Company: Southern California Gas Company (U902G)
Proceeding: 2019 General Rate Case
Application: A.17-10-007/008 (cons.)
Exhibit: SCG-218

SOCALGAS

REBUTTAL TESTIMONY OF GWEN R. MARELLI

(CUSTOMER SERVICES - FIELD AND METER READING)

JUNE 18, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

SoCalGas
A Sempra Energy utility®

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SOCALGAS REBUTTAL TESTIMONY OF GWEN R. MARELLI
(CUSTOMER SERVICES – FIELD AND METER READING)

I. SUMMARY OF DIFFERENCES

Table GRM-1 below summarizes the parties' respective Test Year (TY) 2019 forecasts for SoCalGas' Customer Services – Field (CS-F) and Meter Reading (CS-MR) activities.

TABLE GRM-1

Summary of Differences

TOTAL O&M - Constant 2016 ($000)			
	Base Year 2016	**Test Year 2019**	**Change**
Total O&M			
SoCalGas	$ 167,201	$ 170,021	$ 2,820
ORA	$ 167,201	$ 170,021	$ 2,820
TURN	$ 167,201	$ 168,478	$ 1,277

Table GRM-2 below summarizes the parties' respective TY 2019 forecast by CS-F and CS-MR cost categories.

TABLE GRM-2
Summary of Comparison by Cost Category – Total O&M Costs

TOTAL O&M - Constant 2016 ($000)			
	Base Year 2016	**Test Year 2019**	**Change**
O&M Non-Shared Services			
CS-F Operations			
SoCalGas	$ 112,435	$ 111,576	$ (859)
ORA	$ 112,435	$ 111,576	$ (859)
TURN	$ 112,435	$ 111,576	$ (859)
CS-F Supervision			
SoCalGas	$ 11,400	$ 11,070	$ (330)
ORA	$ 11,400	$ 11,070	$ (330)
TURN	$ 11,400	$ 11,070	$ (330)
CS-F Dispatch			
SoCalGas	$ 9,806	$ 8,689	$ (1,117)
ORA	$ 9,806	$ 8,689	$ (1,117)
TURN	$ 9,806	$ 8,689	$ (1,117)
CS-F Support			
SoCalGas	$ 16,435	$ 17,443	$ 1,008
ORA	$ 16,435	$ 17,443	$ 1,008
TURN	$ 16,435	$ 17,443	$ 1,008

TOTAL O&M - Constant 2016 ($000)			
	Base Year 2016	**Test Year 2019**	**Change**
CS-F MSA (Meter Set Assembly) Inspection Program			
SoCalGas	$ 5,867	$ 16,702	$ 10,835
ORA	$ 5,867	$ 16,702	$ 10,835
TURN	$ 5,867	$ 15,533	$ 9,666
CS-MR Operations			
SoCalGas	$ 7,032	$ 2,219	$ (4,813)
ORA	$ 7,032	$ 2,219	$ (4,813)
TURN	$ 7,032	$ 2,002	$ (5,030)
CS-MR Clerical			
SoCalGas	$ 514	$ 148	$ (366)
ORA	$ 514	$ 148	$ (366)
TURN	$ 514	$ 148	$ (366)
CS-MR Supervision & Training			
SoCalGas	$ 1,180	$ 355	$ (825)
ORA	$ 1,180	$ 355	$ (825)
TURN	$ 1,180	$ 355	$ (825)
CS-MR Support			
SoCalGas	$ 1,337	$ 305	$ (1,032)
ORA	$ 1,337	$ 305	$ (1,032)
TURN	$ 1,337	$ 305	$ (1,032)
O&M Shared Services			
CS-F Staff			
SoCalGas	$ 1,194	$ 1,514	$ 320
ORA	$ 1,194	$ 1,514	$ 320
TURN	$ 1,194	$ 1,357	$ 163
Grand Total O&M (Non-Shared and Shared Services)			
SoCalGas	$ 167,201	$ 170,021	$ 2,820
ORA	$ 167,201	$ 170,021	$ 2,820
TURN	$ 167,201	$ 168,478	$ 1,277

II. INTRODUCTION

As a preliminary matter, the absence of a response to any particular issue in this rebuttal testimony does not imply or constitute agreement by SoCalGas with the proposal or contention made by these or other parties.

SoCalGas provides rebuttal testimony to address CS-F and CS-MR issues, positions and proposals raised by the following parties:

- The Office of Ratepayer Advocates (ORA) as submitted by Ms. Crystal Yeh (Exhibit ORA-17), dated April 13, 2018.
- The Utility Reform Network (TURN), as submitted by Mr. William Perea Marcus (Exhibit TURN-03), dated May 14, 2018.
- Coalition of California Utility Employees (CUE), as submitted by Sean Mitchell, dated May 14, 2018.
- CUE, as submitted by Javier Salas, dated May 14, 2018.
- CUE, as submitted by David Marcus, dated May 14, 2018.

A. ORA

ORA issued its report on the SoCalGas CS-F and CS-MR testimony on April 13, 2018.[1] ORA supports SoCalGas' TY 2019 funding level for CS-F and CS-MR (non-shared services) and CS-F shared services. ORA also does not oppose SoCalGas' business justifications for CS-F and CS-MR Information Technology (IT) proposed capital projects.[2]

B. TURN

TURN issued its report on the SoCalGas CS-F and CS-MR testimony on May 14, 2018.[3] TURN proposes a TY 2019 funding level for CS-F and CS-MR that is 0.9% less than SoCalGas' request. The following is a summary of TURN's positions:

- TURN accepts SoCalGas' TY 2019 O&M forecast for four of the five CS-F cost categories: 1) CS-F Operations; 2) CS-F Supervision; 3) CS-F Dispatch; and 4) CS-F Support.

[1] April 13, 2018, ORA Report on the Results of Operations for San Diego Gas & Electric Company, Southern California Gas Company, Test Year 2019 General Rate Case, SoCalGas Customer Services - Field & Meter Reading; Office Operations; Information; and Technologies, Policies & Solutions, Exhibit ORA-17 (Crystal Yeh).

[2] Capital costs for the forecast years 2017, 2018 and 2019 are sponsored by Mr. Olmsted. October 6, 2017, Prepared Direct Testimony of Christopher R. Olmsted Addressing Information Technology, Exhibit SCG-26 (Christopher Olmsted).

[3] May 14, 2018, TURN Report on Various Results of Operations Issues in Southern California Gas Company's and San Diego Gas and Electric Company's 2016 Test Year General Rate Cases Public Redacted Version, Exhibit TURN-03 (William Marcus).

- TURN accepts SoCalGas' TY 2019 O&M forecast for three of the four CS-MR cost categories: 1) CS-MR Clerical; 2) CS-MR Supervision & Training; and 3) CS-MR Support.
- For the CS-F MSA Inspection Program cost category, TURN proposes a TY 2019 funding level that is 7% less than SoCalGas' forecast.[4]
- For the CS-MR Operations cost category, TURN proposes a TY 2019 funding level that is 9.8% less than SoCalGas' forecast.
- For the CS-F Staff (shared services) cost category, TURN proposes a TY 2019 funding level that is 10.4% less than SoCalGas' forecast.

C. CUE

CUE issued its reports on the SoCalGas CS-F and CS-MR testimony on May 14, 2018.[5] The following is a summary of CUE's positions:

- CUE proposes an unspecified increase in funding for CS-F Operations to enable SoCalGas to hire additional Energy Technician-Residential (ETR) and Energy Technician Residential-Apprentice (ETR-A) employees to perform customer services field work.
- CUE proposes a funding level that is 182.4% higher than SoCalGas' forecast in the CS-F Operations cost category for the remediation of Advanced Metering Infrastructure (AMI) modules due to failures.

