

**ORA DATA REQUEST
 ORA-SDGE-117-MCL
 SDG&E 2019 GRC – A.17-10-007
 SDG&E RESPONSE
 DATE RECEIVED: JANUARY 31, 2018
 DATE RESPONDED: FEBRUARY 20, 2018**

Exhibit Reference: SDG&E-04-R and SDG&E-04-WP-R
SDG&E Witness: Orozco-Mejia
Subject: Gas Distribution

Please provide the following:

1. In reference to Ex. SDG&E-04-WP-R, page 52:
 - a. Provide in Excel format 2017 recorded data for Supervision & Training, labor and non-labor. Provide the total of FTEs hired in 2017, plus include position title(s), and hiring dates of all the FTEs hired in 2017.
 - b. Provide a breakdown and calculation in Excel format for years 2016 and 2017 recorded Non-labor expenses for Miscellaneous expenses for Office Supplies, Telephone expense, Mileage and Professional dues.

SDG&E Response 01:

- a. Financial data for year-end 2017 is not yet available. SDG&E does not hire personnel to be specifically assigned to Supervision & Training; rather, personnel are hired to perform several tasks, including training and supervision. Therefore, SDG&E cannot provide information at this level of granularity.
- b. Financial data for year-end 2017 is not yet available. Table 1 below provides the breakdown of Supervision & Training non-labor miscellaneous expenses for year-end 2016.

Table 1

2019 GRC SDG&E Gas Distribution - ORA-SDGE-117-MCL
 Supervision & Training - Non-Labor - Miscellaneous Expenses \$(000)

Item	2016 \$(000)
Professional Dues	\$82
Telephone Expenses	\$81,117
Purchased Materials ¹	\$108,240
Purchased Services ²	\$132,596
Employee Reimbursements ³	\$6,054
Total	\$328,089

¹ Purchased Materials includes office supplies, safety equipment and misc materials

² Purchased Services includes contract labor, external training and misc services

³ Employee Reimbursements includes mileage, and other misc employee travel

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2. In reference to Ex. SDG&E-04-WP-R, page 52, explain and provide supporting documentation to substantiate the increase in Supervision & Training labor and nonlabor expenses from \$2,373,000 in 2015 to \$3,520,000 in 2016.

SDG&E Response 02:

The increase in expense from year 2015 to 2016 was \$1,147,000. In 2016, there was an increase in labor and non-labor costs due to the backfill of supervisory positions to provide proper oversight in field activities. In addition, increased training expenses occurred for all gas personnel for accelerated training to meet compliance schedules. Initial training was required for the hiring of 28 new field employees. The ramp up in field supervision and increased training expenses accounted for the total labor increase of \$1,013,000, or 88%, from 2015 to 2016. The total non-labor increase of \$134,000, or 12%, was due to increased purchased services and materials in support of training. Presented in the table below is a summary breakdown of the Supervision and Training expense change from 2015 to 2016.

Table 2

2019 GRC SDG&E Gas Distribution - ORA-SDGE-117-MCL
 Supervision & Training Expense - Change from 2015 to 2016

Item	Comment	Expense Change from 2015 to 2016 \$(000)
Supervision Additions	Backfill Supervisory personnel charging 40% to O&M	\$174
Training Increases	✓Accelerate training to meet compliance schedules; ✓Laborer school/training for 28 new hires	\$839
Non- Labor	Purchased services and materials	\$134
Total		\$1,147

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3. In reference to Ex. SDG&E-04-R, pages 52-54:
- a. Explain and provide supporting documentation regarding SDG&E's studies conducted on Workforce Planning.
 - b. Provide supporting documentation on the three resources SDG&E will use to implement the new proposed activity for Supervision & Training.
 - c. Provide calculations showing how SDG&E derived the Labor total of \$463,000 for 2019.
 - d. Did SDG&E conduct a study showing that additional resources for training are needed? If so, please provide a copy of the study.

SDG&E Response 03:

SDG&E interprets ORA's reference as intended to be Exhibit SDG&E-04-WP-R, pages 52-54 and responds accordingly.

