Company: Southern California Gas Company (U904G)
Proceeding: 2016 General Rate Case
Application: A.14-11-004
Exhibit: SCG-223

SOCALGAS

REBUTTAL TESTIMONY OF MARK L. SERRANO

(Human Resources, Disability, Workers' Compensation)

June 2015

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Doc#297757

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SOCALGAS REBUTTAL TESTIMONY OF MARK L. SERRANO

(Human Resources, Disability, Workers' Compensation[1])

I. SUMMARY OF DIFFERENCES

TOTAL O&M - Constant 2013 ($000)			
	Base Year 2013	**Test Year 2016**	**Change**
SCG	41,643	53,949	12,306
ORA	41,643	45,367*	3,724*

* ORA Table 18-3 understates ORA's non-shared 2016 forecast by $261K and ORA Table 18-7 understates ORA's non-shared 2016 forecast by $140K.

II. INTRODUCTION

A. ORA

Office of Ratepayer Advocates (ORA) issued its report on Office of SCG President & CEO, COO, and VP of Human Resources, Human Resources Department, and Workers' Compensation & Long-Term Disability on April 24, 2015.[2] The following is a summary of ORA's positions:

- ORA opposes nine new positions in the Human Resources (HR) department, reducing my forecast by $823K.
- ORA reduces $2.383 million in Safety Operations related to the Defensive Driver Refresher Training Program.
- ORA reduces $2.05 million in Safety Operations related to the Real-Time In-Vehicle Safety System.
- ORA recommends authorizing one-third of the New Hire Defensive Driver Training, reducing my forecast by $158K.
- ORA reduces $3.168 million in Workers' Compensation and Long-Term Disability (LTD).

[1] Abbreviated title shown for efficiency purposes. The full title, as shown in my direct testimony, is Office of SCG President & CEO, COO and VP of Human Resources, Human Resources Department, and Workers' Compensation & Long Term Disability.

[2] Exhibit (Ex.) ORA-18 (L. Laserson), ORA Report on Administrative & General Expenses, Part 1 of 2 (full title truncated) (Ex. ORA-18).

B. TURN

The Utility Reform Network (TURN) submitted testimony on May 15, 2015. In reliance on a data request submitted to TURN during discovery, TURN states that SoCalGas agreed to reduce $2,750 related to local chamber of commerce expenses in rebuttal testimony. SoCalGas subsequently issued an amended response based on additional research and indicated that it incorrectly agreed to withdraw this amount from its forecast.[3] This amended response was not delivered in time for TURN to have evaluated the response before submitting its testimony. It should be noted that the same correction applies to SDG&E's original response where it agreed to remove $6,350 for local Chamber of Commerce expenses. SDG&E does not agree to remove that amount. However, in the amended response, SDG&E identified $60K that should have been removed from the case.[4]

C. UWUA

The Utility Workers Union of America (UWUA) submitted testimony on May 15, 2015.[5] The following UWUA proposal is addressed within this testimony:

- UWUA proposes the Commission approve funding for a Represented Employee Safety Officer (RESO) Program that includes seven positions at $130K per position, at a total cost of $910K.

III. REBUTTAL TO ORA'S O&M PROPOSALS

1. Non-Shared Services O&M

	Test Year 2016 Constant 2013 ($000)	
SoCalGas	51,901	
ORA	43,059[6]	(8,842)

1. ORA Table 18-3 Inadvertent Error ($261K)

In comparing ORA's detailed written analysis to its summary tables for non-shared services costs, SoCalGas believes both ORA Table 18-3 and Table 18-7 understate ORA's 2016 forecast for the HR Department, as illustrated below:

[3] TURN-SEU-DR-04, SoCalGas Amended Response to Q4, May 15, 2015.
[4] Prepared Testimony of William B. Marcus on Behalf of TURN (full title truncated) (Ex. TURN/Marcus).
[5] Ex. UWUA-2 (J. Acosta) and Ex. UWUA-3 (R. Downs).
[6] Ex. ORA-18 at 3 (Table 18-3).

ORA's Cost Reductions in Incremental Non-Shared O&M

(In Thousands of 2013 Dollars)

HR Department	SoCalGas	ORA	Diff.
Human Resources Incremental Positions			
Workforce Readiness Advisor (p.3)	117	0	117
Workforce Planning Advisor (p.5)	326	238	88
Staffing Advisor (p.6)	211	123	88
Labor Relations Advisor (p.7)	121	0	121
Knowledge Transfer Advisor (p.7)	144	50	94
Employee Development Advisor (p.8)	290	190	100
EAP & Wellness Administrator (p.9)	83	0	83
Employee Care Services – 2 positions (p.9)	209	77	132
Defensive Driver Refresher Training (p.10-12)	2,653	270	2,383
Real Time In-Vehicle Safety System (p.10-12)	2,280	230	2,050
New Hire Defensive Driver Training (p.10-12)	237	79	158
Total ORA Reductions in HR Dept.	**6,671**	**1,257**	**5,414**
Total shown on ORA Table 18-3 ($16,176 [ORA] –$21,851 [SoCalGas])			**5,675**
Total Discrepancy in Non-Shared O&M			**(261)**

Provided that SoCalGas has correctly identified an inadvertent discrepancy in ORA's report, ORA's corrected forecast for total non-shared O&M should be $16.437 million instead of $16.176 million, or $261K more than what's shown in ORA Table 18-3.

2. HR Department

ORA reduces my total non-shared O&M forecast for the HR Department of $21.851 million by $5.675 million, proposing a test year forecast of $16.176 million.[7] However, based upon ORA's written analysis (see aforementioned ORA Table 18-3 Inadvertent Error), I believe ORA means to propose a test year forecast of $16.437 million, a reduction of $5.414 million from my forecast. ORA's areas of proposed reductions are shown in the table above.

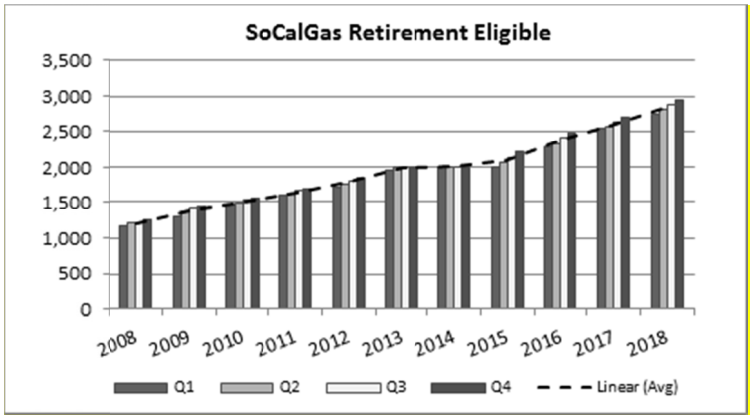
a. Workforce Readiness Advisor ($117K reduction)

ORA reduces my request for $117K[8] to hire a new Workforce Readiness Advisor, asserting that the current program is being efficiently managed and that no explanation is provided on why the program needs expansion.[9]

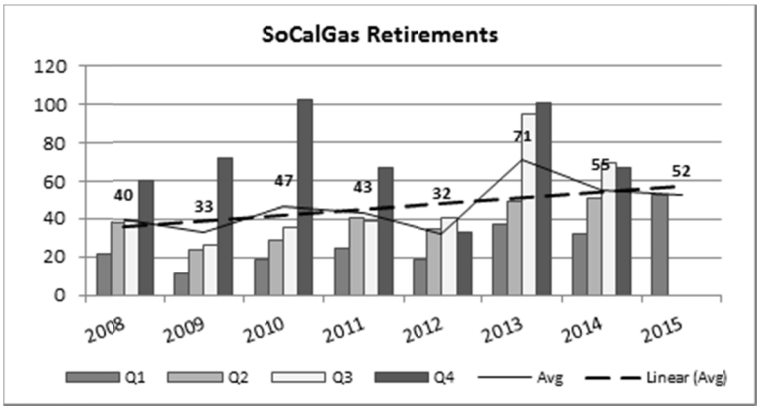
[7] Ex. ORA-18 at 13.
[8] ORA states it is reducing my request by $106K, not $117K (Ex. ORA-18 at 16). However, ORA inadvertently forgot to include $11K in non-labor costs associated with the Workforce Readiness Advisor.
[9] Ex. ORA-18 at 16.

I provided ORA with the employment data used to forecast workforce turnover due to retirements.[10] ORA believes workforce turnover should be based upon actual retirements rather than retirement eligibility.[11] To demonstrate the relationship between retirement eligibility and actual retirements, the pertinent retirement eligibility information provided to ORA is summarized, by quarter, in the chart below. Actual employee retirement information for the period Q1 2008 – Q1 2015 follows.

