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-774L.

17 **2. CCC Avaya System Refresh**

18 **a. Description**

19 The forecast for CCC Avaya System Refresh for 2014, 2015, and 2016 are \$0, \$0, and
20 \$753,000, respectively. SoCalGas plans to build and expects to place in service CCC Avaya
21 System Refresh, Project #51809, by Q4 2016.

22 This project will upgrade the Avaya Private Branch Exchange ("PBX") voice system that
23 provides telephony services⁴⁵ to the SoCalGas and SDG&E Customer Contact Centers. This
24 system is a SoCalGas asset originally installed in 2009 and is comprised of both hardware and
25 software. As illustrated in Table 40, approximately 65% of the system components are no longer
26 supported by the vendor, thereby leaving the system at risk of increased outage frequency and
27 duration. Currently, Avaya will provide "best effort" support in the event of an outage, but they
28 do not maintain an inventory of replacement parts for end of support components. This increases

⁴⁵ Telephony is the technology associated with the electronic transmission of voice, fax, or other information between distant parties using systems historically associated with the telephone, a handheld device containing both a speaker or transmitter and a receiver.

1 the risk of a prolonged outage in the event of a component failure. An upgrade to the voice
2 system will help avoid the risk of a potential telephony system interruption.

3 The specific details regarding SEU CCC Avaya System Refresh project costs are found
4 in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-770J.

5 **TABLE 40**
6 **Avaya Systems Manufacturer Support Schedule**
7

CCC Environment		
<u>Avaya Systems</u>	<u>End of Sale</u>	<u>End Manufacturer Support</u>
CM R5.2.1	6/3/2013	8/14/2014
S8800 CM Servers	6/3/2013	6/6/2014
S8500C CM Servers	10/6/2008	12/31/2012
Call Center R5.2.1	6/3/2013	6/3/2014
MM R4	9/30/2009	9/30/2010
S3500 MM Servers	9/30/2009	9/30/2012
AES R5.2.4	6/3/2011	1/7/2014
S8800 AES Server	6/3/2011	6/6/2014
CMS R16.1	11/7/2010	11/8/2011
CMS T5120 server	11/7/2010	11/8/2011
Secure Server Gateways (SSG)	6/4/2010	8/6/2010

8 **3. CCC Genesys Upgrade**

9 **a. Description**

10 The forecast for SEU CCC Genesys Upgrade for 2014, 2015, and 2016 are \$0, \$0, and
11 \$601,000, respectively. SoCalGas plans to build and expects to place in service SEU CCC
12 Genesys, Project #15823, by Q4 2016.

13 This project will upgrade the Genesys system components that provide the SoCalGas and
14 SDG&E CCC caller information, screen pop⁴⁶ capability, call reporting, the IVR operating

⁴⁶ Screen pop is a feature of the Genesys computer telephony integration (CTI) application that automatically displays relevant caller and account information on a CSR's screen during a call.

1 platform and routing of customer calls to CCC agents. The Genesys System is a SoCalGas asset
2 and works in conjunction with the Avaya telephony system.

3 In 2008, CCC technology was upgraded and refreshed, including telephony, IVR, Computer
4 Telephony Integration (which allows interactions on a telephone and a CSRs computer to be
5 integrated or coordinated) as well as associated infrastructure components. After
6 implementation, technology issues surfaced and significant efforts were made to stabilize the
7 system. Although the system stability and reliability have significantly improved, issues
8 continue to occur. A third party assessment by Accenture recommended several steps to
9 improve system stability and performance including an upgrade of the Genesys system
10 components to a more current version. The Genesys system has not been upgraded since initial
11 installation and is many versions behind the current version. Upgrading the system will improve
12 the reliability of critical CCC technology components and also improve the ability to quickly
13 troubleshoot and perform maintenance activities.

14 The specific details regarding the CCC Genesys Upgrade project costs are found in
15 witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-774E.

16 **4. Small Cap Requests (Customer Operations Technology Applications**
17 **Server)**

18 **a. Description**

19 The forecast for Small Cap Requests (Customer Operations Technology Applications
20 Server) for 2014, 2015, and 2016 are \$0, \$10,000, and \$10,000, respectively. SoCalGas plans to
21 build and expects to place in service Small Caps Requests (Customer Operations Technology
22 Applications Server), Project #15920, by Q2 2016.

23 This project will replace two servers that are at the end of their useful life. These servers
24 store business procedures, documentation and data that is used for business analysis as well as
25 for generating reports.

26 The specific details regarding the Small Caps Request (Customer Operations Technology
27 Server) project costs are found in witness Christopher Olmsted's capital workpapers. See Ex.
28 SCG-18-CWP-777C.

