

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2019 General Rate Case
Application: A.17-10-007/008 (cons.)
Exhibit: SDG&E-218

SDG&E

**REBUTTAL TESTIMONY OF JERRY D. STEWART
(CUSTOMER SERVICES-OFFICE OPERATIONS)**

JUNE 18, 2018

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



TABLE OF CONTENTS

- I. SUMMARY OF DIFFERENCES 1
- II. INTRODUCTION 1
 - A. ORA 3
 - B. TURN..... 4
 - C. NDC 6
 - D. SDCAN 7
 - E. UCAN 7
 - F. SBUA 8
 - G. SCGC 8
- III. REBUTTAL TO PARTIES’ O&M PROPOSALS..... 8
 - A. Non-Shared Services O&M 8
 - 1. AMO 9
 - a. ORA 9
 - b. TURN..... 10
 - c. SDCAN 12
 - 2. Billing 13
 - a. ORA 13
 - b. TURN..... 18
 - c. SDCAN 21
 - 3. Credit and Collections..... 24
 - a. TURN..... 24
 - b. SDCAN 26
 - 4. Remittance Processing 27
 - a. TURN..... 27
 - b. UCAN 27
 - c. SDCAN 32
 - 5. Postage 32
 - a. SDCAN 33
 - 6. Branch Offices 33
 - a. TURN..... 33
 - b. SDCAN 34
 - 7. Closure of Branch Offices 34
 - a. UCAN 34

8.	Customer Contact Center Operations	41
	a. TURN.....	41
	b. SDCAN.....	44
9.	Customer Contact Center Support	46
	a. TURN.....	46
	b. SDCAN.....	47
	c. SBUA.....	47
10.	Customer Operations Support & Projects.....	51
	a. TURN.....	51
	b. SDCAN.....	52
11.	Uncollectible Rate.....	52
IV.	REBUTTAL TO PARTIES' IT CAPITAL PROPOSALS	55
	a. NDC	55
	b. UCAN	59
	c. SCGC	60
V.	CONCLUSION.....	62
	APPENDIX A SDG&E Response to Data Request ORA-138-CY3 Q2 and Q3	A-1
	APPENDIX B SDG&E Response to Data Request TURN-SEU-66 Question 1d.....	B-1
	APPENDIX C SDG&E Response to Data Request UCAN DR-07 Question 1.a	C-1
	APPENDIX D SDG&E Response to Data Request NDC-SEU-DR-09 Question 5	D-1
	APPENDIX E 2016 J.D. Power and Associates Electric/Gas Utility.....	E-1
	APPENDIX F Electronic billing: Benchmarks and options to increase enrollment, Chartwell..	F-1
	APPENDIX G Residential Customer Segment Survey 2016.....	G-1
	APPENDIX H SDG&E Response to Data Request UCAN-SDG&E-DR06 Question 1	H-1
	APPENDIX I October 17, 2017 and May 22, 2018 Correspondence with Customer.....	I-1
	APPENDIX J SDG&E Response to Data Request SDCAN-DR-01, Question 53.....	J-1
	APPENDIX K Glossary of Terms	K-1

**SDG&E REBUTTAL TESTIMONY OF JERRY D. STEWART
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I. SUMMARY OF DIFFERENCES

**TABLE JS-1
Comparison of San Diego Gas & Electric Company (SDG&E) and Intervenors
TY 2019 Estimated Operating & Maintenance (O&M) Expenses**

TOTAL O&M - Constant 2016 (\$000)			
	Base Year 2016	Test Year 2019	Change
SDG&E	36,818	44,319	7,501
ORA	36,818	41,303	4,485
TURN	36,818	40,183	3,365
NDC	36,818	44,368	7,550
SDCAN ¹	36,818	36,818	0
SDCAN	36,818	38,818	2,000
UCAN ²	36,818	44,319	7,501

**TABLE JS-2
Comparison of SDG&E and Intervenors Estimated IT Capital Expenses**

Constant 2016 (\$000)	2017	2018	2019	Difference to SDG&E
SDG&E	14,897	15,774	16,332	
NDC	14,897	13,937	16,332	-1,837
UCAN	14,137	14,998	15,720	-2,148
SCGC	14,897	15,774	16,582	+250

II. INTRODUCTION

This rebuttal testimony regarding SDG&E's request for Customer Service - Office Operations (CSOO) addresses the following testimony from other parties:

¹ SDCAN made two different proposals. See Section III.A.8. for details.

² UCAN's proposal does not impact my funding request. SDG&E addresses UCAN's proposals in each applicable workgroup.

- 1 • The Office of Ratepayer Advocates (ORA), as submitted by Ms. Crystal
2 Yeh.³
- 3 • The Utility Reform Network (TURN), as submitted by Mr. William
4 Marcus and Haley Goodson.⁴
- 5 • The National Diversity Coalition (NDC), as submitted by Ms. Faith
6 Bautista.⁵
- 7 • The Small Business Utility Advocates (SBUA), as submitted by Mr.
8 Michael Brown.⁶
- 9 • The San Diego Consumers' Action Network (SDCAN), as submitted by
10 Mr. Michael Shames.⁷
- 11 • The Utility Consumers' Action Network (UCAN), as submitted by Mr.
12 Brandon Charles.⁸
- 13 • Southern California Generation Coalition (SCGC), as submitted by Ms.
14 Catherine Yap.⁹

³ April 13, 2018, Report on the Results of Operations for San Diego Gas & Electric Company, Southern California Gas Company Test Year 2019 General Rate Case, Customer Services – Field; Office Operations; and Information & Technologies, Office of Ratepayer Advocates, Ex. ORA-16.

⁴ May 14, 2018, Report on Various Results of Operations Issues in Southern California Gas Company's and San Diego Gas and Electric Company's 2019 Test Year General Rate Cases, PUBLIC REDACTED VERSION, Ex. TURN-03 (Marcus). May 14, 2018, Prepared Testimony of Hayley Goodson Addressing the Proposals of San Diego Gas & Electric Company and Southern California Gas Company in their Test Year 2019 General Rate Case Related to Uncollectibles Ex. TURN-04.

⁵ May 14, 2018, Prepared testimony of Faith Bautista on the 2019 General Rate Case applications of San Diego Gas & Electric Company (U 902 M) and Southern California Gas Company (U 904 G), Ex. NDC-01.

⁶ May 13, 2018, Expert Report on Issues Affecting Small Businesses (Sempra GRC Phase I) Direct Testimony of Expert Michael Brown, Ex. SBUA (Brown).

⁷ May 14, 2018, Prepared testimony of Michael Shames, SDCAN Evaluation of San Diego Gas and Electric Company's Customer Service and External Affairs Activities Ex. SDCAN.

⁸ May 14, 2018, Testimony of Brandon Charles on behalf of the Utility Consumers' Action Network concerning San Diego Gas & Electric Company's 2019 General Rate Case Phase 1 application Ex. UCAN.

⁹ May 14, 2018, Direct Testimony of Catherine E. Yap on Behalf of the Southern California Generation Coalition, Ex. SCGC.

1 Please note that the fact that I may not have responded to every issue raised by others in
2 this rebuttal testimony does not mean or imply that SDG&E agrees with the proposal or
3 contention made by these or other parties. The forecasts contained in SDG&E's direct testimony
4 are based on sound estimates of its revenue requirements at the time of testimony preparation.

5 **A. ORA**

6 ORA issued its report on SDG&E Customer Services – Field; Office Operations; and
7 Information & Technologies on April 13, 2018.¹⁰ The following is a summary of ORA's
8 positions regarding Customer Service - Office Operations only:

- 9 • ORA accepts SDG&E's TY 2019 forecast for the following workgroups:
- 10 ○ Credit & Collections of \$3,073,000¹¹
 - 11 ○ Remittance Processing of \$745,000¹²
 - 12 ○ Postage of \$3,856,000¹³
 - 13 ○ Branch Offices of \$2,209,000¹⁴
 - 14 ○ Customer Contact Center Operations of \$10,097,000¹⁵
 - 15 ○ Customer Contact Center Support of \$2,680,000¹⁶
 - 16 ○ Customer Operations Support and Projects of \$3,605,000.¹⁷
- 17 • ORA proposes to disallow portions of SDG&E's TY 2019 forecast for the
18 following workgroups:

¹⁰ Ex. ORA-16 (Yeh).

¹¹ Ex. ORA-16 (Yeh) at 2:20-21.

¹² *Id.* at 2:22-23.

¹³ *Id.* at 2:24-25.

¹⁴ *Id.* at 2:26-27.

¹⁵ *Id.* at 3:1-2.

¹⁶ *Id.* at 3:3-4.

¹⁷ *Id.* at 3:5-6.

- Advanced Metering Operations (AMO): SDG&E's TY 2019 forecast is \$10,034,000. ORA proposes \$9,198,000 be adopted for TY 2019, or a recommended disallowance of \$836,000.¹⁸
- Billing: SDG&E's TY 2019 forecast is \$8,023,000. ORA proposes \$5,840,000 be adopted for TY 2019, or a recommended disallowance of \$2,183,000.¹⁹
- ORA does not oppose SDG&E's business rationale for its IT capital projects.²⁰
- ORA does not oppose SDG&E's request to have the Uncollectible rate remain at 0.174%.²¹
- ORA does not oppose the reasonableness of the expenses recorded to the Residential Disconnection Memorandum Account (RDMA).
- ORA does not oppose SDG&E modifying Electric and Gas Rule 9, Rendering and Payment of Bills, to authorize SDG&E to default all SDG&E customers to receive electronic bills as their regular bill starting January 1, 2021.