- a. Part of the requested funds is linked to mitigating top safety risks that have been identified in the RAMP Report (I.16-10-015). These top risks were identified through the RAMP process described in the RAMP Report and are associated with activities sponsored in Exhibit SDG&E-04-R. The report identifying the Workforce Planning risk and risk mitigation activities was the RAMP Report Chapter SDG&E-17. The increased pressures SDG&E is experiencing are associated with maintaining a highly-trained and qualified operations workforce in critical roles as described in SDG&E's RAMP Report in the Workforce Planning RAMP Chapter, SDG&E-17, p. 2. Retirement rates and projected future retirements for these critical roles were analyzed and explained on pp. 3-10. As retirements occur in these critical roles, replacing those may trigger various employee movements and transfers throughout the company. A variety of specialized training, compliance and inspection programs, knowledge transfer, and other risk mitigation plans have been put in place, continue to evolve, and/or are newly created. (Please see RAMP Chapter, SDG&E-17, pp. 14-19.)

Key excerpts from that report are:

Workforce Planning is the risk of the loss of employees with deep knowledge, understanding and experience in operations due to retirements. Employees age 62 or older who meet Company years of service requirements are eligible and considered likely to retire. The departure of employees who fill critical operational roles could affect employee and/or public safety, as their knowledge and

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SDG&E Response 03 Continued:

experience is essential to safely operating and maintaining SDG&E's gas and electric systems.

... there will be an expansion of training associated with critical roles in various operational areas including Gas Operations, Customer Service Field, Electric Transmission and Distribution as well as Human Resources' Organizational Effectiveness. Key areas of focus will be job knowledge sharing, supervisor development and education about new technologies.

One of the risk-mitigating incremental RAMP additions described in the reference pages is RAMP – Risk ID 17/SDG&E Workforce Planning - Leadership Training, Supervisor University (SU). This RAMP incremental addition is further described in Exhibit SDG&E-04-R, page GOM-49. The RAMP incremental addition requested in the Supervision & Training workgroup includes a program known as the “Supervisor University.” This effort will train gas supervisors on processes, procedures, construction management, leadership, and communications skills required to support the Gas Distribution workforce, customers, and external agencies. The activities include specific and consistent technical, business, and systems training to adequately equip a potential Supervisor candidate.

- b. The addition of three resources for the Supervisor University (SU), totaling \$319,000 for 2019, include the following positions:
 1. Program Administrator \$120,000
 2. Experienced Gas Field Supervisor \$120,000
 3. Project Specialist \$79,000
- c. The calculation for the incremental labor increase of \$463,000 in year 2019 is shown on page 53 of Exhibit SDG&E-04-WP-R, Forecast Adjustment Details. This is the sum of the two incremental additions: 1) Three Field Supervisors \$144,000 and 2) Workforce Planning \$319,000.
- d. Please reference the RAMP Report Chapter SDG&E-17 as described in response to Question 3.a, which describes the justification for the additional resources that will be used in leadership training. The RAMP Report is the report or study regarding additional resources for training.

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4. In reference to Ex. SDG&E-04-WP-R, page 53, explain and provide a breakdown of SDG&E's calculation for 2019 Other total of \$154,000.

SDG&E Response 04:

The expense of \$154,000 is for the incremental addition of three field supervisors in the Supervision and Training workgroup 1GD000.007. It is described in Exhibit SDG&E-04-R, page GOM-48. These field supervisors will be responsible for providing supervisory oversight of Company and contract employees, coaching and mentoring these employees to work safely and to follow Company procedures, and how to maintain and build a safe and reliable natural gas delivery system.

A breakdown calculation for this expense is as follows:

- Salary: \$120,000
- Expense charging: 40% charged to O&M;
- Non-labor expense: \$10,000

$$3 \times \$120,000 \times 0.40 = \$144,000 \text{ Labor} + \$10,000 \text{ Non-Labor} = \$154,000 \text{ total}$$

This is the total requested expense for this incremental addition for 2019.

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5. In reference to Ex. SDG&E-04-WP-R, page 54, the 2019 RAMP Incremental Explanation reads: “Incremental expense to provide compliance, technical and leadership training classes and program support (Supervisor University).”
- a. Please provide a copy of SDG&E’s technical, leadership and compliance training plan.
 - b. Provide supportive documentation on SDG&E’s technical and leadership training classes and activities.
 - c. Explain how this technical, leadership and compliance training differs from the existing training that SDG&E already provides (both in-house and contracted out).
 - d. Explain and provide a breakdown calculation of SDG&E’s total labor request of \$277,000 for 2018 and \$319,000 for TY 2019 for SDG&E’s new proposed activities.

