

Company: Southern California Gas Company (U 904 G)
Proceeding: 2019 General Rate Case
Application: A.17-10-_____
Exhibit: SCG-32

SOCALGAS

**DIRECT TESTIMONY OF MARY GEVORKIAN
(HUMAN RESOURCES DEPARTMENT, SAFETY, WORKERS'
COMPENSATION & LONG-TERM DISABILITY)**

October 6, 2017

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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APPENDIX

APPENDIX A – Glossary of TermsMG-A-1

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SUMMARY

TY2019 Summary of Total O&M Costs

| | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|----------------------------------|-------------------------------|-------------------------|---------------|
| Total Non-Shared Services | 34,205 | 44,839 | 10,634 |
| Total Shared Services (incurred) | 1,663 | 1,700 | 37 |
| Total O&M | 35,868 | 46,539 | 10,671 |

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TY2019 Summary of Total Capital IT Costs

| INFORMATION TECHNOLOGY (In 2016 \$) | | | | |
|--|-------------------------------|------------------------------|------------------------------|------------------------------|
| | 2016 Adjusted-Recorded | 2017 Estimated (000s) | 2018 Estimated (000s) | 2019 Estimated (000s) |
| Total Human Resources | 0 | 300 | 491 | 791 |

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Summary of Requests

8 Southern California Gas Company's (SoCalGas or the Company) TY 2019 GRC request
9 of \$46.539 million represents a 30% increase over BY 2016 adjusted-recorded costs. The
10 majority of the \$10.671 million increase is driven by the following:

- 11 • HR Services is requesting \$1.273 million over BY 2016 adjusted recorded
12 mainly due to the increase in external hiring and to mitigate the risks
13 outlined in RAMP Chapter 7 – Workforce Planning, including workforce
14 planning and analytics, technical training support, and competency
15 modeling to identify any skills gaps and ensure the Company has
16 employees with the right skills and competencies to perform their jobs
17 safely.
- 18 • Safety & Wellness is asking for an increase of \$6.012 million over BY
19 2016 adjusted recorded due to the implementation of activities outlined in
20 RAMP Chapter 2 – Employee, Contractor, Customer, and Public Safety.
21 These activities include: enhancing the Department of Motor Vehicles
22 (DMV) drivers' license pull notification program, a new interactive driver

1 safety program, wellness and fitness training to diminish employee
2 injuries, defensive (behind the wheel) driver training, enhanced drug &
3 alcohol testing and monitoring, a new ISNetworld membership geared
4 toward verifying the safety history of contractors, and growing our
5 contractor compliance oversight program, which requires additional staff.

- 6 • Organizational Effectiveness is asking for \$1.663 million over BY 2016
7 adjusted recorded mainly to mitigate the risks outlined in RAMP Chapter
8 7 – Workforce Planning, including activities such as additional leadership
9 training, knowledge management (*e.g.*, expanded communities of practice,
10 developing new knowledge management tools, additional staff resources),
11 technical training development (new technical training for frontline
12 supervisors and other training programs), and succession planning
13 (primarily an additional full-time equivalent (FTE) to implement these
14 programs in staffing).
- 15 • Workers’ Compensation (WC) and Long-Term Disability (LTD) is
16 requesting \$1.029 million over BY 2016 adjusted recorded for increases
17 related to LTD and Workers’ Compensation costs;

18 The above increases represent a majority of SoCalGas’ TY 2019 requested increase.
19 Most of that increase (81%) is attributable to RAMP-related items. With the exception of
20 Workers’ Compensation and LTD costs, BY 2016 adjusted recorded costs were used as the
21 starting point for all cost forecasts – both shared costs and non-shared costs. Workers’
22 Compensation and LTD costs were derived using a zero-based forecast methodology. This
23 methodology is further defined in the relevant sections of my testimony.

**SOCALGAS DIRECT TESTIMONY OF MARY GEVORKIAN
(HUMAN RESOURCES DEPARTMENT, SAFETY, WORKERS'
COMPENSATION & LONG-TERM DISABILITY)**

I. INTRODUCTION

A. Summary of the Human Resources Department, Safety and Workers' Compensation & Long-Term Disability Costs and Activities

My testimony supports the Test Year (TY) 2019 forecasts for operations and maintenance (O&M) costs for both non-shared and shared services associated with the Office of the SoCalGas CEO, President & COO, Chief Human Resources (HR) & Chief Administrative Officer (CAO), Human Resources Department, Safety, and Workers' Compensation & Long-Term Disability areas for SoCalGas. I am also sponsoring the business justification for one IT Capital project. Table MG-1 summarizes my sponsored costs and Table MG-2 summarizes total capital IT costs that pertain to HR.

**TABLE MG-1
TY 2019 Summary of O&M Costs**

| OFFICE OF SOCALGAS CEO, PRESIDENT & COO, CHIEF HR & CAO, HUMAN RESOURCES DEPARTMENT, AND WORKERS' COMPENSATION & LONG TERM DISABILITY COMPENSATION | | | |
|---|-------------------------------|-------------------------|---------------|
| Shown in Thousands of 2016 Dollars | 2016 Adjusted-Recorded | TY2019 Estimated | Change |
| Total Non-Shared | 34,205 | 44,839 | 10,634 |
| Total Shared Services (Incurred) | 1,663 | 1,700 | 37 |
| Total O&M | 35,868 | 46,539 | 10,671 |

**TABLE MG-2
TY 2019 Summary of Total Capital IT Costs**

| INFORMATION TECHNOLOGY (In 2016 \$) | | | | |
|--|-------------------------------|------------------------------|------------------------------|------------------------------|
| | 2016 Adjusted-Recorded | 2017 Estimated (000s) | 2018 Estimated (000s) | 2019 Estimated (000s) |
| Total Human Resources | 0 | 300 | 491 | 791 |

B. Summary of Risk Assessment Mitigation Phase-Related Costs

Certain of the costs supported in my testimony are driven by activities described in SoCalGas and SDG&E's November 30, 2016 Risk Assessment Mitigation Phase (RAMP)

1 Report,¹ specifically, Chapter 2, Employee, Contractor, and Public Safety and Chapter 7,
 2 Workforce Planning. The RAMP Report presented an assessment of the key safety risks of
 3 SoCalGas and SDG&E and proposed plans for mitigating those risks. As discussed in the Risk
 4 Management testimony chapters of Diana Day and Jamie York (Exhibit SCG-02/SDG&E-02,
 5 Chapters 1 and 3, respectively), the costs of risk-mitigation projects and programs were collected
 6 from the RAMP Report and captured in the individual witness areas.

7 In the course of preparing my GRC forecasts, I continued to evaluate the scope, schedule,
 8 resource requirements, and synergies of RAMP-related projects and programs. Therefore, the
 9 final representation of RAMP costs may differ from the ranges shown in the original RAMP
 10 Report. Table MG-3 provides a summary of the RAMP-related costs supported by my
 11 testimony:

12 **TABLE MG-3**
 13 **Summary of RAMP Overlay**

| HR, DISABILITY, WORKERS COMP & SAFETY (In 2016 \$) | | | |
|---|--|--|---------------------|
| RAMP Risk Chapter | 2016 Embedded Base Costs (000s) | TY2019 Estimated Incremental (000s) | Total (000s) |
| SCG-2 Employee, Contractor, Customer and Public Safety | 4,448 | 5,386 | 9,834 |
| SCG-7 Workforce Planning | 2,726 | 1,906 | 4,632 |
| Total O&M | 7,174 | 7,292 | 14,466 |

14 **C. Summary of Costs Related to Fueling our Future (FOF)**

15 As described in the joint testimony of Hal Snyder and Randall Clark (Ex. SCG-
 16 03/SDG&E-03), the utilities kicked off the Fueling Our Future (FOF) initiative in May 2016 to
 17 identify and implement efficient operations improvements. In each applicable area of my
 18 testimony, I will describe how SoCalGas expects costs to be reduced by implementing these
 19 initiatives. Table MG-4 provides a summary of the FOF cost efficiency impacts described in my
 20 testimony.
 21

¹ I.16-10-015/I.16-10-016 Risk Assessment and Mitigation Phase Report of San Diego Gas & Electric Company and Southern California Gas Company, November 30, 2016. Please also refer to Diana Day (Ex. SCG-02/SDG&E-02, Chapter 1) for more details regarding the utilities' RAMP Report.

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**TABLE MG-4
Summary of FOF Impacts**

| FOF-Ongoing/<Benefits> | Estimated 2017 (000s) | Estimated 2018 (000s) | Estimated 2019 (000s) |
|--|----------------------------------|----------------------------------|----------------------------------|
| 2200-2397.000, ECS System Reporting | 0 | -32 | -111 |
| 2HR002.000, SCG Business Partners | 0 | -19 | -19 |
| 2HR003.000, SCG Manager Perf & Orgnl Strategy | -43 | -57 | -57 |
| 2HR004.000, SCG Director HR Services | 0 | 8 | -106 |
| 2HR006.000, SCG Director Safety & Wellness | -14 | 150 | 150 |
| 2HR006.001, Workers' Comp and Long-Term Disability | 0 | -1,000 | -1,000 |
| Total | -57 | -950 | -1,143 |

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D. Summary of Aliso-Related Costs

In compliance with the Commission's Decision (D.)16-06-0542, the Aliso Incident Expenditure Requirements testimony of Andrew Steinberg (Ex. SCG-12) describes the process undertaken so the TY 2019 forecasts do not include the additional costs from the Aliso Canyon Storage Facility gas leak incident (Aliso incident), and demonstrates that the itemized recorded costs are removed from the historical information used by the impacted GRC witnesses.

As a result of removing historical costs related to the Aliso incident from adjusted recorded data, and in tandem with the forecasting method(s) employed and described herein, additional costs of the Aliso incident are not included as a component of my TY 2019 funding request. Historical costs that are related to the Aliso incident are removed as adjustments in my workpapers, Ex. SCG-32-WP, and also identified in Table MG-5 below.

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**TABLE MG-5
Summary of Excluded Aliso-Related Costs**

| HR, DISABILITY, WORKERS COMP & SAFETY | | | |
|--|---------------------------------------|---------------------------------------|---------------------|
| Workpaper | 2015 Adjustment (000s) | 2016 Adjustment (000s) | Total (000s) |
| 2HR001.000, SCG CEO President & COO and Chief of Human Resources & CAO | -4 | -27 | -31 |

² D.16-06-054, Ordering Paragraph (OP) 12, at 332 and Conclusion of Law (COL) 75 at 324.

| | | | |
|---|------------|-------------|-------------|
| 2HR002.000, SCG Business Partners | 0 | -20 | -20 |
| 2HR003.000, SCG Manager Perf & Orgnl Strategy | -4 | -186 | -190 |
| 2HR004.000, SCG Director HR Services | 0 | -169 | -169 |
| 2HR005.000, SCG Director Labor Relations | 0 | -34 | -34 |
| 2HR006.000, SCG Director Safety & Wellness | -72 | -136 | -208 |
| 2HR007.000, SCG Director Org Effectiveness | 0 | -171 | -171 |
| Total Non-Shared | -81 | -743 | -824 |
| 2200-2337.000, HR DIVERSITY-SCG | 0 | -41 | -41 |
| 2200-2398.000, ECS Operations | 0 | 0 | 0 |
| Total Shared Services | 0 | -41 | -41 |
| Total O&M | -81 | -784 | -865 |

E. Summary of Advanced Meter Infrastructure (AMI) Integration into TY 2019

By TY 2019, SoCalGas' AMI deployment will be completed and therefore the costs associated with the deployment and post-deployment phases, including the related O&M benefits, will no longer be recorded to the AMI Balancing Account. In this GRC, AMI operating impacts will be integrated into base business operations for the first time. Accordingly, I have incorporated forecasts and explanations for the associated on-going benefits for the Human Resources Department into my testimony. In addition, in the AMI testimony of Rene Garcia (Ex. SCG-17), SoCalGas is proposing an on-going maintenance and operations team required to monitor, operate, maintain, and optimize the AM system (Advanced Meter Operations).