B. TURN

The Utility Reform Network (TURN) submitted testimony on May 14, 2018.²² The following is a summary of TURN's positions regarding CSOO:

- SDG&E's CSOO TY 2019 forecast is \$44,318,000. TURN proposes \$40,183,000, an overall reduction of \$4,135,000.²³
- TURN accepts SDG&E's TY 2019 forecast of \$3,856,000 for Postage.²⁴

¹⁸ Ex. ORA-16 (Yeh) at 18:17.

¹⁹ *Id.* at 21:17.

²⁰ *Id.* at 32:11.

²¹ *Id.* at 3:19.

²² Ex. TURN-03 (Marcus), Ex. TURN-04 (Goodson).

²³ Ex. TURN-03 (Marcus) at 40.

²⁴ *Id.* at 48.

- 1 • TURN proposes to disallow portions of SDG&E’s TY 2019 forecast for
2 the following workgroups:
- 3 ○ Advanced Metering Operations (AMO): SDG&E’s TY 2019
4 forecast is \$10,034,000. TURN proposes \$8,815,000 be adopted
5 for TY 2019, or a recommended disallowance of \$1,219,000.²⁵
 - 6 ○ Billing: SDG&E’s TY 2019 forecast is \$8,023,000. TURN
7 proposes \$6,256,000 be adopted for TY 2019, or a recommended
8 disallowance of \$1,767,000.²⁶
 - 9 ○ Credit and Collections: SDG&E’s TY 2019 forecast is \$3,073,000.
10 TURN proposes \$2,776,000 be adopted for TY 2019, or a
11 recommended disallowance of \$297,000.²⁷
 - 12 ○ Remittance Processing: SDG&E’s TY 2019 forecast is \$745,000.
13 TURN proposes \$738,000 be adopted for TY 2019, or a
14 recommended disallowance of \$7,000.²⁸
 - 15 ○ Branch Offices: SDG&E’s TY 2019 forecast is \$2,209,000.
16 TURN proposes \$2,042,000 be adopted for TY 2019, or a
17 recommended disallowance of \$167,000.²⁹
 - 18 ○ Customer Contact Center (CCC) Operations: SDG&E’s TY 2019
19 forecast is \$10,097,000. TURN proposes \$9,814,000 be adopted
20 for TY 2019, or a recommended disallowance of \$283,000.³⁰

²⁵ *Id.* at 43: Table 29.

²⁶ *Id.* at 45: Table 30.

²⁷ *Id.* at 47: Table 31.

²⁸ *Id.* at 48: Table 32.

²⁹ *Id.* at 49: Table 33.

³⁰ *Id.* at 53: Table 37.

- Customer Contact Center Support: SDG&E’s TY 2019 forecast is \$2,680,000. TURN proposes \$2,622,000 be adopted for TY 2019, or a recommended disallowance of \$58,000.³¹
- Customer Operations Support & Projects: SDG&E’s TY 2019 forecast is \$3,605,000. TURN proposes \$3,265,000 be adopted for TY 2019, or a recommended disallowance of \$340,000.³²
- TURN proposes a 10-year rolling average to calculate the SDG&E Uncollectible rate, starting with 2008-2017, with adjustments to be made annually, by advice letter.³³
- TURN does not oppose the reasonableness of the expenses recorded to the Residential Disconnection Memorandum Account (RDMA).
- TURN does not oppose SDG&E modifying Electric and Gas Rule 9, Rendering and Payment of Bills, to authorize SDG&E to default all SDG&E customers to receive electronic bills as their regular bill starting January 1, 2021.
- TURN does not object to or dispute SDG&E’s business rationale for its IT capital projects.

C. NDC

National Diversity Coalition (NDC) submitted testimony on May 14, 2018.³⁴ The following is a summary of NDC’s position:

- NDC proposes disallowing the Branch Office Kiosk Capital Project in its entirety and associated O&M Business Optimization FOF savings of \$49,000, but would allow \$150,000 for the phase 1 pilot.³⁵

³¹ *Id.* at 54: Table 38.

³² *Id.* at 55: Table 39.

³³ Ex. TURN-04 (Goodson) at 3:3-5.

³⁴ Ex.NDC-01 (Bautista).

³⁵ Ex. NDC-01 at ii.

1 **D. SDCAN**

2 San Diego Consumers' Action Network (SDCAN) submitted testimony on May 14,
3 2018.³⁶ The following is a summary of SDCAN's positions:

- 4 • SDG&E's CSOO TY 2019 forecast is \$44,319,000. SDCAN proposes
5 \$36,818,000, a disallowance of the entire incremental request of
6 \$7,501,000 over the BY 2016.³⁷
- 7 • Though the incremental increase requested by CSOO is fully disallowed
8 above, SDCAN also recommends that SDG&E should receive more than
9 ORA's recommended \$1,127,000 for its Residential Time of Use (TOU)
10 billing costs with conditions.³⁸

11 **E. UCAN**

12 Utility Consumers' Action Network (UCAN) submitted testimony on May 14, 2018.³⁹
13 The following is a summary of UCAN's positions:

- 14 • UCAN recommends the Commission deny SDG&E's proposal to close
15 the Oceanside and Downtown branch office locations and to direct
16 SDG&E to continue the search for a new branch location under the
17 direction of the Energy Division (ED) to ensure the search is being
18 conducted with due diligence.⁴⁰
- 19 • UCAN recommends the Commission deny SDG&E's request to default all
20 customers to electronic billing starting January 1, 2021.⁴¹

³⁶ Ex. SDCAN (Shames).

³⁷ Ex. SDCAN (Shames) at 42.

³⁸ *Id.* at 43.

³⁹ Ex. UCAN (Charles).

⁴⁰ Ex. UCAN (Charles) at 3:22-4:2.

⁴¹ *Id.* at 4:12-13.

- UCAN proposes funding for the Bill Redesign IT Capital project be reduced to \$800,000 for 2017 and 2018, with no funding allowed for 2019.⁴²

F. SBUA

SBUA does not make a formal revenue requirement proposal, but rather is seeking confirmation of customer privacy compliance with Public Utilities Code (Pub. Util. Code) § 8380.⁴³

G. SCGC

SCGC recommends the Commission require SDG&E to enhance the capability of its Enhanced Network Analytics IT Capital Project.⁴⁴

III. REBUTTAL TO PARTIES’ O&M PROPOSALS

A. Non-Shared Services O&M

**TABLE JS-3
Comparison of SDG&E and Intervenors
TY 2019 Non-Shared Services CSOO O&M Expenses**

NON-SHARED O&M - Constant 2016 (\$000)			
	Base Year 2016	Test Year 2019	Change
SDG&E	36,818	44,319	7,501
ORA	36,818	41,303	4,485
TURN	36,818	40,183	3,365
NDC	36,818	44,368	7,550
SDCAN	36,818	36,818	0
SDCAN	36,818	38,818	2,000
UCAN ⁴⁵	36,818	44,319	7,501
SBUA	36,818	44,319	7,501

⁴² *Id.* at 5:3-10.

⁴³ Ex. SBUA (Brown) at 4.

⁴⁴ Ex. SCGC (Yap) at 4:12-5:10.

⁴⁵ See Footnote 2.

AMO
TABLE JS-4
Comparison of SDG&E and Intervenors
TY 2019 Non-Shared Services AMO O&M Expenses

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
AMO – 100001.000				
SDG&E	8,157	10,034	1,877	
ORA	8,157	9,198	1,041	-836
TURN	8,157	8,815	658	-1,219
NDC	8,157	10,034	1,877	0
SDCAN	8,157	8,157	0	-1,877

a. ORA

ORA recommends that SDG&E receive only one-half of its requested AMO resources to support Residential TOU Default. ORA’s recommendation lacks any fact-based analysis and does not consider the analysis backed by data.

ORA states the following:

ORA agrees that some level of labor increase will likely be necessary in order to respond to the full roll out of default residential TOU rates. However, the basis of SDG&E’s proposed incremental FTEs is speculative in nature and not based on a precedent in FTE increase in response to workload.⁴⁶

SDG&E disagrees with ORA’s recommendation of one half of SDG&E’s request for residential TOU default. ORA fails to provide any justification or analysis as to how it reached its recommendation.

SDG&E provided justification for its calculation and the basis for its request utilizing the precedent established when it defaulted small and medium business customers to time varying rates in BY 2016. This precedent was detailed in my workpapers.⁴⁷ SDG&E’s Smart Meter system identifies the number of meters that do not communicate and, subsequently, fail to

⁴⁶ Ex. ORA-16 (Yeh) at 20:19-22.

⁴⁷ October 2017, Workpapers to Prepared Direct Testimony of Jerry D. Stewart on Behalf of San Diego Gas & Electric Company Ex. SDG&E-18-WP at 21.