SDG&E Response 05:

- a. Currently, there is no specific field leadership training plan. The program was developed in response to the RAMP identified risk mitigation plan described in the response to Question 3.a.
- b. A general description of the Supervisor University program is provided in Exhibit SDG&E-04-WP-R, page GOM-49. A specific syllabus on classes and classroom activities has not yet been developed. More specifically, the Supervisor University is planned as a four-semester program, in which participants will be required to complete assigned trainings, which consist of classroom, online, and on-the-job training experiences, over approximately a two-year period.

While in the program, participants will work under the direction of an experienced Gas Field Supervisor and their progress will be monitored by the Supervisor University Guidance Team. Participants of the program will be titled Field Supervisor in Training and upon successful completion of the program, will be eligible for the position of Field Supervisor.

- c. The current leadership training is company-wide training with a focus on leadership skills only and does not include specific operational issues that confront a new gas field supervisor. Participants in the Supervisor University program will be mentored by experienced gas field supervisors covering leadership topics specific to gas as well as general leadership.
- d. The calculation for the total incremental labor increase in 2018 is actually \$325,000 and is shown on page 53 of Exhibit SDG&E-04-WP-R, Forecast Adjustment Details. This is the sum of the two incremental additions: 1) Three Field Supervisors \$48,000 and 2) Workforce Planning \$277,000. A breakdown calculation for the Workforce Planning portion for 2018 is as follows:
 1. Program Administrator \$120,000
 2. Experienced Gas Field Supervisor \$120,000
 3. Project Specialist (portion of the year) \$37,000

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SDG&E Response 05 Continued:

The calculation for the total incremental labor increase is actually \$463,000 in year 2019 and is shown on page 53 of Exhibit SDG&E-04-WP-R, Forecast Adjustment Details. This is the sum of the two incremental additions: 1) Three Field Supervisors \$144,000 and 2) Workforce Planning \$319,000. A breakdown of the 2019 Workforce Planning expense is presented in response to Question 3.b.

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6. In reference to Ex. SDG&E-04-WP-R, page 53:
- a. Provide a list of the capital projects that SDG&E's three field supervisors will be charging 40% of their time to in 2018 and 2019.
 - b. Provide a calculation breakdown of how the 40% in labor was derived and how it will be charged.

SDG&E Response 06:

- a. The three supervisors will not charge directly to capital projects. Instead, they charge to an overhead pool with a 40/60 (O&M/Capital) financial allocation in 2018 and 2019.
 - b. The 40% O&M allocation was forecasted based on analysis of the historical labor costs of Gas Distribution field personnel. This analysis is completed annually and is anticipated to be approximately 40% O&M and 60% Capital in 2018 and 2019. Supervisor time is charged to an overhead pool and allocated accordingly through the overhead pool month-end process. As described on p.53 of workpaper SDGE-4-WP-R, 40% of one field supervisor is forecasted be charged in 2018 and 40% of three supervisors is forecasted to be charged in 2019.
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7. In reference to SDG&E-04-WP-R, page 53:

- a. Explain how SDG&E concluded that three field supervisors are needed for 2018 and 2019.
- b. Did SDG&E conduct a study showing that three field supervisors are needed? If so, please provide a copy of this study.

SDG&E Response 07:

- a. As described in Exhibit SDG&E-04-R, pages GOM-iv to vii, the Company faces challenges to respond to operations, maintenance, and construction needs associated with customer growth, mitigation of the risks described throughout this Exhibit, addressing compliance with new federal and state (GO 112-F) regulations, and developing workforce efficiency. To address these challenges, the Field Operations group is moving toward a focus on three areas of responsibility: 1) new construction, 2) maintenance, and 3) emergency response. New construction and emergency response are two new groups that specialize in new construction issues and 24/7 emergency response to pipeline emergencies.

To support this new structure, the addition of three field supervisors in the Supervision and Training workgroup is projected over the forecast period. This additional supervision will provide oversight to implement increased training, additional leadership and mentoring for new employees, supervision of growing capital project construction, and guidance for emergency response and safety code compliance in maintenance and construction activities.

- b. No formal studies were conducted regarding the request for three field supervisors.