III. REBUTTAL TO PARTIES' O&M PROPOSALS

A. CS-F MSA Inspection Program Cost Category

Pursuant to 49 CFR § 192.481, the Department of Transportation (DOT) requires each MSA be inspected once every three calendar years, with intervals not exceeding 39 months, for atmospheric corrosion.[6] Meter readers have historically performed this function. AMI

[4] TURN has requested further information from SoCalGas on the MSA Inspections Program through a data request, TURN-SEU-67. Response was provided to TURN on May 23, 2018.

[5] May 14, 2018, Opening Testimony of Sean Mitchell on Behalf of the Coalition of California Utility Employees [CUE], CUE (Sean Mitchell), Opening Testimony of Javier Salas on Behalf of CUE, CUE (Javier Salas) and Opening Testimony of David Marcus on Behalf of CUE, CUE (David Marcus).

[6] 49 CFR § 192.481 (a) specifically states: "Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows: If the

implementation effectively eliminated the traditional Meter Reading function. A new group, the CS-F MSA Inspection organization was formed in 2016 to perform this function going forward.[7]

The CS-F MSA Inspection organization performs onsite inspections of each MSA to comply with DOT requirements. MSA inspections specifically identify conditions that indicate atmospheric corrosion and other conditions which require remediation by CS-F and Distribution field employees. In addition, the MSA Inspection group is responsible for contacting customers to resolve meter access issues.

Table GRM-3 below provides a summary comparison of ORA and TURN's TY 2019 forecast for the CS-F MSA Inspection Program.

TABLE GRM-3

Summary Comparison – CS-F MSA Inspection Program

CS-F MSA Inspection Program	TY 2019 Estimated – In 2016 $ (000s)		
	SoCalGas	ORA	TURN
TY 2019 Estimated	$ 16,702	$ 16,702	$ 15,533

1. ORA

ORA accepts SoCalGas' TY 2019 forecast for the CS-F MSA Inspection Program cost category.

2. TURN

TURN takes issue with SoCalGas' TY 2019 forecast for the CS-F MSA Inspection Program cost category and proposes a reduction of $1.169 million based on SoCalGas' 2017 adjusted recorded cost of $12.289 million.

pipeline is located onshore, then the frequency of inspection is at least once every 3 calendar years, but intervals not exceeding 39 months. If the pipeline is located offshore, then the frequency of inspection is at least once each calendar year, but with intervals not exceeding 15 months."

[7] This was discussed in the 2016 GRC. See November 2014, Prepared Direct Testimony of Sara Franke Addressing Customer Services Field and Meter Reading on behalf of SoCalGas, Exhibit SCG-10 (Sara Franke) at 19-22; see Appendix A.

a. TURN provides no analysis or justification in its testimony or workpapers to support the use of 2017 actual spending as its TY 2019 proposal for the MSA Inspection Program.

In an attempt to justify their reduction of $1.169 million or 7% less than SoCalGas' request of $16.702 million for the CS-F MSA Inspection Program cost category, TURN asserts the following:

> *"SoCal spent $5,867,000 in 2016 and forecasts spending $16,702,000 in TY 2019. On the way to this forecast, SoCal forecasts spending $15,514,000 in 2017. Actual 2017 spending was $12,289,000 which was 20.8% less. SoCal built a model to explain its spending forecast covering 15 pages of workpapers, but the 2017 results were not well explained by the model."* [8]

TURN's claim that the 2017 results were not well explained in the model is puzzling. For example, TURN did not raise objections to any specific assumptions SoCalGas used to develop its TY 2019 forecast (e.g., inspection order volume, average orders per day, wage rates, training factor, can't get in rate, etc.) or provide any justification as to why SoCalGas' methodology should be rejected. SoCalGas' assumptions were based on 2016 data which is the first full year for the MSA Inspection Program implementation. In the revised Customer Services - Field and Meter Reading testimony of Gwen Marelli (Exhibit SCG-18-R),[9] SoCalGas discussed the activities performed by various job classifications in the CS-F MSA Inspection organization and explained the forecast methodology and calculations to derive the estimate for these activities. Furthermore, to supplement this information, SoCalGas submitted detailed workpapers which further justify the requested funding for TY 2019.[10] Each incremental request was supported by a workpaper showing the assumptions (e.g. order volume, orders per day, wage rates, etc.), detailed calculation logic (i.e., item A1 x A2) to derive the forecast of hours, full time equivalents (FTEs) and costs for each activity for each forecast year. The forecast years of 2017 and 2018 identified in SoCalGas' workpapers included assumptions and calculations that are consistent with TY 2019 estimated expenses for MSA inspections.

[8] Ex. TURN-03 (Marcus) at 6.

[9] Ex. SCG-18-R (Marelli) at 38-44.

[10] October 2017, Workpapers to Prepared Direct Testimony of Gwen R. Marelli on behalf of SoCalGas, SCG-18-WP-2FC005 CS - Field MSA Inspection Program, Supplemental Workpapers, Exhibit SCG-18-WP (Gwen Marelli) at 114-128.

Consequently, SoCalGas has demonstrated that its forecasting assumptions are reasonable and justified, and the TY 2019 request should be adopted.

b. SoCalGas requires the funding to complete the backlog of remediation work and additional remediation work in TY 2019

TURN states:

"*TURN has requested further information to analyze 2017 operations (TURN-SEU DR 67), but makes a conservative recommendation at this time – to reduce spending by 7% (approximately a third of the 2017 percentage of underspending) in TY 2019.*"[11]

TURN's focus and emphasis on 2017 adjusted recorded cost as the basis for the TY 2019 forecast is unwarranted. The CS-F MSA Inspection Organization has not reached steady state levels and is continuing to ramp-up its workforce to full capacity to perform and complete all their activities as demonstrated by the significant increase in 2017 adjusted recorded costs as compared to BY 2016 adjusted recorded costs. Therefore, the 2017 adjusted recorded costs does not fully represent ongoing annual expenses that will be incurred in TY 2019. During 2017, the group directed most of their attention to the management and completion of MSA inspection work to meet compliance requirements, refining processes and procedures, and handling chronically inaccessible facilities. Consequently, SoCalGas was unable to complete all planned MSA remediation work orders which resulted in an underspending of approximately $2.7 million.[12] However, this work will be completed in addition to all other remediation work identified annually during the TY 2019 GRC cycle. SoCalGas' TY 2019 forecast appropriately reflects the aforementioned challenges and delays. Therefore, TURN's approach of using the 2017 adjusted recorded costs as the basis of the TY 2019 forecast does not accurately reflect the true cost of the MSA Inspection Program and should be rejected.

c. TURN incorrectly characterizes the MSA Inspection Representative's work as identical to a Meter Reader's work.

TURN states:

"*The meter set assembly (MSA) inspection program is an unintended consequence of the AMI program that is increasing SoCal's costs. Meter readers used to have the job of inspecting meters for corrosion or other visually obvious damage when they read meters.*

[11] Ex. TURN-03 (Marcus) at 6.

[12] The detailed calculation for the MSA Remediation backlog work cost estimate of $2.7 million is provided as Appendix B.

Now that AMI has supplanted most of the meter readers, SoCal had to hire a new group of staffers, more expensive than meter readers, to inspect meters for corrosion over a time frame specified by the US Department of Transportation which approximates once every two years."[13]

TURN is incorrect when it asserts that CS-F MSA Inspection field technicians performed the exact same processes and tasks as a Meter Reader.[14] The MSA Inspection Representative (MIR) job classification requirements are different from a Meter Reader.[15] The MIRs are Operator Qualified in more elements, higher skilled, and responsible for inspecting more elements of an MSA than Meter Readers were ever responsible for. Additionally, TURN's statement is incorrect about the inspection time frame being "once every two years." 49 CFR § 192.481 requires the MSA to be inspected once every three calendar years not to exceed 39 months.[16] SoCalGas has been performing the more comprehensive inspections since 2016 and the funding requested for TY 2019 is necessary to continue the activities performed by this group and meet the mandated compliance of 49 CFR § 192.481.

