



SUPPLIER ENGAGEMENT FORUM

October 15, 2020



A  Sempra Energy utility

2020



SAFETY MESSAGE

Joe Chow

Supplier Diversity Manager
SoCalGas

SUPPLIER ENGAGEMENT FORUM |

WELCOME



Opening: Joe Chow
Supplier Diversity Manager
SoCalGas



Moderator: Gwen Marelli
Director, Supply Management & Supplier Diversity
SoCalGas

Introduction

SUPPLIER ENGAGEMENT FORUM |

CEO ADDRESS



Scott Drury
CEO
SoCalGas

SUPPLIER ENGAGEMENT FORUM | LEGISLATIVE TALK



Maryam Brown

President
SoCalGas

SUPPLIER ENGAGEMENT FORUM |

STATE OF SUPPLY CHAIN



Denita Willoughby

Vice President Supply Chain & Support Services
SoCalGas

SUPPLY CHAIN OVERVIEW



STRATEGIC GOALS

1. “Lead and engage in informative and effective 2-way communication.”
2. “Improve and standardized end-to-end supply chain & support services processes.”
3. “Create a culture of safety and performance.”
4. “Invest in our employees!”

SUPPLIER ENGAGEMENT FORUM | SUPPLY CHAIN TRANSFORMATION

BEFORE

Reactive

Paid most vendors with checks and didn't offer early payment discounts

Many Manual Processes

RFPs included Sustainability Questions largely focused on DBE

NOW

- Early Engagement with the Business Units
- Leveraging and analyzing demand and market data

- Faster supplier payments through ACH, Dynamic Discounts, Supplier Quick Pay for Smaller Vendors, and virtual card payments

- Online Self -Service Tools
- Vendors can check status of invoices
- New Supplier Website
- Proactive reports to ensure contracts do not expire or reach limits before projects are complete

- Developing Comprehensive Sustainability Program

NEXT

- Strengthening partnerships to find win/wins,
- Improved visibility into upcoming category plans
- Driving Innovation thru Supply Chain

- Digital payments as a standard
- No Non-PO Payments
- Will Offer Supply Chain Financing

- Continued Digital Transformation
- Launch robust Supplier Relationship Management Program

- RFPs weighted to focus more on waste, water and emissions reductions
- Added focus on Racial Equity

THINGS TO KNOW



Register for ISN
www.isnetworld.com



Register for Lavante & Enroll
in Taulia (early payment &
dynamic discounts)



Supply Management is
launching a robust Supplier
Relationship Program



Purchase Orders need to be
on all Invoices



Let us know if you are
interested in Supply Chain
Financing or Virtual Card
Payments



Visit our Supplier Website for
important information (link
from socalgas.com)



Take the Supplier
Sustainability Survey and
develop an improvement plan



Prepare to share data on
Race/Gender Diversity in your
organization

SUPPLIER ENGAGEMENT FORUM |

EXECUTIVE PANEL DISCUSSION



Denita Willoughby
Vice President, Supply Chain & Support Services
SoCalGas



Neil Navin
Vice President, Construction Services
SoCalGas



Jeff Walker
Vice President, Customer Solutions
SoCalGas



David Buczkowski
Vice President, Gas Distribution
SoCalGas and SDG&E



Gina Orozco
Vice President, Gas Engineering & System Integrity
SoCalGas



Gwen Marelli
Director, Supply Management & Supplier Diversity
SoCalGas
(Moderator)

SUPPLIER ENGAGEMENT FORUM | SUPPORT SERVICES



Denita Willoughby

Vice President, Supply Chain & Support Services
SoCalGas

SUPPLIER ENGAGEMENT FORUM |

BY THE NUMBERS

SUPPORT SERVICES

Fleet
Facilities
Real Estate
Technology Asset Optimization



178
employees



5.1K
fleet vehicles



118
facilities



92K
Annual work
orders

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UPCOMING RFPs

Area	Opportunity	RFP Date	Approx. Value of Contract	Product/Services Required
Facilities-Infrastructure Improvement Projects	Various	Q1-Q3 2021	\$10.0M	General Contractor
Facilities	Gas Control Relocation	Q2 2020	\$80.M	General Contractor
Fleet Services	Fuel Data Management Systems	Q4 2021	\$2.5M	*To replace current IoT system with a system fully supported. *RFP would be required in 2021 with award to occur in 2022.
Fleet Services	Enterprise-Wide	Q2 - 2021	\$750K	*System-wide Propane Fuel *Lubricants Contracts
Fleet Services	On-Line Resources	Q1 - 2021	\$825K	*Online Vehicle Repair Manuals *Fuel Price Data Services
Fleet Services	Enterprise-Wide	Q4 - 2021	\$1.1M	*Windshield repair/replace services *Towing/Drive-Away Services *Collision repair & painting *Toll Roads Payment Mgt.

