

TURN DATA REQUEST
TURN-SCG-DR-31
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: SEPTEMBER 6, 2011
DATE RESPONDED: SEPTEMBER 16, 2011

1. With regard to Office Credit and Collections (SCG-8, p. MHB-15) please explain the following,
 - a. Has SoCalgas hired the 4.4 full time equivalents (FTE). If the 4.4 FTEs were hired exactly when were they hired? If they were not hired, explain when SoCalGas will hire these 4.4 FTEs.
 - b. For recorded years 2009-2010 please provide,
 - i. The annual number of customer authentication requests received,
 - ii. The annual number of customer authentication requests completed, and
 - iii. The annual recorded costs in 2009 and 2010 for completing those customer authentications.

SoCalGas Response 01:

- a. SoCalGas hired 2 FTEs in October 2010 and 2 FTEs in February 2011 in support of FACTA compliance.
- b.
 - i. 2009 data is not available. For 2010, there were approximately 36,000 eligible authentication requests.
 - ii. SoCalGas does not track actual number of completed requests. Customers may or may not complete the authentication process by providing proper documentation.
 - iii. Recorded costs are not separately tracked for authentication request activities.

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2. With regard to the activities described in SCG-8 (pp. 15 and 16) please provide recorded 2005-2010 and forecast 2011 and 2012 information showing
 - a. The annual number of activities broken out by the seven categories described on p. 15 (lines 25-29) and p. 16 (lines 1-21),
 - b. The annual costs for those activities broken out by the seven categories described on pp. 15 and 16.

SoCalGas Response 02:

- a. In 2010, there were approximately 36,000 eligible authentication requests recorded. Forecasted volumes over the seven categories would be approximately 20,500 for 2011 and 2012 annually. A single transaction would go through many, if not all 7 of the functions, based upon testimony on pages MHB-15 and MHB-16. Higher volume transactions would be: retrieve, sort, and present faxed documents (faxed documents consist of identity documentation from a service applicant); notify applicant of investigation status; and create and update memo documentations on the customer account.
- b. Annual labor costs for all activities are forecasted to be \$278,000, and non-labor costs of \$118,000 for 2011 and 2012 as per SCG-08-WP, pages 38-39. SoCalGas did not forecast the cost by the individual categories described in the testimony. Costs are tracked by FTEs performing the FACTA functions.

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3. (SCG-8, p. 11, lines 9-13) For recorded years 2005-2009 and forecast years 2010-2012, please provide the total number of annual bills broken out by customer class showing,
- a. Total number of bills and average cost per bill
 - b. Total number of bills that failed validation and the annual costs for fixing those bills exceptions broken into the type, the number, and the cost of the particular billing exception.

SoCalGas Response 03:

- a. SoCalGas does not track the number of bills or average cost per bill by customer class.
- b. SoCalGas does not generate the data necessary to break out by customer group or type the number of manually fixed bill exceptions. Similarly, SoCalGas does not generate cost data per particular customer group billing exception. However, see Table 1 below for cost data associated with manually fix billing exceptions generally.

Note: Total costs used in these calculations includes direct labor, non-labor, and V&S only.

Table 1

	2005	2006	2007	2008	2009
Annual Number of Manually fixed Bill Validation	423,295	438,482	395,102	343,311	281,999
Average Cost Per Manually Fixed Bill Validation	\$4.55	\$5.60	\$6.13	\$6.33	\$7.68

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4. (SCG-8, p. 11, lines 14-21) For recorded years 2005-2009 and forecast years 2010-2012, please provide the total number of field service orders broken out type that failed validation and include,
- a. The number of field orders,
 - b. The type of field service order, and
 - c. The cost of a final manual validation for those field service orders, showing how those costs were calculated.