1 provide interval data on a daily basis. Since we do not expect to see any change in the average
2 meter communication success or failure rate, we know what to expect and plan for when we
3 default approximately 800,000 more meters to time varying rates as part of Residential TOU
4 (Res TOU) Mass Default. In my direct testimony, I detail the forecasted increase in back office
5 analysts required to manage daily exceptions.⁴⁸ I further identify the number of Single Phase
6 Meter Testers (SPT) required to manage monthly field exceptions.⁴⁹ SDG&E has provided a
7 detailed calculation for the forecasted activities and associated funding. Therefore, ORA's
8 recommendation for exactly one half of SDG&E's request for residential TOU default should be
9 rejected by the Commission.

10 **b. TURN**

11 SDG&E's CSOO TY 2019 forecast is \$44,318,000. TURN proposes \$40,183,000, an
12 overall reduction of \$4,135,000 primarily based on TURN using data that was not available to
13 SDG&E at the time it filed its TY 2019 request and then selecting various forecast
14 methodologies to yield the lower amount TURN sought to achieve.

15 TURN states the following:

16 If SDG&E is 9% below the 2017 forecast, we cannot simply assume that the 2019
17 forecast is reasonable. Because of our review of 2017 data, our focus was
18 different than ORA's focus. ORA focused largely on SDG&E's incremental
19 requests and did not examine the reasonableness of the base year.⁵⁰

20 SDG&E disagrees with TURN, as they are clearly cherry-picking forecast methodologies
21 to achieve their desired outcome. Additionally, TURN ignores the fact that 2017 recorded
22 expenses were not available to SDG&E simply due to the timing of the TY 2019 GRC filing.
23 SDG&E's BY 2016 adjusted recorded expenses is the last historical period of expenditures
24 incorporated in the SDG&E TY 2019 forecast. It should also be noted that SDG&E used the
25 same methodology among all work groups to ensure consistency, even if a more favorable

⁴⁸ October 6, 2017, Direct Testimony of Jerry D. Stewart (Customer Service Office Operations) Ex. SDG&E-18 at 16: 17-29.

⁴⁹ *Id.*, at:1-4.

⁵⁰ Ex. TURN-03 (Marcus) at 37.

1 methodology yielded a higher base amount. Table JS-5 below reflects TURN’s selective
 2 methodology approach to each area within CSOO.

3 **TABLE JS-5**
 4 **TURN Forecast Methodologies**

TURN Forecast Methodologies		
CS Office Operations Workgroups	Labor	Non-Labor
Advanced Metering Operations	Base Year 2016 reduced by 5%	Base Year 2016 reduced by 5%
Billing	2017 Actuals - Base	2017 Actuals - Base
Credit & Collections	Two-Year Average (2016-2017)	Two-Year Average (2016-2017)
Remittance Processing	Base Year 2016	Base Year 2016
Postage	Base Year 2016	Base Year 2016
Branch Offices	2017 Actuals - Base	2017 Actuals - Base
Customer Contact Center Operations	2.5% reduction to modeled costs in 2019	Six-Year Average (2012-2017)
Customer Contact Center Support	Two-Year Average (2016-2017)	Two-Year Average (2016-2017)
CCC Operations Support & Projects	Three-Year Average (2015-2017)	Three-Year Average (2015-2017)

5 TURN states the following:

6 TURN proposes to calculate a base year by reducing SDG&E’s 2017 forecast by
 7 5% in light of the 14% difference between actual and SDG&E forecast
 8 spending.⁵¹

9
 10 TURN’s proposed reduction in AMO was based upon the difference between SDG&E’s
 11 forecasted spend and 2017 adjusted recorded actuals, which ignores the fact that 2017 actuals
 12 were not available for forecasting purposes at the time my testimony was developed. TURN
 13 states, “We note the need to add \$90,000 to add an FTE to meet new orders did not occur...” As
 14 detailed in my direct testimony, only a portion of the work order volume increase was related to
 15 new orders for customer growth.⁵² Other work order items, such as meter changes on all Smart
 16 Meter Opt-Out meters and replacement of 3G cellular meters, did not occur in 2017 as planned,

⁵¹ Ex. TURN-03 (Marcus) at 42.

⁵² Ex. SDG&E-18 (Stewart) at JDS-14.

1 but has been shifted to the 2018 workload plan. In addition to the shift in workload, there were
2 seven additional labor vacancies during 2017 related to long-term disability and employee
3 attrition, which are expected to be backfilled in 2018.

4 The incremental spend that was forecasted in 2017 is still expected to occur, but has been
5 delayed or moved to 2018 to not overburden the remaining staff. SDG&E's reply to data request
6 TURN-SEU-66 Question 1d (Appendix B) stated, "There were several factors that contributed to
7 AMO's 2017 labor spend being lower than forecast. The primary result was the delay in
8 backfilling labor vacancies in addition to the need for AMO resources to support capital and non-
9 GRC projects." It is important to note, labor increases associated with Commission Decision
10 (D.) 15-07-001 (Decision on Residential Rate Reform for Pacific Gas and Electric Company,
11 Southern California Edison Company and SDG&E and Transition to TOU Rates) account for
12 89% (\$1.673M) of AMO's incremental funding request for TY 2019. SDG&E provided detailed
13 analysis and a reasonable forecast for the activities and incremental resources associated with
14 Res TOU mass default as described in my rebuttal to ORA above. The remaining 11%
15 (\$204,000) of AMO's incremental funding is related to normal operational activities. Another
16 important factor to note, is 35% of the \$204,000 is related to key safety risks and proposed plans
17 for mitigating those risks as described in the RAMP Report.⁵³ SDG&E's forecasted TY 2019
18 expenditures for AMO are reasonable and the forecast assumptions have not changed, therefore,
19 TURN's recommendation should be rejected by the Commission.

20 **c. SDCAN**

21 In the first of its two proposals, SDCAN used a broad-brush approach to eliminate the
22 entire incremental funding request stating:

23 The Commission should reject SDG&E's request additional \$7.5 million or 20%
24 in TY2019 for non-shared Customer Service Operations. Further, the
25 Commission should require that in its next GRC application, SDG&E must show
26 a reduction in customer complaints in order for revenue increases for these
27 operations to be considered in future GRC applications.⁵⁴
28

⁵³November 30, 2016, 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, RAMP Chapter SDG&E-3Employee, Contractor and Public Safety and also SDG&E-17 Workforce Planning. *See*, Ex. SDG&E-18 (Stewart) at JDS-14-15.

⁵⁴ Ex. SDCAN (Shames) at 7.

The impact to AMO of SDCAN’s proposal is a reduction of \$1,877,000. The rebuttal to this issue can be found in Section III.A.8, CCC-Operations.

No other parties oppose the AMO funding request.

2. Billing

**TABLE JS-6
Comparison of SDG&E and Intervenors
TY 2019 Non-Shared Services Billing O&M Expenses**

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Billing – 100002.000				
SDG&E	4,263	8,023	3,760	
ORA	4,263	5,840	1,577	-2,183
TURN	4,263	6,256	1,993	-1,767
NDC	4,263	8,023	3,760	0
SDCAN	4,263	6,263	2,000	-1,760
SDCAN	4,263	4,263	0	3,760

a. ORA

Growth in Interval Data

ORA’s use of a linear analysis to conclude “it would require about \$222,087 to hire two new FTE’s in this section”⁵⁵ is flawed as it does not account for contract labor, mandatory overtime of all 22 resources in BY 2016, and engagement of employees outside of the billing department to work billing exceptions. All of these resources were used to restore and then maintain TOU billing exceptions to a manageable level. SDG&E’s requested resources are required in order to prevent significant delays in customers receiving accurate monthly billing statements.

ORA states the following:

ORA conducted a linear trend analysis wherein the equations in Figure 16-6 above for each of the three trend lines were used to forecast 2017-2019 FTE levels for their respective category. Following each category’s respective trends, historical FTE would be 2.7 in 2019 and Growth & Interval data FTE would be

⁵⁵ Ex. ORA-16 (Yeh) at 25:16.

24.8 in 2019 with the total being 27.5 for 2019. Then, ORA added on the 11.5 FTEs requested by SDG&E to determine there would be a total of 39 FTEs by 2019. Below is ORA’s table reflecting these results:⁵⁶

TABLE JS-7
(re-publish of ORA Figure 16-7⁵⁷)
Billing – Growth in Interval Billing

Actuals						Forecast		
	2012	2013	2014	2015	2016	2017	2018	2019
Historical FTE	29	28	22	17	15	10.5	6.6	2.7
Growth & Interval Data FTE	16	16	17	18	22	22	23.6	24.8+11.5 36.3
Total Historical FTE	45	44	39	35	37	32.5	30.2	39

SDGE disagrees with the use of a linear analysis to determine the number of FTE’s needed to bill historical (non-interval data ready (IDR)) and interval data accounts through TY 2019. In response to data request ORA-SDGE-138-CY3 Question 2.b.(Appendix A), “A fourth billing team, comprised of contract resources, was added in 2017 to help reduce the number of backlogged exceptions and maintain a manageable number of delayed bills moving forward.” ORA ignored SDG&E’s response and did not account for these resources in Table JS-7. In addition, ORA incorrectly decreases the number of forecasted FTE’s in 2017 through TY 2019. The number of FTEs did not decrease in 2017. As reflected in Table JS-8, these resources are not expected to decrease until TY 2019, when 11 FTE’s will begin supporting Res-TOU mass default.