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KEY FOCUS AREAS

- Safety
- Modernize our Fleet (new vehicles, telematics)
- Sustainability (Energy Management Systems, ZEV)
- Facility Upgrades (New Warehouse, Gas Control Ops Center)

SUPPLIER ENGAGEMENT FORUM | CONSTRUCTION



Neil Navin

Vice President, Construction
SoCalGas



Capital Delivery
Center of Excellence

Construction

VISION: *To be a scalable Capital Delivery Center of Excellence for infrastructure project/program management and execution.*

BEST IN CLASS	 <p>BEST IN CLASS</p>	<ul style="list-style-type: none">Consistency in process, governance, and accountabilityContinuous improvement culturePerformance, meets and exceeds targetsTalent developmentRegulatory recovery effectiveness, rate impact	BEST IN CLASS
AGILITY	 <p>AGILITY</p>	<ul style="list-style-type: none">Scalable across growing portfolio of workManage resources across the portfolio in most efficient wayAbility to adjust to changing project needs/requirementsImproved decision-making model (overcome decision paralysis)	AGILITY
EMPOWERMENT	 <p>EMPOWERMENT</p>	<ul style="list-style-type: none">Clear roles and responsibilitiesStrong alignment and partnership across organization structuresFit and succeed within broader organizationGreat place to work, proud employeesHigh collaboration on teams and cross functionally	EMPOWERMENT

SUPPLIER ENGAGEMENT FORUM | CONSTRUCTION



Project Execution Planning
Permitting & Siting
Survey & Mapping
Estimating



Project Management
Forecasting
Scheduling
Project Accounting
Change Control Mgmt
Close-Out



Jobsite Safety & Compliance
Construction Pipeline
Construction Plant
Contractor Performance Mgmt
Jobsite Risk Management



Integrity Project Planning
Integrity Remediation
Project Management
Assessment Execution



KPIs & Reporting
Regulatory Compliance
Process Assurance
Capital Planning & Budgets
Project Controls
Document Control
Resource Planning

SUPPLIER ENGAGEMENT FORUM | CONSTRUCTION

Type of Work

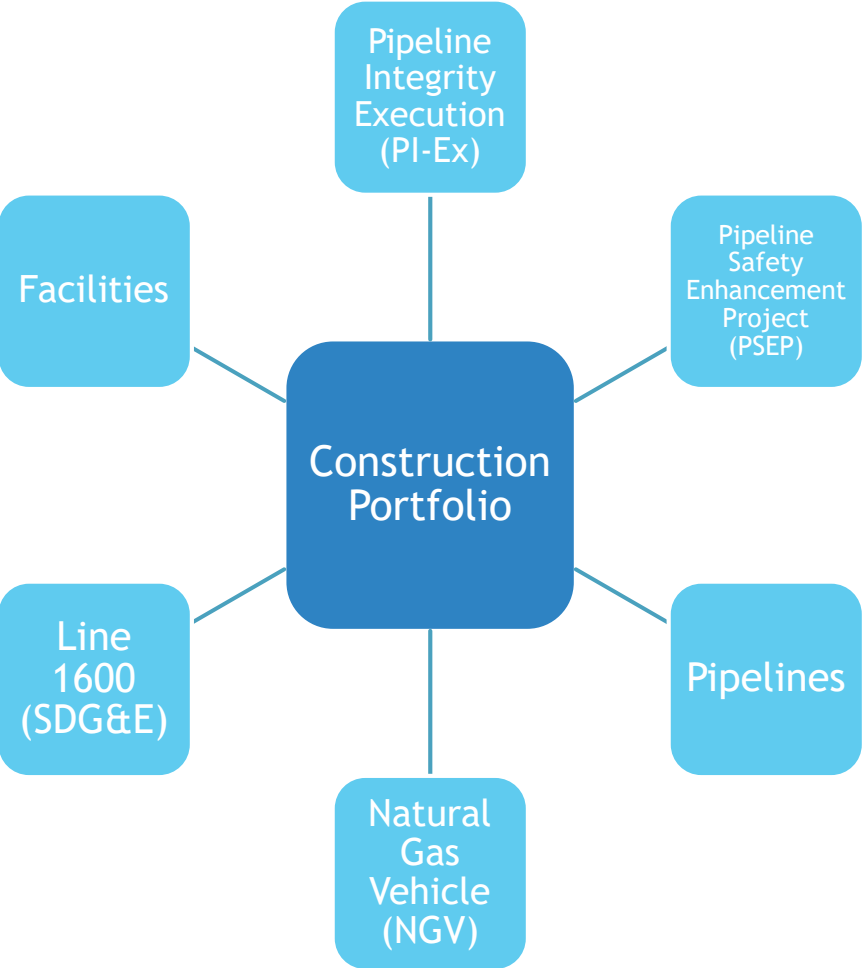
Infrastructure Upgrades
Compressor Station Modernization
Pipeline Installation/Removal
Pipeline Replacement
Pipeline Relocation
Pipeline Testing
In-Line Inspections
Valve Automation
Leak Repairs
Digs
Renewables

