

Company: Southern California Gas Company (U 904 G)
Proceeding: 2016 General Rate Case
Application: A.14-11-004
Exhibit: SCG-12-R

REVISED

SOCALGAS

**DIRECT TESTIMONY OF ANN D. AYRES
(CUSTOMER SERVICE - INFORMATION)**

March 2015

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



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SUMMARY

Test Year 2016 Summary of Total O&M Costs

(Thousands of 2013 dollars)

CS - INFORMATION			
Shown in Thousands of 2013 Dollars	2013 Adjusted-Recorded	TY2016 Estimated	Change
Total Non-Shared	\$17,073	\$24,635	\$7,562
Total Shared Services (Incurred)	\$2,912	\$3,398	\$486
Total O&M	\$19,985	\$28,033	\$8,048

Test Year 2016 Summary of Total Capital IT Costs

(Thousands of 2013 dollars)

CS - INFORMATION			
Shown in Thousands of 2013 Dollars	Estimated 2014	Estimated 2015	Estimated 2016
Capital IT Projects, Annual Estimated Total	\$4,411	\$12,717	\$2,478

Summary of Requests

My testimony describes the Customer Service – Information (“CS-I”) activities and costs at the Southern California Gas Company (“SoCalGas”). These activities include account management services to nonresidential and residential customers; products and services for homebuilders and developers; services for capacity, pipeline, and storage; gas scheduling; gas transmission planning; and customer research, outreach, communication, and education. Generally, these customer-centric activities help ensure timely and effective customer communications regarding safety, reliability, conservation, and various other programs and services. Regarding costs, my testimony provides estimated expenses for Test Year (“TY”) 2016 to support these ongoing core activities, and requests the following incremental activities and costs be authorized:

- Additional resources to enhance customer service through expansion of information (e.g., safety messages), eServices, self-help tools, and energy usage analysis tools, on socialgas.com

and within My Account for all classes of customers,¹ and provide eServices and communications through more e-Channels (e.g., SMS text,² mobile applications, and social media);

- Additional resources to expand customer research and customer satisfaction analyses to measure, evaluate, and anticipate customer information and service needs, supporting efforts to enhance customer service and develop new customer service options;
- Additional resources to expand communication and outreach methods to engage hard to reach customers;
- Incremental non-labor dollars to account for increased costs driven by Energy Savings Assistance Natural Gas Appliance Testing, in compliance and consistent with Commission directives (and reflective of updated forecasts associated with the anticipated draft filing of the 2015-2017 Low Income Proceeding application), and efforts to increase medical baseline program enrollment;
- Additional resources to support Energy Markets & Capacity Products activity growth related to accelerated new business requests from large electric generation and enhanced oil recovery customers driven by regulatory/legislative initiatives and sustained high oil prices, respectively, as well as to support new administrative activities driven by regulatory decisions such as the California Producer Decision, Firm Access Rights Update Decision, and Off System Delivery Decision;
- Additional resources to expand customer account support in the areas of small and medium business customers; and to increase residential customer and home builder products and services, with costs to collaborate with the Customer Service Field area regarding Safety Check outreach and CO Detector/socalgas.com education; and
- Additional resources to increase efforts in accelerating installation and use of combined heat and power systems, supporting various state and federal environmental legislation.

¹ My Account is a digital portal that provides customers with the ability to handle their most common transactions via the internet. Services available include the ability to view and pay bills, setup automated payment plans or request payment extensions, schedule and update service requests, view and analyze energy usage, and update user contact information. My Account services can be accessed online using any web browser, on a smartphone using either SoCalGas apps or a web browser, and via SMS text messaging. At this time, only payment reminders, request current balance and pay current balance are available by SMS text.

² “SMS text”: short message service text.

With respect to how I estimated costs, my testimony adopts a consistent 5-year average forecast methodology to form a “baseline” forecast for all areas within CS-I. This forecasting methodology reduces anomalies in the forecast by smoothing costs attributed to compliance with new mandates or regulations, employee attrition, and cost fluctuations associated with operations and maintenance (“O&M”) costs that are closely tied with other programs (e.g., Customer Assistance) that are not aligned with the GRC cycle. The 5-year average baseline forecast was further adjusted, where needed, to account for specific program growth and other incremental costs not reflected in historical cost data. Furthermore, the baseline forecasts for all groups within CS-I were adjusted to reflect personnel movement resulting from company reorganization.

SOCALGAS DIRECT TESTIMONY OF ANN D. AYRES
(CUSTOMER SERVICE - INFORMATION)

I. INTRODUCTION

A. Summary of Costs

I sponsor the TY 2016 forecasts for O&M costs for both non-shared and shared services, and business justification for capital costs for the forecast years 2014, 2015, and 2016, associated with the CS-I area for SoCalGas. As noted above, CS-I provides account management services to nonresidential and residential customers, as well as residential developers, capacity, pipeline, and storage services, gas scheduling, gas transmission planning, collaborates on customer research, and performs outreach, communication, and education activities. Tables 1 and 2 summarize the total O&M and capital costs in my area.

TABLE 1

Test Year 2016 Summary of Total O&M Costs
(Thousands of 2013 dollars)

CS - INFORMATION			
Shown in Thousands of 2013 Dollars	2013 Adjusted-Recorded	TY2016 Estimated	Change
Total Non-Shared	\$17,073	\$24,635	\$7,562
Total Shared Services (Incurred)	\$2,912	\$3,398	\$486
Total O&M	\$19,985	\$28,033	\$8,048

TABLE 2

Test Year 2016 Summary of Total Capital IT Costs
(Thousands of 2013 dollars)

CS - INFORMATION			
Shown in Thousands of 2013 Dollars	Estimated 2014	Estimated 2015	Estimated 2016
Capital IT Projects, Annual Estimated Total	\$5,069	\$12,717	\$2,478

B. Summary of Activities

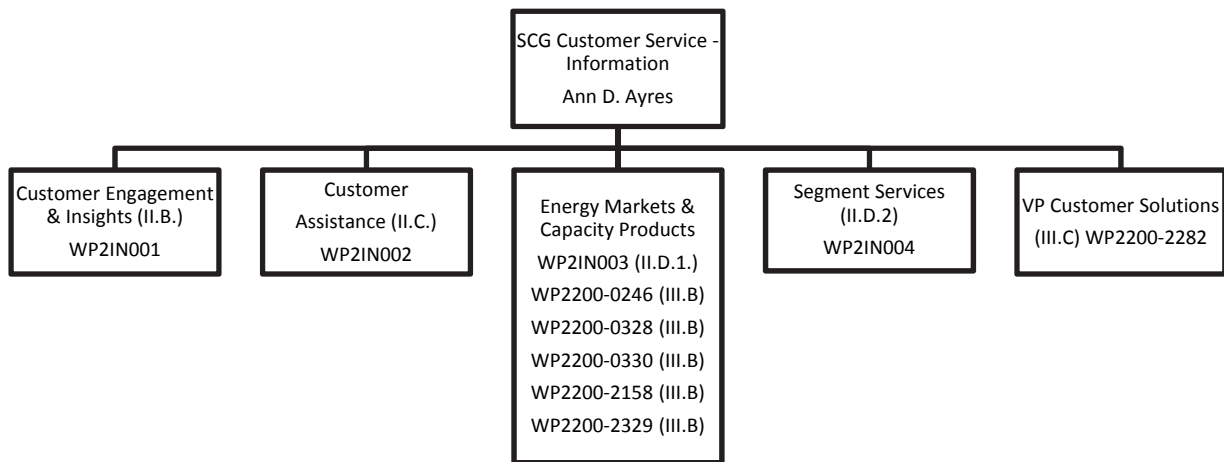
CS-I is responsible for delivering information to SoCalGas customers, conducting customer research and analytics, managing electronic information and services delivery channels, maintaining customer assistance and outreach programs, and providing energy-related services to non-residential customers, residential customers, home builders and developers. The

1 CS-I function, with one exception, reports to the Vice President (“VP”) of Customer Solutions.³
 2 In addition to those activities described in this chapter, the VP of Customer Solutions also
 3 oversees the Technology Solutions business area which resides in a portion of the Prepared
 4 Direct Testimony of SoCalGas witness Mr. Jeffrey Reed – SoCalGas CS Technologies, Policies,
 5 Solutions Exhibit (“Ex.”) SCG-13. Additionally, the VP of Customer Solutions also oversees
 6 energy efficiency and other programs separately funded outside of this General Rate Case
 7 (“GRC”) proceeding. Those activities are not discussed in this chapter. The CS-I function
 8 consists of the following major activities:

- 9 • Customer Engagement & Insights;
- 10 • Customer Assistance; and
- 11 • Customer Segment Markets (Energy Markets & Capacity Products, and Segment Services).

12 Figure 1 below illustrates how these activities are presented in my testimony and workpapers.

13 **FIGURE 1**
 14 **CS-I Testimony Organization**



15
 16 These are customer-facing activities focused on ensuring that information about safety,
 17 reliability, conservation, various programs and services is effectively communicated to and
 18 leveraged by customers, and that we are meeting customers’ needs and expectations.

19 My Test Year forecasts are divided into three categories – non-shared services, shared
 20 services, and capital. Non-shared services expenses are O&M expenses incurred only by

³ The Energy Markets & Capacity Products function, one part of nonresidential markets, reports to the Vice President of Engineering and Operations Staff.

1 SoCalGas and are discussed in Section II. Shared services expenses are O&M expenses incurred
2 by SoCalGas on behalf of both SoCalGas and San Diego Gas and Electric (“SDG&E”), and are
3 discussed in Section III. Capital requirements are identified in Section IV; however, capital
4 expenditure forecasts are provided elsewhere in the SoCalGas testimony Ex.SCG-18 (Olmsted).

5 Generally, my Test Year forecasts are reasonable because they account for cyclical
6 fluctuations and recurring costs attributed to core business functions. TY 2016 estimated O&M
7 expenses adopted a consistent 5-year average forecast methodology to form a “baseline” forecast
8 for all areas within CS-I. This forecasting methodology reduces anomalies in the forecast by
9 smoothing costs attributed to abnormal operating conditions, compliance with new mandates or
10 regulations, employee attrition, and cost fluctuations associated with O&M costs that are closely
11 tied with other programs (Customer Assistance) that are not aligned with the GRC cycle. The 5-
12 year average baseline forecast was further adjusted, where needed, to account for specific
13 program growth and other incremental costs not reflected in historical cost data. Furthermore, the
14 baseline forecasts for all groups within CS-I were adjusted to reflect personnel movement
15 resulting from company reorganization. This is the most accurate method to reflect the activities
16 in the CS-I area, as historical costs from 2009-2013 are representative of continued core
17 operational activities without overstating, understating, or selectively isolating particular
18 historical expenses.

19 The following factor(s) were considered in the development of TY 2016 estimated
20 expenses:

- 21 • Increasing diversity of SoCalGas’ customer segments;
- 22 • Customer information technology adoption, dynamic and expanding communication e-
23 channels leading to increased customer expectations;
- 24 • Heightened community interest with respect to gas safety;
- 25 • Expanded special needs, hard-to-reach customer outreach efforts to ensure all customers are
26 uniformly served;
- 27 • Enhanced technical engineering services and support; and
- 28 • Expanded and more complex state and federal energy, air quality, policy and regulatory
29 environment.

1 **C. Supports SoCalGas’ Goals of Safety, Reliability, Customer Service, and**
2 **Compliance**

3 The activities within my CS-I testimony represent SoCalGas’s commitment to our
4 customers by focusing on safety, reliability, customer service, and compliance.

5 Safety

6 Customer interest with respect to gas safety has heightened due to increased attention on
7 the shale gas industry boom and recent pipeline safety accidents that occurred outside of
8 SoCalGas’ service territory. Subsequently, our activities have grown to increase gas safety
9 education and awareness to customers through a multitude of communication channels and
10 delivery methods, which include: one-on-one customer engagement, outreach events, social
11 media messaging, as well as supporting increased natural gas appliance testing and CO testing.
12 We also focus on capital investment projects to build out our socialgas.com website capacity and
13 expand our social media/mobile presence so that (among other things) emergency alerts and
14 messages can be effectively conveyed to customers. A reliable communication platform is
15 particularly valuable in times when mobile or landlines are overloaded with congestion and
16 phone calls are unable to connect.

17 Reliability

18 CS-I activities also consist of, and continue to grow, in the area of gas transmission
19 system modeling and gas scheduling in support of gas system reliability. Our gas scheduling
20 group is responsible for maximizing the system capacity by balancing the system between in-
21 state and out-of-state scheduled receipts and forecasted system demand, declaring operational
22 flow orders and winter balancing enforcement. We are requesting capital investment dollars to
23 support an anticipated final decision related to the Federal Energy Regulatory Commission’s
24 Notice of Proposed Rulemaking to align nationwide gas and electric operational practices of
25 pipelines and electric generators for energy scheduling.⁴ We also have dedicated resources
26 focused on evaluating an influx of requests for service and information pertaining to Southern
27 California Edison’s Local Capacity Resource Request for Offer. These request types are
28 expected to continue as the California electricity system continues to change.

29 We also continue to evolve and expand our storage, hub, and capacity products and
30 services, which support customers’ gas service reliability, including investing capital into further

⁴ FERC. Notice of Proposed Rulemaking (“NOPR”) Docket No. RM14-2-000.

1 development of our electronic bulletin board (“EBB”) system (otherwise known as SoCalGas
2 ENVOY®) to build new functionalities for balancing and secondary market trading.
3 Additionally, our staff activities continue to identify, implement, and propose refinements to our
4 gas curtailment regulations and processes to protect service to our core load and minimize impact
5 to our non-core load.

6 Customer Service

7 Our focus on improving the customer experience includes responding to customer
8 expectations to interact through social media channels (e.g., YouTube, Facebook, Twitter, etc.),
9 providing customers multiple channels of communication, and building out customer self-service
10 options for online and mobile payment. We continue to refine and add to our customer research
11 and analytics, as data and communication channels continue to grow and change, ensuring our
12 services continue to address customer needs and satisfaction.

13 In addition to our communication and technology offerings, we are developing a
14 dedicated group to serve the small, medium business customer segment needs, as well as
15 growing our dedicated group to serve the residential, new construction, and homebuilder
16 customer segment. Increasing complexities in air quality regulations and permitting are
17 challenges for small, medium business customers. This customer segment typically lacks
18 resources, expertise, or in-house experience to effectively deal with these challenges. We are
19 also focused on increasing services and communications to support the growing aging population
20 of residential customers and to provide assistance to homebuilders and construction to address
21 Zero Net Energy mandates, Title 24, and air quality items such as South Coast Air Quality
22 Management District (“SCAQMD”) Rule 1111.

23 Compliance

24 SoCalGas is supportive of federal and state environmental goals and initiatives that are
25 influencing the energy marketplace to drive greenhouse gas reduction, renewables integration,
26 abate once-through-cooling, construct new fast start generator technology, and grow biogas
27 interconnection. Accordingly, CS-I activities continue to adapt to ensure compliance with
28 federal and state directives and regulatory decisions, and are requesting additional resources
29 dedicated to supporting federal and state environmental initiatives to encourage greenhouse gas
30 reduction and renewable energy by accelerating the installation of combined heat and power
31 technology.

1 SoCalGas is also supportive of technology compliance with accessibility requirements
2 and data security standards. In addition to ensuring continued compliance with the Web Content
3 Accessibility Guidelines (“WCAG”) 2.0 requirements established by the Memorandum of
4 Understanding agreed to with the Center for Accessible Technology executed on February 24,
5 2012, CS-I is also requesting capital investments to upgrade various software applications, and
6 enhance website security to meet compliance requirements and operational standards such as the
7 North American Energy Standard Board (“NAESB”) version 2.0 to schedule gas with our
8 interstate trading partners.

9 **D. Support To/From Other Witnesses**

10 In addition to sponsoring my organization’s cost centers, I also provide:

- 11 • Business justification for costs related to capital IT projects in the Prepared Direct Testimony
12 of SoCalGas witness Christopher Olmsted - SoCalGas Information Technology (Ex. SCG-
13 18);
- 14 • Related O&M labor/FTE/non-labor costs (Section II.B.3. “eServices & Data Analysis”)
15 associated with the Capital IT projects’ business cases sponsored in the prepared Direct
16 Testimony of SoCalGas witness Evan Goldman – SoCalGas Customer Services Operation
17 (Ex. SCG-11);
- 18 • Related O&M non-labor costs impact for communication printing and postage costs related
19 to Customer Service Field activities that are incremental and described in the prepared Direct
20 Testimony of SoCalGas witness Sara Franke – SoCalGas Customer Service Field & SCG
21 Meter Reading (Ex. SCG-10, Section II.B.1.d.2., and Section II.B.1.d.3.);
- 22 • Background information regarding cost recovery of the Natural Gas Appliance Testing
23 (“NGAT”) Memorandum Account in the prepared Direct Testimony of SoCalGas witness
24 Reginald Austria – SoCalGas Regulatory Accounts (Ex. SCG-33, Section II.A.2.);
- 25 • Miscellaneous revenues for Line Item Billing (“LIB”) and Federal Energy Retrofit Program
26 (“FERP”), including the basis for the forecasted revenues and the projected revenues, are
27 sponsored by SoCalGas witness Michelle Somerville, Ex. SCG-32, Section III.17 and Section
28 III.18, respectively; and
- 29 • Shared Services total incurred costs/FTE costs which are described in Section III whereas the
30 dollar amounts allocated to affiliates are presented in the prepared Direct Testimony of
31 SoCalGas witness Mark Diancin (Ex. SCG-25, Section II).

1 Capital IT Projects

2 Section IV of my testimony provides descriptions and the business need for Information
3 Technology (“IT”) projects that are associated with functions that reside in my CS-I testimony.
4 The costs of these projects are represented separately under the SoCalGas Information
5 Technology testimony of SoCalGas witness Christopher Olmsted (Ex.SCG-18).

6 Related O&M labor/FTE costs to Ex.SCG-11(Goldman)

7 There are 3 capital IT projects (Integrated Customer Data & Analytics_SQL, Project
8 #14826; My Account Mobile 1C, Project # 81423; and SCG My Business Account, Project #
9 81436) presented in the testimony of the Customer Service - Operations group, which presents
10 ongoing O&M FTE and non-labor costs impacts to my CS-I testimony area. The capital IT
11 business cases are presented in the prepared Direct Testimony of SoCalGas witness Evan
12 Goldman – SoCalGas Customer Services Operation (Ex.SCG-11, Section IV.B.3, Section
13 IV.B.4; and Section IV.B.5). However, the ongoing functions of these 3 capital IT projects also
14 impact my witness area in CS-I, as ongoing incremental O&M labor / FTE, and non-labor costs
15 are associated with supporting these projects and are requested as incremental work in Section
16 II.B.3 “Cost Drivers” for the subgroup “eServices & Analysis” within the Customer Engagement
17 & Insights function.

18 Communication Costs Related to Customer Service Field Operations Activities

19 The Customer Engagement & Insight costs within Section II.B.1 of my testimony
20 describes this business group as responsible for managing, maintaining, and providing
21 foundational communication channels and analytics for the company’s various business units.
22 Some costs to Customer Engagement & Insights also includes the communication material (e.g.
23 seasonal type winter messages) for company-wide messages, however messaging and outreach
24 material for specific programs or initiatives are typically funded by their associated business
25 units (such as energy efficiency). In the prepared Direct Testimony of SoCalGas witness Sara
26 Franke – SoCalGas Customer Service Field & SCG Meter Reading (Ex.SCG-10, Section
27 II.B.1.d.3. and Ex.SCG-10, Section II.B.1.d.2.), there includes a forecast to support service
28 enhancements for safety messaging outreach, and CO detectors and socialgas.com education,
29 however the cost components for producing the communication materials reside in Section
30 II.D.2.c. of my testimony, in Residential Market Services.

1 NGAT Memorandum Account

2 A one-time memorandum account was approved by the Commission in 2011 for
3 SoCalGas to recover NGAT costs associated with increased home weatherization program goals
4 from the 2009-2011 Low Income Proceeding.^{5,6} The Low Income Proceeding 2009 base year
5 represented the first year of the program cycle approved in Decision (“D”) 08-11-031, and
6 reflected a 47% increase over previous projections of GRC TY 2008 testing. SoCalGas incurred
7 these additional NGAT costs without a recovery mechanism, which led to the Commission-
8 approved NGAT memorandum account where \$1.944 million in expenses were recorded by
9 SoCalGas, and for which SoCalGas now seeks cost recovery in the SoCalGas Regulatory
10 Accounts GRC testimony (Ex.SCG-33, Section II.A.2. [Austria]).

11 Miscellaneous Revenues

12 Line Item Billing (“LIB”) and Federal Energy Retrofit Program (“FERP”) are services
13 offered by Segment Services – Residential Services, and Segment Services – Account
14 Management/Staff Support, respectively. The forecast basis and projected miscellaneous
15 revenues generated by LIB and FERP are sponsored in Ex.SCG-32, Section III.17 and Section
16 III.18 (Somerville).

17 Shared Services

18 The percent allocation of each shared service cost center in my testimony (Section III) are
19 detailed in Ex.SCG-12-WP (Ayres).

20 **II. NON-SHARED COSTS**

21 **A. Introduction**

22 Table 3 summarizes the total non-shared O&M forecasts for the listed cost categories.
23

⁵ D.10-12-002, pg.10.

⁶ Description of how GRC funded NGAT costs are related to a separate Low Income Proceeding regulatory cycle are further described in Section II.C.I. under “Energy Savings Assistance Programs Related to Natural Gas Appliance Testing”.

TABLE 3
Test Year 2016 Non-Shared O&M Summary of Costs
(Thousands of 2013 dollars)

CS - INFORMATION			
Shown in Thousands of 2013 Dollars			
Categories of Management	2013 Adjusted-Recorded	TY2016 Estimated	Change
A. Customer Engagement & Insights	\$5,919	\$8,891	\$2,972
B. Customer Assistance	\$2,834	\$4,253	\$1,419
C. Customer Segment Markets	\$8,320	\$11,491	\$3,171
Total	\$17,073	\$24,635	\$7,562

B. Customer Engagement & Insights

Customer Engagement & Insights manages four primary areas:

- Customer Marketing & Communications;
- Creative Services;
- Customer Insights & Analytics; and
- eServices & Data Analysis.

The primary functions and objectives of Customer Engagement & Insights are to:

- Provide proactive communications to customers via mass and targeted channels to build awareness of and improve access to existing and new utility services, programs and resources;
- Educate customers and stakeholders regarding general topics, including managing gas use and bills, payment options, assistance and rebate programs, service offerings, and natural gas safety;
- Conduct ongoing quantitative and qualitative research and analyses of customer satisfaction,^{7,8} evaluate and anticipate customer information and service needs and

⁷ “Quantitative research” is conclusive in its purpose as it tries to quantify the problem and understand how prevalent it is by looking for projectable results to a larger population. Here, data collection typically occurs through large scale surveys (online, phone, paper), audits, and points of transactional interactions.