II. RISK ASSESSMENT MITIGATION PHASE (RAMP) AND SAFETY CULTURE

As illustrated in Table MG-6, part of my requested funds is linked to mitigating top safety risks that have been identified in the RAMP Report. These risks are further described in below:

**TABLE MG-6
Risk Assessment Mitigation Activities**

| RAMP Risk | Description |
|---|---|
| Workforce Planning | The Workplace Planning risk covers the risk of not having an appropriate workforce with the right skills to meet business needs due to the acceleration of workforce attrition and changing business needs. |
| Employee, Contractor, and Public Safety | The Employee, Contractor, Customer, and Public Safety risk covers the risk of conditions and practice which may result in severe harm to employee, contractor, customer, and /or public safety such as driving, |

customer premises, and appliance conditions.

In developing my request, priority was given to key safety risks to determine which currently established control measures were important to continue and what incremental efforts were needed to further mitigate these risks. Activities proposed in the RAMP chapter on Workforce Planning (Chapter SCG-7) are summarized in the requests for the HR Services and Organizational Effectiveness departments, as these two departments conduct activities pertaining to workforce planning and analytics, knowledge management, employee development, and succession planning. The activities covered in the RAMP chapter on Employee, Contractor, Customer, and Public Safety (Chapter SCG-2) are summarized in our requests for the Safety and Wellness department.

Identifying projects and programs that help to mitigate these risks manifest themselves in my testimony as adjustments to my forecasted costs. This adjustment process was used to identify both RAMP mitigation costs embedded as part of traditional and historic activities, as well as forecasted RAMP-incremental costs which are also associated with mitigation strategies and correspond to historic or new activities. These can be found in my workpapers as described below. The general treatment of RAMP forecasting is described in the testimony of RAMP to GRC Integration witness Jamie York (Ex. SCG-02/SDG&E-02, Chapter 3). There are also a few instances where, in the course of developing my GRC forecast, additional safety-related mitigation activities were identified that were not included in the November 2016 RAMP Report.

For each of these risks, an ‘embedded’ 2016 cost-to-mitigate and any incremental costs expected by the TY 2019 are shown in Table MG-7. RAMP-related costs are further described in Section III below, as well as in my workpapers. The table also provides the location in my workpapers where the specific adjustments representing those incremental costs can be found.

TABLE MG-7
Summary of RAMP-Related Costs by Workpaper

| HR, DISABILITY, WORKERS’ COMP & SAFETY (In 2016 \$) | | | |
|--|--|--|---------------------|
| SCG-2 Employee, Contractor, Customer and Public Safety | 2016 Embedded Base Costs (000s) | TY2019 Estimated Incremental (000s) | Total (000s) |
| 2HR006.000, SCG Director Safety & Wellness | 4,448 | 5,386 | 9,834 |
| Total | 4,448 | 5,386 | 9,834 |

| SCG-7 Workforce Planning | 2016 Embedded Base Costs (000s) | TY2019 Estimated Incremental (000s) | Total (000s) |
|--|--|--|---------------------|
| 2HR004.000, SCG Director HR Services | 1,551 | 840 | 2,391 |
| 2HR007.000, SCG Director Org Effectiveness | 1,175 | 1,066 | 2,241 |
| Total | 2,726 | 1,906 | 4,632 |

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The RAMP risk mitigation efforts are associated with specific programs or projects. For each of these mitigation efforts an evaluation was made to determine the portion, if any, that was already being performed in our historical activities. A determination was also made of the portion that may be accommodated within a particular forecasting methodology such as averaging or trending, as well as the portion, if any, that represents a true incremental cost increase or decrease from that forecasting methodology.

While the starting point for consideration of the risk mitigation effort and cost was the RAMP Report, I did not cease our evaluation of those efforts for the preparation of this GRC request. Changes in scope, schedule, availability of resources, overlaps or synergies of mitigation efforts, and shared costs or benefits were also considered. Therefore, the incremental costs of risk mitigation sponsored in my testimony may differ from those first identified in the RAMP report.

My incremental request supports the on-going management of risks that could pose significant safety, reliability, and financial consequences to our customers and employees. The anticipated risk reduction benefits that may be achieved by my incremental ask are summarized below by risk.

A. Employee, Contractor, Customer, and Public Safety

This risk in my area primarily concerns non-adherence to company safety policies, procedures, and programs. My incremental request includes risk mitigation efforts such as fully reinstating the DMV drivers' license pull notification program, a new driver safety program, wellness and fitness training to diminish employee injuries, defensive driver training, enhanced drug & alcohol testing and monitoring, a new ISNetworld membership geared toward verifying the safety history of contractors, and growing our contractor compliance oversight program, which requires additional staff. These enhancements and/or new programs may further reduce

1 our employee, contractor, and public safety risk by implementing best practices, reducing driving
2 incidents, and reducing employee injuries.

3 An alternatives analysis was conducted, when developing the proposed plan for the
4 RAMP chapter on Employee, Contractor, Customer, and Public Safety (Chapter SCG-2). These
5 alternatives were: 1) increasing the frequency of refresher training, 2) modernizing training
6 techniques, and 3) updating to a more technologically advanced fleet. The first alternative
7 (increasing the frequency of refresher training) was dismissed because annual safety policy and
8 standards reviews have been shown to be effective based on the gradual decline in SoCalGas'
9 Occupational Safety and Health Administration (OSHA) Recordable incident rate and increasing
10 the frequency would require additional resources and increase costs, yet are not expected to yield
11 significant benefits. The second alternative (modernizing training techniques) was dismissed
12 because enabling participants to understand the subject matter and importance of safety-related
13 content (especially driver training) may be more difficult to achieve through web-based delivery.
14 Lastly, the third alternative (updating to a more technologically advanced fleet) was dismissed
15 because the Company opted for risk-reduction alternatives that involve behavior modification
16 and reinforcement. SoCalGas believes this approach may be more effective in influencing safety
17 culture than engineering approaches that address a single risk factor at a time.

18 **B. Workforce Planning**

19 My incremental request includes risk mitigation efforts such as knowledge management,
20 workforce planning and critical role identification, supervisor and leadership training, and
21 succession planning which may further reduce the risks caused by a failure to have an adequate
22 and well-trained workforce to service our customers and leaders equipped with the skills to lead
23 our employees. Details of each program and enhancement are described further in my testimony
24 pertaining to HR Services and Organizational Effectiveness. As discussed in our RAMP filing
25 on Workforce Planning, SoCalGas has used programs, like our recent voluntary retirement
26 enhancement program (VREP), to achieve an orderly transition of knowledge and skills between
27 select retirement-eligible employees and those employees ready to move into leadership or other
28 senior positions. The VREP offered a voluntary separation package to a select group of
29 retirement eligible employees in areas believed to have skill surpluses to enable SoCalGas to
30 achieve balance and appropriate staffing for projected workforce requirements. SoCalGas has
31 periodically offered similar VREP programs in the past.

1 An alternatives analysis was conducted, when developing the proposed plan for the
2 RAMP chapter on Workforce Planning (Chapter SCG-7). The alternatives were: 1) maintaining
3 the current workforce planning process without software, 2) changes to knowledge management,
4 and 3) accelerating leadership training sessions. The first alternative (maintaining the current
5 workforce planning process) was dismissed because it would limit SoCalGas' workforce plans
6 by making it static. SoCalGas aims to provide workforce plans that are fluid and/or easily
7 updatable. The manual process does not produce data in a timely manner, nor does it have the
8 same level of accuracy, which can hinder knowledge management, training, and succession
9 planning activities.

10 The second alternative (changes to knowledge management) included the consideration
11 of three separate options impacting knowledge management – outsourcing knowledge
12 management resources and development; maintaining the status quo of the succession planning
13 process and not including the identification of critical roles for the purposes of knowledge
14 transfer; and expansion of Communities of Practice at a higher rate to expedite the transfer of
15 critical knowledge. These options were dismissed because an external vendor may be
16 unsuccessful in capturing the necessary critical information for knowledge management, because
17 so much is based on company specific knowledge; maintaining the status quo on succession
18 planning would increase the risk of knowledge gaps due to the increased risk in retirement; and
19 detailed workforce planning data would be required to justify the expansion of Communities of
20 Practice at a higher rate.

21 The third alternative (accelerating leadership training sessions) was dismissed because it
22 would require detailed workforce planning data to justify this alternative and to specify which
23 trainings to focus on, so the data need to be collected first.

24 **C. Safety Culture**

25 SoCalGas' longstanding commitment to safety focuses on three primary areas: employee
26 safety, customer safety and public safety. This safety focus is embedded in what we do and is
27 the foundation for who we are; from initial employee training, to the installation, operation and
28 maintenance of our utility infrastructure, to our commitment to provide safe and reliable service
29 to our customers. This safety culture starts from our senior leadership with the Executive Safety
30 Council (ESC), which is chaired by the Chief Operating Officer. The council sets goals and
31 direction, provides resources and reviews results. Direct feedback from the frontline employees

1 and supervisors is provided to the Council through regular dialogue sessions and through the
2 field and office safety committed across the Company.

3 SoCalGas regularly assesses its safety culture and encourages two-way communication
4 between employees and management as a means of identifying and managing safety risks.
5 SoCalGas conducts the National Safety Council (NSC) Barometer Survey every 2-3 years where
6 all employees are invited and encouraged to participate. Results are shared, targets are
7 developed and plans are implemented and measured by individual divisions. SoCalGas also
8 conducts a biennial Employee Engagement Survey. In 2013 and 2015, most employees
9 responded favorably that the Company is committed to employee safety. Employees rated
10 SoCalGas' commitment to safety (Employee Engagement Survey) and employee morale, a
11 condition that contributes to the success of a safety culture (Safety Barometer Survey), above the
12 90th percentile. SoCalGas began conducting the 2017 Employee Engagement Survey on
13 August 1, 2017.

14 In addition to the reporting of pipeline and occupational safety incidents, management
15 has created multiple methods for employees to report close calls/near misses. At SoCalGas,
16 safety is a core value, so we provide all employees with the training necessary to safely perform
17 their job responsibilities. Our safety culture begins with our leadership. Safety Essentials for
18 Supervisors is a 1-day workshop developed for new and existing supervisors to provide a
19 comprehensive understanding about safety culture and leadership for supervisors to effectively
20 manage safety programs at their respective work location. This training is mandatory for all new
21 supervisors and is offered as a refresher to existing supervisors.