SDG&E’s response to ORA-SDGE-138-CY3 Question 2a (Appendix A) identifies a 438% increase in IDR accounts. ORA’s data request, Question 2a:

Explain what is meant by “one-time 438% growth rate,” does that mean that in the years following the growth rate, the workload will be back at historic levels?

SDG&E’s response to ORA-SDGE-138-CY3 Question 2a was:

⁵⁶ Ex. ORA-16 (Yeh) at 25:3-9.

⁵⁷ *Id.* at 25:10.

As stated in Ex. SDG&E-18, page JDS-22, lines 6 and 7, ‘In BY 2016, SDG&E completed the roll out of the small and medium business (SMB) commercial TOU default project. This rollout increased the number of accounts billing on interval data by 438%.’ The mass transition to interval data billing occurred in BY 2016, and these accounts will continue to bill using interval data going forward. The sustained amount of interval data billed accounts can be seen in the Workpapers to Prepared Direct Testimony of Jerry D. Stewart, Billing 100002.000 Supplemental Workpaper 1 - Growth in Interval Data Forecast (SDG&E-18-WP, page 31 of 105).

TABLE JS-8
Billing – Growth in Interval Billing SDG&E Proposed FTE levels

	Actuals						Forecast	
	2012	2013	2014	2015	2016	2017	2018	2019
Historical (Non IDR) FTE	29	28	22	17	15	15	15	4
Interval Data Growth	16	16	17	18	22	39.9*	33.5	33.5
RES-TOU	0	0	0	0	0	0	11.5	26.5
Total	45	44	39	35	37	54.9	60	64

*Includes contract resources hired in 2017 as described in ORA-SDGE-138-CY3 question 2.b.

ORA ignores SDG&E’s demonstrated resource requirements. SDG&E has provided historical data regarding related work items worked by year per employee as reported in response to ORA-SDGE-138-CY3 Question 2 (Appendix A). See Table JS-9 below. SDG&E has clearly justified the additional IDR Billing Resources needed to support and maintain a manageable number of delayed bills related to the small and medium business TOU default project and continued growth in interval data billing.

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TABLE JS-9
Interval Data Exceptions (from ORA-SDGE-138-CY3 Attachment Q2)

All metrics are tracked on a per year basis	2014	2015	2016	2017	2018	2019
# of Interval Data Ready (IDR) Meters (includes Growth in Interval data)	29,250	33,076	177,985	177,985	177,985	177,985
IDR - # of Exceptions Completed Each Year (includes Growth in Interval Data)	117,704	107,833	270,178	162,147	162,147	162,147
IDR Billing Resources (existing headcount)	17.0	18.0	22.0	22.0	22.0	22.0
IDR Billing Resource (contract FTE) Increase due to Growth in Interval Data		-		11.5	11.5	11.5
Bill Exceptions Completed Per Employee - IDR (includes Growth in Interval data)	6,923.8	5,990.7	12,280.8	4,840.2	4,840.2	4,840.2

Note: The increase in exceptions completed per employee during 2016 is reflective of mandatory overtime of all 22 billing resources, employees outside of billing working these exceptions, and efficiencies gained working large volumes of exceptions. In 2016, an account would have multiple billing exceptions, where detailed analysis on one account would resolve multiple exceptions. Prior to defaulting small and medium business customers to time based rates in 2016, there was typically a one-to-one relationship between delayed accounts and work exceptions.

3 Table JS-9 above (from ORA-SDGE-138-CY3, Question 2) shows the actual number of
4 interval data exceptions completed by SDG&E billers and contract resources from 2014 – 2017
5 and the forecasted number for 2018 – TY 2019.

6 The table clearly depicts a significant increase (150.6%) in the number of work items
7 completed in BY 2016, compared with 2015. While the number of work items completed was
8 reduced in 2017 (-40.0%), when compared to BY 2016, there is still an increase in items
9 (50.4%), when compared to 2015. These additional work items in BY 2016 are related to the
10 rollout of the small and medium business TOU project.

11 All SDG&E Billing employees worked mandatory overtime in BY 2016 to complete the
12 additional work items related to the small and medium business TOU project. And, as discussed
13 in SDGE-ORA-138-CY3, Question 2.b (Appendix A), “A fourth billing team, comprised of
14 contract resources, was added in 2017, to help reduce the number of backlogged exceptions and
15 maintain a manageable number of delayed bills moving forward.” The reason the number of bill
16 exceptions completed per employee is lower than historic numbers is that work items related to
17 the small and medium business TOU project are more complex to analyze and are difficult to bill
18 in SDG&E’s current aging billing system. Shadow billing, related to all default TOU rates, is

1 also complex and the current billing system is having trouble processing these bills. In addition,
2 as mentioned in my direct testimony, “The utilities continue to see changes and additional
3 complexity with TOU billing, including implementation of recent Commission D.17-01-006,
4 which established grandfathering of current TOU periods for current non-residential solar
5 customers for a period of 10 years.”⁵⁸

6 Again, ORA ignores SDG&E’s demonstrated incremental resource requirements.
7 SDG&E has provided historical data regarding billing exceptions worked by year per employee
8 as reported in response to ORA-SDG&E-138-CY3 Question 2 (Appendix A). SDG&E has
9 justified the additional IDR Billing Resources needed to support and maintain a manageable
10 number of delayed bills related to the small and medium business TOU. ORA’s linear trend
11 calculations do not account for any of the data presented by SDG&E and therefore, should be
12 rejected by the Commission. SDG&E’s TY 2019 incremental request of \$1,277,000 for growth
13 in Interval Data Billing should be adopted.

14 Residential TOU Mass Default

15 ORA ignores SDG&E’s analysis and calculations used in developing SDG&E’s TY 2019
16 expense request for resources needed to manage Res TOU mass default. ORA recommends
17 SDG&E be granted half of its request for this workgroup.

18 ORA states the following:

19 Given there is no historical basis to determine the requested 15.5 FTEs, no exact
20 calculations, and no historical precedent in the working group to add 15.5 FTEs in
21 a three-year time span, ORA recommends that SDG&E be granted exactly half of
22 their initial request for this cost center.⁵⁹

23 SDG&E did not arbitrarily select the number of employees required to support the Res
24 TOU mass default, and disagrees with ORA’s assessment. SDG&E applied the experience and
25 lessons learned from the Small and Medium Business TOU Default project and leveraged the
26 same calculations to forecast Billings resource requirements for Res TOU mass default. SDG&E
27 provided ORA with its forecasted calculations for Res TOU mass default as reflected in Table
28 JS-10 below.⁶⁰ While the number of annual exceptions is anticipated to be much lower, the

⁵⁸ Ex. SDG&E-18 (Stewart) at JDS-22:21-23.

⁵⁹ Ex. ORA-16 (Yeh) at 27:4-7.

⁶⁰ Appendix A, SDG&E Response to ORA-SDG&E-138-CY3 Question 3.

number of bill exceptions completed per employee is consistent with the data represented in Table JS-10.

TABLE JS-10
Res TOU Forecast Calculations
(from ORA-SDGE-138-CY3 Attachment Question 3)

All metrics are tracked on a per year basis	2016	2017	2018	2019
# of IDR Meters (Res-TOU Default)	-	-	100,000	900,000
Res-TOU Mass Default # of Exceptions Completed Each Year	-	-	55,662	128,265
IDR Billing Resource Increase due to Res-TOU Default)	-	-	11.5	26.5
Bill Exceptions Completed Per Employee - Res-TOU Default			4,840.2	4,840.2

Note: Not reflected in Supplemental Workpaper 3 – Residential TOU Mass Default Forecast in SDG&E-18-WP page 33, are 11 existing resources added to the 15.5 incremental that result in the 26.5 resources required to support the total forecasted exceptions in 2019. As the 800,000 meters are defaulted to TOU, the 11 existing resources will transfer from supporting non-IDR work that will be replaced by IDR work.

If ORA’s recommendation is adopted, SDG&E will not be able to manage the number of billing exceptions created through Res TOU interval billing, which will lead to a significant backlog of delayed bills to customers. Therefore, SDG&E’s request should be approved to provide the level of service customers expect.

b. TURN

TURN states the following:

TURN’s review of 2017 spending suggests that labor spending was 11% below that forecast by SDG&E, while non-labor spending was almost exactly what SDG&E forecast. This point suggests that contractors were hired to reduce the backlog, as the recorded figures are close to the forecast (though how many will be needed for ongoing work in 2019 is not clear from SDG&E’s documentation, and ORA raises a good question as to how many staff will be needed for non-interval work).⁶¹

SDG&E disagrees that the contractors were hired in 2017 solely to reduce the billing backlog. SDG&E acknowledges that contractors were hired in 2017 to help reduce the billing backlog, but TURN misses the larger issue. Contractors were not only hired to assist in removing a billing backlog, but also to maintain a manageable level of delayed bills on a go forward basis.

⁶¹ Ex. TURN-03 (Marcus) at 44.