⁸ “Qualitative research” is by definition exploratory, and it is used when we don’t know what to expect, to define the problem or develop an approach to the problem. It’s used to go deeper into issues of interest and explore nuances related to the problem at hand. Common data collection methods used in qualitative research are focus groups, in-depth interviews, observation, and ethnographic participation/observation.

1 preferences, supporting the development of new customer service options, targeted
2 communications and delivery channels to satisfy those needs; and,

- 3 • Leverage and expand existing and new e-Channels,⁹ (including social media) and
4 communication platforms (such as mobile) to support customer education and awareness-
5 building objectives.

6 For TY 2016, SoCalGas is requesting a total of \$8.891 million for Customer Engagement
7 & Insights. This forecast is based on a 5-year average cost with an incremental funding request
8 of \$2.972 million above 2013 base year spend to accomplish the following:

- 9 • Enhance customer service by expanding information,¹⁰ eServices,¹¹ and self-help tools
10 available on socalgas.com and within My Account for all classes of customer (i.e.,
11 residential, commercial, industrial) and provide eServices through more e-Channels (e.g.,
12 SMS Text, Mobile Apps, etc.);¹²
- 13 • Support and enhance the energy usage analysis tools to achieve greater customer
14 engagement and encourage potential customer behavioral changes that reduce energy usage;
- 15 • Expand customer research and customer satisfaction analyses to measure, evaluate and
16 anticipate customer information and service needs, supporting efforts to enhance customer
17 service, and develop new customer service options;
- 18 • Continue to expand messaging for general gas safety for dig in's, appropriate appliance use,
19 carbon monoxide poisoning awareness and earthquake response by customers; and

⁹ e-Channels refer collectively to the variety of electronic communications and services-delivery platforms through which communications, transactions, interactions and/or collaboration between SCG and its customers may occur. These include, but are not limited to, self-service interactive voice response systems, website-based bill payment and self-service, e-mail, text/SMS, social media (e.g., Facebook, MySpace, Twitter) and mobile services. New and evolving technologies will lead to the creation of additional e-Channels in the future.

¹⁰ See Appendix B for table indicating the communication support that Customer Engagement & Insights provides to other departments, programs, or groups (defined as "business clients" or "business owners"), as well as how expenses are allocated or incurred by Customer Engagement & Insights.

¹¹ See Appendix A for table indicating the interactions between the web and social media channels that Customer Engagement & Insights maintain, and how the Customer Contact Center department is integrated.

¹² My Account is a digital portal that provides customers with the ability to handle their most common transactions via the Internet. Services available include the ability to view and pay bills, setup automated payment plans or request payment extensions, schedule and update service requests, view and analyze energy usage, and update user contact information. My Account services can be accessed online using any web browser, on a smartphone using either our apps or a web browser, and by SMS text messaging. At this time only payment reminders, request current balance and pay current balance are available by SMS text.

- Improve and expand social media communications as the level of customer interaction continues to expand and the need to communicate across more social media channels increases.

See Table 4 below for a summary of TY2016 estimated non-shared Customer Engagement & Insights costs compared to 2013 Adjusted-Recorded base year. Explanation of cost change from 2013 Adjusted-Recorded to TY2016 Estimated is further elaborated in the following Sections II.B.2 and II.B.3.

TABLE 4
Test Year 2016 Summary of Non-Shared Customer Engagement & Insights Costs
(Thousands of 2013 dollars)

CS - INFORMATION			
Shown in Thousands of 2013 Dollars			
B. Customer Engagement & Insights	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Customer Engagement & Insights	\$5,919	\$8,891	\$2,972
Total	\$5,919	\$8,891	\$2,972

1. Description of Costs and Underlying Activities

The following provides further detail regarding the four areas managed by Customer Engagement & Insights, as well as details regarding primary cost drivers within these areas.

Customer Marketing & Communications

The Customer Marketing and Communications team is responsible for developing marketing strategies and plans, and overseeing the execution of customer-facing communications campaigns to help business partners meet their objectives and goals. This includes monitoring and analyzing market trends, evaluating customer research, identifying target markets and developing strategies to communicate with various customer segments and increase customer engagement.

The creation and placement of advertisements, mailers and other materials is accomplished using both internal resources and external vendors. Customer Marketing and Communications also oversees external suppliers, such as advertising agencies, language translation vendors, design vendors and SoCalGas' e-mail service provider.

1 Communications to customers cover general topics such as customer services offered by
2 SoCalGas, bill management, payment options and critical natural gas safety information, as well
3 as more targeted programs and/or services-specific communications. General messages are often
4 delivered in English, Spanish, Chinese (Mandarin and Cantonese), Vietnamese and Korean, in
5 in-language media. Targeted messages may depend on the audience as well as program goals
6 and objectives. In addition, SoCalGas buys African-American and Filipino media. All ethnic
7 advertising is delivered in-language and is transcreated (never simply translated) to ensure we
8 are being culturally relevant with our customers and so our messages are delivered and
9 consumed more effectively.¹³ Generally, costs associated with programs and/or services-specific
10 communications are paid by the requesting organizations within SoCalGas.¹⁴ Therefore, the costs
11 incurred by the Customer Marketing and Communications area relate to items that are company-
12 wide and include: costs to fund an annual general and pipeline awareness safety campaign, a
13 “winter prep” campaign that helps customers manage their winter gas bills, and ongoing
14 campaigns to build awareness of newer, electronically-based customer services and information.

15 Creative Services

16 The Creative Services team manages day-to-day activities associated with graphic design,
17 scheduling and production for bill enclosures, as well as for various printed and electronic
18 materials, such as brochures, flyers, posters and newsletters, stewarding brand vision and
19 protecting brand equity. This team is also responsible for organizing and implementing various
20 external outreach events annually.

21 These materials support numerous SoCalGas programs and services-related education
22 and outreach efforts and many of the bill enclosures that are mandated by the Commission.
23 Additionally, the Creative Services team oversees the use of the SoCalGas logos and names, and
24 associated compliance with various copyright, trademark and creative usage rights requirements.
25 SoCalGas’ identities are trademarked and require oversight to ensure proper and legal usage by
26 both internal departments and outside entities. Creative Services ensures that legal and mandated
27 affiliate disclaimers appear on all company (e.g., energy efficiency and low income programs)

¹³ “Transcreated” refers the adoption of a message from one language to another, while maintaining its intent, style, tone, and context. Transcreation requires taking the essence of the message and re-creating it in another language or dialect.

¹⁴ See Appendix B “Customer Engagement & Insights and Business Clients 2013 Activities Table” for illustration of differences in activities and costs incurred between Customer Engagement & Insights groups compared to business owners or ‘clients’.

1 and third party materials. This protects customers by ensuring information provided with the
2 SoCalGas name or logo legitimately comes from SoCalGas, and reduces customer confusion
3 and/or misperception when the SoCalGas name or logo appears on others' printed or electronic
4 materials. Costs that are within this area for ongoing creative services projects include:

- 5 • Management of an extensive database of catalogued images and videos,¹⁵ which include
6 updating expiring licensed images, maintaining legal releases of images, and arranging
7 periodic photo and video shoots for new content;
- 8 • Conducting or supporting over 200 customer events annually, such as county fairs, festivals,
9 and business symposiums such as the SoCalGas Business Expo; and
- 10 • Producing an annual report of SoCalGas' diversity of vendor relationships based on Diverse
11 Business Enterprises ("DBE") Group' metrics, which is distributed to the CPUC and DBE
12 vendors.

13 Costs for the designing and printing of various materials are paid by the requesting
14 business owner organizations with the exception of company-wide, general communications.¹⁶

15 Customer Insights & Analytics

16 The Customer Insights & Analytics team manages all primary and secondary customer
17 research to monitor customer satisfaction and experience,¹⁷ providing insight into what
18 influences and drives consumer behavior, customer needs and perception. This team is also
19 responsible for advising on customer insights as it pertains to business practices, and provides
20 analytical support with quantitative and qualitative studies. This includes managing external
21 vendors which provide associated research and benchmarking services, analyses and tools. The
22 team works cross-functionally across numerous areas within SoCalGas to disseminate and
23 communicate research and customer satisfaction findings – guiding the development, operation
24 and enhancement of services and programs to meet customer needs and optimize the benefits
25 customers derive from SoCalGas' services. In 2012, a new ongoing Customer Experience Survey

¹⁵ The SoCalGas images and videos database contains over 20,000 images.

¹⁶ See Appendix B "Customer Engagement & Insights and Business Clients 2013 Activities" for illustration of differences in activities and costs incurred between Customer Engagement & Insights groups compared to business owners or 'clients'.

¹⁷ Primary research is considered new research, carried out to investigate specific issues or questions. Primary research consists of questionnaires, surveys, or interviews with individuals or small groups. Secondary research makes use of information previously researched for other purposes and is publically available. Secondary research includes published research reports in a library, surveys, internet, or scientific reports produced by councils, universities, or government.

1 (“CES”) was implemented to replace the previous Customer Satisfaction Survey (“CSS”). The
2 role of the Customer Insights & Analytics group includes overseeing the implementation,
3 management and dissemination of the survey results to their associated departments to allow for
4 an ongoing understanding of changing customer needs and wants.

5 The group also supports data analysis projects for various departments within SoCalGas,
6 such as evaluating energy usage and other characteristics by customer segment and producing
7 ad-hoc regulatory reports (e.g., Commission and intervenor data requests, and California Energy
8 Commission [“CEC”] reports, among others).

9 Costs for ongoing research projects, such as customer satisfaction measurement, are
10 included within this area, as well as costs associated with research related to services and
11 program valuation and awareness. Other company research projects are coordinated by this
12 group but are paid for by the requesting organization within SoCalGas.¹⁸

13 • Customer Experience Survey (“CES”)

14 Beginning in year 2012, SoCalGas instituted a new Customer Experience Survey that
15 better reflects the needs of customers and identifies what services and communications the
16 customer values. The findings of the survey are provided to various departments within
17 SoCalGas to review customers’ perception of SoCalGas “performance,” and provide indications
18 of how we can adjust our operations to sustain or improve our “performance”.

19 ○ Customer Satisfaction Survey (2005 - 2011) (“CSS”)

20 The previous CSS survey has been in place in SoCalGas from (2005 – 2011), and has
21 been an 11-point scale “customer satisfaction” metric used to determine whether SoCalGas has
22 met a measure of minimum requirements. The customer groups included in the survey are
23 comprised of 4-5 million transactions with residential and foodservice customers.

24 Three SoCalGas contact channels were included in the survey, consisting of Customer
25 Service Representatives (“CSRs”), Interactive Voice Response (“IVRs”), and the branch office.

26 ○ Customer Experience Survey (2012 – current)

27 The current CES, administered by TNS – a global research firm with survey
28 measurement expertise across various sectors, is a new 5-point scale metric used to gauge
29 customer’s perception of SoCalGas “performance,” which expands metrics to include a

¹⁸ See Appendix B “Customer Engagement & Insights and Business Clients 2013 Activities” for illustration of differences in activities and costs incurred between Customer Engagement & Insights groups compared to business owners or ‘clients’.

1 customer's opinion of value-added in a service transaction,¹⁹ in addition to gauging the minimum
2 requirements of service. The customer groups included in this survey expands the sample pool to
3 6-8 million transactions and now includes commercial and industrial customers as well as
4 residential and food-service customers. Examples of additional areas in which customer opinion
5 is gauged:

- 6 ■ Measures customer's perception of ease of transaction to resolve their request,
- 7 ■ Measures customer's level of concern which prompted their interaction, and
- 8 ■ Gauges whether expectations of service were met.

9 The types of contact channels measured have also been expanded to include online
10 transactions and additional types of transactions previously excluded (such as payments and
11 program enrollment).

12 eServices & Data Analysis

13 The SoCalGas eServices & Data Analysis team is responsible for defining the strategic
14 direction for eServices at SoCalGas, the policies that govern eServices, and the expansion of
15 eServices across the various e-Channels (e.g., internet computers, tablets, smartphones, email or
16 text devices) based on customer trends and internal analytics.

17 eServices & Data Analysis is also responsible for project management and user
18 experience design for the eServices and payment options available in My Account. Primary
19 customer research and internal analytics are used to define and constantly refine the customer
20 experience within My Account to assure that customers are able to easily find, understand and
21 complete transactions within My Account.

22 Additionally, the team handles the day-to-day management and maintenance of
23 socialgas.com and the intranet knowledge base of collected internal websites used at SoCalGas
24 for the storage and dissemination of information to employees. The team provides web user
25 interface development and optimization, website usage analytics, web technical standards,
26 streaming media posting, website governance and Content Management System ("CMS")
27 administration.

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¹⁹ Value added: May refer to a customer's perception of worth in a service transaction from additional
enhancements or offerings, in terms such as convenience, ease, time, satisfaction, etc.

1 **2. Forecast Method**

2 The forecast method used for this cost category is 5-year historical average with
3 adjustments for expanded functions, and with adjustments to historical costs to align expenses to
4 their appropriate functional areas. Further elaborating on the historical adjustments: Customer
5 Engagement & Insights was previously called Communications, and was a shared service with
6 San Diego Gas & Electric (“SDG&E”) from 2009 through partially 2011. Subsequently,
7 adjustments were made to these historical expenses, which consisted of cost transfers between
8 SDG&E and SoCalGas to align activities with the appropriate utility it supported. Additionally,
9 for the purpose of presenting historical costs that most accurately reflect current and TY 2016
10 functions, adjustments were made to align historical expenses with SoCalGas’ reorganization of
11 activities (see Ex.SCG-12-WP-2IN001 for specific adjustment details). These adjustments
12 subsequently present an accurate 5-year history of expenses for functions Customer Engagement
13 & Insights has incurred for core business activities, and presents a reasonable period of time to
14 capture periodic and recurring non-labor expenses, without selectively isolating historical
15 expenses to overstate or understate costs, and is consistent with forecast methodologies in
16 previous SoCalGas general rate cases for this area. Historical periodic non-labor costs consist of
17 software licenses, software upgrades, major design refreshes, and continuing research studies
18 conducted by external services (Details of large sized variances further elaborated in Ex.SCG-
19 12-WP, pg. 400-403).

20 **3. Cost Drivers**

21 Customer Engagement & Insights recorded total adjusted expenditures of \$5.919 million
22 in 2013, of which \$1.543 million was labor costs and \$4.377 million was non-labor costs.

23 Collectively, these expenditures provided a foundational level of general customer
24 communications, research and customer satisfaction studies, and website support. The costs for
25 this area include employee labor and expenses, software license fees, as well as related external
26 contractor and/or vendor support. Non-labor costs do not include media purchases, agency or
27 printing costs, which are billed directly to the SoCalGas organization (business unit) requiring
28 the communications activity, unless otherwise noted.²⁰

²⁰ See Appendix B “Customer Engagement & Insights and Business Clients 2013 Activities” for illustration of differences in activities and costs incurred between Customer Engagement & Insights groups compared to business owners or ‘clients’.

1 SoCalGas' TY 2016 forecast reflects a \$2.254 million increase in funding within
2 Customer Engagement & Insights above the 5-year historical average. As previously discussed
3 in Section II.B.2, a 5-year average forecast methodology was used as the basis for the TY 2016
4 forecast plus adjustments to account for specific program growth (see Table 5 for a summary of
5 incremental expenditures and related activities, which is then followed by further justification
6 detail organized by Program activity).

7 The expanded customer engagement and outreach efforts of this organization supports
8 outreach and education due to changing policy and regulation, safety education, natural gas
9 programs and the research information needed so that customers are engaged and educated. For
10 example, policy initiatives and programs developed by the California Public Utilities
11 Commission ("CPUC") to reach emission reduction goals called for in The Global Warming
12 Solutions Act of 2006, include clear calls to action for the utilities' communication goals:
13 "Regardless of the underlying motivation, the customer's participation is critical to achieve these
14 emissions reduction goals....Getting customers engaged should be one of the primary goals of
15 the utilities and the regulators."²¹ The White Paper goes on to further recommend two primary
16 actions that the utilities and regulators should consider: "Prioritize customer engagement through
17 program designs and service offerings using analysis of customer needs and motivations" and
18 "Expand the service offerings of the utility to include services that will facilitate and automate
19 the customers' energy management opportunities".

²¹ Policy and Planning Division, "Customers as Grid Participants: A Fundamentally New Role for Customers", CPUC, pg.3.

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TABLE 5
Test Year 2016 Incremental Customer Engagement & Insights Expenditures
(Thousands of 2013 dollars)

Program	Labor	Non-Labor	Explanation	Total
Customer Marketing & Communications	\$ 167	n/a	2 FTEs: social media (\$83.4) /communication (\$83.4) advisors.	\$467
	n/a	\$300	NL: Additional engagement and ad campaigns, production of additional video content, enhance current social media software tools for metrics to track effectiveness of social media efforts.	
Customer Insight & Analytics	\$96	n/a	1 FTE: research analyst (\$96.1).	\$806
	n/a	\$170	NL: Customer Research Online Panel - for quantitative research of online customer community.	
	n/a	\$270	NL: Qualitative Online Community Research - \$160,000 for qualitative research that works in conjunction with quantitative research panels to provide metrics on concepts and media tests through the online community; \$30,000 to build business email and phone # database for research and communication outreach; and \$80,000 to manage and produce survey content to mobile channels.	
	n/a	\$270	NL: \$150,000 to expand CES to include social media surveys, and \$120,000 for customer behavioral data collection and analysis.	
Creative Services	\$179	n/a	2 FTEs: 1 community outreach advisor (\$96.1), 1 creative services advisor (\$83.4).	\$329
	n/a	\$150	NL: Development and print of hard-to-reach community media messages, traveling expenses, flyers, pamphlets, promotional material, and booth costs for regional/local events.	
eServices & Data Analysis	\$372	n/a	*4 FTE: 1 e-Service designer (\$96.1), 2 e-Service analysts (2x\$96.1), and 1 web editor (\$83.4).	\$652
	n/a	\$280	NL: \$215,000 for annual maintenance of mobile applications, enhancements, and promotion; \$5,000 annual socialgas.com refresh expenses; \$60,000 for intranet gaslines.com platform annual maintenance.	
Total Incremental Request	\$814	\$1,440		\$2,254

*3 of the 4 FTEs associated with eServices & Data Analysis are costs driven by associated Capital projects sponsored by Evan Goldman (Ex.SCG-11). See Table 6 for further details.

4

1 Customer Marketing & Communications

2 With the expansion of online services offered by companies, there also has been an
3 increased expectation of how customers expect to be serviced. Outside of their interactions with
4 utilities, customers are comparing their interactions with airlines, retailers, banks, and other
5 industries with their utilities and that is starting to shape brand awareness, loyalty, expectations
6 and experiences.²² Our customers are used to transacting across different service channels with
7 their other service providers and we need to ensure we are providing them with a similar
8 experience. In a study conducted in 2013, 83% of our customers said they would probably
9 interact with their utilities via social media.²³

10 SoCalGas must be prepared to offer a level of service to its customers via social media.
11 The additional social media support we're requesting is needed to address the preference for
12 online services by our current and future customers. Customers want accurate, relevant, and
13 complete answers to their questions upon first contact with a company, and they want effortless
14 transitions across multiple touch points (e.g., web, tablet, in-person, etc.) from the channel of
15 their choice (e.g., voice, chat, email, or social) without having to repeat themselves.²⁴
16 Furthermore, the rest of the industry is already offering these services and research has revealed
17 that younger generations (X, Y and Z) prefer online services and that it provides improved
18 customer satisfaction. Per Forrester Research, Inc., survey data shows that, on average, 41% of
19 consumers ages 18 to 46 (Generations X, Y, and Z) prefer online customer service to the
20 telephone. Savvy customer service leaders recognize that developing online customer support
21 channels isn't just a tactic to build future relationships with today's younger customers; online
22 customer service is imperative to appeal to the majority of today's online consumers.²⁵
23 Consumers ages 18 to 44 represent 39% of SoCalGas' service territory population.²⁶

24 It is also important to note that it is not only the youth that are highly connected and are
25 engaged in social media. The demographics of social media are expanding. "Fully 71% of online
26 adults now use Facebook, and usage among seniors has increased significantly in the last year.

²² Adams, Will. "Mobile: Trends and Opportunities 2013", Chartwell, January 2013, pg.8.

²³ SoCalGas, "Customer Insight Panel – Residential Panel Composition & Technology Segments", March 2013.

²⁴ Leggett, Kate. "Understand Communication Channel Needs to Craft Your Customer Service Strategy", Forrester Research Inc., March 11, 2013, pg.2.

²⁵ Leggett, Kate. "Understand Communication Channel Needs to Craft Your Customer Service Strategy", Forrester Research Inc., March 11, 2013, pg.2.

²⁶ Nielsen Pop-Facts 2014.

1 Some 45% of internet users age 65 or older now use Facebook, up from 35% who did so in late
2 2012.²⁷ It is critical that SoCalGas maintain connectivity via social media and online channels
3 with customers to ensure we are providing customer contact channels that are relevant and used
4 by customers for other retail business transactions and communications.

5 Social media continues to be an important communication channel for utilities. This is
6 reflected in a survey conducted by Chartwell in 2013. In 2012, 80% of utilities had Twitter
7 accounts and 71% had Facebook accounts. In 2013, 90% of utilities have Twitter accounts and
8 85% have Facebook accounts.²⁸ Our own research conducted on our ongoing proprietary
9 Customer Insight Panels shows that 82% of our customers use social media in their everyday
10 lives. The most visited sites from our customers include Facebook (84%), YouTube (56%),
11 Twitter (21%) and Instagram (18%).²⁹ SoCalGas currently manages Facebook, Twitter,
12 YouTube and Instagram pages and actively communicates and updates them on an ongoing
13 basis. Figure 2 illustrates the 5-year growth of SoCalGas social media and My Account mobile
14 registration activity.