SoCalGas Response 04:

- a. SoCalGas does not track the number of field orders that failed validation by customer class.
- b. SoCalGas does not generate the data necessary to breakout by customer group or type the number of field orders that failed validation. Thus, cost per particular customer group for field orders that failed validation is not available.
- c. See Table 2 below for cost of field orders that failed validation generally. To calculate these costs, SoCalGas allocated total billing costs between billing exceptions and failed order validations exceptions based on the count of each of these exceptions.

Table 2

Total Core Billing Cost	\$6,768,694	\$7,866,224	\$8,559,837	\$8,208,463	\$9,111,104
Total Manual Transactions	1,488,505	1,405,293	1,397,396	1,296,403	1,186,613
Service Orders	1,065,210	966,811	1,002,294	953,092	904,614
Exception Rate By Type					
Service Orders	71.56%	68.80%	71.73%	73.52%	76.23%
Cost Allocated by Exception Rate					
Service Orders	\$4,843,677	\$5,411,962	\$6,139,971	\$6,034,862	\$6,945,395

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5. Please provide the underlying calculations that support Supplemental Workpapers for Workpaper 200004.001 showing explicitly how
- a. The numbers associated with “volumes” of bills (under the heading “Total”) was calculated and show and document how the customer and meter forecast underlying the volume forecast was developed. If it is based on information contained in SCG-30, please cite back to that testimony and workpapers. If it was not based on the customer and/or meter forecast contained in SCG-30, please provide citation to the proper exhibit where this information is contained,
 - b. SoCalGas calculated the number of “Suppressed Bills”. Provide all of the supporting documentation for that calculation as well as a definition showing what types of bills qualify for “suppressed bills” status,
 - c. The volumes associated with ChkFree’s e-Bills were calculated and provide documentation supporting the calculation of those volumes, and
 - d. Provide calculations and documentation showing how SoCalGas developed the “average rate” of \$0.138 per transaction for ChkFree’s e-Bills.
 - e. Please confirm or deny that the “volume” numbers (under the heading of total) imply monthly bills and that underlying meters can be calculated by dividing by 12 (months). If this is true, please explain why SoCalGas forecasts meter (or customer) growth of 95,288 (2010), 108,970 (2011) and 137,495 (2012) and show how this comports with other SCG exhibits on customer and meter growth. If it is not true, please explain how those numbers are calculated.

SoCalGas Response 05:

- a. Total bills were calculated based on the number of active meters, which is contained in Exhibit SCG-30, TABLE SCG-SRW-1, and Exhibit SCG-30-WP, page SRW-WP-7. Please see embedded file TURN_SCG_31_Table1.xlsx, below.



TURN_SCG_31_Table1.xlsx

The total bill forecast includes these steps:

- i. Divided the Total Items by the Active Meter to get Total Items Per Meter for 2005 through 2009.
- ii. Forecasted Total Items Per Meter based on the number of forecasted Active Meters for 2010 through 2012.
- iii. Forecasted Total Items by multiplying the Total Items Per Meter and the forecasted meters.

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Response to Question 5 (Continued)