B. CS-MR Operations Cost Category

The CS-MR Operations cost category includes part-time meter readers who are dispersed across SoCalGas' operating bases. SoCalGas is requesting funding of $2.219 million for meter readers to capture manual reads (total of 335,744 manual reads in TY 2019) for the following:

- Customers enrolled in the Opt-Out Program (173,180 manual reads in TY 2019);
- Customers located in AMI's escalated jurisdictions (156,000 manual reads in TY 2019); and
- Customers affected by AMI Meter Transmission Unit (MTU) failures (6,564 manual reads in TY 2019).

Table GRM-4 below provides a summary comparison of ORA and TURN's TY 2019 forecast for the CS-MR Operations cost category.

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[13] Ex. TURN-03 (Marcus) at 6.

[14] In SoCalGas' response to data request TURN-SEU-030, SoCalGas explained the differences between the actual MSA inspection work performed by the CS-F MSA Inspection Organization and the inspection of MSAs previously performed by meter readers. See Appendix C.

[15] 2016 GRC, Ex. SCG-10 (Franke) at 19-22. See Appendix A.

[16] See fn. 6.

TABLE GRM-4
Summary of Comparison - CS-MR Operations

CS-MR Operations	TY 2019 Estimated – In 2016 $ (000s)		
	SoCalGas	ORA	TURN
TY 2019 Estimated	$ 2,219	$ 2,219	$ 2,002

1. ORA

ORA accepts SoCalGas' TY 2019 forecast for the CS-F MR Operations cost category.

2. TURN

TURN takes issue with SoCalGas' TY 2019 forecast for the CS-MR Operations cost category and proposes a 9.8% reduction to SoCalGas' TY 2019 request.

a. TURN failed to recognize that 2017 adjusted recorded costs exclude opt-out meter reading costs while the TY 2019 forecast includes them.

TURN states:

"*We propose a 10% adjustment to 2019 meter reading – operations labor costs. This adjustment accounts for the fact that 2017 actual labor costs were approximately the same as 2019 projected costs, and that SoCalGas will need to read fewer meters in 2019 than it read in 2017.*"[17]

It appears that TURN did not realize that opt-out reads were excluded in 2017 adjusted recorded costs because opt-out meter reading costs are recorded in the Advanced Metering Opt-Out Program Balancing Account (AMOPBA).[18] TY 2019 is the first opportunity to integrate the opt-out related expenses in the GRC as noted by Ms. Marelli (Ex. SCG-18-WP) [19] and discussed in the AMI testimony of Rene F. Garcia (Exhibit SCG-17-R).[20] TURN is correct that SoCalGas will read fewer meters in TY 2019 than it read in 2017. In fact, SoCalGas' TY 2019 forecast

[17] Ex. TURN-03 (Marcus) at 7.

[18] December 2017, Revised Prepared Direct Testimony of Rene F. Garcia Addressing Advanced Metering Infrastructure (AMI) on behalf of SoCalGas, Exhibit SCG-17-R (Rene Garcia), discussing the AMI Opt-Out Program at 35-38.

[19] Ex. SCG-18-WP (Marelli), Note 1 at 141.

[20] See fn.18.

already reflects significantly less total meter reads than 2017, because 2017 adjusted recorded costs exclude costs related to 162,988 opt-out reads.[21] Therefore, TURN's comparison of the 2017 adjusted recorded cost of $2.268 million to SoCalGas' TY 2019 request of $2.219 million is not correct. As shown in Table GRM-5, the total manual meter reading costs during 2017, including the costs for opt-out reads, is $3.485 million. SoCalGas is only requesting $2.219 million for TY 2019 (including opt-out reads), which is 36% less than the total 2017 manual meter reading costs (including opt-out reads).

TABLE GRM-5
Total Manual Meter Reading Costs in 2017 including Opt-Out Costs Compared to TY 2019 Request

2017 Manual Meter Reading Costs	**In 2016 $ (000)**
2017 Adjusted Recorded Costs for CS-MR Operations[22]	$ 2,268
2017 Opt-Out Costs Recorded in AMOPBA	$ 1,217
Total 2017 Manual Meter Reading Costs with Opt-Out	**$ 3,485**
TY 2019 Request for Manual Meter Reading Costs[23] (includes Opt-Out, Escalated Jurisdictions and manual reads due to AMI MTU Failures)	**$ 2,219**
% Cost Reduction in TY 2019 as compared to 2017 Recorded w/ Opt-Out	**36%**

b. TURN fails to account for the fact that SoCalGas and SDG&E have different factors affecting productivity.

TURN states:

[21] The number of opt-out reads for 2017 was provided in SoCalGas' response to data request TURN-SEU-061, Question 4, on May 10, 2018. See Appendix D.

[22] 2017 Adjusted Recorded excludes manual meter reading costs for the Opt-Out Program since the costs were recorded in the AMOBPA.

[23] Ex. SCG-18-WP (Marelli) at 139-141.

"*SDG&E estimates that its staff can read 4.8 opt-out meters per hour (3.3 minutes on site plus 9.2 minutes drive time in 2016 equals 12.5 minutes), so that SoCalGas is 23% less productive*."[24]

TURN is using incorrect information and making comparisons that are not valid. SoCalGas has different factors affecting order completion times as compared to SDG&E. Specifically, TURN refers to a 9.2 minute drive time for SDG&E to derive the 4.8 opt out meter reads per hour. SoCalGas' average drive time is higher, at 13.1 minutes in BY 2016, as shown in SoCalGas' CS-F Operations supplemental workpaper.[25] Additionally, SDG&E's field personnel can read two meters (electric and gas) per field visit whereas SoCalGas' field personnel only read one meter per visit. The difference in the number of opt-out meters per hour is not due to productivity; rather, it is due to different traffic congestion levels and the number of meter reads per facility. Therefore, TURN's assertion regarding SoCalGas' productivity is not valid.

C. CS-F Staff Cost Category (Shared Services)

SoCalGas is requesting TY 2019 forecasted expenses of $1.514 million for this cost category, an increase of $0.320 million compared to BY 2016 adjusted recorded costs. CS-F Staff is comprised primarily of management personnel who develop and implement processes, policies and procedures, including Gas Standards and Information Bulletins; track, analyze and report operational data; and manage special projects for CS-F operations. Although the CS-F Staff is primarily centralized in SoCalGas' Los Angeles headquarters building, this organization supports both SoCalGas' and SDG&E's CS-F organizations.

CS-F Staff is needed to establish and maintain uniform policies and procedures for CS-F field personnel to follow. Policies and procedures are continuously updated to reflect new rules and regulations, manufacturer safety alerts, manufacturer appliance recalls, and other related changes. Analysts within CS-F Staff track and analyze customer and company-generated work order volumes, drive time, on-premises time and other associated operating metrics. Project managers oversee and implement process and other changes that impact CS-F operations.

Table GRM-6 below provides a summary comparison of ORA and TURN's TY 2019 forecast for the CS-F Staff cost category.

[24] Ex. TURN-03 (Marcus) at 7.

[25] Ex. SCG-18-WP (Marelli) at 22-23.

TABLE GRM-6
Summary of Comparison - CS-F Staff

CS-F Staff	TY 2019 Estimated – In 2016 $ (000s)		
	SoCalGas	ORA	TURN
TY 2019 Estimated	$ 1,514	$ 1,514	$ 1,357

1. ORA

ORA accepts SoCalGas' TY 2019 forecast for the CS-F Staff cost category.