Capabilities Needed

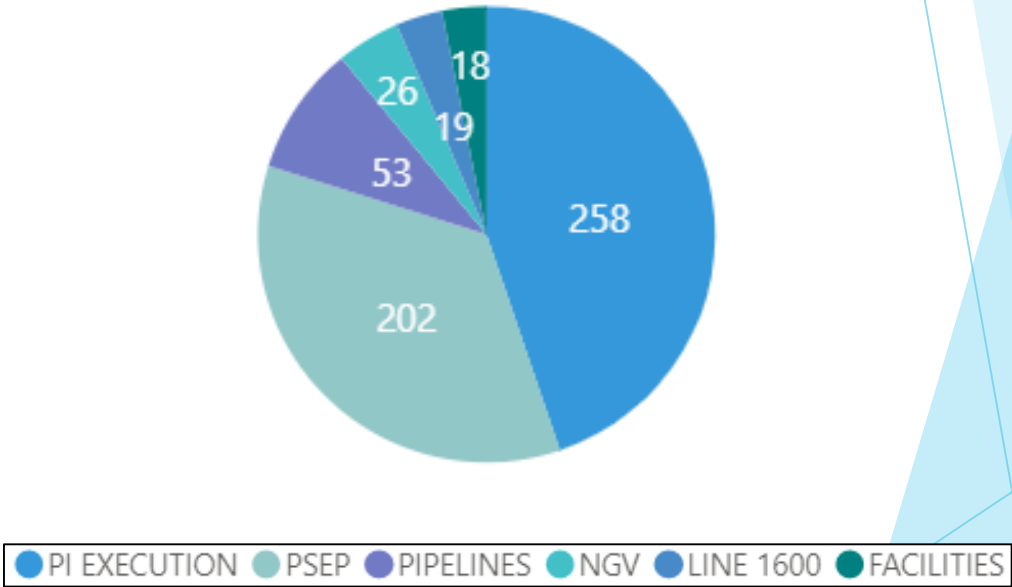
Project Management
Project Management Office
Permits
Environmental
Land
Public Affairs
Engineering
Surveying
Supply Management
Construction
Construction Management

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CONSTRUCTION



Project Count by Portfolio



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CONSTRUCTION

- 2019 - Gas Construction Portfolio invested ~\$650 MM
 - SoCalGas ~\$600 MM
 - SDG&E ~\$50 MM
- 2020 - Gas Construction Portfolio forecasts to invest over \$850 MM
 - SoCalGas ~\$700 MM
 - SDG&E ~\$150 MM
- 2021-2025 Forecasted investment of over \$900 MM per year for the Construction Portfolio

