

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

Exhibit Reference: SCG-14

Subject: Supply Management

Please provide the following:

1. In Exhibit SCG-14, page RDH-4, lines 1 to 2, SoCalGas states, “An increase of (1) FTE (\$0.065 million) to manage the supply chain sustainability program.”
 - a. Provide the average number of SoCalGas FTEs in Supply Management for each year of 2009 to 2014.
 - b. When does SoCalGas plan to hire the additional one FTE?

SoCalGas Response 01:

- a. The value for 2014 is not yet available.

2009	2010	2011	2012	2013	2014
Total FTE	Total FTE	Total FTE	Total FTE	Total FTE	Total FTE
131.126	131.916	142.203	147.103	148.041	

- b. One FTE was hired in June of 2014 to manage the supply management sustainability program and associated analytics.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

2. In Exhibit SCG-14, page RDH-4, lines 3 to 5, SoCalGas states, “An increase of \$0.250 million to implement a supply chain sustainability program that will reduce the end-to-end supply chain environmental footprint for the Company.”
 - a. Provide a detailed description of SoCalGas’ supply chain sustainability program.
 - b. When does SoCalGas plan to implement the supply chain sustainability program?
 - c. Explain in detail why the supply chain sustainability program is a recurring expense and not a one-time expense. Provide supporting documentation.
 - d. Explain in detail how the proposed supply chain sustainability program is different than the way SoCalGas operates its supply chain currently.

SoCalGas Response 02:

- a. Supply chain sustainability is the integration of environmental and financially viable practices into the complete supply chain lifecycle without overlooking the social impact a product or process may have. Once completely in place, our program will help reduce the carbon footprint of our suppliers by monitoring their GHG, Water and Waste. Our program will collect relevant metrics and KPI’s to measure internal and external sustainability performance, design processes to collect, track, measure and report against KPI’s, engage and mentor suppliers, define expectations and train on sustainability. Our program will monitor and track RFP sustainability data collection, develop internal/supplier evaluation and framework on suppliers and update metrics and KPI’s in the Power Advocate SRM system.
- b. SoCalGas supply chain sustainability program was launched February of 2014. This is a five to ten year plan (depending on ongoing study recommendations) to build from where we are currently – with the vision of developing a world class sustainable supply chain. The supply chain sustainability program is a key company initiative.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

SoCalGas Response 02:-Continued

- c. The discipline of developing and implementing enduring sustainability practices is ever-evolving as knowledge grows and technologies advance. SoCalGas does not believe this overall supply chain transition can be accomplished in one year. In fact, it is suspected that this is an operating practice as opposed to a one-time program. Improving the sustainability of the supply chain evolves over time, many years into the future and will become as fundamental to the supply chain as procurement and logistics. According to IndustryWeek (<http://www.industryweek.com/blog/defining-sustainability-supply-chain>), sustainability is a continuous improvement program that evolves over time. As more information is gained through relevant studies and benchmarking, new metrics and key performance indicators will be developed not only of our suppliers but will measure internal sustainability performance as well. Processes will be designed over time to collect, track, measure and report sustainability improvement efforts. We also envision the engagement and mentoring of suppliers will evolve as new technologies and measurement tools are developed through the rigors of sustainability experts including methods to engage and mentor suppliers, develop and establish supply chain sustainability policies, define expectations, train new suppliers on sustainability practices, monitor and track sustainability data collection during the request for proposal process and develop internal/supplier evaluation and framework on suppliers.
- d. Prior to launching our sustainability program, there were limited efforts on greening our supply chain, limited to basic recycling and investment recovery practices. With over 3,000 suppliers in our supply chain, the measurement, collection and reporting of sustainability efforts in this area is substantial and, prior to now, also somewhat limited. Through implementation of a sustainability program, we expect to have greater control of quality, reliability and increased efficiencies in the goods and services we procure.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

