

TURN DATA REQUEST
TURN-SCG-DR-06
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 27, 2015
DATE RESPONDED: MARCH 13, 2015

1. Regarding the “Individual Performance Component”, discussed on p. 4 of TURN SCG Data Request 4-1, Attachment 14 – Plan Doc - SCG
 - a. Please describe in detail who constitutes “leadership” as that term is used here.
 - b. Please provide copies of all policies, guidelines or direction provided to supervisors or “leadership” to assure consistency across the organization in determining the level of an employee’s contribution and performance.
 - c. Please explain in detail how the overall pool of funds for the Individual Performance Component, to the extent it “varies directly based on the results achieved for the Company Performance Component”, is allocated among the operating units, and employee groups (as that term is used at page DSR-6 of SCG-21) in SoCalGas’ organization?

SoCalGas Response:

- 1a: Leadership constitutes senior management levels above the first level supervisor, such as Managers, Directors, Vice Presidents, and higher.
- 1b: See attached document – TURN SCG DR-03 Q1b 2015_ICP_Guidelines.pdf
- 1c: For the SoCalGas plan, the total award is made up of two components, Corporate Performance Component and an Individual Performance Component. The Corporate Performance Component score will determine Individual Performance Component budget for each individual employee. For example, a Corporate Performance Score of 105% of target will fund the Individual Performance Component budget at 105% of target. The Individual Performance Component pool is comprised of the sum of the Individual Performance Component budget for all employees in that organization. Associate budgets and Management budgets are maintained separately. Supervisors and leadership allocate the pool based on individual performance. Ultimately, leadership must stay within the combined budgeted amounts for their overall organization.

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2. Regarding Exhibit SCG-21 Tables DSR-4 and DSR-5, on pages DSR-8 and 9:
 - a. Please confirm that the 2013-2016 Change figures shown on Table SDR-5 compare 2013 recorded expense (rather than the 2013 target figure) with the 2016 forecast variable pay at target, for which SoCal requests 100% rate recovery.
 - b. Please confirm that the total Variable Pay At Target change between 2013 Target and 2016 Target is an increase \$ 6.968M. If this is not correct, please provide the correct figure.
 - c. Please provide the Variable Pay at Target figures for Executive Variable Pay and Non-executive Variable Pay for 2013.

SoCalGas Response:

- a. Yes, the 2013 expense shown on Table DSR-5 is recorded expense.
- b. Yes, the change between 2013 Target and 2016 Target Variable Pay is \$6.968M.
- c. The Variable Pay at Target figures in 2013 was \$1.970M for executives and \$40.275M for non-executives.

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3. Regarding the SoCalGas forecast of variable pay at target shown in Table DSR-5 of SCG-21, please provide
 - a. the forecast 2016 Short Term Incentive Compensation payout, at target, broken out by executive and non-executive employees,
 - b. the 2016 forecast labor cost and forecast 2016 ICP as a percentage of forecast labor cost by Executive and by Non-Executive employees, in the format used to respond to TURN DR 4-1.c.

SoCalGas Response:

- a. Please refer to page 12 of SCG-21-WP for the requested information.
- b. As noted in the assumptions of page 12 of SCG-21-WP, the projection was based on averages of executive and non-executive employee groups in total and therefore the requested breakdown is not available.

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4. Regarding the “Efficiency Measure” described on p. 3 of TURN SCG Data Request 4-1, Attachment 14 – Plan Doc – SCG,
- a. Is the “Efficiency Measure” intended to provide an incentive to accomplish more work than planned, using the entire authorized funding for one or more workgroups, rather than to spend less than authorized?
 - b. If the answer to a. is “yes”, please explain the response, and provide examples of how the incentive program rewards completion of more work than planned, within budget, rather than reduced spending.