2. TURN

TURN takes issue with SoCalGas' TY 2019 forecast for the CS-F Staff cost category and proposes a reduction of 10.4% to SoCalGas' TY 2019 request. TURN's proposal is based on using a four-year average (2014-2017).

TURN states:

> "*SoCal's five year average is an unreasonable way to forecast this account. Total costs declined in each year from 2012 - 2016, and the two highest – and earliest – years 2012 and 2013, are statistically significantly higher than the last four years (2014 – 2017). TURN therefore proposes to forecast this account using a four-year average (2014-2017), leaving out the first two years. This figure is also almost identical to the 2017 recorded value (but with higher labor and lower non-labor costs netting each other in the total).*"[26]

a. TURN's 4-year average methodology is arbitrary and inconsistent.

It appears that TURN's primary rationale for using the 4-year average methodology for the CS-F Staff cost category is to yield a lower forecast. It may be that TURN did not propose its 4-year average methodology for the other two CS-F cost categories shown in Table GRM-7 below, because it would have resulted in a higher forecast than SoCalGas' 5-year average methodology.

[26] Ex. TURN-03 (Marcus) at 8.

TABLE GRM-7
CS-F Dispatch, CS-Support and CS-F Staff Cost Category

In 2016 $ ($000)	CS-F Dispatch	CS-F Support	CS-F Staff
2012 Adjusted Recorded	$ 9,384	$ 15,545	$ 1,641
2013 Adjusted Recorded	$ 8,387	$ 14,199	$ 1,635
2014 Adjusted Recorded	$ 8,916	$ 16,109	$ 1,512
2015 Adjusted Recorded	$ 9,598	$ 17,145	$ 1,362
2016 Adjusted Recorded	$ 9,806	$ 16,835	$ 1,419[27]
2017 Adjusted Recorded	$ 10,388	$ 15,527	$ 1,358
SoCalGas' TY 2019 Request 5 Year Average (2012 - 2016)	**$ 9,218**	**$ 15,966**	**$ 1,514**
4 Year Average (2014 – 2017)	$ 9,677	$ 16,404	$ 1,413
TURN's Proposed 4 Year Average for CS-F Staff			$ 1,357[28]

Table GRM-7 clearly illustrates SoCalGas' consistency and objectivity in using the 5-year average calculation. The table also demonstrates that TURN's forecast methodology is selective and arbitrary. Because TURN's proposed forecast of $1.357 million for TY 2019 is selective and arbitrary, the Commission should adopt SoCalGas' TY 2019 request of $1.514 million.

[27] The BY 2016 costs of $1,419,000 used in the average calculation includes BY 2016 adjusted recorded costs of $1,194,000 and an adjustment of $225,000 necessary to return CS-F Staff to normal operations after temporary assignments to support the Aliso incident. Several management employees from the CS-F Staff group were released from their regular responsibilities during BY 2016 to work on temporary assignments to support activities associated with the Aliso incident. The Aliso incident required reprioritization of company resources, and CS-F Staff projects were either deferred when appropriate or other members of CS-F Staff took on additional assignments as needed. All labor and associated non-labor costs for these CS-F Staff employees for supporting the Aliso incident were excluded from BY 2016 adjusted recorded expenses. Employees on temporary assignments to support the Aliso incident have returned to their CS-F Staff positions to resume their normal CS-F Staff workload. In order to adequately resume routine operations, an adjustment of $225,000 was included in BY 2016 adjusted recorded costs. This information was provided in Ex. SCG-18-R (Marelli) at 55-56.

[28] TURN's proposed 4-year average calculation of $1,357,000 ignores and disregards the $225,000 adjustment included in BY 2016 adjusted recorded costs. See fn. 27.

D. Other Items

1. CUE

a. CUE's assertion that leaving the gas service on between occupants jeopardizes safety is false and has no foundation.

CUE states:

"*Essentially, the company leaves on gas service between occupants to cut down on labor time but in doing so jeopardizes safety*."[29]

SoCalGas' "soft close" policy was approved by the Commission in Decision (D.) 93-12-043 on December 17, 1993. In connection with D.93-12-043, the Commission's Safety Division investigated the soft close policy and determined that "the soft close practice does not present unreasonable risks to customers or the public."[30] D.93-12-043 also defined the soft close policy safety checks and audits implemented at SoCalGas.[31] Additionally, leaving the gas on for the next occupant of the facility provides the customer the convenience of having gas service immediately available as soon as he/she occupies the residence.

SoCalGas fully complies with D.93-12-043, and SoCalGas' soft close policy has been in place for almost 25 years and poses no safety risks for customers. Consequently, CUE's assertion that leaving the gas service on between occupants jeopardizes safety is false and has no foundation.

CUE also states:

"*More importantly, delays in having an ETR visit a home for close orders or to provide service to new customers creates a safety risk for both employees and customers. The ETRs who handle the service orders in the field don't know the condition within the house between the time that the customer vacates and the new customer starts service. The ETR and any new occupant would not know the conditions within the dwelling unit that indicate the presence of a leak. The customer moving is essentially in the dark because the previous customer (or often time's vandals) may have damaged gas lines removing appliances and could have left an open line blowing inside the house. If so, this can create a deadly explosion if an ignition meets the blowing gas*."[32]

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[29] CUE (Salas) at 3:21-4:1-2.

[30] D.93-12-043 at 40-41. See Appendix E.

[31] *Id*. at 40-42.

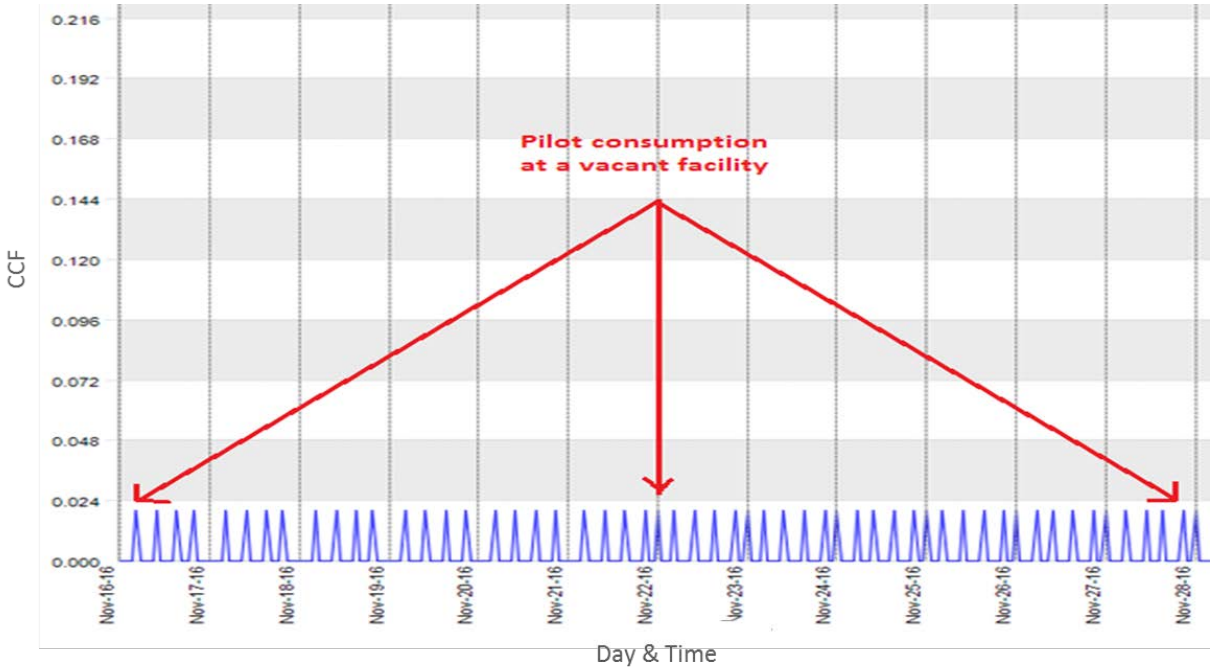
[32] CUE (Salas) at 5:5-14.