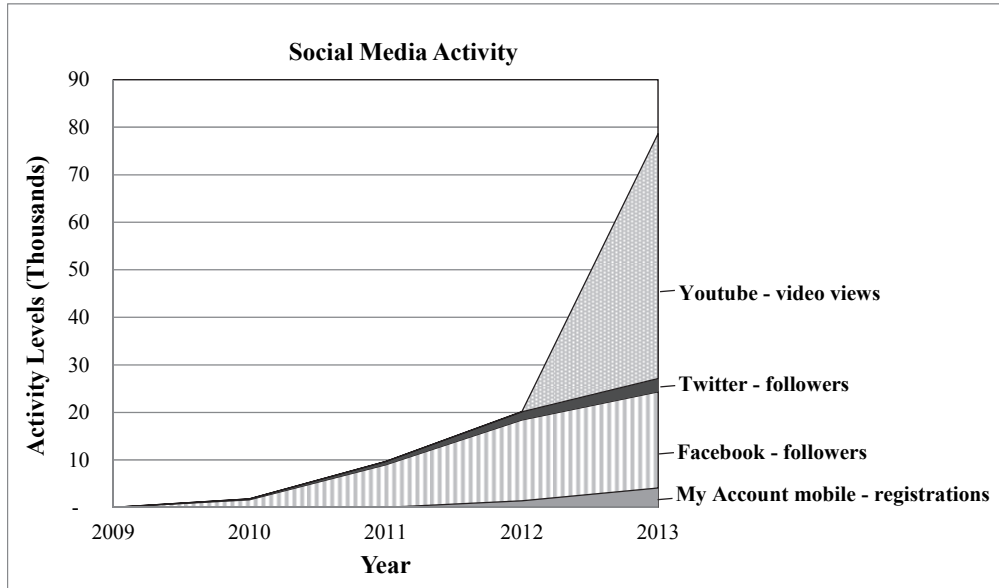
²⁷ Duggan, Maeve and Aaron Smith. "Social Media Update 2013", Pew Research Center, January 2014, pg.4.

²⁸ Hieb, Ashley. "Social Media 2013", Chartwell, August 29, 2013.

²⁹ SoCalGas, "Customer Insight Panel – Residential Panel Composition & Technology Segments", March 2013.

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FIGURE 2
2009-2013 SoCalGas Social Media and My Account Mobile Registration Activity Levels
(Thousands)



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Social Media Activity	2009	2010	2011	2012	2013
My Account Mobile - registrations	-	-	-	1,401	4,059
Facebook - followers	-	1,608	8,943	16,993	20,264
Twitter - followers	-	186	706	1,710	2,764
Instagram - followers	-	-	-	-	16
YouTube - video views	-	-	-	52	51,536

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Our engagement on these channels includes offering information on natural gas safety, energy conservation, programs and services as well as handling customer inquiries. Of those customers that interact with our social media platforms, obtaining information is the most cited reason for doing so. Former Facebook executive, Randi Zuckerberg, recently stated, “In our increasingly connected world, good news travels fast, but bad news travels even faster. Customers are connected, and they talk to one another about their experiences. Their customer service expectations are set by other industries, and the utility industry has to adapt to that reality.”³⁰ Our own study indicates 83% of our customers would probably interact with their

³⁰ Henderson, Russ. “Former Facebook exec advises utilities on social media at DistribuTECH 2014”, Chartwell, January 30, 2014.

1 utilities via social media.³¹ Furthermore, the 2013 J.D. Power Gas Utility Residential Customer
2 Satisfaction Study highlights Social Media as the most satisfying communications channel.³²

3 These market forces are the drivers behind an incremental 2 FTEs and \$300,000 in non-
4 labor dollars above our 5-year historical average costs in Customer Marketing and
5 Communications. SoCalGas' TY 2016 expense request would actively expand our social media
6 following with increased paid engagement and ad campaigns and production of additional video
7 content for our YouTube channel, and enhance current social media software tools to provide
8 better metrics that track the effectiveness of social media efforts.

9 A key attribute of Social Media is that it also provides the opportunity to communicate
10 with our customers during crisis situations by delivering timely and important messages that
11 address safety related situations when other communication channels are unavailable. In an
12 emergency event, mobile networks tend to overload with congestion and phone calls are unable
13 to connect. As landline use declines and more customers rely solely on mobile phone use,³³
14 social media (as well as other e-Channels) becomes an alternative, reliable communication
15 platform to relay messages or alerts.

16 Customer Insights & Analytics

17 The work that the Customer Insights & Analytics team is responsible for will also need to
18 be expanded and is included in this incremental request for resources. The additional work in
19 this area required to support new and expanded channel communications includes 1 additional
20 FTE above the 5-year historical average; and more research in these areas using our existing
21 methods, which include \$170,000 non-labor costs for the Customer Research Online Panel
22 (residential and business customer insight online panels determine the value of SoCalGas
23 services, including information provided in different media, information and services topics) and
24 \$270,000 non-labor costs for Qualitative Online Community Research (qualitative research
25 allowing for real-time feedback from our customers). To support these methods, we need to
26 invest in collecting business emails and phone numbers to provide for an accurate representative
27 sample of our customer base.

³¹ SoCalGas. "Customer Insight Panel – Residential Panel Composition & Technology Segments", March 2013.

³² J.D. Power and Associates, "2013 Gas Utility Residential Customer Satisfaction Study", October 22, 2013.

³³ CDC/NCHS, National Health Interview Survey indicates adults with wireless-service-only, have grown from less than 25% in 2009 to over 36% by the end of 2012, pg.1, Figure 1.

1 Additionally, \$270,000 in incremental non-labor costs to support social media/mobile
2 research and behavioral data collection will be required to allow us to capture customers' in-the-
3 moment experiences on their mobile devices (mobile phones and tablets) in order to gather
4 insights and expectations to better serve the needs of customers in this emerging channel.

5 Mobile internet usage is increasing rapidly. Forrester Research Inc.'s January 2014 study
6 has found that all generations are connected to mobile internet. Younger generations lead; with
7 70% of online Gen Zers and Gen Yers using a smartphone, but even 18% of the Golden
8 Generation have one as well.³⁴ "The number of unique smartphone subscribers is projected to
9 grow at an average annual growth rate of 7% from 2013 to 2017. The number of consumer tablet
10 owners will expand even more rapidly and is forecast to grow at an average annual growth rate
11 of 15% from 2013 to 2017. By 2017, Forrester Research Inc. expects 88% of the total online
12 population to be smartphone subscribers and 54% for the total online population to own a
13 tablet."³⁵ Despite the growing significance of mobile devices in consumer's lives, adoption rates
14 of leveraging mobile technologies to collect data for market research purposes is trailing behind.
15 In the latest GreenBook Research Industry Trends ("GRIT") study, only 17% of research buyers
16 or clients are leveraging mobile surveys.³⁶ However, GreenBook Research Industry Trends
17 expect mobile research with clients/buyers to grow from 17% to an expected 53% and vendors
18 expecting the increase to be from 24% to 64% as adding mobile phones to the research mix
19 allows market insight professionals to minimize the distance between the actual experience and
20 the recall,³⁷ which will provide a more accurate view of events, and facilitate the capture of rich
21 emotional/behavioral insights and connections that might not have been obvious when
22 leveraging traditional research techniques.

23 Creative Services

24 Creative Services requires 1 incremental FTE and \$150,000 non-labor costs above the 5-
25 year historical average in support of developing a plan to identify high priority opportunities to
26 coordinate information and printed communication collateral for hard to reach customers, which

³⁴ Fleming, Gina. "The State of Consumers and Technology: Benchmark 2013, US", Forrester Research Inc., January 29, 2014, pg.2.

³⁵ Fleming, Gina. "The State of Consumers and Technology: Benchmark 2013, US", Forrester Research Inc., January 29, 2014, pg.5.

³⁶ "GreenBook Research Industry Trends Report, Spring 2012", <http://www.greenbook.org/PDFs/GRIT-S12-Full.pdf>, pg.22.

³⁷ "GreenBook Research Industry Trends Report, Spring 2012", <http://www.greenbook.org/PDFs/GRIT-S12-Full.pdf>, pg.25.

1 continues to be a challenge across all types of information communication. Hard to reach
2 (residential) customers are defined as those customers who do not have easy access to program
3 information or generally do not participate in programs due to a language, income, housing type,
4 geographic, or homeownership barrier. Hard to reach (business) customers also include factors
5 such as business size and lease barriers. The purpose of this incremental request is to increase
6 customer awareness of programs and services that are available to the hard to reach customers,
7 which are a significant portion of SoCalGas's customer demographics. SoCalGas customer
8 demographics indicate 35% of customers' language preference is something other than English,
9 20% of our customers fall under the low income category (household's total income not to
10 exceed \$35,000 year), and where 30% of customers are aged 55+ years, and 14% of which are
11 seniors aged 65+ years.³⁸ To help these customers take advantage of SoCalGas's programs and
12 services designed to improve safety and save money and energy, this incremental FTE will lead
13 multicultural outreach and communication efforts to increase trust and loyalty with more of our
14 ethnic customer communities.³⁹ Effective outreach in diverse communities requires cultural
15 competency. E-Source leveraged the Nielsen Company's survey of more than 30,000 residential
16 customers in the U.S. and learned that when customers of ethnically diverse backgrounds
17 become aware of utility energy efficiency offerings (which can apply to other programs and
18 services), they have a higher participation rate than non-ethnic customers do. Per the Nielsen
19 Company, "Forging relationships with ethnic communities can also lower acquisition costs,
20 reduce churn, increase customer commitment, and position the utility as a caring community
21 participant – a positive identity that can earn both ethnic and mainstream customers' loyalty".⁴⁰
22 The responsibilities of this FTE would be to investigate and implement best practices of reaching
23 the hard to reach customer group, which include activities such as: door-to-door canvassing,
24 representing SoCalGas at regional/local events, media streamings targeted towards community
25 channels and local news, and cultivating local partnerships and workshops.

26 Also, Creative Services requires 1 incremental FTE above the 5-year historical average in
27 order to support the expanding volume of communication channels and messages by ensuring
28 consistency of message content, timing and coordination of message releases, and ensuring best

³⁸ 2013 SoCalGas customer data + Nielsen data.

³⁹ Focus Report, RES-F-43. "Multicultural Marketing and Outreach: How Engaging Key Ethnicities Will Grow Utility Program Participation", June 6, 2012.

⁴⁰ Focus Report, RES-F-43. "Multicultural Marketing and Outreach: How Engaging Key Ethnicities Will Grow Utility Program Participation", June 6, 2012.

1 practices for communication outreach and delivery are followed. Based on the past two and a
2 half years' activity trend of communication material production, the communication messages
3 production rate in this area's purview will triple 2012's count (161 completed projects) by 2014
4 (248 production projects have already been completed by 2nd quarter), and continue its' growth
5 into test year 2016. Another driving influence of production material increase is the growth of
6 SoCalGas' social media channels, which will continue to evolve how SoCalGas communicates
7 with customers. Social media messages growth (as indicated in the Customer Marketing &
8 Communications section above) generates additional copywriting activities as well. To be most
9 effective with its communications, SoCalGas must speak in one unified corporate branding
10 voice.⁴¹ Additional to the social media communications activities, the role of the Creative
11 Services copywriter FTE is to increase and maximize the value provided to our customers on the
12 SoCalGas website by generating cohesive and unified text to sustain a reader's interest, and
13 ensure "key" terms are used for searchable content, as users often leave a webpage after 20-30
14 seconds, unless the copy holds their interest.⁴²

15 eServices & Data Analysis

16 SoCalGas continues to enhance the eServices available both on socialgas.com and within
17 My Account. SoCalGas also has created applications ("apps") for both iPhone and Android
18 mobile phones along with a new mobile My Account website in order to keep pace with the
19 increased use of mobile devices and tablets by our customers. However, additional capital
20 projects are required to support growth in mobile phone use and enable the expansion of
21 customer services to more e-Channels (e.g., SMS Text, Mobile Apps, etc.) and enable our
22 customer's preference to transact with SoCalGas in these e-Channels. This increase in online
23 services will also require more resources to support the operation, troubleshooting, and
24 continuous improvement of the customer experience, as well as for those eServices scheduled to
25 be launched in the coming years. Additional capital projects that impact this area's O&M costs
26 are further described in Section IV of Evan Goldman's testimony (Ex.SCG-11). The O&M

⁴¹ "The key to forming a smashable language is to integrate it into every piece of communication your company is responsible for, including all internal communications."

Lindstrom, Martin. "Establishing A 'Brand Language'", Brand Strategy Insider, July 28, 2008, <http://www.brandingstrategyinsider.com/2008/07/establishing-a.html#.U30QvJGs1cY>.

⁴² Nielsen, Jakob. "How Long Do Users stay On Web Pages?", N/g Nielsen Norman Group, Sept 12, 2011, <http://www.nngroup.com/articles/how-long-do-users-stay-on-web-pages/>.

1 support funding associated and non-associated with these capital projects are outlined in Table 6
 2 below.

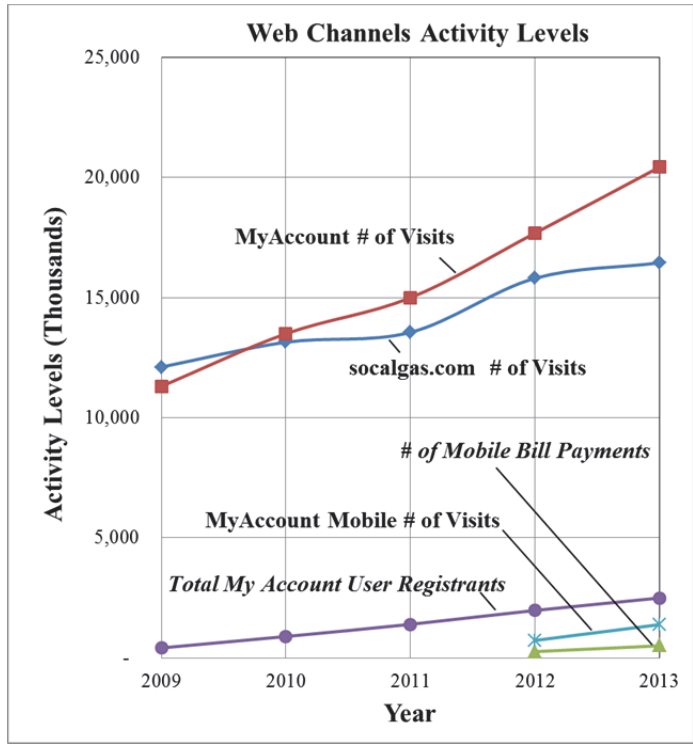
3 **TABLE 6**
 4 **Test Year 2016 Incremental eServices & Data Analysis FTE Summary**
 5 **(Thousands of 2013 dollars)**

eServices & Data Analysis	FTE	Labor	Explanation
e-Service designer	1	\$96	1 O&M FTE to support My Business Account capital project #81436. See Ex.SCG-11, Section IV.B.5 (Goldman).
e-Service analyst	1	\$96	0.25 O&M FTE to support My Business Account capital project #81436. See Ex.SCG-11, Section IV.B.5 (Goldman), and 0.75 O&M FTE to support continued enhancements on socialgas.com and My Account.
e-Service analyst	1	\$96	1 O&M FTE to support Integrated Customer Data Analytics capital project #14826. See Ex.SCG-11, Section IV.B.3 (Goldman).
Web editor	1	\$83	0.75 O&M FTE to support My Account Mobile 1C capital project #81423. See Ex.SCG-11, Section IV.B.4 (Goldman), and 0.25 O&M FTE to support continued enhancements on socialgas.com and My Account.
Total	4	\$372	1 e-Service designer, 2 e-Service analysts, and 1 web editor.

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 7 The cost drivers behind this forecast are primarily based on the significant growth in
 8 customer utilization of socialgas.com and My Account. Visits to SoCalGas www.socialgas.com
 9 have grown by over 36% over the last four years and reached over 16 million in 2013.
 10 Currently, over 1.9 million customers are registered and actively using SoCalGas' My Account
 11 online services, with over 43,000 new users registering on average each month. Over the last
 12 four years, visits to My Account have grown by 100%+ to over 29 million by end of 2013 (see
 13 Figure 3).
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FIGURE 3
2009-2013 SoCalGas Web Channels Activity Levels
(Thousands)



Web Channels Activity Levels	2009	2010	2011	2012	2013
socalgas.com # of Visits	12,113,297	13,147,991	13,560,000	15,807,826	16,452,438
My Account # of Visits	11,307,784	13,500,000*	15,000,000*	17,687,432	29,414,085
My Account Mobile # of Visits	n/a	n/a	n/a	729,089	1,388,282
Total My Account User Registrants	417,816	893,684	1,400,335	1,978,281	2,495,403
# of Mobile Bill Payments	n/a	n/a	n/a	263,967**	505,805

*Annual My Account # of Visits data for 2010 and 2011 was estimated because of incomplete data for the year.

**2012 is missing one month of data (Jan. 2012)

Monthly visits to our smartphone site “My Account Mobile” over the last two years have grown over 226% to reach 1.3 million annual visits by end of 2013 (see Figure 3). Online payments over the same period have grown 27% to reach over 11 million payments in 2013, totaling over \$600 million dollars for the year.

Another cost driver is the need to support the various devices used to access socalgas.com and My Account. The continued growth in smartphone and tablet adoption by customers and the increasing variety of mobile device types used by customers increases the cost to design, develop and test each new eService. Nearly two-thirds (63%) of mobile phone owners now use their phone to go online and because 91% of all Americans now own a mobile phone,

1 this means that 57% of all American adults are mobile internet users.⁴³ The proportion of mobile
2 phone owners who use their phone to go online has doubled since 2009.⁴⁴ Additionally, one third
3 of these mobile phone internet users (34%) mostly use their phone to access the internet, as
4 opposed to other devices like a desktop, laptop, or tablet computer.⁴⁵ Young adults, non-whites,
5 and those with relatively low income and education levels are particularly likely to be mobile-
6 mostly internet users.⁴⁶ Even at households with less than \$10,000 household income,
7 Smartphone ownership increased 14% between May 2011 and May 2013 to reach 35%, while
8 42% of those households have broadband and 70% of them go online.⁴⁷

9 As the fastest growing sector, tablet ownership increased 48 percent since 2012. Growth
10 is highest among those aged 25-34 (74 percent year-over-year growth) and those aged 55 and
11 older (45 percent year-over-year growth).⁴⁸ The installed base of big brand (e.g., Apple,
12 Samsung, etc.) media tablets is expected to surpass 285 million units at the close of 2013.⁴⁹ The
13 United States, which has been the largest single tablet market since inception, represents more
14 than 70 million tablets alone, or about one for every four persons.⁵⁰

15 Another continued cost driver is the requirement to keep all web content on socialgas.com
16 and within My Account, accessible for customers with special needs and compliant with Web
17 Content Accessibility Guidelines (“WCAG”) 2.0. Since 2012, SoCalGas has complied with the
18 TY 2012 GRC Memorandum of Understanding with the Center for Accessible Technology by
19 modifying My Account to be WCAG 2.0 compliant, by providing Accessibility training to web

⁴³ Duggan, Maeve and Aaron Smith. “Cell Internet Use 2013”, Pew Research Internet Project, September 16, 2013, <http://www.pewinternet.org/2013/09/16/cell-internet-use-2013/>.

⁴⁴ Duggan, Maeve and Aaron Smith. “Cell Internet Use 2013”, Pew Research Internet Project, September 16, 2013, <http://www.pewinternet.org/2013/09/16/cell-internet-use-2013/>.

⁴⁵ Duggan, Maeve and Aaron Smith. “Cell Internet Use 2013”, Pew Research Internet Project, September 16, 2013, <http://www.pewinternet.org/2013/09/16/cell-internet-use-2013/>.

⁴⁶ Duggan, Maeve and Aaron Smith. “Cell Internet Use 2013”, Pew Research Internet Project, September 16, 2013, <http://www.pewinternet.org/2013/09/16/cell-internet-use-2013/>.

⁴⁷ Smith, Aaron. “Technology Adoption by Lower Income Populations”, Pew Research Internet Project, October 8, 2013, <http://www.pewinternet.org/2013/10/08/technology-adoption-by-lower-income-populations/>.

⁴⁸ “Deloitte Mobile Consumer Survey: Speed’s Hot, Apps Not, Price Matters – Sometimes”, Deloitte, November 20, 2013, http://www.deloitte.com/view/en_US/us/press/Press-Releases/08ac7c50fba72410VgnVCM3000003456f70aRCRD.htm.

⁴⁹ “Big Brand Tablet Installed Base to Surpass 285 Million by Year’s End”, ABI Research – Research News, December 19, 2013, <https://www.abiresearch.com/press/big-brand-tablet-installed-base-to-surpass-285-mil>.

⁵⁰ “Big Brand Tablet Installed Base to Surpass 285 Million by Year’s End”, ABI Research – Research News, December 19, 2013, <https://www.abiresearch.com/press/big-brand-tablet-installed-base-to-surpass-285-mil>.

1 team employees, by contracting with third-parties to audit socialgas.com, and by the continued
2 remediation of web content to be WCAG 2.0 compliant.

3 Areas requiring expanded funding include 4 additional FTEs and \$280,000 in incremental costs
4 above the 5-year average historical costs in eServices to provide more eServices via the web,
5 smartphones, email and text to small and medium businesses (of which 1.25 FTEs are to support
6 the capital IT project “SCG My Business Account, Project #81436”, 1 FTE is for supporting the
7 capital IT project “Integrated Customer Data Analytics, Project #14826”, and 0.75 FTE to
8 support the capital IT project My Account Mobile 1C, Project #81423”, see Ex.SCG-11, Section
9 IV [Goldman]). Small and medium businesses have specific needs for online bill payment,
10 account management, usage analysis, and utility information that are dissimilar to the residential
11 online customer and require the creation of business specific eServices. Support for these new
12 small and medium business eServices will expand the need for resources to manage, trouble-
13 shoot and govern the Business My Account Portal. Usage of the Business My Account portal is
14 expected to reach 40-50% of our small and medium business customers within 3 years (based on
15 growth trends derived from data on business accounts in My Account from August 2011
16 compared to June 2014). Recent research shows that 80% of our business customers think it is
17 very important to them to be able to view their account information online, 73% say it is very
18 important to them to be able to pay their bill online and 57% say it is very important to them to
19 view historical gas usage online (SoCalGas Customer Insight Panel, July 2012).

20 Additional resources are needed to keep pace with the overall growth in online service
21 usage, which has increased 54% over the last two years to exceed 432,000 online transactions in
22 2013. This growth has required an increased level of effort to manage the customer experience
23 across all our online service channels and the level of effort required for continued compliance of
24 accessibility for people with disabilities as per the Memorandum of Understanding with the
25 Center for Accessible Technology adopted in 2012. Usability testing is required to assess the
26 usability of the online services to maintain a customer experience within My Account that
27 enables customers to easily find, understand and complete transactions within My Account.

28 Resources are also needed to support the expanded use of socialgas.com by customers.
29 Continued investment in this area is needed to ensure that information on socialgas.com is easy to
30 find, easy to understand, and provides relevant insights on energy usage or program information
31 for visitors. Increased web support for new features and pages, enhancements to existing

1 sections, additional self-help features along with the requisite usability testing for each new
2 section is needed to support these enhancements and expected growth in coming years.

3 Customers prefer to self-serve on their own terms and we need to have ongoing resources
4 to maintain existing eServices as-well-as keep pace with changing customer expectations and
5 changing customer connectivity media.