As stated in the rebuttal to ORA above, in Table JS-8, SDG&E’s resource requirement for growth in interval billed accounts was calculated based on the number of interval billing exceptions multiplied by the number of exceptions worked per resource.⁶²

TURN also states:

We are disappointed in the conclusory information provided by SDG&E with no numerical support – indeed ORA calls SDG&E’s forecast arbitrary -- and reduce the figure as a result by about 20% to \$1,000,000. This adjustment is appropriate because SDG&E has not demonstrated the reasonableness of the full extent of its projected increase over 2016 recorded costs.⁶³

SDG&E disagrees with TURN in their assertion that SDG&E has not justified the reasonableness of projected costs.

In response to data request ORA-SDGE-138-CY3, Question 2 (Appendix A), SDG&E provides a breakdown of the number of interval data meters, forecast of number of exceptions to be worked by year (as related to Interval Data Growth), the number of existing resources and request for a contract workforce for 2017 - 2019, and then calculated the number of items worked per employee each year. Please see Table JS-11 below.

**TABLE JS-11
ORA-SDGE-138-CY3 Attachment Q2**

All metrics are tracked on a per year basis	2014	2015	2016	2017	2018	2019
# of Interval Data Ready (IDR) Meters (includes Growth and Interval data)	29,250	33,076	177,985	177,985	177,985	177,985
IDR - # of Exceptions Completed Each Year (includes Growth and Interval Data)	117,704	107,833	270,178	162,147	162,147	162,147
IDR Billing Resources (existing)	17.0	18.0	22.0	22.0	22.0	22.0
IDR Billing Resource Increase due to Growth and Interval Data		-		11.5	11.5	11.5
Bill Exceptions Completed Per Employee - IDR (includes Growth and Interval data)	6,923.8	5,990.7	12,280.8	4,840.2	4,840.2	4,840.2

Note: The increase in exceptions completed per employee during 2016 was a result of mandatory overtime of all 22 resources, employees outside of billing working these exceptions, and efficiencies gained working large volumes of exceptions. In 2016, one account would have multiple billing exceptions, where detailed analysis could be done once, which would resolve multiple items. Prior to 2016, there was typically a one-to-one relationship between delayed accounts and work exceptions.

⁶² Ex. SDGE-18-WP (Stewart) at 31.

⁶³ Ex. TURN-03 (Marcus) at 44. Internal citation omitted.

1 TURN also states:

2 TURN also contests one small aspect of the incremental forecast not identified by
3 ORA – the addition of 33% more staff (an increase from 3.0 to 4.0 FTE) to do a
4 job that SDG&E projects will be 10% larger (a 10% Growth in rate entries).
5 TURN adds 0.3 FTE, not 1 FTE for this activity, which is a reduction of \$64,000
6 to SDG&E’s forecast, because the Commission should not adopt a forecast that
7 assumes productivity will backslide.⁶⁴

8 SDG&E disagrees with this statement. TURN fails to account for the added complexity
9 and time associated with rate entry tasks as described in my direct testimony.⁶⁵

10 The increase in work volume is driven by regulatory decisions (including 2016 GRC
11 Phase 2) where the associated IDR rate entry job tasks are more complex and time consuming to
12 complete. SDG&E accounted for these factors in its forecast. As a result, it takes additional
13 time to enter each rate schedule into rate tables. SDG&E is not experiencing a decline in
14 productivity associated with the additional resources required to complete the additional complex
15 rate entry workload as asserted by TURN. Rather, the TOU or dynamic rates are more complex
16 than historical tiered and flat rates. It would not be appropriate to compare the time to complete
17 new TOU rate entry tasks to legacy rate entry tasks to justify a reduction in SDG&E’s request
18 because the work is different and more complex under interval billing.

19 Also stated in my direct testimony, these additional rate schedules will increase the
20 manual pricing entries by 10% prior to GRC phase 2 implementation.⁶⁶ After each rate change,
21 additional quality assurance tasks are performed to ensure billing accuracy. These additional
22 tasks include performing bill calculations on approximately 200 accounts with different billing
23 scenarios to ensure the pricing was entered accurately. With the implementation of regulatory
24 projects, these manual calculations are needed to verify that system changes are migrated without
25 any adverse effects on customer billing. SDG&E’s forecast for this work only included impacts
26 of GRC phase 2 implementation. However, as more rate schedules are added as a result of future
27 regulatory decisions, the number of accounts and scenarios will increase. Without one additional
28 resource, the team will not be able to complete the bill calculations in a timely manner,

⁶⁴ Ex. TURN-03 (Marcus) at 44.

⁶⁵ Ex. SDG&E-18 at JDS-24-25.

⁶⁶ *Id.*

1 increasing the risk of inaccurate bills post-rate changes. Therefore, the Commission should
2 reject TURN's proposal to reduce SDG&E's forecast by \$64,000.

3 **c. SDCAN**

4 In the first of its two proposals, SDCAN used a broad-brush approach to eliminate the
5 entire incremental funding request stating:

6 The Commission should reject SDG&E's request additional \$7.5 million or 20%
7 in TY2019 for non-shared Customer Service Operations. Further, the
8 Commission should require that in its next GRC application, SDG&E must show
9 a reduction in customer complaints in order for revenue increases for these
10 operations to be considered in future GRC applications.⁶⁷

11 The impact to Billing in SDCAN's proposal is a reduction of \$3,760,000. The rebuttal to
12 this issue is contained in Section III.A.8, CCC-Operations.

13 In the second SDCAN proposal, SDCAN recommends SDG&E should receive
14 \$2,000,000, which is more than ORA's recommendation of \$1,127,000 for its Residential TOU
15 billing costs, with conditions.

16 SDCAN states the following:

17 SDCAN concurs with ORA that the addition of 15.5 positions at a cost of \$2.255
18 million is excessive, as it amounts to an average salary+costs of \$145,500 per
19 FTE. This is excessive, as much of the billing analysis performed by these
20 analysts would be assisted by a third-party bill analysis program that could
21 address customer questions. That said, SDCAN is supportive of SDG&E
22 receiving a higher budget than ORA's \$1.127 million recommendation if the
23 following conditions are met:

24 SDG&E hires at least 20 positions at an average salary+costs of \$100,000 per FTE;
25 SDG&E compiles and reports to the Commission about the nature of residential
26 customer billing inquiries and the incidence of bill protection/shadow billing
27 disputes.⁶⁸

28 SDCAN's proposal attempts to compare the direct costs of an SDG&E employee to the
29 fully loaded contracted cost from a third-party vendor. This approach is not appropriate and fails
30 to recognize the skill level of resources required demands a level of compensation commensurate
31 with the type of work being performed.

⁶⁷ Ex. SDCAN (Shames) at 7.

⁶⁸ Ex. SDCAN (Shames) at 43.

1 Further, SDCAN references a “third-party bill analysis program that could address
2 customer questions” that has no relevance to this request. SDGE’s Billing department does not
3 use a third-party bill analysis program to address customer questions. All accounts that generate
4 an exception are reviewed by SDG&E Billing personnel prior to the bill processing.

5 With respect to SDCAN’s second proposed condition related to a proposed Commission
6 report on billing inquires and bill protection/shadow bill disputes, SDCAN attempts to support its
7 position by providing an example:

8 SDCAN’s position is informed by a specific and fully-documented experience
9 with SDG&E’s EV-TOU rate program during the 2017-2018 time period that
10 caused a customer’s average electric rate to increase by upwards of 20%. This
11 fairly sophisticated electric customer’s repeat request for bill protection and
12 shadow billing was ignored by SDG&E. In fact, as documented in appendix C
13 below, SDG&E was entirely unresponsive to the customer’s repeated inquiries to
14 the residential TOU rate department. It would send acknowledgements that it had
15 received the customers multiple correspondences but never responded or
16 compiled with the customer’s request.⁶⁹

17 SDCAN has not been truthful in its description of correspondence with SDG&E and has
18 provided a false picture of SDG&E’s responses.

19 Appendix C to SDCAN’s testimony omits an email from SDG&E that responded to the
20 customer’s inquiry. Absent from Appendix C is SDG&E’s October 17, 2017, confirmation of the
21 customer request to change to an optionally elected rate in May of 2017, which was in response
22 to the customer’s previous email requests. “This is to confirm that you have been on rate
23 EVTOU2 since 05/27/17.”⁷⁰

24 SDG&E received another email on May 1, 2018:

25 Attached please find a spread sheet that indicates that as a result of the EV-TOU
26 billing rate, my average electric rate increased by over 20% during my one-year
27 on this rate plan. I repeat my request that at the final billing true-up that will be
28 performed this month by SDG&E, that I be presented with a shadow bill that
29 reflects that my bills would have looked like had I stayed on the previous rate. I
30 will not only want the option of taking advantage of this bill protection but I also
31 formally request that I be removed from the EV-TOU rate, as it has resulted in
32 higher bills despite our best (and successful) efforts to migrate our consumption to

⁶⁹ *Id.* at 43-44.

⁷⁰ Appendix I, October 17, 2017 email response from SDG&E to Customer.

1 off-peak and super-off-peak hours. Thank you for your prompt attention to these
2 two requests.

