

TURN DATA REQUEST-079
SDG&E-SOCALGAS 2019 GRC – A.17-10-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: JUNE 29, 2018
DATE RESPONDED: JULY 12, 2018

Data Requests: SCG-203/SDG&E-203 (Fueling Our Future (FOF) Rebuttal Testimony)

1. Please explain how the FOF Initiative was described and communicated within SDG&E and SoCalGas prior to the launch of the FOF Project Phase, during the FOF Project Phase, and during the FOF Implementation Phase. As part of your response, provide examples of the following types of internal communications:

- a. Copies of any company-wide internal employee communications regarding the effort
- b. Copies of employee communications from Steering Committee to Group Leaders or Director level employees
- c. Copies of employee communications to Catalyst Team Leads and Catalyst Team Members from Steering Committee or Group Leaders.

Utility Response 1:

- a. Three attachments identified below provide examples of company-wide internal employee communications sent prior to the launch of the FOF Project, during the FOF Project Phase, and during the FOF Implementation Phase.
 1. Attachment 1: Fueling our Future: CEO Messages
 - Sample internal employee communications from Sempra Energy's (then) Chairman and CEO Debbie Reed, on April 5, 2016 (prior to the launch of the FOF Project Phase) and September 15, 2016 (during the FOF Implementation Phase)
 - April 5, 2016 communication announces the launch of Fueling our Future initiative, to examine how we approach, organize and execute our work. Identifies opportunities for all employees to share their ideas to build a better business.
 - September 15, 2016 communication reinforces institutionalizing the mindset of continuous improvement represented by FOF.
 2. Attachment 2: FOF Comms During Project Exec all EEE
 - Sample internal employee communications from SoCalGas (then) President and CEO Dennis Arriola, on June 16, 2016
 - June 16, 2016 communication identifies him as a steering committee member, and encourages all employees to submit ideas through the Idea Submission Tool.

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Response to Question 1a Continued.

3. Attachment 3: FOF Comms During Project EEE Update
 - Sample internal PowerPoint communication dated Q3 2017 addresses reasons for the FOF initiative and provides current Continuous Improvement examples.
 4. Attachment 4: Fueling Our Future Overview Comms Project Participants
 - Twelve page PowerPoint communication, highlighting the importance of the FOF initiative, introducing third party consultant EHS Partners, explaining high-level structure and roles of third-party consultant EHS vs. full-time Sempra employee Catalyst Team Members, and defining an idea.
 5. Attachment 5: FOF Project Overview Comms All EEE
 - One-page FOF project overview, summarizing the initiative fundamentals, process and timeline, and key roles played by a designated group of employees as well as every employee's role in surfacing ideas and suggesting how to improve our processes.
 6. Attachment 6: FOF Comms During Project Exec all EEE
 - Sample internal employee communications from SDG&E (then) Chairman and CEO Jeff Martin, on July 1, 2016
 - July 1, 2016 communication identifies him as a steering committee member, and encourages all employees to submit ideas through the Idea Submission Tool.
- b. No samples of employee communications from Steering Committee to Group Leaders or Director level employees are available.
- c. No samples of employee communications from Steering Committee or Group Leaders to Catalyst Team Leads and Catalyst Team Members are available.

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2. Please explain how FOF was managed and coordinated across SDG&E and SoCalGas. For instance, was FOF managed through the HR department of one or both utilities? Was it centrally managed as a shared activity, and if so, in which department?

Utility Response 2:

Management and coordination of the FOF initiative has varied over the course of the project. Initially, a centralized project management office (PMO), located at Sempra Headquarters, coordinated the efforts across all Sempra companies. After the planning phase was completed and the engagement with third-party consultant EHS Partners ended, the FOF initiative changed from a centralized PMO to a decentralized PMO. Each business unit assumed responsibility for their own FOF portfolio. The FOF PMO for SoCalGas and Regulated Utility Shared Services is managed through the HR department of SoCalGas, while SDG&E coordinates and reports on the status of SDGE FOF activities through SDG&E's Strategic Planning and Business Optimization department.

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3. For each of the continuous improvement examples given on p. DB/DW-6, Lines 3-8 (“For SoCalGas, examples include: simplified payment process. For SDG&E: new functionality to its Interactive Voice Response system, its website and mobile applications.”), please provide the following:

- a. the amount of resulting operating benefits, net of costs
- b. the duration of project planning (prior to implementation)
- c. the number of departments from which employees were engaged on a fulltime basis.
- d. the number of employees engaged on a full-time basis,
- e. indicate whether an outside consultant was engaged
- f. if an outside consultant was engaged, indicate whether that outside consultant’s payment was results-based.
- g. indicate whether a steering committee was instituted
- h. if a steering committee was instituted to oversee the project, indicate how many participants were on the steering committee and at what organizational level were its members
- i. indicate whether achievement of the results of the project was an explicit goal tied to overall executive compensation.

Utility Response 3:

SDG&E and SoCalGas would like to clarify that the examples stated in Exhibit SCG-203/SDG&E-203 on page DB/DW-6 beginning on line 4 were typical examples of continuous improvement activities ~~that are similar to the types of ideas~~ being considered under FOF, but were not intended to represent enterprise-wide initiatives such as FOF. An example of an enterprise-wide initiative was presented in the TY 2012 GRC and named Operational Excellence 20/20 (OpEx 20/20). Policy level testimony was sponsored in that GRC by Rick Phillips in Hearing Exhibit 186 = SCG-13 and SDG&E Exhibit 183 = SDG&E-19. With this clarification, SoCalGas and SDG&E provide the following responses below.

SoCalGas Simplified Payment Process and SDG&E new functionality to its Interactive Voice Response system, its website and mobile applications:

With the clarification provided above, these are two specific examples of on-going continuous improvement activities and do not constitute enterprise wide initiatives. As described in our direct and rebuttal testimonies, continuous improvement is part of SoCalGas’ and SDG&E’s culture and normal course of business. Consistent with other normal-course activities, these activities are not differentiated. Therefore, it is not possible to address each question independently.

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4. Please provide copies of any investor presentations that discuss FOF.

Utility Response 4:

The attachment identified below provides an investor presentation that discusses FOF.

1. Question 4 Attachment 1: 01_Strategy FINAL
 - o PowerPoint presented at Sempra Energy's 2018 Analyst Day conference, on June 28, 2018. Slide 23 within the Strategic Review section, presented by Dennis Arriola Chief Strategy Officer and Executive VP, External Affairs and South America, references the Fueling our Future initiative.