- iv. Total Items included Total Bills and Total Customer Correspondence Letters (Total Letters). The composition of Total Items in 2009 included 93.3% of Total Bills and 6.7% of Total Letters.
 - v. The compositional percentage changed from year to year. The compositional changes estimated for 2010 through 2012 were the running averages of previous 5 years. The composition included 93.5% Total Bills and 6.5% Total Letters for 2010 - 93.7% Total Bills and 6.7% for 2011 – and, 94.1% Total Bills and 5.9% for 2012.
 - vi. The Total Bills and Total Letters were calculated for 2010 through 2012 by multiplying the compositional percentage to the Total Items.
 - vii. The Total Bills comprised of Paper Form Bills, Suppressed Bills through My Account, and e-Bills sent-out by consolidator, and CheckFree.
 - viii. The Suppressed Bills and e-Bills were estimated based on the available information of the present environment.
- b. The number of My Account paperless accounts is not a calculation but is a direct query from the Customer Information System (CIS) at every month-end. An average of the previous month-end count and the current month-end count is considered the “Suppressed Bills” for the current month.
- c. The volumes associated with the number of CheckFree e-bills is not a calculation but is derived from a direct CIS query of e-Bills sent out daily to CheckFree, our e-bill consolidator. This query is performed at every month-end. The total of those daily counts is reported as CheckFree e-Bills for the applicable month.
- d. The difference between the postage savings per Suppressed Bill and the proprietary/confidential fees (pursuant to the Service Agreement between SDG&E/SoCalGas and CheckFree, proprietary/confidential information of CheckFree may not be disclosed third parties) charged to SDG&E/SoCalGas for each of the e-Bills sent-out by CheckFree is the savings of \$0.138 per CheckFree e-Bill.
- e. The active meters are based on the information contained in SCG-30, which are **not** calculated by dividing the totals bills by 12 (months). Please see embedded file TURN_SCG_31_Table1.xlsx in the response to Question 5a for the calculation of how meter growth from SCG -30 was used to forecast bill growth. An explanation of the calculation is provided in the written response to Question 5a.

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6. With regard to Table SCG-MHB-2 (p. MHB-7), please provide
- a. A breakout and description of the types of paperless options that were adopted during this period, and
 - b. The recorded number of paperless bills sent and processed by SoCalGas for 2010.

SoCalGas Response 06:

- a. During this period, there were two paperless options: Suppressed Bills through the My Account application and e-Bills sent-out by consolidator, CheckFree.
- b. Recorded number of paperless bills sent and processed by SoCalGas for 2010

	Recorded
	2010
E-Bills - Consolidator	2,140,192
Suppressed Bills - My Account	11,398,126

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7. With regard to workpapers supporting SCG-8 (supplemental workpapers 200004.001, pp. 89-90) please provide the following information for recorded years 2005-2010 and forecast years 2011-2012,
- a. The total number of annual bills sent to customers and their annual costs separated into,
 - i. Traditional Mailed Payment,
 - ii. On-Line through My Account,
 - iii. Home Banking,
 - iv. Home Banking—CheckFree,
 - v. Direct Debit,
 - vi. Electronic Check,
 - vii. Debit/ATM Card,
 - viii. Credit Card,
 - ix. Paid by Phone,
 - x. Mailed Payment
 - xi. Payment at Company Payment Centers, and
 - xii. Payment at Authorize Payment Locations.
 - b. Please provide SoCalGas' annual costs of processing the various bill payment methods contained in the previous question, subparts i – xii.

SoCalGas Response 07:

SoCalGas interprets this question as relating to the connection between the billing method and the actual payment method used by the customer for such bill.

- a. The connection between annual bills sent and payment method utilized is not tracked.
- b. See response to Part A; associated cost information is thus not available.

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8. For recorded years 2005-2009 and forecast years 2010-2012, please provide the annual expense and capital expenditures spent on the Customer Relationship Management System (SCG-8, MHB-5). Also, please identify the source of funding this project and explain whether it has been funded entirely through general rate revenue or through some other source such as energy efficiency funds. If more than one source of funding was used, please delineate that funding source and breakout the annual costs accordingly.

SoCalGas Response 08:

The annual expense and capital expenditures for recorded years 2005-2009 and forecast years 2010-2011 is provided below in the attached file. The cost of the Customer Relationship Management application was funded by Energy Efficiency funds and Demand Response funds and shared between SoCalGas and SDG&E. The annual support costs of this system are paid out of Energy Efficiency and Demand Response Funds. The impact to the Customer Service Technology Support staff workload (SCG-8, MHB-25, lines 16 and 17) is for one Supervisor to provide direct supervision to the technology support personnel. The supervisor position is proposed as an incremental add and funded by the Customer Service Technology Operating Budget.



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9. Provide all the underlying data used to calculate increase due to meter growth on WP supporting SCG-8 (p. 23) and ensure the response includes calculation showing how SCG calculated increases in new meter growth, increases in labor costs associated with that new meter growth and a clear calculation showing the relationship between new customers/meter growth and labor costs.