29

1 **D. Operational Efficiency/ Continuous Improvement**

2 **TABLE 41**

3 **Operational Efficiency/ Continuous Improvement Capital Summary**
4 **(Thousands of 2013 Dollars)**

Project Number	Capital Projects	2014 (\$000)	2015 (\$000)	2016 (\$000)
81415	Collections Optimization Phase 1	\$291	\$0	\$0
14875	Collections Optimization Phase 2	\$374	\$0	\$0
14877	Collections Optimization Phase 3	\$647	\$257	\$0
15878	Collections Optimization Phase 4	\$0	\$0	\$3,367
	Operational Efficiency/ Continuous Improvement Total	\$1,312	\$257	\$3,367

5 **1. Collections Optimization Projects**

6 The Collections Optimization projects are directed at improving the collections process.
7 For project management purposes, this project is defined in four distinct phases. These projects
8 will reduce operating costs, improve the effectiveness of collecting outstanding receivables and
9 improve communications for customers with past due bills. The forecast for Credit & Collections
10 Optimization Projects for 2014, 2015, and 2016 are \$1,312,000, \$257,000, and \$3,367,000,
11 respectively. SoCalGas plans to build and expects to place in service Collections Optimization
12 Projects Phase 1, Project #81415, by Q3 2014; Phase 2, Project #14875 by Q4 2014; Phase 3,
13 Project #14877, by Q2 2015; and Phase 4, Project #15878 by Q4 2016.

14 **a. Description**

15 **Collections Optimization Phase 1**

16 This project implemented, in 2013 & 2014, several features to improve the efficiency of
17 the collections process. The most significant portion of the project incorporated the late payment
18 notice into the next customer invoice. Per SoCalGas Tariff Rule No. 09, SoCalGas customers
19 are allowed a minimum of 19 days to pay after their bill has been mailed. SoCalGas is also
20 required to notify a customer when a payment has not been received prior to taking any
21 collections action. Prior to this project, SoCalGas printed and mailed a separate late payment
22 notice to the customer to inform them that payment had not been received, incurring postage
23 costs for each letter mailed. In advice letter AL 4504, SoCalGas requested to incorporate the
24 late payment notice into the next customer invoice. This project resulted in a reduction of

1 \$333,790 in collections postage in 2013 and also will result in an incremental \$591,000 reduction
2 from base year in the Collections Postage O&M section II.H. of testimony⁴⁷. Additional
3 significant enhancements implemented as part of this project include reducing the time for
4 referring outstanding balances to an outside collection agency and providing customers an
5 automated email notice to remind them of an upcoming bill due date.

6 The specific details regarding the Collections Optimization Phase 1 project costs are
7 found in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-784B.

8 **Collections Optimization Phase 2**

9 This project will implement customer communication enhancements regarding
10 outstanding balances with the objective of reducing the need to refer bad debt to Outside
11 Collection Agencies ("OCA"). It will also implement tools and processes to more effectively
12 manage receivables that are eventually assigned to OCAs. Prior to sending unpaid balances on
13 closed accounts to an OCA, a new automated outbound calling process will remind customers
14 that their unpaid closing bill is due and offer to route them to BillMatrix⁴⁸ for immediate
15 payment. An automated solution will also be implemented to track Outside Collection Agency
16 performance and automatically refer bad debt to specific agencies based on past performance.

17 The specific details regarding the Credit & Collections Optimization Phase 2 project
18 costs are found in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-
19 764B.

20 **Collections Optimization Phase 3**

21 This project will implement new and enhanced processes to more effectively identify
22 customers requesting to establish service with SoCalGas.

23 The Fair & Accurate Credit Transaction Act ("FACTA"⁴⁹) Red Flag rules require that
24 SoCalGas implement and maintain compliance with applicable laws to detect, prevent and
25 mitigate identity theft with the opening of customer accounts, existing customer accounts and
26 other actions or transactions that might reasonably lead to identity theft. Currently, if a customer
27 calls or visits My Account online to establish service and is unable to confirm their identity in

⁴⁷ See Ex. SCG-11-WP200004.001 Supplemental Workpaper 1 for details.

⁴⁸ BillMatrix is an independent bill payment service provider that allows customers to pay their SoCalGas bill via electronic check, debit ATM card or credit card for a nominal convenience fee.

⁴⁹ FACTA is a federal consumer-rights law that is intended to reduce the risk of identity theft by regulating how consumer account information is handled by creditors and financial institutions.