6 SoCalGas' residential Customer Insight Panel Members were highly likely to visit and
7 use the SoCalGas website in both 2012 and 2013. Members were most likely to use the
8 SoCalGas website to:

- 9 • View their account (84% in 2012 vs. 86% in 2013)
- 10 • Pay their bill (74% in 2012 vs. 75% in 2013)
- 11 • Schedule a service appointment (69% in 2012 vs. 72% in 2013)
- 12 • View their gas usage (72% in 2012 vs. 73% in 2013)
- 13 • Access rebate forms (85% in 2012 vs. 83% in 2013)
- 14 • Rebate information (84% in 2012 vs. 81% in 2013)

15 **C. Customer Assistance**

16 The scope of this testimony's Customer Assistance area covers costs for the Special
17 Needs customers and also for Energy Savings Assistance ("ESA") program carbon monoxide
18 testing known as Natural Gas Appliance Testing ("NGAT"). Special Needs are defined as
19 residential customers with low or fixed incomes, who are elderly and/or disabled and who
20 require assistance for disabilities with medical circumstances. According to the Commission,
21 providing information to customers about services in which they are likely to qualify is a utility
22 cost to be allocated in general rates.⁵¹ Customer assistance programs are vital to special needs
23 customers, and the base rate funded O&M activities are described in the following "Description
24 of Costs and Underlying Activities", Section II.C.1.

25 SoCalGas' Customer Assistance organization delivers programs and services that provide
26 relief in reducing hardship for limited income residential customers across its service territory.
27 These programs assist income qualified customers with financial difficulties by reducing their
28 energy bills and improving their energy savings. There are two low income programs mandated
29 by the CPUC, the ESA program which provides no-cost energy-saving home improvements and
30 furnace repair or replacement services for qualified limited-income renters and homeowners,

⁵¹ D.08-11-031 Conclusion of Law 39 page 219.

(“weatherization services”); and the California Alternate Rates for Energy (“CARE”), which provides eligible customers a 20 percent discount on their monthly gas bill at their primary residence, and where new customers (who are approved within 90 days of starting new gas service) may also receive a \$15 discount on their Service Establishment Charge. Customers must meet income guidelines to be eligible for these programs. The budgets for these two low income programs are addressed in a separate application process and are funded through the Public Purpose Surcharge and not through base rates.⁵²

For TY 2016, SoCalGas is requesting a total of \$4.253 million for Customer Assistance non-shared services. This forecast is based on a 5-year average cost, as described in Section II.C.2., with an incremental funding request of \$1.419 million over the 2013 base year spend for the following:

- Natural Gas Appliance Testing;
- Medical Baseline Program Outreach;

Table 7 summarizes O&M expenses for Customer Assistance.

TABLE 7
Test Year 2016 Summary of Non-Shared Customer Assistance Costs
(Thousands of 2013 dollars)

CS – INFORMATION			
Shown in Thousands of 2013 Dollars			
C. Customer Assistance	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Customer Assistance	\$2,834	\$4,253	\$1,419
Total	\$2,834	\$4,253	\$1,419

1. Description of Costs and Underlying Activities

Energy Savings Assistance Programs Related to Natural Gas Appliance Testing

The home weatherization activities that SoCalGas performs in the Energy Savings Assistance (“ESA”) program authorized and funded in the Low Income Proceeding have an associated level of required carbon monoxide testing known as Natural Gas Appliance Testing (“NGAT”). SoCalGas’ ESA program contractors provide NGAT service in their normal course

⁵² Through the Commission’s Low Income Proceeding, SoCalGas’ (U338E) Application (A.) 11-05-017 for approval of LIEE and CARE programs and budgets for Program Years (“PY”) 2012-2014 was filed May 16, 2011 and approved in D. 12-08-044.

1 of business. After performing certain energy efficiency measures such as weather-stripping,
2 caulking, or window and door repair that affect air infiltration, contractors are required to check
3 the safe functioning of all gas appliances in the home. The process involves a visual check as
4 well as turning on each gas appliance and measuring CO levels. The Low Income proceeding
5 decision, D.08-11-031, ordered SoCalGas to charge NGAT to base rates rather than to the Public
6 Purpose Program funds as a “basic utility service”.⁵³ In the instance of the 2009-2011 ESA
7 program cycle where the Commission mandated a greater number of treated homes than
8 forecasted in the associated GRC cycle, the Commission approved a memorandum account to
9 recover these incremental costs to base rates.⁵⁴

10 Medical Baseline Program

11 The Medical Baseline (“MBL”) Program is a Commission-mandated program designed
12 to provide additional baseline allowance to households where a family member has a medical
13 condition that requires additional heating to sustain the individual’s health.⁵⁵ SoCalGas’ MBL
14 activities include outreach, enrollment and application processing, customer support, and
15 participant recertification. Participants are recertified either annually or bi-annually depending on
16 their medical condition. At the end of 2013, approximately 32,000 customers were enrolled in
17 MBL. The most recent study of SoCalGas’s Medical Baseline eligible population continues to
18 be from the 2010 report from Athens Research,⁵⁶ which estimates an MBL eligible population of
19 approximately 71,000, indicating an enrollment of approximately 45% of the eligible population.

20 There remain potentially 55% of unreached MBL program eligible customers, which
21 SoCalGas will continue to focus on expanding program awareness to. These activities will be
22 further detailed in Section II.C.3, Cost Drivers.

23 Gas Assistance Fund

24 The Gas Assistance Fund (“GAF”) program provides bill payment assistance of up to
25 \$100 per year to income qualified SoCalGas customers experiencing financial hardship.⁵⁷
26 SoCalGas shareholders, employees, and customers contribute to the GAF program. In October

⁵³ D. 08-11-031 Ordering Paragraph 65 page 231.

⁵⁴ D.10-12-002.

⁵⁵ Medical Baseline is available to paraplegics and quadriplegics, multiple sclerosis patients, scleroderma patients, and people being treated for a life threatening illness or who have a compromised immune system. See <http://www.socalgas.com/assistance/medallowance>.

⁵⁶ Athens Research report, issued June 20, 2010, provides rough estimate of SoCalGas’s MBL eligible population to be approximately 71,000.

⁵⁷ Gas Assistance Fund: <http://www.socalgas.com/assistance/gaf/>.

1 and November of each year, SoCalGas solicits customers for contributions to the GAF program,
2 and SoCalGas shareholders match those contributions, generally on a dollar-for-dollar basis, up
3 to \$250,000. In 2013, as approved in Advice Letter (“AL”) 4168, the remaining \$1,000,000 in
4 ratepayer funds was used to provide energy assistance to qualified customers. In 2013, the GAF
5 program disbursed over \$881,603 and helped more than 10,000 customers to pay their gas
6 bill. Customer Assistance promotes the program, and United Way of Greater Los Angeles
7 (“UWGLA”) is the program administrator; working with more than 70 Community Based
8 Organizations (“CBO’s”) to qualify customers and complete the intake applications.

9 Low Income Home Energy Assistance Program

10 The Low Income Home Energy Assistance Program (“LIHEAP”) is a federally funded
11 assistance program administered by the state that provides bill payment assistance and home
12 weatherization services to qualified customers.⁵⁸ Customer Assistance works with LIHEAP
13 agencies to ensure that payments are received from the California Department of Community
14 Services and Development (“CSD”) and are applied correctly to customers’ bills.⁵⁹

15 2-1-1 / 3-1-1

16 The 2-1-1 nationwide telephone service provides callers with information on community,
17 health and disaster services. In 2013, twelve 2-1-1 county-based agencies and a city-based 3-1-1
18 agency were provided with SoCalGas’ Customer Assistance and general utility information.⁶⁰
19 SoCalGas works closely with 2-1-1/3-1-1 agencies so that callers receive the most up-to-date
20 information on Customer Assistance programs and services. Customer Assistance also worked
21 with 2-1-1 county agencies to include links for SoCalGas program information on local 2-1-1
22 websites, for example the Los Angeles County 2-1-1 site www.infoline-la.org.

23 **2. Forecast Method**

24 The forecast method I chose for this cost category is a five-year historical average with
25 adjustment for specific program activities related to MBL and NGAT. This method is most
26 appropriate because the historical years of 2009-2013 are reflective of costs that have been and
27 continue to be core operational program activities.⁶¹ Forecast adjustments for specific program

⁵⁸ Low Income Home Energy Assistance Program: <http://www.socalgas.com/assistance/liheap/>.

⁵⁹ The state Department of Community Services & Development administers the federally funded Low-Income Home Energy Assistance Program (LIHEAP) in California.

⁶⁰ Fresno, Imperial (Sure Helpline), Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara, San Luis Obispo, Ventura, and Tulare Counties, and City of L.A. 311 Program.

⁶¹ See Ex.SCG-12-WP- 2IN002.000 for explanation of adjustment made to historical year 2011.

1 activities includes: additional costs for activity growth in MBL, and incremental NGAT costs for
 2 activities that exceed the five-year historical average baseline, and are uniquely influenced by
 3 home weatherization activities.⁶²

4 **3. Cost Drivers**

5 Customer Assistance is requesting \$1.057 million of incremental non-labor expenses for
 6 TY 2016 over the 5-year average forecast of \$3.196 million. The incremental funding requested
 7 will allow SoCalGas to expand programs and services to meet Commission directives and
 8 support identified Commission goals for serving Special Needs customers above our 5-year
 9 average activity levels. Table 8 provides details of the cost drivers that impact proposed
 10 incremental non-labor expenses.

11 **TABLE 8**
 12 **Test Year 2016 Incremental Customer Assistance Expenditures**
 13 **(Thousands of 2013 dollars)**

Program	Labor	Non-Labor	Explanation	Total
Natural Gas Appliance Testing	n/a	\$807	NL: Incremental adjustment beyond base forecast to achieve Commission’s mandated number of homes to be treated by 2020.	\$807
Medical Baseline	n/a	\$250	NL: Incremental non-labor costs for efforts to accelerate enrollment of eligible customers of which \$230 will be for outreach and education, and \$20 will be for research and analysis per year.	\$250
Total Incremental Request⁶³	n/a	\$1,057		\$1,057

14 Energy Savings Assistance (ESA) Program Natural Gas Appliance Testing (NGAT)

15 SoCalGas requests an additional \$0.807 million in TY 2016 above the 5-year cost
 16 average forecast of \$2.700 million annually to cover the costs of ESA NGAT and contractor fees
 17 associated with conducting those tests.⁶⁴ This increase is required to comply with Commission

⁶² See Section II.C.1. “Energy Savings Assistance programs Related to Natural Gas Appliance Testing” for description of how NGAT costs relate to ESAP programs which are authorized and funded in the regulatory Low Income Proceeding.

⁶³ Incremental Request over Base Forecast.

⁶⁴ \$2.700 million is strictly the 5-year average forecast of the NGAT associated costs within Customer Assistance, see SCG-12-WP 2IN002, “NGAT Cost Components Calculation 2009-2016”.

1 directives to support the ongoing number of tests required on ESA serviced homes, which is
2 proposed to consist of 118,000 homes treated per year, and is anticipated to be consistent with
3 the filing of the Low Income Proceeding application for program years 2015-2017.⁶⁵ For TY
4 2016, SoCalGas forecasts the annual cost for 118,000 homes at \$35 per test (constant 2013 \$s),
5 which amounts to an annual program funding requirement of \$3.511 million. The forecasted
6 NGAT volume is estimated based on testing 85% of the 118,000 ESA homes to be
7 weatherized.⁶⁶ NGAT costs will continue to be incurred in TY 2016 and beyond, as SoCalGas
8 continues to perform weatherization activities to meet the Commission's 100% programmatic
9 initiative by 2020. SoCalGas pays a fixed rate for each test performed, to each of over 30
10 contractors providing NGAT.⁶⁷ SoCalGas routinely (annually, or more frequently when
11 necessary) evaluates the rates it pays for each ESA program service (which includes NGAT) and
12 attempts to align rates with market conditions based on factors such as: market rates for labor
13 and materials, the expressed views of the program's contractors, contractor behavior, and
14 program performance. SoCalGas seeks to protect ratepayer interests during negotiations with
15 contractors by procuring the entire range of ESA program services at the lowest total cost. While
16 SoCalGas has managed to negotiate costs from 2009-2013 to an average expense of \$29.68 per
17 test,⁶⁸ current estimates of contractors' costs based on time and materials basis, as well as

⁶⁵ The 2015-2017 Low Income Proceeding application filing date is targeted for November 18, 2014. The forecast of 118,000 homes may ultimately be different in the Low Income application or proceeding outcome. The previous 2012-2014 Low Income Proceeding adopted a higher number of homes treated than what is anticipated for filing in the 2015-2017 Low Income Proceeding application. The lower forecast of homes treated in the 2015-2017 application is due to an updated study: "Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs" provided by Evergreen Economics on December 16, 2013 which identifies a higher unwillingness and ineligibility rate.

⁶⁶ Not all homes treated by the LIEE program require NGAT. However, based on the California Conventional Home Weatherization Installation Standards Section 24, Part 1(2), which states that: "in homes receiving infiltration measures, NGAT shall be conducted when the home is heated with natural gas, or has one or more other natural gas appliances affecting the living space," 85% is a reasonable estimate. From 2009-2013, 5-year average indicates 81% of homes were treated through the LIEE Program required NGAT, with an increase in percentage of treated homes to 87% from 2012-2013, see SCG-12-WP-2IN002, "NGAT Cost Components Calculation 2009-2016".

⁶⁷ Each of these contractors also provides numerous other services to the ESA program related to weatherization and appliance work. On average, NGAT makes up less than 10% of the costs paid to a contractor by SoCalGas for a given ESA program serviced home.

⁶⁸ See Ex.SCG-12-WP-2IN002, "NGAT Cost Components Calculation 2009-2016".

1 comparable market data references,⁶⁹ leads SoCalGas' anticipated costs per unit test to escalate
2 to \$35 by TY2016 (in constant 2013 \$s). SoCalGas estimates that depending on the particular
3 home, NGAT can take up to 1 hour to complete and that such a comprehensive service offered
4 on a retail basis would cost an estimated \$100/test, which are comparable to assertions from the
5 Energy Efficiency Council that the NGAT process takes between 60 and 90 minutes and has a
6 fair market value between \$125 and \$250.^{70,71} SoCalGas anticipates based on discussions with
7 program contractors and evaluation of market conditions, a substantial increase to the NGAT rate
8 is anticipated during this next program cycle. Fortunately, SoCalGas has maintained the rate
9 established over 8 years ago, but believes the current rate cannot be sustained. The length of this
10 period and corresponding inflation only adds to the likely magnitude of an inevitable increase.
11 Periodic adjustments have been made to other ESA Program services, including an average
12 increase of over 4% to the range of weatherization services for 2014 from 2013.

13 In the event the adopted forecast volume increases significantly due to changes in the
14 2015-2017 ESA program cycle, for instance if there is a revision in state mandated eligibility
15 criteria for ESA programs, SoCalGas will file supplemental testimony to request additional
16 funding that is consistent with 2015-2017 ESA homes (units) authorized forecast.

17 Medical Baseline Customer Outreach

18 The SoCalGas goal for MBL is to enroll the eligible population across the service
19 territory into the program. At the end of 2013, approximately 32,000 were enrolled in MBL,
20 representing an annual increase of 6.2 percent since 2010. This goal established by SoCalGas
21 also supports the Commission's ESA programs enrollment goal for households with
22 disabilities,^{72,73} as customers on the MBL program can be cross-referenced with participating

⁶⁹ Pacific Gas and Electric Company, 2014 GRC, Exhibit (PG&E-5) Chapter 7, *Customer Energy Solutions* Table 7-33 publishes their comparable service of 2012 NGAT to be a negotiated cost of \$39.00/test.

⁷⁰ The Energy Efficiency Council is a group of community-based organizations and private contractors who provide ESA program services in California.

⁷¹ Letter via email, Allan Rago to Kim Hassan dated October 10, 2011, RE: SDG&E's first set of data requests to the Energy Efficiency Council dated September 28, 2011 - A.11-05-020.

⁷² PU Code 382E states, "The Commission and electrical corporations and gas corporations shall make all reasonable efforts to coordinate ratepayer-funded programs with other energy conservation and efficiency programs."

⁷³ D.12-08-044, page 408, "We approve the proposed continuation of the 15% disabled household Energy Savings Assistance Program penetration enrollment goal."

1 customers in the ESA program who have not been identified as a disabled household.⁷⁴

2 SoCalGas proposes incremental non-labor funding of \$250,000 above the base forecast to
3 support increased outreach. This will primary be done through additional support to Community
4 Based Organizations (“CBO”s) who are an effective channel for distribution of applications and
5 explanation of the program. Of the incremental request, \$230,000 will support the following
6 activities:

- 7 • Additional training resources to provide more support than currently available for
8 coordinating with CBOs on MBL promotional efforts. It is anticipated the additional support
9 for CBOs will support bolstering enrollment. The additional training will focus on educating
10 CBOs regarding program eligibility requirements and training CBOs on eligible conditions
11 for MBL in order to assist customers in completing the customer section of the application,⁷⁵
- 12 • Leveraging the CBO network to further promote MBL by targeting new enrollment channels
13 such as limited English proficient communities, among others that may be identified in the
14 updated eligible population study (discussed below),
- 15 • And developing educational and enrollment materials in multiple languages, and a higher
16 volume of communication materials to support multiple channels of delivery, including an
17 educational video, promotional handouts for community events, health fairs and expos, and
18 collateral material to provide for the use of CBOs.

19 An incremental \$20,000 will be designated for additional research and analysis to update
20 the 2010 eligible population study and determine the most effective approach to maximize
21 program participation.⁷⁶ The last study conducted in June 2010, estimated the eligible MBL
22 population at approximately 71,000. SoCalGas believes a new study will render estimates that
23 provide a more current eligibility population to refine targeted outreach efforts.

24 **D. Customer Segment Markets**

25 This section summarizes activities and costs incurred by the organizations that together
26 serve the Customer Segment Markets. This group manages customer accounts, develops
27 education and communication materials on gas rates, tariffs, contracts, and safety, and provides

⁷⁴ Customers can not be asked directly whether they or a member of their household has a disability, so visual identification by program staff are used as well as when customers self-identify by letting SoCalGas staff know or by signing up for MBL.

⁷⁵ To be communicated through local dialysis centers, veteran hospitals, senior centers, and other high propensity health care facilities.

⁷⁶ Athens Research report, issued June 20, 2010.

1 regulatory information for nonresidential and residential customers. The activities in this section
2 are organized under two subgroups:

- 3 1) Energy Markets & Capacity Products handles account management for very large
4 customers, including enhanced oil recovery; municipal, merchant and utility electric
5 generation, including large cogeneration; and wholesale customers. This group also
6 establishes interconnections for California gas and biogas suppliers; markets
7 unbundled storage capacity and the California Energy Hub⁷⁷; manages the business
8 relationship with unbundled storage and hub service customers; and purchases natural
9 gas to maintain system integrity. The costs related to shared-services activities in this
10 organization that support both SoCalGas and SDG&E are discussed separately in
11 Section III of this testimony.
- 12 2) Segment Services provides account management and other customer services
13 including education and training to small, medium and large commercial, industrial
14 and government customers; small business, developers and residential builders; as
15 well as residential customers.

16 The customer segments in which Energy Markets & Capacity Products and Segment
17 Services encompass are further identified in the following: Table 9, Customer Segment -
18 Account Management Matrix.
19

⁷⁷ California Energy Hub: <http://www.socalgas.com/for-your-business/ceh.shtml>.

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TABLE 9
Customer Segments - Account Management Matrix

	Customer Segment	Description
Energy Markets & Capacity Products	Energy Markets	Large electric generators, wholesale, international, and enhanced oil recovery and California gas and biogas supplier interconnections.
Segment Services	Select Industry	Noncore or noncore eligible (>250,000 therm/year consumption) manufacturers, large hospitals, petroleum refineries, Los Angeles City and County, State and Federal Accounts.
	Geographically Assigned Commercial & Industrial Customers	Hotels, restaurant chains, small hospitals, school districts, small manufacturers, grocery chains, restaurant chain accounts, colleges, >50,000 therm/year accounts.
	Small, Medium, Business	Medium (> 10,000 therm/year, and < 50,000 therm/year consumption) commercial & industrial customers, small (<10,000 therm/year consumption) commercial & industrial customers.
	Residential, Home Builders, Developers	Single family, multi-family, and master meter residential accounts.

For TY 2016, SoCalGas is requesting a total of \$11.491 million for Customer Segment Markets. This forecast is based on a 5-year average cost, as detailed in Section II.D.1.b. and Section II.D.2.b., with an incremental funding request of \$3.171 million over 2013 base year spend to accomplish the following:

- Increase account management and staff support to accommodate increased regulatory and market driven customer service and account turnover activity in the Energy Markets’ electric generation (“EG”) and enhanced oil recovery (“EOR”) customer segments. Key drivers of this activity in the EG market are environmental, legislative and regulatory initiatives and

1 equipment technology advances.^{78,79} Per the California Energy Commission, “Dispatchable
2 natural gas-fired generation is the dominant source of electricity and accounted for 43
3 percent of all generation in California in 2012. As California and the rest of the nation strive
4 to integrate a higher percentage of renewable-derived energy into their electricity generation
5 portfolio, the role of natural gas will likely change. In addition, the closure of San Onofre
6 Nuclear Generation Station and retirement of once-through cooling generation facilities in
7 California will require replacement generation, some of which will likely come from natural
8 gas-fired generation.⁸⁰ For the EOR market, activity is generated by sustained high oil prices
9 coupled with low natural gas prices, which leads to greater oilfield development. Energy
10 Markets will also see significant increases in activity related to managing and implementing
11 new California Gas Producer Access Agreements and the new California Producer Service
12 tariff recently approved by the Commission orders in Decision D.07-08-029, D.10-09-001
13 and AL4177-A, as well as California Producer interconnection activities, including inquiries,
14 capacity studies, preliminary and detailed engineering studies. New agreements are expected
15 to grow from recent elevated levels due to sustained high oil prices, which encourage oilfield
16 development and the production of associated gas. Activity could accelerate further if the
17 Monterey shale is developed (as shale reservoirs have been developed elsewhere in the
18 United States,⁸¹ and as 3 of the 5 Monterey/Santos shale play lease holders [have since
19 2010], commenced development activities⁸²). In addition, new biogas interconnections are
20 expected from the passage and implementation of AB1900 promoting pipeline access to the
21 gas pipeline system for landfill derived biogas pursuant to R.13-02-008, D.14-01-034 and
22 subsequent cost allocation decisions.

⁷⁸ “*The WECC California (CAMX) region accounts for both the highest absolute level of nonhydropower renewable generation in 2040 and the largest growth from 2012 to 2040, which is supported by an aggressive renewable portfolio standard (“RPS”), availability of solar, wind, and geothermal resources, and relatively high electricity prices.*”

“Annual Energy Outlook 2014 with projections to 2040”, U.S. Energy Information Administration, April 2014, pg. MT-20.

