

TURN DATA REQUEST
TURN-SCG-DR-50
SOCALGAS 2012 GRC – A.10-12-006
SOCALGAS REVISED RESPONSE
DATE RECEIVED: DECEMBER 7, 2011
DATE RESPONDED: DECEMBER 12, 2011

Customer Service Field Operations & Customer Contact – Branch Offices & Authorized Pay Locations (Exhibits SCG-7, SCG-207)

1. SCG’s workpaper Ex. SCG-07-WP-R/E. Fong, p. 125 provides the cost breakdown for FACTA Red Flag implementation at APLs, including 1 FTE at SoCalGas “to assist with APLs” and incremental non-labor costs at APLs associated with each “Positive Identification (POSID)” of \$0.31 per transaction, plus \$0.05 per image stored. At Ex. SCG-207, pp. EF-51 - 52, SCG explains that “FACTA implementation at APLs raised privacy and identity theft concerns,” and as a result, SCG did not include APLs in the FACTA Red Flag implementation. Please answer the following questions about these statements.
 - a. At the time SCG prepared its direct testimony in this proceeding, when did SCG plan to implement FACTA Red Flag procedures at APLs?
 - b. When did SCG’s concerns about “customer information security and with customers sharing personal information with non-company employees” (Ex. SCG-207, p. EF-52) at APLs arise?

SoCalGas Response 01:

a.-b. SoCalGas had planned to implement FACTA Red Flag procedures at APLs in 2010 after successful implementation of FACTA Red Flag procedures in the branch offices. However, SoCalGas experienced start-up issues with the new procedure in the branch offices. Specifically, there were communications problems between the Customer Contact Center (CCC) and the branch offices as well as employee training issues in both organizations. In addition, discussions with Southern California Edison (SCE) revealed that their prior attempts to implement customer identification validation procedures at SCE’s APLs were abandoned due to authentication concerns and training/control issues associated with using non-company employees to perform these tasks. For these reasons, in 4th quarter 2010, SoCalGas made a decision to look at alternative solutions that did not include the use of APLs for FACTA Red Flag procedures.

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2. At Ex. SCG-207, p. EF-52, SCG states: “SCG is seeking alternative solutions to increase the opportunities for FACTA customer identification verification.” When did SCG begin seeking alternatives to the approach for FACTA Red Flag implementation at APLs that formed the basis of SCG’s forecast in workpaper Ex. SCG-07-WP-R/E. Fong, p. 125?

SoCalGas **Revised Response 02:**

Credit and Collections and the Customer Contact Center (CCC) tested an additional approach for FACTA Red Flag in 4th Quarter 2010 using challenge questions to be asked by Customer Service Representatives (CSRs) in the CCC. APLs are not included with this approach.

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3. Does SoCalGas believe that FACTA red flag implementation is required at APLs?

SoCalGas **Revised Response 03:**

Under our Red Flags Compliance Program APL's are considered "Service Providers" as that term is defined in the Red Flags Law. Accordingly, we contractually require them to have identity theft detection and prevention programs. However, since SoCalGas' APLs are only processing customer payments (i.e., they are not opening new accounts), SoCalGas believes that as long as the company is ensuring customer confidentiality and are providing a process through the Customer Contact Center (CCC), Credit and Collections and the Branch Offices, that we are meeting the intention of the FACTA Red Flag mandates, regardless of what is required at APLs.

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4. At Ex. SCG-207, p. EF-52, SCG states: “SCG is assessing and evaluating the use of third party services that provide customer ‘challenge’ questions to ensure customer identity verification.” Please answer the following questions related to this statement.
- a. What is the status of SoCalGas’ evaluation of the use of “third party services that provide customer ‘challenge’ questions to ensure customer identity verification” for FACTA red flag compliance work at APLs?
 - b. If SoCalGas has decided to use this approach, please
 - (i) Provide a cost breakdown showing SoCalGas’ anticipated annual budget for FACTA Red Flag compliance work at APLs using this approach.
 - (ii) Provide an estimated implementation date.
 - c. If SoCalGas is evaluating an approach to FACTA compliance at APLs other than the approach referenced in question (a) above, please
 - (i) Describe the approach;
 - (ii) Provide a cost breakdown showing SoCalGas’ anticipated annual budget for FACTA red flag compliance work at APLs using the approach described in response to part (i);
 - (iii) Estimate when SoCalGas expects to implement this approach if adopted.

If SoCalGas is evaluating multiple approaches, please answer parts (i) through (iii) for each approach under consideration.
 - d. If SoCalGas has already decided upon an approach to FACTA compliance at APLs other than the approach referenced in question (a) above, please
 - (i) Describe the approach;
 - (ii) Provide a cost breakdown showing SoCalGas’ anticipated annual budget for FACTA red flag compliance work at APLs using the approach described in response to part (i);
 - (iii) Identify when SoCalGas expects to implement this approach.

SoCalGas **Revised Response 04:**

a-b. SoCalGas has tested a product that would provide challenge questions for identity verification for FACTA Red Flag compliance in 4th quarter of 2010. SoCalGas has decided to proceed with implementation of that product. The specific implementation date has not been determined, but is expected to be operational mid-year 2012. Estimated implementation costs are being developed. The product is estimated to have annual costs of \$165,984 based on cost per unit “challenge” question transactions, and SoCalGas will also incur incremental

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SoCalGas Response 04 Continued:

implementation costs and additional CSR talk time costs. These implementation and CSR costs have not been estimated. APLs are not being considered with this approach.

c-d. SoCalGas is not evaluating another approach to FACTA compliance at APLs. No further alternative approaches are being explored for APLs for FACTA compliance, but SoCalGas will incur incremental expenses for the “challenge” question transactions, implementation of the “challenge” question product and costs for increased CSR talk time.