SoCalGas Response 09:

The data in the attached supplemental mentioned in Question 9 is labor for Mass Market Billing, Mass Market General Ledger Billing, Mass Market Special Account Billing, and Mass Market Operations Support. As shown, it is that labor multiplied by the growth factor included in the supplemental workpaper.

SCG Billing Labor Increase - Customer/Meter Growth

	Base Year	2010	2011	2012	Total growth
Meter Growth Rate	0%	0.6%	0.7%	0.9%	
Recorded Expenses	\$ 5,109	\$ 5,139	\$ 5,178	\$ 5,224	
Increase due to growth		\$ 30	\$ 38	\$ 47	\$ 115

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10. On page 23 of SCG-8, SoCalGas reports that it anticipates an increased growth in on-line self-service options through the MyAccount web site applications (lines 23-25). Please provide the forecast that supports that statement.

SoCalGas Response 10:

The three Business Systems Analysts needed to support the enhancements to self service options are a result of increased on-line functionality rather than a projection in the number of customers switching to self service.

Two of the three Business Systems Analysts have been hired during the first quarter of 2011 and one is starting September 2011. The new features and functionality for self service options include: mobile web, payment arrangements, introduction of an on-line customer preference center, added product and services to the web offerings, on-line help desk support tools and energy analysis tools.

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11. For recorded years 2006-2010 and forecast years 2011-2012 please provide
- a. The annual number of active meters,
 - b. The annual number of customers (if different from active meters),
 - c. The number of gross bills sent out,
 - d. The annual ratio of gross bills to active meters, and
 - e. A narrative explaining whether or not SoCalGas expects a change in the ratio of gross bills to active meters in the forecast years and if it does expect a change, the reason for that change.

SoCalGas Response 11:

- a. Data from Exhibit SCG-30, TABLE SCG-SRW-1

	Recorded 2006	Recorded 2007	Recorded 2008	Recorded 2009	Recorded 2010	Forecast 2011	Forecast 2012
Active Meters	5,391,974	5,445,791	5,466,979	5,480,314	5,516,871	5,565,817	5,621,055

- b. Active meters and customers are the same.

c.

	Recorded 2006	Recorded 2007	Recorded 2008	Recorded 2009	Recorded 2010	Forecast 2011	Forecast 2012
Total Bills	65,850,240	66,525,016	66,909,358	67,315,774	67,743,548	69,766,877	71,416,821

d.

	Recorded 2006	Recorded 2007	Recorded 2008	Recorded 2009	Recorded 2010	Forecast 2011	Forecast 2012
Total Bills Per Active Meter	12.21	12.22	12.24	12.28	12.28	12.53	12.71

- e. The calculation which shows the change in the ratio of gross bills to active meters is detailed in TURN_SCG_31_Table1.xlsx as embedded in the response to Question 5a. The ratio of gross bills to active meters is expected to change because the growth in gross bills is expected to be more than the growth in active meters. The relationship between the two measures are many to one. The growth in gross bills depends on the number of times a meter becomes active. That is when a customer moves out, and another customer moves in:

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SoCalGas Response 11 Continue:

- Case #1 => there will be 2 bills, one closing bill and an opening bill.
- Case#2 => if one customer requests both a paper bill and an electronic bill, there will be 3 total bills.
- Case#3 => if both customers request both paper bills and electronic bills, there will be 4 total bills.
- Case#4 => if one customer changes his or her e-mail address then, there will be 5 total bills.
- Case#5 => if both customer changes their e-mail addresses then, there will be 6 total bills.
- Case#6 => if one customer request a duplicate of his or her paper bill, there will be 7 total bills.
- Case#7 => if both customers request duplicates of their bills, there will be 8 total bills.

In conclusion, the growth in gross bills is a multiplicative relation to meter growth.