SUPPLIER ENGAGEMENT FORUM | CUSTOMER SOLUTIONS



Jeffery Walker

Vice President, Customer Solutions
SoCalGas

SUPPLIER ENGAGEMENT FORUM |

CUSTOMER SOLUTIONS OVERVIEW

- ❑ Market Development - Leading the charge in low carbon growth initiatives (Renewable Natural Gas (RNG), Distributed Energy, Hydrogen, Liquefied Natural Gas (LNG), Carbon Capture and Utilization (CCU))
 - Research & Development
 - Demonstration Projects
 - Commercial Programs
- ❑ Customer Programs and Assistance - Helping our customers save energy and money
 - Energy Efficiency Programs
 - Low-Income Energy Efficiency Programs and Bill Assistance (CARE)
 - Demand Response
- ❑ Customer Energy Solutions - Helping our customers find the solutions that meets their energy needs
 - Large Customer Account Management
 - Clean Transportation
 - Distributed Energy Resources
 - Alternative Energy Solutions (Self-Generation Incentive Program, Biomethane Interconnection Program)
- ❑ RNG Project Management Office (PMO) - Coordinating the various regulatory and business activities required to move forward RNG efforts
- ❑ Special Projects - Planning and delivering on strategic projects

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UPCOMING OPPORTUNITIES

- ❑ **Most of the opportunities exist in our Customer Programs and Assistance Area of focus**
 - SoCalGas Energy Efficiency (EE) solicitations are underway with a goal to outsource at least 60% of our \$100M+ portfolio by 2022
 - Upcoming solicitations are slated for behavioral EE programs, customer outreach in disadvantaged and hard-to-reach communities, public sector energy efficiency solutions, and industrial sector energy efficiency solutions
 - In late-2021/early 2022, SoCalGas also expects to launch a solicitation for a Multifamily Whole Building Program within the low-income ESA program
 - Areas where we need more competitive bids: EE solicitations seek innovative program designs. SoCalGas encourages all prospective bidders to develop thoughtful and creative proposals for new programs
 - There may be a significant RFP for a replacement/upgrade to our ESA system (possibly with a more state of the art CRM-like platform)

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UPCOMING OPPORTUNITIES (CONT.)

☐ Clean Energy Opportunities

- As our clean energy efforts evolve, opportunities will be in the areas of fuel cell microgrids and hydrogen projects
- Areas of interest include engineering and professional services, professional services, infrastructure design services, and equipment procurement (fuel cells, electrolyzers control systems, storage tanks, valves, compressors, etc.)

☐ Other Opportunities

- In conjunction with the Facilities team - opportunities may exist with significant facilities build-outs. Timing to be determined

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ADDITIONAL KEY POINTS

- ❖ We appreciate the success that we have had achieved as a result of the partnerships that we have with our product and service suppliers
- ❖ We look forward to continuing to grow those relationships moving forward

Thank You



SUPPLIER ENGAGEMENT FORUM | GAS DISTRIBUTION



David Buczkowski

Vice President Gas Distribution
SoCalGas and SDG&E

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GAS DISTRIBUTION OVERVIEW

- Maintains over 100,000 miles of main and services throughout the 24,000 square miles SoCalGas territory in Central and Southern California.
- Over 2,000 employees performing operations, maintenance, inspection, compliance and incident response for our pipeline infrastructure.
- Performs all project design, planning, scheduling, construction oversight and close out for distribution infrastructure projects.
- Key services procured (not all inclusive):
 - Pipeline construction services and associated support - traffic control, site requirements, paving, haul away, shoring etc.
 - Planning, sketching, surveying, and other technical and project support
 - Vehicle leasing and renting



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DISTRIBUTION WORK THROUGH 2024

- Over 1000 miles of main and service replacements/installations.
 - Expanding construction capabilities within SoCalGas.
- Focus on New Business and Customer work - Meeting **customer schedules** critical and key area of focus.
- Continued investment in capacity, system integrity, risk reduction.
- Continued focus on leak mitigation and repair.
- Renewed focus on timely paving.
 - Paving RFP early 2021.

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ADDITIONAL KEY POINTS

SAFETY - Having a strong safety culture that aligns with SoCalGas Culture.

QUALITY - Strong oversight of work practices and work product. Rigorous quality assurance process. Oversight and management of operator qualification and covered tasks.

PERFORMANCE - Adherence to schedule, do what you say you are going to do. Be realistic on acceptance of work and capacity. Strong communication with SoCalGas.

FINANCIAL - Invoices accurate, clear and timely. Change orders communicated and approved ahead of time.

