

Company: San Diego Gas & Electric Company (U 902 M)
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Exhibit: SDG&E-30

SDG&E

**DIRECT TESTIMONY OF TASHONDA TAYLOR
(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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SUMMARY

HR, DISABILITY, WORKERS' COMP & SAFETY (In 2016 \$)			
	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
Total Non-Shared Services	12,882	14,558	1,676
Total Shared Services (Incurred)	4,118	4,606	488
Total O&M	17,000	19,164	2,164

Summary of Requests

San Diego Gas & Electric Company’s (“SDG&E” or “the Company”) TY 2019 GRC request of \$19.164 million represents a 12.7% increase over BY 2016 adjusted-recorded costs. The \$2.164 million increase is driven by the following:

- Safety, Wellness, & Employee Care Services (ECS) is requesting \$1.865 million over BY 2016 adjusted recorded. This request represents 86% of the increase between BY 2016 adjusted recorded and TY 2019 GRC request. The increase is due to two major factors:
 - \$1.1 million is for increases related to Long-Term Disability (LTD) and Workers’ Compensation (WC) costs;
 - \$700,000 is for RAMP-related mitigation activities including;
 - Additional safety awareness campaigns, training workshops, and programs
 - Automated Electronic Defibrillator (AED) maintenance
 - Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP) assessments, implementation and application
 - Contractor Safety Program
 - One additional Field Safety Advisor
 - Post-Accident Drug Testing
- Organizational Effectiveness (OE) and Manager of Analysis and Workforce are requesting \$505,000 over the BY 2016 adjusted recorded. The request is primarily related to resources for a test validation consultant

1 and RAMP-related mitigation activities, including Supervisor
2 Effectiveness, Human Performance and Working Foreman training.

- 3 • The Human Resources (HR) Business Partner and Labor Relations
4 department is requesting \$203,000 over the BY 2016 adjusted recorded.
5 This request is for a Labor Relations contractor to assist with labor
6 negotiations expenses related to wage and working conditions negotiations
7 and for annual costs related to maintaining the Company's Perceptive
8 software used by Labor Relations which allows the Company to search its
9 database related to historical Labor Relations documents.
- 10 • The Office of the President and Chief Operating Officer (COO) is
11 requesting a (\$380,000) decrease from the BY 2016 adjusted recorded.
12 This includes a (\$554,000) reduction in labor to reflect the current
13 organizational structure of four (4) FTE's. This decrease is partially offset
14 by an increase of \$174,000 in Edison Electric Institute (EEI) membership
15 dues.
- 16 • Other decreases in non-labor expenses of (\$29,000) are driven by the
17 operational efficiency associated with Fueling Our Future (FOF) which
18 generated a savings of (\$150,000).

19 I have used the base year recorded methodology to forecast most areas of my testimony
20 and workpapers. The two exceptions are in WC and LTD, both of which use non-standard
21 escalation, zero based forecasting methodology. The use of base year recorded methodology for
22 all other work groups and costs was selected because it most accurately represents the current
23 and future organizational structure.

**SDG&E DIRECT TESTIMONY OF TASHONDA TAYLOR
(HUMAN RESOURCES DEPARTMENT, SAFETY, WORKERS'
COMPENSATION & LONG-TERM DISABILITY)**

I. INTRODUCTION

A. Summary of HR, Safety and Employee Care Services (ECS) Costs and Activities

I sponsor the TY 2019 forecasts for operations and maintenance (O&M) costs for both non-shared and shared services for the forecast years 2017, 2018, and 2019, associated with the HR, Safety, ECS, and LTD & WC areas for SDG&E. Table TT-01 summarizes my sponsored costs.

**TABLE TT-1
Test Year 2019 Summary of Total Costs**

HR, DISABILITY, WORKERS' COMP & SAFETY (In 2016 \$)			
	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
Total Non-Shared Services	12,882	14,558	1,676
Total Shared Services (Incurred)	4,118	4,606	488
Total O&M	17,000	19,164	2,164

HR, Safety, ECS, LTD & WC have three key areas of responsibility; 1) attracting, hiring, developing, training, and retaining employees, 2) establishing and managing the programs, policies and guidelines to ensure compliance and safety of SDG&E employees and contractors, as well as public safety and 3) administering and managing SDG&E's LTD, wellness programs, drug and alcohol testing/compliance programs, leave and absence policies, and self-insured WC programs. To ensure the safe and reliable delivery of electric and gas services to SDG&E's 3.6 million customers, SDG&E requires its employees to possess the qualifications, experience, and skills necessary to perform their work safely and effectively. SDG&E provides programs which help to reduce injuries and provide a safe work environment, while maintaining compliance with all Federal, State, and local laws and regulations.

In addition to sponsoring my own organization's costs, I also sponsor costs for two executive positions; President and COO. The Corporate Center – Compensation & Benefits testimony of Debbie Robinson (Exhibit SCG-30/SDG&E-28) provides business justification for compensation for both executive positions. I will also be providing business justification

1 testimony for RAMP-related costs requested in the Electric Distribution – O&M testimony of
 2 William Speer (Exhibit SDG&E-15).

3 **B. Summary of Safety and Risk-Related Costs**

4 Certain costs supported in my testimony are driven by activities described in SoCalGas
 5 and SDG&E’s November 30, 2016 Risk Assessment Mitigation Phase (RAMP) Report;¹
 6 specifically, Chapter 3, Employee, Contractor and Public Safety and Chapter 17, Workforce
 7 Planning. The RAMP Report presented an assessment of the key safety risks of SoCalGas and
 8 SDG&E and proposed plans for mitigating those risks. As discussed in the Risk Management
 9 testimony chapters of Diana Day and Jamie York (Exhibit SCG-02/SDG&E-02, Chapters 1 and
 10 3, respectively), the costs of risk-mitigation projects and programs were collected from the
 11 RAMP Report and captured in the individual witness areas.

12 In the course of preparing my GRC forecasts, I continued to evaluate the scope, schedule,
 13 resource requirements, and synergies of RAMP-related projects and programs. Therefore, the
 14 final representation of RAMP costs may differ from the ranges shown in the original RAMP
 15 Report. Table TT-2 provides a summary of the RAMP-related costs supported by my testimony:

16 **TABLE TT-2**
 17 **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)
SDG&E-3 Employee, Contractor and Public Safety	5,036	725	5,761
SDG&E-17 Workforce Planning	76	330	406
Total O&M	5,112	1,055	6,167

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

19 As described in the joint Fueling Our Future Policy testimony of Hal Snyder and Randall
 20 Clark (Exhibit SCG/SDG&E-03), the utilities initiated the Fueling Our Future (FOF) initiative in
 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 Exhibit SCG-02/SDG&E-02, Chapter 1 (Diana Day) for more details regarding the utilities’ RAMP Report.

1 May 2016 to identify and implement operations efficiency improvements. As described in the
 2 cost driver section for HR Information Systems (HRIS), FOF savings of \$150,000 is being
 3 achieved through the elimination of a consultant supporting HRIS. Table TT-3 provides a
 4 summary of the FOF cost efficiency described in my testimony:

5 **TABLE TT-3**
 6 **Summary of FOF Costs**

HR, DISABILITY, WORKERS COMP & SAFETY (In 2016 \$)			
FOF O&M	Estimated 2017 (000s)	Estimated 2018 (000s)	Estimated 2019 (000s)
FOF-Ongoing/<Benefits>	-100	-125	-150
Total O&M	-100	-125	-150

7
 8 **II. RISK ASSESSMENT MITIGATION PHASE (RAMP) AND SAFETY CULTURE**

9 As illustrated in Table TT-2, part of my requested costs is linked to mitigating top safety
 10 risks that have been identified in the RAMP Report. These risks are further described in Table
 11 TT-4 below:

12 **TABLE TT-4**
 13 **RAMP Risks and Descriptions**

RAMP Risk	Description
Employee, Contractor, and Public Safety	The risk of non-adherence to safety programs, policies and procedures which may result in severe harm to employees, contractors, and the general public.
Workforce Planning	Loss of employees with deep knowledge, understanding, and experience in operations due to retirements.

14
 15 In developing my request, priority was given to these key safety risks to determine
 16 which currently established risk control measures are important to continue and what incremental
 17 efforts are needed to further mitigate these risks. For example, the safety-related training
 18 programs and the developmental programs I am proposing will address the RAMP risks we
 19 identified as safety (employee, contractor, or public) and future workforce planning concerns
 20 (e.g., adequately trained supervisors).

21 Identifying projects and programs that help to mitigate these risks present themselves in
 22 my testimony as adjustments to my forecasted costs. This adjustment process was used to
 23 identify both RAMP mitigation costs embedded as part of traditional and historic activities, as

well as forecasted RAMP-incremental costs 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, although not included in the November 2016 RAMP Report. These have been marked as RAMP-Post Filing costs and treated as if they were included in the original RAMP Report.