3. In Exhibit SCG-14, pages RDH-iii to RDH-iv, SoCalGas states, “Market Validation Support - An increase in funding of \$0.500 million is needed for professional support and technological tools necessary to facilitate contract negotiations.”
- a. Provide a breakdown of the \$0.500 million for professional support and technological tools.
 - b. Provide a detailed description of the professional support that SoCalGas plans to use to facilitate contract negotiations.
 - c. Provide a detailed description of the technological tools that SoCalGas plans to use to facilitate contract negotiations.
 - d. Will SoCalGas use outside consultants for the professional support? Provide a copy of any bids or contracts.
 - e. Provide supporting documentation for the technological tools forecast.
 - f. Explain in detail why the professional support cost is a recurring expense and not a one-time expense. Provide supporting documentation.
 - g. Explain in detail why the cost for technological tools is a recurring expense and not a one-time expense. Provide supporting documentation.
 - h. Explain in detail how the proposed market validation support is different than the way SoCalGas operates its supply management currently.
 - i. Explain what the benefits of the market validation support are and how the benefits were reflected in SoCalGas’ TY 2016 forecast. If no benefits were reflected in the TY 2016 forecast, please explain why not.

SoCalGas Response 03:

- a. Cost Intelligence Module - \$400,000, Consulting Support - \$100,000
- b. Consulting support will be used to maximize utilization of available technology, identify opportunities for strategic sourcing, and efficiencies in Supply Management.
- c. Cost Intelligence models – to provide supply market cost trends on equipment, components, services and materials. The indices track both the direct and intangible costs to manufacture a piece of equipment, to install permanent materials, or to deliver a type of service. Real-time cost transparency provides the needed insight into the cost volatility inherent in building or operating types of energy facilities.
- d. Yes. Please see the table below for future state Supply Management RFPs. This RFP is for an end-to-end assessment of our Supply Management organization of which technology is only a portion of the total scope of the project.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

SoCalGas Response 03:-Continued

**CONFIDENTIAL INFORMATION PROTECTED AND PROVIDED PURSUANT
TO G.O. 66-C AND P.U. CODE 583**

REMOVED DUE TO CONFIDENTIALITY

e. Please see the table below:

REMOVED DUE TO CONFIDENTIALITY

f. REMOVED DUE TO CONFIDENTIALITY

g. REMOVED DUE TO CONFIDENTIALITY

REMOVED DUE TO CONFIDENTIALITY

h. REMOVED DUE TO CONFIDENTIALITY

i. REMOVED DUE TO CONFIDENTIALITY

**ORA DATA REQUEST
 ORA-SCG-DR-036-SWC
 SOCALGAS 2016 GRC – A.14-11-004
 SOCALGAS RESPONSE
 DATE RECEIVED: JANUARY 6, 2015
 DATE RESPONDED: JANUARY 22, 2015**

4. In Exhibit SCG-14, page RDH-4, lines 8 to 11, SoCalGas states, “An increase of \$0.372 million for Supplier Relationship Management (“SRM”) system enhancements that will enable SoCalGas to track performance of suppliers and to maintain and sustain higher safety performance, quality, lower pricing, faster delivery of goods and services.”
- a. Provide the supporting documentation for the \$0.372 million forecast for Supplier Relationship Management system enhancements.
 - b. Explain in detail why the cost for Supplier Relationship Management system enhancements is a recurring expense and not a one-time expense. Provide supporting documentation.
 - c. Explain how the benefits of the Supplier Relationship Management system enhancements (track performance of suppliers and to maintain and sustain higher safety performance, quality, lower pricing, faster delivery of goods and services) were reflected in SoCalGas’ TY 2016 forecast. If these benefits were not reflected in the TY 2016 forecast, please explain why not.

SoCalGas Response 04:

- a. Power Advocate Supplier Intelligence \$.250 million, Consulting Support \$.122 million.