22 Below is a sample listing of some of the topics covered in the workshop.

23 Safety Leadership for Everyone

24 Injury and Illness Prevention Program (IIPP) Structure

25 Quality Job Observations

26 Incident Reporting

27 Environmental and Safety Compliance Management Program (ESCMP) Semi-
28 annual Inspections

29 Occupational Health Nurse (OHN)

30 Industrial Hygiene

31 Developing an Effective Safety Committee

1 Creating a safety culture requires the right people at the right job with the right skills.
2 The Human Resources function at SoCalGas supports the safety culture by attracting,
3 developing, and retaining employees who have the skills and abilities to operate and maintain a
4 safe and reliable system. To achieve the accountability of enhancing the safety culture, the
5 Human Resources function is responsible for performance management, organizational
6 effectiveness, and safety. SoCalGas develops training plans by job classification that include
7 courses required to perform certain work, meet company objectives, and satisfy required
8 compliance training. Each department is responsible for maintaining training plans and ensuring
9 employees complete initial and annual training requirements. Training plans are maintained in
10 SoCalGas' Learning Management System (Cornerstone) and accessed by supervisors and
11 employees through the *MyInfo* application. Contractor compliance, maintenance of Department
12 of Transportation (DOT) required programs, improving driver safety via training and in vehicle
13 instruction is also top priority for SoCalGas. Safety and Wellness execute these programs to
14 maintain employee, contractor, customer, and public safety.

15 Moreover, SoCalGas also has a Safety-First program. This program involves the rollout
16 of safety committee member training to prepare safety committee members to better influence
17 the safety culture. The focus of this training is to enhance the skills of safety committee
18 members so safety improvement projects and person-to-person interaction are more effective.
19 SoCalGas seeks to enhance the mindset that employees are "one-another's keeper" when it
20 comes to safety. SoCalGas provides initial and refresher safety leadership training to safety
21 committee members. The safety committee members include Union employees. The training is
22 available to all job classifications. These individuals are safety advocates and are in safety
23 leadership roles. They help define and instill the safety culture at their respective work location.

24 **III. NON-SHARED COSTS**

25 Non-Shared Services costs are for activities that are performed by SoCalGas solely for
26 the benefit of its own customers. Table MG-08 below summarizes the total non-shared O&M
27 forecasts for the listed cost categories.

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TABLE MG-8
Summary of Non-Shared O&M Summary of Costs

| HR, DISABILITY, WORKERS' COMP & SAFETY (In 2016 \$) | | | |
|--|--------------------------------------|--------------------------------|----------------------|
| Categories of Management | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
| SCG CEO, President & COO, and Chief HR & CAO | 2,758 | 2,758 | 0 |
| SCG Business Partners | 1,862 | 1,943 | 81 |
| SCG Manager Perf & Orgnl Strategy | 1,160 | 1,532 | 372 |
| SCG Director HR Services | 3,913 | 5,186 | 1,273 |
| SCG Director Labor Relations | 821 | 1,025 | 204 |
| SCG Director Safety & Wellness | 4,497 | 10,509 | 6,012 |
| SCG Director Org Effectiveness | 2,160 | 3,823 | 1,663 |
| Workers' Compensation and Long-Term Disability | 17,034 | 18,063 | 1,029 |
| Total Non-Shared Services | 34,205 | 44,839 | 10,634 |

My work papers (Ex. SCG-32-WP) provide greater detail regarding the non-shared services costs for each of the departments or functions listed above. The BY 2016 adjusted recorded costs were used as the starting point for all cost forecasts except Workers' Compensation & Long-Term Disability, where a zero-based forecasting method was used. The BY 2016 adjusted recorded costs are the best basis for forecasting TY 2019 costs because in the future, the Human Resources organization is expected to look similar to what it was in BY 2016. The 3-year and 5-year average cost methodologies were not used because the Human Resources functions were reorganized during the preceding years. The BY 2016 adjusted recorded costs were "adjusted" to reflect changes in O&M costs SoCalGas anticipates will occur in future years.

The zero-based forecasting methodology was used for Workers' Compensation because the claims payments change from year-to-year and the paid amounts contain a degree of variability that causes use of a single year's costs information to be less representative. The basis of the forecast included labor, non-labor, and non-standard escalation. Non-standard escalation factors were used to forecast Workers' Compensation costs because medical expenses have and are expected to continue to escalate at a greater rate than typical labor and non-labor cost escalation. For Long-Term Disability, projection trends in future years were based on last current recorded year with increases for labor escalation and changes in headcount.

1 materials and supplies inventory, meter shop operations, and fabrication and tool repair services.³
2 In addition, the Chief HR and CAO provides leadership and strategic oversight for the
3 Operations Support and Environmental Services areas of SoCalGas.⁴

4 **a. Forecast Method**

5 The SoCalGas TY 2019 request for the CEO, President & COO, and Chief HR & CAO is
6 \$2.758 million, which remains unchanged from BY 2016. A base year forecast method was used
7 for both labor and non-labor because the last recorded year accurately reflects the expense level
8 associated with current activity levels and is the appropriate basis for forecasting TY2019
9 expenses.

10 **b. Cost Drivers**

11 The cost drivers behind this forecast are based on the standard labor costs incurred in BY
12 2016, as well as non-labor costs, including the cost for the American Gas Association (AGA)
13 and Western Energy Institute (WEI) memberships.⁵ SoCalGas believes memberships in each of
14 these organizations is important to our business and to our customers to improve awareness
15 regarding utility issues, promote appropriate economic development in the service territory, and
16 promote policies that would benefit the customers and economy of the region. The costs to
17 support the leadership structure at SoCalGas are consistent with the six business priorities of the
18 organization, as described in the testimony of witness Bret Lane (Ex. SCG-01).

19 **B. Human Resources Department**

20 It is the responsibility of the SoCalGas Human Resources organization to attract, develop,
21 and retain employees with the experience, qualifications, and skills necessary to ensure the safe,
22 reliable delivery of natural gas services to SoCalGas' 21.6 million consumers. SoCalGas'
23 Human Resources organization is comprised of the following departments:

24 Business Partners

25 Performance Management & Organizational Strategy

26 HR Services

27 Labor Relations

28 Safety & Wellness

³ Supply Management and Diversity is covered in the testimony of Denita Willoughby (Ex. SCG-22).

⁴ Operations Support and Environmental Services are covered by three different testimonies consisting of Fleet Services and Facility Operations, Real Estate, and Environmental Services.

⁵ Lobbying costs were excluded from membership dues, where applicable.

1 Organizational Effectiveness

2 Diversity⁶

3 **1. Business Partners**

4 Table MG-10 that follows, presents the TY 2019 forecast of non-shared services costs for
5 the Business Partners function within the Human Resources department.

6 **TABLE MG-10**
7 **Summary of Business Partners Costs**

| SCG Business Partners | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|------------------------------|--------------------------------------|--------------------------------|----------------------|
| SCG Business Partners | 1,862 | 1,943 | 81 |
| Total | 1,862 | 1,943 | 81 |

8
9 **a. Description of Costs and Underlying Activities**

10 The Business Partner department serves as the primary point of contact on strategic
11 human resources issues for utility leadership for both represented and non-represented
12 employees.⁷ The department includes HR Business Partners (HRBP) and HR Consultants
13 (HRC) who work closely with all organizations to ensure that the development and
14 implementation of a strategic human resources plan aligns with the organization's short and
15 long-term business plans. The Business Partner department provides coaching and guidance on
16 complex human resource issues including, but not limited to: employee relations,
17 reorganizations, workforce planning, succession planning, career development, and employee
18 recognition.

19 HRBPs and HRCs provide interpretation on company policies and the Collective
20 Bargaining Agreement (CBA) as well as those mandated by state and federal laws and
21 regulations. They further mitigate risk by responding to and conducting internal investigations
22 on all complaints involving employee relations issues and perceived inappropriate, unethical or
23 unfair treatment. The work unit also supports the protest and grievance process, by responding
24 to data requests and acting as the case manager for the protests and grievances filed by
25 employees or our labor unions. As the technical expert, the Business Partner Department
26 provides counsel and advises clients on performance management, disciplinary actions,

⁶ Diversity activities are described in the Shared Services section of this testimony.

⁷ Previously this department was within HR Services and only served non-represented employees.

1 compensation administration, and company policies. The department partners and coordinates
2 with other HR functional departments to ensure the highest level of client human resources
3 support.

4 **b. Forecast Method**

5 The SoCalGas TY 2019 request for Business Partners is \$1.943 million, which is \$0.081
6 million more than BY 2016. The base year forecast methodology was used because the
7 department was reorganized in 2015 to include represented employee issues, thus the 3-year and
8 5-year averages would not reflect the most accurate costs due to the new responsibilities and
9 resource requirements of this work unit.

10 **c. Cost Drivers**

11 Incremental labor costs for the Business Partner work unit are mainly attributed to the
12 additional project specialist at \$0.075 million needed to support the Company due to increased
13 organizational changes such as reorganizations and large-scale process efficiencies which require
14 heavy support from the Business Partner work unit (and an additional \$0.005 million for non-
15 labor costs). The additional labor will help support change management efforts, increased
16 employee relation concerns, data requests, research, and documentation that arise and can
17 increase during organizational change. Furthermore, some management employees in this
18 workgroup provided customer support during the Aliso leak mitigation, which required a
19 reprioritization of company resources. The labor provided for that effort has been excluded from
20 GRC historical recorded costs used in preparation of forecasts. In order to adequately resume
21 routine operations, \$0.020 million over BY2016 is needed in TY2019.

22 A cost savings is expected to occur due to the implementation of a FOF initiative
23 regarding the inclusion of safety training to reduce workers' compensation related injuries
24 reducing labor costs by \$0.019 million. The costs and benefits associated with this activity are
25 accounted for in the total forecast.

26 **2. Performance Management & Organizational Strategy**

27 Table MG-11 that follows, presents the TY 2019 forecast of non-shared services costs for
28 the Performance Management and Organizational Strategy function within the Human Resources
29 department.

TABLE MG-11
Summary of Performance Management & Organizational Strategy Costs

| SCG Manager Perf & Orgnl Strategy | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|--|--------------------------------------|--------------------------------|----------------------|
| SCG Manager Perf & Orgnl Strategy | 1,160 | 1,532 | 372 |
| Total | 1,160 | 1,532 | 372 |

a. Description of Costs and Underlying Activities

The Performance Management and Organizational Strategy (PMOS) department acts as an internal consultancy at SoCalGas, developing systems and processes to effectively measure and monitor workforce performance, improve operational productivity, quality, efficiency and effectiveness. PMOS fulfills this mission by providing four distinct, but related services: continuous improvement training and support; data analytics support; advanced analytics services, and the FOF Project Management Office.

i. Continuous Improvement

The Continuous Improvement group is predominantly composed of industrial engineers who are black belt or green belt certified in Lean Six Sigma (LSS) methods, and are responsible for supporting SoCalGas' adoption of LSS continuous improvement methodology across functional areas. This group leads LSS projects, facilitates LSS Kaizen continuous improvement sessions, provides ongoing support for continuous improvement initiatives, and supports the development of work standards for various operating organizations.

ii. Data Analytics

The Data Analytics group consists of data advisors and analysts who specialize in data mining, business intelligence/reporting, and descriptive analytics. The group is responsible for providing support to various functional areas and over 100 data analysts across SoCalGas. Specifically, this group provides data mining and data management software support, including training and leadership of data analytic projects and services, including statistical analysis. The group is also the primary business interface with Information Technology (IT) to coordinate major updates of Hadoop, Statistical Analysis System (SAS) and other data mining products.