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

TABLE TT- 5
Summary of RAMP-Related Costs

HR, DISABILITY, WORKERS’ COMP & SAFETY (In 2016 \$)			
SDG&E-3 Employee, Contractor and Public Safety	2016 Embedded Base Costs (000s)	TY2019 Estimated Incremental (000s)	Total (000s)
1HR001.000, Safety, Wellness, and Disability Svcs	3,574	605	4,179
2100-0214.000, SDG&E FIELD SAFETY	885	90	975
2100-3414.000, Safety Compliance	577	30	607
Total	5,036	725	5,761
SDG&E-17 Workforce Planning	2016 Embedded Base Costs (000s)	TY2019 Estimated Incremental (000s)	Total (000s)
1HR004.000, Organizational Effectiveness	76	330	406
Total	76	330	406

As the table demonstrates, the RAMP risk mitigation efforts are associated with specific programs or projects. For each of these mitigation efforts, an evaluation was made to determine

1 what portion, if any, was already being performed and included in our historical activities. A
2 determination was also made of the portion that may be accommodated within a particular
3 forecasting methodology such as averaging or trending, as well as what portion, if any,
4 represents a true incremental cost increase or decrease from that forecasting methodology.

5 While the starting point for consideration of the risk mitigation effort and cost was the
6 RAMP Report, we continued our evaluation of those efforts for the preparation of this GRC
7 request. Changes in scope, schedule, availability of resources, overlaps or synergies of
8 mitigation efforts, and shared costs or benefits were also considered. Therefore, the incremental
9 costs of risk mitigation sponsored in my testimony may differ from those first identified in the
10 RAMP report. Significant changes to those original cost estimates are discussed further in my
11 testimony sections or workpapers related to each mitigation effort.

12 My incremental request supports the ongoing management of these risks that could pose
13 significant safety consequences to our employees, contractors, and the public or risks related to
14 workforce planning. The anticipated risk reduction benefits that may be achieved by my
15 incremental request are summarized by risk below.

16 **A. Employee, Contractor, and Public Safety**

17 My incremental request relative to the Employee, Contractor, and Public Safety RAMP
18 risk includes risk mitigation efforts such as additional training programs, OSHA VPP
19 assessments, a Contractor Safety Program, one (1) additional Field Safety Advisor, and increased
20 substance testing as part of our Federal drug and alcohol testing program. In addition, the risk is
21 mitigated by the Safety, Wellness, & ECS director who oversees six (6) direct report managers
22 and 21 associate and management employees. The director's primary responsibility is to provide
23 leadership and guidance for four (4) distinct areas that directly impact SDG&E's employees and
24 contractor's safety, health, and well-being; Safety Operations, Safety Compliance, ECS and
25 Wellness. Further details for these mitigation efforts can be found in the Safety, Wellness, and
26 ECS section III.C., Field Safety section IV.B, and the Safety Compliance section IV.D.

27 Modifying and modernizing training were the two alternatives considered to mitigate this
28 risk. These alternatives were dismissed in favor of the proposed plans because neither would
29 yield significant benefits when compared to the upfront costs and resources required to
30 modernize or modify existing safety training.

1 **B. Workforce Planning**

2 My incremental request relative to the Workforce Planning RAMP risk includes risk
3 mitigation efforts, such as supervisor effectiveness training, human performance initiatives and
4 working foreman training. Organizational Effectiveness provides individual and organizational
5 development programs and services for SDG&E and performs five (5) key functions: Talent
6 Management, Talent Development, Organization Design, People Research, and Workforce
7 Planning. Benefits range from effective oversight of succession planning at SDG&E to
8 managing programs designed to enhance organizational performance and individual
9 development. Details for these mitigations can be found in section III.E. As discussed in our
10 RAMP filing on Workforce Planning, SDG&E has used programs, like our recent voluntary
11 retirement enhancement program (VREP), to achieve an orderly transition of knowledge and
12 skills between select retirement-eligible employees and those employees ready to move into
13 leadership or other senior positions. The VREP offered a voluntary separation package to a
14 select group of retirement eligible employees in areas believed to have skill surpluses to enable
15 SDG&E to achieve balance and appropriate staffing for projected workforce requirements.
16 SDG&E has periodically offered similar VREP programs in the past.

17 Increased use of contract labor and maintaining current mitigations were the two
18 alternatives considered to mitigate this risk. These alternatives were dismissed in favor of the
19 proposed plans due to higher costs and an inability to meet future needs of our operating groups
20 due to emerging technology.

21 **C. Safety Culture**

22 Safety is a core value at SDG&E and we are committed to providing safe and reliable
23 service to our customers. Our safety-first culture focuses on our employees, customers, and the
24 public, and is embedded in every aspect of our work. Our safety culture efforts include
25 developing a trained workforce, safely operating and maintaining our electric and gas
26 infrastructure, and providing safe and reliable gas and electric service. SDG&E's strong safety
27 culture and commitment to further developing processes and programs is designed to manage
28 safety risks and promote system reliability.

29 This commitment describes our well-developed safety culture, which is founded on
30 proven employee-based programs, safety training programs, workforce education, and our Illness
31 & Injury Prevention Program (IIPP). Per Title 8, the elements of our IIPP include: management

1 commitment/assignment of responsibilities, safety communications systems with employees,
2 system for assuring employee compliance with safe work practices, scheduled
3 inspections/evaluation system, accident investigation, procedures for correcting unsafe or
4 unhealthy conditions, safety and health training and instruction and recordkeeping and
5 documentation. Additional safety programs are detailed in our RAMP filing in the Employee,
6 Contractor and Public Safety and Workforce Planning chapters SDG&E-3 and SDG&E-17.

7 Other programs at SDG&E that demonstrate our strong safety culture include the
8 following:

9 **Environmental & Safety Compliance Management Program (ESCMP).** ESCMP is
10 an environmental, health and safety management system that helps to plan, set priorities, inspect,
11 educate, train, and monitor the effectiveness of environmental, health and safety activities similar
12 to the internationally accepted standard, ISO 14001².

13 **Behavior Based Safety (BBS) Programs.** BBS is a proactive approach to safety and
14 health management, focusing on principles that recognize at-risk behaviors which can be a
15 frequent cause of both minor and serious injuries. BBS is intended to reduce the occurrence of
16 at-risk behaviors by modifying an individual's actions and/or behaviors through observation,
17 feedback, and positive interventions aimed at developing safe work habits.

18 **Stop Work Authority which is called Stop the Job/Stop the Task.** SDG&E
19 employees, regardless of rank or title, are given the authority to "stop a job" at any time if they
20 identify a safety hazard, and are encouraged to raise a red flag whenever they feel it is needed.

21 **Close Call/Near-Miss Program.** SDG&E recognizes the importance of learning from
22 close calls and near-misses to reduce the potential for a serious incident or injury in the future.
23 The National Safety Council describes a close call or near-miss as an unplanned event that did
24 not result in injury, illness, or damage, but had the potential to do so. SDG&E recognizes the
25 importance of learning from close calls to reduce the potential for a serious incident or injury in
26 the future. We encourage employees to report close calls in tailgates, safety meetings and
27 through an online process. Our online process allows employees to report anonymously through
28 an electronic form. The information is submitted to Safety Services for review, and may be
29 shared with other employees so they understand and benefit from lessons learned.

² International Organization for Standardization (ISO) 14000 family - "Environmental management."

1 **Incident Investigation.** As part of improving safety culture and developing a more
2 robust incident investigation process, SDG&E has established a team to create a more
3 comprehensive incident investigation standard and reporting process. When applied uniformly
4 across the company, this will result in more consistent investigations, which will allow lessons
5 learned to be shared broadly within the company. In addition, regular training is provided for
6 those conducting incident investigations to ensure consistency and more thorough investigations.

7 **Safety Culture Assessment.** SDG&E regularly assesses the safety culture through the
8 National Safety Council Barometer Safety Culture Survey, the Employee Engagement Survey,
9 and other participative programs to identify workforce safety culture. The Safety Barometer
10 Survey assesses the overall health of the safety climate and identifies areas of opportunity to
11 eliminate injuries and improve focus and commitment to safety. The goal is to increase
12 employee participation in, and contribution to, improvements in safety performance. NSC
13 ranked SDG&E in the 85th percentile, which is considered ‘high performing’ amongst the 580
14 companies that participated in the survey. To maximize survey results, internal departments
15 formed teams which included employees from appropriate levels of the organization to review
16 and further understand survey results. As recommended by the National Safety Council,
17 SDG&E implemented the three-step results interpretation process: 1) results interpretation, 2)
18 development of action-oriented strategies, and 3) creation of action plans that contain appropriate
19 indicators that were measured and shared. SDG&E used these results as a guide for making
20 initial safety program improvements within various parts of the organization. Some of the safety
21 improvements include: incident investigation, safety communication, and additional training
22 with safety committees. The formation and initial efforts by the Safety Center of Readiness and
23 Excellence (SCORE) was a direct result of barometer scores and feedback across the
24 construction and operating centers in the areas of frequency of detailed inspections, adequacy of
25 safety staff, and management participation in safety. Under this SCORE program, focus was
26 placed on field safety visits intended to demonstrate leadership commitment in these areas, as
27 well as verifying use of approved standards practices and work methods.