1 accordance with FACTA rules, they must either provide positive identification information in-
2 person at a SoCalGas branch office location or FAX confirming identification information to the
3 SoCalGas Credit and Collections department. This project will implement a process that the
4 CCC will use to validate the identity of customers who are unable to positively identify under the
5 current process. The customer will be connected to an automated third party system and
6 requested to answer a series of “challenge” questions pertinent to their credit history. If they are
7 able to successfully answer the challenge questions, the customer will be considered positively
8 identified and will be permitted to continue with the process of establishing service.

9 Other enhancements in this project include system enhancements to more accurately
10 determine if customers requesting to establish service with SoCalGas can be matched to previous
11 customers with outstanding unpaid balances (and also reduce the number of “false-positive”
12 matches).

13 The specific details regarding the Credit & Collections Optimization Phase 3 project
14 costs are found in witness Christopher Olmsted’s capital workpapers. See Ex. SCG-18-CWP-
15 764C.

16 **Collections Optimization Phase 4**

17 This project will implement a new Credit and Collections system to better manage the
18 end-to-end collections process. The existing credit and collections functionality was originally
19 implemented as part of the SoCalGas Customer Information System (“CIS”) in 1996.
20 Functionality in the CIS system includes basic customer notification and collection activities,
21 and it has become increasingly difficult to make changes to the system to meet current
22 collections policies and procedures. A new credit and collections system will allow SoCalGas to
23 more effectively segment customers and provide more individualized and appropriate credit and
24 collections treatment. It will also provide the ability to quickly make adjustments to collection
25 processes to meet regulatory and business changes. This will help in prioritizing collection orders
26 and increase the probability of collecting past due charges.

27 The specific details regarding Credit & Collections Optimization Phase 4 are found in
28 witness Christopher Olmsted’s capital workpapers. See Ex. SCG-18-CWP-764G.

29

1 **E. Mandated**

2 **TABLE 42**
3 **Mandated Capital Summary**
4 **(Thousands of 2013 Dollars)**

Project Number	Capital Projects	2014 (\$000)	2015 (\$000)	2016 (\$000)
81418	Customer Data Controls Phase 1	\$1,720	\$0	\$0
14843	Customer Data Controls Phase 2	\$55	\$527	\$0
14912	3rd Party Data Request Web Portal	\$0	\$693	\$0
	Mandated Total	\$1,775	\$1,220	\$0

5 **1. Customer Data Controls Projects**

6 **a. Description**

7 The forecast for Customer Data Controls Phase 1 and 2 for 2014, 2015, and 2016 are
8 \$1,775,000, \$527,000, and \$0, respectively. SoCalGas plans to build and expects to place in
9 service Customer Data Controls Projects, Phase 1, Project #81418, by Q4 2014; and Customer
10 Data Controls Phase 2, Project #14843, by Q3 2015.

11 **Customer Data Controls Phase 1**

12 This project is implementing system and control changes to the SoCalGas CIS to comply
13 with customer data privacy requirements as mandated by CPUC D.12-08-045. On August 23,
14 2012 the CPUC issued Decision (D.) 12-08-045 extending the privacy rules to natural gas
15 corporations as well as community choice aggregators and electric service providers.⁵⁰ The
16 SoCalGas CIS application is the primary customer system that processes and stores customer
17 information. The information stored in CIS allows SoCalGas to identify an account holder and
18 provide services such as initiating service requests, billing customers and processing payments.
19 Customer specific information is classified as confidential. It is not for public use and is not to
20 be shared unless certain guidelines are met.

21 This project was initiated to improve data controls and record retention of customer data
22 as part of the compliance plan for CPUC D.12-08-045. Additional controls such as removing
23 data, limiting access, logging access and reporting unusual activity in highly sensitive data,
24 including Social Security Number, driver's license, bank account, credit score and date of birth

⁵⁰ SoCalGas Tariff Rule 42 Section 5 – “Data Minimization”.

1 were added to CIS in Q2 of 2014. Additionally, a process to remove data that is no longer used
2 or useful from the CIS application was developed and implemented beginning mid-year 2014.

3 The specific details regarding the Customer Data Controls Phase 1 project costs are found
4 in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-764J.

5 **Customer Data Controls Phase 2**

6 This project will extend to SoCalGas My Account system and SoCalGas Data Warehouse
7 the same functionality and controls implemented for the CIS system under the Customer Data
8 Controls Phase 1 project. The SoCalGas My Account system allows SoCalGas customers to
9 perform self-service transactions such as viewing and paying bills and requesting service orders.
10 The system stores relevant online customer information such as username and password as well
11 as banking information for customers who choose to pay online through My Account. The
12 SoCalGas Data Warehouse is the repository of customer information, facility information, bill
13 account and engineering information used to provide business analytics and ad-hoc reporting.

14 The specific details regarding the Customer Data Controls Phase 2 project costs are found
15 in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-764A.