1 SoCalGas has implemented a Hadoop data storage and management environment to
2 facilitate analysis of advanced meter interval usage data for 6 million customers and third-party
3 customer data sources and unstructured data (*e.g.*, social media).

4 **iii. Advanced Analytics**

5 The data analysts and advisors that make up the Advanced Analytics group provide
6 advanced statistical analysis, mathematical simulation modeling, experimental design,
7 optimization modeling, and other applied operations research services related to prescriptive and
8 predictive analytics. The utilization and adoption of advanced mathematical techniques has
9 expanded at SoCalGas as the volume of meter, asset, and customer data continues to grow.

10 **iv. FOF Project Management Office (PMO)**

11 The FOF PMO supports SoCalGas and Shared Services in tracking and implementing
12 ideas related to the FOF initiative. Specifically, the PMO orchestrates process elements and
13 support from key functions (*i.e.*, Finance, Labor Relations, IT, etc.), troubleshoots with project
14 leaders, manages project governance, and facilitates any necessary coordination. Additionally,
15 the FOF PMO develops, gathers and prepares materials to report FOF implementation progress
16 at the SoCalGas Steering Committee and Board of Director meetings.

17 Beyond 2019, the PMO will continue to manage the following efforts and their portfolios
18 across the enterprise:

- 19 • Continuous Improvement efforts – The PMO will work directly with
20 Directors, Managers, IT application vendors, consultants, and the
21 SoCalGas Senior Leadership team to identify, assess, and implement
22 continuous improvement initiatives throughout the Sempra Utilities to
23 achieve enterprise productivity improvement targets. The PMO will also
24 share best practices and provide advisory support to the Operations
25 organizations. The PMO will also be responsible for the management,
26 prioritization, resource allocation, budget, governance model, analysis,
27 project management process, and benefits realization of the continuous
28 improvement portfolios.
- 29 • Portfolio Management – The PMO will manage the portfolio of cross
30 functional continuous improvement projects involving Operations
31 departments, including the intake/ideation process, assessment,

1 design/build, deploy, and eventual transfer to operations of continuous
2 improvement initiatives involving multiple departments through the use of
3 cross functional teams.

4 **b. Forecast Method**

5 The SoCalGas TY 2019 request for PMOS is \$1.532 million, which is \$0.372 million
6 more than BY 2016. The base year forecast methodology was used because this method most
7 accurately represents the current and future structure of the organization and its related activities,
8 including the new FOF PMO that was added to the PMOS work unit.

9 **c. Cost Drivers**

10 **i. FOF and LSS Yellow and Green Belt Training**

11 FOF's implementation has driven increased demand for PMOS services across
12 SoCalGas, necessitating additional resources for SoCalGas' continuous improvement and LSS
13 training programs. Additionally, non-labor expenses that support LSS yellow belt and green belt
14 training and certification for SoCalGas employees increased in 2016. Over 150 employees have
15 been trained at the green belt level (and over 1,000 employees trained at the yellow belt level)
16 since 2013. FOF benefits in non-labor expenses related to more efficiently managing LSS
17 project implementation costs are anticipated to result in a reduction of \$0.057 million in TY
18 2019.

19 **ii. Expanding Advanced Analytics**

20 PMOS services are expanding in the field of advanced analytics, where there is a need for
21 staff to focus on Hadoop, data mining, and open-source environments and to continue to provide
22 support and training to the SoCalGas analytics community as advanced statistical methods
23 become more widely used throughout the organization. The expansion of advanced analytics
24 support across the organization will help aid the various business units in utilizing data to make
25 decisions in customer and business-related programs. I am requesting two new Industrial
26 Engineers at an incremental cost of \$0.232 million to support these expanded services.

27 **iii. Employees on Leave**

28 Some management employees in this workgroup provided customer support during the
29 Aliso leak incident mitigation, which required a reprioritization of company resources. The
30 labor provided for that effort has been excluded from GRC historical recorded costs used in
31 preparation of forecasts. In order to adequately resume routine operations, \$0.162 million over

1 BY 2016 is needed in TY 2019. In addition, one PMOS Industrial Engineer was on maternity
2 leave during BY 2016, so I am requesting an additional \$0.035 million to reflect a full-year
3 salary now that she has returned to work.

4 **3. HR Services**

5 **a. Description of Costs and Underlying Activities**

6 Table MG-12 that follows, presents the TY 2019 forecast of non-shared services costs for
7 the HR Services function within the Human Resources department. Shared services costs are
8 presented in the Shared Services section within this exhibit.

9 **TABLE MG-12**
10 **Summary of HR Services Costs**

| SCG Director HR Services | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|---------------------------------|--------------------------------------|--------------------------------|----------------------|
| SCG Director HR Services | 3,913 | 5,186 | 1,273 |
| Total | 3,913 | 5,186 | 1,273 |

11 The HR Services department is comprised of five work units, including: Staffing, HR
12 Research & Workforce Planning, HR Operations, Compensation, and Employee Care Services.

13 **i. Staffing**

14 Staffing manages the recruitment and selection of a qualified and diverse workforce,
15 while ensuring compliance with legal requirements throughout the staffing process. The work
16 unit conducts internal and external recruitment activities for all positions; partnering with
17 colleges, veteran and disability support groups, and local communities to source qualified and
18 diverse candidates to fill job vacancies. Staffing processes approximately 10,000 applications
19 from internal and external applicants for non-represented positions annually and receives
20 approximately 100,000 bids from represented employees. Staffing ensures the selection and
21 hiring process complies with the legal requirements of the Equal Employment Opportunity
22 Commission and Department of Labor's Office of Federal Contract Compliance Programs
23 (OFCCP). This includes maintaining applicant tracking in accordance with the OFCCP,
24 following DOT requirements when performing pre-employment drug testing, and completing the
25 documentation required by the Department of Homeland Security (DHS). Staffing also makes
26 union position placements (both moves and transfers) by applying eligibility and seniority rules
27 as specified in the CBA.
28

1 Staffing provides guidance and support to organizations that train individuals in the
2 underserved communities of Southern California in jobs that can lead to future careers. The
3 work unit collaborates with local communities to identify and train potential candidates for
4 highly skilled trades. This work unit collaborates with community based agencies, workforce
5 investment boards and community colleges to develop classes and training programs to prepare
6 young adults to work in the utility industry.

7 **ii. HR Research and Workforce Planning Work**

8 The HR Research & Workforce Planning group is responsible for establishing and
9 validating the appropriateness of criteria used to assess employee qualifications for jobs within
10 SoCalGas. Pre-employment testing, such as work behavior and aptitude testing is administered
11 by the work unit; ensuring individuals hired into SoCalGas have the right skills, abilities and
12 other characteristics to perform their jobs effectively. The staff is also responsible for
13 development, maintenance, and validation of the assessments used for internal and external
14 selection and to make certain that practices are fair and legal. This staff conducts workforce
15 trend analyses, forecasts workforce needs, and supports leadership in conducting skills-gap
16 analysis.

17 HR information system (HRIS) reporting is also performed by personnel within this work
18 unit. The system reporting duties performed by the HR Research & Workforce Planning work
19 unit include application of analytics to support union negotiations, pulling data for various HR
20 benchmarking efforts, supplying reports requested by various departments across the
21 organization, and maintaining the internal bid system employees utilize to apply for represented
22 positions at SoCalGas.

23 **iii. HR Operations**

24 HR Operations is responsible for the management and retention of all employee
25 personnel records. The HR Operations work unit makes adjustments to employee records
26 affecting pay for new hires, promotions, transfers and other moves. HR Operations also provides
27 leadership and guidance to the organization and human resources professionals on the
28 administration of pay, accruals, adjustments to job assignments, and resolution of pay issues
29 involving employee records. The department addresses adjustments to leave accruals in the
30 timekeeping system and is responsible for record management and retention of both hard and

1 electronic copies of employee records. This group also is responsible for requests by employees
2 and third parties to produce employee files.

3 **iv. Compensation**

4 The Compensation group is responsible for developing and delivering competitive
5 compensation programs and ensuring legal compliance and adherence to wage and hour laws.
6 The Compensation group assesses job demands and collaborates with management across
7 different business units to create cost effective jobs for the organization that are necessary to
8 meet customer needs and create organizational efficiencies.

9 Compensation maintains an extensive centralized hierarchy of job descriptions and
10 performs reviews to ensure internal equity and external competitiveness in job leveling. The
11 work unit performs market studies so SoCalGas can provide competitive and legally compliant
12 compensation, administer performance driven incentive rewards, and maintain effective
13 recognition programs, all of which are a crucial element in attracting, retaining, and motivating a
14 high performing workforce. SoCalGas' compensation programs are designed to pay for both
15 organizational and individual performance, which helps motivate employees to perform at their
16 best to achieve key business objectives. This work unit also develops HR-related
17 communications to management, supervisors, and the SoCalGas workforce.

18 **v. Employee Care Services**

19 The Employee Care Services (ECS) group is responsible for managing and administering
20 Workers' Compensation programs, short- and long-term disability, leaves of absence, and return-
21 to-work programs, including mandatory leaves under the Family Medical Leave Act (FMLA),
22 California Family Rights Act (CFRA), Pregnancy Disability Leave (PDL), temporary modified
23 duty placements, and reasonable accommodations under the Americans with Disabilities Act
24 (ADA), and the California Fair Employment and Housing Act (FEHA).

25 ECS manages cases in a regulated, time-sensitive, and complex environment. Employee
26 leave and absence-related benefits are delivered in an integrated manner providing employees
27 with a single point of contact. ECS managed approximately 4,100 cases a year in 2015 and
28 2016. In addition to managing and administering these programs, ECS also provides guidance to
29 employees, supervisors, and managers on leave of absence, return-to-work, disability-related
30 issues. The Workers' Compensation and Long-Term Disability costs are presented in the next
31 section of this exhibit.

1 The work performed by the ECS staff is largely for SoCalGas, but it also performs shared
2 services work for Sempra corporate, Sempra affiliates, and SDG&E. These costs are presented
3 in the Shared Services section within this exhibit.

4 **b. Forecast Method**

5 SoCalGas' TY 2019 request for the entire HR Services function within the Human
6 Resources department is \$5.186 million, which is a \$1.273 million increase from BY 2016. The
7 base year methodology was used because of restructuring and increased activities related to
8 mitigations added due to RAMP Chapter SCG – 7 Workforce Planning.

9 **c. Cost Drivers**

10 The drivers for HR Services are attributed to increases in external hiring, increased
11 workforce planning activities, support for technical training exam development, competency
12 modeling and FOF. The cost drivers that contribute to the cost increase are described below.