28 **Grassroots Culture Change.** Implemented in 2009, the program empowers employees
29 through employee-led teams. These teams train and work with front-line employees to advance
30 a positive safety culture in their work groups by addressing behaviors and norms to take safety
31 beyond compliance. This nationally recognized program is deployed in strong partnership with

1 our union, International Brotherhood of Electrical Workers (IBEW) Local 465. A few successes
2 from the program include: downward trend for safety incidents, healthy relationship between
3 Union and Management, and higher acceptance of safety related projects generated by front-line
4 employees.

5 **Code of Excellence.** The Code of Excellence is the platform for formalizing the
6 partnership between SDG&E and IBEW Local 465. The Code of Excellence is comprised of six
7 tenets: Safety Focus, Operational Excellence, Customer Service, Environmental Respect,
8 Regulatory Integrity, and Financial Strength. These six tenets lay the framework for
9 collaboration and project a positive attitude about who we are and the work we perform, while
10 maintaining a relationship of respect and accountability both inside and outside the company.

11 **Safety Committees.** SDG&E has an Executive Safety Council which is chaired by the
12 Chief Operating Officer. The council sets goals and direction, provides resources and reviews
13 results. Direct feedback from the frontline employees and supervisors is provided to the council
14 through regular dialogue sessions. SDG&E also has over 60 field and office safety committees
15 and included is both an electric and gas safety subcommittee. Our organizational safety
16 committees have been in place for well over a decade.

17 **Overhead Safety Partnership.** In November 2016, SDG&E and IBEW Local 465
18 agreed to partner to conduct a thorough examination of industry best practices and ultimately
19 examined what transformational changes could be made to our current work practices in order to
20 improve line worker safety while working on and around distribution energized overhead
21 equipment and conductors. The first priority for this Overhead Safety Partnership was to
22 complete a comprehensive industry review, as well as an evaluation of the OSHA Best Practices
23 to ensure that our work practices are aligned with industry best practices, and also allow us to
24 recommend improvements to enhance line worker safety.

25 **Operational Field & Emergency Readiness Program (OFER).** The objective of the
26 OFER program is to align all operational groups on a flexible, scalable, sustainable, and
27 measurable scene management process that is Incident Command System (ICS) compatible. The
28 program is built on the concepts of the National Response Framework (NRF) and is compatible
29 with the National Incident Management System. OFER is designed to be incorporated into the
30 safety culture of SDG&E and be utilized on all worksites, incidents, emergencies, crisis, and
31 disasters where SDG&E personnel, facilities, and infrastructure are impacted. The program

1 includes a strong quality assurance/quality improvement component that will ensure the
2 sustainability of effective incident command, control, communications, and scene safety
3 practices.

4 **The Contractor Safety Program.** (1) evaluates and verifies the safety records of
5 contractors before they are hired for high and medium risk work; (2) enhances contractor safety
6 standard contract requirements; (3) provides for review by qualified SDG&E personnel of
7 contractor safety plans; (4) establishes business unit contractor oversight procedures; and (5)
8 establishes post-project safety evaluations of work performed by contractors and
9 capturing/sharing of lessons learned. Earlier this year SDG&E joined the Gold Shovel Standard
10 (GSS), a nonprofit organization committed to public safety, by driving consistent contractor
11 participation in preventing excavation dig-ins. The GSS employs industry best practices to
12 certify that contractors have demonstrated the highest level of field safety performance. We also
13 hold quarterly meetings with our contractors to share best practices, ensure consistent and
14 continuous communications, discuss areas of opportunity for improvement and celebrate
15 successes. This includes our Annual Contractor Safety Summit, which has included hundreds of
16 participants, representatives from other California utilities, and the Safety Enforcement Division
17 of the CPUC. These are critical components to our safety-first ideology.

18 **Hiring and Training.** When SDG&E makes hiring decisions, it does so in a way to
19 ensure it hires the right employees with the best chances of success in a particular job. SDG&E
20 uses cognitive ability batteries (tests) for a majority of jobs in its union field positions. The tests
21 are configured and validated for specific job classifications. In addition, all hires must pass the
22 Hogan Personality Inventory (HPI) which helps ensure new hires share a common set of
23 normal/bright-side personality qualities designed for better working relationships.

24 Training is critical when it comes to safety at all levels. SDG&E implemented the
25 Respectful Workplace initiative training to promote a field culture where employees engage in
26 open and honest discussion, navigate conflict more effectively, and raise safety issues and
27 concerns. All new supervisors must also take the Essentials of Supervision training that includes
28 technical safety training developed from our IIPP as well as safety leadership and coaching.
29 Additionally, new working foreman and linemen temporarily upgraded to a relief working
30 foreman position must attend a 40-hour training program that covers safety leadership
31 responsibilities.

1 **Safe Driving Programs.** SDG&E’s various safe driving programs include our Smith
2 Driving program and National Safety Council (NSC) Defensive Driver Training modules. Smith
3 Driving training, is an effective way to increase an experienced driver’s safety awareness, with
4 principals based on the Five Keys to Space Cushion Driving. The NSC training modules,
5 available to all SDG&E employees, include training on lane management, speed management,
6 and avoiding collisions with fixed objects. SDG&E is constantly evaluating new safe driving
7 technology and training to address current incident trends.

8 **Safety Congress and Awards.** For the last 15 years, we have hosted our annual Safety
9 Congress for employees. The Congress is a full day event designed to provide safety training,
10 share best practices and promote leadership and employee engagement. As part of our Safety
11 Congress, we host our Safety Awards program, where individual and team safety awards are
12 presented recognizing safety standouts who embrace our strong safety culture and demonstrate
13 safety leadership.

14 **III. NON-SHARED SERVICES COSTS**

15 Non-Shared Services costs are for activities that are performed by SDG&E solely for the
16 benefit of its own customers. Corporate Center provides certain services to the utilities and to
17 other subsidiaries. For purposes of this general rate case, SDG&E treats costs for services
18 received from Corporate Center as Non-Shared Services costs, consistent with any other outside
19 vendor costs incurred by the utility. Table TT-6 summarizes the total non-shared O&M forecasts
20 for the listed cost categories.

21 **TABLE TT-6**
22 **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)
A. Chief HR and Chief Administrative Officer	516	597	81
B. Safety, Wellness and ECS	5,174	6,889	1,715
C. Diversity and Workforce Management	2,121	1,986	-135
D. Organizational Effectiveness	1,808	2,178	370
E. Employee Communications	338	338	0
F. HR Diversity	150	175	25
G. Offices of the President and COO	2,775	2,395	-380
Total Non-Shared Services	12,882	14,558	1,676

In the following tables, I will further break down the non-shared service costs by area. In the Chief Human Resources and Chief Administrative Officer cost area, Table TT-7 provides details of the costs and is followed by an explanation of costs, activities, and cost drivers.

A. Chief Human Resources and Chief Administrative Officer (CAO)

**TABLE TT-7
Summary of Chief HR and Chief Administrative Officer**

HR, DISABILITY, WORKERS COMP & SAFETY (In 2016 \$)			
Chief HR and Chief Administrative Officer	2016 Adjusted- Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
Chief HR and Chief Administrative Officer	516	597	81
Total	516	597	81

1. Description of Costs and Underlying Activities

The Chief HR and Chief Administrative Officer provides leadership and strategic direction to an organization of approximately 480 employees in two distinct areas: Human Resources and Operations Support & Environmental Services

As described in my testimony, the Chief HR function directs five (5) HR departments; Organizational Effectiveness, Diversity and Workforce Management, Employee Communications, HR & Labor Relations, and Safety, Wellness, & ECS. The Chief HR ensures that employees possess the qualifications, experience, and skills necessary to perform their work and provides programs which help to reduce injuries and provide a safe work environment, while complying with all Federal, State, and local laws and regulations.

The CAO function provides leadership and strategic oversight to two Vice Presidents (VP): VP of Operations Support and Environmental Services and VP of Supply Management.

The VP of Operations Support and Environmental Services has three (3) areas of responsibility and are described in the testimonies of:

- Fleet Services – Carmen Herrera, SDG&E-21
- Real Estate, Land Services, & Facilities – Dale Tattersall, SDG&E 22
- Environmental Services – Nancy Clancy, SDG&E-23

The VP of Supply Management has three main areas of responsibility and are described in the testimony of Denita Willoughby, SDG&E-20, Supply Management, Logistics, and Supplier Diversity.

2. Forecast Method

The forecast method chosen for this cost category is base year recorded. This method is most appropriate because the base year most accurately represents current employee headcounts and related costs supported by these organizations which are the principal cost drivers in this area.

3. Cost Drivers

The cost drivers behind this forecast are the labor and non-labor costs for one officer. The non-labor incremental request of \$81,000 is for leadership training and certification. The training includes performance coaching and reinforcement programs, and strategic thinking and business acumen skills development.