16 **2. 3rd Party Data Request Web Portal**

17 **a. Description**

18 The forecast for 3rd Party Data Request Web Portal for 2014, 2015, and 2016 are \$0,
19 \$693,000, and \$0, respectively. SoCalGas plans to build and expects to place in service 3rd Party
20 Data Request Portal, Project #14912, by Q3 2015.

21 This project will create systems and associated processes to enable SoCalGas to provide
22 customer usage information to third party requestors. On March 7, 2014 the CPUC issued
23 D.14-05-016⁵¹ adopting rules to provide access to energy usage and usage-related data while
24 protecting privacy of personal data . This capital project is to comply with the rules of the
25 decision. Requirements include:

- 26 • Create a site for publishing and accessing on-line, machine readable reports of
27 customer gas usage as specified in the Decision;
- 28 • Create an online Non-Disclosure Agreement form that can be submitted via
29 email;

⁵¹ Page 156 Ordering Paragraph #2.

- Create a template for third party data requests common to the other IOUs for use by researchers and other parties that can access data;
- Ensure the data request and fulfillment process have proper security controls and are in compliance with all state and federal laws;
- Create a request repository and approval process so that reports can be run to count and report on the number of requesters, timeliness of fulfilling the requests, approval audit trails, etc., as specified in the Decision;
- Create aggregation and anonymization tests to ensure data is only given out according to the Decision orders; and
- Create a scalable solution that can be easily modified with request demands and potential changes in data protection rules.

The specific details regarding the 3rd Party Data Request Web Portal project costs are found in witness Christopher Olmsted's capital workpapers. See Ex. SCG-18-CWP-764D.

V. UNCOLLECTIBLE RATE

SoCalGas is requesting to increase the authorized uncollectible expense rate from the current authorized rate of 0.278% to 0.312%. SoCalGas' proposed rate is based on a five-year average of actual write-off for the period of 2009 through 2013. SoCalGas is requesting the five-year average uncollectible rate to reflect collection practices adopted in recent years while also incorporating cyclical economic factors, unpredictable and random weather conditions, and natural gas price conditions.

SoCalGas believes that the use of a five year period is most appropriate because a shorter period fails to reflect the full range of the potential impacts of economic and cyclical variables which SoCalGas believes affect the uncollectible rate and the 10 year period does not reflect the current collection practices and impact of the most recent economic cycle. The volatility or cyclical nature of the uncollectible rate depends on macroeconomic, microeconomic, and regional economic factors that are difficult to quantify and on the variability of seasonal energy bills (colder winters mean higher natural gas bills for heating). However, the precise incremental impact to the uncollectible rate due to each of the independent variables (and in some cases collinear variables) is difficult to quantify and correlate. Nevertheless, a larger energy bill means that a greater proportion of customers will have difficulty paying and therefore increases the

1 likelihood of an uncollectible expense. The five-year average of the uncollectible rate implicitly
 2 includes the unpredictability of such economic related factors, energy bill related variability and
 3 credit practice changes (whether mandated or voluntarily instituted).

4 Table 43 displays the historical uncollectible rate from 2004-2013 and a 10-year, 5-year,
 5 and 3-year average.

6 **TABLE 43**
 7 **SoCalGas Uncollectable Data 2004 – 2013**

Year	Recorded Uncollectible Expense (a)	Sales Revenue (b)	Uncollectible Rate (a) / (b)
2004	\$8,182,287	\$3,355,120,242	0.244%
2005	\$8,394,216	\$3,912,321,384	0.215%
2006	\$10,003,466	\$4,438,082,207	0.225%
2007	\$9,827,895	\$3,880,230,669	0.253%
2008	\$14,615,146	\$4,325,636,960	0.338%
2009	\$12,855,059	\$3,443,047,146	0.373%
2010	\$9,418,528	\$3,277,810,531	0.287%
2011	\$9,899,908	\$3,313,858,762	0.299%
2012	\$9,967,611	\$3,074,494,564	0.324%
2013	\$8,204,155	\$3,033,684,781	0.270%

10-year average (04-13)		0.281%
5-year average (09-13)	(Proposed Rate)	0.312%
3-year average (11-13)		0.298%

8 **VI. CONCLUSION**

9 SoCalGas CSOO O&M and Uncollectable Rate forecasts as well as Capital project
 10 justifications were diligently developed and reviewed and represent a reasonable projection of
 11 the level of funding required to support safe, efficient, reliable and effective service in this GRC
 12 term. Essential enhancements are necessary to meet the evolving needs of SoCalGas' diverse
 13 customer base. Our focus includes an increase in responsiveness to customers, protecting
 14 customer data, developing more robust quality and performance management processes, and
 15 expanding customer service contact options.

