

**ORA DATA REQUEST
ORA-SCG-018-LMW
SOCALGAS 2019 GRC – A.17-10-008
SOCALGAS RESPONSE
DATE RECEIVED: NOVEMBER 27, 2017
DATE RESPONDED: DECEMBER 11, 2017**

Exhibit Reference: SCG-22, Workpapers
SDG&E Witness: Willoughby
Subject: Various

Please provide the following:

1. Referring to SCG's workpaper page 25, 2SS001.000 - LOGISTICS & SHOPS – POOL WAREHOUSING and SCG's testimony page DW-13, there is a \$783,000 adjustment in 2019 for 8 additional FTE's. Based on this please answer/provide the following:
 - a. Why is SCG waiting until 2019 to add these personnel?
 - b. Is there a possibility that any of these additional employees will not be needed until 2020?
 - c. A job description for each additional employee.
 - d. An explanation why SCG cannot use their existing workforce to handle the additional need.
 - e. What are the new and upcoming regulations and when will these regulations go into effect?
 - f. Will the addition of an advisor be permanent? If yes, then why?

SoCalGas Response 1:

- 1.a. Based on internal discussion and analysis, SCG Inventory and Logistics has determined the need for the additional FTE's but has not been able to pin-point the exact timeframe for bringing them on. To be conservative on this issue, SCG placed the forecast of these hires in 2019, rather than 2018. SCG will hire a vendor in 2018 to help complete the incremental work load that is caused by Material Traceability requirements.
- 1.b. No. It would be advantageous to hire several employees before 2019 but as stated in Q1a, SCG planned them for 2019.
- 1.c. Please see the Direct Testimony of Denita Willoughby (Ex. SCG-22, page 13, line 7) for the request of 10 employees to manage increased warehousing demands. Those 10 employees can be defined as follows:
 - 8 Logistics Representatives-Facilitate daily receiving and shipping activities including storing, sorting and picking materials. Monitor inventory levels and manage inventory transactions in SAP. Verify accurate documentation for receiving, shipping and quality control of materials.
 - 1 Logistics Supervisor-Supervises and manages daily warehousing activities at additional warehouse. The Logistics Supervisor is responsible for training and

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performance management. Manages safety, quality control and regulatory compliance.

- 1 Material Requirements Advisor-Develops and executes strategies for material acquisitions into inventory. Manages inventory levels, analyzes historic demand and projects future demand. Manages vendor relationships and performance.

1.d. Current staff and facilities are operating at full-capacity, meaning the existing identified workloads. The proposed Material Traceability requirements will add incremental work load as requirements dictate that materials will be tracked in SAP, and batch, inventory and warehouse managed to ensure compliance beyond what is being done today.

1.e. Please see the following website for PUC Utilities Code 201-3260

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=PUC&division=1.&title=&part=1.&chapter=4.5.&article=2

Public Utilities Code – PUC DIVISION 1. REGULATION OF PUBLIC UTILITIES [201 - 3260]

(Division 1 enacted by Stats. 1951, Ch. 764.)

PART 1. PUBLIC UTILITIES ACT [201 - 2120]

(Part 1 enacted by Stats. 1951, Ch. 764.)

CHAPTER 4.5. Gas Pipeline Safety [950 - 978]

(Chapter 4.5 added by Stats. 2011, Ch. 520, Sec. 1.)

ARTICLE 2. Natural Gas Pipeline Safety Act of 2011 [955 - 972]

(Article 2 added by Stats. 2011, Ch. 520, Sec. 1.)

958. (2) Have traceable, verifiable, and complete records readily available. (Added by Stats. 2011, Ch. 519, Sec. 3. Effective January 1, 2012.)

958 (2) mandates the maintenance of “traceable, verifiable and complete records that are readily available.” To be readily available, all records have to be managed in SAP. All materials in SAP require to be inventory managed to be SOX compliant.

1.f. Yes. The Material Requirements Advisor position duties are to manage the incremental inventory flowing through Inventory and Logistics. Due to regulatory requirements, the incremental workload will be permanent.

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2. Referring to SCG's workpaper page 30, 2SS002.000 - METER SHOP & RECORDS, there is an \$621,000 2019 adjustment for 9 additional FTE's. Based on this please answer/provide the following:

- a. Why is SCG waiting until 2019 to add these personnel?
- b. Is there a possibility that any of these additional employees will not be needed until 2020?
- c. A job description for each additional employee.
- d. An explanation why SCG can't use their existing workforce to handle the additional need.

SoCalGas Response 2:

- 2.a. Costs related to the work performed by these personnel have been recorded in the Advanced Metering Infrastructure Balancing Account (AMIBA) during the deployment phase of the AMI project and will continue to be recorded there through 2018. TY 2019 is SoCalGas' first opportunity to integrate these activities into SoCalGas' continuing operations and associated GRC forecasts.
- 2.b. No, because these are existing and ongoing operational activities that will be necessary in 2019 and in subsequent years.
- 2.c. Seven FTEs will be responsible for inspecting, testing and sorting Meter Transmission Units (MTU) returned from the field. Approximately two FTEs will be needed for logistics support around the Return Materials Authorization (RMA) and inventory process.
- 2.d. These activities are a result of the AMI implementation and are necessary for ongoing operations. Associated costs during the AMI deployment and through 2018 are recorded to the AMIBA. TY 2019 is the first opportunity to integrate these activities into SoCalGas' continuing operations and associated GRC forecasts.

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3. Referring to SCG's workpaper page 40, 2SS007.000 - SUPPLIER DIVERSITY, please provide the following:

- a. Why did SCG choose to use a 5 year average to forecast 2019 expenses?
- b. What are 2017 costs to date for 2SS007.000 - SUPPLIER DIVERSITY?

SoCalGas Response 3:

3.a. Please see the Direct Testimony of Denita Willoughby (Ex. SCG-22) page DW-4 lines 5-16.

3.b. 2017 expenses will be available in March 2018. As shown in Table DW-5 on page DW-10 of Ex. SCG-22, the 2016 Adjusted Recorded expenses for Supplier Diversity are \$687,000.

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4. Referring to SCG's workpaper page 47, 2SS006.000 - OFFICE SERVICES, please provide the following:

- a. Why did SCG choose to use a 5 year average to forecast 2019 expenses?
- b. What are 2017 costs to date for 2SS006.000 - OFFICE SERVICES?

SoCalGas Response 4:

4.a. Please see the Direct Testimony of Denita Willoughby (Ex. SCG-22) page DW-4 lines 5-16.

4.b. 2017 expenses will be available in March 2018. As shown in Table DW-5 on page DW-10 of Ex. SCG-22, the 2016 Adjusted Recorded expenses for Office Services are \$2,486,000.