CUE's implication that SoCalGas is not actively monitoring soft close accounts is absolutely false. In fact, gas consumption is monitored on all soft closed facilities and a field order is issued when unusual consumption is detected. With Advanced Meter (AM) enabled meters, daily monitoring of previous days' hourly reads through the AM technology allows for quicker detection of anomalies in consumption patterns. SoCalGas provides two examples of gas consumption data below for AM enabled meters.

The chart below, Figure GRM-3, depicts a vacant facility with normal pilot flow. The y-axis represents the amount of gas used in centum cubic feet (CCFs), the x-axis represents time, and the jagged line represents the flow of gas over time. No appliances should be coming on during the day. Small spikes of usage occur, with levels less than 0.024 ccf, are indicative of a water heater pilot and/or furnace pilot.

Figure GRM-3

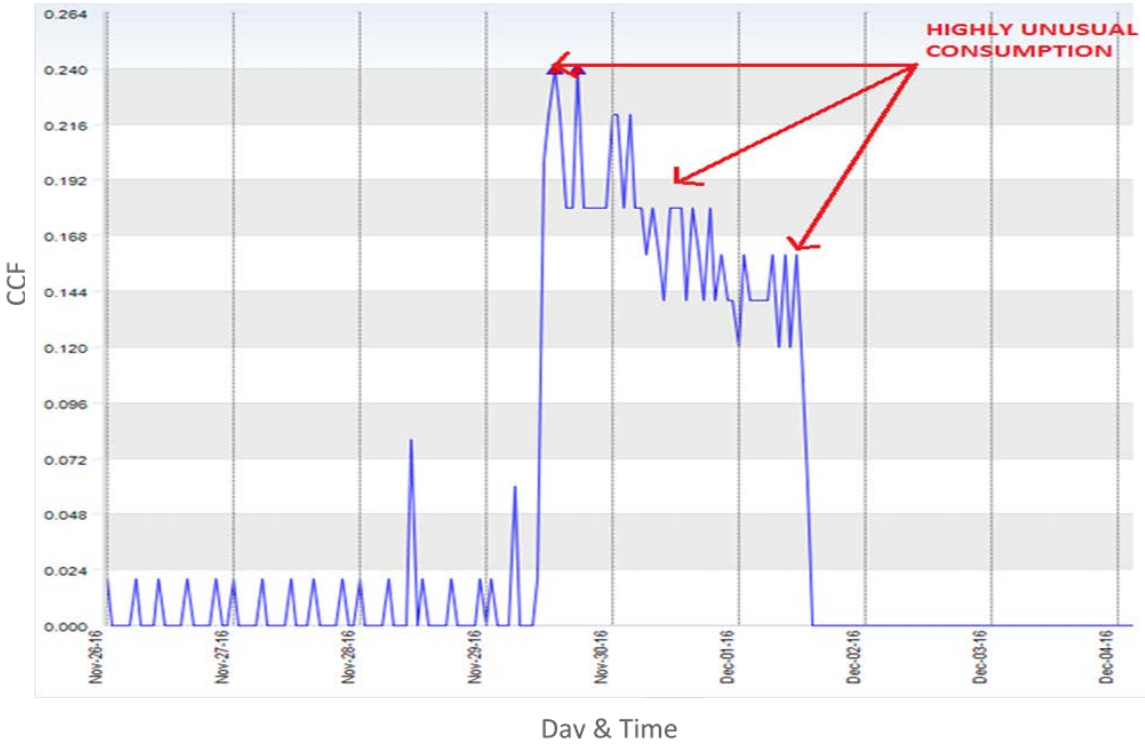
Soft Close Facility with Normal Pilot Flow



The chart below, Figure GRM-4, shows an unusual consumption pattern. The y-axis represents the amount of gas used in CCFs, the x-axis represents time, and the jagged line represents the flow of gas over time. Between November 30 – December 1, consumption does not return to zero. A resulting field order was fielded on December 1 to physically close the gas meter (gas shut-off).

Figure GRM-4

Soft Close Facility with Highly Unusual Consumption



As discussed and illustrated above, SoCalGas has appropriate monitoring mechanisms in place, takes action as needed, and fully complies with D.93-12-043. Therefore, CUE's claim that SoCalGas' soft close policy poses a safety hazard is incorrect.

b. CUE provides no analysis or proposal to support their claim of inadequate field technician staffing.

CUE states:

> **"***Based on the staffing pressures I experience in the field, 849 ETRs and 136 ETR-As is an insufficient number of employees. Increasing the number of ETRs by 53 from 2016 – 2017 was not enough to address the understaffing in this department*."[33]

CUE makes a broad anecdotal statement that additional ETRs and ETR-As are needed to provide adequate customer service. However, CUE provides no guidance as to the appropriate level of increase in workforce. Furthermore, CUE provides no analysis to support the claim that the current level of ETRs and ETR-As is insufficient or that the level of service provided to customers is inadequate. CUE's rationale is solely based on CUE witness Mr. Mitchell's "experience."[34]

SoCalGas' CS-F Operations costs are primarily driven by work order volumes. BY 2016 order volume per active meter by order type and forecasted meter growth for 2017 through 2019 is applied to most order types for TY 2019 order volume forecasts. SoCalGas discussed the specific forecast methodologies and provided the volume forecast for each order type.[35] In addition to order volumes and customer growth, CS-F technician costs are driven by the length of time it takes to travel to customer premises or "drive time," the length of time it takes to complete each type of order or "on-premises time," the amount of "non-job" time (e.g., for start of day and end of day non-order work, breaks, one-on-one discussion with the supervisors, and other non-order activities); training time and vacation and sick time. With the exception of the drive time which incorporated a 4% increase each year, BY 2016 data was used to determine the forecast for these various cost components and the required FTEs to complete the forecasted order volume. BY 2016 is the most indicative year of current experience, policies, and procedures, as well as reflecting the impacts of AMI implementation. Detailed cost and FTE calculations for each order type were provided in supplemental workpapers.[36]

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[33] CUE (Mitchell) at 4:13-15.

[34] *Id.*

[35] Ex. SCG-18-R (Marelli) at 16-17; Appendix C at GRM-C-1 to GRM-C-3.

[36] Ex. SCG-18-WP (Marelli) at 17-53.

SoCalGas' methodology is based on reasonable and solid assumptions, and CUE's assertion that workforce levels are insufficient is without justification or analysis.

c. CUE's proposal for CS-F's MTU Remediation work is based on a misunderstanding of the AMI module annual failure rates.

CUE states:

> "*SCG is aware that it has two different failure rate estimates for AMI modules, depending on who maintains them. SCG estimates that the average life of an AMI module is 20 years, which would imply a steady-state replacement rate of 5 percent per year. That is larger than either of the two replacement rates proposed by SCG, 1.92% and 0.68%. Since SCG's AMI modules were all recently deployed, it is reasonable to expect that they do not yet need to be replaced at their long -term replacement rate of 5 percent per year. However, SCG has presented no evidence for the 0.68% rate in Exs. SCG 17 and 18, which would imply an average module life of almost 150 years. CUE proposes that the O&M budget for the CS-F group be increased to allow for the same 1.92% per year failure rate expected for modules maintained by the M&R group*."[37]

CUE's proposal is based on a misunderstanding of the annual failure rates for AMI modules. The 0.68% annual failure rate for AMI modules which was used to derive the volume of MTU remediation work specifically applies to those meters handled by CS-F. CUE's proposed funding of $5.122 million for TY 2019 is based on incorrect assumptions and should be rejected. Please refer to the rebuttal testimony of Rene F. Garcia (Exhibit SCG-217), for further explanation on how the annual failure rates were derived and rationale supporting the 0.68% annual rate used by CS-F Operations to derive the $1.814 million for the remediation of MTUs.