SUPPLIER ENGAGEMENT FORUM |



Gina Orozco

Vice President Gas Engineering & System Integrity
SoCalGas

SUPPLIER ENGAGEMENT FORUM |

GAS ENGINEERING & SYSTEM INTEGRITY OVERVIEW

- ❖ We use a large number of service providers in three major areas. This work is anticipated to increase as internal and external demands on our system increase.
 - ❖ Gas Engineering
 - ❖ Integrity Management
 - ❖ System Integrity
- ❖ Value our partnership and relationships with our suppliers
 - ❖ Building trust and confidence in the work product
 - ❖ Communication and feedback at every step of the process - elevate concerns
- ❖ Competitive bids whenever possible; with some exceptions for specialty work

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GAS ENGINEERING

❖ **Gas Engineering** - supports our Operations organizations. Supplier services used in this area include:

- Engineering services - Civil, Structural, Mechanical, Electrical, Process, Instrumentation & Controls, Geotechnical,
- Design Drafting; Geographic Services; Land Services
- Testing services related to our Engineering Analysis Center
- Pipeline Inspections; Project Management
- Development of engineering documents

❖ **Field Support**

- Approval of materials used in our pipeline systems (pipe, meters, fittings, etc.) and approval of vendors.
- Approval of field tools, equipment, and technologies and associated vendors

❖ **Sustainability**

- **Hydrogen Innovation Projects** - SoCalGas is committed to delivering >5% renewable gas by 2022 and >20% renewable gas by 2030. Near future: Hydrogen Blending Demonstration Program.
- Use of new technologies and processes - Aerial Methane Mapping

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INTEGRITY MANAGEMENT

- ❖ In-Line-Inspection (ILI) Support Services - ILI Inspection Tool, Probe Unit Supplier and Installation, Internal Corrosion Probes
- ❖ Engineering Consulting Services - General interpretation of assessments and new methods. Develop processes and training manuals. Corrosion Analysis.
- ❖ GIS Management Services - Data Conversion, Data Management, EGIS Posting, Project Close-out Support, Data Collection, Feature Study Data Collection, Aerial Imagery Acquisition, Historical Feature Studies. GIS Data Research
- ❖ Inspection Services - External Corrosion Direct Assessment (ECDA), Data Collection, NDE Inspection, Integrity Field Survey, Cathodic Protection (CP) Integrity Services, Pre-survey Planning Support, Bellhole Inspection (soil sample examinations)
- ❖ IT/Software Services - Well Health Dashboard, Software Services, SharePoint Design.
- ❖ Risk Modeling
- ❖ Technical Assessments

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SYSTEM INTEGRITY

❖ **Training** - SoCalGas is investing in performance-focused training programs, using multimedia technology

- Augmented Reality - The augmented technician can quickly visualize, convey and interact with 3D data and learning modules
- Remote Learning - Transitioning away from centralized training only. These strategies include online and blended learning

❖ **Damage Prevention**

- Public awareness communications

❖ **Technology Support**

- GIS - software, analytics, professional services
- Mobile Data Terminals and associated technology and services
- Work Management Systems
- Professional Services

Q & A Session

Moderated By:
Gwen Marelli

SUPPLIER ENGAGEMENT FORUM | CUSTOMER STRATEGY & ENGAGEMENT



Araceli Rayas

Senior Research Advisor, Customer Strategy & Engagement
SoCalGas

SUPPLIER ENGAGEMENT FORUM | METHODOLOGY & OBJECTIVES



An online survey was conducted to gather feedback from our critical supplier partners to help us improve the products and services we provide.

- ✓ Survey design encompasses assessment of overall experience and supporting indicators
- ✓ The survey was in field September 9-21
- ✓ 50 critical suppliers were invited to participate, 28 Suppliers completed the survey. Due to the small sample size, results reported are directional in nature and not necessarily projectable to a larger population.

This overview covers the findings from the Supplier Survey including suggestions for improvement.