⁷⁹ “2012 California Gas Report”, prepared by the California gas and electric utilities, July 2012, pages 11-12.

⁸⁰ “California Natural Gas Data and Statistics – Overview”, California Energy Commission, <http://www.energyalmanac.ca.gov/naturalgas/index.html>.

⁸¹ “Review of Emerging Resources: U.S. Shale Gas and Shale Oil Plays”, U.S. Energy Information Administration, July 2011, pg.4, <http://www.eia.gov/analysis/studies/usshalegas/pdf/usshaleplays.pdf>.

⁸² “Review of Emerging Resources: U.S. Shale Gas and Shale Oil Plays”, U.S. Energy Information Administration, July 2011, pg.76. <http://www.eia.gov/analysis/studies/usshalegas/pdf/usshaleplays.pdf>.

- 1 • Implement account services for small and medium business customer segments (defined as <
- 2 50,000 therm/year consumption),
- 3 • Establish account services for home builders, developers, and residential customer segments,
- 4 and
- 5 • Advance market education and adoption of combined heat and power (“CHP”) systems
- 6 through implementation support with emissions permitting, feasibility analysis, gas quality
- 7 data, and available incentive funding support.

8 Table 10 summarizes O&M expenses for non-shared services by the Segment Services
9 group.

10 **TABLE 10**
11 **Test Year 2016 Summary of Non-Shared Customer Segment Markets Costs**
12 **(Thousands of 2013 dollars)**

CS – INFORMATION			
Shown in Thousands of 2013 Dollars			
D. Customer Segment Markets	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Energy Markets & Capacity Products	\$1,801	\$2,078	\$277
2. Segment Services	\$6,519	\$9,413	\$2,894
Total	\$8,320	\$11,491	\$3,171

13 **1. Energy Markets & Capacity Products**

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

15 The three major activities of Energy Markets & Capacity Products include: 1) account
16 management providing personalized attention to large and complex enhanced oil recovery
17 (“EOR”), electric generation (“EG”) and wholesale customers, and interconnection of and
18 upgrading existing facilities and contract administration for California gas producers and biogas
19 producers; 2) storage and hub services⁸³, marketing unbundled storage capacity and hub services
20 to customers; and 3) staff support for the account management activity, including regulatory
21 support and policy development, tariff development and compliance, contract development,
22 market and competitive analysis, business controls and demand forecasting.

⁸³ See California Energy Hub: <http://www.socalgas.com/for-your-business/ceh.shtml>.

1 Energy Markets Account Management

2 To effectively meet the needs of Energy Market segment customers, SoCalGas delivers
3 individualized account management services through highly trained and specialized customer
4 contact personnel – Account Representatives (“ARs”). Customer interactions with ARs are
5 critical to safe and reliable service delivery, regulatory compliance, and customer satisfaction.

6 Topics often discussed include:

- 7 • Safe use of natural gas;
- 8 • Bill explanations;
- 9 • Bill issues resolution;
- 10 • Rate options, advise on tariffs, and contract management;
- 11 • Project management for requests for new and expanded natural gas service;
- 12 • Emergency preparedness and business resumption planning;
- 13 • Air quality regulation permitting and compliance; and
- 14 • Technical information.

15 Energy Markets segment customers are noncore and represent most of the largest
16 customers on the SoCalGas system,⁸⁴ and approximately 45% of 2013 SoCalGas’ system
17 throughput. Typical customers are large cogeneration facilities greater than 20 megawatts
18 (“MW”), large EG (including Utility Electric Generators and Exempt Wholesale Generators),
19 EOR and wholesale customers. ARs for Energy Markets typically handle a smaller number of
20 accounts, on average, compared to other ARs mentioned in the following section (Section
21 II.D.2), which reflects the fact that Energy Market customers are inherently more complex to
22 serve, likely having multiple accounts served by multiple meters involving more complex
23 measurement technology, among other issues. ARs also manage services, communications, and
24 contract administration for approximately 45 active California gas producer meters representing
25 55 access arrangements. In addition, these representatives are responsible for responding to
26 capacity access inquiries from new California gas producers and biogas producers, and for
27 managing the interconnection process, including facilities upgrades and gas quality enforcement.
28 For this reason, Energy Market ARs must maintain industry specific expertise, have frequent
29 contact with their customer base, and rely on knowledgeable support, planning and
30 administration from Energy Markets Staff Support and be able to effectively identify,

⁸⁴ There are currently 96 Energy Market Segment customers.

1 communicate and solicit support from diverse company resources ranging from commercial,
2 regulatory and litigation, to engineering, operations, and billing.

3 Storage Products and Hub Services

4 Storage Products and Hub Services operate the California Energy Hub to provide
5 unbundled natural gas storage and parking services,⁸⁵ and to procure natural gas to maintain
6 system integrity. Storage Products and Hub Services manages the sales of storage products and
7 hub services through sales campaigns, open seasons, and bi-lateral negotiations, to meet
8 customer needs and to maximize value for SoCalGas and its ratepayers. From 2009 to 2013, this
9 group generated a \$115.5 million benefit to ratepayers through the sales of storage products and
10 services. In order to meet their objectives, this group cultivates and builds trusting, long-term and
11 productive working relationships with both established storage products and hub services
12 customers and other market participants. This group negotiates and executes storage and hub
13 transactions with their customers, and manages open seasons for storage capacity. They also
14 manage requests for proposals for reliability supply needs, storage expansions, and related new
15 services. This group also directs the focus of special studies to uncover sales opportunities for
16 storage and hub services. The studies are generally conducted by the Capacity Products Staff that
17 is a shared service discussed in Section III.B.

18 Energy Markets Staff Support

19 The Energy Markets Staff Support group works to support the needs of customers,
20 California gas and biogas producers, regulatory agencies and Energy Markets ARs. Energy
21 Markets Staff Support provides analyses, customer needs assessments, market and competitive
22 assessments, and consistent, accurate customer communication materials. Energy Markets Staff
23 Support works with other utility departments to facilitate safe and consistent service to Energy
24 Markets customers in accordance with Commission tariff rules and regulations. Examples of
25 activities include, but are not limited to:

- 26 • Creating communication, training and safety materials: Energy Markets Staff Support
27 develops letters, forms, instructions, and analysis tools for ARs and Energy Markets
28 customers to effectively communicate and implement tariffs, regulatory changes, and safety
29 advisories ordered by the Commission.

⁸⁵ Parking Services: Gas parking is the temporary storage of gas on the SoCalGas system and gas loaning is the temporary lending of gas from the SoCalGas system.

- 1 • Contract analysis and negotiations: Energy Markets Staff Support completes competitive
2 assessments for customers and prospective customers requesting special contracts to compete
3 with alternative pipeline service or alternate fuels. They develop negotiating guidelines and
4 contract terms and conditions, gain management approval for negotiated contracts, develop
5 testimony and supporting documentation to gain Commission approval of the negotiated
6 contracts, and develop and implement internal procedures and controls for contract
7 management and regulatory compliance.
- 8 • Analysis: Energy Markets Staff Support provides expert analysis of economics to help
9 Energy Markets ARs work with their customers to select the utility rates and services that
10 best suit their facility needs. Energy Markets Staff Support maintains a bill estimator tool
11 allowing ARs to educate customers of their rate options and the costs associated with each
12 service. It also works with Gas Engineering, Accounting and ARs to implement tariff line
13 extension allowances, and works with ARs, Measurement, Regulation and Control, and the
14 Engineering Analysis Center to resolve customer and gas producer questions regarding gas
15 measurement and gas quality.
- 16 • Financial and information controls and tariff compliance: Energy Markets Staff Support
17 develops and manages procedures and tools to ensure that all activities undertaken to support
18 Energy Markets customers comply with all applicable Commission decisions, resolutions,
19 tariff rates and rules as well as other financial and regulatory rules. These include, for
20 example: Sarbanes-Oxley Act, Affiliate Transaction rules, Confidentiality Agreement policy,
21 records retention policy, and audit procedures. Energy Markets Staff Support also works
22 with Segment Services Staff and Gas Transmission Planning to track available capacity,
23 assign firm capacity for new customers and to identify transmission areas that are potentially
24 capacity constrained.
- 25 • Regulatory filings, data responses, and segment demand forecasting: Energy Markets Staff
26 Support must stay abreast of impending regulation and tariff changes and provide the
27 education and training material to support the rollout of new programs. Regulatory
28 compliance and support includes technical contributions to major proceedings, advice letters,
29 compliance filings, data requests, Energy Markets customer segments demand forecasts, and
30 the preparation and submission of reports to regulatory agencies. All of these activities either
31 directly or indirectly affect Energy Markets customers by setting or affecting their rates and

1 regulatory compliance requirements. Examples include, but are not limited to, sponsoring
2 testimony in cost allocation proceedings, preparing advice letters for tariff compliance filings
3 and tariff exemptions for uniquely situated customers, and responding to data requests from
4 the Commission, CARB and other agencies.

5 **b. Forecast Method**

6 The forecast method developed for this cost category is 5-year average with adjustment
7 for customer account growth and expanded support functions. This method is most appropriate
8 because it takes a consistent and full outlook of costs incurred for business functions and
9 responsibilities that have remained stable during the past five years, and reduces common
10 anomalies in the basis of the forecast, such as periodic expenses (i.e., implementations resulting
11 from mandates such as Omnibus and the California Producer Access Proceeding)^{86,87} or
12 fluctuations in the business cycle (i.e., unexpected delays in employee replacement due to
13 specialized skills gap). (Details of large sized variances further elaborated in Ex.SCG-12-WP,
14 pg. 408-410).

15 **c. Cost Drivers**

16 Energy Markets & Capacity Products recorded total adjusted expenditures of \$1.801
17 million in 2013, of which \$1.727 million was labor costs and \$0.074 million was non-labor costs.
18 SoCalGas' TY 2016 forecast reflects a \$0.217 million increase in funding within Energy Markets
19 & Capacity Products above the 5-year average forecast (see Table 11). As previously discussed
20 in Section II.D.1.b, a 5-year average forecast methodology was used as the basis for the TY 2016
21 forecast plus adjustments to account for specific program growth.

22 The cost drivers behind this forecast are for 1 incremental FTE in Account Management
23 to meet the increased account management activities for EG and EOR customers and increased
24 account management and new tariff implementation activities for the California gas producer and
25 biogas producer interconnectors, and 1 incremental FTE in the area of Energy Markets Staff
26 Support to ensure adequate tools, communications, controls and analysis capabilities are in place
27 to support the increased account management activities.

⁸⁶ The Omnibus Decision (07-12-019) allows SoCalGas/SDG&E to implement a range of revisions to their natural gas operations and offer new services for their core and unbundled storage services, Additional detail: <http://www.socalgas.com/for-your-business/natural-gas-services/omnibus.shtml>.

⁸⁷ The California Producer Access Proceeding provides California natural gas producers access to the SoCalGas pipeline system. Additional detail here:

<http://www.socalgas.com/regulatory/tariffs/tm2/pdf/4177-A.pdf>.

1 **TABLE 11**

2 **Test Year 2016 NSS Incremental Energy Markets & Capacity Products Expenditures**

3 **(Thousands of 2013 dollars)**

Program	Labor	Non-Labor	Explanation	Total
Energy Markets Account Management	\$109	n/a	1 FTE: Account representative.	\$109
Energy Markets Staff Support	\$109	n/a	1 FTE: Staff advisor.	\$109
Total Incremental Request	\$217	n/a		\$217

4 These additional resources are required to satisfy increased Energy Market customer
5 activity resulting from:

- 6 • Accelerating and more complex new business requests from EG and EOR customers driven
7 by regulatory/legislative initiatives [such as the start of integration of renewables and
8 commensurate introduction of fast start power plants,⁸⁸ the retirement of once-through-
9 cooling power plants,⁸⁹ the San Onofre Nuclear Generation plant retirement,⁹⁰ and the
10 implementation of multiple Long Term Procurement Phases (“LTPP”) and commensurate
11 utility request for offers (“RFO”)s for new generation⁹¹], and sustained high oil prices,⁹²
12 respectively. A recent example is the management of over 70 requests for service/
13 interconnections and information from project developers intending to respond to Southern
14 California Edison’s Local Capacity Resource Request for Offer,⁹³ generating a higher
15 volume of interaction with customers and prospective customers, and analysis to assure
16 accurate and consistent administration and provision of utility services;

⁸⁸ Garthwaite, Josie and Christina Nunez. “New ‘Flexible’ Power Plants Sway to Keep Up with Renewables”, National Geographic – Daily News, October 31, 2013.

⁸⁹ Section 316(b) Clean Water Act (Once-Through-Cooling Phase-Out), California’s Clean Energy Future, <http://www.cacleanenergyfuture.org/documents/OTCPhaseout.pdf>.

⁹⁰ Southern California Edison, Docket Nos. 50-361 and 50-362 Certification of Permanent Cessation of Power Operations San Onofre Nuclear Generating Station Units 2 and 3, <http://www.nrc.gov/info-finder/reactor/songs/permanent-cessation-letter.pdf>.

⁹¹ Long Term Procurement Plan, CPUC, <http://www.cpuc.ca.gov/PUC/energy/Procurement/LTPP/>, Example: CPUC Long Term Procurement Plan Rulemaking (“LTPP”), http://www.cpuc.ca.gov/PUC/energy/Procurement/LTPP/index_2012.htm.

⁹² West Texas Intermediate Spot Price of Oil (crude oil benchmark), U.S. Energy Information Administration, <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=D>.

⁹³ D.13-02-15 Authorizing Long Term Procurement for Local Capacity Requirements.

- 1 • Implementing and managing new California Producer Agreements required by D.07-08-029,
2 D.10-09-001 and AL4177-A, which established new CPUC form agreements and a tariff
3 governing all terms and conditions of access including balancing service; and
- 4 • Managing increased biogas interconnection inquiries from landfill operators once the
5 Commission’s R.13-02-008 and D.14-01-034 promoting pipeline access to the gas pipeline
6 system is implemented.

7 It is anticipated that due to aforementioned legislative and regulatory initiatives related to
8 greenhouse gas reduction, renewables integration, once-through-cooling abatement, new
9 technology fast start generator inquiries and construction, and new gas supplier interconnector
10 tariffs, Energy Markets’ customer segment account management and staff support activity and
11 related obligations will grow significantly during the rate case period.

12 **2. Segment Services**

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

14 The major activities of Segment Services consists of individualized account management
15 of customer segments such as select industry and geographically assigned commercial and
16 industrial customers (see Table 9 for Customer Segments - Account Management Matrix);
17 focused customer services to segments such as the small, medium, business (“SMB”) customers,
18 home builders, developers, and residential customers; segment services staff support; advising in
19 areas that pertain to regulatory, tariff, contracts, air quality, legislation, market and forecast
20 analysis, and presenting customer programs, education and training to the various customer
21 segments listed above.

22 Account Management

23 To effectively serve and meet the needs of specific customer segments, SoCalGas
24 delivers individualized account management services through highly trained and specialized
25 Account Representatives (“ARs”) assigned to segments of select industry (large manufacturers,
26 large hospitals, petroleum refineries) and geographical segments of commercial and industrial
27 customers (hotels, restaurant chains, small hospitals, small manufacturers, etc.). See Table 9
28 Customer Segments – Account Matrix for a specific account breakdown. Customer interactions
29 with ARs are critical to safe and reliable service delivery, regulatory compliance, and customer
30 satisfaction. Topics often discussed include:

- 31 • Safe use of natural gas;

- 1 • Bill explanations;
- 2 • Bill issues resolution;
- 3 • Rate options, tariffs, and contract management;
- 4 • New business project management;
- 5 • Emergency preparedness and business resumption planning;
- 6 • Air quality regulation permitting and compliance; and
- 7 • Technical information.

8 Segment Services customer accounts are assigned ARs based on select industry, which
9 consists of noncore or noncore-eligible customers (accounts consuming greater than 250,000
10 therms/year); and commercial and industrial core customers with accounts consuming greater
11 than 50,000 therms/year or chain accounts, which are assigned ARs geographically. The
12 Segment Services noncore accounts consists of approximately 820 unique active meters,⁹⁴ and
13 the remaining assigned core accounts consists of approximately 3,400 active meters.⁹⁵
14 Collectively, the AR assigned customer segment consists of approximately 59% of the revenue
15 stream of SoCalGas’ nonresidential commercial and industrial customers.⁹⁶ ARs must maintain
16 industry specific expertise, provide frequent contact with their customer base, provide support by
17 advising on current air quality regulation and compliance, and manage new business/meter
18 requests. ARs are also responsible for advising customers on their eligible tariff options,
19 explaining the complexities of rate contracts and tariffs (such as curtailment priorities and
20 calculating authorized curtailment quantities), and assisting eligible customers with navigating
21 the complexities of two bidding processes: potentially-capacity-constrained firm volumes and
22

⁹⁴ Per 2013 data estimates, which include all unique active meter locations.

⁹⁵ Per 2013 data estimates, including gas air conditioning (“AC”) and gas engine tariffs, and G-10 tariffs
>= 50,000 therm/year.

⁹⁶ Per 2013 data estimates, which include (C&I Transportation Component Revenue + Gas) divided by
(C&I Transportation Component Revenue + Gas of noncore, small cogen, refinery cogen, gas AC, gas
engine, NGV, C&I >=50,000 therm/year, C&I <=50,000therm/year).

1 Backbone Transmission Service rights.^{97,98} To meet these duties, ARs rely on knowledgeable
2 support from their staff organization to maintain current, up-to-date, and consistent information
3 to provide to customers.

4 Small/Medium Business Support Services

5 The support services strategy for the small/medium business (“SMB”) customer is to
6 initiate awareness, increase tools and campaigns, establish primary services, and establish
7 continuous improvement to support this segment effectively. The strategy includes tactics to
8 effectively communicate programs, services, rate education, air quality regulations and mandated
9 messages to the SMB segment.⁹⁹ In 2013, the SMB customer segment represented
10 approximately 210,000 active meters and provides approximately 41% of the combined core and
11 noncore nonresidential commercial and industrial revenue stream.^{100,101} The numerous accounts
12 and unique needs in this customer segment necessitate a different outreach approach distinct
13 from our Account Management and Residential Services activities. SMB Support Services works
14 in collaboration with the Customer Engagement & Insights group, to then design and implement
15 strategies for education outreach, programs and services. This work includes:

- 16 • Identifying customer preferences and needs using qualitative and quantitative studies;
- 17 • Developing phases of online Business My Account awareness campaigns for encouraging
18 customer enrollment and use;¹⁰²

⁹⁷ Potentially capacity-constrained firm volumes: Potentially Capacity-Constrained Area: Segments of the local transmission system in which customer requests for firm transportation service currently exceed, or within the next five years may exceed, available capacity. Such requests must be based on historical usage or evidence which substantiates expected incremental load.

See AL4490: “Publication of Open Season Results for Line 7000 in the San Joaquin Valley”, May 1, 2013, <http://socalgas.com/regulatory/tariffs/tm2/pdf/4490.pdf>, and AL4512: “Publication of Open Season Results for the Rainbow Corridor”, August 16, 2013, <http://socalgas.com/regulatory/tariffs/tm2/pdf/4512.pdf>.

⁹⁸ Backbone Transmission Service: <http://www.socalgas.com/for-your-business/natural-gas-services/backbone.shtml>.

⁹⁹ See Table 9 Customer Segments – Account Management Matrix for definition of “small and medium business” customer segment.

¹⁰⁰ Estimated based on all unique active meter locations that appear in 2013 (includes usage=0 with customer charge>0) based on (Core C&I <=50,000 therm/year usage)

¹⁰¹ Estimated based on all unique active meter locations that appear in 2013 (includes usage=0 with customer charge>0) based on (Core C&I <=50,000 therm/year usage) divided by all commercial & industrial usage), where (C&I<=50K) excludes assigned NGV, EG, AC, noncore accounts)

¹⁰² Supports the forecasts attributed to capital project: SCG My Business Account in the testimony of Mr. Evan Goldman –SoCalGas Customer Services Operation (Ex.SCG-11 Section IV).

- Designing industry specific webpages to communicate relevant products and services (such as seminars and self-service tools to manage and monitor gas usage); and
- Crafting safety messages for emergency planning and recovery.

The SMB customers look to SoCalGas to provide them with information regarding energy issues that will directly impact their business, to keep them apprised of all regulatory and rate changes, tips on how to save money on their energy bill, and safety-related messages.¹⁰³ Unlike the larger customers, who may employ skilled engineering staff to help them manage their energy usage, 70% of small businesses are owned and operated by a single person,¹⁰⁴ requiring SMB customers to fill multiple roles. They may lack the expertise, background, or even the time to understand complex energy messages. Because of the limited resources dedicated to energy issues, these customers rely on SoCalGas to customize and make a myriad of energy information easy to understand and apply. These SMBs may also have language or cultural differences to overcome, therefore, messaging is carefully crafted to transmit complex information to ensure it is easily understood and its relevance is obvious.

Residential Services

Residential Services represents activities reorganized in 2013 with the objective of centralizing key functions to more effectively develop, deliver and manage services for our 5.4 million residential customers and for the residential builders in our region.¹⁰⁵ The two key functions that comprise Residential Services are: Residential Market Services and Clean Energy Builder.

- Residential Market Services

The purpose of this group is to enable SoCalGas to effectively meet residential customer expectations. The group is responsible for identifying changing residential customer needs; developing new services or refining existing services to meet those needs; coordinating SoCalGas operational groups to deliver services; and monitoring the services to ensure effectiveness in meeting customer needs. Customer safety is a constant and critical objective across this group's entire body of work.

¹⁰³ "Small Business Association, Score – Impact on US Small Business of Natural & Man-made disasters", HP and SCORE: Counselors to America's Small Business.

¹⁰⁴ Groth, Aimee and Kim Bhasin. "18 Amazing Facts About Small Businesses In America", Business Insider, August 24, 2011.

¹⁰⁵ Based on 2013 meter count data.

1 The primary functions of the group are:

- 2 ○ Data analytics to define customer needs and expectations, which is complementary to, but
3 not duplicative of the market research performed by the Customer Engagement & Insights
4 group,¹⁰⁶ and is focused on utilizing operational and other quantitative data to identify trends
5 and improvement opportunities; and
- 6 ○ Project management to develop, implement and continuously improve residential customer
7 services, which involves planning, coordination and communication to assure safe and
8 reliable consumption of natural gas during policy changes, service enhancements, and
9 seasonal changes.