3 In the following email to the customer dated May 22, 2018, SDG&E acknowledged the
4 request to return the customer to their previous rate:⁷¹

5 Hello [Customer Name],

6 Thank you for contacting us with your electric rate and billing concerns. This
7 email is to confirm that your rate has been returned to DR effective your next read
8 date. Your June billing statement will reflect this.

9 As for your request to be presented with Shadow Billing and Bill Protection
10 information, we are unable to provide this to you. While certain Time of Use
11 Tariffs do have provisions and requirements for SDG&E to calculate and provide
12 this information, Schedule EVTOU2 does not.

13 Please feel free to contact us with any additional questions or concerns.

14 Thank you,

15 SDG&E – Rate Support Team

16 SDCAN’s further assertion, is consequently flawed:

17 SDCAN expects that the residential TOU default program will lead to numerous
18 comparable scenarios, such the one documented by SDCAN, where customers
19 experience unexpected and unwarranted bill impacts due to flawed rate design or
20 inadequate customer education.⁷²

21 SDG&E disagrees with SDCAN’s statement, as a single customer experience cannot
22 predict the experience of an entire customer base. While there is also no evidence provided to
23 support SDCAN’s assertion that SDG&E provided a flawed rate design or inadequate customer
24 education, SDG&E understands SDCAN’s concern. SDG&E strives to educate our customers
25 about rate changes that may impact their bills and to design rates in a thoughtful manner.
26 SDG&E Witness Lisa Davidson is requesting approval for funds to educate customers about the
27 changing landscape of energy pricing and new rate options.⁷³
28

⁷¹ Appendix I, May 22, 2018 email response from SDG&E to Customer.

⁷² Ex. SDCAN (Shames) at 44.

⁷³ October 6, 2017, Direct Testimony of Lisa C. Davidson (Customer Services - Information and Technologies Ex. SDG&E-19 at LCD-34.

1 Ultimately, SDCAN has not provided evidence that warrants an overarching rejection of
 2 SDG&E’s incremental funding request for CSOO. As a result, the Commission should reject
 3 both of SDCAN’s proposals.

4 No other parties oppose the Billing funding request.

5 **3. Credit and Collections**

6 **TABLE JS-12**
 7 **Comparison of SDG&E and Intervenors**
 8 **TY 2019 Non-Shared Services Credit and Collections O&M Expenses**

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Credit and Collections - 100003.000				
SDG&E	2,627	3,073	446	
ORA	2,627	3,073	446	0
TURN	2,627	2,776	149	-297
NDC	2,627	3,073	446	0
SDCAN	2,627	2,627	0	-446

9 **a. TURN**

10 TURN states the following:

11 TURN takes into account the lower spending levels in 2017 by using a two-year
 12 average of 2016-17 spending for both labor and non-labor expenses. TURN also
 13 rejects the customer growth increment from 2018-2019, while adding the specific
 14 incremental staffing, FOF programs, and increased commissions proposed by
 15 SDG&E. We reject the customer growth adjustment because costs demonstrably
 16 did not grow due to the increase in customers over the historical period and in
 17 2017, and the averaging of 2016-2017 appears to cover this growth allowance
 18 generously relative to a 2017 base.⁷⁴

19 SDG&E disagrees with TURN's recommendation to use a two-year average methodology
 20 based on 2017 actuals and reduction of collection agency commission costs, as it lacks
 21 foundation and does not consider labor vacancies and employee attrition in 2017, which are
 22 expected to be backfilled in 2018.

⁷⁴ Ex. TURN-03 (Marcus) at 46.

1 As stated in my direct testimony, with the increase in the number and dollar value of
 2 customer final bills and a decrease in SDG&E employee collection resources requires SDG&E to
 3 allocate additional delinquent accounts to collection agencies.⁷⁵ The request for \$134,000 in
 4 incremental non-labor is for higher commission costs associated with the increased use of
 5 external collection agencies.

6 SDG&E has requested \$75,000 for an additional FTE, who will be responsible for
 7 ensuring timely and responsive customer service to support the increased volume of credit and
 8 collection transactions.⁷⁶ Although Credit & Collections 2017 actuals were lower than originally
 9 forecast, the data provided by SDG&E demonstrates that 61% of excessively aged accounts
 10 between 2014 and 2016 are unworked, which is due to a lack of resources, as shown in Table JS-
 11 14 below. In addition, data shows final bill delinquencies have increased on average 3% year
 12 over year from 2015 to 2017. See Table JS-13 below. This is above the forecasted customer
 13 growth, which is an average of 0.580%.⁷⁷ As a result, SDG&E disagrees with TURN's
 14 recommendation to exclude the 2018 and 2019 customer growth as a factor that determines
 15 incremental work volume for the Credit & Collections organization.

16 **TABLE JS-13**
 17 **Population Growth & Final Bill Growth**

Year	Population Growth	YOY Change	Monthly Average Final Bills	YOY Change in Final Bills
2014	1,412,939		4,655	
2015	1,421,829	0.63%	4,912	5.5%
2016	1,430,175	0.58%	5,088	3.6%
2017*	1,440,919	0.75%	5,088	0.0%
2018*	1,454,331	0.92%	5,241	3.0%
2019*	1,468,391	0.96%	5,398	3.0%

18 *2017-2019 are forecasted

⁷⁵ Ex. SDG&E-18 at JDS-28:5-7.

⁷⁶ Ex. SDG&E-18 at JDS-28:11-15.

⁷⁷ See, October 6, 2018, Direct Testimony of Kenneth E. Schiermeyer (Electric Customer Forecast, Ex. SDG&E-38).

1
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**TABLE JS-14
Excessive Aging Data**

Year	Monthly Average Residential Excessive Aged Accounts	Monthly Average Residential Excessive Aged Accounts Unworked	Percent change
2014	825	765	93%
2015	1138	680	60%
2016	2273	682	30%
2017*	4041	787	19%
2018*	5253	1023	19%
2019*	6829	1330	19%

3 *2017-2019 are forecasted

4 In addition, there were several additional labor vacancies in 2017 related to long-term
5 disability and employee attrition, which are expected to be backfilled in 2018. Base Year 2016
6 provides a better representation of Credit & Collections activities at normal operating levels,
7 which was the basis for SDG&E’s TY 2019 forecast. SDG&E’s TY 2019 request of \$3,073,000
8 for Credit & Collections should be adopted by the Commission.

9 **b. SDCAN**

10 In its first of two proposals, SDCAN recommended eliminating the entire incremental
11 funding request stating:

12 The Commission should reject SDG&E’s request additional \$7.5 million or 20%
13 in TY2019 for non-shared Customer Service Operations. Further, the
14 Commission should require that in its next GRC application, SDG&E must show
15 a reduction in customer complaints in order for revenue increases for these
16 operations to be considered in future GRC applications.⁷⁸

17 The impact of this recommendation to Credit and Collections is a reduction of \$446,000.
18 The rebuttal to this recommendation is contained in my Section III.A.8., CCC-Operations.

19 No other parties oppose the Credit and Collections funding request.

⁷⁸ Ex. SDCAN (Shames) at 7.

1 **4. Remittance Processing**

2 **TABLE JS-15**
3 **Comparison of SDG&E and Intervenors**
4 **TY 2019 Non-Shared Services Remittance Processing O&M Expenses**

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Remittance Processing - 100004.000				
SDG&E	785	745	-40	
ORA	785	745	-40	0
TURN	785	738	-47	-7
NDC	785	745	-40	0
SDCAN	785	785	0	40

5 **a. TURN**

6 TURN's forecast is \$738,000, which is \$7,000 (1%) below SDG&E's request, due to an
7 accounting adjustment.

8 TURN states the following:

9 TURN makes an accounting adjustment to remove \$7,000 from TY 2019 – a
10 small number that reflects a large principle of California ratemaking, where costs
11 are stated in constant dollars and inflation is then added afterward. SDG&E is
12 including a contractual increase of 4% annually for software. This is double
13 escalation. SDG&E already gets a non-labor escalation factor for this account,
14 which is supposed to cover all types of inflation for ordinary items.⁷⁹

15 SDG&E inadvertently left the accounting adjustment in and agrees with TURN's
16 assertion.

17 **b. UCAN**

18 UCAN disagrees with SDG&E's proposal to default all customers to paperless billing.

19 UCAN states the following:

20 SDG&E has not provided a compelling justification for defaulting customers to
21 electronic billing, or any justification at all. SDG&E made this proposal without
22 adequate due diligence and has proposed to provide a specific plan of action only
23 after the Commission provides conditional approval.⁸⁰

⁷⁹ Ex. TURN-03 (Marcus) at 47.

⁸⁰ Ex. UCAN (Charles) at 67:15-68:2.

1 SDG&E disagrees with this assertion. SDG&E seeks to further align its paperless
2 initiatives program to be consistent with the other California utilities. Estimated cost savings
3 would be premature because complete implementation will not be effective until after the TY
4 2019 GRC cycle.

5 The fact is, growing customer satisfaction with paperless transactions drives SDG&E's
6 request to default customers to paperless billing. However, SDG&E recognizes and respects that
7 some customers will prefer to remain paper billed. SDG&E only intends to default 1) paper
8 billed customers that have provided an email address and 2) paper billed customers that are
9 enrolled in MyAccount®. Low income, CARE and medical customers are among those that
10 SDG&E has identified as likely to remain paper billed and SDG&E will make no effort to
11 default these customers to paperless billing. Customers who do not wish to remain on paperless
12 billing may request a return to paper billing.

