

TURN DATA REQUEST
TURN-SCG-DR-30
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS RESPONSE
DATE RECEIVED: AUGUST 18, 2011
DATE RESPONDED: SEPTEMBER 6, 2011

Regarding SCG-7R and SCG-13R

- 1) Following up on TURN DR 6-6b, SoCalGas provided an Excel file, called, “Soft vs. Hard Benefits.Dec 09.xls.” In the file, on the worksheet called, “Original Benefits,” SoCalGas provides a spreadsheet that includes data, forecasts and calculations related to CSR Call Answers.
 - a) Please identify in SoCalGas’s testimony and workpapers where these calls and their respective CRS-related expenses are recorded.
 - b) Please discuss how close, if at all, SoCalGas came to meeting its forecast of 6 FTEs saved for 2009—recognizing that the 6-FTE reduction included for 2009 would be the sum of both cost avoidance and cost reduction. In so doing, please include in your response, but don’t limit it to, the identification of the location in SoCalGas’s testimony and/or workpapers that shows the amount of the FTE reduction and resulting cost savings (as opposed to cost avoidance). If CSR call answering FTEs and costs went up in 2009 (compared 2008), instead of down, please explain in detail the reason for the increase, given that SoCalGas expected CSR call answering-related FTEs and expenses to decline in 2009 (compared to 2008).
 - c) Please show specifically how the forecasts of CSRs were reduced in 2010, 2011, and 2012 to account for the savings predicted according to the Excel file, “Soft vs. Hard Benefits.Dec 09.xls.” In providing your response, identify the amount by which the forecasts were reduced (in terms of both FTEs and expense) and locate where in SoCalGas’s testimony and/or workpapers the reductions were taken. If SoCalGas is not able to show the “hard” reductions to 2010, 2011, and 2012 GRC forecasts because they are not able to disentangle the hard savings from the soft savings reductions please explain how it is that the Company is able to forecast “hard” and “soft” benefits in the Excel spreadsheet, “Soft vs. Hard Benefits.Dec 09.xls”, but is not able to do so when the Company makes GRC forecasts.
 - d) It appears that the Excel table, “Soft vs. Hard Benefits.Dec 09.xls” was last updated in Dec. 2009. However, it appears that the 2009 forecasts included on the lines for CSR Answered Calls (i.e., 7,747,906) and Self Service Volume (i.e., 2,057,832) for SoCalGas in the identified Excel table are different than the recorded numbers for 2009 for CSR Calls and IVR Calls included in Table SCG-EF-15. Why was SoCalGas’s forecast so far off the recorded amount given that the 2009 forecast was apparently made in 2009, since it appears that “Soft vs. Hard Benefits.Dec 09.xls” was last updated in 2009.
 - e) The Excel table, “Soft vs. Hard Benefits.Dec 09.xls” contains the following values for the 2012 forecast: CSR Answered Calls at 6,298,615; Self-Service Volume at 3,744,349; and Self-Service Rate at 37.3%. Table SCG-EF-15 on p. EF-36 of SCG-7R contains the following values: CSR Calls at 7,995,026; IVR Calls (i.e., Self-Service Volume) at 1,715,804. The IVR Calls rate just considering CSR Calls and IVR Calls (i.e., without Pay-by-Phone and Email customer contacts, which is the same basis that the Self-Service Rate in “Soft vs. Hard Benefits.Dec 09.xls” was presented) was 17.7%.

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Question 1 (Continued)

Please explain in detail the reason for the difference between the values in the two tables, including but not limited to, the reason that SoCalGas has estimated two different Self-Service Rates (i.e., 37.3% in “Soft vs. Hard Benefits.Dec 09.xls” and 17.7% in testimony for this application.

- f) Why and for whom was the Soft vs. Hard Benefits spreadsheet produced?
- g) Please identify the annual capital spend on the IRV system, from the beginning to end of its implementation.

SoCalGas Response:

SoCalGas assumes this question is relating to the “Soft vs. Hard Benefits.Dec 09.xls” file included in the response to TURN-DR-6, Question 4b.