IV. CONCLUSION

SoCalGas has addressed the proposed disallowances and flawed assumptions presented by TURN. TURN provides no analysis nor sufficient justification to support its forecast and should be rejected. SoCalGas' TY 2019 request has been documented in prepared direct testimony, workpapers, rebuttal testimony and responses to data requests. Accordingly, SoCalGas' TY 2019 forecast for CS-F and CS-MR should be adopted.

SoCalGas has also addressed CUE's claim of inadequate staffing, and more importantly, demonstrated that SoCalGas' soft close policy does not pose a safety concern for customers. This concludes my prepared rebuttal testimony.

[37] CUE (Marcus) at 29:4-15.

APPENDIX A

2016 General Rate Case, Exhibit SCG-10 at SAF-19 to SAF-22

Company: Southern California Gas Company (U904G)
Proceeding: 2016 General Rate Case
Application: A.14-11-___
Exhibit: SCG-10

-

SOCALGAS

DIRECT TESTIMONY OF SARA A. FRANKE

(CUSTOMER SERVICES FIELD AND METER READING)

November 2014

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

iii. Operator Qualification Training

SoCalGas is requesting incremental funding totaling $0.738 million for CSF technicians to complete OpQual training and be re-certified every three years rather than the current five-year cycle. The basis for the forecasted costs and rationale for the increased frequency of the OpQual re-certification is covered in the testimony of SoCalGas witness Frank Ayala, Ex. SCG-04.

f. Department of Transportation-Required Meter Set Assembly Inspection Program

The Department of Transportation ("DOT") Code of Federal Regulations ("CFR") (i.e., CFR 192.481) requires that each meter set assembly ("MSA") be inspected every three years (not to exceed 39 months) for atmospheric corrosion. Meter readers have historically performed this function but, as provided for in the Commission's AMI decision[19], SoCalGas plans to transition this compliance work to CSF Field Service Assistants ("FSAs") as AMI is implemented and meter readers are eliminated.

With an estimated 5.8 million connected meters in 2016, SoCalGas will be required to inspect approximately 1.933 million MSAs per year. The first meter reading routes (and associated meter reader positions) were eliminated in 2013 as a result of AMI, so the first MSA inspections to be performed by FSAs will begin in 2016. Given the time required to ramp up, including hiring, training and leveling the workforce in order to complete the required number of inspections each year, SoCalGas plans to begin hiring and training FSAs, and conducting MSA inspections, in 2015 such that SoCalGas is in a position to begin completing approximately 1.933 million MSA inspections per year beginning in 2016.

SoCalGas is requesting $4.899 million above the authorized funding levels adopted in Commission D. 10-04-027 because, upon further review, SoCalGas has identified additional costs associated with performing the required MSA inspections, post AMI implementation.

Table SAF-13 below summarizes the annual funding adopted in D.10-04-027 and the incremental funding being requested in TY 2016 for FSAs to complete the required inspections.

[19] D.10-04-027

TABLE SAF-13

Non-Shared O&M Costs for DOT-Required MSA Inspections

(Shown in Thousands of 2013 Dollars)

MSA Inspections	AMI Funding	Incremental TY 2016 GRC Request
	2016	**2016**
Labor	661	4,717
Non-Labor	112	182
Total	**773** (40 cents per MSA inspection, assuming approximately 1.933 million inspections per year)	**4,899** ($2.53 per MSA inspection, assuming approximately 1.933 million inspections per year)

Specifically, SoCalGas is requesting funding for 74 additional FSA positions (beyond the 10 FSA positions funded in D.10-04-027) in order to comply with the DOT regulations, for the reasons set forth below.

First, given the heightened natural gas pipeline safety concerns, coupled with the fact that meter readers will no longer be at customer premises to visually see and read meters each month, SoCalGas proposes to complete a more comprehensive inspection of each MSA every three years. FSAs, who are Operator Qualified in more elements and higher skilled than meter readers, will be required to thoroughly inspect all aspects of the MSA, including the gas riser, all piping, the regulator and the meter, from all directions and angles, while physically present at each MSA.

Table SAF-14 below provides a summary of the MSA inspection elements currently performed by meter readers along with the elements SoCalGas proposes to add.

TABLE SAF-14

Current and Proposed MSA Inspection Elements

General Inspection Elements	Current Inspection Element (Performed by Meter Readers)	Proposed Additional Inspection Element
Look/listen/smell for indications of gas	X	
Check for electricity at meter, where applicable	X	
Identify prohibited meter locations	X	
Upstream of Stopcock (Riser)		
Identify light/medium rust	X	
Identify heavy rust/scale	X	
Identify swollen coating	X	
Identify through-wall anodeless (AL) riser casing corrosion and ensure steel nipple is visible	X	
Identify exposed polyethylene pipe/through-wall casing	X	
Identify damage to coatings		X
Identify epoxy repair defects/damage		X
Identify low AL riser conditions		X
Service Valve/Stopcock		
Identify leaking, embedded, buried, inoperable service valves/stopcocks	X	
Identify broken tangs	X	
Downstream of Stopcock		
Identify atmospheric corrosion	X	
Identify indications of leakage	X	
Verify approved regulator is installed		X
Verify regulator is properly vented	X	
Verify vent cap installed		X
Identify loose, damaged or defective parts for follow-up		X
Verify MSA is insulated (where applicable)		X
Verify meter has security tabs	X	
Identify meter damage	X	
Identify meter index damage/painting	X	
Identify broken/cloudy meter dial glass	X	
Ensure Dig Alert sticker is installed	X	
Identify need for meter guard (if necessary)	X	
Identify potential gas diversion	X	

In addition to average drive time and walk/read time for each meter reading route (estimates for which are based on actual 2013 Meter Reading experience), SoCalGas estimates it will take an average of one minute to access and complete each above-ground MSA inspection and an average of seven minutes per curb meter inspection. Curb meters require more time because the heavy curb lid and any debris in the vault must be safely removed before a full inspection can be completed.

SoCalGas anticipates a 10% "cannot get in" ("CGI") rate due to meter accessibility issues. The CGI rate assumed for MSA inspections is consistent with the CGI rate SoCalGas encounters when performing other meter work. Because these MSA inspections will not be completed on the first attempt and will be spread further apart for the second attempt, the FTEs required to complete the follow-up inspections for CGI inspections were derived using the average drive time incurred for other customer service orders (11.5 minutes per order) plus an estimated 4.6 minutes for gaining access to and inspecting each meter.

Total hours required to inspect one-third of all meters each year were converted to FTEs. Non-job time, training, and vacation and sickness factors, as well as the FSA straight-time wage rate were then applied to determine total FTEs and costs. A non-labor cost (for uniform, laundry, etc.) of $3,500 was applied on a per FTE basis.