13 Customer preference in utilizing electronic payment methods has progressively increased
14 over the years. Ninety-two percent (92%) of SDG&E customers who receive their monthly bill
15 through SDG&E's My Account® online service also render payment electronically.

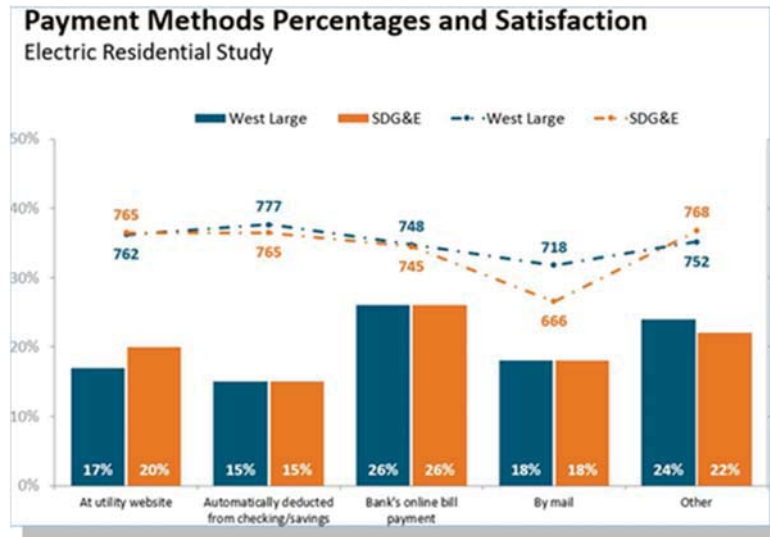
16 A Residential Consumer Survey conducted by Chartwell (Appendix F) indicates that
17 even for customers receiving paper bills, electronic payments are very popular. Chartwell's
18 research indicates over half of all customers surveyed who receive paper bills pay electronically
19 through the web, automatic payments or mobile options.⁸¹

20 Of the 38,000 SDG&E paper billed customers originally enrolled in MyAccount® over
21 12 years ago, the majority pay online today. Access to email and the Internet through electronic
22 devices to acquire billing and payment information has increased and opinions have shifted in
23 favor of environmentally friendly "green" measures such as paperless billing. Additionally, the
24 ease in obtaining billing and payment information online mitigates any potential barriers. Given
25 this, SDG&E believes many paper billed customers don't take the time to proactively opt-out of
26 receiving a paper bill even though they are paying online. Therefore SDG&E believes it is
27 acting proactively in aligning customer preference from paper to paperless billing.

⁸¹ Appendix F, Electronic billing: Benchmarks and options to increase enrollment, Chartwell.

1 Table JS-16 below displays data compiled by J.D. Power and Associates supporting the
 2 conclusion that online bill payment for SDG&E customers ranks higher among other payment
 3 methods. This is in comparison to other utilities in the western region serving 500,000 customers
 4 or more, identified as West Large.⁸²

5 **TABLE JS-16**
 6 **Payment Methods Percentages and Satisfaction**



17 UCAN further states:

18 SDG&E has not conducted any specific survey to obtain information regarding customer
 19 preference for paperless versus paper bills.⁸³

20 **UCAN's statement is false.**

21 SDG&E conducted an internal customer survey (2016) to determine customer acceptance
 22 of electronic billing and payment alternatives (Appendix G). The results of the survey indicated
 23 electronic payments are popular with paper billed customers.⁸⁴

- 24 • 79% of residential paper billed customers pay online.
- 25 • 65% of business paper billed customers pay online.

⁸² Appendix E, 2016 J.D. Power and Associates Electric/Gas Utility Residential Customer Satisfaction Study.TM

⁸³ Ex. UCAN (Charles) at 66:19-21.

⁸⁴ Appendix G, Residential Customer Segment Survey-2016.

1 When asked why they pay online customers stated:

- 2 • Faster to pay online
- 3 • Reduces clutter
- 4 • Helps the environment

5 For the majority of customers already conducting payment and other account transactions
6 online, the concept of providing their bill online should be readily accepted.

7 UCAN also states the following:

8 SDG&E has not yet developed a communication strategy to inform customers of
9 the proposed change, but instead states that it will develop a communication
10 strategy after it is granted conditional Commission approval for this change.⁸⁵

11 **SDG&E's current communication strategy is described below.**

12 The customer communication timeline includes the following:

- 13 1. Customers will be notified of the upcoming transition to paperless billing one-
14 month prior.
- 15 2. A reminder notification will be delivered 2 weeks prior.
- 16 3. One week after transition, customers will receive a paperless bill confirmation
17 notice and an email welcoming them to paperless billing.

18 SDG&E plans to implement a 3-6 month phased communication approach leading up to
19 and beyond the proposed transition. This customer awareness plan includes two direct mail
20 communications sent two months apart prior to the paperless transition. An email notice will
21 follow the mailed communication within one week after the mailing. Automated phone calls
22 will occur one week prior to transition. Communications to customers will be in English and
23 Spanish. Customers choosing to remain paper billed (opt-out of paperless billing) can access the
24 site from a link provided in the mailed letter or select the link within the email to opt-out of
25 going paperless. The link would direct customers to a form that will be pre-populated with their
26 account number. Customers may also call the Customer Contact Center to opt out of paperless
27 billing. SDG&E will opt customers out of paperless billing upon confirmation of this preference
28 by the customer. The electronic billing program is designed to allow customers to easily opt out
29 of electronic billing at any time.

⁸⁵ Ex. UCAN (Charles) at 67:9-12.

1 UCAN also states:

2 Customers have varying levels of familiarity with paperless billing and varying
3 levels of access to such delivery methods. Older customers who may not be
4 comfortable with computers, low-income customers who may not have regular
5 Internet access, customers who are non-native English speakers and are not
6 familiar with SDG&E's website or call-in services, and customers who do not
7 have the means to pay through online portals are all groups that might be
8 adversely affected if bill delivery is defaulted to paperless billing.⁸⁶

9 SDG&E recognizes and understands that some customers will prefer to remain paper
10 billed. Again, SDG&E only intends to default paper billed customers that have provided an
11 email address and paper billed customers enrolled in MyAccount. Customers will have easy and
12 convenient means to choose to remain on paper billed. Low income, CARE and medical
13 customers are among those that SDG&E has identified as likely to remain paper billed and
14 SDG&E will make no effort to default these customers to paperless billing. SDG&E's pre-launch
15 phased communications will clearly state paper billing remains an available option.

16 Lastly, UCAN states:

17 UCAN recommends that the Commission deny SDG&E's request to default all
18 customers to electronic billing starting January 1, 2021. Customer preference
19 should be paramount in this decision, and customer preferences do not indicate
20 that a wholesale move to paperless billing is warranted. Furthermore, SDG&E has
21 not provided any justification for this change, and it would likely cause
22 unnecessary hardship to vulnerable customers.⁸⁷

23 SDGE disagrees with UCAN's recommendation as they ignore the success of paperless
24 initiatives across the industry and SDG&E has a specific segment of customers targeted so as not
25 to cause unnecessary hardship for vulnerable customers.

26 SDG&E is seeking to align its electronic billing goals with the success of other utilities
27 such as Con Edison, who services 10 million customers, and successfully transitioned more than
28 400,000 of its customers to electronic billing with a 98% retention rate in 2014. 53% of existing
29 SDG&E customers (representing the majority) currently receive electronic bills. The number of
30 SDG&E paper billed customers is declining at an average of 2,700 customers per month to date.
31 SDG&E customer trends support the notion that electronic billing is preferred for its ease,

⁸⁶ Ex. UCAN (Charles) at 69:13-19.

⁸⁷ Ex. UCAN (Charles) at 70.

1 reduction of clutter and benefits to the environment. Paper billing will remain an available
 2 option for customers who do not wish to be paperless. Therefore, the Commission should
 3 approve SDG&E's request to modify Electric and Gas Rule 9, Rendering and Payment of Bills,
 4 to authorize SDG&E to default all SDG&E customers to receive electronic bills as their regular
 5 bill starting January 1, 2021.

6 **c. SDCAN**

7 In one of its two proposals, SDCAN recommended eliminating SDG&E's entire
 8 incremental funding request stating:

9 The Commission should reject SDG&E's request additional \$7.5 million or 20%
 10 in TY2019 for non-shared Customer Service Operations. Further, the
 11 Commission should require that in its next GRC application, SDG&E must show
 12 a reduction in customer complaints in order for revenue increases for these
 13 operations to be considered in future GRC applications.⁸⁸

14 The impact of this recommendation to SDG&E's Remittance Processing results in a cost
 15 increase of \$40,000. The rebuttal to this issue is in my Section III.A.8., CCC-Operations.

16 No other parties oppose the Remittance Processing funding request.

17 **5. Postage**

18 **TABLE JS-17**
 19 **Comparison of SDG&E and Intervenors**
 20 **TY 2019 Non-Shared Services Postage O&M Expenses**

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Postage - 100004.001				
SDG&E	4,160	3,856	-304	
ORA	4,160	3,856	-304	0
TURN	4,160	3,856	-304	0
NDC	4,160	3,856	-304	0
SDCAN	4,160	4,160	0	304

21
 88 Ex. SDCAN (Shames) at 7.