B. Safety, Wellness and Employee Care Services (ECS)

**TABLE TT-8
Summary of Safety, Wellness, and ECS**

Safety, Wellness and ECS	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Safety, Wellness and ECS	1,085	1,694	609
2. Long Term Disability	992	1,187	195
3. Workers' Compensation	3,097	4,008	911
Total	5,174	6,889	1,715

Safety, Wellness & ECS includes the Director, Safety, Industrial Hygiene, and Electric and Magnetic Fields (EMF) Services.

1. Safety, Wellness, & ECS

a. Description of Costs and Underlying Activities

The Safety, Wellness, & ECS director oversees six (6) direct report managers and 21 associate and management employees. The director's primary responsibility is to provide leadership and guidance for four (4) distinct areas that directly impact SDG&E's employees and contractors' safety, health, and well-being: Safety Operations, Safety Compliance, ECS (handles

1 disability leaves and accommodations, non-industrial medical leaves of absence, return to work
2 programs, and workers' compensation), and Wellness.

3 **b. Forecast Method**

4 The forecast method chosen for this cost category is base year recorded. This method is
5 most appropriate because it is indicative of the current organizational structure. Use of alternate
6 forecast method(s) or certain historical data is not appropriate because they do not represent the
7 current and future structure of this organization and its related activities.

8 **c. Cost Drivers**

9 The cost drivers behind this forecast are for the labor and non-labor costs of the director,
10 administrative associate, and three (3) project managers. The employee, contractor and public
11 safety risk results from the non-adherence to safety programs, policies and procedures, which
12 may result in increased risk to employees, contractors, and/or the general public. SDG&E has
13 identified the following mitigation plans related to employee, contractor, and public safety risks:

14 **The Contractor Safety Program.** The Contractor Safety Program is one of the
15 mitigation plans for this risk. We are requesting an incremental \$215,000 for this mitigation
16 activity. The program includes the full year impact of the Contractor Program Manager,
17 Contractor Safety Program Analyst, and third party administered software, ISNetworld, which is
18 a contractor safety database that provides safety, quality assurance, and regulatory information
19 on contractors and suppliers to help ensure only safe and qualified contractors are used.

20 The Contractor Safety Program, as described in SDG&E Standard G8308: 1) evaluates
21 and verifies the safety records of contractors before they are hired for high and medium risk
22 work; 2) enhances contractor safety standard contract requirements; 3) provides for review by
23 qualified SDG&E personnel of contractor safety plans; 4) establish business unit contractor
24 oversight procedures; and 5) establish post-project safety evaluations of work performed by
25 contractors and capturing/sharing of lessons learned.

26 Incremental resources requested to support the Contractor Safety Program in a lead
27 capacity include two (2) construction managers, five (5) Field Safety Advisors, and associated
28 non-labor as described by William Speer (Ex. SDG&E-15). The leads mentor business units
29 acting as safety specialists in contractor safety requirements, and ensure effective contractor
30 safety oversight procedures are followed. Additionally, the leads will validate adherence to the
31 Contractor Safety Program and SDG&E Standard G8308, and perform assessments of variance-

1 approved contractors to ensure mitigations are being implemented and are effective. The leads
2 are also responsible for presenting and participating in contractor safety committees and
3 meetings, providing guidance and analysis on pre-qualification status for contractors,
4 participating in contractor incident investigations, and providing guidance and feedback.

5 **Enhanced Safety Training.** An additional mitigation to the RAMP risk associated with
6 the SDG&E chapter on Employee, Contractor and Public Safety is to provide additional safety
7 training for \$150,000. One such program is provided by the OSHA Training Institute. The
8 OSHA Training Institute (OTI) Education Centers are a national network authorized by OSHA
9 to deliver occupational safety and health training on behalf of OSHA. Courses offered include a
10 review of OSHA standards and an Outreach Training Program trainer. This program allows
11 employees to: gain important workplace knowledge and practical experience regarding safety
12 hazards and safety standards, develop the necessary skills to address critical safety, health and
13 environmental issues confronting the industry understand regulatory framework and jurisdictions
14 of various governmental agencies, and the ability to create, enrich and implement a proactive
15 occupational safety and health program.

16 Additional certifications requested include Certified Occupational Safety Specialist
17 (COSS), Certified Utility Safety Professional (CUSP) and Certified Safety Professional (CSP).

18 The COSS training program objective is to equip employees who have safety and health
19 responsibilities with the core competencies they must master to be successful in occupational
20 safety and health.

21 The CUSP Certification is the only program which offers utility-specific safety
22 leadership credentials to meet the unique requirements of utilities and related contractors. The
23 benefits of acquiring the CUSP include: industry-wide professional recognition as a utility safety
24 professional, provides SDG&E the assurance of an individual's broad knowledge, skills and
25 abilities in the utility work environment, creates a uniform standard of understanding utility
26 safety regulations, competencies and task directed skills for both utility companies and their
27 contractor partners, and is designed to enhance job safety knowledge and leadership skills.

28 CSP's are persons who perform at least 50% of professional level safety duties, including
29 making worksite assessments to determine risks, assessing potential hazards and controls,
30 evaluating risks and hazard control measures, investigating incidents, maintaining and evaluating
31 incident and loss records, and preparing emergency response plans. Other duties could include

1 hazard recognition, fire protection, regulatory compliance, health hazard control, ergonomics,
2 hazardous materials management, environmental protection, training, accident and incident,
3 investigations, advising management, record keeping, emergency response, managing safety
4 programs, product safety and/or security. CSP's are required to re-certify every five years. By
5 increasing knowledge and keeping current on safety education, SDG&E increases the safety
6 competencies of its employees. SDG&E would like all employees in safety-related roles to
7 enhance and develop their safety education in the areas of employee, public and contractor safety
8 to reduce and prevent injuries.

9 These types of programs are representative of the innovative approach in promoting
10 occupational safety and health initiatives. They add value to our businesses and play an integral
11 role in improving safety culture and compliance in the workplace.

12 **OSHA Voluntary Protection Program (VPP).** Another way SDG&E can mitigate
13 safety risks is through the OSHA VPP, which has a cost of \$150,000. The VPP is a certification
14 program issued by OSHA after an intense application process and onsite assessment and
15 evaluation by OSHA Inspectors/Assessors. The process, from application submission to onsite
16 assessment and awarding of certification, can take up to one year. VPP promotes effective
17 worksite-based safety and health activities. In the VPP, representatives of management, labor,
18 and OSHA establish cooperative relationships at workplaces that have implemented a
19 comprehensive safety and health management system. Acceptance into VPP is OSHA's official
20 recognition of the outstanding efforts of employers and employees who have achieved exemplary
21 occupational safety and health competencies. Also, entire industries benefit as VPP sites evolve
22 into models of excellence and influence practices industry-wide. SDG&E's Desert Star Energy
23 Center is currently VPP certified.³ In 2017, SDG&E will begin seeking its OSHA VPP
24 certification for at least two (2) to three (3) additional sites and increase the number of sites over
25 the next three (3) years, using an outside consultant.

³ See Industries in the VPP Federal and State Plans, U.S. Dept. of Labor, OSHA, *available at:*
<https://www.osha.gov/dcsp/vpp/sitebyaics.html>.

1 **2. Industrial Hygiene and Electric and Magnetic Field (EMF) Services**

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

3 Industrial Hygiene is responsible for monitoring changes in employee safety and health
4 regulations, developing internal safety policies and procedures to ensure compliance with the
5 applicable regulations, and managing company-wide implementation of key industrial hygiene
6 programs, such as Hazard Communications, Hearing Conservation, Confined Space Entry,
7 Respiratory Protection, and Asbestos and Lead Exposure Management.

8 EMF Services tracks the EMF science and makes objective EMF health literature
9 available to customers and employees. EMF Services responds to customer and employee
10 inquiries on health issues and coordinates responses to customer inquiries received by other
11 operational areas of the Company. EMF Services also conducts measurements in accordance
12 with CPUC Decision 93-11-013. EMF Services responds to requests from school districts or
13 their environmental consulting firms for data to comply with the EMF provisions of California
14 Title 5 Standards for School Site Selection.⁴ To maintain compliance with CPUC EMF Decision
15 93-11-013 and the reaffirmed CPUC Decision 06-01-042, EMF Services provides oversight
16 compliance checks and reviews mandated EMF Management Plans for all SDG&E transmission
17 construction projects requiring CPUC GO-131D compliance and provides EMF information for
18 Company environmental documents.

19 Also, in compliance with the CPUC EMF decisions, EMF Services maintains an EMF
20 Measurement Program whereby EMF Representatives conduct onsite EMF measurements for
21 customers and employees upon request; averaging 300 visits per year over the last five (5) years.
22 EMF Representatives provide training to key in-house audiences and meet with project advisory
23 committees and community groups to promote open communication on EMF issues related to
24 specific projects upon request.

25 **b. Forecast Method**

26 The forecast method chosen for this cost category is base year recorded. This method is
27 most appropriate because it is indicative of the current organizational structure.

⁴ 5 CCR § 14010, “Standards for School Site Selection.”