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KEY TAKEAWAYS



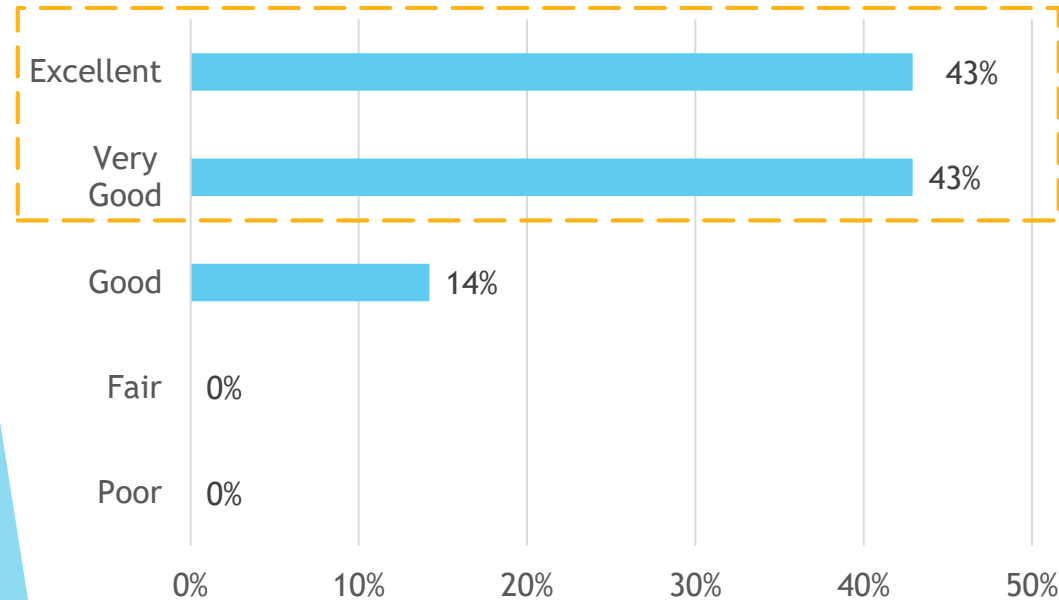
- ▶ Overall, the survey generated positive results and actionable feedback
- ▶ Suppliers have a favorable impression of SoCalGas
- ▶ Opportunities for improvement centered around communications, how to complete newly awarded projects and invoicing
- ▶ Suppliers said SoCalGas is being responsive and engaging during COVID-19

SUPPLIER ENGAGEMENT FORUM |

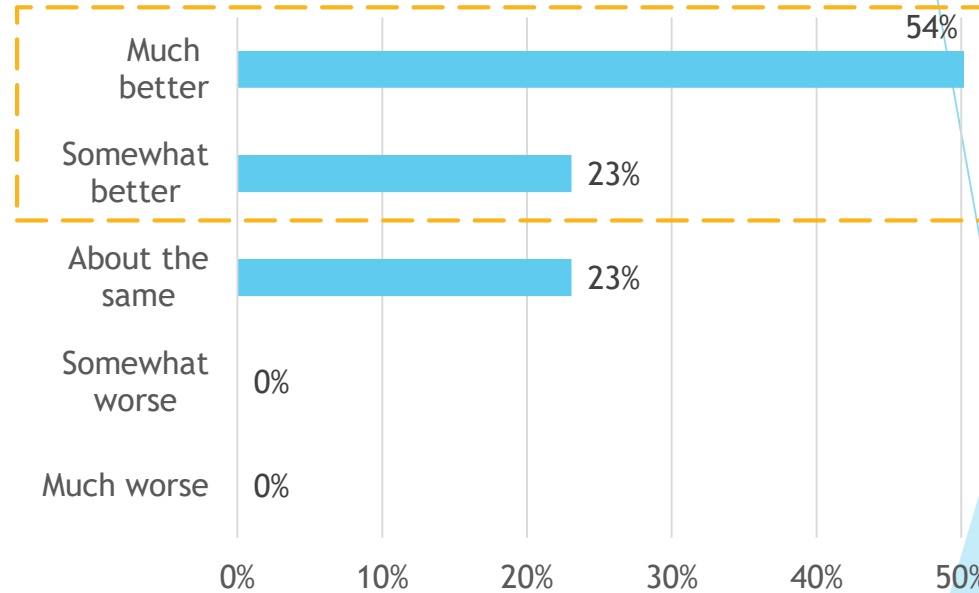
OVERALL EXPERIENCE RESULTS

Eighty-six percent of suppliers rate SoCalGas either *excellent* or *very good* and 77% said SoCalGas is either *much better* or *somewhat better* compared to other utilities.

How would you rate your Overall Experience working with SoCalGas?



How would you rate SoCalGas in comparison to the other utilities you work with?