16 This concludes my prepared direct testimony.

1 **VII. WITNESS QUALIFICATIONS**

2 My name is Evan D. Goldman. I am employed by Southern California Gas Company
3 (“SoCalGas”) and currently hold the position of Residential Customer Strategy Manager. My
4 business address is 555 West Fifth Street, Los Angeles, CA 90013. I hold a Bachelors of Arts
5 degree in Business Economics from the University of California at Santa Barbara.

6 I have over 20 years of experience with utility customer service and revenue cycle
7 operations and technology. At SoCalGas I have held management positions in customer
8 strategy, customer experience, call center technology strategy and customer information
9 technology services. Prior to joining SoCalGas in 2003, I was a management and technology
10 consultant focusing on customer care and revenue cycle processes and systems for utility and
11 retail energy clients. I have not previously testified before the California Public Utilities
12 Commission.

APPENDIX A

Continous Improvement and Efficiency Programs							
2016 GRC Summary							
Efficiency Program	Description of Efficiency	Savings Period (i.e. 2014 only, 2013 - 2017, 2015 only, etc)	Hard Savings (\$)			Avoided Cost (\$)	Testimony or WP Ref
			2014	2015	2016		
Lean Six Sigma	Automate outbound dialing (OBD) function related to Credit & Collections noticing	2015 - 2016		\$ (245,000)	\$ (245,000)		SCG CS Office Ops Witness E. Goldman Workpapers - 200001 CCC - Support
Continous Improvement	Reduction in AHT for Payment Arrangement/Extension Calls (450k calls at 29 sec reduction in AHT resulted in 2 seconds decrease in overall AHT).	2011 - 2012				\$ (349,325)	SCG CS Office Ops Direct Testimony of E. Goldman II. Non-Shared Services B. Customer Contact Center "CCC" Operations 3. Cost Drivers
Lean Six Sigma	Reduction in transfer calls for My Account Password Resets (44,270 calls = 3 FTEs)	2013				\$ (188,000)	SCG CS Office Ops Direct Testimony of E. Goldman II. Non-Shared Services B. Customer Contact Center "CCC" Operations 3. Cost Drivers
Lean Six Sigma	Reduction in AHT for Turn/On Close and CSO Calls. These savings were offset by additional AHT for promoting paperless, OCS and Mover Services.	2012				\$ (231,833)	SCG CS Office Ops Direct Testimony of E. Goldman II. Non-Shared Services B. Customer Contact Center "CCC" Operations 3. Cost Drivers
Continous Improvement	IVR Phase 4 - Increased CSO orders and payment arrangements completed in the IVR in 2013, review order and payment arrangement details and billing information. (Reduction of 220k CSR calls in 2013 = 15 FTEs)	2013				\$ (937,000)	SCG CS Office Ops Direct Testimony of E. Goldman II. Non-Shared Services B. Customer Contact Center "CCC" Support 3. Cost Drivers
Continous Improvement	Collections Optimization Phase 1 - This project combined the previously separate mailing of late notices with the mailing of the customer's bill, resulting in postage savings.	2013			\$ (591,000)	\$ (333,790)	SCG CS Office Ops Direct Testimony of E. Goldman II. Non-Shared Services H. Credit and Collections Postage 3. Cost Drivers
Continous Improvement	Continued adoption of self-service	2014-2016	\$ (836,000)	\$ (1,224,000)	\$ (1,224,000)		SCG CS Office Ops Witness E. Goldman Workpapers - WP200000 CCC - Operations
Continous Improvement	Paperless adoption-Postage Savings	2014-2016	\$ (1,140,000)	\$ (1,924,000)	\$ (2,726,000)		SCG CS Office Ops Witness E. Goldman Workpapers - WP200005.001 Remittance Processing-Postage
Continous Improvement	Paperless adoption-non postage savings related to electronic bills(i.e. reduction in toner, envelopes)	2014-2016	\$ (58,000)	\$ (119,000)	\$ (181,000)		SCG CS Office Ops Witness E. Goldman Workpapers - WP200005 Remittance Processing
Continous Improvement	Combined Savings from customer adoption of paperless billing for historical years 2009-2013	2009-2013				2013 = (\$6,842,076) 2012 = (\$5,890,539) 2011 = (\$4,962,147) 2010 = (\$4,221,836) 2009 = (\$3,474,196)*	SCG CS Office Ops Witness E. Goldman Workpapers - WP200005.001 Remittance Processing-Postage
Total Savings			(\$2,034,000)	(\$3,512,000)	(\$4,967,000)	\$ (5,407,828)	

*Avoided costs for paperless adoptin in the historical period reflect incremental savings from 2009-2013.