1 **c. Cost Drivers**

2 The cost drivers behind this forecast are for the labor and non-labor costs for two (2)
3 Industrial Hygienists and one (1) EMF Project Manager. No incremental increases are projected
4 for this work activity.

5 **3. Long-Term Disability (LTD)**

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

7 In compliance with SDG&E's LTD plan, eligible employees receive income replacement
8 benefits equal to 60% of pre-disability earnings. LTD benefits are adjusted if the employee
9 receives, or is entitled to receive, income from other deductible sources such as WC benefits,
10 Social Security benefits, state disability insurance benefits, total disability under the pension
11 plan, or retirement payments.

12 The Company actively manages its claims to ensure that employees can return to work as
13 soon as possible. Employees who cannot resume their prior job can be provided vocational
14 assessment and training to facilitate, where possible, obtaining alternative employment
15 opportunities.

16 **b. Forecast Method**

17 The forecast method chosen for this cost category is non-standard escalation, zero-based.
18 LTD costs are forecast using base year recorded and escalated for estimated changes in labor
19 costs. This method is most appropriate because the costs are based on estimated changes in
20 headcount, which cannot be forecast using any of the other methods.

21 **c. Cost Drivers**

22 The two main cost drivers for Long-Term Disability costs include the number of
23 employees receiving benefits under the plan and increased estimated changes in labor wages (*see*
24 *the supplemental workpaper in Ex. SDG&E-30-WP 1HR002.000*).

25 **4. Workers' Compensation (WC)**

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

27 WC benefits are mandated and governed by the State of California. Employees who are
28 injured on the job receive benefits through SDG&E's self-insured/self-administered WC
29 Program. Injured employees receive indemnity payments including benefits related to temporary
30 disability, permanent disability, and supplemental job displacement in accordance with the Labor

1 Code. The costs of medical treatment, legal fees, and other claim-related expenses are also
2 captured here.

3 **b. Forecast Method**

4 The forecast method chosen for this cost category is non-standard escalation, zero-based.
5 This method is most appropriate because of the multiple types of costs and drivers that influence
6 the overall forecast. WC costs are forecast using a three-year average of recorded costs for 2014
7 through 2016 and then escalated for medical costs, indemnity, and remaining costs using non-
8 labor inflation.

9 **c. Cost Drivers**

10 The cost drivers behind this forecast are increased medical costs, mandated increases in
11 indemnity costs, and inflation as described in the supplemental workpaper (*see* supplemental
12 workpaper in Ex. SDG&E-30-WP 1HR002.001).

13 **C. Diversity and Workforce Management**

14 **TABLE TT-9**
15 **Summary of Diversity and Workforce Management**

Diversity and Workforce Management	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Diversity and Workforce Management	2,121	1,986	-135
Total	2,121	1,986	-135

16
17 The Diversity and Workforce Management department is comprised of the following
18 employee-related functions: Staffing, Human Resource Information Systems (HRIS),
19 Employment Compliance, and Diversity Outreach.

20 **1. Staffing**

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

22 The Staffing department manages the recruitment and selection of a qualified workforce
23 that reflects diversity, while ensuring compliance with Federal and State laws and regulations
24 governing the recruitment and selection process. SDG&E's hiring process consists of
25 recruitment marketing, diversity outreach, candidate sourcing, and producing qualified candidate
26 pools for management, associate and represented positions.

1 Staffing/Employment Compliance is responsible for verifying a candidate’s suitability for
2 employment. This includes managing background checks, drug screens, verifying their right to
3 work, negotiating salaries, and managing the relocation process for eligible candidates.

4 Diversity Outreach maintains applicant tracking in accordance with the Office of Federal
5 Compliance Contractors Programs (OFCCP), following DOT requirements when performing
6 pre-employment drug testing, and completing documentation required by the Department of
7 Homeland Security (DHS). This functional area also develops and monitors the official,
8 federally-mandated affirmative action plans and manages various internal and external audits
9 (e.g., Equal Employment Opportunity Commission (EEOC), DHS, and OFCCP).

10 Diversity & Workforce Management is responsible for developing and executing
11 strategic diversity recruiting plans. This includes establishing and sustaining partnerships with a
12 variety of organizations that include, but are not limited to, academia, professional associations,
13 and veteran and diverse organizations. These relationships allow us to meet our goals of
14 attracting, recruiting, and developing a qualified workforce that reflects diversity.

15 **b. Forecast Method**

16 The forecast method chosen for this cost category is base year recorded. This method is
17 most appropriate because it most accurately represents the current and future structure of the
18 organization and its activities.

19 **c. Cost Drivers**

20 The cost drivers behind this forecast are the labor and non-labor costs for one (1) director,
21 one (1) supervisor, and eight (8) associate and management employees. The incremental non-
22 labor request of \$15,000 is for the implementation of a skills survey. This skills survey is a web-
23 based software program that allows recruiters and hiring managers to get a 360° insight into an
24 applicant’s future job performance by gathering input about their past performance from
25 managers, peers, direct reports, and clients. Applicants input at least five (5) references into the
26 system, two of the five must be prior managers. References are contacted by email and asked to
27 assess the applicant via a confidential, job-specific survey. This tool provides quick and candid
28 feedback on an applicant and is an effort to further reduce turnover.

1 **2. Relocation**

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

3 The Staffing department manages the company-wide relocation program which is
4 intended for out-of-area new employees and internal transfers, providing assistance and
5 resources for job-related geographic moves.

6 **b. Forecast Method**

7 The forecast method chosen for this cost category is base year recorded. This method is
8 most appropriate because it most accurately represents the current and future structure of the
9 organization and its activities.

10 **c. Cost Drivers**

11 The cost drivers behind this forecast are the number of relocations in the recruitment and
12 selection of a qualified workforce that reflects diversity.

13 **3. HR Information Systems (HRIS)**

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

15 The primary responsibility of this function is to support the HR organization in the areas
16 of operational and tactical reporting, technology support, and technology project
17 implementations.

18 HR operational and tactical reporting requires working closely with the HR departments
19 to develop meaningful metrics to monitor and measure key indicators and processes and drive
20 improvements. This area also supports report and analytical tools that meet the operational
21 needs of the HR organization and the entire Company. Examples of analytical tools and reports
22 are workforce management and planning, compensation, pay equity, performance management,
23 training, diversity, labor relations, and HR financials. Other responsibilities include the
24 generation and delivery of reports and information that track progress and compliance activities
25 managed by other HR departments.

26 HRIS functions as the first line of support for the HR corporate systems and works with
27 the HR departments to identify necessary system enhancements and improvements. Project
28 implementation identifies, implements, and manages HR technology projects that focus on areas
29 of process improvement and optimization, as well as leveraging technology solutions that
30 streamline existing processes.

1 **b. Forecast Method**

2 The forecast method chosen for this cost category is base year recorded. This method is
3 most appropriate because it is the most accurate representation of the current and future structure
4 of the organization.

5 **c. Cost Drivers**

6 The cost drivers behind this forecast are for the labor for one (1) management employee.
7 The net (\$135,000) decrease in this workgroup is primarily attributable to Fueling Our Future
8 savings (\$150,000) related to the elimination of a consultant supporting HRIS.

9 **D. Organizational Effectiveness (OE)**

10 **TABLE TT-10**
11 **Summary of Organizational Effectiveness (OE)**

Organizational Effectiveness	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Organizational Effectiveness	1,808	2,178	370
Total	1,808	2,178	370

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

13 OE provides individual and organizational development programs and services for
14 SDG&E and performs five (5) key functions: Talent Management, Talent Development,
15 Organizational Design, People Research, and Workforce Planning.

16 Talent Management oversees the succession planning process at SDG&E, which includes
17 identification of high potential employees and development options to increase their readiness
18 for broader responsibility. Talent Management also administers the Leadership Insight
19 Inventory, which is used to identify and develop high potential talent at lower levels of the
20 organization. It also oversees the Employee Engagement survey process for SDG&E, which
21 identifies employee engagement levels, such as supervisor effectiveness, open communication,
22 safety cultural awareness, or diversity and whether such areas need more attention or are
23 performing at high levels.

24 Talent Development designs, develops, delivers, and evaluates targeted employee and
25 leadership development programs and tools that cultivate critical knowledge and skills aligned to
26 strategic objectives.
27

1 Organizational Development manages programs designed to enhance organizational
2 performance and individual development. The group provides services in the areas of strategic
3 planning, organization design, team effectiveness, change management, performance
4 management, and leadership coaching.

5 People Research conducts research related to employee and HR issues for the Company.
6 This research is in compliance areas such as HR assessment and selection validation and
7 affirmative action/applicant flow statistical analysis. Other research is provided to measure
8 employee attitudes, predict turnover, and measure employee skills and competencies. The
9 research is designed to lead to actionable conclusions for improving workforce effectiveness and
10 utilization.

11 Workforce Planning analyzes staffing trends, economic drivers, and skill readiness of
12 organizational groups to predict future attrition and gaps in talent availability. This function
13 establishes resource acquisition and development plans that increase preparedness for regulatory,
14 safety, customer and productivity requirements, and strategic objectives.