13 Furthermore, some management employees in this workgroup provided customer support
14 during the Aliso leak mitigation, which required a reprioritization of company resources. The
15 labor provided for that effort has been excluded from GRC historical recorded costs used in
16 preparation of forecasts. In order to adequately resume routine operations, \$0.169 million over
17 BY 2016 is needed in TY 2019.

18 **i. Increase in External Hiring**

19 The entry-level position within the SoCalGas field operations has historically been that of
20 a meter reader. With automation of the meter reading function via AMI, HR Services will no
21 longer recruit, test, screen, and staff these positions. The costs to perform these functions for the
22 meter reader position were included in the AMI business case and have been eliminated (a total
23 of \$0.307 million for three staff positions and testing costs). To recruit, test, screen, and
24 ultimately staff new entry-level positions, five additional staff personnel will be required at an
25 incremental cost of \$0.370 million. The staff will support recruitment and outreach efforts for
26 external hires, mainly represented hires, and support the increased test administration levels. The
27 staff will support the increased recruitment efforts associated with acquiring talent with the new
28 skills required for our changing business, including building partnerships with local trade techs,
29 colleges, and universities. Additional testing costs will also be incurred due to the increase in
30 external hiring.

1 **ii. Workforce Planning**

2 As outlined in the RAMP chapter SCG – 7 Workforce Planning, the HR Services
3 department plans to add four additional staff positions and license software that can track
4 workforce attributes and assist in forecasting hiring and staffing needs. The staff will also
5 conduct critical role identification and assess skills needed for such roles. This work is necessary
6 to identify the immediate and future workforce needs of the organization and to identify any
7 skills gaps. The total labor costs for the four workforce planning advisors is \$0.400 million with
8 non-labor costs of \$0.220 million for software implementation.

9 **iii. Technical Training Support**

10 As outlined in RAMP chapter SCG – 7 Workforce Planning, the HR Services department
11 plans to add two additional staff positions to the HR Research department to support the
12 development and validation of tests used within technical training. The additional staff will
13 ensure that the technical training tests are developed in accordance with legal and professional
14 testing guidelines and are valid, reliable, and fair. The total labor costs for the two HR Research
15 staff members is \$0.150 million.

16 **iv. Competency Modeling**

17 As outlined in RAMP chapter SCG – 7 Workforce Planning, the HR Services department
18 plans to add two additional intern positions (1.5 FTEs) to the HR Research department to support
19 conducting job analysis and revising job profiles to accurately reflect competencies needed for
20 non-represented jobs. The competency modeling work will be incorporated in the newly
21 implemented job description system. The total labor costs for the two interns is approximately
22 \$0.070 million.

23 **v. FOF**

24 In addition to the cost drivers mentioned above due to newly implemented programs or
25 activities, the HR Services department will also benefit from several FOF initiatives, such as the
26 implementation of a new enterprise staffing system, increased safety training, and increased
27 support for return to work activities resulting in a reduction of \$0.106 million⁸ across all the
28 work units within HR Services. The costs and benefits associated with these activities are
29 accounted for in the total forecast.

⁸ The FOF savings in 2018 is incorrectly reflected in the workpapers and will be revised at the next available opportunity.

1 **4. Labor Relations**

2 Table MG-13 that follows presents the costs for the Labor Relations function within the
3 Human Resources department. The costs incurred by the Labor Relations function are all non-
4 shared services costs.

5 **TABLE MG-13**
6 **Summary of Labor Relations Costs**

| SCG Director Labor Relations | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|-------------------------------------|--------------------------------------|--------------------------------|----------------------|
| SCG Director Labor Relations | 821 | 1,025 | 204 |
| Total | 821 | 1,025 | 204 |

7
8 **a. Description of Costs and Underlying Activities**

9 The Labor Relations staff is responsible for the labor strategy, union relations, CBA
10 negotiations, contract administration, grievances, mediations, arbitrations, and National Labor
11 Relations Board (NLRB) actions. Labor Relations staff works to maintain compliance with the
12 terms of the CBA. In addition, Labor Relations provides guidance to business clients including
13 the supervisors of represented employees on matters pertaining to the CBA. Services provided
14 include: local union relations advice, contract interpretation, dispute resolution, and negotiating
15 changes to represented job profiles. Labor Relations supports Business Partners in employee
16 investigations, attends hearings, provides guidance pertaining to work rules, company policy and
17 procedure, and other business practices. The department also works with a third party to ensure
18 represented positions are leveled appropriately and paid fairly. Finally, Labor Relations is
19 critical to ensuring there are no stoppages of work which could adversely affect our ability to
20 serve our over 21 million customers.

21 **b. Forecast Method**

22 The SoCalGas TY 2019 request for Labor Relations is \$1.025 million, which is \$0.204
23 million more than BY 2016. The base year forecast methodology was used because the 3-year
24 and 5-year average do not accurately reflect department costs due to the reorganization that took
25 place.

26 **c. Cost Drivers**

27 The job leveling system used by SoCalGas to determine the appropriate job pay levels
28 has been in place for decades. Labor Relations will be working with external vendors to refresh

1 the job leveling system, which will include updating the existing system or implementing a
 2 comparable job leveling system within the Company. The total costs associated with this system
 3 are \$0.500 million, with approximately \$0.170 million in incremental costs over BY 2016
 4 forecasted in TY 2019. Furthermore, some management employees in this workgroup provided
 5 customer support during the Aliso leak mitigation, which required a reprioritization of company
 6 resources. The labor provided for that effort has been excluded from GRC historical recorded
 7 costs used in preparation of forecasts. In order to adequately resume routine operations, \$0.034
 8 million over BY 2016 is needed in TY 2019.

9 **5. Safety & Wellness**

10 Table MG-15 that follows presents the non-shared services costs for the Safety &
 11 Wellness function within the Human Resources Department. The department’s costs are all non-
 12 shared service costs.

13 **TABLE MG-15**
 14 **Summary of Safety & Wellness Costs**

| SCG Director Safety & Wellness | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|---|--------------------------------------|--------------------------------|----------------------|
| SCG Director Safety & Wellness | 4,497 | 10,509 | 6,012 |
| Total | 4,497 | 10,509 | 6,012 |

15 **a. Description of Costs and Underlying Activities**

16 The Safety & Wellness department is responsible for positioning SoCalGas employees to
 17 lead healthy, safe, and productive lives. The services provided by the department include, but
 18 are not limited to: physical & mental wellness education; safety and industrial hygiene education
 19 and compliance; and incident prevention, analysis and reporting. There are two distinct work
 20 units within Safety & Wellness department – Health & Safety and Employee Assistance Program
 21 (EAP) & Wellness

22 **i. Health & Safety**

23 The Health & Safety group is responsible for ensuring SoCalGas is, at a minimum, in
 24 compliance with all required health and safety regulations (DOT, OSHA, etc.) and is responsible
 25 for positively influencing the SoCalGas safety culture working closely with SoCalGas personnel
 26 to provide education and training that can result in an incident-free workplace. As reflected in
 27

1 Bret Lane’s testimony (Ex. SCG-01) and based on the NSC’s Safety Barometer survey,⁹
2 SoCalGas is among the leaders in the country in having created a robust (“world class”) safety
3 culture. SoCalGas continues to treat safety as a critical value and continues to implement
4 programs to address employee safety risks, even more so now to support the mitigations detailed
5 in the RAMP chapter SCG – 2 Employee, Contractor, Customer, and Public Safety.

6 The Health & Safety group reviews incidents and share lessons learned with management,
7 safety committees and other departments within SoCalGas to prevent incidents and injuries from
8 occurring. The staff also provides safety leadership training to frontline supervisors to make the
9 organizational culture more relevant and effective and benchmarks its safety practices against
10 those of other companies and identifies improvement potential. The Health & Safety work unit
11 also participates in incident analysis and reporting, facility inspections, and administers numerous
12 facets of the SoCalGas occupational health and safety program.

13 **ii. EAP & Wellness**

14 The EAP & Wellness group promotes adoption of a safe and healthy lifestyle to
15 employees and their families by promoting health and wellness, substance abuse education and
16 intervention, and mental health programs. The work unit educates the SoCalGas workforce in
17 ways to best reach their potential. It works to motivate employees to make positive behavioral
18 changes to improve their health, safety and well-being. The EAP & Wellness staff educates
19 employees in topics such as proper hydration, nutrition, sleep and activities that can contribute to
20 preventing workplace injuries.

21 The EAP & Wellness staff also manages and administers the Company’s drug and
22 alcohol testing programs, employee assistance program, and wellness programs and activities.
23 The work unit provides oversight and administration of pre-employment, random, and other
24 DOT required drug and alcohol testing of employees in safety sensitive positions. The work unit
25 oversees the DOT required programs of SoCalGas contractors to verify they are also in
26 compliance with the DOT drug and alcohol testing regulations, and submits annual contractor
27 drug testing program statistical reports to federal agencies, as required by DOT regulations. The
28 EAP & Wellness work unit case manages unique and sometimes complex employee issues (i.e.,
29 workplace substance abuse, mental health behaviors affecting job performance, workplace

⁹ National Safety Council Safety Barometer, March 2016.

1 violence threats or critical incidents requiring EAP or other intervention). EAP and Wellness
2 also provides guidance and support to HR departments, employees, supervisors, and managers
3 regarding employee substance abuse, mental health and workplace violence issues.

4 The EAP & Wellness work unit administers programs designed to improve employee
5 health and productivity, by offering onsite programs that promote healthy lifestyle changes and
6 illness prevention, i.e., blood pressure/biometric screenings, full-body scan screenings,
7 glucose/cholesterol screenings, etc. to facilitate early detection and disease prevention. By
8 investing in employee health and wellness, SoCalGas benefits from reduced absenteeism, lower
9 health care costs, and greater employee productivity than it would otherwise have.

10 **b. Forecast Method**

11 The SoCalGas TY 2019 request for Safety & Wellness is \$10.509 million, which is
12 \$6.012 million more than BY 2016. The base year forecast methodology was used because the
13 historical expenses are not reflective of the anticipated growth in safety related activities
14 forecasted within this organization.

15 **c. Cost Drivers**

16 **i. Driver License Pull Notice Program**

17 As outlined in RAMP Chapter SCG – 2 Employee, Contractor, Customer, and Public
18 Safety, the Safety & Wellness group plans to add one staff position at \$0.080 million (plus \$0.033
19 million for non-labor) to the Health & Safety department to support the Employer Pull Notice
20 (EPN) program, which is currently used to monitor the driving records of the utility's
21 commercial drivers, and to comply with a regulatory Final Rule issued in December 2016 by the
22 Federal Motor Carrier Safety Administration (FMCSA). The new rule, which goes into effect on
23 January 2020, will require employers to verify the drug and alcohol testing records of
24 Commercial Driver's License (CDL) drivers it intends to hire, report drug and alcohol testing
25 violations of all CDL drivers they employ, and conduct annual searches of the Clearinghouse for
26 current and prospective employee violations. In addition, expanding this program to include all
27 drivers of utility fleet vehicles will increase driver accountability, and help the Company ensure
28 its employees are legally qualified to operate a motor vehicle on Company business.