We are listening to you..... 

“In most cases, SCG does an excellent job at communicating project status information to our company. There are occasions it may fall short but overall, the company does extremely well.”

How can we improve? 

Continue to commit to helping our suppliers resolve questions and issues, improve efficiency, deliver savings, find the best solutions for their customers, and to listen to our suppliers.

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SUPPLY MANAGEMENT INDICATORS RESULTS

While most Suppliers agree SoCalGas is performing well across some indicators, there are opportunities to innovate new ways and increase clarity, efficiency and effectiveness with key processes.

Highest Rated Overall

Please indicate your level of agreement with the following statements. SoCalGas...

Effectively resolves issues that arise

Is easy to do business with

Redesigns effective ways that address business challenges due to COVID-19

Provides a Diverse Business Enterprise Program that meets my needs

We are listening to you.....



“Communication is key, utilizing suppliers as more of a partner rather than just another contractor can be an effective way to streamline communication on both sides. A strategic alliance approach is what we strive for.”

Lowest Rated Overall

SoCalGas explains how to successfully complete newly awarded projects

SoCalGas effectively communicates expectations for vendor performance

SoCalGas effectively communicates RFP process requirements

SoCalGas effectively communicates project status updates

How can we improve?



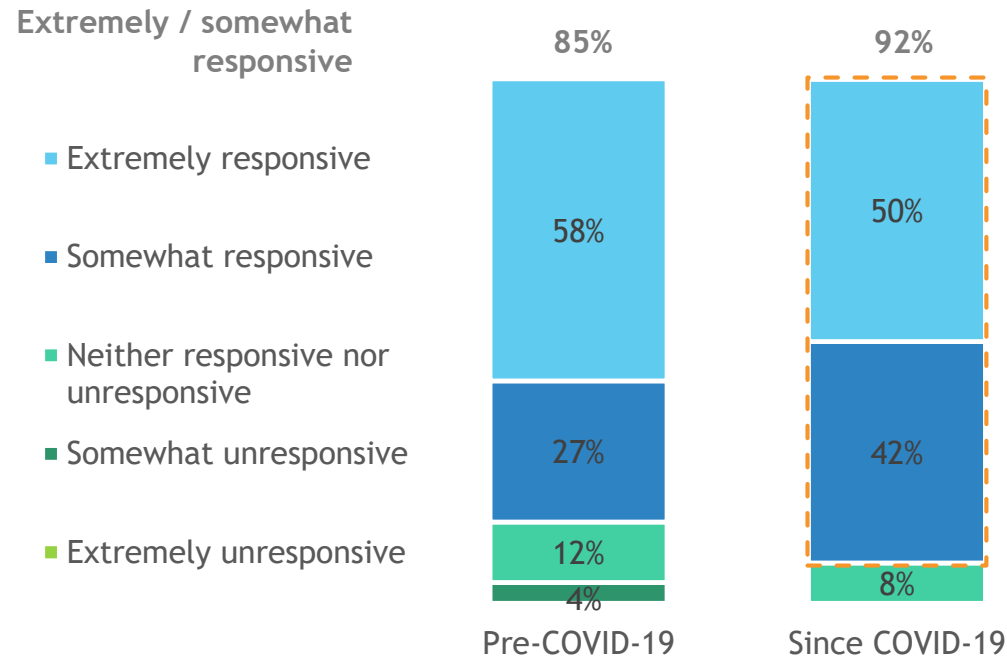
Proactively collaborate with suppliers and identify innovative ways to close gaps with key processes and heighten engagement.

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RESPONSIVENESS RESULTS

Eighty-five percent of suppliers rated SoCalGas either extremely or somewhat responsive pre-COVID19. Suppliers note that SoCalGas has been more responsive since the pandemic.

How would you rate SoCalGas' level of responsiveness in order to meet your needs?



We are listening to you..... 

“Please continue to engage your suppliers as you have been virtually through COVID-19. It has been great through this time.”

How can we improve? 

Continue to innovate and design ways to impact responsiveness effectiveness.