SoCalGas Retirement Eligible Employees – 2008-2018[12]
(Number of Employees)



SoCalGas Employee Retirements Q1 2018 – Q1 2015
(Number of Employees)



The trend line in both charts is rising. According to the Center for Energy and Workforce Development (CEWD), almost half of the skilled technicians and engineers in the industry today

[10] ORA-SCG-DR-080-LJL, Question 1(c). See Appendix A.
[11] Ex. ORA-18 at 16.
[12] ORA-SCG-DR-080-LJL, Question 1(c), quarterly breakdown added.

may need to be replaced within the next 10 years and as many as 36% of those same workers will need to be replaced in the next five years.[13] CEWD's research indicates that these projections are due to a growing number of retirements coupled with the improving economy.[14] The SoCalGas-specific empirical data as well as the aforementioned industry study support my request for an additional Workforce Readiness Advisor. Such an advisor is necessary to manage the risks created by increased retirements and to handle the important coordination of hiring and training the incoming workforce. Without such a resource, it will be difficult to maintain the continuity of safe, reliable, and excellent service to our customers.

ORA asserts that the utility should consider hiring a new advisor when current employees actually start to retire, rather than when employees are merely eligible to retire.[15] Because we are a natural gas service provider that relies on a highly skilled, qualified, and ready workforce, however, we cannot take a reactive, after-the-fact approach. The Workforce Readiness Advisor will need to lay the necessary groundwork now in order to create a talent pipeline built on community outreach and strategic partnerships. This includes immediately leveraging our relationships with technical/vocational schools, community colleges, and community advocacy groups, such as Workforce Investment Boards and Veteran Outreach Organizations. A new advisor is also immediately needed to support the recruitment and outreach activities required to operationalize the Workforce Innovation and Opportunity Act[16], enacted on July 22, 2014 by President Obama. This advisor will help meet the Act's goal of helping job seekers with barriers to employment enter the workforce.

In short, not only is a new advisor needed now, but adding a new advisor will create clear ratepayer and societal benefits. A new advisor will help locate and recruit a new and qualified workforce, help mitigate the real risk posed by upcoming retirements, and help job seekers with barriers to employment finally enter the workforce.

[13] Gaps in the Energy Workforce Pipeline 2013 Survey Results, Center for Energy Workforce Development, http://www.cewd.org/Documents/2013CEWDSurveyExecutiveSummary.pdf.
[14] Gaps in the Energy Workforce Pipeline 2013 Survey Results, Center for Energy Workforce Development, http://www.cewd.org/Documents/2013CEWDSurveyExecutiveSummary.pdf.
[15] Ex. ORA-18 at 16.
[16] https://www.congress.gov/113/bills/hr803/BILLS-113hr803enr.pdf.

b. Workforce Planning Advisor ($88K reduction)

ORA reduces my test year forecast of $326K by $88K[17]. ORA does not dispute the need for extra staffing but recommends that only one position be hired in 2016.[18] ORA does not oppose the cost for the software license.[19]

The increase in retirements (discussed in the previous section) and accelerated job moves created by competing major projects underway (e.g., Mobile Home Park Master Meter, Pipeline Safety Enhancement Plan, and Advanced Meter) have fueled a need for ongoing workforce planning and impact assessments. The two advisor positions will perform different functions, both equally important. The first advisor will work with department representatives across the organization on an ongoing basis in order to collect workforce projection information and update the workforce planning system; this advisor will also produce reports and analytics on projected workforce needs, as well as identify trends and develop staffing strategies. The second advisor will work with other HR personnel and company departments in order to identify critical roles, necessary skills and competencies, and to develop the plans that will address skill gaps. This advisor will incorporate information produced by the first advisor to construct the workforce strategy, then monitor and report on strategy execution. Given the wide range of major projects and departmental opportunities available to current and new employees, it is one of HR's important roles to facilitate the movement and progression of our employees in order to better optimize their talents and opportunities in a timely and strategic manner. As such, expending an additional $80K to achieve that outcome is a sound investment.

c. Staffing Advisor ($88K reduction)

ORA reduces my forecast of $211K by $88K,[20] which will only allow for funding of one advisor position instead of two. ORA does not dispute the need for extra staffing but asserts insufficient support for two positions, and recommends that SoCalGas should hire one position to start, then propose funding for the second position in the next GRC.[21]

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[17] ORA states it is reducing my request by $80K, not $88K (Ex. ORA-18 at 17). However, ORA inadvertently forgot to include $8K in non-labor costs associated with the Workforce Planning Advisor.
[18] Ex. ORA-18 at 17.
[19] Ex. ORA-18 at 17.
[20] ORA states it is reducing my request by $80K, not $88K (Ex. ORA-18 at 18). However, ORA inadvertently forgot to include $8K in non-labor costs associated with the Staffing Advisor.
[21] Ex. ORA-18 at 18.

Support for two positions is driven by the increase in staffing transactions over the past four years. The volume of represented job requisitions alone (excluding meter reading positions) has increased 60% over that period. The management and non-union job requisition volume has likewise increased 108% over the same period.

Support for two positions is also driven by the impending lack of part-time meter readers. Currently, the part-time meter reader position is the primary entry point position into the company and serves as the pool for most other union jobs. Since 2012, almost 1,600 meter readers have been promoted out of meter reading into other union jobs. Currently, the average time to fill a union job with an internal candidate (such as a part-time meter reader) is 14 days, while the average time to fill a union job with an external candidate is 42 days. As part-time meter reader positions are scheduled to be eliminated in 2017 due to the AMI deployment, virtually all entry point union positions will be filled by external candidates. As a result, many of the job vacancies typically filled in 14 days will now take 42 days to fill. Indeed, it may take over 60 days to fill more technically skilled positions, such as mapping associate, measurement and quality technician, or transportation logistic representative.

In short, at least two new staffing advisors are needed to reliably handle the staffing workload caused by the recent increase in staffing transactions or by the lack of part-time meter readers.

d. Labor Relations Advisor ($121K reduction)

ORA recommends no funding for a new Labor Relations Advisor position, indicating that there is little supporting evidence to justify the need for this employee.[22]

An additional Labor Relations Advisor will support the expected incremental increase in labor relations workload expected to result as an outcome of this proceeding, which includes activities such as facilitating the resolution of grievances and arbitrations, implementing collective bargaining agreements, conducting performance reviews, and monitoring front line supervisor and manager compliance with labor relations policies and standards. In addition, the advisor will provide labor relations training to management employees; respond to inquiries from union leaders normally associated with grievances, arbitrations or discipline; and perform analytical work to support labor relations processes, including grievances and arbitrations. Having an additional trained and knowledgeable labor relations resource will improve supervisor-employee

[22] Ex. ORA-18 at 18-19.

relationships and reduce interruptions to operations, both of which can positively impact service levels.

e. Knowledge Transfer Advisor ($94K reduction)

ORA reduces my request by $94K for a Workforce Knowledge Transfer Advisor position ($85K labor, $9K non-labor),[23] asserting that the company has been managing its knowledge transfer positions effectively.[24]

Knowledge transfer is a critical component to the continuity of high service levels. Given the expected increase in hiring activities described in previous sections, the new position will perform the following functions: train and manage a network of knowledge transfer coordinators (internally known as "knowledge champions") across the utility, identify and map key knowledge to be transferred for high-risk-of-departure technical positions, work with department leaders to develop specific knowledge transfer plans for key positions within their organizations, and measure and communicate progress to stakeholders. In addition, this will serve as the company's subject matter resource on knowledge management and transfer. As such, I see a bona fide need and benefit to enhancing our existing staff with these expected services, for an incremental $94K.

f. Employee Development Advisor ($100K reduction)

ORA reduces my incremental request of $290K in Employee Development positions by $100K. ORA finds these new programs beneficial and does not dispute the need for extra staffing; however, ORA recommends only one incremental position instead of two in this GRC cycle.[25]

To better demonstrate my need for two advisors, I provide additional information on the expansion of the training programs in this GRC cycle. SoCalGas forecasts that the numbers of classes taught by internal resources will more than double over the next two years; two additional advisors are needed to develop course content and to facilitate teaching these courses to our employees.

Organizational Effectiveness Classes

(2013 – 2016)

2013 Classes	2014 Classes	2015 Planned Classes	2016 Planned Classes
70	82	142	212

[23] ORA states it is reducing my request by $85K, not $94K (Ex. ORA-18 at 19). However, ORA inadvertently forgot to include the $9K in non-labor costs associated with the Knowledge Transfer Advisor.
[24] Ex. ORA-18 at 19.
[25] Ex. ORA-18 at 20.

These Organizational Effectiveness classes support the following:

- Performance & Development Enhancement Program – Training for all management and associate employees in the company's new performance management process, impacting approximately 400 employees in the 2015, Phase 1 roll out, and approximately 2,000 employees in 2016.
- Introduction to Healthy Organization – Training for all management and associate employees to support organizational development and the new performance management process.
- Coaching Skills – Training for all management supervisors to support the new performance management process and increase workforce effectiveness.
- Essentials of Supervision – A new webinar-based supervisor development component that requires Employee Development staff facilitation. Three webinars are planned to be conducted each month.
- Leadership Training Camp – An existing program for developing supervisor skills. The current course materials require revision, and an increase in the number of sessions is planned to address the backlog of over 200 supervisors who have yet to complete the program (plus approximately 20 new supervisors per quarter). Five additional camps, which each last five months, will be offered in 2015 alone.
- Leadership Challenge – New program for developing managerial skills, similar to what the Leadership Training Camp offers for supervisors.