- a) Customer Contact Center (CCC) calls and the customer service representatives (CSRs) related expenses can be found in testimonies and workpapers referenced in the attached file.



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Q1a Attachment

- b) SoCalGas assumes this question is relating to the “Customer Benefit Assumptions” file included in the response to TURN-DR-6, Question 4c. The “Original Benefits” tab of the file contains a value of -6 FTEs from the 2009 and “Baseline” columns. The actual CSR FTE was 436 for 2009 versus 457 for 2008. This reduction in CSR FTEs includes embedded OpEx benefits and is primarily due to lower than assumed CSR answered call volume. As shown in the attachment in response to question 1.a. above, CCC related expenses can be found in Mr. Fong’s testimony, Exhibit No. SCG-07-R, pp. EF-32 to EF-38. Page EF-32, lines 14-18 clearly states that “incremental OpEx benefits that reduce CSR handled calls because customer contacts are completed via customer self-service channels are included in witness Richard D. Phillips’ testimony (Exh. SCG-13).” Please refer to the above attachment for citations related to benefits associated with a reduction in CSR answered calls found in Mr. Phillips’ testimony and workpapers.
- c) As stated in Mr. Fong’s testimony, Exhibit No. SCG-07-R, p. EF-32, lines 15-18, “Estimated incremental OpEx benefits that reduce CSR handled calls because customer contacts are completed via customer self-service channels are included in witness Richard D. Phillips’ testimony (Exh. SCG-13)”.

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Response to Question 1 (Continued)

All forecasted hard savings associated with the reduction of CSRs in 2010, 2011 and 2012 are shown in summary in the Excel file that is referenced in this data request- “Soft vs Hard Benefits.Dec 09.xls”. CSR related benefits are identified as Customer Care hard savings and are combined for both SCG and SDG&E and are fully loaded and escalated (i.e., includes overheads and annual inflation). No soft savings were forecasted for the CCC.

The benefits projected for Customer Service Field and Customer Contact, including those related to a reduction in CSR handled calls, are aggregated into the overall OpEx program benefits. The benefits can be found in Mr. Phillips’ testimony, Exhibit No. SCG-13, in the references provided in response to question 1.a. above.

Customer Care Hard Saving -

(in millions)	2010	2011	2012	Comments
Customer Care				Cells E42, F42, and G42
Projected Business Case Benefits	\$ 3.3	\$ 6.3	\$ 16.8	from Soft vs. Hard Benefits.Dec.09.xls
Overall Loaders	\$ 1.8	\$ 3.0	\$ 10.0	
Directs	\$ 1.3	\$ 2.8	\$ 5.3	in 2009 \$
Growth	\$ 0.0	\$ 0.1	\$ 0.4	up to year 2009
Escalation from 2006 \$ to 2009 \$	\$ 0.2	\$ 0.4	\$ 1.2	
Sub-Total Projected Business Case Benefits	\$ 3.3	\$ 6.3	\$ 16.9	
Subtract Loaders	\$ (1.8)	\$ (3.0)	\$ (10.0)	
Total Direct Customer Care Benefits	\$ 1.496	\$ 3.285	\$ 6.839	
Company Split				
SCG	\$ 1.167	\$ 2.694	\$ 6.018	
SDGE	\$ 0.329	\$ 0.591	\$ 0.821	
Subtract Assumed Reductions Embedded in 2009				
SCG	\$ 0.390			
SDGE	\$ 0.168			
Incremental Benefits				
SCG	\$ 0.777	\$ 2.304	\$ 5.628	Subset of Customer Service line in SCG Exh-13 wp page 20
SDGE	\$ 0.161	\$ 0.423	\$ 0.653	Subset of Customer Service line in SDG&E Exh-19 wp page 22
Incremental FTE Benefits				
SCG	9.7	28.8	70.4	assumed \$80K annual salary, see response to Q4a.i
SDGE	2.0	5.3	8.2	assumed \$80K annual salary, see response to Q4b

- d) The “Soft vs Hard Benefits.Dec 09.xls” Excel file was not updated in 2009 to reflect changes in the assumed self-service rates nor the actual call volumes. In fact, this file does not include call volumes or self-service rates. Changes were made to this file in 2009 to update labor loaders only. TURN appears to be referring to a secondary Excel file that was provided in response to Question 4.c. of TURN-SCG-DR-06, “Question 4c. Customer Benefit Assumptions.xls”.