29 **ii. Interactive Driver Safety Program**

30 As outlined in RAMP Chapter SCG – 2 Employee, Contractor, Customer, and Public
31 Safety, the Safety & Wellness group plans to add 2.5 FTEs (\$0.255 million) to the Health &

1 Safety department to support an interactive driver safety program. Pilot studies at SoCalGas were
2 funded in the TY 2016 GRC. This new technology, which will cost \$1.910 million, is expected
3 to improve driving safety, reduce motor vehicle incidents, and protect both employees and the
4 public.

5 **iii. Wellness and Fitness Training**

6 As outlined in RAMP Chapter SCG – 2 Employee, Contractor, and Public Safety, the
7 Safety & Wellness work unit plans to add four staff positions (labor and non-labor totaling
8 \$0.390 million) to the EAP & Wellness department to support the incorporation of wellness and
9 fitness in field training. By integrating the wellness and training curriculum into the skills
10 training program, the Company anticipates employees will develop work methods and a lifestyle
11 that will enable them to avoid future bodily injury and remain actively at work with fewer
12 absences. Significant annual costs are associated with employee injuries and absenteeism.
13 Spending additional resources on wellness and fitness training will mitigate and reduce backend
14 costs due to injuries and absences.

15 **iv. Defensive Driver Training and In-Vehicle Instruction**

16 As outlined in RAMP Chapter SCG – 2 Employee, Contractor, Customer and Public
17 Safety, the Safety & Wellness work unit plans to add 3.7 FTEs at a cost of \$0.294 million
18 (\$0.260 million for labor and \$0.034 million for non-labor) to the Health & Safety department to
19 support the expansion of defensive driver training and in-vehicle instruction. This change is
20 expected to help new employees improve their driving skills and more consistently apply
21 defensive driver principles. As a result, the additional training should enable the Company to
22 decrease the number of controllable motor vehicle incidents that occur at the Company and
23 improve the safety of employees, customers, and the general public.

24 The in-vehicle refresher course pilot test conducted by the meter reading department
25 demonstrated positive results. The Meter Reading department, however, differs from other
26 SoCalGas field operations because meter reader turnover has been about 100% per year. In the
27 organizations where employees work for longer periods, annual “1-day refresher” training is
28 expected to positively impact rates, albeit not by 20% as it did for meter readers. By expanding
29 the time spent reinforcing defensive driving practices, supervisors would be better able to
30 simulate day-to-day driving conditions, conduct demonstrations, simulate “what if” conditions,
31 and observe employees in different situations. When supervisors spend only a short time with

1 employees, employees may often exhibit only their “best” driving behaviors. The cost of these
2 programs includes represented employees’ time spent in training, which is the equivalent of 23
3 FTEs and associated non-labor totaling \$1.423 million.

4 **v. Drug & Alcohol Testing**

5 As outlined in RAMP Chapter SCG – 2 Employee, Contractor, and Public Safety, the
6 Safety & Wellness work unit plans to add two staff positions at a cost of \$0.195 million (\$0.018
7 million for non-labor included) to the EAP & Wellness department to support the additional drug
8 and alcohol testing/CDL program requirements and to ensure contractor compliance with DOT
9 regulations, and additional job site inspections recommended by the California Public Utilities
10 Commission (CPUC) auditors.

11 **vi. ISN Membership Fees**

12 As outlined in RAMP Chapter SCG – 2 Employee, Contractor and Public Safety, the
13 Safety & Wellness group became a member of ISNetworld (\$0.020 million for membership),
14 which is a global resource for connecting hiring clients like SoCalGas with safe and reliable
15 contractors. ISNetworld is a contractor safety database that will provide safety, quality
16 assurance and regulatory information on contractors and suppliers to help ensure only safe and
17 qualified contractors are used. ISNetworld is helping SoCalGas in pre-qualifying contractors
18 based on predefined criteria and supports contractor oversight by maintaining current contractor
19 information and job evaluations. The system will enable the Company to share industry
20 performance data and safety metrics via their benchmarking efforts with other companies.

21 **vii. Safety Engineers and Contractor Compliance**

22 As outlined in RAMP Chapter SCG – 2 Employee, Contractor, and Public Safety, the
23 Safety & Wellness work unit plans to add seven safety advisors at a cost of \$0.785 million
24 (\$0.713 million for labor and \$0.071 million for non-labor) to the Health & Safety work unit so
25 that one advisor will perform detailed contract reviews and actively participate in contractor
26 governance and six advisors will participate in all incident investigations and audit pipeline
27 contractors. This program is expected to enhance the Company contractor safety program by
28 adding safety professionals to engage in supervisor and Quality Assurance (QA) representative
29 development and participate in all incident investigations. As a result of this program, field
30 supervisors would be able to more rapidly develop and maintain the skills needed to positively
31 influence safety culture and prevent injuries.

1 **viii. Wellness Department Activities**

2 Beyond the RAMP related activities mentioned above, some management employees in
3 this workgroup provided customer support during the Aliso leak mitigation, which required a
4 reprioritization of company resources. The labor provided for that effort has been excluded from
5 GRC historical recorded costs used in preparation of forecasts. In order to adequately resume
6 routine operations, \$0.136 million over BY 2016 is needed in TY 2019.

7 Moreover, the department is requesting a business analyst and project manager to manage
8 the activities associated with the implementation of ISNetworld (\$0.203 million) and another two
9 specialists to oversee activities related to DOT compliance (\$0.130 million).

10 **ix. FOF**

11 In addition to the cost drivers mentioned above due to newly implemented programs or
12 activities, the Safety and Wellness department will also benefit from several FOF initiatives,
13 such as the implementation of new safety related trainings and the replacement of the fitness
14 subsidy with more effective alternatives such as health screenings. While there is a net increase
15 of \$0.150 million for implementation costs for workers’ compensation training, the benefits are
16 expected to outweigh the costs through a decrease in workers’ compensation claims.

17 **6. Organizational Effectiveness**

18 Table MG-14 that follows presents the costs for the Organizational Effectiveness function
19 within the Human Resources department. The costs for the Organizational Effectiveness are
20 fully represented as non-shared services costs.

21 **TABLE MG-14**
22 **Summary of Organizational Effectiveness Costs**

| SCG Director Org Effectiveness | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|--------------------------------|-------------------------------|-------------------------|---------------|
| SCG Director Org Effectiveness | 2,160 | 3,823 | 1,663 |
| Total | 2,160 | 3,823 | 1,663 |

23 **a. Description of Costs and Underlying Activities**

24 The Organizational Effectiveness (OE) department provides leadership, organizational,
25 and employee development programs, instructional design services, and knowledge transfer and
26 management programs for SoCalGas. OE consists of three work units providing services to
27

1 SoCalGas: Organizational Development & Talent Management, Knowledge Management, and
2 Learning & Development.

3 **i. Organizational Development and Talent Management**

4 Organizational Development (OD) and Talent Management (TM) administer programs
5 designed to enhance organizational performance through team interventions and culture change.
6 OD provides services in the areas of strategic planning, organization design, team effectiveness,
7 change management, and managerial coaching. TM is responsible for managing succession
8 planning tools and using the information to place high performing and high potential employees
9 on key projects or into key positions to develop their skills for broader responsibility within the
10 organization. In addition, the OD & TM groups manage the employee engagement survey, high-
11 potential development, and leadership assessment processes at SoCalGas.

12 **ii. Knowledge Management**

13 The Knowledge Management (KM) group is responsible for driving a culture of ongoing
14 knowledge transfer using innovative processes and technologies. In addition to driving a broad
15 organization-wide strategy to imbed knowledge management into the culture, the work unit
16 provides guidance and support to organizations that anticipate the turnover of key personnel.
17 The KM staff helps organizations identify the critical skills and attributes that must be
18 transitioned to new employees prior to the departure of work unit staff. Together with client
19 groups, the KM staff develops transition plans to ensure customer needs are met and operational
20 knowledge is effectively transitioned from experienced employees. The work unit also helps
21 train employees across SoCalGas to champion and implement the strategy within their respective
22 business units.

23 **iii. Learning & Development**

24 The Learning and Development group is comprised of the Employee Development (ED)
25 group and the Design & Creative Services (D&CS) group. ED designs, develops, implements
26 and manages programs designed to enhance organizational performance through individual skill
27 development. The work unit uses a variety of learning and development methodologies and
28 technologies to provide programs specific to leadership development, employee development,
29 individual effectiveness, and employee coaching, seeking to close organizational performance
30 gaps at the individual employee level. ED is responsible for the selection, implementation and
31 maintenance of learning platforms such as getAbstract, LinkedIn Learning, and Adobe Connect.

1 D&CS designs, develops, and evaluates classroom, on-line, and just-in-time training for
2 job skill acquisition and development for individual contributors, supervisors, and leadership.
3 The work unit is responsible for partnering with all departments across the organization to create
4 and maintain relevant learning tools and programs for both technical and soft skills, including
5 but not limited to compliance, job-specific, leadership, and soft-skills training curricula. Training
6 topics include the understanding of, and compliance with: labor laws, business policies, safety
7 practices and procedures, and the CBA. Technical training includes course development for
8 represented job roles (*e.g.*, call center representatives, energy technicians, etc.). D&CS also
9 designs job-skill training courses, individual development programs, and evaluation processes.
10 All design work supports SoCalGas' goals of maintaining high levels of performance in safety,
11 job-specific technical skills, leadership excellence, customer satisfaction, operational excellence,
12 and cost management.

13 **b. Forecast Method**

14 The SoCalGas TY 2019 request for Organizational Effectiveness is \$3.823 million,
15 which is \$1.663 million more than BY 2016. The base year forecast methodology was used
16 because the 3-year and 5-year average do not accurately reflect department costs due to the
17 reorganization that took place.

18 **c. Cost Drivers**

19 The drivers for OE are attributed to increases in workforce planning related activities
20 including knowledge management software and program expansion, increased communities of
21 practice, training development and enhancements, and succession planning. The cost drivers that
22 contribute to the cost increase are described below.

23 Furthermore, some management employees in this workgroup provided customer support
24 during the Aliso leak mitigation, which required a reprioritization of company resources. The
25 labor provided for that effort has been excluded from GRC historical recorded costs used in
26 preparation of forecasts. In order to adequately resume routine operations, \$0.171 million over
27 BY 2016 is needed in TY 2019.

28 **i. Knowledge Management**

29 As outlined in the RAMP Chapter SCG – 7 Workforce Planning, the OE work unit plans
30 to add three staff positions (for a total of \$0.300 million) to the KM department, technology, and
31 programs that can support SoCalGas' goal of capturing and sharing knowledge of individuals in

critical roles and passing that knowledge on to others in the organization. In addition, these costs include technology (\$0.150 million) and the time represented employees spend in communities of practice (2 FTE labor hours totaling \$0.166 million).

ii. Training

As outlined in RAMP Chapter SCG – 7 Workforce Planning, the OE work unit plans to add three additional staff positions (for a total of \$0.300 million) to the D&CS department to support the instructional design services needed to develop technical supervisor training and other safety related training and \$0.070 million for training test development software. Furthermore, there is a total of \$0.426 million in non-labor costs in TY 2019 to fund a director development program, which is for the director team which has significant organizational and operational responsibility.

iii. Succession Planning

As outlined in RAMP Chapter SCG – 7 Workforce Planning, the OE work unit plans to add 0.75 FTE at a cost of \$0.080 million for an Advisor to the TM department to incorporate knowledge transfer-related activities into the succession planning process. This position will help ensure knowledge management discussions and critical roles are reviewed during the succession planning process.