Leadership development is a necessary function of HR. Programs that enhance the quality of our workforce and the decision-making of supervisors and managers are important. SoCalGas acknowledges ORA's general support for this program, but would ask that the significantly expanded scope of the program in this GRC cycle be given consideration when determining the validity of my request for two advisors.

g. EAP & Wellness Administrator ($83K reduction)

ORA reduces my forecast of $248K for three incremental positions in EAP & Wellness Operations by $83K.[26] ORA does not oppose costs for an analyst for monitoring and reporting contractor DOT drug testing activities, and a second analyst to oversee a program for employees possessing commercial driver licenses. However, ORA does not recommend funding for a program administrator who will assist in promoting employee safety and preventing illness and injury, asserting that there is no need for additional staffing in this area and that the company has already been adequately performing these activities.[27]

ORA's testimony ignores the valuable benefits that an additional position will provide. Specifically, this position will help provide training in safety and wellness topics. This training can help prevent employee illness and injury, positively influence employee lifestyles, and enhance the company's organizational safety culture. Such training is also in the direct interest of ratepayers, who enjoy the benefit of greater operational safety. In addition, this position will help manage cases involving employee use (or abuse) of prescription drugs.[28] Such management is also important to the organizational safety culture and to operational safety. Taken together, the incremental cost of $83,000 for the new EAP and Wellness Program Administrator position will be a relatively small investment compared to the intangible benefits it provides.

h. Employee Care Services ($132K reduction)

ORA reduces my forecast of $209K for two Claims Examiners and one Claims Associate by $132K, recommending the addition of only one Claims Examiner in this GRC cycle.[29] ORA states its recommended forecast is $82K; however, ORA's intended forecast should be $77K,[30] which correctly reduces my forecast by the full cost (both labor and non-labor) for the two positions ORA disputes ($77K and $55K).

The Workers' Compensation reform resulting from SB 863 (passed September 2012) has significantly increased the demand on the Employee Case Services staff. SoCalGas' forecast for the additional positions is based upon its experience managing its Worker's Compensation

[26] ORA states it is reducing my request by $75K, not $83K (Ex. ORA-18 at 24). However, ORA inadvertently forgot to include the $8K in non-labor costs associated with the EAP & Wellness Administrator.
[27] Ex. ORA-18 at 24.
[28] Ex. SCG-23-R at 24.
[29] Ex. ORA-18 at 25.
[30] ORA recommends reducing my request by $127K, not $132K (Ex. ORA-18 at 25). However, ORA inadvertently forgot to also remove $5K in non-labor costs associated with the positions.

caseload. SoCalGas will not contest ORA's recommendation for adding only one Claims Examiner in this GRC period; SoCalGas disagrees with ORA, however, that an incremental Claims Associate is not needed. The Claims Associate position will be responsible for administering the Independent Medical Review (IMR) process that was put in effect January 1, 2013. The IMR process requires Employee Care Services find relevant medical records for the last 12 months and to respond to Maximus within 15 days from the date of request. SoCalGas estimates that the IMR process has added 1,800 hours annually (50 IMRs/month x 3 hours/IMR x 12monthly/year) to the Employee Care Services department workload.

Therefore, I can support a reduced forecast of $132K instead of my original forecast of $209K. That amounts to a reduction of $77K, not the reduction of $132K recommended by ORA.

i. Vehicle and Driver Safety

The largest area of reduction from ORA relates to costs associated with vehicle and driver safety. For Defensive Driver Refresher Training, ORA reduces my $2.7 million forecast by 90%, and recommends $270K (or 10%) instead. ORA suggests this reduced sum in order to run a pilot program so that a cost-benefit analysis can be run before committing ratepayer funds for the full program.[31] For New Hire Defensive Driver Training, ORA reduces my $237K forecast and recommends only $79K, asserting that expanding the program from one day to three days is excessive.[32] For the Real Time In-Vehicle Driver Safety System, ORA reduces my $2.3 million forecast by 90%, and recommends $230K (or 10%) to run a pilot program, similar to ORA's recommendation for Defensive Driver Refresher Training.[33]

In contrast to ORA's recommendations, this GRC cycle is not the period in which pilot programs should be funded; it is the period where the company should be given the funds to implement efforts for the safety and protection of its employees and the general public. While emphasizing safe driving is nothing new to SoCalGas, these programs will provide the training and skill refreshers necessary to make defensive driving a core competency of the field workforce. The risks associated with the motor vehicle incidents that can occur due to increased traffic congestion and distracted drivers are simply too great to ignore. These risks must be addressed now.

[31] Ex. ORA-18 at 22.
[32] Ex. ORA-18 at 22.
[33] Ex. ORA-18 at 23.

There were 396 workplace deaths in the state of California in 2013 and, according to the 2013 Census of Fatal Occupational Injuries, "transportation accidents continued to be the most common cause of death with128 incidents."[34] These dangers are particularly pertinent to SoCalGas, whose service territory is expansive and includes several major metropolitan areas, and whose ranks include a large number of field employees. As such, SoCalGas considers refresher and new hire training as necessary safety-enhancing programs that benefit both its employees and the public.

The Defensive Driver Refresher Training I propose would apply to all field personnel assigned use of a company vehicle, and would include eight hours of in-vehicle demonstration, practice (with coaching and feedback), as well as an in-vehicle test to confirm knowledge transfer and skill acquisition.[35] If the Commission wants to reduce costs of this program without disallowing the program entirely, I can support a scaled-back four-hour course, which I estimate will reduce the cost by half, or $1.327 million instead of $2.653 million. Any less training, however, would not provide the same beneficial enhancements to employee or operational safety.

The New Hire Defensive Driver Training I propose is three days of driver training instead of the one day status quo recommended by ORA. My proposed course is more beneficial and impactful because it takes more than a day to instill defensive driving habits to our new hires. As a compromise, I can support two days of training, which will still be an improvement over the company's current one day course, and will still allow employees to develop positive safety habits. The estimated cost of this alternate two-day program is half of the $237K requested, or $118K.

For the Real Time In-Vehicle Driver Safety System, SoCalGas already conducted a pilot study of a telematics system. The study concludes that the technology is effective in modifying driver behaviors, but that there are still opportunities to improve the specific product. A full report on the benefits of the pilot study was provided to ORA in discovery.[36] The telematics system uses audible tones to inform vehicle operators how they can modify their behavior to improve safety. The system provides drivers with real-time feedback regarding cornering, braking, acceleration, idle time, backing, seatbelts, and vehicle speed relative to the posted speed limit. The technology includes real-time GPS tracking and accelerometers tied into the vehicle's electronics system. The telematics system was capable of providing supervisors or the fleet department both real time and

[34] Cal-OSHA Reporter, May 1, 2015, p. 11157.
[35] Ex. SCG-23-R at MLS-22.
[36] ORA-SCG-DR-065-LJL, Question 1, See Appendix A.

pre-scheduled alerts regarding vehicle conditions, as well as performance reports. In short, it is a valuable tool that deserves full funding in this GRC period.

3. Workers' Compensation and Long Term Disability

ORA reduces my 2016 forecast for Workers' Compensation and Long Term Disability (LTD) by $3.168 million.[37] My forecast for Workers' Compensation is $20.006 million, and for LTD, $6.42 million. It is not clear which forecast or forecast methodology ORA opposes since ORA's reduction is not program-specific but rather is a reduction to the combined total. My forecast methodology for Workers' Compensation is a three-year average, adjusted for escalation factors. My forecast methodology for LTD is base year (2013) adjusted for escalation factors. These factors were provided to ORA in discovery.[38]

SoCalGas' forecast methodologies are identical to the ones used by SDG&E for these two cost categories. ORA, however, accepted SDG&E's 2016 forecasts for Workers' Compensation and LTD.[39] The methodologies consistently applied by both utilities are equally sound and reasonable, and should therefore be treated the same by ORA. Instead, ORA treats SoCalGas differently, and uses an unconventional forecast methodology by selecting 2011 adjusted-recorded costs, on a combined basis, as its 2016 combined forecast.[40] ORA concludes its methodology is reasonable by comparing its forecast of $23.358 million to combine 3-year, 4-year and 5-year averages.[41] This does not amount to a more reasonable or analytical forecast methodology than the one SoCalGas uses to derive its forecast. In fact, in the 2012 GRC, SoCalGas used the same forecast methodologies for Workers' Compensation and LTD as it does in this GRC, to develop its then-test year 2012 forecasts ($16.462 million and $4.739 million, respectively, or, on a combined basis, $21.201 million).[42] ORA proposed only $14.4 million for Workers' Compensation and $4.165 million for LTD, based on a four-year average,[43] for a combined $18.565 million. The Commission ultimately adopted $20.55 million on a combined basis.[44] Comparing the three

[37] Ex. ORA-18 at 25.
[38] ORA ORAL-SCG-DR-002-LJL, Question 7 & ORA-SCG-DR-065-LJL, Question 2.
[39] Ex. ORA-18 at 6.
[40] Ex. ORA-18 at 25.
[41] Ex. ORA-18 at 25.
[42] D.13-05-010 (mimeo) at 757.
[43] Application 10-12-006, Decision on General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company, May 14, 2013 at 754.
[44] Application 10-12-006, Decision on General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company, May 14, 2013 at 757.

figures to SoCalGas' recorded 2012 costs of $22.877 million, as shown on ORA's Table 18-8,[45] SoCalGas' forecast methodology was a more accurate predictor of then-future costs.