APPENDIX B

Web/Social Media and Customer Contact Center Interaction Matrix

In compliance with SDG&E and SoCalGas’ 2012 GRC Decision (D.13-05-010), the matrix below describes SoCalGas’ web and social media communication channels, summarizing key benefits and explaining how these functions relate to the customer contact center.

Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
socalgas.com			
<p>SoCalGas's website (socalgas.com) provides information about all the programs and services available to customers. All outbound communications encourage customers to visit socalgas.com to learn more and/or request program information, enrollment forms or services. Socalgas.com also provides updated information during an emergency or outage.</p>	<p>Provides information on:</p> <ul style="list-style-type: none"> - Assistance programs - Appliance rebates - Gas Safety - Energy efficiency improvements - Bill Payment options and locations - Online services (self-service) - Emergency Incident response/info - Regulatory proceedings - New Construction 	<p>The CCC responds to customer comments section available in the "Contact Us" link in the help section the website. The CCC generally staffs 18 CSR's who are responsible for responding to email inquiries. Customer Engagement & Insights manages the content contained on socalgas.com</p>	<p>Ex.SCG-11 Section I.C.1 (Goldman), Ex.SCG-12 Section II.B (Ayres), Ex.SCG-12-WP-2IN001 (Ayres), Ex.SCG-12 Section IV.D.a (Ayres), and Ex.SCG-18-CWP-00774C (Olmsted).</p>

Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
MyAccount			
<p>My Account is a secure transactional website for customers to view and pay their bill, request service, request a payment extension, or view energy usage and analysis.</p>	<p>Provides access to:</p> <ul style="list-style-type: none"> - Account information - Bill and Bill history (25 months) - Bill Payment (one-time and repeating) - Energy usage analysis tools - Online services (self-service) - Alerts and Notifications 	<p>The CCC handles all phone inquiries from customers experiencing difficulties using My Account. This may include browser troubleshooting, password resets, or individual customer account issues.</p>	<p>Ex. SCG-11 Section II.B.2 (Goldman), Ex. SCG-11-WP-200000 (Goldman), Ex. SCG-11 Section IV.B.4 (Goldman), Ex. SCG-18-CWP-00774M (Olmsted), Ex. SCG-11 Section IV.B.5 (Goldman), Ex. SCG-18-CWP-00776V (Olmsted), Ex. SCG-11 Section IV.C.1 (Goldman), Ex. SCG-18-CWP-00774L (Olmsted), Ex. SCG-12 Section II.B (Ayres), Ex. SCG-11 Section II.B.3 (Goldman), Ex. SCG-11-WP-200001 (Goldman), Ex. SCG-11 Section II.J.3 (Goldman), Ex. SCG-11-WP-200005.001 (Goldman), Ex. SCG-11 Section II.K.3 (Goldman), and Ex. SCG-11 Section III.C.1 (Goldman).</p>

MyAccount Mobile			
My Account Mobile is a secure transactional website for customers using smartphones and allows them to view and pay their bill, request service, request a payment extension, or view energy usage and analysis.	Provides access to: - Account information - Bill and Bill history (3 months) - Bill Payment (one-time) - Energy usage analysis tools - Online services (Payment Extension) - Alerts and Notifications	The CCC handles all phone inquiries from customers experiencing difficulties using My Account. This may include browser troubleshooting, password resets, or individual customer account issues.	Ex. SCG-11 Section II.J.3 (Goldman), Ex. SCG-11-WP-200005.001 (Goldman), Ex. SCG-11 Section IV.B.4. (Goldman), Ex. SCG-18-CWP-00774M (Olmsted), Ex. SCG-12 Section II.B. (Ayres), and Ex. SCG-12-WP-2IN001.000 (Ayres).
Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers

SoCalGas Mobile Apps

SoCalGas mobile apps provide navigation to payment locations, natural gas refueling stations and seamless access to the My Account Mobile site.	Provides access to: - Payment Locations - NGV refueling stations - Account information - Bill and Bill history (3 months) - Bill Payment (one-time) - Energy usage analysis tools - Online services (Payment Extension) - Alerts and Notifications	The CCC handles all phone inquiries from customers experiencing difficulties using My Account. This may include browser troubleshooting, password resets, or individual customer account issues.	Ex. SCG-11 Section II.J.3 (Goldman), Ex. SCG-11 Section IV.B.4 (Goldman), Ex. SCG-18-CWP-00774M (Olmsted), Ex. SCG-12 Section II.B. (Ayres), and Ex. SCG-12-WP 2IN001 (Ayres).
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Facebook			
Facebook is an online forum where SoCalGas provides information about programs, services, key initiatives, community events or communication during emergency situations. Facebook is also used to share pictures and videos. This channel is monitored during normal working hours to respond to customer questions or concerns and also monitored during emergency situations for reports of concern.	Provides information on: <ul style="list-style-type: none"> - Assistance programs - Appliance rebates - Gas Safety messages - Energy efficiency improvements - Bill Payment options and locations - Online services (self-service) - Emergency Incident response/info - Community Events 	The CCC has resources that monitor Facebook after business-hours. Customer Engagement & Insights monitors Facebook during business-hours to communicate with customers. The CCC supports Customer Engagement & Insights whenever they respond to any customer-specific issues.	Ex. SCG-11 Section I.C.1 (Goldman), Ex. SCG-12 Section II.B (Ayres), and Ex. SCG-12-WP 2IN001 (Ayres).
Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
LinkedIn			
LinkedIn is used to provide general company information to prospective employees and to post job openings.	Provides information on: <ul style="list-style-type: none"> - Employment opportunities - Company information 	Human Resources is responsible for posting and monitoring LinkedIn	n/a

Twitter

<p>Twitter is used to communicate with a targeted audience of customers about programs and services or communicate during emergency situations. Tweets contain a call to action for customers to go socialgas.com for more information. This channel is monitored during normal working hours to respond to customer questions or concerns and also monitored during emergency situations for reports of concern.</p>	<p>Provides information on:</p> <ul style="list-style-type: none"> - Assistance programs - Appliance rebates - Gas Safety messages - Energy efficiency improvements - Bill Payment options and locations - Online service info - Emergency Incident response/info - Community Events 	<p>The CCC has resources that monitor Twitter after business-hours. Customer Engagement & Insights monitors Twitter during business-hours to communicate with customers. The CCC supports Customer Engagement & Insights whenever they respond to any customer-specific issues.</p>	<p>Ex. SCG-11 Section I.C.1. (Goldman) Ex. SCG-12 Section II.B. (Ayes) Ex. SCG-12-WP 2IN001.000 (Ayes)</p>
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Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
Instagram			
Instagram is used to share pictures, images and infographics.	Provides information on: - Employee involvement - Community Events	Customer Engagement & Insights monitors Instagram during business-hours to communicate with customers. The CCC supports Customer Engagement & Insights whenever they respond to any customer-specific issues.	Ex.SCG-11 Section I.C.1 (Goldman), Ex.SCG-12 Section II.B (Ayres), and Ex.SCG-12-WP 2IN001.000 (Ayres).
Youtube			
You-Tube is used to share videos with customers. Examples include emergency preparedness, program information and energy efficiency how-to videos.	Provides information on: - Assistance programs - Appliance rebates - Gas Safety - Energy efficiency improvements - Bill Payment options - Online services (self-service) - Gas Sustainability/Innovation	Customer Engagement & Insights is responsible for posting videos to You-Tube.	Ex.SCG-11 Section I.C.1 (Goldman), Ex.SCG-12 Section II.B (Ayres), and Ex.SCG-12-WP 2IN001 (Ayres).

APPENDIX C
Glossary of Terms

ADA: Americans with Disabilities Act
AHT: Average Handle Time
AL: Advice Letter
AMI: Advanced Metering Infrastructure
APL: Authorized Payment Location
BPMO: Business Program Management Office
CARE: California Alternate Rates for Energy
CCC: Customer Contact Centers
CIPP: Certified Information Privacy Professional
CIS: Customer Information System
CNG: Compressed Natural Gas
COT: Customer Operations Technology
CPUC: California Public Utilities Commission
CSOO: Customer Service Office Operations
CSF: Customer Service Field
CSR: Customer Service Representative
EBPP: Electronic Bill Presentment payment
ETR: Energy Technician Residential
FACTA: Fair and Accurate Credit Transactions Act
FERC: Federal Energy Regulatory Commission
FTEs: Full Time Equivalents
GRC: General Rate Case
HBI: High Bill Investigations
HDD: Heating Degree Days
ICDA: Integrated Customer Data & Analytics
IT: Information Technology
IVR: Interactive Voice Response
LOS: Level of Service

LSS: Lean Six Sigma
MMCC: Major Market Credit and Collections
MSA: Meter Set Assembly
MDO: Measurement Data Operations
NGV: Natural Gas Vehicle
O&M: Operations and Maintenance
OBD: Outbound Dialer
OCA: Outside Collection Agencies
ORA: Office of Ratepayer Advocates
PACER: Service Order Scheduling and Routing system
PBX: Private Branch Exchange
PG&E: Pacific Gas and Electric Company
QA: Quality Assurance
SCE: Southern California Edison Company
SDG&E: San Diego Gas & Electric Company
Sempra: Sempra Energy
SoCalGas: Southern California Gas Company
SOX: Sarbanes-Oxley Act of 2002
TURN: The Utility Reform Network
TY: Test Year
UCAN: Utility Consumers Action Network
UWUA: Utility Workers Union of America
VP: Vice President