PA Sales Order #	180-1
SoCalGas PO #	5660030426
Start Date	01/01/2014
End Date	12/31/2016
Invoice #	818-002
Invoice Date	12/06/2013
Invoice Amount	\$250,000.00
Status	Paid
Total Value	\$250,000.00
Comments	Contract Value reflects the portion assigned to and paid solely by SCG

**ORA DATA REQUEST
 ORA-SCG-DR-036-SWC
 SOCALGAS 2016 GRC – A.14-11-004
 SOCALGAS RESPONSE
 DATE RECEIVED: JANUARY 6, 2015
 DATE RESPONDED: JANUARY 22, 2015**

SoCalGas Response 04:-Continued

- b. Purchase of Supplier Intelligence module from Power Advocate is a recurring expense. This amount is an increase over 2013 spending and will be renewed at the end of 2016 for an additional 3 years. (Provide payment schedule for Supplier Intelligence module)

PA Sales Order #	180-1
SoCalGas PO #	5660030426
Start Date	01/01/2014
End Date	12/31/2016
Invoice #	818-002
Invoice Date	12/06/2013
Invoice Amount	\$250,000.00
Status	Paid
Total Value	\$250,000.00
Comments	Contract Value reflects the portion assigned to and paid solely by SCG

- c. These benefits were not reflected in the 2016 forecast. It is anticipated that these benefits will be avoided costs in the future as opposed to saving costs from today's levels.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

5. In Exhibit SCG-14, page RDH-4, lines 12 to 14, SoCalGas states, “Supply Management supports the request of \$1.770 million and \$.567 from Information Technology for the E-Procurement Implementation project and the Enterprise Content Management (“ECM”) Replacement project, respectively.”
- a. What are the benefits of the E-Procurement Implementation Project?
 - b. When does SoCalGas’ plan to implement the E-Procurement Implementation Project?
 - c. What is the recorded cost of the E-Procurement Implementation Project if already purchased?
 - d. How are the benefits of the E-Procurement Implementation Project reflected in SoCalGas’ TY 2016 forecast? If these benefits were not reflected in the TY 2016 forecast, please explain why not.
 - e. What are the benefits of the Enterprise Content Management Replacement project?
 - f. When does SoCalGas plan to implement the Enterprise Content Management Replacement Project?
 - g. What is the recorded cost of the Enterprise Content Management Replacement Project if already purchased?
 - h. How are the benefits of the Enterprise Content Management Replacement Project reflected in SoCalGas’ TY 2016 forecast? If these benefits were not reflected in the TY 2016 forecast, please explain why not.

SoCalGas Response 05:

- a. The E-Procurement Implementation Project is a replacement of the legacy Supply Net application (savings of \$52K loaded on yearly maintenance of Supply Net), creation of a central repository for the company’s procurement internal catalogs (soft labor savings in terms of efficiency in material search), more efficient procurement solution that is tightly integrated with SAP ECC that offers reduced procurement costs and maverick buys.
- b. SoCalGas’ plans to implement the E-Procurement Implementation Project in July of 2015.
- c. The E-Procurement Implementation Project is not yet implemented, it is currently in a testing phase.
- d. How are the benefits of the E-Procurement Implementation Project reflected in SoCalGas’ TY 2016 forecast? If these benefits were not reflected in the TY 2016 forecast, please explain why not.

**ORA DATA REQUEST
 ORA-SCG-DR-036-SWC
 SOCALGAS 2016 GRC – A.14-11-004
 SOCALGAS RESPONSE
 DATE RECEIVED: JANUARY 6, 2015
 DATE RESPONDED: JANUARY 22, 2015**

Response to Question 5 (Continued)

- e. The Enterprise Content Management Replacement project is a replacement of the legacy Enterprise Contract Management System used for purchase requisition, vendor registration and contract creation and contract lifecycle management. The legacy ECM system which was originally implemented in 2005 was no longer supported by the vendor and was not sustainable. There were no additional cost benefits identified with the replacement system.
- f. The Enterprise Content Management Replacement Project was implemented in June, 2014.
- g.