For these reasons, my forecasts for Workers' Compensation and LTD are more reasonable and are developed under more sound methodologies than what ORA proposes as an alternative forecast and forecast methodology.

B. Shared Services Costs

ORA does not oppose my test year forecasts for this category.[46]

IV. REBUTTAL TO UWUA PROPOSALS

SoCalGas shares the Union's goal of improving compliance and workforce engagement, but disagrees that the creation of a new represented employee position should be addressed in the GRC. The collective bargaining process more appropriately addresses proposals such as those presented by Mr. Downs.

SoCalGas does not view the RESO program described by UWUA as necessary at this time, given that these RESOs appear to primarily act as a buffer between supervisors and represented employees. SoCalGas is committed to employee, system, and public safety; UWUA appears to express these tenets as a common goal. In support of this commitment, SoCalGas has multiple avenues available for employees to voice their safety concerns, either directly or indirectly, including:

- **Joint Steering Committee** – A group composed of both management employees and non-management employee representatives from all six Union Locals. In this group's monthly meetings, Union leadership has the opportunity to raise concerns related to labor contract issues, including work impacts and conditions.
- **Safety Leadership Team** – Approximately 20–25 employees, employee union representatives, and management who meet approximately every six weeks to discuss safety concerns with the management team.
- **Local Safety Committees** – Groups of local employees tasked with raising local safety concerns and assisting in the mitigation of safety issues as well as helping educate the local workforce on safety practices. Most work locations with represented employees have at least one Local Safety Committee that meets on a recurring basis.

[45] Ex. ORA-18 at 26.
[46] Ex. ORA-18 at 27.

- **Shop Committees** – Groups composed of represented and management regional employees who meet approximately once a month. They provide employees, employee union representatives and management with an opportunity to raise local work condition concerns or to share information on new work processes. This team works towards mitigating local issues and implementing changes to work processes.
- **SoCalGas Pipeline Safety Plan** – SoCalGas has established processes for employees and employee representatives to provide comments or safety concerns to the company via several different channels.
- **Local Supervisors or next level of management** – Employees are encouraged to report any safety concerns to their local management. In the event employees feel their concerns are not addressed appropriately, employees are also encouraged, via the company's "Stop The Job" policy, to elevate their concerns to the next level of management, safety department, department staff, or local Union representative.
- **Sempra Energy Ethics & Compliance Helpline** – Third-party helpline service that allows individuals to anonymously report concerns.
- **Sempra Energy Ethics & Compliance Helpline website** – A website that enables employees to anonymously report their concerns.

SoCalGas is willing to discuss the underlying reasons behind the RESO proposal in collective bargaining.

V. CONCLUSION

Based on my evaluation of ORA's report, I propose to reduce my test year 2016 forecast by $1.522 million, for a revised total O&M forecast of $52.427 million. The reductions are in the areas of Claims Examiner ($77K), Defensive Driver Refresher Training ($1.327 million), and New Hire Defensive Driver Training ($118K). The proposed reductions by ORA in excess of my reduction are not adequately supported, nor are their forecasts more reasonable or more soundly developed than the ones I propose. As for UWUA's proposal for a RESO program, SoCalGas does not view this as necessary at this time, but is willing to discuss the underlying reasons behind the RESO proposal in collective bargaining.

This concludes my prepared rebuttal testimony.

APPENDIX A

VARIOUS RESPONSES TO DATA REQUESTS

TURN DATA REQUEST-04
SDG&E-SOCALGAS 2016 GRC – A.14-11-003-004
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: APRIL 16, 2015
DATE RESPONDED: MAY 12, 2015
AMENDED RESPONSE: MAY 15, 2015

4. Did SDG&E or SoCalGas include in its recorded base year 2013 costs any expense associated with meetings, meals, event sponsorships, or similar costs payable to any chambers of commerce, that were not adjusted out for purposes of developing the test year 2019 forecasts? If so, for each utility please identify the total amount of chamber of commerce payments recorded in 2013 and not adjusted out of the forecast for 2016. Identify each account in which these ratepayer-funded costs may be found and the amounts in each account.

Utility Amended Response:

The Utilities assume that when the question asks for test year 2019 forecasts, the question intended to ask for ***2016*** forecast. We are providing these answers according to that assumption.

SoCalGas Amended Response:

Subsequent to providing TURN with the initial response on May 12th, additional items were identified. Given the increase in the amount of items subsequently identified, SoCalGas is attaching an excel spreadsheet in lieu of pasting the information in this response document. Please reference the attached file: "TURN-SEU-DR-04 Amended Q4 SCG Attachment.xls". Furthermore, SoCalGas needs to delete/correct the following paragraph which was included in the initial response:

> *While preparing a response to this Data Request, SoCalGas discovered that it had inadvertently included the foregoing expenses (total = $2,750) in the Test-Year 2016 forecast. Thus, in SoCalGas' Rebuttal testimony, these particular expenses will be removed from the 2016 forecast and the total request for 2016 will be adjusted accordingly.*

Upon further investigation, this explanation does not apply to SoCalGas costs reflected in the attached spreadsheet in response to this data request. The costs recorded in the attached spreadsheet do not represent inadvertent inclusions. Thus, they should not be removed from the base year recorded (2013) and test year 2016 forecast, as the initial response claimed.

TURN DATA REQUEST-04
SDG&E-SOCALGAS 2016 GRC – A.14-11-003-004
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: APRIL 16, 2015
DATE RESPONDED: MAY 12, 2015
AMENDED RESPONSE: MAY 15, 2015

Amended Response to Question 4 (Continued)

SDG&E Amended Response:

Subsequent to providing TURN with the initial response on May 12th, additional items were identified. See table below.

(2013$'s as shown)

Cost Center	WP Group	Cost Element	C/E Description	Internal Order	Amount	Vendor
2100-4027	1OO008	6220812	SRV-BUS & CIVIC MTGS	ORD 7062720	$500	VALLEY CENTER CHAMBER OF COMMERCE
2100-3463	1ED022	6220813	SRV-SPNSR BUS & CVC	ORD FC9210002100	$1,000	SAN MARCOS CHAMBER OF COMMERCE
2100-3626	1HR009	6220812	SRV-BUS & CIVIC MTGS	ORD FC9210002100	$500	SAN DIEGO REGIONAL CHAMBER OF
2100-3626	1HR009	6220812	SRV-BUS & CIVIC MTGS	ORD FC9210002100	$395	SAN DIEGO REGIONAL CHAMBER OF
2100-3626	1HR009	6220812	SRV-BUS & CIVIC MTGS	ORD FC9210002100	$60,000	SAN DIEGO REGIONAL CHAMBER OF
2100-3463	1ED022	6220812	SRV-BUS & CIVIC MTGS	ORD FC9210002100	$550	ENCINITAS CHAMBER OF COMMERCE
2100-3592	1ED022	6220812	SRV-BUS & CIVIC MTGS	ORD FC9210002100	$1,490	SAN DIEGO REGIONAL CHAMBER OF
2100-3463	1ED022	6220812	SRV-BUS & CIVIC MTGS	ORD FC9210002100	$1,000	SAN MARCOS CHAMBER OF COMMERCE
2100-3463	1ED022	6220812	SRV-BUS & CIVIC MTGS	ORD FC9210002100	$1,000	SAN DIEGO NORTH CHAMBER OF
2100-3463	1ED022	6220813	SRV-SPNSR BUS & CVC	ORD FC9210002100	$5,000	SAN DIEGO REGIONAL CHAMBER OF
2100-3592	1ED022	6220590	SRV-MISCELLANEOUS	ORD FC9210002100	$350	SAN CLEMENTE CHAMBER OF COMMERCE
			SDG&E Witness Area	**TOTAL SDG&E**	**$71,785**	
			SDG&E-14 Baugh	1OO008	$500	
			SDG&E-10 Woldermarian	1ED022	$10,390	
			SDG&E-24 Edgar	1HR009	$60,895	

Furthermore, as with the SoCalGas initial response, SDG&E needs to modify/correct the following paragraph:

> *While preparing a response to this Data Request, SDG&E discovered that it had inadvertently included the foregoing expenses (total = $6,350) in the Test-Year 2016 forecast. Thus, in SDG&E's Rebuttal testimony, these particular expenses will be removed from the 2016 forecast and the total request for 2016 will be adjusted accordingly.*

Upon further investigation, this explanation only applies to the newly identified cost item highlighted above. The line item charged to cost center 2100-3626 for $60,000 should have been excluded from the base year 2013 and TY2016 expenses, since it was for annual dues, as shown in the attached invoice "TURN-SEU-DR-04 Amended Q4_SD Chamber of Commerce Dues.pdf". Employee names have been redacted from the attached invoice. All other costs reflected in the table above are costs that should not be removed from the base year recorded and test year forecast.

