

ORA DATA REQUEST
ORA-SCG-010-FH2
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: NOVEMBER 7, 2017
DATE RESPONDED: NOVEMBER 20, 2017

Exhibit Reference: SCG-33

SCG Witness: Stacey Lee

Subject: Accounting and Finance and Regulatory Affairs Divisions

1. Referring to SCG’s testimony, page SL-14, lines 5-6:
 - a. Please explain why SCG has not previously requested ratepayer funding for the new department, Incident Support Analysis (ISA). What are the circumstances that now makes this department necessary for 2019? Provide supporting documents if available.
 - b. Please provide quantifiable and measurable data on how to derive the evaluation of the requested dollar amount of \$1.10 million and quantity of staff members for the ISA department. Provide workload analysis conducted to support the number of FTEs requested. Also, provide cost analysis of potential benefits of ISA to ratepayers and supporting documents if available.

SoCalGas Response 1:

1.a. SoCalGas has determined it would be prudent to have a team specifically focus on major incidents in recognition of major incidents that have occurred in recent years in the energy and other business sectors. By requesting funding for the Incident Support and Analysis (“ISA”) department, SoCalGas is leveraging experience and providing dedicated focus on major incidents and the different types of support that may be needed during such events, in addition to the operational response.

SoCalGas has internal resources with major incident response experiences to draw from for preparedness support. The ISA department represents an opportunity to leverage the experience of internal resources to transition into emergency preparedness efforts with specific focus on planning for major incidents. The department will work in a coordinated manner with Emergency Services, Risk Management, and the Safety & Wellness department to interconnect their major incident focus.

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SoCalGas Response 1: -continued

1.b. Please see table below for additional information regarding the requested \$1.1 million for TY 2019 funding.

Position	Total
Labor	
Incident Support Mgr	146,000
Project Mgr	115,000
Incident Support Specialist	89,000
Project Mgr	115,000
Incident Support Advr	89,000
Incident Support Analyst	72,000
Incident Support Analyst	72,000
Project Mgr	115,000
Incident Support Advr	89,000
Incident Support Advr	89,000
Total	991,000
Non-Labor	
Incident Support Mgr	20,000
Project Mgr	10,000
Incident Support Specialist	10,000
Project Mgr	10,000
Incident Support Advr	10,000
Incident Support Analyst	10,000
Incident Support Analyst	10,000
Project Mgr	10,000
Incident Support Advr	10,000
Incident Support Advr	10,000
Total	110,000
	1,101,000

When fully built out, the ISA Team will be comprised of an Incident Support Manager, 3 Project Managers, an Incident Support Specialist, 3 Incident Support Advisors, and 2 Incident Support Analysts. The estimated non-labor costs are associated with monthly office supplies, telecommunication costs, training, and business travel needs.

SoCalGas did not conduct a workload analysis in association with the number of proposed FTEs. The requested staff provides coverage for categories of incident preparedness activities for major incidents. This includes a department manager, and 3 project managers responsible for a) operational preparedness and claims support, b) regulatory, legal and insurance preparedness and support, and c) process engineering and business analysis preparedness and support.

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SoCalGas Response 1: -continued

Two incident support advisors are in support of a), two incident support analysts are in support of b), and an incident support advisor in support of c). An additional incident support advisor responsible for accounting preparedness and support would report directly to the department manager.

SoCalGas did not prepare a “cost analysis of potential benefits of ISA to ratepayers.” SoCalGas believes it is preferable to perform major incident preparedness activities with internal staff due to lower hourly labor cost, and also taking into account efficiencies from internal staff familiarity with the company and the ability to transition its staff into leadership roles for major incident response, if necessary. SoCalGas roughly estimates the hourly cost of internal staff (also factoring in estimated overhead costs) to be between half and one-third the cost of contracted labor on an individual basis, depending on the employee level.

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2. Referring to SCG's testimony, page SL-22, lines 5-6, please explain for the significant decrease by 49% of Claims Payments and Recovery cost request in 2019 compared to Claims Payments and Recovery recorded costs in 2016. Identify the claims that were the main drivers for the decrease.

SoCalGas Response 2:

Claims Payment and Recovery costs requested in 2019 is based on a 5-year average (years 2012-2016). Due to lower payments in year 2014, the 5-year average (2012-2016) is lower compared to claim payments in 2016. Please see detail in Exhibit No. SCG-33-WP. No specific claim caused the decrease.

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3. Referring to SCG’s testimony, page SL-29, lines 4-6:
 - a. Please explain how an increase of \$378K “...is partially attributable to employees returning to normal operations after temporary deployment to mitigate the Aliso Leak” and justify why ratepayers should cover the increase cost for 2019 due to the deployment of Aliso leak. Provide supporting documents if available.
 - b. Please provide quantifiable and measurable data that contributed to the increase cost due to “...returning to normal operations after temporary deployment to mitigate the Aliso leak.”

SoCalGas Response 3:

SoCalGas clarifies that it is not asking for any funding increase in association with the Aliso leak.

The Direct Testimony of SoCalGas witness Andrew Steinberg describes in Exhibit SCG-12 the method for removing Aliso Incident costs, and demonstrates cost removal for the Regulatory Case Management department in his workpapers (see SCG-12-WP at Workpaper Table AS-23). Supporting documents for SCG-33 also demonstrate the removal of Aliso Incident costs in Exhibit SCG-33-WP, at pages 125 and 126. The Aliso Incident costs removed from this area were associated with Case Management resources who were temporarily redeployed to work on the Aliso Incident response. These resources have now resumed Case Management responsibilities. An adjustment was made for the test year to include the associated costs. (See workpapers to the testimony, Exhibit No. SCG-33-WP, page 123 of 148).