15 **2. Forecast Method**

16 The forecast method chosen for this cost category is base year recorded. This method is
17 most appropriate because it most accurately represents the current and future structure of the
18 organization and its activities.

19 **3. Cost Drivers**

20 The cost drivers behind this forecast are the labor and non-labor for one (1) director, one
21 (1) manager and 12 associate and management employees. Incremental labor costs of \$40,000
22 cover salary differentials required to acquire professionals with higher skill sets. The training
23 and development function at SDG&E is undergoing a significant transformation from a focus on
24 ad hoc introductory training courses to a focus on establishing enterprise-wide leadership and
25 behavior development programs and services that translate strategic business needs into specific
26 team and individual learning needs. This transformation requires enhanced skills and abilities
27 including consultation, training design, project management, facilitation, strategic thinking, and
28 program evaluation.

29 The scope and impact of this enhanced focus is due primarily to increased involvement in
30 field operations and leadership levels where the degree of program accuracy and quality needed
31 is critical to success. Each role must demonstrate specialized sets of training expertise, as well as

1 program leadership expertise to interface with leaders at all levels, manage dependencies towards
2 implementation, evaluate program success, and improve effectiveness on an ongoing basis.

3 Incremental non-labor costs of \$330,000 are requested for a new Supervisor
4 Effectiveness training program, Human Performance Program, and Working Foreman
5 Leadership training. As described in RAMP Chapter 17 (Workforce Planning), the Supervisor
6 Effectiveness training program enhances supervisor knowledge, leadership skills, safety
7 awareness and policy knowledge to mitigate risks associated with retirements and the resulting
8 knowledge gap experienced when losing highly tenured employees. This training will be
9 provided to all operations departments. The Human Performance Program is an effective set of
10 techniques and methods (*e.g.*, training, coaching, incident analysis, behavior analysis) to enhance
11 safety preparedness and investigations used by best-in-class utilities and companies across the
12 country.

13 Benchmarking efforts by the SDG&E Safety department, Organizational Effectiveness,
14 and various operations departments have determined that human performance will have a
15 significant positive impact on safety behaviors and results at SDG&E. While current safety
16 effectiveness programs are in place, this new program effort is needed to create a unified and
17 consistent approach to safety leadership. The costs to implement this program include
18 professional consulting, training workshop design, training instruction, and ongoing
19 reinforcement. The implementation will span across operational areas and impact executive
20 leadership practices regarding safety.

21 Based on our significant internal needs assessment, analysis, and benchmarking with
22 best-in-class utilities across the country, SDG&E senior leadership decided to implement a
23 comprehensive training and development program to enhance the leadership skills of
24 approximately 200 working foremen and crew leads and involve approximately 150 management
25 personnel who oversee field operations (*i.e.*, supervisors, managers, directors, and executives).
26 Currently, this type of training is offered on an ad hoc basis or not at all.

27 This program will include safety culture, communication, coaching, and feedback
28 techniques to effectively influence behaviors and establish new habits in an environment that can
29 be resistant to change. The costs to implement this program include professional consulting,
30 training workshop design, training instruction, and ongoing reinforcement.

E. Employee Communications

**TABLE TT-11
Summary of Employee Communications**

Employee Communications	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Employee Communications	338	338	0
Total	338	338	0

1. Description of Costs and Underlying Activities

Employee Communications is responsible for developing the enterprise-wide SDG&E communication strategy and implementation to keep employees informed and engaged about the Company’s: strategic focus and priorities; position on the environment; commitments to its communities; customer service; financial performance; operational updates; employee benefits and resources; policies and procedures; and, safety and security. Message platforms include: video messaging; internal stories written and posted to the intranet; leadership visibility including executive letters and video messages to employees; targeted communications to managers, supervisors and represented employees; content development and management of the enterprise-wide digital bulletin board system; intranet content management; and, employee town hall meetings.

The complex issues surrounding a gas and electric utility create significant challenges for the Employee Communications group in providing proactive and timely communications to employees, who in most cases are also ratepayers. Employee Communications partners closely with External Affairs, Customer Service and other internal departments to provide timely and accurate information about what is happening across the organization and within the media and community to our employees.

2. Forecast Method

The forecast method chosen for this cost category is base year recorded. This method is most appropriate because it most accurately represents the current and future structure of the organization and its activities.

3. Cost Drivers

The cost drivers behind this forecast are for labor and non-labor costs for one (1) communications manager and one (1) part time senior project manager. No changes are forecasted for this activity.

F. HR Diversity

**TABLE TT-12
Summary of HR Diversity**

HR Diversity	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. HR Diversity	150	175	25
Total	150	175	25

1. Description of Costs and Underlying Activities

The HR Diversity department is responsible for developing and directing the company-wide strategic business objective for managing workplace diversity. The department performs the following activities:

- Develops the official, Federally-required Affirmative Action plans
- Investigates complaints under Title VII of the 1964 Civil Rights Act (Title VII), the Americans With Disabilities Act (ADA), and the California Fair Housing and Employment Act (FEHA)
- Develops and directs the diversity strategic plan, policies, and programs
- Develops and conducts training for all supervisory employees on sexual harassment, bullying, and other general non-discrimination/harassment or retaliation precepts, as required by California law
- Develops and conducts training for all employees in harassment, discrimination, and sexual harassment prevention in the workplace
- Conducts investigations into any complaints that have to do with harassment or discrimination on the basis of sex, race, national origin, religion, color, disability, sexual orientation and any other protected class
- Oversees the creation and maintenance of the company-wide Employee Diversity Council, as well as several local diversity committees located at various company locations

- Prepares Equal Employment Opportunity Commission EEOC reports
- Prepares Veterans Employment and Training service (VETS 100) reports
- Responds to Helpline complaints that are related to possible discrimination allegations
- Provides coaching, counseling, and guidance to management and represented employees regarding Title VII and other non-discrimination laws

2. Forecast Method

The forecast method chosen for this cost category is base year recorded. This method is most appropriate because it most accurately represents the current and future structure of the organization and its activities.

3. Cost Drivers

The cost drivers behind this forecast are the labor and non-labor costs for one (1) diversity manager. The incremental non-labor request of \$25,000 is for AB1825 and AB1823 external trainers, strategic planning consultants, and continuing EEOC training for the diversity and inclusion manager. Training includes affirmative action plans and Title VII investigations to ensure compliance with current State and Federal law.

G. Offices of the President and COO

**TABLE TT-13
Summary of Offices of the President and COO**

Offices of the President and COO	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Offices of the President and COO	2,775	2,395	-380
Total	2,775	2,395	-380

1. Description of Costs and Underlying Activities

The President & COO are both ultimately responsible and accountable for SDG&E's performance. Both positions provide the leadership, guidance, and direction to employees in order to provide safe and reliable natural gas and electricity service to customers.

1 The President is the highest-ranking officer at SDG&E. Reporting to the President are
2 the COO, Chief HR & CAO, Chief Risk Officer & General Counsel, VP of State Governmental
3 Affairs & External Affairs, and Chief Regulatory Officer.

4 The President & COO direct the activities of the organization in accordance with policies,
5 goals, and objectives established by the Company's Board of Directors and senior management.
6 Reporting to the COO are the Sr. VP of Asset Management, the Sr. VP of Electric Operations,
7 the VP of Customer Services, and the Chief Information Officer for SDG&E and SoCalGas.

8 **2. Forecast Method**

9 The forecast method chosen for this cost category is base year recorded. This method is
10 most appropriate because it most accurately represents the current and future structure of the
11 organization and its related activities.

12 **3. Cost Drivers**

13 The cost drivers behind this forecast are the labor and non-labor costs for two (2) officers
14 and two (2) executive assistants. Please refer to Ms. Robinson's testimony for further discussion
15 (Ex. SCG-30/SDG&E-28). Included in the President & COO non-labor costs are the
16 membership dues for both the Edison Electric Institute (EEI) and the American Gas Association
17 (AGA). SDG&E believes memberships in each of these organizations is important to our
18 business and to our customers in order to improve awareness regarding utility issues, promote
19 appropriate economic development in the service territory, and promote policies that would
20 benefit the customers and economy of the region.

21 EEI is the association of the U.S. investor-owned electric companies. Organized in 1933,
22 EEI works closely with all of its members, representing their interests and advocating equitable
23 policies in legislative and regulatory arenas. EEI provides public policy leadership, critical
24 industry data, strategic business intelligence, one-of-a-kind conferences and forums, and top-
25 notch products and services. The TY 2019 request of \$380,000 includes the incremental EEI
26 membership dues of \$174,000 calculated at \$800,000 in TY 2019 minus \$600,000 paid in the
27 BY 2016. The incremental amount excludes 13.2% of total dues attributable to lobbying
28 activities. This is offset by a (\$554,000) adjustment made from the base year to reflect the
29 current organizational structure.