ORA DATA REQUEST
ORA-SCG-DR-080-LJL
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 24, 2015
DATE RESPONDED: MARCH 11, 2015

Exhibit Reference: SCG-23

Subject: General

Please provide the following:

1. For all departments and/or divisions in Ex. SCG-23, where SCG has requested increased staffing, please provide copies of all studies and/or workload analyses used to develop each of SCG's increased staffing forecasts. If no such studies or analyses were conducted, please so state, and explain why SCG believed it was not necessary to conduct such studies or analyses to support their forecasts for increased staffing.

SoCalGas Response:

Please note that "FTE's" are not hired as they do not represent headcount. "Headcount", or staffing, does not equal "Full Time Equivalent (FTE)". An FTE position is an indication of activity level and not a specific headcount in any given year. In some cases headcount may be less than the FTE count. For example, the activity level driving the forecasted incremental FTE in an operational area may ultimately be performed using internal labor, outside contractors, overtime or a mix of each. In other cases, headcount may be more than the FTE count if the positions are filled with part-time employees.

SoCalGas does prepare a forecast of "Headcount" which is used for forecasting Employee Benefits only. Headcount forecast encompasses all employees, including those whose work responsibilities are included in the GRC, as well as those whose duties are related to a Refundable program or other functional area with costs approved through a non-GRC proceeding. Headcount is not used in the operating areas to forecast cost. Therefore, it would be incorrect to say that forecasted FTE's are hired or that an increase in FTE's means a direct increase in staffing.

Given that clarification, SoCalGas has requested increased FTE's in the following areas:

c) HR Services - Workforce Planning

From the testimony of SoCalGas witness Mark Serrano: *"To assist in workforce planning, the HR Services department plans to add two additional staff positions..."*
Both the Workforce Planning positions described here and the Staffing Advisor positions described in section (d) below are needed to address anticipated increases in workforce attrition and hiring due to retirement. Attached (see "ORA-SCG-DR-080-LJL Q1C Attachment.pdf") is an analysis performed to forecast the workforce turnover due to retirements:

A description of the job responsibilities of the two Workforce Planning Advisor positions was submitted to ORA in response to **ORA ORAL-SCG-DR-002-LJL,** Question 03.

ORA DATA REQUEST
ORA-SCG-DR-080-LJL
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 24, 2015
DATE RESPONDED: MARCH 11, 2015

Attachment p.1

Retirement Eligible 10 Year Projection SCG 2014-2024

Employees with 90+ points , aged 55 + ten years service, or aged 62 + five years service at Year-End as of December 31, 2014

HISTORICAL

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
HEADCOUNT	7,244	7,276	7,588	7,599	7,560	7,486	7,453	7,770	8,211	8,578	8,727	
Additional Retirement Eligible		+ 78	+ 46	+ 54	+ 126	+ 177	+ 83	+ 163	+ 186	+ 98	+ 26	
YE ELIGIBLE RETIREES	965	1,043	1,089	1,143	1,269	1,446	1,529	1,692	1,878	1,976	2,002	
% of YE Active Headcount	*14%*	*15%*	*15%*	*16%*	*18%*	*20%*	*22%*	*23%*	*24%*	*24%*	*24%*	
% of YE Total Headcount	*13%*	*14%*	*14%*	*15%*	*17%*	*19%*	*21%*	*22%*	*23%*	*23%*	*23%*	
ACTUAL RETIREMENTS	192	150	168	234	158	133	187	172	128	282	219	AVERAGE
% of Retirement Pool	*16.59%*	*12.57%*	*13.37%*	*16.99%*	*11.07%*	*8.42%*	*10.90%*	*9.23%*	*6.38%*	*12.49%*	*9.86%*	*11.63%*
TOTAL RETIREMENT POOL	1,157	1,193	1,257	1,377	1,427	1,579	1,716	1,864	2,006	2,258	2,221	
% of YE Headcount	*15.97%*	*16.40%*	*16.57%*	*18.12%*	*18.88%*	*21.09%*	*23.02%*	*23.99%*	*24.43%*	*26.32%*	*25.45%*	*20.93%*

YE RETIREMENT ELIGIBLE COUNT BY AGE (Does not include those who retired)

Retirement Eligible 1

Retirement Eligible	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
54-55	4	7	3	4	6	8	2	3	5	3	4
55-56	207	195	191	242	238	264	234	257	260	257	217
56-57	196	189	179	173	232	230	254	230	263	257	249
57-58	184	177	170	158	158	219	219	243	225	257	243
58-59	125	146	156	150	148	151	197	210	229	225	239
59-60	84	102	130	132	134	135	131	182	206	217	210
60-61	62	70	85	90	115	121	113	117	173	187	189
61-62	44	56	57	67	73	101	111	103	111	157	168
62-63	20	36	41	43	54	67	82	110	99	108	135
63-64	22	18	26	29	36	44	54	73	101	72	87
64-65	13	20	17	24	25	37	40	53	65	81	63
>65	24	27	34	31	50	69	92	111	141	157	198
Grand Total	965	1043	1089	1143	1269	1446	1529	1692	1878	1976	2002

RETIREMENTS 2004-2014 BY AGE (Includes only those who retired)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
55-56	26	28	19	29	28	21	9	16	6	17	12
56-57	33	17	20	18	10	13	10	11	5	16	10
57-58	39	21	16	24	16	6	20	27	15	11	17
58-59	18	19	19	23	8	8	26	13	10	23	23
59-60	23	26	28	28	25	17	22	22	16	26	24
60-61	8	7	10	36	14	18	21	16	9	31	31
61-62	17	10	15	19	19	12	19	14	10	21	29
62-63	14	9	17	20	15	21	31	23	20	33	26
63-64	4	1	6	10	6	4	9	6	5	27	12
64-65	3	1	6	4	3	2	2	5	11	25	9
>65	7	11	12	23	14	11	18	19	21	52	26
Grand Total	192	150	168	234	158	133	187	172	128	282	219

HISTORICAL HEADCOUNT BY STATUS

Empl_Status	YE										
Row Labels	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Active	6,973	6,934	7,187	7,177	7,139	7,099	7,031	7,329	7,771	8,150	8,324
Leave	271	342	401	422	421	387	422	441	440	428	403
Grand Total	7,244	7,276	7,588	7,599	7,560	7,486	7,453	7,770	8,211	8,578	8,727

Attachment p.2

Retirement Eligible 10 Year Projection SCG 2014-2024

Employees with 90+ points , aged 55 + ten years service, or aged 62 + five years service at Year-End as of December 31, 2014

FUTURE PROJECTION BASED ON YE2014 HEADCOUNT

PROJECTED YEAR	(Actual) 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
HEADCOUNT If stagnant at YE 2014	8,727	8,727	8,727	8,727	8,727	8,727	8,727	8,727	8,727	8,727	8,727	
Additional Retirement Eligible	+ 255	+ 279	+ 274	+ 226	+ 255	+ 207	+ 149	+ 164	+ 179	+ 187	+ 194	
YE ELIGIBLE RETIREES TOTAL	2,002	2,281	2,555	2,781	3,036	3,243	3,392	3,556	3,735	3,922	4,116	
% of 2014 Active workforce	*24%*	*27%*	*31%*	*33%*	*36%*	*39%*	*41%*	*43%*	*45%*	*47%*	*49%*	
% of 2014 Total workforce	*23%*	*26%*	*29%*	*32%*	*35%*	*37%*	*39%*	*41%*	*43%*	*45%*	*47%*	
PROJECTED ACTUAL RETIREMENTS	233	265	297	323	353	377	394	414	434	456	479	AVERAGE
% of Projected Retirement Pool	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*	*11.63%*
TOTAL RETIREMENT POOL	2,235	2,546	2,852	3,104	3,389	3,620	3,786	3,970	4,169	4,378	4,595	
% of YE Headcount	*25.61%*	*29.18%*	*32.68%*	*35.57%*	*38.83%*	*41.48%*	*43.39%*	*45.49%*	*47.78%*	*50.17%*	*52.65%*	*40.26%*

RETIREMENT ELIGIBLE COUNT BY AGE

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<50	0	0	0	0	0	2	125	257	395	551	726
50-51	0	0	0	0	2	155	157	162	172	180	186
51-52	0	0	0	2	183	185	185	189	194	203	211
52-53	0	0	8	185	190	192	196	198	204	207	212
53-54	0	13	230	231	235	235	236	240	244	255	255
54-55	4	232	239	244	247	248	250	254	270	270	270
55-56	217	224	227	231	234	236	238	251	251	251	251
56-57	249	250	253	254	257	261	276	276	276	276	276
57-58	243	245	249	250	253	274	274	274	274	274	274
58-59	239	243	248	248	266	267	267	267	267	267	267
59-60	210	211	213	226	228	228	228	228	228	228	228
60-61	189	191	200	203	207	208	208	208	208	208	208
61-62	168	178	182	184	184	187	187	187	187	187	187
62-63	135	138	141	142	147	152	152	152	152	152	152
63-64	87	88	90	91	95	99	99	99	99	99	99
64-65	63	66	68	70	74	75	75	75	75	75	75
>65	198	202	207	220	234	239	239	239	239	239	239
Grand Total	2002	2281	2555	2781	3036	3243	3392	3556	3735	3922	4116

ORA DATA REQUEST
ORA-SCG-DR—065-LJL
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 12, 2015
DATE RESPONDED: MARCH 3, 2015

Exhibit Reference: SCG-23

Subject: Safety, Wellness & Disability, Human Resources

Please provide the following:

1. For Safety, Wellness & Disability, are the new programs an expansion of existing programs? Did SCG conduct any type of cost benefit analysis or study for the addition of these new programs? If so, please provide a copy of the analysis or study.