Project Name	2009	2010	2011	2012	2013	Grand Total
ECM REPLACEMENT				1,145	788	1,933
E-Procurement Implementation					46	46
SOURCE TO PAY	452	707	419	384	71	2,033
	452	707	419	1,529	906	4,012

- h. The Enterprise Content Management Replacement Project is a replacement of the legacy Enterprise Contract Management System used for purchase requisition, vendor registration and contract creation and contract lifecycle management. The legacy ECM system which was originally implemented in 2005 was no longer supported by the vendor and was not sustainable. There were no additional cost benefits identified with the replacement system.

ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015

6. In Exhibit SCG-14, page RDH-5, lines 26 to 28, SoCalGas states, “Supply Management is supporting the funding request of \$1.513 million and \$.848 from Information Technology for our SAP Logistics Mobility Refresh project and the SAP Enterprise Mobility Project, respectively.”
- a. What are the benefits of the SAP Logistics Mobility Refresh Project?
 - b. When does SoCalGas plan to implement the SAP Logistics Mobility Refresh Project?
 - c. What is the recorded cost of the SAP Logistics Mobility Refresh Project if already purchased?
 - d. How are the benefits of the SAP Logistics Mobility Refresh project reflected in SoCalGas’ TY 2016 forecast? If these benefits were not reflected in the TY 2016 forecast, please explain why not.
 - e. When does SoCalGas plan to implement the SAP Enterprise Mobility Project?
 - f. What is the recorded cost of the SAP Enterprise Mobility Project if already purchased?
 - g. How are the benefits of the SAP Enterprise Mobility Project reflected in SoCalGas’ TY 2016 forecast? If these benefits were not reflected in the TY 2016 forecast, please explain why not.

SoCalGas Response 06:

- a. The benefits of the SAP Logistics Mobility Refresh Project are:
Hardware upgrade will reduce the frequent incidence of failures causing scanner outages thereby increasing the operational efficiency.

The new scanners are smaller, lighter and more ergonomically friendly. That should reduce the risk of repetitive motion injuries for the users.

The new scanners are less expensive per unit, than many of the repairs required to keep the old scanners in service.

There are 120 processes within Catamaran Software. Coupling that with the nearly 1000 users is stressing the abilities of the Catamaran application. With the new scanners and optimized end to end solution, the mobile logistics application will be more stable.

Lower mobility operation cost by removing the Catamaran Support.

- b. The SAP Logistics Mobility Refresh Project is to be implemented at the end of 3rd Quarter 2015
- c. The 2014 recorded cost is not available at this time.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

SoCalGas Response 06:-Continued

- d. The SAP Logistics Mobility Refresh project is a routine cyclical replacement of the hardware and software for this application. SoCalGas' Information Technology group plans for routine hardware and software updates to business systems, there is no calculated benefit other than the avoidance of antiquated systems.
- e. The SAP Enterprise Mobility Project has not yet been approved and an implementation date has not been established.
- f. The project is not yet installed and therefore the cost of the SAP Enterprise Mobility Project is not available at this time.
- g. The SAP Enterprise Mobility Project is a routine cyclical replacement of the hardware and software for this application. SoCalGas' Information Technology group plans for the routine hardware and software updates to business systems, there is no calculated benefit other than the avoidance of antiquated systems.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

7. In Exhibit SCG-14, page RDH-6, lines 19 to 26, SoCalGas states, “For TY 2016, SoCalGas requests \$12.4 million for Logistics and Shops, which represents an increase of \$0.962 million or 8% increase above 2013 actual costs. This increase is due in large part to the addition of one (1) FTE (\$0.075 million) to help ramp up our investment recovery program and expand to a Company-wide effort to optimize revenue streams from recycled scrap and waste. In addition, an increase of \$0.202 million is required for repair, maintenance and calibration of tools used by SoCalGas’ operations for construction, maintenance and leak detection. An increase of \$0.685 million is required to maintain the optimal staffing levels in our Logistics and Shops organization.”
- a. When does SoCalGas plan to hire the addition one FTE for the investment recovery program and recycled scrap and waste program?
 - b. Provide the number of FTEs that work in the investment recovery and recycled scrap and waste program for each year of 2009 to 2014.
 - c. Explain in detail the reasons and changes that requires additional funding in 2016 in the area of repair, maintenance and calibration of tools used by SoCalGas’ operations.
 - d. Provide the average yearly number of FTEs in Logistics and Shops for each year of 2009 to 2014.
 - e. What are the optimal staffing levels in SoCalGas’ Logistics and Shops organization and how were the optimal staffing levels determined?