10 Examples of the group's focus areas include:

- 11 ○ Heating season: Planning and coordination of policies, operations and communications to
12 ensure customers enjoy safe and reliable heating during the winter season.
- 13 ○ Customer impacts: Monitoring of bill amounts, meter activity and other operational and
14 market trends that may adversely impact customers; and related planning/coordination of
15 tactics to support customers.
- 16 • Clean Energy Builder Services

17 The purpose of this group is to enable SoCalGas to effectively support builders,
18 developers and contractors in utilizing natural gas to develop the Southern California housing
19 stock to meet state environmental goals. The group is responsible for identifying consumer fuel
20 and appliance needs and priorities; defining gaps between consumer/environmental priorities,
21 builder/developer/contractor practices and products provided by the manufacturing community;
22 and coordinating SoCalGas operational and policy groups to deliver information and services to
23 support the building community in meeting environmental goals and consumer needs. The
24 primary functions of the group are:

¹⁰⁶ Customer Engagement & Insights conducts data analytics and market research of both historical and current environment, as well as performance metrics based on current SoCalGas products, services and customer engagement, whereas Residential Market Services conducts data analytics and market research for identifying and anticipating future customer needs and trends to develop new products and services (back-cast and current environment compared to forecast environment).

- 1 ○ Data analytics to define customer and builder/developer/contractor needs and expectations.
2 This is complementary to, but not duplicative of,¹⁰⁷ the market research performed by the
3 Customer Engagement and Insights group, and is focused on utilizing operational and other
4 quantitative data to identify trends and improvement opportunities.
- 5 ○ Project management to develop, implement and continuously improve home builder and
6 developer services; and to support outreach to the builder community.

7 Examples of the group’s focus areas include:

- 8 ○ Builder/developer/contractor education and outreach: Communications and processes to help
9 builders understand new clean energy technologies and their applications;
- 10 ○ Builder/developer/contractor impacts: Planning and coordination of customer service
11 processes including scheduling, operations and communications to address builder,
12 contractor and home owner/home buyer needs; and
- 13 ○ Builder/developer/contractor new construction support: Provide information on safety, codes,
14 standards, regulations and permit requirements, and assisting developers with identifying
15 requirements for utility distribution main and service line extensions.

16 Segment Services Staff Support

17 Similar to the Staff Support function of the Energy Market & Capacity Products
18 subgroup, the Segment Services Staff Support (“Staff”) function of the Segment Services
19 subgroup works behind the scenes to support customers, regulating agencies, and ARs by
20 functioning as advisors and knowledge experts who perform various services, including:

- 21 • Training: Providing internal training to new ARs, and refresher trainings to existing ARs to
22 educate them on most current business processes, tariffs, new gas technology and its
23 applications;
- 24 • Assessment: Conducting assessments of Segment Services customer needs, values, and
25 impacts with regards to gas transportation services;
- 26 • Analysis: Staff provides expert analysis of CHP systems, customer bills, engine water
27 pumping, and gas air conditioning economics to help customers select utility rates and

¹⁰⁷ Customer Engagement & Insights conducts data analytics and market research of both historical and current environment, as well as performance metrics based on current SoCalGas products, services and customer engagement, whereas Clean Energy Builder Services conducts data analytics and market research for identifying and anticipating future customer needs, demands, and trends to shape and develop new products and services).

1 technology that best suit their facility needs. Staff also maintains a bill estimator tool
2 allowing ARs to correctly educate customers about their rate options and the costs associated
3 with each rate. For CHP, staff performs detailed rate evaluations, economics and efficiency
4 analysis, assists with technology selection and permitting, and determines if any self-
5 generation incentive program (“SGIP”) applies;

- 6 • Economic Development: Together with its ARs, staff works with at-risk customers as well as
7 economic development agencies by providing energy assessments, information on various
8 incentives, and knowledge on how to streamline manufacturing operations and utilize cleaner
9 fuel options;
- 10 • New Business: Ensuring consistent new business allowance calculations and reconciliations
11 of new gas service and consistent calculation of eligible noncore contract volumes allotment;
- 12 • Contract Negotiation: Developing and managing contract negotiation guidelines, policies,
13 and marketing strategies to enhance the value of SoCalGas service to Segment Services
14 customers;
- 15 • Contract Management: Managing the potentially-constrained open season contract volumes
16 bidding process and the Backbone Transportation Service (“BTS”) bidding process. Staff
17 develops communication for open seasons in potentially-constrained areas of SoCalGas’
18 distribution system to ensure all customers receive accurate and timely notices. This includes
19 bidding procedures and online support for the open seasons, and the analysis of customer
20 bids and available capacity to determine if pro-rating is required;
- 21 • Compliance: Managing contract renewals, new legal entity reviews, and ensuring internal
22 regulatory contract compliance. Staff plays an active role in the Major Account Activity
23 Team to approve all new requests for noncore service to assure that the customers are fully
24 informed of their rate options and understand the conditions of their rate elections, and
25 assures that all new contracts are compliant with internal requirements pursuant to the
26 Sarbanes Oxley Act.
- 27 • Regulatory Filings: Support regulatory reporting, advice letter, and application filings; there
28 are various reports that are required by regulatory agencies including the Commission, CEC,
29 air quality management districts, Energy Information Agency, the FERC and others. These
30 reports require data analysis and preparations, work papers, and responses to follow-up

1 inquiries. Examples include the Quarterly Fuel and Energy Report (“QFER”), the California
2 Gas Report (“CGR”), and the Gas Utility Monthly Survey Report.

- 3 • Major Regulatory Proceedings: Examples include the Triennial Cost Allocation Proceeding
4 (“TCAP”) and GRC. These proceedings normally have numerous phases and occur over
5 many months or years. They require gathering and analyzing customer and cost data,
6 performing impact evaluations for all stakeholders, establishing policies and procedures to be
7 proposed, preparing testimony and exhibits, preparing rebuttal for parties with opposing
8 views, responding to data requests, participating in hearings before the Commission,
9 settlement meetings, and attending Commission workshops.
- 10 • Communication: Advising and providing outreach and communication materials (with
11 support from Customer Engagement & Insights group) to ARs for use in communicating
12 impending and new air quality regulations, tariff/regulatory changes, technology specific
13 education and legislative conditions;
- 14 • Outreach: Staff maintains relationships with numerous industry and customer
15 organizations.¹⁰⁸ These relationships provide valuable opportunities to distribute and receive
16 information on customer needs, technology development, regulatory trends and safety
17 standards. Customers, trade organizations and community groups often request SoCalGas
18 personnel to speak at conferences on safe, efficient and reliable distribution and consumption
19 of natural gas,¹⁰⁹
- 20 • Budgeting: Providing department and management level budget and forecast support; and
- 21 • Seminars: Organize and develop Energy Resource Center (“ERC”) seminars. The ERC
22 demonstration facility helps educate customers about equipment, design techniques, and
23 building technologies. Customer Programs staff develops and conducts technical seminars,

¹⁰⁸ U. S. Department of Energy, California Energy Commission, American Society of Heating Refrigeration, Air Conditioning Engineers Standard 90.1, Building Energy Standards Committee, ASHRAE, American Flame Research Organization, Association of Energy Engineers, California Metals Association, Southern California Water Committee, Association of California Water Agencies, Gas Technology Institute, American Gas Cooling Center (Member of the AGCC Advisory Board), Energy Solutions Center, California Air Resources Board, South Coast Air Quality Management District, San Joaquin Valley Air Quality Management District.

¹⁰⁹ American Institute of Architects (“AIA”), Institute of Ammonia Refrigeration (“IAR”), West Coast Energy Management Congress (“AEE WCEMC”), Building Owners and Managers Association Conference (“BOMA”), Contractors, Educators and State Officials, Association of California Water Agencies (“ACWA”), National Association of Energy Service Companies (“NAESCO”) and World Agricultural Exposition.

1 and provides training and materials for energy managers and engineers. In 2013, 192 food-
2 service equipment demonstrations, 206 technical and food-service seminars, 47 customer
3 outreach events and 16 technical training sessions were conducted at the Energy Resource
4 Center, along with 1,268 meetings for business/industry associations, customers, and internal
5 and external utility personnel.

6 **b. Forecast Method**

7 The forecast method developed for this cost category is five-year historical average with
8 adjustment for specific and new customer segment activity growth, and an incremental
9 adjustment to make whole a partial year FTE/labor cost recorded for new functions that were
10 added to Residential Market Services mid-2013. This method is most appropriate because the
11 historical years of 2009-2013 are reflective of costs that have been and continue to be core
12 operational program activities,¹¹⁰ smoothing fluctuations of costs caused by attrition (i.e.,
13 unexpected delays in employee replacement due to specialized skills gap). Incremental
14 adjustments are to account for additional targeted outreach and service activities to support
15 further customer segmentation of markets beyond the five-year historical average baseline
16 activities. (Details of large sized variances further elaborated in Ex.SCG-12-WP, pg. 411-414).

17 **c. Cost Drivers**

18 Segment Services recorded total adjusted expenditures of \$6.519 million in 2013, of
19 which \$4.950 million was labor costs and \$1.568 million was non-labor costs. SoCalGas' TY
20 2016 forecast reflects a \$2.591 million increase in funding within Segment Services above the 5-
21 year average forecast (see Table 12 for a summary of incremental expenditures and related
22 activities [as well as observe Footnote 111], which is then followed by further justification detail
23 organized by Program activity).. As previously discussed in Section II.D.2.b, a 5-year average
24 forecast methodology was used as the basis for the TY 2016 forecast plus adjustments to account
25 for specific program growth.
26

¹¹⁰ See Ex.SCG-12-WP-2IN004 for detail of adjustments made to historical years to reflect costs and expenditures consistent to forecasted activities in this area.

1
2
3

TABLE 12
Test Year 2016 Incremental Segment Services Expenditures
(Thousands of 2013 dollars)

Program	Labor	Non-Labor	Explanation	Total
Small/Medium Business Support Services	\$508	n/a	5 FTEs: 1 Business manager (\$124), and 4 Account representatives (4x\$96.4).	\$621
	n/a	\$113	NL: For market research, communication and promotional materials, travel and trade show expenses (\$63), and education and outreach material to support promotion of My Business portal (\$50).	
Residential Services	\$217	n/a	2 FTEs: Residential Market Services - 2 Project managers (2x\$108.6). ¹¹¹	\$1,544
	n/a	\$350	NL: Residential Market services - For contract labor, market research, web changes, communication and promotional materials.	
	n/a	\$200	NL: Residential Market Services - For communication materials to support Customer Service Field safety check enhanced outreach and education.	
	n/a	\$92	NL: Residential Market Services - For communication materials to support Customer Service Field CO detector and socialgas.com enhanced outreach and education.	
	\$345	n/a	4 FTEs: Clean Energy Builder Services - 1 Project manager (\$108.2), 2 market advisors (\$96.4), and 2 interns at 0.5 FTE each (2x\$22).	
	n/a	\$ 340	NL: Clean Energy Builder Services - For contract labor, market research, web changes, communication and promotional materials.	
Segment Services	\$97	n/a	1.3 FTEs: 0.8 technical advisor (\$75), and 0.5 intern (\$22).	\$397
	n/a	\$300	NL: Development of Combined Heat and Power ("CHP") marketing tools, online self-CHP evaluation tool, technology and service brochures, technical seminars, and establishing industry presence at industry associations and conventions.	
Total Incremental Request	\$ 1,167	\$ 1,395		\$ 2,562

4

¹¹¹ Ex. SCG-12-WP-2IN004 presents the TY labor forecast for Residential Market as \$591 (thousand), while Table 12 only represents \$562 (thousand) incremental in labor. The remainder \$29 (thousand) adjustment up is an adjustment to make whole a Residential Market position that was created mid-2013 for new functions that were not historically reflected.

1 The cost drivers behind this forecast include an incremental 5 FTEs and \$113,000 in non-
2 labor costs (for market research, print and design for communication materials, and trade show
3 expenses) in the area of Small/Medium Business Support Services to bolster the education and
4 outreach of: our products and services, natural gas conservation, and safety awareness. The
5 incremental FTEs will:

- 6 • Focus outreach to trade, business, and chamber organizations with an additional trade
7 association market specialist, enabling SoCalGas to be an expert of SMB energy matters;
- 8 • Provide account support management with a Business Service Representative to address
9 customer inquiries elevated from the Customer Contact Center due to specialized SMB needs
10 and requests; and
- 11 • Provide Account Representatives to work with SMB customers as a central and proactive
12 coordinating contact to address customer needs (ranging from: services expansion, new
13 business gas service requests, air quality compliance issues, billing and tariff explanations)
14 and to also coordinate and present to individual and group meetings as well as handle direct
15 mail and telephone outreach.

16 The SMB customers have traditionally been the “neglected middle” between large
17 commercial industrial and residential customers and offer a significant opportunity for outreach
18 and education.¹¹² SoCalGas recognizes the value and importance of tailoring self-service content,
19 providing specialized direct-contact, and continuing to analyze and determine customer needs
20 and preferences in order to effectively engage this segment, especially about issues of natural gas
21 conservation and safety. The benefits of increasing engagement with this customer segment
22 would be: enhancing customer satisfaction, retaining business customers challenged with
23 increasingly complex air quality regulations (such as SCAQMD Rule 1147, Rule 1153, 1146,
24 1146.1, and Zero Net Energy mandates to improve efficiency of all commercial natural gas
25 appliances and equipment),¹¹³ developing more effective communication strategies, and
26 broadening our insights into this customer segment’s needs so that new relevant products and

¹¹² Accenture “Accenture New Energy Consumer Handbook 2013” Small and Medium Businesses: The Untapped Energy Consumer, page 188, http://nstore.accenture.com/acn_com/PDF/Accenture-New-Energy-Consumer-Handbook-2013.pdf.

¹¹³ The Customer Service Information areas covered in my witness area work in conjunction with the SoCalGas Customer Services Technologies, Policies, and Solutions areas covered in the witness area of Mr. Jeffrey Reed to provide customers support with air quality regulations. These regulations, policies, and goals are further detailed in Mr. Jeffrey Reed’s testimony, Ex.SCG-13.

1 services may be developed. While retail, financial, and telecommunications industries have long-
2 focused on customer analytics and segmentation to adapt to competition, utilities also need to
3 consider a customer segmented approach to optimize programs and educational materials.¹¹⁴
4 Similarly, other California utilities such as Pacific Gas & Electric and San Diego Gas & Electric
5 Company recognize the importance of engaging the SMB customer segment, and are in various
6 stages of implementation to develop and shore up their own organizations to support this
7 segment.¹¹⁵

8 In the area of Residential Services, I am forecasting an incremental 2 FTEs and an
9 incremental \$350,000 in non-labor dollars (for contract labor, market research, web changes,
10 collateral) above the adjusted 5-year historic average for Residential Market Services to address
11 the evolving needs of our residential customer base, specifically the growing elderly population
12 and our lower and middle income population. This incremental cost will be focused on
13 developing and delivering services for these customer segments such as:

- 14 • Senior services: This service provides tools, policies and communications that will support
15 the growing aging population and their families in the safe use of natural gas, and in effective
16 interactions with SoCalGas. This is to address unique needs of the aging population related
17 to customer safety and convenience. For example, there is a potential rise in safety issues
18 related to diminishing senses of smell, hearing, sight and touch.¹¹⁶ Furthermore, the increase
19 of a “many to one” customer relationship where the primary customer is supported by a
20 network of family members or caregivers who make decisions and transact for the customer
21 also introduces new needs.¹¹⁷
- 22 • Landlord/renter services: This service provides information, tools, policies and
23 communications to support renters in the safe operation of gas appliances in or on their
24 residences. It also supports landlords in energy management and appliance investment
25 decisions, and in the proper maintenance of gas appliances on their properties. Data suggest

¹¹⁴ Richards, Christine H., Utility Analytics Institute “Customer Targeting and Segmentation Analytics – Satisfying Customers as Individuals”, 2013, page 3-4.

¹¹⁵ Richards, Christine H., Utility Analytics Institute “Customer Targeting and Segmentation Analytics – Satisfying Customers as Individuals”, 2013.

¹¹⁶ Dugdale III, David “Aging Changes in the Senses” November 10, 2012 MedlinePlus – Trusted Health Information for You, <http://www.nlm.nih.gov/medlineplus/ency/article/004013.htm>.

¹¹⁷ Coughlin, Joseph, “Estimating the Impact of Caregiving and Employment on Well-Being” May 2010, Outcomes & Insights in Health Management, Vol. 2 Issue 1, <http://www.healthways.com/success/library.aspx?id=615>.

1 that renters are disproportionately low income.¹¹⁸ Furthermore, California law requires that
2 landlords provide habitable units to their tenants, including utilities and appliances in
3 working order.¹¹⁹ This is an area where SoCalGas can formally support the safety needs of
4 both landlords and renters by proactively providing information, tools and communications.

5 Consistent with the focus on customer safety and meeting the needs of landlord/renters
6 and elderly populations, I am also requesting the following to support the proposed service
7 enhancements described in the testimony of Ms. Sara Franke, Customer Services Field and SCG
8 Meter Reading (Ex.SCG-10) in this customer segment with:

- 9 • \$200,000 in incremental non-labor dollars (for communications materials) to support the
10 Safety Check outreach (Ex.SCG-10, Section II.B.1.d.3.), and
- 11 • \$92,000 for incremental non-labor dollars (for communications materials) for Customer
12 Service Field personnel’s on-premise time to educate customers about the state mandate for
13 carbon monoxide detectors and socialgas.com (Ex.SCG-10, Section II.B.1.d.2.).

14 In the area of Clean Energy Builder Services, I am forecasting an incremental 4 FTEs and
15 an incremental \$340,000 in non-labor dollars (for contract labor, market research, web changes,
16 printing and design of communication material) above the 5-year historic average to address the
17 increasing needs of the building community, homeowners and home buyers. New housing starts
18 are forecasted to grow annually from 50,243 in 2014 to 90,193 by 2020.¹²⁰ That growth is
19 converging with the need to meet state and local environmental goals,¹²¹ and NMR Group, Inc.’s
20 study submitted in May 2014 to the CPUC has indicated that the building community has a need
21 for better education and understanding about options to efficiently grow new housing stock while

¹¹⁸ “America’s Rental Housing – Meeting Challenges, Building on Opportunities” Renter Demographics, Joint Center for Housing Studies of Harvard University, <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/ahr2011-3-demographics.pdf>.

¹¹⁹ “Dealing With Problems”, California Department of Consumer Affairs, 2012 Edition, <http://www.dca.ca.gov/publications/landlordbook/problems.shtml>.

¹²⁰ Internal department forecast “Southern California Housing Starts for 2014” to be used for residential meter forecasting. The same source data was used for the 2014 California Gas Report. Quarterly data are annualized and seasonally adjusted. Info was gathered from the Global Insight (February 2014) Regional Forecast.

¹²¹ Examples: Zero Net Energy mandates to improve efficiency of all residential and commercial natural gas appliances and equipment, Title 24 residential home efficiency standards, SCAQMD Rule 1111 – to reduce NOx emissions from residential central furnaces.

1 meeting these goals.¹²² This incremental cost will be focused on materials and resources to
2 achieve greater builder outreach and education, and company communications and processes to
3 meet builder production needs.

4 In the area of Segment Services Staff Support, I am requesting an incremental 1.3 FTE
5 and \$300,000 in non-labor dollars above the 5-year historical average cost to increase efforts to
6 accelerate the installation and use of small (below 5 MW) combined heat and power (“CHP”)
7 systems. This additional FTE funding is to support expanded activities in CHP education and
8 outreach; to help customers navigate the complexities of electric and gas tariff rates, standby
9 charges, and departing load charges; to help customers estimate demand charges; to help
10 customers understand feed-in tariffs and incentive programs; and to provide economic
11 competitiveness evaluations by simple payback for scoping the potentials for incorporating CHP
12 technology into their processes. The additional non-labor dollars are for the development of
13 marketing tools which include a specific socialgas.com CHP subpage, an online CHP candidate
14 self-evaluation tool, educational brochures about CHP technology process and benefits,¹²³
15 technical seminars with presentations from industry experts at SoCalGas’ Energy Resource
16 Center, and establishing further industry presence with participation and sponsorships of
17 strategic industry associations and conventions to bring CHP awareness to the customers with
18 industrial or commercial processes most viable for incorporating CHP technology. These
19 additional efforts are to support meeting CHP growth goals that the evolving environmental
20 policy that is increasingly focused on environmental sustainability and climate change have
21 established.

22 According to the California Air Resource Board’s (“CARB’s”) 2008 Assembly Bill
23 (“AB”) 32 scoping plan, meeting California’s 2020 greenhouse gas reduction goals will require
24 installation of 4,000 MW of new CHP capacity.¹²⁴ In 2010, Governor Brown’s Clean Energy
25 Jobs Plan set a goal of 6,500 MW of new CHP capacity by 2030.¹²⁵ Most recently, AB1257
26 Natural Gas Strategy was introduced in 2013, which recognized natural gas as a flexible energy
27 supply source for heating, water heating, cooling, cooking, engine operation, and electric

¹²² “California Multifamily Residential New Construction – Market Effects Study: Phase I Report”, NMR Group, Inc. May 2014, Page 164.

¹²³ CHP technologies that compete in the California Market includes: gas turbines, reciprocating engines, fuel cells, and microturbines.

¹²⁴ “Climate Change Scoping Plan a Framework for Change”, California Air Resources Board for the State of California, December 2008, pgs.42-43.

¹²⁵ Brown, Jerry. “Brown Announces Clean Energy Jobs Plan”, 2010.

1 generation and provides a valuable complement to the development of renewable generation
2 sources, particularly intermittent generating sources in support of state policy to reduce
3 greenhouse gas emissions. The Presidential Executive Order, issued by President Obama on
4 energy efficiency, includes a national goal of 40 gigawatts (GW) of new, cost effective industrial
5 CHP by the end of 2020.¹²⁶

6 Based on Inter City Fund (“ICF”) International’s 2012 study for the CEC, CHP systems
7 smaller than 5 MW represent only 6.2 percent of the total existing CHP capacity in California,
8 while systems larger than 100 MW represent almost 40 percent of the total existing capacity. ICF
9 International asserts that the market saturation of CHP in large facilities is much higher than for
10 smaller sites. Much of the remaining technical market potential is composed of smaller systems.
11 In fact, from 2006 to the present, CHP systems smaller than 5MW have accounted for 27.7
12 percent of capacity growth.¹²⁷ This growth occurred notwithstanding the recent economic
13 downturn, which did dampen new development of CHP, and also caused CHP capacity to
14 decrease as industrial or commercial host sites have to shut down. In the past five years, there
15 have been 314 MW of CHP in California that have ceased to operate because the host facility
16 where they are located has shut down.¹²⁸ However, as national CHP development trends start to
17 turn around, the number of CHP systems in the development and construction state are picking
18 up again,¹²⁹ and SoCalGas will require additional resources to meet these customers’ needs,¹³⁰
19 and to support meeting AB32’s target of new CHP installations. The additional resources would
20 provide for higher capacities of customer support, particularly as these smaller customers are
21 often limited in technical expertise and experience to accurately assess the viability of CHP. In
22 SoCalGas’s experience, from 2012-2013, customer inquiries and requests for evaluation of CHP
23 potentials have doubled, generating a greater volume of work due to economic recovery coupled

¹²⁶ The White House. “Executive Order –Accelerating Investment in Industrial Energy Efficiency”, August 30, 2012.