SoCalGas Response:

The five safety programs proposed by SoCal Gas are listed below:

1. **Safety Committee Member Training** – NEW PROGRAM
2. **New Hire Defensive Driver Training** – EXPANSION OF EXISTING PROGRAM
3. **Defensive Driver Refresher Training** – EXPANSION OF EXISTING PROGRAM
4. **New to Supervision – Safety Essentials** – NEW PROGRAM
5. **Real Time In-Vehicle Driver Safety Feedback** – NEW PROGRAM

Three of the aforementioned Safety, Wellness & Disability Services programs are new and two are an expansion of existing programs.

Safety Committee Member Training – SoCalGas explored the use of an external safety consultant for training its safety committees to be even more effective. The costs associated with this option exceeded the costs to develop the material in-house and deliver the training using Company resources. In 2014, SoCalGas developed the "Safety Leader Skill-Up Guide" and associated training materials (videos & reference cards). The Table of Contents from the "Safety Leader Skill-Up Guide" is attached ("ORA-SCG-DR-065-JLJ Q1 a.docx"). Safety Committee training has begun in 2015.

New Hire Defensive Driver Training – SoCalGas currently has a one-day Defensive Driver Training course for new hire employees. The GRC proposal is to fund an expansion of that training to three days. SoCalGas did not conduct a cost benefit analysis or study for the expansion of the existing program.

Defensive Driver Refresher Training – SoCalGas currently has its field employees complete an annual one-hour classroom Defensive Driver Refresher Training course. The GRC proposal is to expand that training to include a full-day in-vehicle training session. SoCalGas did not conduct a cost benefit analysis or study for the expansion of the existing program.

Response to Question 1 (Continued)

New to Supervision – Safety Essentials – SoCalGas does not currently have a safety training course for its new supervisors. The GRC proposal is to develop and conduct 3-day training sessions four times a year. SoCalGas did not conduct a cost benefit analysis for the expansion of the existing program. The planned course curriculum is summarized in the attached document ("ORA-SCG-DR-065LJL Q1 b.docx").

Real Time In-Vehicle Driver Safety Feedback – SoCalGas does not currently have an in-vehicle driver safety feedback system. A telematics system was tested by SoCalGas in 2014. In 2015, SoCalGas plans to test a second telematics system. SCG did not conduct a cost benefit analysis for the new system, but did prepare a summary of the 2014 test results. That summary is presented in the attached document ("ORA-SCG-DR-065LJL Q1 c.docx").

In-Cab Driver Alert Pilot Test SoCalGas

August 2014

Safety, Wellness & Disability Services

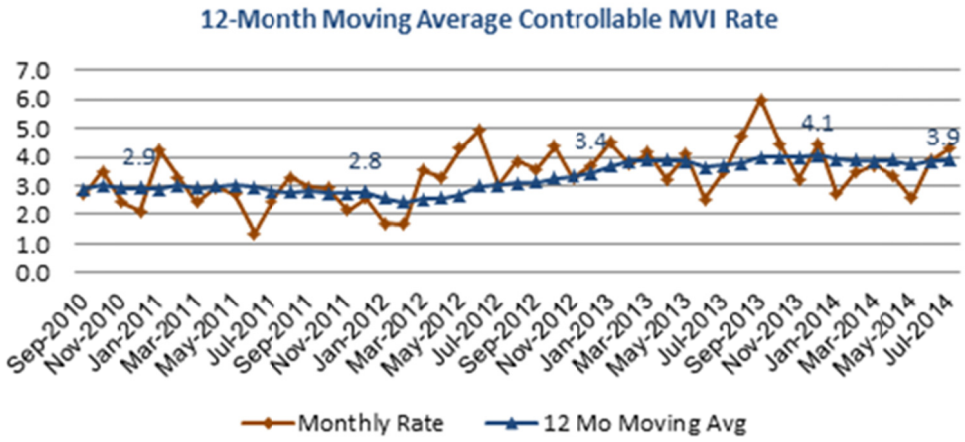
Executive Summary

A pilot test of a system that provided SoCalGas drivers with in-cab alerts regarding their driving characteristics was conducted over a 6-month period in 2014 to see if the technology had the potential to improve driver safety. The pilot test included thirteen drivers and evaluated changes to their driving characteristics. The pilot test results indicated that most drivers paid greater attention to their driving when the equipment was in their vehicle. The number of in-cab driver exception alerts decreased by about 42% over the course of the pilot test.

SoCalGas should test similar systems to determine if they offer even greater potential for improving driver behaviors. The system SoCalGas tested had shortcomings that other vendor systems might not have. Shortcomings, such as the volume of the in-cab device's audible "beep", the timeliness of driver feedback regarding speed, and the parameters available for setting alerts may have limited the potential benefits the technology offers.

Overview

The Controllable Motor Vehicle Incident rate (incidents per million miles driven) at SoCalGas has increased over the past two years. During this period, SoCalGas employees have been involved in ~30 Motor Vehicle Incidents per month, about 40% - 50% of which were controllable by the employee.



Over the past five years, approximately 33,000 people in the United States have been killed each year in motor vehicle crashes.[47] That's an average of about 90 people per day. Although no SoCalGas employees have died in car crashes during working hours, there have been deaths off the job.

New-hire and annual Smith System™ "refresher" drivers training can provide the foundation necessary for employees to acquire and maintain defensive driving skills, but ongoing feedback as to how well an employee is applying those skills can positively impact the effectiveness of that training. Ongoing feedback to the driver can reinforce defensive driving principles, assist in behavior modification, and decrease the likelihood of an incident. According to the Bureau of Labor statistics, "Transportation incidents accounted for more than 2 out of every 5 fatal work injuries in 2012… Of the 1,789 transportation-related fatal injuries, about 58 percent (1,044 cases)

[47] National Highway Traffic Safety Administration @ www-nrd.nhtsa.dot.gov/Pubs/812024.pdf

were roadway incidents involving motorized land vehicles… About 16 percent of fatal transportation incidents in 2012 involved pedestrians who were struck by vehicles."[48] Motor vehicle incidents endanger employees, other drivers and pedestrians.

While it is not practical to have another person provide motor vehicle operators with ongoing real-time feedback, there is technology available that can provide drivers with near real-time feedback regarding their driving characteristics (speed relative to the posted speed limit, cornering, braking, acceleration, idle time, backing, seatbelts, etc.). This technology typically includes near real-time GPS tracking systems and accelerometers, and is tied into a vehicle's electronics system. The technology is known as "telematics". Telematics systems are capable of providing third parties (supervisors or fleet departments) with both near real time and pre-scheduled alerts regarding vehicle operation characteristics and vehicle condition (check engine lights, mechanical failures, mileage, mileage rates, etc.). Reports can be generated as needed or on a pre-scheduled basis for fleet and operator performance monitoring (daily, weekly, monthly, etc.).

The telematics in-cab driver alert technology that helps drivers modify their driving behaviors comes in various forms. Some vendor technologies use different colored lights to alert the driver of potential incorrect behavior, some have a voice alert, while others have audible "beeps" (the "beeps" differ based upon the type of alert). In-cab alerts can be set for speeding, backing, seatbelt use, harsh acceleration, harsh cornering, and idle time. These systems offer the potential to help supervisors better understand who would benefit from one-on-one defensive driver coaching or specific types of defensive driver training.

Many fortune 500 companies use telematics systems to help manage their fleet and reduce the risk of motor vehicle incidents, including UPS and FedEx. A 2014 study conducted by the American Gas Association (AGA) found that 50% of the utilities surveyed (15 of 30) were using telematics systems.

Technology Selection

Over two dozen vendors that supply telematics systems were reviewed prior to selecting the specific technology tested by SoCalGas. Of the technologies reviewed, nine were selected for interviews and demonstrations. Following the interviews and demonstrations, a distributor who resells the Geotab product, Driver's Alert, was selected based on pricing, the availability of on-line driver's training courses, and their experience implementing the 1-800 "How's My Driving?" program. The Geotab product alerts the driver of driving exceptions via audible "beeps".