C. Workers’ Compensation (WC) and Long-Term Disability (LTD)

Table MG-16 that follows presents the costs for Workers’ Compensation and Long-Term Disability. The WC and LTD costs are all non-shared services costs.

**TABLE MG-16
Summary of WC and LTD Costs**

| Workers’ Compensation & Long-Term Disability | 2016 Adjusted-Recorded | TY2019 Estimated | Change |
|---|-------------------------------|-------------------------|---------------|
| Workers’ Comp and Long-Term | 17,034 | 18,063 | 1,029 |
| Total | 17,034 | 18,063 | 1,029 |

a. Description of Costs and Underlying Activities

WC benefits are mandated benefits provided to employees working in the State of California who are injured on the job. The benefit amounts and processes used to manage the cases of injured workers are regulated by the State. The WC function is regularly audited by the State, and the Company’s internal Audit Services department. Employees who are injured on the job receive benefits through SoCalGas’ self-insured WC program. Depending on the injury,

1 injured employees may receive indemnity payments including temporary disability, permanent
2 disability, and vocational rehabilitation. The costs of medical treatment, legal fees, and other
3 claim-related expenses are included in the costs presented within the supplemental workpapers.

4 In compliance with the Company's LTD plan, eligible employees receive income
5 replacement benefits equal to 60% of pre-disability earnings. LTD benefits are adjusted if the
6 employee receives, or is entitled to receive, income from other deductible sources such as WC
7 benefits, Social Security benefits, state disability insurance benefits, total disability under the
8 pension plan, or retirement payments. The Company actively manages its claims to ensure that
9 employees can return to work as soon as possible. Employees who cannot resume their prior job
10 can be provided vocational assessment and training to facilitate, where possible, obtaining
11 alternative employment opportunities.

12 The ECS department within the HR Services function of the Human Resources
13 department at SoCalGas manages the WC and LTD programs. These costs do not include the
14 personnel supporting ECS department who manage the WC and LTD cases. Those are included
15 in Employee Care Services in the non-shared services HR Services section and in ECS
16 Operations in the shared services section of this testimony.

17 **b. Forecast Method**

18 The TY 2019 WC and LTD cost forecast is based on a zero-based forecast, due to a
19 combination of methodologies. The 3-year historical average of WC costs is based upon the
20 average of the recorded costs for 2014-2016 and a non-standard escalation factor driven by
21 medical and indemnity costs described in more detail in the supplemental workpapers. The LTD
22 costs are forecast using base year recorded and escalated for estimated changes in labor costs.
23 This method is most appropriate because the costs are based on estimated changes in headcount,
24 which cannot be forecast using any of the other methods.

25 **c. Cost Drivers**

26 SoCalGas' TY 2019 request for WC and LTD costs of \$18.063 million represents a
27 \$1.029 million increase from BY 2016. The primary drivers for the increase in WC and LTD
28 costs are labor and non-labor escalation and medical premium escalation described in the
29 testimony of witness Debbie Robinson (Ex. SCG-30). Furthermore, due to an FOF project
30 implementation, WC and LTD are expected to realize a savings of \$1.000 million in WC medical
31 costs in TY 2019.

1 **IV. SHARED COSTS**

2 **A. Introduction**

3 As described in the testimony of James Vanderhye (Ex. SCG-34), shared services are
4 activities performed by a utility shared services department (*i.e.*, functional area) for the benefit
5 of: (i) SDG&E or SoCalGas, (ii) Sempra Energy Corporate Center, and/or (iii) any unregulated
6 subsidiaries. The utility providing shared services allocates and bills incurred costs to the entity
7 or entities receiving those services.

8 Table MG-17 that follows presents the total shared services portion of O&M costs for the
9 Office of the CEO, President & COO, and Chief HR & CAO, Human Resources department and
10 WC and LTD costs sponsored in this exhibit. Only the Human Resources department has shared
11 services costs.

12 **TABLE MG-17**
13 **Summary of Shared O&M Costs**

| HR, DISABILITY, WORKERS' COMP & SAFETY (In 2016 \$) | | | |
|--|--------------------------------------|--------------------------------|----------------------|
| (In 2016 \$) Incurred Costs (100% Level) | | | |
| Categories of Management | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
| HR Diversity | 409 | 557 | 148 |
| HR Services | | | |
| • ECS System Reporting | 282 | 171 | -111 |
| • ECS Operations | 543 | 543 | 0 |
| • ECS Regulations & Training | 429 | 429 | 0 |
| Total Shared Services (Incurred) | 1,663 | 1,700 | 37 |

14 I am sponsoring the forecasts on a total incurred basis, as well as the shared services
15 allocation percentages related to those costs. Those percentages are presented in my shared
16 services workpapers, along with a description explaining the activities being allocated. See Ex.
17 (SCG-32-WP). The dollar amounts allocated to affiliates are presented in our Shared Services
18 Policy and Procedures testimony. See Ex. SCG-34 (James Vanderhye).

19 **B. Diversity**

20 Table MG-18 that follows presents the costs for the Diversity function within the Human
21 Resources department. The SoCalGas retained shared services cost percentage is 83.91%, as can
22

1 be seen in my workpapers (see Ex. SCG-32-WP). Only the shared services costs incurred by the
 2 HR Services function are presented in this section of the exhibit.

3 **TABLE MG-18**
 4 **Summary of Diversity Department Costs**

| HR DIVERSITY-SCG | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
|-----------------------------|--------------------------------------|--------------------------------|----------------------|
| HR Diversity | 409 | 557 | 148 |
| Incurred Costs Total | 409 | 557 | 148 |

5
 6 **a. Description of Costs and Underlying Activities**

7 The Diversity & Inclusion department is responsible for developing and directing the
 8 Company-wide strategic business objectives for managing workplace diversity. Its
 9 responsibilities include the preparation of federally-required affirmative action plans and Equal
 10 Employment Opportunity Commission (EEOC) and OFCCP reports. The Diversity & Inclusion
 11 department develops and directs the diversity strategic plan, policies, and programs. This work
 12 unit develops and conducts training for all supervisory employees on Workplace Harassment
 13 Prevention, as required by California law (AB1825 and AB1823). The work unit also develops
 14 and conducts training for all employees on prevention of workplace harassment and
 15 discrimination, maintaining a respectful work environment, and diversity-related topics. Other
 16 compliance related activities include, conducting investigations into complaints that pertain to
 17 harassment or discrimination on the basis of sex, race, national origin, religion, color, disability,
 18 sexual orientation or any other protected class. With respect to these areas of focus, the work
 19 unit provides coaching, counseling, and guidance to management and union-represented
 20 employees. The Diversity & Inclusion department also responds to all complaints submitted to
 21 the EEOC and the California Fair Housing and Employment Act (FEHA).

22 In addition to compliance related and investigatory activities, the Diversity & Inclusion
 23 department drives the Company's M-Power program, which is designed to match mentors and
 24 mentees of different backgrounds to give diverse candidates from the entire Sempra Energy
 25 family of companies the experience they need to advance in their careers. To support veteran
 26 engagement, Diversity & Inclusion has developed the Veterans Advancing, Leading and
 27 Optimizing Results (VALOR) program at SoCalGas. VALOR is dedicated to supporting active
 28 military and veterans both internally and in the communities SoCalGas serves, focusing on

1 recruitment, onboarding, development, and outreach. The department supports VALOR by
2 matching newly-hired veterans with existing veterans, advising the participants, and promoting
3 the program for awareness of it and participation in it.

4 The Diversity & Inclusion department oversees the functioning of the company-wide
5 Employee Diversity & Inclusion Council, as well as a matrix of local councils, operating at various
6 Company facilities. The department facilitates employee involvement in an annual Diversity &
7 Inclusion Summit with to educate employees in areas of diversity and inclusion that are essential
8 to the ongoing success of the Company in the diverse climate that is Southern California.

9 **b. Forecast Method**

10 The SoCalGas TY 2019 request for Diversity and Inclusion is \$0.557 million, which is
11 \$0.148 million more than BY 2016. The base year forecast methodology is appropriate because
12 it most accurately reflects the current and future forecasts, due to an increase in activities from
13 previous years including support needed to address changing regulations.

14 **c. Cost Drivers**

15 The cost drivers behind this forecast can be attributed to adding one advisor at a cost of
16 \$0.107 million to support changes in OFCCP regulations and EEO-1 filing requirements working
17 with the software team to develop a system that will implement the pay bad schema across the
18 HRIS, creating the initial framework for reporting. Moreover, there are incremental labor costs
19 to (1) support and grow the VALOR program which started in May 2015, including the costs to
20 implement web-based software solutions for the VALOR and M-Power mentoring programs to
21 track employee engagement and participation; (2) support company-wide unconscious bias
22 awareness training committed to by Sempra CEO, Debra Reed and SoCalGas CEO Patricia
23 Wagner; and (3) provide additional resources required to develop and implement communication
24 and branding campaigns to reach internal and external stakeholders. Also, some management
25 employees in this workgroup provided customer support during the Aliso leak mitigation, which
26 required a reprioritization of company resources. The labor provided for that effort has been
27 excluded from GRC historical recorded costs used in preparation of forecasts. In order to
28 adequately resume routine operations, \$0.041 million over BY 2016 is needed in TY 2019.

29 **C. HR Services**

30 Table MG-19 that follows presents the shared service costs incurred by the HR Services
31 function within the Human Resources department. The HR Services function has both non-

shared service costs and shared service costs. All the shared service costs are incurred within the ECS work unit. A description of the functions performed by the ECS work unit was presented in the non-shared service cost section of this exhibit.

TABLE MG-19
Summary of HR Services Shared Service Costs

| HR Services Incurred Costs (100% Level) | | | |
|--|-------------------------------|-------------------------|---------------|
| HR Services | 2016 Adjusted-Recorded | TY2019 Estimated | Change |
| Total Shared Services (Incurred) | 1,254 | 1,143 | -111 |

There are three cost centers within the ECS work unit of the HR Services function that incur shared service costs, including: ECS System Reporting, ECS Operations and ECS Regulations, and training. The breakdown of shared services costs within these three cost centers can be seen in Table MG-20. The SoCalGas retained shared services cost percentages are 73.52%, 89.96% and 92.87% respectively, as can be seen in my work papers (see Ex. SCG-32-WP). Only the shared services costs incurred by the HR Services function are presented in this section of the exhibit.