APPENDIX D

RESPONSE TO INFORMAL DATA REQUEST

**ORA INFORMAL-SDG&E/SOCALSGAS-DR-05, Question 4
Copies of Relevant Testimony Sections from Other Sempra Utility Witness
Exhibits that Customer Services Witnesses Reference**

SoCalGas

Supporting the Request of Evan Goldman

Customer Service Office Operations

EDG-D

Company: Southern California Gas Company (U 904 G)
Proceeding: 2016 General Rate Case
Application: A.14-11-XXX (NOI)
NOI Exhibit: SCG-30

SOCALGAS
DIRECT TESTIMONY OF ROSE-MARIE PAYAN
(CUSTOMERS)
July 2014

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



A  Sempra Energy utility®

NOI Doc #288815

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**SOCALGAS DIRECT TESTIMONY OF ROSE-MARIE PAYAN
CUSTOMERS**

I. INTRODUCTION

A. Summary of Proposals

My testimony presents Southern California Gas Company's (SoCalGas') customer and new meter forecast for Test Year (TY) 2016.

B. Organization of Testimony

Section I discusses the forecast. Section II discusses the forecast methodology. This testimony does not discuss gas volumes, as SoCalGas is using the current adopted throughput forecast as its gas sales assumption, as adopted in the California Public Utilities Commission (CPUC) Decision 14-06-007, the Triennial Cost Allocation Proceeding Phase II Settlement Agreement.

C. Support To/From Other Witnesses

The customer forecast is used primarily to determine financial needs for certain customer services and new meter installations in TY 2016. For this purpose, total customers are defined as total active meters. Needs related to new meter installations are discussed in the testimony of witness Ms. Gina Orozco-Mejia in Exhibit SCG-04. Cost estimates for customer service field operations resulting from forecasted gas customer growth are discussed in the testimony of witness Ms. Sara A. Franke in Exhibit SCG-10.

II. RECORDED DATA AND OVERVIEW

A. 2016 Forecast of SoCalGas Customers and New Meters

Year-average total active customers are forecasted to increase from 5.606 million in 2013 to 5.710 million in 2016. This represents a total three-year increase of 103,791 customers, and a compound annual growth rate of 0.61 percent. Table SCG-RMP-1 shows annual customers' recorded data from 2009 through 2013 and forecasted data from 2014 through 2016. Active customers are forecasted to grow by a net 25,227 from 2013 to 2014.

RMP-1

NOI Doc #288815

1

TABLE 1

TABLE SCG-RMP-1		
SoCalGas Average Annual Total Active Meters		
Year	Active Meters	Annual % change
2009	5,480,314	0.2%
2010	5,616,668	0.7%
2011	5,549,177	0.6%
2012	5,576,355	0.5%
2013	5,606,113	0.5%
2014	5,631,340	0.5%
2015	5,667,131	0.6%
2016	5,709,903	0.8%

2 **III. FORECAST METHODOLOGY**

3 **A. General Description**

4 The total customer count comprises forecasts by customer class: three sectors of
5 residential, total commercial, and total industrial. Recorded and forecasted housing-start
6 assumptions underlying the residential customer forecast came from IHS Global Insight's
7 February 2014 Regional forecast (the aggregate of the twelve counties in which SoCalGas serves
8 customers).¹ The employment assumptions underlying the non-residential customer forecast are
9 based on recorded data from the California Employment Development Department (the
10 aggregate of the twelve counties in which SoCalGas serves customers). For the forecast,
11 percentage growth rates for the aggregated largest six counties that SoCalGas serves were taken
12 from Global Insight's February 2014 Regional forecast. Recorded employment data were then
13 projected into the forecast period by applying Global Insight's forecasted percentage growth
14 rates to the latest year of corresponding recorded data at the time the forecast was made.

15 SoCalGas uses econometric and statistical techniques to develop quarterly-data forecasts
16 of residential, commercial and industrial customers. Detailed equations, methods and data are
17 shown in the workpapers corresponding to this exhibit.

18 **1. Residential**

19 Connected residential single-family and multi-family customers are a function of lagged
20 authorized housing starts. A small third sector of the residential class – master meter customers

¹ IHS Global Insight is an internationally recognized econometric forecasting firm. The firm's forecasts have been used in many regulatory proceedings.

RMP-2

NOI Doc #288815