30 AGA is the national trade association representing natural gas utilities. The association
31 provides a broad range of programs and services for natural gas pipelines, marketers, gatherers,

1 international gas companies, and industry associates. AGA is an important source of information
 2 regarding natural gas industry best practices.

3 **IV. SHARED COSTS**

4 **A. Introduction**

5 As described in the Shared Services & Shared Assets Billing, Segmentation & Capital
 6 Reassignments testimony of James Vanderhye (Exhibit SDG&E-32), shared services are
 7 activities performed by an SDG&E shared services department (*i.e.*, functional area) for the
 8 benefit of: (i) SDG&E or SoCalGas, (ii) Sempra Energy Corporate Center, and/or (iii) any
 9 unregulated subsidiaries. The utility providing shared services allocates and bills incurred costs
 10 to the entity or entities receiving those services.

11 Table TT-14 summarizes the total shared O&M forecasts for the listed cost categories.

12 **TABLE TT-14**
 13 **Shared O&M Summary of 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)
A. Field Safety	881	971	90
B. Labor Relations and Business Partner	1,462	1,665	203
C. Safety Compliance	571	601	30
D. ECS and Wellness	1,031	1,061	30
E. Manager Analysis & Workforce Planning	173	308	135
Total Shared Services (Incurred)	4,118	4,606	488

14 I am sponsoring the forecasts on a total incurred basis, as well as the shared services
 15 allocation percentages related to these costs. *See* Ex. 30-WP SDG&E/Taylor. The costs
 16 allocated to affiliates are presented by Mr. Vanderhye (Ex. SDG&E-32).
 17
 18

1 **B. Field Safety**

2 **TABLE TT-15**
3 **Summary of Shared Field Safety Costs**

A. Field Safety	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Field Safety	881	971	90
Incurred Costs Total	881	971	90

4
5 **1. Description of Costs and Underlying Activities**

6 Field Safety plays an important role in support of field safety compliance audits,
7 providing major program support, communications, management, and statistical analysis. In an
8 effort to reduce and eliminate incidents, the department conducts job observations, incident
9 investigation and analysis, promotes defensive driving, body mechanics, ergonomics, and
10 personal protective equipment. The Field Safety department interprets and advises field
11 operations regarding safety related rules and regulations and provides reviews of potential
12 legislation that would impact field operations.

13 Field Safety Advisors have a primary focus on strategic partnering with client groups and
14 perform a significant role in all areas of the company regarding:

- 15 • Incident investigation and prevention, including self-audits
- 16 • Motor vehicle incident corrective action
- 17 • Emergency response during events
- 18 • Field operations and office support for safety training and compliance
- 19 • Technical safety project support to help develop plans for
20 design/permitting and cost impacts to engineers, contractors, and other
21 technical specialists

22 A small portion of these costs are incurred on behalf of Sempra Energy and Sempra
23 Infrastructure because Field Safety acts as a safety consultant to provide safety, ergonomic, and
24 education support to those business units without a Safety Department. The cost allocations are
25 described further in my workpapers (Exhibit SDG&E-30-WP).

1 **2. Forecast Method**

2 The forecast method chosen for this cost category is base year recorded. This method is
3 most appropriate because it most accurately represents the current and future structure of the
4 organization and its related activities.

5 **3. Cost Drivers**

6 The cost driver behind this forecast is for the labor and non-labor for five (5)
7 management employees necessary to accomplish the Safety Department’s many objectives,
8 including RAMP mitigation activities as described in RAMP Chapter 3, Employee, Contractor
9 and Public Safety. Incremental labor costs are for one (1) additional Field Safety Advisor in
10 support of the same department objectives and these additional RAMP mitigation activities as
11 described in RAMP activities.

12 **C. Labor Relations and Business Partner**

13 **TABLE TT-16**
14 **Summary of Labor Relations and Business Partner**

Labor Relations and Business Partner	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Labor Relations and Business Partner	1,462	1,665	203
Incurred Costs Total	1,462	1,665	203

15 Two shared services cost centers comprise this group: Labor Relations and Business
16 Partner. They are described separately below.

17 **Labor Relations**

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

19 This department consists of Labor Relations Advisors (LRAs) and oversees the HR and
20 Compensation functions as described in the next section. LRAs are responsible for labor
21 strategy, union relations, Collective Bargaining Agreement (CBA) negotiations, contract
22 administration, grievances, mediations, arbitrations and National Labor Relations Board (NLRB)
23 actions. LRAs ensure compliance with the CBA and regulations and laws impacting represented
24 employees which are not addressed by the CBA. In addition, LRAs provide guidance to
25 supervisors of represented employees on matters pertaining to the CBA, including local union
26 relations, contract interpretation, performance management, dispute resolution, discipline and
27 other labor relations matters.
28

1 A portion of these costs are incurred on behalf of SoCalGas because of the HR support
2 provided to a portion of SoCalGas management employees in shared service groups.

3 **2. Forecast Method**

4 The forecast method chosen for this cost category is base year recorded. This method is
5 most appropriate because it most accurately represents the current and future structure of the
6 organization and its related activities.

7 **3. Cost Drivers**

8 The cost drivers behind this forecast are the labor and non-labor costs for one (1) director
9 and four (4) management employees. When special projects arise, such as negotiations
10 pertaining to items like Electric Regional Operations Construction, Gas Emergency Response,
11 fire retardant clothing, annual health and welfare negotiations, or our previously discussed
12 Overhead Safety Partnership, Labor Relations often must seek additional outside resources. For
13 this reason, Labor Relations is seeking an incremental \$180,000 for future
14 contractors/consultants to assist the Labor Relations team on large projects, negotiations, and
15 special issues related to our Union and represented employees. These types of special projects
16 are conducted in addition to our collective bargaining negotiations scheduled to take place in TY
17 2019.

18 In addition, an incremental increase of \$23,000 is requested to support labor negotiations
19 expenses related to upcoming collective bargaining negotiations and to maintain our Perceptive
20 software system. Perceptive software is vital to consistent labor relations and to ensure
21 adherence to SDG&E's past practices. Perceptive software is a dedicated search engine for the
22 Labor Relations library used to research past grievances, arbitration decisions, employment
23 issues, negotiation positions, bargaining history, and individual or department employee issues.

24 **D. Business Partner**

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

26 The HR & Comp Manager performs senior Human Resource Advisor (HRA) duties,
27 providing guidance and support for all HRA's and supervises the compensation advisor.

28 HRAs serve as the primary point of contact on human resources issues for SDG&E's
29 leadership and employees. HRAs work closely across organizations to ensure the development
30 and implementation of strategic human resources plans aligns with the organization's short and
31 long-term business plans. They also administer and interpret company policies, as well as

1 policies that are mandated by state and federal laws and regulations. HRAs provide coaching
 2 and counseling on complex human resource issues such as employee engagement and
 3 motivation, hiring, compensation, disciplinary action, and implementation of affirmative action
 4 strategies. HRAs also conduct workplace investigations and play an important role in ensuring
 5 compliance with the various State and Federal laws governing SDG&E.

6 Compensation is responsible for developing and delivering competitive compensation
 7 programs and ensuring legal compliance and adherence to compensation policies. The
 8 department performs market studies to deliver competitive compensation and conducts market
 9 analysis, trending analysis, forecasting, modeling, and analytics in support of union negotiations;

10 Cost effective compensation programs are crucial elements in attracting, retaining, and
 11 motivating a high performing workforce. SDG&E’s compensation programs are designed to pay
 12 for both organizational and individual performance, which helps motivate employees to perform
 13 according to key business objectives.

14 **2. Forecast Method**

15 The forecast method chosen for this cost category is base year recorded. This method is
 16 most appropriate because base year recorded is the most accurate representation of the current
 17 and future structure of the organization and its related activities.

18 **3. Cost Drivers**

19 The cost drivers behind this forecast are for the labor and non-labor costs for one (1)
 20 manager and four (4) management employees. There are no incremental costs requested.

21 **E. Safety Compliance**

22 **TABLE TT-17**
 23 **Summary of Safety Compliance Costs**

Safety Compliance	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Safety Compliance	571	601	30
Incurred Costs Total	571	601	30

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

25 Safety Compliance is primarily responsible for compliance with safety regulations and
 26 establishing and managing programs, policies and guidelines to ensure the safety of SDG&E
 27 employees. This group interprets safety-related rules and regulations and provides reviews of
 28

1 potential legislation that would impact field operations with the goal of maintaining compliance
 2 with all Federal, State and local regulations. Industrial Hygiene, as part of Safety Compliance,
 3 also serves as a liaison during CPUC, DOT, California Highway Patrol (CHP) or CalOSHA-
 4 related audits and citations.

5 The DOT regulated and non-regulated drug and alcohol testing programs are
 6 administered within this department and include oversight of all pre-employment, random, and
 7 other required testing of employees in safety-sensitive positions under DOT regulations at
 8 SDG&E. In addition, this group addresses unique and highly complex employee issues which
 9 include, but are not limited to, workplace substance abuse, rehabilitation case management,
 10 mental health behaviors affecting job performance, critical incidents, and fitness-for-duty
 11 determinations.