In instances where the MSA is inaccessible, the FSA will leave a notice instructing the customer to contact the CCC to schedule the inspection. Costs associated with anticipated calls to the CCC are covered in the testimony of SoCalGas witness Evan Goldman, Ex. SCG-11. Supervisor costs for the MSA Inspection Program, and costs for clerical support (to manage chronically inaccessible meters), quality assurance (to inspect a portion of the FSAs' work) and technical support (to maintain MSA inspection routes and MDTs) are covered in subsequent sections of my testimony.

g. Curb Meter Regulator Replacements

The TY 2016 funding being requested for the CSF Operations cost category includes $0.177 million in costs for replacing additional curb meter regulators. The basis and rationale for this forecasted cost are covered in the testimony of SoCalGas witness Frank Ayala, Ex. SCG-04.

h. Vehicles

CSF field employees are provided with company fleet vehicles to transport gas meters, piping, tools, parts and materials needed to perform their jobs. Based on the forecasted work and associated incremental positions, SoCalGas anticipates a need for the additional vehicles shown in Table SAF-15 below. Vehicle costs are covered in the testimony of SoCalGas witness Carmen Herrera, Ex. SCG-15.

TABLE SAF-15

Forecast Number of Incremental Company Vehicles

2014	2015	2016	Total
65	114	85	264

APPENDIX B

Calculation of MSA Remediation Backlog of $2.7 Million

Calculation of Field Labor Cost for MSA Remediation Backlog Work (in 2016 $)

Item	Notes/Calculation	2017 Cost Estmate for Backlog Work
A) MSA Remediation/Follow-up Backlog		
A.1 MSA Remediation/Follow-up Backlog Order Volume	Backlog	93,187
A.2 CGI (Can't Get In) Rate	BY 2016 data	11.1%
A.3 Total CGI MSA Remediation/Follow Up	A.1 x A.2	10,343
A.4 Total MSA Remediation/Follow Up Orders	A.1 + A.3	103,530
B) Productive Hours		
B.1 Orders per day per FTE	Based on 2016 data + 4% increased drive time due to traffic congestion	11.5
B.2 Total Productive Hours	A..6 / B.1 x 8 hrs	72,272
C) Training Hours		
C.1 Training to Productive Hour Ratio %	BY 2016 data	5.3%
C.2 Training Hours	B.2 x D.1	3,830
D) Vacation & Sick (V&S) Hours		
D.1 V&S Percentage	BY 2016 V&S factor	16.92%
D.2 V&S Hours	(B.2 + C.2) x D.1	12,877
E) Split of Straight Time (ST) vs Overtime (OT)		
applies to productive hours only		
E.1 ST Percentage	BY 2016 data	98.8%
E.2 OT Percentage	BY 2016 data	1.2%
F) Summary Total of Hours		
F.1 Productive ST Hours	B.2 x E.1	71,405
F.2 Productive OT Hours	B.2 x E.2	867
F.3 Training Hours	From C.2	3,830
F.4 V&S Hours	From D.2	12,877
F.5 Total Hours	Sum of F.1 to F.4	88,979
G) Total FTE: Straight Time (ST) and Overtime (OT)		
G.1 Total Paid Hours per Year		2080
G.2 ST FTE (incl Training and V&S Hours)	(F.1 + F.3 + F.4) / G.1	42.4
G.3 OT FTE	F.2 / G.1	0.4
G.4 Total FTE	G.2 + G.3	42.8
H) Wage Rates: Field Service Assistant (FSA)		
H.1 FSA ST Rate	2016 Blended Rate	$ 30.23
H.2 FSA OT Rate	H.1 x 1.5 hrs	$ 45.35
H.3 FSA ST Rate for Training Labor	2016 Starting Rate	$ 29.73
I) Total Labor Costs		
I.1 Productive ST and V&S Labor	(F.1 + F.4) x H.1	$ 2,547,997
I.2 Productive OT Labor	F.2 x H.2	$ 39,329
I.3 Training Labor	F.3 x H.3	$ 113,879
I.4 Total Costs: MSA Remediation Backlog Orders	**Sum of I.1 to I.3**	**$ 2,701,205**

APPENDIX C

SoCalGas' Response to TURN-SEU-030

TURN DATA REQUEST-030
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: MARCH 15, 2018
DATE RESPONDED: MARCH 29, 2018

1. Re. SCG-18, p. GRM-39:
   a. When did the DOT inspection requirements (§ 192.481) become effective?
   b. Is SCG claiming that inspection requirements have changed since 2012? If yes, please explain in detail how the requirements have changed.
   c. Please explain exactly if and how the actual MSA inspection work performed by staff of the CS-F MSA Inspection Organization differs from the inspection of MSAs previously performed by meter readers.

Utility Response 01:

1.a. SoCalGas objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure on the grounds that the timeframe encompassed in this request is not relevant to the subject matter involved in the pending proceeding, and therefore, the burden, expense and intrusiveness of this request outweighs the likelihood that the information sought will lead to the discovery of relevant and admissible evidence. In particular, to the extent that this request seeks information prior to 2012, such information is outside the scope of the relevant time period used by SoCalGas in developing its forecasts. Subject to and without waiving the foregoing objection, SoCalGas responds to Question 1.a. as follows: SoCalGas is not aware of when 49 CFR §192.481 initially became effective; however, the regulation has been effective at least since 2012, which is the time period relevant for this proceeding.

1.b. No, SoCalGas is not claiming that the inspection requirements as stated in CFR §192.481 have changed since 2012.

1.c. SoCalGas has been performing a more comprehensive inspection since 2016. A general discussion of how the MSA inspection work performed by the CS-F MSA Inspection Organization differs from the inspections performed by meter readers, was previously discussed during the 2016 General Rate Case Application (A.14-11-004) in the testimony of S. Franke, Exhibit SCG-10.

The differences are as follows: 1) As stated on page SAF-20 of Exhibit SCG-10, "given the heightened natural gas pipeline safety concerns, coupled with the fact that meter readers will no longer be at customer premises to visually see and read meters each month, SoCalGas proposes to complete a more comprehensive inspection of each MSA every three years." Meter readers performed the DOT-required MSA inspections in conjunction with obtaining meter reads at customer's facilities each month for billing purposes. With the implementation of AMI and elimination of most meter readers, MSA Inspection Representatives visit the customer's facility once every three years to perform the more comprehensive inspections; 2) It is also stated on page SAF-20 that "FSAs, who are Operator Qualified in more elements and higher skilled than meter readers, will

TURN DATA REQUEST-030
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: MARCH 15, 2018
DATE RESPONDED: MARCH 29, 2018

Utility Response 01 Continued:

be required to thoroughly inspect all aspects of the MSA, including the gas riser, all piping, the regulator and the meter, from al directions and angles, *while physically present at each MSA*." Meter readers did not have to be physically present at the meter to obtain the read and perform the visual inspection; and 3) Table SAF-14 on page SAF-21 of Exhibit SCG-10 provided a summary of the twenty inspection elements that were performed by meter readers and listed the seven proposed MSA inspection elements added to enhance the inspections historically performed by meter readers.

APPENDIX D

SoCalGas' Response to TURN-SEU-061, Question 4

TURN DATA REQUEST-061
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: APRIL 26, 2018
DATE RESPONDED: MAY 10, 2018

4. Please provide the number of manual meter reads by month in 2015 through the latest available month divided into (a) meter reads where AMI meter not yet activated; (b) opt-out reads; (c) AMI's escalated jurisdictions, and (d) manual reads due to AMI MTU failures.

Utility Response 4:

For the period of January 2015 through December 2017, SoCalGas is unable to provide the manual meter reads in the breakdown requested since the information was not tracked to this level of detail. For 2018, SoCalGas began tracking the number of manual meter reads in more detail, as provided in the breakdown in the attached file.

The number of manual reads is provided in the attached file labeled, "TURN-SEU-061-Q.4 Attachment_Manual Meter Reads.xlsx."