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Response to Question 1 (Continued)

This file shows the OpEx assumptions for the 2009 self-service rate and call volume that were created in 2006. The CSR and IVR call volumes presented in Table SCG-EF-15 on p. EF-36 of Mr. Fong's testimony are the actual 2005 through 2009 call volumes and the forecasted call volumes for 2010 through 2012 excluding OpEx reductions, which are provided for separately in the testimony of witness Rick Phillips, Exhibit SCG-13.

- e) As stated throughout the responses to this data request, the reason for the differences is due to the fact that Mr. Fong's testimony, Exhibit No. SCG-07-R, did not incorporate 2010-2012 OpEx benefits. In Exhibit No. SCG-13, Mr. Phillips' testimony reflects SoCalGas CCC operations' OpEx benefits. The primary difference in the self-service volume referenced in Excel file "Question 4c.Customer Benefit Assumptions.xls" submitted in response to data request TURN-SCG-06 is that it includes total self-service which is a combination of both Web eServices and IVR.
- f) The "Soft vs Hard Benefits.Dec 09.xls" file is an internal document used by the OpEx Directors and Project Managers to track forecasted business case benefits. This document has also been shared with SoCalGas' Planning and Budget group for planning purposes.
- g) SoCalGas' IVR was first purchased and implemented in 1994. Subsequently, SoCalGas has continuously upgraded, enhanced and replaced the initial IVR technology. Annual expenditures for IVR enhancements include specific capital expenditures and on-going O&M expenses. Annual capital expenditures for years 2001 and 2002 are shown in the table below. SoCalGas did not have IVR capital expenditures in 2003-2007. SCG IVR capital expenditures for 1994-2000 are not readily available.

In Nominal Dollars (Fully Loaded)

	2001	2002
SCG IVR Capital Costs	\$1,326,990	\$8,692

The following table reflects historical annual OpEx capital spent through 2010 on the new SoCalGas / SDG&E IVR system. Please note that these dollars reflect total investment in the IVR for both SoCalGas and SDG&E. The new IVR is a SoCalGas asset with shared asset allocations to SDG&E. The allocation is based on the percent of total calls handled between the utility CCCs.

In Nominal Dollars (Fully Loaded)

2008	2009	2010
\$1,836,953	\$5,390,466	\$756,419

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- 2) Referencing SCG-07R, p. EF-33 at lines 23-26, SoCalGas states, “SCG CCC operations implemented new telephony technology in October 2009, including a new automated call distributor, IVR unit, operational insight analytical software capabilities, and a new CSR desktop.” Please reconcile this statement—specifically, the idea that the IVR unit was implemented in October, 2009—with Table SCG-EF-15, which presents recorded data in the form of annual IVR call counts for 2005-2009.

SoCalGas Response:

SoCalGas originally implemented its IVR in late 1994. Numerous enhancements and replacements have been performed since that date, up to and including the October 2009 implementation of the new IVR under the OpEx project.

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3) Please update tables SCG-EF-14 and SCG-EF-15 to include recorded 2010 data.

SoCalGas Response:

The attached file contains tables SCG-EF-14 and SCG-EF-15 updated to include recorded 2010 data.



TURN-SCG-DR-30 Q3
Attachment

In responding to this data request, SoCalGas identified that in Table SCG-EF-14 the 2001 total CSR calls were erroneously entered and the 2006 and 2007 average meters and calls per meter were transposed. Where applicable, corrections have been made. All changes are shaded in yellow on the attached file. There are no changes to the Customer Contact Center forecast as a result of these corrections. However, SoCalGas will address this error at the next available opportunity.