12 A portion of these costs are incurred on behalf of Sempra Energy for pre-employment
 13 drug testing.

14 **2. Forecast Method**

15 The forecast method chosen for this cost category is base year recorded. This method is
 16 most appropriate because it most accurately represents the current and future structure of the
 17 organization and its related activities.

18 **3. Cost Drivers**

19 The cost driver behind this forecast is for the labor and non-labor for one (1) manager and
 20 three (3) management employees. In addition, as detailed in RAMP Chapter 3, we are requesting
 21 an additional \$30,000 in non-labor costs related to an increase in compliance standards relative
 22 to additional drug and alcohol testing in support of our federal drug and alcohol compliance
 23 program. This is a mitigation activity to ensure employee, contractor, and public safety.

24 **F. Employee Care Services (ECS) and Wellness Programs**

25 **TABLE TT-18**
 26 **Summary of ECS and Wellness Program Costs**

ECS and Wellness	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. ECS and Wellness	1,031	1,061	30
Incurred Costs Total	1,031	1,061	30

27

1 **1. ECS**

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

3 ECS is responsible for managing and administering WC programs, short-term disability,
4 LTD, total disability under the pension plan, and leave and return to work programs for SDG&E,
5 Sempra Infrastructure, Sempra Services Corporation, Sempra LNG & Midstream and domestic
6 based Sempra International employees. SDG&E’s WC program is self-insured and self-
7 administered, resulting in program costs 78% below the average insured rate (per \$100 of
8 payroll) in the State of California. ECS manages cases in a regulated, time-sensitive, and
9 complex environment. Employee benefits are delivered in an integrated manner providing
10 employees with a single point of contact. In addition to managing and administering these
11 programs, ECS also provides guidance to all departments, employees, and supervisors on
12 disability related issues.

13 SDG&E’s Leave and Return to Work group manages mandatory leaves under the Family
14 Medical Leave Act (FMLA), California Family Rights Act (CFRA), Pregnancy Disability Leave
15 (PDL), temporary modified duty placements, and reasonable accommodations under the
16 Americans with Disabilities Act (ADA), and the California Fair Employment and Housing Act
17 (FEHA).

18 In compliance with reasonable accommodation requirements, SDG&E is committed to
19 providing reasonable accommodations to its employees and applicants for employment to ensure
20 that qualified individuals with disabilities enjoy equal access to all employment opportunities.
21 SDG&E provides an accommodation when: a qualified applicant with a disability needs to have
22 an equal opportunity to compete for a job, a qualified employee with a disability needs an
23 accommodation to perform the essential functions of the job or to gain access to the workplace,
24 or a qualified employee with a disability needs an accommodation to enjoy equal access to
25 benefits and privileges of employment (*e.g.*, details, trainings, office-sponsored events).

26 A portion of these costs are incurred on behalf of Sempra Energy and Sempra LNG as
27 there is not a dedicated department within the business unit that provides these services.

28 **b. Forecast Method**

29 The forecast method chosen for this cost category is base year recorded. This method is
30 most appropriate because it most accurately represents the current and future structure of the
31 organization and its related activities.

1 **c. Cost Drivers**

2 The cost drivers behind this forecast are the labor and non-labor costs two (2) supervisors
3 and six (6) management and associate employees. I am not requesting any increases in this area.

4 **2. Wellness Programs**

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

6 Wellness Programs is responsible for managing and administering the company’s
7 Employee Assistance Program (EAP) services, back up care program, and company wellness
8 programs and activities.

9 The primary function of this work group addresses unique and highly complex employee
10 issues (i.e., workplace substance abuse, mental health behaviors affecting job performance,
11 workplace violence threats or critical incidents requiring EAP or other intervention). Wellness
12 Programs provides guidance and support to all HR departments, employees, supervisors, and
13 managers on these issues and manages all formal EAP referrals.

14 **b. Forecast Method**

15 The forecast method chosen for this cost category is base year recorded. Use of base year
16 recorded yields the lowest forecast when compared to all other averaging methodologies.

17 **c. Cost Drivers**

18 The cost drivers behind this forecast are the labor and non-labor for the one (1) manager
19 and one (1) management employee. The \$30,000 incremental non-labor request is to support
20 wellness programs geared to reduce employee injuries, decrease absenteeism, and reduce stress.

21 **G. Manager Analysis and Workforce Planning**

22 **TABLE TT-19**
23 **Summary of Manager Analysis & Workforce Planning**

Manager Analysis & Workforce Planning	2016 Adjusted-Recorded (000s)	TY2019 Estimated (000s)	Change (000s)
1. Manager Analysis & Workforce Planning	173	308	135
Incurred Costs Total	173	308	135

24

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

2 The Manager of Analysis and Workforce Planning performs research, analysis, and
3 workforce planning services for SoCalGas and Sempra Corporate Center. This position also
4 supervises the employees and activities performed in the People Research non-shared cost center
5 as detailed in section III.E., Organizational Effectiveness, discussed earlier in my testimony.

6 A portion of these costs are incurred on behalf of SoCalGas and Sempra Corporate to
7 ensure compliance with legal, professional, and regulatory issues related to personnel selection
8 issues such as testing, promotion, etc.

9 **2. Forecast Method**

10 The forecast method chosen for this cost category is base year recorded. This method is
11 most appropriate because it most accurately represents the current and future structure of the
12 organization and its related activities.

13 **3. Cost Drivers**

14 The cost drivers behind this forecast are the labor and non-labor for one (1) manager.
15 Incremental non-labor costs of \$135,000 are requested for a test validation consultant. The
16 testing arena is highly contestable, with many compliance issues. Selection systems must be
17 compliant with State and Federal laws and guidelines, consistent with court decisions and
18 regulatory findings, adherent to professional standards for test development and validation, and
19 implemented in an environment subject to collective bargaining agreement requirements. We
20 would utilize the services of an external testing consultant, familiar with all these domains, to
21 ensure compliance.

22 **V. CONCLUSION**

23 Activities described in my testimony and detailed descriptions in my workpapers
24 represent a strong and highly productive HR, Safety, ECS, and Wellness organization,
25 supporting SDG&E’s goal of providing safe, reliable delivery of electric and gas services to its
26 3.6 million consumers. We ask the Commission to approve, as just and reasonable, the use of
27 base year recorded forecast methodology, plus known incremental spend for all cost centers
28 except WC and LTD, which both use non-standard escalation and zero-based forecasts for
29 greater accuracy.

30 This concludes my prepared direct testimony.

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Tashonda Taylor. My business address is 8306 Century Park Ct., San Diego,
3 CA 92123. I am employed by SDG&E as the Director of Safety, Wellness and Employee Care
4 Services. I have been in my current position since May of 2014.

5 I received a Bachelor of Science degree in Electrical Engineering from the California
6 State University of Sacramento in June of 2000. I also received a Master's in Business
7 Administration from National University in 2014. From 1999 to present, I have been employed
8 by SDG&E and held positions of increasing responsibility in the following departments;
9 Engineering, Safety, Smart Grid, Electric Distribution Operations, and Human Resources.

10 I have not previously testified before the California Public Utilities Commission.
11

**APPENDIX - A
LIST OF ACRONYMS**

ADA	Americans with Disabilities Act
AGA	American Gas Association
AED	Automated Electronic Defibrillator
BBS	Behavior Based Safety
CAO	Chief Administrative Officer
CBA	Collective Bargaining Agreement
CFRA	California Family Rights Act
CHP	California Highway Patrol
COO	Chief Operating Officer
COSS	Certified Occupational Safety Specialist
CSP	Certified Safety Professional
CUSP	Certified Utility Safety Professional
DHS	Department of Homeland Security
DOT	Department of Transportation
EAP	Employee Assistance Program
ECS	Employee Care Services
EEOC	Equal Employment Opportunity Commission
EEI	Edison Electric Institute
EMF	Electric Magnetic Fields
ESC	Executive Safety Council
ESCMP	Environmental & Safety Compliance Management Program
FEHA	California Fair Housing and Employment Act
FOF	Fueling Our Future
FMLA	Family Medical Leave Act
FSA	Field Safety Advisor
FTE	Full Time Equivalent
GSS	Gold Shovel Standard
HPI	Hogan Personality Inventory
HR	Human Resources
HRA	Human Resources Advisor
HRIS	Human Resource Information System
ICS	Incident Command Center
IIPP	Illness & Injury Prevention Program
LRA	Labor Relations Advisor
LTD	Long Term Disability
NRF	National Response Framework
NSC	National Safety Council
OE	Organizational Effectiveness
OFCCP	Office of Federal Compliance Contractors Programs
OFER	Operational Field & Emergency Readiness Program
OSHA	Occupational Safety and Health Administration
OTI	OSHA Training Institute

PDL	Pregnancy Disability Leave
RAMP	Risk Assessment Mitigation Phase
SDG&E	San Diego Gas & Electric Company
VP	Vice President
VPP	Voluntary Protection Program
VREP	Voluntary Retirement Enhancement Program
WC	Workers' Compensation