TABLE MG-20
Summary of HR Services Shared Service Costs

| HR Services Incurred Costs (100% Level) | | | |
|--|-----------------------|-------------------------|---------------|
| Categories of Management | 2016 Adjusted- | TY2019 Estimated | Change |
| 1. ECS System Reporting | 282 | 171 | -111 |
| 2. ECS Operations | 543 | 543 | 0 |
| 3. ECS Regulations & Training | 429 | 429 | 0 |
| Total Shared Services (Incurred) | 1,254 | 1,143 | -111 |

1. ECS System Reporting

TABLE MG-21
Summary of ECS System Reporting Shared Service Costs

| (In 2016 \$) Incurred Costs (100% Level) | | | |
|---|--------------------------------------|--------------------------------|----------------------|
| ECS System Reporting | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
| 1. ECS System Reporting | 282 | 171 | -111 |
| Incurred Costs Total | 282 | 171 | -111 |

1 **a. Description of Costs and Underlying Activities**

2 The ECS System Reporting cost center within the HR Services function of the Human
 3 Resources department maintains and operates the electronic systems used to manage Employee
 4 Care Services work. Personnel within this cost center also prepare operating reports used by
 5 management to monitor the status of WC, leave and return to work activities as well as staff
 6 performance. The ECS System Reporting costs are all shared service costs. Costs are presented
 7 at the 100% incurred level; SoCalGas retains 73.52% of these costs.

8 **b. Forecast Method**

9 The SoCalGas TY 2019 request for ECS System Reporting is \$0.171 million, which is
 10 \$0.111 million less than BY 2016. A base year forecast method was used for both labor and
 11 non-labor because the last recorded year accurately reflects the expense level associated with
 12 current activity levels and is the appropriate basis for forecasting TY 2019 expenses.

13 **c. Cost Drivers**

14 Both labor and non-labor have exhibited an overall upward trend during the 2012-2016
 15 historical period, however we are forecasting a decrease of \$0.111 million¹⁰ due to FOF related
 16 cost savings expected to be achieved through the new system implementation (described in
 17 Section V. Capital, which is below).

18 **2. ECS Operations**

19 **TABLE MG-22**
 20 **Summary of ECS Operations Shared Service Costs**

| (In 2016 \$) Incurred Costs (100% Level) | | | |
|---|--------------------------------------|--------------------------------|----------------------|
| ECS OPERATIONS | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
| 1. ECS OPERATIONS | 543 | 543 | 0 |
| Incurred Costs Total | 543 | 543 | 0 |

21 **a. Description of Costs and Underlying Activities**

22 The ECS Operations cost center within the HR Services function of the Human Resources
 23 department provides administrative support to Employee Care Services personnel. The
 24

¹⁰ The FOF savings in 2018 is incorrectly reflected in the workpapers and will be revised at the next available opportunity.

employees within this cost center: administer WC “medical-only” claims; provide technical and administrative support to Claims Examiners in the administration of WC disability and sickness claims; input sickness claim information into the claims management system; research and compile data for analysis; process payments and letters; sort mail via electronic work flows; resolve payroll discrepancies; assist field supervisors with WC questions; and respond to a high volume of telephone calls. These costs are all shared service costs. Costs are presented at 100% incurred level; SoCalGas retains 89.96% of these costs.

b. Forecast Method

The SoCalGas TY 2019 request for ECS Operations is \$0.543 million, which is the same as BY 2016. A base year forecast method was used for both labor and non-labor because the last recorded year accurately reflects the expense level associated with current activity levels and is the appropriate basis for forecasting TY 2019 expenses.

c. Cost Drivers

Both labor and non-labor have exhibited an overall upward trend during the 2012-2016 historical period, although we forecast no incremental changes over the 2017-2019 period.

3. ECS Regulations & Training

**TABLE MG-23
Summary of ECS Regulations & Training Shared Service Costs**

| (In 2016 \$) Incurred Costs (100% Level) | | | |
|---|--------------------------------------|--------------------------------|----------------------|
| ECS REGULATIONS & TRAINING | 2016 Adjusted-Recorded (000s) | TY2019 Estimated (000s) | Change (000s) |
| 1. ECS REGULATIONS & TRAINING | 429 | 429 | 0 |
| Incurred Costs Total | 429 | 429 | 0 |

a. Description of Costs and Underlying Activities

The ECS Regulations & Training cost center within the HR Services function of the Human Resources department audits the performance of department personnel, provides training and coaching as necessary, and assists in ensuring operations are in compliance with evolving state regulations and Company policy. The ECS Regulations & Training costs are all shared service costs. Costs are presented at the 100% incurred level; SoCalGas retains 92.87% of these costs.

1 **b. Forecast Method**

2 The SoCalGas TY 2019 request for ECS Regulations & Training is \$0.429 million,
3 which is the same as BY 2016. A base year forecast method was used for both labor and non-
4 labor because the last recorded year accurately reflects the expense level associated with current
5 activity levels and is the appropriate basis for forecasting TY 2019 expenses.

6 **c. Cost Drivers**

7 Both labor and non-labor have exhibited an overall upward trend during the 2012-2016
8 historical period, although we forecast no incremental changes over the 2017-2019 period.

9 **V. CAPITAL**

10 I am sponsoring the business rationale for the following IT capital project. The estimated
11 capital expense requests are included in the workpapers of Chris Olmsted (Ex. SCG-26 – HR, wp
12 00786D - 19117 FoF - Employee Care Services iVOS Claims System Ventiv eSolutions). Table
13 MG-24 below summarizes the total capital forecasts for 2017, 2018, and TY 2019.

14 **TABLE MG-24**
15 **Capital Expenditures Summarized by Category**

| INFORMATION TECHNOLOGY (In 2016 \$) | | | | |
|--|--|--------------------------------------|--------------------------------------|--------------------------------------|
| | 2016 Adjusted- Recorded | 2017 Estimated (000s) | 2018 Estimated (000s) | 2019 Estimated (000s) |
| Business Optimization | 0 | 300 | 491 | 791 |

16 **A. Business Optimization**

17 **1. FoF - Employee Care Services iVOS Claims System Ventiv eSolutions**
18 **(Valley Oaks System) (Project 00786D – 19117)**

19 The iVOS Claims system software is now 15 years old (at the time of this writing). The
20 product will be phased out in 3 to 5 years and the vendor expects to replace it with Reveal
21 (Ventiv). The new software is planned for release in late 2017. It is uncertain if the current
22 functionality will be maintained in the new software and if other additional modules will be
23 required. This request proposes to replace the current iVOS software, add customizations to
24 match current functionality (i.e. paperless office and disability calculations), and update
25 hardware as needed. The selected software must have an open configuration to allow the client
26 to install or develop its own screens business rules and/or customizations. Software will be
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1 required to support document imaging processing, dashboard reporting, workflow tasks and daily
2 scheduled batch processing for reports, file transfers and data updates. Employee Care Services
3 (ECS) has unique processes to implement an integrated claims approach within a paperless
4 environment. With the current system having an open configuration, ECS has been able to
5 customize its screens, tables, work flows, warning mechanisms, interfaces, reports and securities.
6 ECS anticipates improved efficiencies with improved technologies with more user flexibility.
7 The forecast for the iVOS Claims System project for 2017, 2018 and 2019 are \$0.300 million,
8 \$0.491 million and \$0.791 million, respectively. The expected completion date for this project is
9 Q1 2019. This project is integral for achieving the FOF benefits assumed within the ECS
10 Systems Reporting workpaper group as shown in the shared services workpaper 2200.2397.

11 **VI. CONCLUSION**

12 The total TY 2019 O&M expense for the Office of SoCalGas CEO, President & COO,
13 Chief HR & CAO, Human Resources, Safety, and Workers' Compensation & Long-Term
14 Disability (shared and non-shared services) described in this exhibit total \$46.539 million.
15 Although this represents a 30% increase over BY 2016, 68% of the increase is attributable to
16 RAMP-related risk mitigation activities which, as described above, are justified and critical to
17 SoCalGas' ability to meet federal and state safety mandates.

18 The cost forecasts included in this exhibit are just and reasonable and should be approved
19 by the commission.

20 This concludes my prepared direct testimony.
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VII. WITNESS QUALIFICATIONS

My name is Mary Gevorkian and I am currently employed by the Southern California Gas Company. My business address is 555 W Fifth St., Los Angeles, California, 90013. I am currently the Staffing and HR Analytics Manager. I oversee activities related to attracting, recruiting, and hiring employees for the Company and ensuring selection processes and tools are reliable, valid, and legally defensible.

I have been employed by the Company since 2012 and started in the HR Research and Analysis department working on the Company’s selection tools and processes. I expanded that role by taking on workforce planning activities and HRIS reporting, which led to my current role overseeing Staffing and HR Analytics.

I received a Ph.D. in Industrial/Organizational Psychology from the California School of Professional Psychology in San Diego, CA in 2011 and hold three HR certifications, including SPHR (Senior Professional in Human Resources), SHRM – SCP (Society for Human Resource Management Senior Certified Professional), and SWP (Strategic Workforce Planner). Prior to joining SoCalGas, I held various HR related roles at consulting and government agencies.

Lastly, I have not testified before the Commission; however, I did have a major role in drafting the SCG – 7 Workforce Planning Chapter for the RAMP filing that was submitted on November 30, 2016.

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**APPENDIX A
LIST OF ACRONYMS**

| | |
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| ADA | Americans with Disabilities Act |
| AGA | American Gas Association |
| AMI | Advanced Metering Infrastructure |
| BY | Base Year |
| CAO | Chief Administrative Officer |
| CBA | Collective Bargaining Agreement |
| CDL | Commercial Driver's License |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CFRA | California Family Rights Act |
| CPUC | California Public Utilities Commission |
| COO | Chief Operating Officer |
| D&CS | Design and Creative Services |
| DHS | Department of Homeland Security |
| DMV | Department of Motor Vehicles |
| DOT | Department of Transportation |
| EAP | Employee Assistance Program |
| ECS | Employee Care Services |
| ED | Employee Development |
| EEOC | Equal Employment Opportunity Commission |
| EPN | Employer Pull Notice |
| ESC | Executive Safety Council |
| ESCMP | Environmental & Safety Compliance Management Program |
| FEHA | California Fair Housing and Employment Act |
| FMLA | Family Medical Leave Act |
| FMCSA | Federal Motor Carrier Safety Administration |
| FOF | Fueling Our Future |
| FTE | Full Time Equivalent |
| GRC | General Rate Case |
| HR | Human Resources |
| HRBP | Human Resources Business Partner |
| HRC | Human Resources Consultant |
| HRIS | Human Resource Information System |
| IIPP | Illness & Injury Prevention Program |
| IT | Information Technology |
| KM | Knowledge Management |
| LSS | Lean Six Sigma |
| LTD | Long-Term Disability |
| NLRB | National Labor Relations Board |
| NSC | National Safety Council |
| O&M | Operations and Maintenance |
| OD | Organizational Development |
| OE | Organizational Effectiveness |

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|-------|--|
| OFCCP | Office of Federal Compliance Contractors Programs |
| OHN | Occupational Health Nurse |
| OSHA | Occupational Safety and Health Administration |
| PDL | Pregnancy Disability Leave |
| PMO | Project Management Office |
| PMOS | Performance Management and Organizational Strategy |
| QA | Quality Assurance |
| RAMP | Risk Assessment Mitigation Phase |
| SAS | Statistical Analysis System |
| SVP | Senior Vice President |
| TM | Talent Management |
| TY | Test Year |
| VALOR | Veterans Advancing, Leading and Optimizing Results |
| VREP | Voluntary Retirement Enhancement Program |
| VP | Vice President |
| WC | Workers' Compensation |
| WEI | Western Energy Institute |