SoCalGas Response:

- a. SoCalGas sets budgets for workgroups based on operating needs, regulatory/compliance requirements and other business drivers necessary to provide safe and reliable energy service to customers, and does not use “authorized funding as a basis for establishing budgets”. SoCalGas continues to seek ways to be cost efficient and increase productivity where prudent and achievable. As such, SoCalGas is routinely engaged as part of normal business in identifying and implementing efficiency improvements. Individual departments within the company may routinely engage in cost management on a case-by-case basis. All improvement opportunities are evaluated closely to ensure no adverse impacts to safety policy and procedures, compliance requirements, and legal or regulatory mandates

Should the end result in any efficiency measure be that less than authorized is spent, that under-spending is addressed in the next General Rate Case. Conversely, if spending exceeds authorized over the Rate Case cycle, that over-spending is also addressed in the next General Rate Case.

- b. The Efficiency Measure is intended to align the interests of shareholders and ratepayers by linking incentive compensation to operational efficiency. Operational efficiency can take the form of performing incremental work with no additional expense (avoided cost) or performing existing work at less expense (cost reduction). The Efficiency Measure is impacted by both cost avoidances (which would reduce upward pressure on the Measure, all else being equal) as well as cost reductions which directly impact the calculation.

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5. In its 2014 Incentive Compensation Plan Document (TURN SCG DR. 4-1, Atch. 14-Plan Doc SCG, p. 4) SoCal refers to a “Customer Experience Survey – Overall Service Quality with SoCalGas”.
- a. Please provide a copy of the Customer Experience Survey and all related documents used for evaluating 2013 performance and 2014 performance,
 - b. Please describe in detail on how this survey is normally conducted, and any changes in how it has been conducted from 2009 through 2013.
 - c. Please provide the survey results from each of the past 5 years, from 2009 through 2013.

SoCalGas Response:

- a. Attached are copies of the Customer Experience Survey (See TURN-SCG-DR-06 Q5a SCG CES Residential.pdf and TURN-SCG-DR-06 Q5a SCG My Account Survey Residential.pdf.

Attached are copies of the Customer Experience Survey related documents used for evaluating 2013 performance and 2014 performance (See TURN-SCG-DR-06 Q5a 2013_Q1.pdf, TURN-SCG-DR-06 Q5a 2013_Q2.pdf, TURN-SCG-DR-06 Q5a 2013_Q3.pdf, TURN-SCG-DR-06 Q5a 2013_Q4.pdf, TURN-SCG-DR-06 Q5a 2014_Q1.pdf, TURN-SCG-DR-06 Q5a 2014_Q2.pdf, TURN-SCG-DR-06 Q5a 2014_Q3.pdf, and TURN-SCG-DR-06 Q5a 2014_Q4.pdf.

- b. The Customer Experience Survey is a transactional study administered by an independent research firm and is conducted using online and telephone surveys with customers who had a recent interaction with SoCalGas across key contact channels, (CSR, Office Rep, Field Technician, IVR and Web).
 - Transactions include account related-inquires, billing related-matters, customer service orders, gas leaks, turn-ons, bill payments, and high bill investigations;
 - Focus on Service Quality Performance;
 - Average length of survey interview is less than 10 minutes;
 - Annual sample size 24,000.

With the completion of the 2011 surveys, the Customer Satisfaction Survey came to a close. In 2012, the Customer Experience Survey was developed utilizing the consulting expertise of a nationally renowned research firm to develop a comprehensive and methodologically sound approach to measuring service quality at SoCalGas.

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Response to Question 5 b (Continued)

With the research consultant’s help, the survey was revised to:

- Adopt a service quality performance” metric for customer transaction research instead of a “satisfaction” metric.
- Modify the rating scale to a 5 point verbal fully anchored, unbalanced scale (excellent, very good, good, fair, poor) instead of an 11 point scale with a stated neutral point.
- Expand the survey to cover more channels of customer contact, such as the online Expand the survey to cover transactions not previously covered, such as online interactions.
- Modify the survey questions in order to gain a better understanding of the customer experience.

c. See table below for results.

Customer Satisfaction Survey(%8-10s)	
Year	Score
2009	89.4
2010	88.8
2011	87.8
Customer Experience Survey(%Ex-Vg)	
Year	Score
2012	80.5
2013	78.8
2014	77.7