SoCalGas Response 07:

- a. The addition one FTE for the investment recovery program and recycled scrap and waste program is anticipated for mid to late 2015.
- b. Currently there are no FTE’s solely dedicated to investment recovery, recycled scrap and waste removal.
- c. Additional funding is required because the overall number of tool repairs has increased on average of 10% per year. Repair costs associated with maintaining electronic tools (pipe locators, gas analyzers, migration gas detectors, pipe fusion equipment, etc.) have been increasing due to the cost of more sophisticated components: circuit boards, sensors, battery packs, filters etc. Repair costs associated with electronic tools have increased by 13.2 % per year. Additionally, increasing pipeline construction activity has resulted in an increase demand for pressure control equipment and tooling. The increase in demand has resulted in an average increase in repair costs of an average of 5% per year.

**ORA DATA REQUEST
 ORA-SCG-DR-036-SWC
 SOCALGAS 2016 GRC – A.14-11-004
 SOCALGAS RESPONSE
 DATE RECEIVED: JANUARY 6, 2015
 DATE RESPONDED: JANUARY 22, 2015**

SoCalGas Response 07:-Continued

d. Provide the average yearly number of FTEs in Logistics and Shops for each year of 2009 to 2014.

		2009	2010	2011	2012	2013	2014
GRC Wkp Grp Sub	GRC Wkp Grp Sub Title	Total FTE	Total FTE	Total FTE	Total FTE	Total FTE	Total FTE
2SS001.000	LOGISTICS & SHOPS - POOL WAREHOUSING	83.218	83.618	84.935	83.352	83.098	Data Not Yet Available
2SS002.000	FABRICATION & TOOL REPAIR	16.11	14.942	15.584	16.016	15.02	
2SS003.000	METER SHOPS & RECORDS	24.247	24.262	22.252	22.16	18.82	

e. Logistics and Shops is responsible for supporting day-to-day field operations, support that is critical to our internal clients operating effectiveness. Optimal staffing levels are determined based on workload and ensuring that workforce levels are sufficient to ensure the timely delivery of service and materials. Optimal staffing levels minimize employee fatigue, non-productive windshield time and ensure sufficient resources to efficiently perform our core responsibilities that include ordering, receiving and issuing materials and supplies. Providing storeroom support at company operating locations. Fabrication services and tool repair and maintenance. Meter receipt, test and repair. Loading and delivery of materials and transportation of surplus and removed materials and hazardous waste.

**ORA DATA REQUEST
ORA-SCG-DR-036-SWC
SOCALGAS 2016 GRC – A.14-11-004
SOCALGAS RESPONSE
DATE RECEIVED: JANUARY 6, 2015
DATE RESPONDED: JANUARY 22, 2015**

8. In Exhibit SCG-14, page RDH-6, lines 27 to 28, SoCalGas states, “Supply Management is supporting the funding request of \$1.738 million from Information Technology for the implementation of the Shop Tracking System.”
- a. When does SoCalGas plan to implement the Shop Tracking System?
 - b. What is the recorded cost of the Shop Tracking System if already purchased?
 - c. How are the benefits of the Shop Tracking System reflected in SoCalGas’ TY 2016 forecast? If these benefits were not reflected in the TY 2016 forecast, please explain why not.

SoCalGas Response 08:

- a. The go-live date per the current schedule is 4th quarter 2015.
- b. There is no recorded cost for Shop Tracking software/hardware. Shop tracking will leverage existing licensed SAP components and Neptune software purchased for logistics mobile.
- c. The benefits are attributed to cost avoidance and projected to be approximately \$.025 million for SoCalGas annually for 5 years.