SUPPLIER ENGAGEMENT FORUM | IMPROVEMENT OPPORTUNITIES



- ▶ While the overall experience is relatively strong, it is important to continue to build and strengthen relationships
- ▶ Increase clarity around point of contact communication to enhance engagement between Suppliers and SoCalGas
- ▶ Address Supplier perceptions in an effort to improve clarity in understanding RFP start- to-finish specifics
- ▶ Evaluate timely invoice processing and increase notifications with key invoice touchpoints
- ▶ Continue to engage Suppliers regularly and virtually as initiated throughout the COVID-19 pandemic

SUPPLIER ENGAGEMENT FORUM | INVOICE SUBMISSION & PAYMENT PROCESSING



John Eaglin

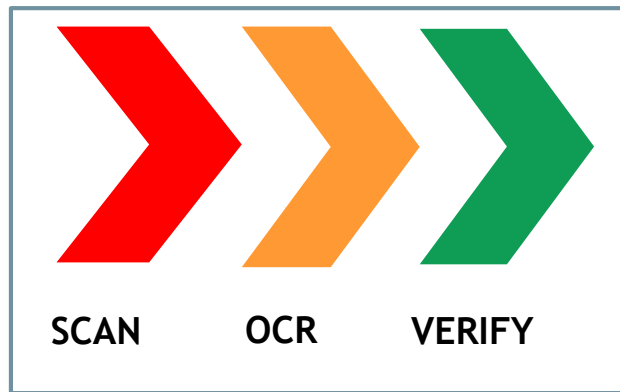
Accounts Payable Manager
SoCalGas

Accounts Payable Process Flow - Source 2 Pay

Vendor Invoices



AP Processing

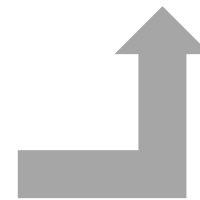
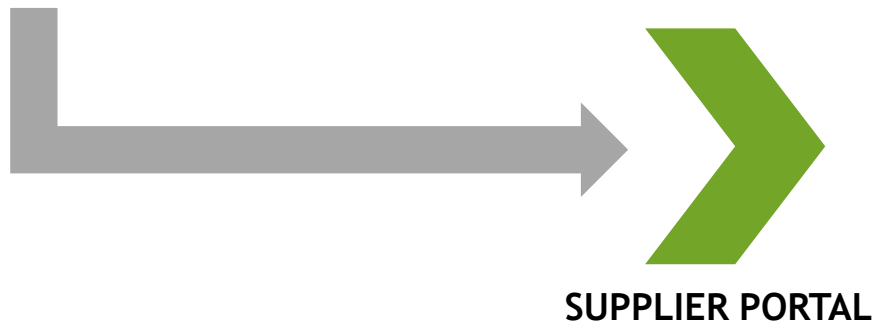


Coding & Approval



Payment

ACH/Wire
/ Check/
Virtual
Card



Email Invoice Submission: Key Points to Faster Payment

- » Discontinue sending Paper Invoices
- » Use Correct Email Address : AP_Invoices_SCG@semprautilities.com
- » Invoice should be first page of email attachment
- » Insert PO(Purchase Order) or Non-PO in Subject Line of Email
- » Non-Purchase Order Invoice
 - **Ensure Contact Name on Invoice**
- » Purchase Order Invoice
 - Material invoice lines must align with Purchase Order lines
 - Ensure Purchase Order is Valid
 - **Ensure Contact Name on Invoice**

Accounts Payable Process Flow - Taulia (SSP)

KEY FEATURES

- ▶ Supplier Self Service Invoice Entry
- ▶ Purchase Order Flip for Material Invoices
- ▶ Direct Communication between Employee and Supplier

KEY BENEFITS

- ▶ Invoice Status Transparency for Vendor
- ▶ Transparency of Invoice Status
- ▶ Dynamic Discounting/Early Payment Request Offering
- ▶ Reduce Discrepancies/Exceptions

SUPPLIER ENGAGEMENT FORUM |

SUPPLIER PANEL DISCUSSION



Steve Balcolm
Vice President



CORNERSTONE
ENGINEERING

Steve Rodriguez
President



Mark Montgomery
CEO

SUPERBTECH INC
STAFFING SOLUTIONS FOR BUSINESS

Jan Davis
CEO

SUPPLIER ENGAGEMENT FORUM |

Q & A SESSION



Vaughn Williams
Moderator
SoCalGas

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CLOSING REMARKS



Denita Willoughby

Vice President, Supply Chain & Support Services

SoCalGas

Thank You!