¹²⁷ ICF International Inc. “2012 Combined Heat and Power Policy Analysis and 2011-2030 Market Assessment”, CEC-200-2012-022, pg. 34.

¹²⁸ ICF International Inc. “2012 Combined Heat and Power Policy Analysis and 2011-2030 Market Assessment”, CEC-200-2012-022, pg. 37.

¹²⁹ ICF International Inc. “2012 Combined Heat and Power Policy Analysis and 2011-2030 Market Assessment”, CEC-200-2012-022, pg. 37.

¹³⁰ Includes providing guidance to customers to understand: technical potential of implementing CHP to their specific site (such as estimating thermal and electric load requirements) their ability to retrofit, the availability of natural gas service for a specific site, and CHP rate of return (economics). To be economic, the savings in power and fuel costs need to be compared to the added capital, fuel, and other operating and maintenance costs associated with operating a CHP system.

1 with low natural gas energy costs. ICF International factors in technical potential and economic
 2 growth to estimate 4,991MW of CHP potential within the Southern California Edison electric
 3 territory, and 1,588 MW of CHP potential within the Los Angeles Department of Water and
 4 Power electric territory, which are geographically shared by SoCalGas.¹³¹ ICF International then
 5 factors in market penetration estimates for three cases based on current, medium, or highly
 6 favorable legislative policy environments, and estimates 521MW to 1,909MW of CHP market
 7 penetration potential by 2020 in the combined territories of Southern California Edison and Los
 8 Angeles Department of Water and Power.¹³²

9
 10 **TABLE 13**
 11 **CHP Cumulative Market Penetration Scenarios¹³³**

		2011	2015	2020
Base Case	LADWP	16.1	80.6	194.2
	SCE	26.0	130.0	326.4
	TOTAL (MW)	42.1	210.6	520.6
Medium Case	LADWP	24.0	120.1	303.5
	SCE	47.1	235.3	620.8
	TOTAL (MW)	71.1	355.4	924.3
High Case	LADWP	37.2	186.2	509.4
	SCE	97.3	486.6	1,399.3
	TOTAL (MW)	134.5	672.8	1,908.7

12
 13 Subsequently, even through various, potential, legislative environment forecasts for CHP,
 14 it is anticipated that a substantial amount of CHP growth will occur from 2015 through 2020, and
 15 necessitates a corresponding increase of SoCalGas support to assist customers with analysis and
 16 scoping.

17 **III. SHARED COSTS**

18 **A. Introduction**

19 The Customer Service Information area includes shared management and staff groups
 20 that support Energy Markets & Capacity Products and shared costs for the VP of Customer
 21 Solutions.

¹³¹ ICF International Inc. “2012 Combined Heat and Power Policy Analysis and 2011-2030 Market Assessment”, CEC-200-2012-022, Table 20, pg. 59.

¹³² See Table 13.

¹³³ ICF International Inc. “2012 Combined Heat and Power Policy Analysis and 2011-2030 Market Assessment”, CEC-200-2012-022, Appendix D, pages D-1 to D-21.

- 1 • Energy Markets & Capacity Products’ shared service elements include both direct customer
2 service and staff support. Specific groups in this area include: Capacity Products Support,
3 Gas Scheduling, Capacity Products Staff, and Gas Transmission Planning. The Energy
4 Market & Capacity Products shared services, schedules gas transportation and storage
5 services on the SDG&E and SoCalGas transportation and storage system; provides capacity
6 services for gas marketers that serve both SoCalGas and SDG&E customers, large
7 nonresidential customers who choose to act as their own supplier, and core aggregators.
8 Energy Markets & Capacity Products also manages business relationships with upstream
9 pipelines that serve the SoCalGas and SDG&E systems. This area also provides analytical
10 and regulatory compliance support for Backbone Transportation Service, unbundled storage
11 and Hub transactions; represents SoCalGas in the development and modification of gas
12 industry standards for gas scheduling; analyzes the capability of the SDG&E and SoCalGas
13 transportation system to serve both aggregate and individual customer demand; and develops
14 recommendations for pipeline or compression facility changes due to revised demand
15 forecasts, new customers desiring service at certain points for receipt, or suppliers requesting
16 receipt point access.
- 17 • The Customer Solutions VP oversees both shared and non-shared activities within the
18 Customer Solutions organization. The non-shared activities include Customer Engagement &
19 Insights, Customer Assistance, and Customer Segment Markets. The shared activities consist
20 of the NGV Program and Low Carbon Energy Market Development.¹³⁴

21 For shared services, SoCalGas forecasts a TY2016 expense of \$3.398 million, a \$0.486
22 million increase over 2013 recorded expenses of \$2.912 million. Table 14 summarizes the total
23 shared O&M forecasts for the listed cost categories.

24

¹³⁴ The NGV Programs and Low Carbon Energy Market Development functions are covered by SoCalGas witness Jeffrey Reed, Ex.SCG-13.

TABLE 14
Shared O&M Summary of Costs
(Thousands of 2013 dollars)

CS – INFORMATION			
Shown in Thousands of 2013 Dollars Incurred Costs (100% Level)			
Categories of Management	2013 Adjusted-Recorded	TY2016 Estimated	Change
A. Energy Markets & Capacity Products	\$2,647	\$2,956	\$309
B. VP Customer Solutions	\$265	\$442	\$177
Total Shared Services (Incurred)	\$2,912	\$3,398	\$486

I am sponsoring the forecasts on a total incurred basis, as well as the shared services allocation percentages related to those costs. Those percentages are presented in my shared services workpapers, along with a description explaining the activities being allocated (See Ex.SCG-12-WP [Ayres]). The dollar amounts allocated to affiliates are presented in our Shared Services Policy and Procedures testimony. See Ex. SCG-25 (Diancin).

B. Energy Markets & Capacity Products

Table 15 below provides a summary of TY2016 estimated shared-service Energy Markets & Capacity Products costs compared to 2013 Adjusted-Recorded base year. Explanation of cost changes from 5-year average forecast methodology compared to TY2016 Estimated is further elaborated in Section III.B.3.

1 **TABLE 15**

2 **Shared O&M Summary of Costs within Energy Markets & Capacity Products**

3 **(Thousands of 2013 dollars)**

CS – INFORMATION			
Shown in Thousands of 2013 Dollars			
Incurred Costs (100% Level)			
A. Energy Markets & Capacity Products	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Energy Markets & Capacity Products – Director	\$338	\$299	\$-39
2. Capacity Products Support	\$640	\$736	\$96
3. Capacity Products Staff	\$540	\$595	\$55
4. Gas Scheduling	\$554	\$729	\$172
5. Gas Transmission Planning	\$575	\$600	\$25
Incurred Costs Total	\$2,647	\$2,956	\$309

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

5 The Energy Markets & Capacity Products costs consists of both non-shared and shared-
 6 services. While the non-shared costs are described earlier in my testimony (see Section II.D.1),
 7 the shared-services costs are contained in this area of my testimony, and consist of the 5 cost
 8 centers described below:

9 Energy Markets & Capacity Products – Director

10 Energy Markets & Capacity Products – Director (2200-0246) tracks management and
 11 supervision costs of shared and non-shared services within the Energy Markets & Capacity
 12 Products organization along with associated non-labor expenses.

13 Capacity Products Support

14 Capacity Products (2200-0328) is responsible for the development and administration of
 15 pipeline capacity products that provide both SDG&E and SoCalGas customers access to natural
 16 gas supply from interconnecting upstream pipelines, California gas production, underground
 17 storage, and the SDG&E and SoCalGas Citygate.¹³⁵ Activities include:

- 18 • Establishing policies and procedures for scheduling and nominations on the
 19 SoCalGas/SDG&E system.

¹³⁵ Citygate: A point or measuring station at which an entity receives gas from a natural gas pipeline company or transmission system.

- 1 • Managing the sale of receipt point access capacity to marketers and large business customers
2 through the open season process and through SoCalGas’s secondary market on the Electronic
3 Bulletin Board (“SoCalGas ENVOY®”).
- 4 • Managing the SoCalGas Contracted Marketer program with 37 marketers serving 870
5 noncore customers to ensure a high level of service to meet the needs of both the marketers
6 and our customers.
- 7 • Managing the SoCalGas Core Aggregation programs with 20 Energy Service Providers
8 (“ESPs”) serving approximately 18,000 core customers to ensure a high level of service to
9 meet both the needs of the ESPs and our customers.
- 10 • Managing SoCalGas ENVOY®, including user access rights, informational posting, security,
11 training, and system forms, including Backbone Transportation Service, Pooling and Electric
12 Bulletin Board Access Agreements with marketers, suppliers and transportation customers on
13 both the SoCalGas and SDG&E systems.
- 14 • Administering SoCalGas ENVOY® agreements with the major pipelines, producers,
15 marketers, agents, and liquefied natural gas (“LNG”) project developers interconnecting with
16 the SoCalGas/SDG&E pipeline system.
- 17 • Negotiating and managing all aspects of interconnect and operational balancing agreements
18 with upstream pipelines that deliver natural gas into the SoCalGas/SDG&E system.
- 19 • Establishing primary contact and negotiations with new pipeline suppliers and new gas
20 supply project developers related to facility studies, development of interconnections and
21 take-away capacity enhancements.
- 22 • Participating in North American Energy Standards Board (“NAESB”) activities at the
23 committee level on behalf of SoCalGas/SDG&E where industry standards are developed; and
24 in regulatory matters under the authority of the Federal Energy Regulatory Commission
25 (FERC) concerning the upstream pipelines serving the SoCalGas and SDG&E system that
26 affect operations.
- 27 • Providing back office support for the administration of Storage Products and Hub Services
28 including scheduling and invoicing support.

1 Capacity Products Staff

2 Capacity Products Staff (2200-0330) supports Energy Markets & Capacity Products by
3 monitoring and analyzing market and pricing information, recommending changes to capacity
4 and storage market activities in response to market developments, developing pricing guidelines
5 for storage and hub products offered via the California Energy Hub, and monitoring the financial
6 performance of California Energy Hub product offerings.

7 Capacity Products Staff provides analytical staff support to the non-shared services
8 groups, including Storage Products and Energy Markets Staff Support. They develop and run
9 storage valuation tools to set pricing guidelines for various short-term and long-term unbundled
10 storage products. Capacity Products Staff works with Gas Operations to set volume guidelines
11 for various short-term and long-term unbundled storage and Hub products. They provide the
12 regulatory support and witnesses in regulatory proceedings dealing with transportation balancing
13 requirements and unbundled storage products. Capacity Products Staff provides analyses of
14 long-term storage investments to determine their effect on customer service and revenues. They
15 also analyze storage competitors throughout the western United States to determine the impact
16 on unbundled storage, as well as the need for new storage investments and new storage product
17 positioning.

18 Capacity Products Staff also provides support to all other Energy Markets & Capacity
19 Products groups. This support involves major transmission products like Backbone
20 Transportation Service (“BTS”) and Off System Delivery service. Capacity Products Staff
21 examines general market conditions to assess the value of these products. They also examine the
22 marketing of other transmission products in the Western United States to determine their
23 applicability to SoCalGas’ practices and products.

24 Gas Scheduling

25 Gas Scheduling (2200-2158) schedules gas transportation and storage services for
26 suppliers and customers on both the SDG&E and SoCalGas system. Responsibilities include
27 maximizing the system capacity by balancing the system between in-state and out-of-state
28 scheduled receipts and forecasted system demand, declaring operational flow orders and winter
29 balancing enforcement. The organization is also responsible for managing transportation
30 nominations based on BTS contract rights relative to available receipt point capacities,
31 confirming nominations to interstate and intrastate pipelines, reporting scheduling volumes to
32 customers, tracking storage accounts and the imbalance trading process for customer owned gas

1 supplies. The staff is also responsible for making regular postings to SoCalGas ENVOY®
 2 regarding gas system conditions. These postings provide communication in a consistent manner
 3 with the gas marketplace.

4 Gas Transmission Planning

5 Gas Transmission Planning (2200-2329) is responsible for gas system modeling and
 6 development of studies and recommendations for SoCalGas/SDG&E pipeline and compression
 7 facility changes due to revised demand forecasts, new customers desiring service at a certain
 8 point for receipt, or suppliers requesting receipt point access.

9 **2. Forecast Method**

10 The forecast method developed for this cost category is based on a 5-year average. This
 11 method is most appropriate because the activity follows an annual seasonal summer
 12 injection/winter withdrawal pattern that varies year-to-year based on weather patterns and
 13 customer demand for services. Also, ongoing customer and supplier relationships are mostly
 14 long term and subject to infrequent change from new entries and changes in ownership.

15 **3. Cost Drivers**

16 Table 16 summarizes incremental expenses for shared-service Energy Markets &
 17 Capacity Products above 5-year average base forecast.

18 **TABLE 16**

19 **Test Year 2016 USS Incremental Energy Markets & Capacity Products Expenditures**

20 **(Thousands of 2013 dollars)**

Program	Labor	Non-Labor	Explanation	Total
Capacity Products Support	\$109	n/a	1 FTE: Market advisor (\$108.6).	\$109
Gas Scheduling	\$193	n/a	2 FTEs: Scheduling advisors (2x\$96.4).	\$193
Total Incremental Request	\$301	n/a		\$301

21
 22 For TY 2016, SoCalGas requests an incremental 3 FTEs to support additional
 23 administration associated with maintaining contracted marketer and supplier customer contacts,
 24 pipeline service agreements, scheduling and administering requirements created by the Firm
 25 Access Rights Update D.11-04-032, the Off System Delivery (“OSD”) D.11-03-029, the

California Producer Resolution G-3489 and AL4177-A, consistent with D.07-08-029 and D.10-09-001, as well as the FERC proposed rulemaking to better coordinate the scheduling of natural gas and electricity markets (Docket No. RM14-2-000).

C. VP Customer Solutions

Table 17 summarizes O&M expenses for VP Customer Solutions.

TABLE 17
Summary of Shared VP Customer Solutions Costs
(Thousands of 2013 dollars)

CS - INFORMATION			
Shown in Thousands of 2013 Dollars Incurred Costs (100% Level)			
C. VP Customer Solutions	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. VP Customer Solutions	\$265	\$442	\$177
Incurred Costs Total	\$265	\$442	\$177

1. Description of Costs and Underlying Activities

The Customer Solutions VP oversees the following non-shared services for SCG:

- Customer Engagement & Insights;
- Customer Assistance; and
- Customer Segment Markets¹³⁶

The Customer Solutions VP is also responsible for overseeing the following shared programs and activities for both SoCalGas and SDG&E:

- NGV Program;¹³⁷ and
- Low Carbon Energy Market Development.¹³⁸

2. Forecast Method

The forecast method developed for this cost category is 5-year historical average. This method is most appropriate because the activities and levels of responsibility associated to this cost center remain unchanged. A 5-year historical average provides a full reflection of costs without selectively isolating historical expenses to overstate or understate costs, whereas

¹³⁶ Excluding Energy Markets & Capacity Products function, which is one part of Customer Segment Markets, and reports to the Vice President of Engineering and Operations Staff.

¹³⁷ The NGV Program function is covered by SoCalGas witness Jeffrey Reed (Ex.SCG-13).

¹³⁸ The Carbon Energy Market Development function is covered by SoCalGas witness Jeffrey Reed (Ex.SCG-13).

1 comparatively, a base year forecast scenario would be inappropriate, as the 2013 historical year
2 experienced a period of vacancy during an organization change for the Vice President of
3 Customer Solutions office. A 5-year historical average forecast is consistent with forecast
4 methodologies in previous SoCalGas general rate cases for this area, and also provides an
5 average representation of the periodic fluctuations in non-labor costs caused by common atypical
6 expenditures to support market studies, align customer service priorities, and investigate
7 development of new products and services.

8 **3. Cost Drivers**

9 The TY 2016 forecast based on 5-year historical average results in \$177,000 in
10 incremental costs compared to the 2013 base year. No additional adjustments or incremental
11 costs are forecasted for this cost center.

12 **IV. CAPITAL**

13 **A. Introduction**

14 I sponsor the capital IT projects listed below (Table 18). These IT projects address:
15 technical obsolescence as software or hardware approach “end-of-life”, new mandated activities,
16 customer experience improvements, understanding customers, and growth of current activities
17 and functions. The IT capital costs are presented in the testimony of Christopher Olmsted,
18 SoCalGas - Information Technology (Ex.SCG-18). Any ongoing O&M impacts associated with
19 these capital projects are referenced accordingly in Section II of my testimony.
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1 **TABLE 18**

2 **Capital Expenditures Summary of Projects**
 3 **(Thousands of 2013 dollars)**

Project No.	Capital Projects	Estimated 2014	Estimated 2015	Estimated 2016
81439	SoCalGas ENVOY® & MCS Sybase Database Upgrade	\$1,761	\$937	-
Technical Obsolescence Total		\$1,761	\$937	-
14869	NAESB EDIX Upgrade	-	\$286	-
81438	SoCalGas ENVOY® & MCS Data Controls	\$525	\$617	\$12
workpaper 00754B	Gas and Electric Harmonization	-	\$1,253	-
workpaper 00754C	Low OFO and EFO	-	\$956	-
Mandated Total		\$ 525	\$3,112	\$12
14829	socalgas.com Technology Upgrade	\$1,636	\$1,349	-
14827, 15802	C&I Next Generation	\$336	\$4,195	\$802
Improving Customer Experience Total		\$1,972	\$5,544	\$802
14825	Email Campaign Management	\$112	\$1,076	-
Understanding Customers Total		\$112	\$1,076	-
14803	SoCalGas ENVOY® Next Generation	\$41	\$2,048	\$1,664
Growth / Capacity Total		\$41	\$2,048	\$1,664
Capital IT Projects, Estimated Annual Total		\$4,411	\$12,717	\$2,478

4 The following Section B below will identify 5 unique capital projects related to
 5 SoCalGas's ENVOY® system. Each project is distinct and different from each other and has its
 6 own drivers but are grouped together in order to have a more cogent discussion about the capital
 7 justifications related to SoCalGas's ENVOY® system.

1 **B. SoCalGas ENVOY®**

2 The forecast for all the SoCalGas ENVOY® related projects (Project/Workpaper #81439,
3 #81438, #00754B, #00754C, #14803) for 2014, 2015 and 2016 are shown in Table 18
4 above. SoCalGas plans to build and place in service these projects by the Test Year 2016.

5 SoCalGas ENVOY® is our online electronic bulletin board where customers, marketers,
6 producers and Energy Service Providers (“ESPs”) can manage their gas supplies, submit real-
7 time nominations for gas delivery, trade imbalance positions, monitor metered gas consumption,
8 manage storage accounts, and receive up-to-the minute news and information on our pipeline
9 operations. SoCalGas provides its customers access to its electronic bulletin board (“EBB”)
10 system via SoCalGas ENVOY®, to facilitate communication and utility-to-customer and
11 customer-to-customer transactions for balancing and secondary market trading. The SoCalGas
12 ENVOY® service is governed by Rule 33 of SoCalGas’ tariffs. This system is mandated by
13 the Commission and must be in compliance with Affiliate Transactions Rules (D.97-12-088
14 issued in December 1997 revised in August 1998 and revised again in December 2006) and
15 Remedial Measures (D.98-03-073).

16 **1. SoCalGas ENVOY® & MCS Sybase Database Upgrade, Project**
17 **#81439**

18 **a. Description**

19 MCS is our Measurement Collection System, which captures metered gas consumption
20 data. The MCS system is the data input into the SoCalGas ENVOY® system. Project #81439
21 proposes replacement hardware and software which allows this data interface with a change in
22 vendor, which is a lower cost alternative compared to upgrading to new hardware and software
23 with the current vendor (this alternative would have incurred an additional \$240,000 per year
24 over the cost of Project #81439 due to higher vendor support costs).

25 The specific project cost details regarding SoCalGas ENVOY® & MCS Sybase Database
26 Upgrade, Project #81439 are found in witness Christopher Olmsted’s capital workpapers
27 (Ex.SCG-18-CWP-774J).

28 **2. SoCalGas ENVOY® MCS Data Controls, Project #81438**

29 **a. Description**

30 To ensure historical data remains compliant with SoCalGas’ policy on data retention,
31 audit guidelines, and record management policies, SoCalGas ENVOY® currently utilizes a
32 manual purge process and MCS contains limited automated processes to purge selective data.

1 SoCalGas ENVOY® & MCS Data Controls, Project #81438 will provide for automated purge
2 processes, new data control functionalities to periodically remove expired data and ensure
3 continual data retention compliance, and testing functionalities to support development of new
4 criteria for deleting outdated records to comply with SoCalGas' records retention rules.

5 The specific cost details regarding SoCalGas ENVOY® & MCS Data Controls, Project
6 #81438 are found in witness Christopher Olmsted's capital workpapers (Ex.SCG-18-CWP-
7 774K).

8 **3. Gas and Electric Harmonization, Workpaper #00754B**

9 **a. Description**

10 The forecast for Gas and Electric Harmonization, Workpaper #00754B for 2015 is \$1.253
11 million. SoCalGas plans to build and place in service Gas and Electric Harmonization,
12 Workpaper #00754B by the Test Year.

13 This project will support compliance with the Federal Energy Regulatory Commission's
14 ("FERC") rulemaking decision regarding the gas and electric harmonization proposal.¹³⁹ The
15 mandated business rules would implement the following changes:

- 16 • Begin the natural gas operating day five hours earlier;
- 17 • Move the first day-ahead gas nomination opportunity an hour and a half later; and
- 18 • Add two more nomination cycles per day (for a total of four).¹⁴⁰

19 Modifications to the SoCalGas ENVOY® application include changing the gas day start,
20 changing the time cycle deadline, increasing processing load for more nomination cycles,
21 decreasing processing time between confirmation deadline and scheduled quantity posting, as
22 well as modifying associated reports and screens.

23 The specific cost details regarding Gas and Electric Harmonization, Workpaper #00754B
24 are found in witness Christopher Olmsted's capital workpapers (Ex.SCG-18-CWP-754B).

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¹³⁹ FERC. Notice of Proposed Rulemaking ("NOPR") Docket No. RM14-2-000.

¹⁴⁰ Marren, Joe. "FERC Takes Three Actions to Harmonize Gas and Electric Coordination", March 20, 2014, <http://sustainableferc.org/ferc-takes-three-actions-to-harmonize-gas-and-electric-coordination/>.

1 **4. Low OFO and EFO, Workpaper #00754C**

2 **a. Description**

3 The forecast for Low Operational Flow Orders (Low “OFO”) and Emergency Flow
4 Orders (“EFO”), Workpaper #00754C for 2015 is \$0.956 million. SoCalGas plans to build and
5 place in service Low OFO and EFO, Workpaper #00754C by the Test Year.