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- 4) At SCG-13, p. RP-10, SoCalGas presents a table (Table SCG-RP-06) that comprises annual 2010-2012 forecasts of the O&M benefits resulting from the implementation of OpEx 20/20.
- a) Please indicate whether these benefits include those owing to Self-Service Call handling resulting from the implementation of the IVR unit. If so,
- i) Please call out the benefits stemming from Self-Service Call volume estimates for both the labor and non-labor categories for 2010-2012. Please also identify the FTE employee reduction that the labor reduction represents for each of the years.
- ii) Please identify the Self-Service Call Rate that SoCalGas assumed to make the benefit calculation in each of the years, 2010-2012.
- iii) Please indicate whether the Self-Service Call Rates were taken from (1.) “Soft vs. Hard Benefits.Dec 09.xls” (i.e., 23.6% for 2010, 27.1% for 2011, and 37.3% for 2012); (2.) the data in Table SCG-EF-15 on p. EF-36 of SCG-7R (IVR Call percentages of 17.7% (TURN calculation that considers just IVR Calls against the sum of IVR Calls and CSR Calls) in each of 2010, 2011, and 2012; or (3.) some other source. If it is from another source, please identify it. Regardless of the source, please explain your reason(s) for using the identified source.

SoCalGas Response:

- a.) Exhibit No. SCG-13, p. RP-10, Table SCG-RP-06 comprises total annual 2010 through 2012 forecasts of the O&M benefits resulting from the implementation of OpEx 20/20. Workpaper p. 20 in Exhibit SCG-13-WP shows the benefits by organization that matches the numbers in Table SCG-RP-06. The Customer Service benefit includes benefits for both the self-service call handling objectives for the Customer Contact Center (CCC) resulting from the implementation of the IVR unit and eServices, in addition to the supervisor enablement objectives for customer service field (CSF).

Customer Service Incremental Benefit by Organization	In 2009\$ (000)		
	2010	2011	2012
CCC Customer Care (Self-service)	(\$777)	(\$2,304)	(\$5,628)
CSF Supervisor Enablement	(\$268)	(\$965)	(\$1,398)
Total Customer Service	(\$1,045)	(\$3,269)	(\$7,026)

- i) The benefits resulting from self-service call volume reductions are provided in the following table. The benefits were assumed to be labor only.

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Response to Question 4 (Continued)

Customer Care Benefit (Self-service)	In 2009\$ (000)		
	2010	2011	2012
Labor	(\$777)	(\$2,304)	(\$5,628)
FTE *	(9.7)	(28.8)	(70.4)

* Mr. Phillips' testimony and workpapers, Exhibits SCG-13 and SCG-13-WP, assumed a blended annual salary of \$80,000 per FTE across all impacted functional organizations, including Customer Services. The above reflects self-service FTE benefits based on that assumption.

- ii) The following table reflects the self-service rate that SoCalGas used to make the benefit calculation.

OpEx Benefit Assumption	2010	2011	2012
Self-service Rate	23.9%	28.7%	37.9%

- iii) As discussed in response to Question 1.d. of this data request, TURN appears to be referring to a secondary Excel file that was provided in response to Question 4.c. of TURN-SCG-DR-06, "Question 4c. Customer Benefit Assumptions.xls". This file shows the OpEx assumptions for the self-service rates created in 2006. The self-service rates shown in the 2006 document and that are referenced in this question (i.e., 23.6% for 2010, 27.1% for 2011, and 37.3% for 2012) are not the final self-service rates that were used in the OpEx benefit assumptions in Exhibits SCG-13 and SCG-13-WP.

Also stated throughout the responses to this data request, Exhibit No. SCG-07-R does not incorporate 2010-2012 OpEx benefits; therefore the CSR and IVR call volumes shown in Table SCG-EF-15 on p. EF-36 do not reflect the self-service rates used to forecast the OpEx benefits.

The self-service rates submitted in response to Question 4.a.ii above are the rates used to make the OpEx CCC benefit calculation.