Attachment to TURN-SEU-061, Question 4
Exhibit Reference: SCG-18-R (G. Marelli)
Subject: SoCalGas Customer Services - Field

January 2015 - March 2018: Number Manual Meter Reads by Month

For the period of January 2015 through December 2017, SoCalGas is unable to provide the manual meter reads in the breakdown requested since the information was not tracked to this level of granularity. SoCalGas can only separate the manual reads for the Opt-Out Program from the other manual meter reads. For 2018, SoCalGas started tracking the number of manual meter reads in more detail as provided in the breakdown below to comply with Advice Letter 5134-G effective on June 4, 2017 whereby sub-accounts in the AMI balancing account were to be established in 2018 to record costs associated with the deployment and post deployment periods of the AMI project and ongoing meter costs in areas where the AMI network is not constructed.

*Other Manual Meter Reads includes manual meter reads for the following: AMI meters not yet activated, AMI's escalated jurisdictions, AMI MTU failures, No AMI installed, and incomplete network coverage.

	Year: 2015	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
1	Opt-Out Reads				2,428	3,024	3,535	5,098	5,576	6,813	8,704	7,889	8,733	51,800
2	Other Manual Meter Reads*	3,096,119	2,991,658	2,830,375	2,689,242	2,559,151	2,401,942	2,278,507	2,151,148	1,993,673	1,848,446	1,724,124	1,577,287	28,141,672
3	**Total Manual Meter Reads**	**3,096,119**	**2,991,658**	**2,830,375**	**2,691,670**	**2,562,175**	**2,405,477**	**2,283,605**	**2,156,724**	**2,000,486**	**1,857,150**	**1,732,013**	**1,586,020**	**28,193,472**

	Year: 2016	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
4	Opt-Out Reads	9,028	10,336	11,039	9,631	13,277	11,375	12,523	15,786	14,165	17,235	13,961	15,169	153,525
5	Other Manual Meter Reads*	1,447,703	1,285,309	1,102,981	1,005,782	814,528	664,186	513,184	435,675	331,282	251,032	205,534	168,746	8,225,942
6	**Total Manual Meter Reads**	**1,456,731**	**1,295,645**	**1,114,020**	**1,015,413**	**827,805**	**675,561**	**525,707**	**451,461**	**345,447**	**268,267**	**219,495**	**183,915**	**8,379,467**

	Year: 2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
7	Opt-Out Reads	14,884	13,106	15,677	13,619	14,503	14,326	13,128	14,506	12,350	13,109	11,989	11,791	162,988
8	Other Manual Meter Reads*	149,114	146,842	136,268	99,530	87,837	86,084	80,718	86,194	78,772	77,656	70,160	67,352	1,166,527
9	**Total Manual Meter Reads**	**163,998**	**159,948**	**151,945**	**113,149**	**102,340**	**100,410**	**93,846**	**100,700**	**91,122**	**90,765**	**82,149**	**79,143**	**1,329,515**

	Year: 2018	Jan-18	Feb-18	Mar-18
10	Opt-Out	13,531	11,753	12,426
11	AMI Escalated Jurisdictions	11,066	9,016	10,251
12	AMI MTU Failures	21,412	23,564	18,435
13	No MTU Installed and Incomplete Network Coverage	24,085	26,581	26,597
14	**Total Manual Meter Reads**	**70,094**	**70,914**	**67,709**

APPENDIX E

Decision 93-12-043 on SoCalGas' "Soft Close" Policy

ALJ/KLM/vdl

Decision 93-12-043 December 17, 1993

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) for Authority to Increase Rates Charged for Gas Service Based on Test Year 1994 and to Include an Attrition Allowance for 1995 and 1996.	Application 92-11-017 (Filed November 16, 1992)
Order Instituting Investigation into the rate, charges, and practices of Southern California Gas Company.	I.93-02-026 (Filed February 17, 1993)

(See Appendix A for appearances.)

H. Soft Close Policy

Traditionally, SoCalGas shuts off gas service at vacant residences. When the gas would be later turned on, it would undertake a safety check of household appliances. SoCalGas has recently initiated a practice under which it does not shut off gas service at a residence during the period of vacancy, except under certain conditions. It refers to this practice as "soft close."

Under the soft close practice, the utility closes the account of a customer who requests the close but leaves the gas on at the premises. It leaves a tag on the premises to inform the new customer that the gas is on, and that the customer should call the company to apply for service, and, if desired, to schedule an appliance check. A field representative reads the meter on the date of close. If usage is subsequently more than a level required for pilot light load, the utility turns the gas off. After the new customer establishes service, the field representative reads the meter and notifies the customer that the gas is on and house appliances have not been checked for safety. SoCalGas estimates this practice saves ratepayers $4.1 million annually.

SOS strongly opposes the soft close policy. It argues that the practice presents a public hazard because appliances are no longer checked routinely. SOS believes SoCalGas' solution to this--to rely on the customer to request an appliance safety check--is inadequate because it replaces trained service representatives' judgment with the judgment of an untrained and perhaps uninterested resident. SOS also believes that leaving the gas on presents a hazard if vandals or children enter an empty house and tamper with household appliances.

At the request of the assigned ALJ, the Commission's Safety Division investigated the soft close policy and presented its opinion on related safety issues. The Safety Division believes the soft close practice does not present unreasonable risks to

customers or the public. It does, however, recommend several modifications to the way SoCalGas would implement soft close:

> SoCalGas should inform the Safety Division if it changes either of two policies designed to promote safety, namely, the policy which requires closing a meter if its reading is greater than 3 cubic feet per hour, and the policy which requires closing a meter whose total consumption reaches 3000 cf;
>
> SoCalGas should implement a recordkeeping procedure that will capture information concerning leak investigations downstream of the meter at unoccupied dwellings during soft close intervals. The information would be available to Safety Division upon request;
>
> SoCalGas should develop information tags (which are left on the premises to inform customers that their gas is on) in predominant languages of the area;
>
> SoCalGas should inform property owners in writing that the gas has been left on at their rental properties; and
>
> SoCalGas should notify new customers in writing of the safety information that is included on the tags left at the premises in case the new customer did not see the tag.

SoCalGas agreed to implement these recommendations made by the Safety Division and has worked out an implementation plan which is acceptable to Safety Division.

Discussion. We appreciate the concerns of SOS and the opportunity to review a management decision that could affect safety. The record in this proceeding, however, does not support SOS' view that the soft close policy would present any significant risk to the public. Safety Division's report presented in this proceeding finds that many utilities across the country, and within California, have used a soft close policy without incident.

This is not to say that the soft close policy will never in any circumstance contribute to safety hazards in residential

neighborhoods. However, natural gas poses some risk when a premise is occupied as well as unoccupied. We have, as a community of consumers, accepted this attendant risk because of the offsetting benefits of natural gas heating and appliances.

Fewer appliance checks may mean a slightly higher risk of incident for the entire community of gas consumers. On the other hand, many gas appliances are not checked for many years in cases where utility customers maintain the same residence over a long period. We have no evidence that such a circumstance presents an unacceptable risk to the public.

In summary, we decline to intervene in a utility management decision that appears to have been carefully considered and which does not appear to create any discernible increase in safety hazards. We will adopt Safety Division's recommendations regarding the way the soft close policy is implemented, as set forth in Exhibit 90, submitted jointly by SoCalGas and Safety Division.

I. Service Establishment Charge

SoCalGas' residential customers currently pay a $5 charge for initiating service. SoCalGas proposes in this proceeding to impose a $35 service establishment charge. It states that the amount is approximately equal to the actual average cost of initiating service and that individual customers should pay for the costs they impose on the system. It also justifies the charge on the basis that a survey suggests many of its customers support the change. SoCalGas proposes that the Low Income Rate Assistance (LIRA) program subsidize half of the charge for low-income customers, and that the Commission allow it to establish a balancing account for associated revenues. It comments that this