6 To support compliance with proposed changes to SoCalGas tariff G-IMB, Rule 30, and
7 Rule 41, system enhancements are required in the SoCalGas ENVOY® application and in the
8 Specialized Contract Billing System (“SCBS”). The changes include the following:

- 9 • Elimination of Winter Balancing rules; and
10 • Adding new Low OFO and EFO rules.

11 Costs for Low OFO and EFO, Workpaper #00754C are for enhancements and
12 modifications which include changing Specialized Contract Billing System billing logic to assess
13 the new low and emergency operational flow order compliance, remove the previous winter
14 balancing logic, calculate and bill balancing charges, and modifying SoCalGas ENVOY®’s
15 affected reports, monitoring pages, and noticing pages.

16 The specific cost details regarding Low OFO and EFO, Workpaper #00754C are found in
17 witness Christopher Olmsted’s capital workpapers (Ex.SCG-18-CWP-754C).

18 **5. SoCalGas ENVOY® Next Generation, Project #14803**

19 **a. Description**

20 The SoCalGas ENVOY® Next Generation Project entails a fully revamped interface and
21 navigational menus, expanded to provide customers with up-to-date information, additional data
22 querying functions and reporting, additional accessibility (neutral web browser use and mobile
23 platforms), customizable account functions, and stronger web security. These additional
24 capabilities were developed based on input from SoCalGas ENVOY® service users.

25 The specific cost details regarding SoCalGas ENVOY® Next Generation, Project #14803
26 are found in witness Christopher Olmsted’s capital workpapers (Ex.SCG-18-CWP-774A).

27 **C. NAESB EDIX Upgrade, Project #14869**

28 **1. Description**

29 The forecast for NAESB EDIX Upgrade, Project #14869 for 2015 is \$0.286 million.
30 SoCalGas plans to implement the NAESB EDIX Upgrade, Project #14869 by the test year.

31 The North American Energy Standard Board (“NAESB”) Electronic Data Interchange
32 Extended (“EDIX”) upgrade will allow SoCalGas ENVOY® gas scheduling system to continue

1 the electronic exchange of gas transportation nomination and scheduling data with all of the
2 upstream pipelines that deliver gas to its system. SoCalGas has Trading Partner agreements with
3 6 upstream pipelines (El Paso Natural Gas [“EPNG”], Transwestern Pipeline, Kern River Gas
4 Transmission, PG&E, Southern Trails, and Mojave Pipeline) for the electronic transfer of gas
5 flow information data files currently under NAESB EDIX Version 1.6. Kinder Morgan, the
6 parent company for EPNG and Mojave Pipelines, is upgrading to NAESB EDIX version 2.0 by
7 1st quarter of 2016 with no backward compatibility to version 1.6. In order to maintain a timely
8 scheduling process with EPNG, our largest supplier, SoCalGas will have to implement version
9 2.0 by 1st quarter 2016 as well. Other upstream pipelines have already made this upgrade but
10 have maintained backward compatibility with version 1.6. Unfortunately Kinder Morgan has
11 declined to do so with their upgrade thus requiring SoCalGas to make the upgrade to Version 2.0
12 concurrently to avoid disruption as well.

13 The specific cost details regarding NAESB EDIX Upgrade, Project #14869 are found in
14 witness Christopher Olmsted’s capital workpapers (Ex.SCG-18-CWP-766A).

15 **D. Socalgas.com Technology Upgrade, Project #14829**

16 **1. Description**

17 The forecast for Socalgas.com Technology Upgrade, Project #14829 for 2014 and 2015
18 are \$1.636 million and \$1.349 million, respectively. SoCalGas plans to build and place in
19 service Socalgas.com Technology Upgrade, Project #14829 by the Test Year.

20 In order to provide reliable information, self-help tools and eServices on socalgas.com,
21 the Content Management Software (“CMS”) used to manage web pages on socalgas.com needs
22 to be upgraded as it is no longer supported by the vendor. SoCalGas cancelled support from the
23 current vendor since the current CMS software is unreliable and inflexible and would require an
24 incremental dedicated team in the web group to manage all new updates or additions to
25 socalgas.com, as it does not support distributed updates by content business owners. The new
26 CMS software will enhance information security and increase cyber security. The latest software
27 version will also permit content business owners to self-update materials.

28 Key enhancements for the socalgas.com Technology Upgrade project are:

- 29 • Have high availability during emergencies so customers trying to access updates will be able
30 to receive safety and restoration information during an emergency or high activity event;

- 1 • Permit distributed content updates, which enables business owner organizations outside the
- 2 web team to update and maintain content with added ease and frequency;
- 3 • Responsive web design, to provide a consistent user experience across all devices, platforms
- 4 (e.g., mobile phones, tablets, desktop browsers), and with other communication channels.

5 Visits to SoCalGas' www.socalgas.com exceeded 16 million in 2013, growing by over
6 36% over the last four years with an annual growth rate of 8%. Socalgas.com is an important
7 source for information for our customers, especially about customer assistance programs, with
8 visits to CARE information pages growing by 47% in 2013 from 2012 and visits to ESAP
9 information pages growing by 83% in 2013 from 2012. A new refreshed design for socalgas.com
10 will enhance customer service by providing a better and easier user experience that will help
11 customers find more information about program participation and enable enrollment in those
12 programs and services.

13 The specific cost details regarding Socalgas.com Technology Upgrade, Project #14829 is
14 found in SoCalGas witness Christopher Olmsted's capital workpapers (Ex.SCG-18-CWP-774C).

15 **E. C&I Next Generation, Project #14827, #15802**

16 **1. Description**

17 The forecast for C&I Next Generation, Projects #14827, #15802 for 2014, 2015, and
18 2016 are \$0.336 million, \$4.195 million, and \$0.802 million, respectively. SoCalGas plans to
19 build and place in service C&I Next Generation, Projects #14827, #15802 by the Test Year.

20 The C&I Next Generation project is an Account Representative mobile enablement tool
21 that connects our service representatives to various enterprise database systems and allows them
22 to present this information as support during their customer interactions. Presently, ARs interact
23 with customers in a non-connected environment, requiring them to access data from multiple
24 databases and anticipate and prepare support material in advance of customer meetings. Mobile
25 enablement with the C&I Next Generation project will provide tools for the ARs to present
26 customer data in real-time, improving customer interactions with the ability to tailor data for
27 specific discussions, and also enables the ARs to capture customer equipment and site details
28 while at a customer's facility.

29 C&I Next Generation consists of:

- 30 • Creating new mobile applications and consolidation of data where possible into a single
- 31 mobile Customer Information Application;

- 1 • Development of a mobile integration layer for real time push/pull access of enterprise
2 databases across multiple programs (e.g., Customer Information System, Specialized
3 Customer Billing System, Customer Contract System, New Business Management System,
4 etc.);
- 5 • Integrated roadmaps that would do the following:
 - 6 ○ Connect, consolidate and integrate current AR accessible information systems
7 containing billing data, mapping, customer relationship management, contracts,
8 construction and planning, etc.,
 - 9 ○ Provide integrated access to additional information systems currently not easily
10 accessible to ARs– meter records, meter calibration data & reports, energy efficiency,
11 customer order history, non-core daily usage and services,
 - 12 ○ Provide a mobile optimized user interface that enables quick access to major
13 functions, possibly in the form of dashboards designed specifically for mobile
14 devices, and
 - 15 ○ Allow for single sign on to the system, as well as single read/write information into
16 existing systems of records.
- 17 • Forms and tools that are linked and will auto-populate by pulling information from existing
18 systems, thus minimizing duplicate input efforts;
- 19 • Online brochures that describe programs and services and encourage customer interaction by
20 responding in real-time to customer inputs, resulting in customized recommendations based
21 on these inputs. These interactive brochures will enable customers to fill out online program
22 applications, check status of applications, and apply for services offered by SCG; and
- 23 • Documentation access that provides products and services enrollment forms.

24 The specific cost details regarding C&I Next Generation, Projects #14827, #15802 are
25 found in witness Christopher Olmsted's capital workpapers (Ex.SCG-18-CWP-774G and
26 Ex.SCG-18-CWP-774I).

27 **F. Email Campaign Management, Project #14825**

28 **1. Description**

29 The forecast for Email Campaign Management, Project #14825 for 2014 and 2015 are
30 \$0.112 million and \$1.076 million, respectively. SoCalGas plans to build and place in service
31 Email Campaign Management, Project #14825 by the Test Year.

1 SoCalGas does not have a system to properly manage the number of different emails sent
2 about different subjects to different customer segments. Currently SoCalGas gets limited support
3 from our email service provider which is inadequate to support this growing communication
4 channel. Because of the ability for email to rapidly communicate relevant information, its use at
5 SoCalGas has grown over 123% in the last two years, with 22 million emails sent to customers in
6 2011 growing to over 49 million emails sent to customers in 2013. This project will reduce the
7 time needed to create emails and improve the effectiveness of messages through subject line and
8 content testing. The project will provide the management and control required by the increasing
9 use of emails, increasing customer segmentation approach, increasing specific communication
10 needs, and the increasing competition for awareness in the customers' inbox. Email
11 communication is a cost-effective and expedient method for providing education and outreach to
12 customers. Email provides faster feedback than traditional media such as direct mail, bill inserts
13 or brochures.

14 SoCalGas must leverage customer information about current and past program
15 participation, demographics, energy usage, bill history and personal preferences for tailoring
16 email content and effectiveness. To collect and use this segmentation information, SoCalGas
17 will implement an Email Campaign Management system that will manage and track every
18 campaign, providing analytics that will increase the effectiveness and efficiency of every
19 subsequent outreach and promotion campaign.

20 Key functions of the Email Campaign Management system are:

- 21 • Tracking of email campaigns;
- 22 • Segmentation of customers by current and past program participation, demographics, energy
23 usage, bill history, personal preferences, and prior campaign behavior/response;
- 24 • Standardizing the process for campaign creation, review, and deployment; and
- 25 • Integrating with My Account and socialgas.com to allow customers to directly manage their
26 communication preferences, including message types (e.g., promotional messages, new
27 product announcements, informational newsletters); delivery frequency; message format
28 (e.g., HTML, text, wireless); and acceptable communication.

29 The specific cost details regarding Email Campaign Management, Project #14825 are
30 found in Christopher Olmsted's capital workpapers (Ex.SCG-18-CWP-774B).

1 **V. CONCLUSION**

2 SoCalGas CS&I O&M and capital project justifications were diligently developed and
3 reviewed. They represent a reasonable projection of the level of funding required to support
4 SoCalGas' goals of safety, reliability, customer service, and compliance.

5 This concludes my revised prepared direct testimony.
6

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Ann D. Ayres. I am currently the Director of Customer Engagement &
3 Insights for SoCalGas. My responsibilities include: development and execution of marketing
4 and communications strategies; management of all primary and secondary customer research to
5 assess customer satisfaction with services and set company service strategy; and development
6 and management of the company's website including My Account portal and intranet site. Prior
7 to my current position I was the Customer Research Manager from 2007 to 2010 for both
8 SoCalGas and SDG&E. I joined SoCalGas in 1985 and have held positions of increasing
9 responsibilities primarily in the customer research and communications area until my promotion
10 to Director of Customer Engagement & Insights in 2012. I received a Bachelor of Arts in
11 Behavioral Science and a minor in Criminal Justice and Corrections from California State
12 Polytechnic University, Pomona in 1985. I have not previously testified before the California
13 Public Utilities Commission.

APPENDICES

**APPENDIX A – WEB/SOCIAL MEDIA and CUSTOMER CONTACT CENTER
INTERACTION MATRIX**

**APPENDIX B – CUSTOMER ENGAGEMENT & INSIGHTS AND BUSINESS CLIENTS
2013 ACTIVITIES**

APPENDIX C – GLOSSARY OF ACRONYMS

APPENDIX A

Web/Social Media and Customer Contact Center Interaction Matrix

In compliance with SDG&E and SoCalGas’s 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			
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.	Provides information on: <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 	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	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).

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>

Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
MyAccount mobile			
<p>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.</p>	<p>Provides access to:</p> <ul style="list-style-type: none"> - Account information - Bill and Bill history (3 months) - Bill Payment (one-time) - Energy usage analysis tools - Online services (Payment Extension) - 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.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).</p>
Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
SoCalGas Mobile Apps			
<p>SoCalGas mobile apps provide navigation to payment locations, natural gas refueling stations and seamless access to the My Account Mobile site.</p>	<p>Provides access to:</p> <ul style="list-style-type: none"> - 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 	<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.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).</p>

Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
Facebook			
<p>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.</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 services (self-service) - Emergency Incident response/info - Community Events 	<p>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.</p>	<p>Ex. SCG-11 Section I.C.1 (Goldman), Ex. SCG-12 Section II.B (Ayes), and Ex. SCG-12-WP 2IN001 (Ayes).</p>
Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
LinkedIn			
<p>LinkedIn is used to provide general company information to prospective employees and to post job openings.</p>	<p>Provides information on:</p> <ul style="list-style-type: none"> - Employment opportunities - Company information 	<p>Human Resources is responsible for posting and monitoring LinkedIn</p>	<p>n/a</p>

Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
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 (Ayres), and Ex. SCG-12-WP 2IN001(Ayres).</p>

Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
Instagram			
<p>Instagram is used to share pictures, images and infographics.</p>	<p>Provides information on:</p> <ul style="list-style-type: none"> - Employee involvement - Community Events 	<p>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.</p>	<p>Ex.SCG-11 Section I.C.1 (Goldman), Ex.SCG-12 Section II.B (Ayres), and Ex.SCG-12-WP 2IN001 (Ayres).</p>

Description	Key Benefits	CCC Integration	Reference to Testimony/Workpapers
Youtube			
<p>You-Tube is used to share videos with customers. Examples include emergency preparedness, program information and energy efficiency how-to videos.</p>	<p>Provides information on:</p> <ul style="list-style-type: none"> - Assistance programs - Appliance rebates - Gas Safety - Energy efficiency improvements - Bill Payment options - Online services (self-service) - Gas Sustainability/Innovation 	<p>Customer Engagement & Insights is responsible for posting videos to You-Tube.</p>	<p>Ex.SCG-11 Section I.C.1 (Goldman), Ex.SCG-12 Section II.B (Ayres), and Ex.SCG-12-WP 2IN001 (Ayres).</p>

APPENDIX B - CUSTOMER ENGAGEMENT & INSIGHTS

Customer Engagement & Insights and Business Clients 2013 Activities

Customer Engagement & Insights			
Customer Marketing & Communications	Creative Services	Customer Insight & Analytics	eServices & Data Analysis
Monitor and maintain social media channels, generate new communication messages for various communication channels (radio, television, print, e-mail, social media)	Maintain photo and video media library, responsible for unifying content and timing of various communication messages	Measurements of Customer Experience Survey, continual investigation of customer needs and integration of findings with clients, data research	Maintain, upgrade, and improve internal and external websites, mobile, and online billing platforms.
2013 GRC funded labor & non-labor (\$000s): \$2,957	2013 GRC funded labor & non-labor (\$000s): \$371	2013 GRC funded labor & non-labor (\$000s): \$ 1,689	2013 GRC funded labor & non-labor (\$000s): \$903
Communication content: seasonal messages and outreach campaigns such as "Pilot Relight", broad company wide safety messages such as pipeline safety, dig-alert messages, general conservation and energy savings messages, etc.			

*These are only an approximation and are not a comprehensive list of the work various business owners or clients within SoCalGas fund. The type of work and clients vary depending on business needs, timing, and other drivers. These business owners include both GRC and GRC-excluded activities.



*Business Owners (Clients)						
Customer Programs - Energy Efficiency ("EE")	Public Awareness	Advanced Meter Infrastructure ("AMI")	Pipeline Safety Enhancement Plan	Customer Programs - Energy Savings Assistance	Statewide Programs	Customer Programs - CARE
Communication content: EE general awareness campaigns, various materials for: 3rd party programs, partnership programs, CA advanced home program, EE rebate for business program, On Bill Financing program, Point-of-Sales Rebate applications, EE calculated incentive	Communication content: Incremental safety education and outreach tailored for specific demographic or topics such as Sewer Lateral Inspection Program ("SLIP"), Distribution Riser Implementation Program ("DRIP"), etc.	Communication content: Educational materials, informational outreach regarding AMI such as notice of 'installation time' mailed notices and 'service completed' door hangar notices, etc.	Communication content: Informational notices and specific safety messages to potentially impacted customers in inspection zones, educational and presentation outreach materials to explain PSEP process and activities to communities,	Communication content: Campaigns including print, radio, promotional items, outreach events, and application designs regarding no-cost energy-saving home improvements (low flow shower heads, faucet aerators, weather-stripping, pipe insulation... etc)	Communication content: Outreach, education, and collateral for programs such as Solar Statewide and Self Generation Incentive programs, which include radio, television, collateral, and demonstration units for outreach exhibits	Communication content: outreach/awareness campaigns, enrollment applications, collateral, with targeted outreach towards the eligible customer segments regarding alternate rates (discount on monthly bill, or discount on Service Establishment Charge)
2013 non-GRC funded labor & non-labor (\$000s): \$1,722	*2013 GRC funded non-labor only (\$000s): \$604	2013 non-GRC funded non-labor only (\$000s): \$280	2013 non-GRC funded non-labor only (\$000s): \$104	2013 non-GRC funded labor & non-labor (\$000s): \$1,166	2013 non-GRC funded labor & non-labor (\$000s): \$2,079	2013 non-GRC funded labor & non-labor (\$000s): \$1,805

*Note: Costs reside in Ex.SCG-07 (Stanford).

APPENDIX C – GLOSSARY OF ACRONYMS

A: Application
AB: Assembly Bill
AC: Air Conditioning
ACWA: Association of California Water Agencies
AEE: Association of Energy Engineers
AIA: American Institute of Architects
AL: Advice Letter
AMI: Advanced Metering Infrastructure
AR: Account Representative
BOMA: Building Owners and Managers Association Conference
BTS: Backbone Transportation Service
CARB: California Air Resources Board
CARE: California Alternate Rates for Energy
CBOs: Community Based Organizations
CCC: Customer Contact Center
CCS: Customer Contract System
CEC: California Energy Commission
CES: Customer Experience Survey
CFR: Code of Federal Regulations
CGR: California Gas Report
CHP: Combined Heat and Power
CMS: Content Management System
CPUC: California Public Utilities Commission
CS-I: Customer Service - Information
CSD: Community Service and Development
CSR: Customer Service Representative
CSS: Customer Satisfaction Survey
D.: Decision
DBE: Diverse Business Enterprise

EBB: Electronic Bulletin Board (a.k.a. “SoCalGas ENVOY®”, “ENVOY®”)

EDIX: Electronic Data Interchange Extended

EG: Electric Generation

EOR: Enhanced Oil Recovery

EPNG: El Paso Natural Gas

ERC: Energy Resource Center

ESA: Energy Savings Assistance

ESP: Energy Service Provider

Ex: Exhibit

FERC: Federal Energy Regulatory Commission

FERP: Federal Energy Retrofit Program

FTEs: Full Time Equivalents

GAF: Gas Assistance Fund

GHG: Greenhouse Gas

GRC: General Rate Case

GRIT: GreenBook Research Industry Trends

ICF International: Inner City Fund International

IIAR: Institute of Ammonia Refrigeration

IT: Information Technology

IVR: Interactive Voice Response

LIB: Line Item Billing

LIEE: Low Income Energy Efficiency

LIHEAP: Low Income Home Energy Assistance Program

LNG: Liquefied Natural Gas

LTPP: Long Term Power Procurement

MBL: Medical Baseline

MCS: Measurement Collection System

MOU: Memorandum of Understanding

MW: Megawatt

NAESB: North American Energy Standard Board

NAESCO: National Association of Energy Service Companies

NBMS: New Business Management System
NGAT: Natural Gas Appliance Testing
NOPR: Notice of Proposed Rulemaking
O&M: Operations and Maintenance
OFO: Operational Flow Order
OSD: Off System Delivery
PFM: Petition for Modification
PG&E: Pacific Gas and Electric Company
QFER: Quarterly Fuel and Energy Report
R.: Order Instituting Rulemaking
RFO: Request For Offer
RPS: Renewable Portfolio Standard
SCAQMD: South Coast Air Quality Management District
SCBS: Specialized Contract Billing System
SCE: Southern California Edison Company
SDG&E: San Diego Gas & Electric Company
Sempra: Sempra Energy
SGIP: Self Generation Incentive Program
SMB: Small, Medium Business
SMS: Short Message Service
SoCalGas: Southern California Gas Company
TCAP: Triennial Cost Allocation Proceeding
TY: Test Year
UWGLA: United Way of Greater Los Angeles
VP: Vice President
WCAG: Web Content Accessibility Guidelines
WCEMC: West Coast Energy Management Congress
WECC California (CAMX): Western Electric Coordinating Council (California-Mexico Power Area)

SoCal Gas 2016 GRC Testimony Revision Log – March 2015

Exhibit	Witness	Page	Line	Revision Detail
SCG-12	Ann Ayres	Title page	n/a	Update “November 2014” to “March 2015”.
SCG-12	Ann Ayres	ADA-ii	n/a	Table of Contents, remove ‘IV.B.5. CA Producers Envoy’.
SCG-12	Ann Ayres	ADA-iii	n/a	Update ‘Total Capital IT Costs Table’ to “\$4,411 for Estimated 2014’ to reflect removal of CA Producers Envoy project.
SCG-12	Ann Ayres	ADA-10	6	Correct “\$8,891 million” to “\$8.891 million”
SCG-12	Ann Ayres	ADA-26	Table 6	Correct labor \$s between e-Service designer and Web editor from \$83 to \$96, and \$96 to \$83, respectively.
SCG-12	Ann Ayres	ADA-56	Table 12	Residential Services, \$345 labor, description corrected to “4 FTEs” from “3”, and “2 market advisors” from “1”.
SCG-12	Ann Ayres	ADA-59	14	Correct the line: In the area of Clean Energy Builder Services, I am forecasting an incremental “4 FTEs” from “3”.
SCG-12	Ann Ayres	ADA-71	Table 18	Remove “81421 California Producers SoCalGas ENVOY” project, update ‘2014 Mandated Total’ and ‘2014 Estimated Annual Total’ to reflect accordingly.
SCG-12	Ann Ayres	ADA-71	4	Correct the line: The following Section B below will identify “5” unique capital projects from “6”.
SCG-12	Ann Ayres	ADA-72	3	Delete “#81421” to reflect the removal of the CA Producers Envoy project.
SCG-12	Ann Ayres	ADA-74	18	Remove CA Producers Envoy project.
SCG-12	Ann Ayres	ADA-74	18	Bullet number update from “6.” to “5. SoCalGas ENVOY Next Generation, Project #14803”