Technology Test

Telematics system device installations began in late January, 2014. Prior to installing the device, drivers participating in the pilot test attended an introductory meeting where the purpose, installation process, and potential benefits to using the technology were discussed. During February and March 2014, drivers were given the opportunity to learn how the telematics system operated and how to respond to the audible alerts. During this period, the staff group solicited feedback from the people involved in the pilot test and adjusted several system parameters. To avoid potential Union concerns, and enable management personnel to experience first-hand how the system worked, the pilot test was limited to include only management personnel. A "top

[48] United States Department of Labor, Bureau of Labor Statistics @ http://www.bls.gov/news.release/cfoi.nr0.htm

down" implementation approach should be considered if the technology is deployed on a wide-scale basis. Doing so can provide an opportunity for management to better understand the technology's strengths and weaknesses, provide an example for the Union workforce, help quell "big brother" fears, and validate that the management "coaches" are themselves, good defensive drivers.

Following device installation, SoCalGas drivers were given about two months to become familiar with how the device operated. No exception reports were distributed to drivers, but system parameters were changed based upon questions and issues raised. During this period the staff developed an exception report (scorecard) for reporting driving exceptions.

The first exception report was distributed to pilot test participants in April 2014. There were no names on the report, but each driver was given a code number so that they could see how their driving exceptions compared to those of other drivers. During April, the drivers averaged 24 exceptions. The next month, May, the exception report contained driver names listed alphabetically. In June the report ranked the drivers by the number of driving exceptions (the driver with the fewest exceptions was at the top of the report and the driver with the greatest number of exceptions was at the bottom). The drivers averaged just over 13 exceptions each in June.

Driving exceptions (in-cab alerts) reported by the system included:

- Idling time (> 5 minutes)
- Backing (> 6 mph)
- Engine Abuse (> 4,500 rpm)
- Seatbelt (> 6 mph – driver or passenger)
- Speeding Violation (audio @ 10 mph > speed limit for 30 sec.; report @ 12 mph > for 30 sec.)
- Speeding (> 80 mph; keeps beeping until < 78 mph)
- Possible Accident
- Total Number of Exceptions
- Total Distance (miles driven)
- Exceptions / 1000 miles driven

Number of in-cab alerts:

Month	Idling > 5 mins.	Backing	Engine Abuse	Seatbelt	Speeding Violation	Speeding > 80 mph	*Possible Accident	Total Exceptions	Total Distance	Exceptions / 1000 miles
April	49	66	35	66	4	39	2	261	9645	27.1
May	44	94	26	54	1	21	1	241	10094	23.9
June	67	4	12	22	3	32	5	145	12785	11.3

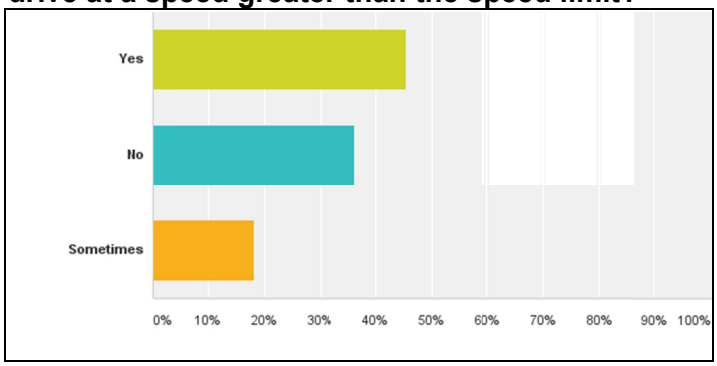
**Possible accidents were the result of drivers knocking the device with their foot or leg.*

The most significant improvements *measured* during the reporting period included drivers making better parking choices & backing less frequently and drivers wearing their seatbelt more frequently.

The most significant improvement, however, may have been to driving speed. According to the National Highway Traffic Safety Administration, speed is a factor in 30 percent of all traffic fatalities. Because drivers were given an opportunity to use the technology for about two months

prior to when reports were initiated, improvements in the frequency of driving significantly above the speed limit may have occurred prior to the reporting period (81% of respondents said that the technology increased the likelihood they would drive closer to the speed limit; 45% said it did; 36% said sometimes). There were almost 20% fewer speeding violations in June than in April.

Did the device decrease the likelihood that you would drive at a speed greater than the speed limit?

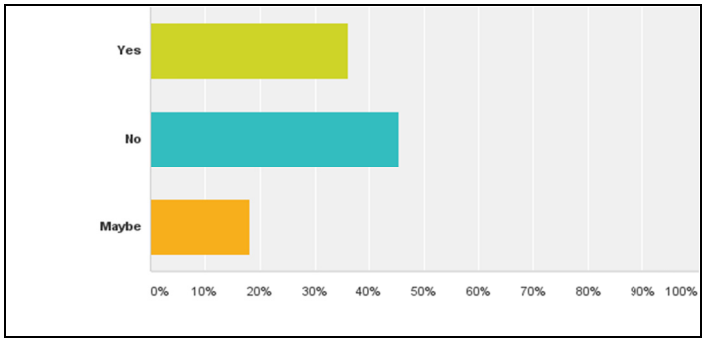


Lessons Learned

Installation

- Explaining to pilot test participants that the purpose of the technology was to make them "better drivers" was invaluable. It helped set the stage for system acceptance drivers by engaging them in the experience. As a result, participants accepted the technology as a potentially useful tool. That said, not all drivers thought that the technology achieved its objective.

Did the technology cause you to become a better driver?



- Fleet Services did not dedicate resources to system device installation. Because Fleet Services did not make workforce available to perform the installations in a timely manner, the telematics system test was delayed. The pilot test device installations were much less timely than desired because the pilot test participants were disbursed throughout the service territory.

- Scheduling device installation on the vehicles of employees who did not work from a base location, or took their vehicles home, was more difficult than anticipated. Coordinating the schedules of Fleet Service personnel and disbursed management personnel was a challenge.

- The installation process takes 5 to 15 minutes per vehicle, depending on if the device can just be "plugged-in" or if it requires an extension cable and to be secured in place with a zip-tie. The devices that "plugged-in" were quickest to install. On some of the personal vehicles, the plug was in a position that made the device susceptible to being bumped by the driver's knee or leg. One of the devices that was zip-tied to the steering wheel column came loose during the test.

Driver Feedback

The pilot test was originally to include 20 drivers, but installation issues caused it to be limited to just thirteen. Eight of the drivers drove mid-size trucks and five drove sedans. Nine of the pilot test vehicles were from the company fleet and four were personal vehicles.

Drivers received the following in-cab alerts:

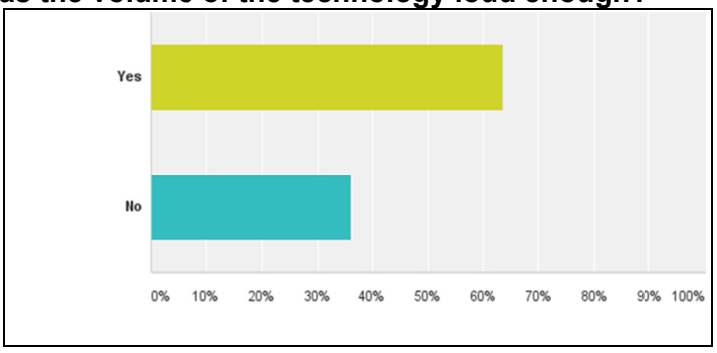
Alerts	Setting	Alerts
Beep on Engine RPM	4500 RPM	3 Beeps
Speed warning Start Beeping	80 MPH	Continuous until speed is reduced to 78 MPH
Beep on dangerous driving	Calibrated for the vehicle type (cars, trucks, and heavy duty trucks)	Based on severity
Beep when seat belt not used	6 MPH	Continuous
Monitor passenger seatbelt	On	Continuous
Speed Warning beep when vehicle exceeds	10 MPH Over Posted Speed Limit for 30 seconds Report at 12 MPH Over Posted Speed Limit for 30 seconds	3 Beeps
Beep when Vehicle idles	> 5 Minutes	Continuous

- Driver understanding as to why they heard the in-cab alerts was important in establishing the system parameters used during the pilot test. Parameters were established based upon driver feedback during the first few months of the pilot test. Additionally, the staff monitored system reports while drivers tried to safely trigger in-cab alerts. On a few occasions, vendor engineers were called in to explain system nuances.

- During the pilot test, drivers were given feedback after driving at a speed 10 miles per hour over the posted speed limit for 30 seconds. They received an exception on the monthly report after driving at a speed 12 miles per hour over the posted speed limit for 30 seconds. Other companies set different speed parameters. SoCalGas may want to test alternative speed parameters during future tests. It may be desirable to use parameters equal to (or closer to) the posted speed limit.

- The volume of the device's in-cab alerts (beeps) was too low for some drivers. This depended upon both the placement of the device and driver's hearing capability. Two of the thirteen drivers had difficulty hearing the device's in-cab alerts.

Was the volume of the technology loud enough?



- The system alerts pertaining to "speed relative to the posted speed limit" warnings were delayed, sometimes by a couple minutes. The delays occurred because the technology requires two-way communication between the in-vehicle device and technology vendor's file server. The vehicle transmits speed and GPS coordinate information to the service provider's file server where a comparison is made to speed limit data maintained within the database. If system parameters are exceeded, the file server transmits information back to the in-cab device where it alerts the driver via an audible "beep".

Driving Exceptions Report Scorecard

The driving exceptions report scorecard listed all drivers and the numbers of each type exception generated during the reporting period. By the end of the pilot test, the driving exceptions report scorecard listed drivers in ascending order by Exceptions / 1000 miles driven (drivers with the lowest alert rate were placed at the top (see example below). This practice was intended to encourage drivers to drive safer and "rise to the top" of the list.

Month	Idling > 5 mins.	Backing	Engine Abuse	Seatbelt	Speeding Violation	Speeding > 80 mph	*Possible Accident	Total Exceptions	Total Distance	Exception. 1000 mile
Driver 1	1	0	0	0	0	0	0	1	451	2.2
Driver 2	2	0	1	1	0	0	0	4	1515	2.6
Driver 3	4	1	0	0	0	0	0	5	1357	3.7
Driver 4	3	1	0	0	0	0	0	4	962	4.2
Driver 5	3	1	0	0	0	3	0	7	1387	5.0
Driver 6	5	0			1					

Post-Pilot Survey

At the conclusion of the pilot test, participants were asked to respond to a SurveyMonkey™ questionnaire designed to collect information regarding the effectiveness of the survey.

- Eleven of thirteen drivers participating in the pilot test responded to the survey
- 64% of respondents said using the device changed their driving habits

- 54% of respondents said the technology "caused them to become a better driver" (36% "yes"; 18% sometimes)
- 81% of respondents said the technology increased the likelihood they would drive closer to the speed limit (45% said it did; 36% said sometimes)
- 63% of respondents said the technology decreased the likelihood they would drive at a speed greater than the speed limit (45% said it did; 18% said sometimes)
- 36% of respondents said the technology reduced the likelihood they would back the vehicle
- 27% of respondents said the technology caused them to drive less distracted (27% said it did; 9% said maybe)
- 36% of respondents said the volume of the audible "beep" was not loud enough
- Survey respondents commented that the telematics technology would be better if there was less of a delay in providing speed-related alerts

Conclusions

The SoCalGas pilot test of the in-cab alert (telematics) system demonstrated that the technology has the potential to improve driving behaviors. Almost two-thirds of respondents said using the device changed their driving habits and over half said the technology made them better drivers. The vast majority of drivers also indicated that use of the telematics system impacted the speed they drove their vehicle.

The technology is not perfect. The posted speed database has incorrect information on occasion. Sometimes exceptions will be generated based upon road conditions (e.g. – when the vehicle hits a pothole when cornering) or vehicle operating conditions (e.g. – when a small engine revs at a higher-than-normal rpm). It is important to use the system exception reports as a guide for identifying drivers who "vary from the norm" (those who have significantly fewer exceptions than other drivers and those who have significantly more exceptions than other drivers). If used properly, the system can identify those most in need of improvements to their driving habits and those who could benefit from coaching. The system should not be perceived as an infallible tool for assessing driver skills.

Device shortcomings such as the volume of the in-cab audible alerts (beeps) and the timeliness of driver feedback regarding vehicle speed may limit the potential benefits offered by the technology. It might have been more effective to set alert parameters based upon a percentage of the posted speed limit rather than a fixed number of miles per hour above it (e.g. 110% or 115% instead of 10 mph or 12 mph). If the in-cab devices are not securely mounted (zip-tied to the steering column) within the vehicle, they can provide inaccurate feedback to the driver and distort driving exceptions report results.

SoCalGas should test other vendor's products to see if they are more effective than the product used in this pilot test. Other products may not be limited by the same characteristics and have a greater potential to influence driver behaviors. The next pilot test should be closely coordinated with Fleet Services and include a larger segment of the workforce.

ORA ORAL DATA REQUEST
ORA ORAL-SCG-DR-002-LJL
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: DECEMBER 17, 2014
DATE RESPONDED: JANUARY 9, 2015

Exhibit Reference: SCG-23
Subject: Safety, Wellness & Disability, Human Resources

Please provide the following:

7. Page 54, explain what is included in your forecast and describe workpaper 2HR006.001. What are the forecast adjustments?

SOCALGAS RESPONSE 7:

The forecast for Workers' Compensation costs is based upon a three-year average (years 2011 – 2013 recorded). The Workers' Compensation costs include: Medical, Expense (Litigation, etc.), Indemnity (Temporary Disability & Permanent Disability), Administration, and Excess Liability Refunds. The medical costs are escalated at the Medical Premium Escalation factors shown. The Expense, Excess Liability Refund and Administration costs are escalated at the Non-Labor Escalation factors shown. The Indemnity costs are escalated at the Labor Escalation factors shown.

The escalation factors used in the forecast are described in the testimony of SoCalGas witness Scott Wilder (Ex. SCG-31).

SoCalGas
Workers' Compensation Projection
For Years 2014-2016

	Actual				Projected		
Type of Cost	**2011**	**2012**	**2013**	**Basis for Projection**	**2014**	**2015**	**2016**
Medical	$ 6,446,610	$ 6,475,522	$ 6,561,305	$ 6,494,479	$ 6,864,664	$ 7,523,672	$ 8,110,518
Expense (Litigation, etc.)	2,927,049	4,109,762	3,661,015	3,565,942	3,664,005	3,764,766	3,848,629
Indemnity (TD & PD)	10,443,652	8,206,743	8,504,883	9,051,759	9,300,683	9,556,452	9,803,341
Administration	1,713,532	1,434,111	1,499,210	1,548,951	1,591,547	1,635,315	1,671,743
Excess Liability Refunds	(3,786,833)	(2,789,854)	(2,951,331)	(3,176,006)	(3,263,346)	(3,353,088)	(3,427,782)
Total Cost	**$17,744,010**	**$ 17,436,283**	**$ 17,275,083**	**$ 17,485,125**	**$18,157,553**	**$19,127,116**	**$20,006,451**
Escalation Factors							
Labor Escalation					2.75%	2.75%	2.58%
Non Labor Escalation					2.75%	2.75%	2.23%
Medical Premium Escalation					5.70%	9.60%	7.80%

Response to Question 7 Continued:

The forecast for Long Term Disability is based upon the Base Year 2013 cost forecast methodology. Base year 2013 costs were escalated by the "Labor Escalation" and "Change in Headcount" escalation factors shown. The escalation factors used in the forecast are described in the testimony of SoCalGas witness Scott Wilder (Ex. SCG-31).

SoCalGas
Long-Term Disability Projection
For Years 2014-2016

	Actual	Projected		
Type of Cost	**2013**	**2014**	**2015**	**2016**
Disability Claims Paid	$ 5,352,975	$ 5,619,050	$ 6,047,886	$ 6,419,563
Total Cost	**$ 5,352,975**	**$ 5,619,050**	**$ 6,047,886**	**$ 6,419,563**
Workers' Comp (detail on other page)		$ 18,157,553	$ 19,127,116	$ 20,006,451
Total LTD and Workers' Comp		**$ 23,776,603**	**$ 25,175,002**	**$ 26,426,014**
Assumptions				
Projection trends future years based on last current year with increases for estimated change in labor costs and headcount.				
Escalation Factors				
Labor Escalation		2.7500%	2.7500%	2.5835%
Change in Headcount		2.2206%	4.8818%	3.5621%

The forecast adjustments shown on Page 54 of the workpaper are simply the projected costs based upon the aforementioned escalation factors. These costs were placed in the "NSE", or Non-Standard Escalation column so that they would not be escalated again. Costs shown in "Labor" column within other sections of the workpapers are escalated at the standard Labor Escalation factor (see the testimony of SoCalGas witness Scott Wilder (Ex. SCG-31)) and costs shown in "NLbr" column within other sections of the workpapers are escalated at the standard Non-Labor Escalation factor (see the testimony of SoCalGas witness Scott Wilder (Ex. SCG-31)).

ORA DATA REQUEST
ORA-SCG-DR—065-LJL
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: FEBRUARY 12, 2015
DATE RESPONDED: MARCH 3, 2015

2. Did SCG or a consultant conduct any type of study to justify LTD increases? If so, please provide a copy of the study. Where is SCG getting the escalation rates?

SoCalGas Response:

The LTD costs for 2016 are projected based on 2013 cost indexed for increases in headcount and labor escalation. No study was conducted by SoCalGas or a consultant. Below are the escalation rates used to calculate the 2016 projected cost.

		Year		
		2014	**2015**	**2016**
Escalation Factors				
Labor Escalation		2.7500%	2.7500%	2.5835%
Change in Headcount		2.2206%	4.8818%	3.5621%

		Year		
		2014	**2015**	**2016**
Escalation Factors				
Labor Escalation		2.7500%	2.7500%	2.5835%
Change in Headcount		2.2206%	4.8818%	3.5621%