1 **a. SDCAN**

2 The sole proposal to disallow SDG&E's postage request is SDCAN's proposal to
3 eliminate SDG&E's entire incremental funding request stating:

4 The Commission should reject SDG&E's request additional \$7.5 million or 20%
5 in TY2019 for non-shared Customer Service Operations. Further, the
6 Commission should require that in its next GRC application, SDG&E must show
7 a reduction in customer complaints in order for revenue increases for these
8 operations to be considered in future GRC applications.⁸⁹

9 The impact of SDCAN's proposal to disallow SDG&E's Postage funding request is a
10 cost increase of \$304,000. My rebuttal to SDCAN's complete disallowance proposal is
11 contained in my Section III.A.8., CCC-Operations.

12 No other parties oppose the Postage funding request.

13 **6. Branch Offices**

14 **TABLE JS-18**
15 **Comparison of SDG&E and Intervenors**
16 **TY 2019 Non-Shared Services Branch Offices O&M Expenses**

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Branch Offices - 100005.000				
SDG&E	1,979	2,209	230	
ORA	1,979	2,209	230	0
TURN	1,979	2,042	63	-167
NDC	1,979	2,258	279	49
SDCAN	1,979	1,979	0	-230

17 **a. TURN**

18 TURN states the following:

19 TURN recommends that spending for this account be based on the 2017 baseline
20 (which for labor is within 0.3% of a three-year average of 2015-2017 and which
21 should reflect the annualization of the salary adjustment).⁹⁰

22 ⁸⁹ *Id.*

⁹⁰ Ex. TURN-03 (Marcus) at 48.

1 SDG&E disagrees with TURN's baseline recommendation as it does not take into
2 consideration the labor vacancies in 2017. Specifically, the Branch Office Manager position,
3 that has since been filled nor the labor vacancy caused by temporary leaves of absence.

4 SDG&E believes the 2016 base year forecast methodology reflected in my direct
5 testimony for the Branch Offices is the best method of forecasting because it represents a more
6 accurate representation of labor and non-labor expenses at normal operating levels.⁹¹ The 2017
7 vacant Branch Office Manager position was filled in April 2018. Several personnel who were on
8 leaves of absences for short and long-term disability have returned to work. As such, SDG&E
9 expects 2018 to be in-line with forecasted expenditures as a result of the aforementioned
10 vacancies being filled. Therefore, TURN's forecast should be rejected because it does not reflect
11 the incremental increases described in my direct testimony and does not account for unplanned
12 labor vacancies created in 2017. SDG&E's TY 2019 request of \$2,209,000 for Branch Offices
13 should be adopted by the Commission.

14 **b. SDCAN**

15 In SDCAN's proposal to eliminate my entire incremental funding request, it states:

16 The Commission should reject SDG&E's request additional \$7.5 million or 20%
17 in TY2019 for non-shared Customer Service Operations. Further, the
18 Commission should require that in its next GRC application, SDG&E must show
19 a reduction in customer complaints in order for revenue increases for these
20 operations to be considered in future GRC applications.⁹²

21 The impact of SDCAN's proposal to my Branch Offices request is a reduction of
22 \$230,000. The rebuttal to this issue is in my Section III.A.8., CCC-Operations.

23 No other parties oppose the Branch Office funding request.

24 **7. Closure of Branch Offices**

25 **a. UCAN**

26 UCAN recommends the Commission deny SDG&E's request to close two branch offices.

27 UCAN states the following:

28 UCAN is concerned that customers would be adversely affected by the
29 permanent closure of these branch offices. It is essential to provide opportunities

⁹¹ Ex. SDG&E-18 (Stewart) at JDS-38-39.

⁹² Ex. SDCAN (Shames) at 7.

1 for cash payment transactions and non-payment services throughout SDG&E's
2 service territory for all customers and especially for low-income customers who
3 may have reduced access to Internet and mobile payment methods and reduced
4 mobility to travel to alternate locations.⁹³

5 UCAN's concern that customers will be adversely affected by the permanent closure of
6 these branch offices is speculative and lacks supporting evidence, especially considering that
7 SDG&E has not received a single customer complaint regarding the involuntary closure of the
8 Oceanside Branch Office. SDG&E will still have five branch offices and 55 Authorized
9 Payment Locations (APL)⁹⁴ available throughout its service territory continuing to serve
10 customers.

11 As the Commission noted in D.16-06-046 (June 23, 2016), which granted, in part, and
12 denied in part, Southern California Gas Company's Request for Permission to Close Six Branch
13 Offices, "We find that the APL alternatives are reasonably comparable to the services provided
14 by the branch offices with respect to payment transactions. The proximity screen of a three-mile
15 radius is also reasonable." SDG&E exceeds this standard.

16 Remaining Branch Offices and APLs meet the needs of low-income and other customers
17 who previously utilized the Oceanside and Downtown Branch Offices. The list of 55 APLs
18 includes all Walmart stores in SDG&E's service area. These particular APL locations also
19 accept PIN-based debit cards with no processing fees. The only non-payment transaction
20 needing in-person interaction is ID verification per FACTA rules, which requires customers to
21 present identification documents in person where identity cannot be validated electronically by
22 the Customer Contact Center. As shown in Figure JS-1 below, there are five APLs within a
23 three-mile radius of the Downtown Branch Office, and four of those APLs have employees
24 trained and equipped to process ID verification on behalf of SDG&E.

25 Similarly, as shown in Figure JS-2 below, the Oceanside Branch Office location has four
26 APLs within a three-mile radius, including one APL with personnel trained and equipped to
27 process ID verification.⁹⁵

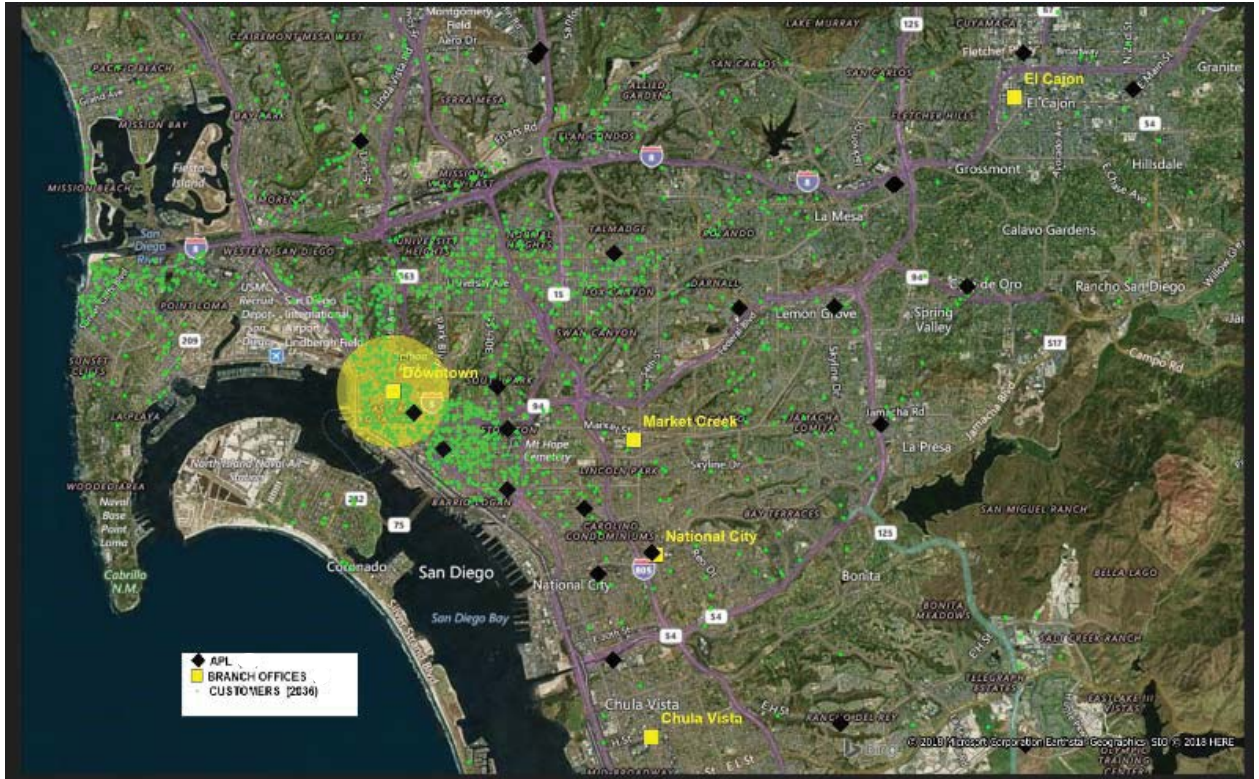
⁹³ Ex. UCAN (Charles) at 53:8-13.

⁹⁴ The number of APLs in the network may fluctuate due to a variety of factors.

⁹⁵ See also SDG&E Response to UCAN-SDG&E-DR06 Question 1 (Appendix H).

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FIGURE JS-1
Map of Branch Offices, APL Locations, and CARE Customers
That Made Payments at the Downtown Location

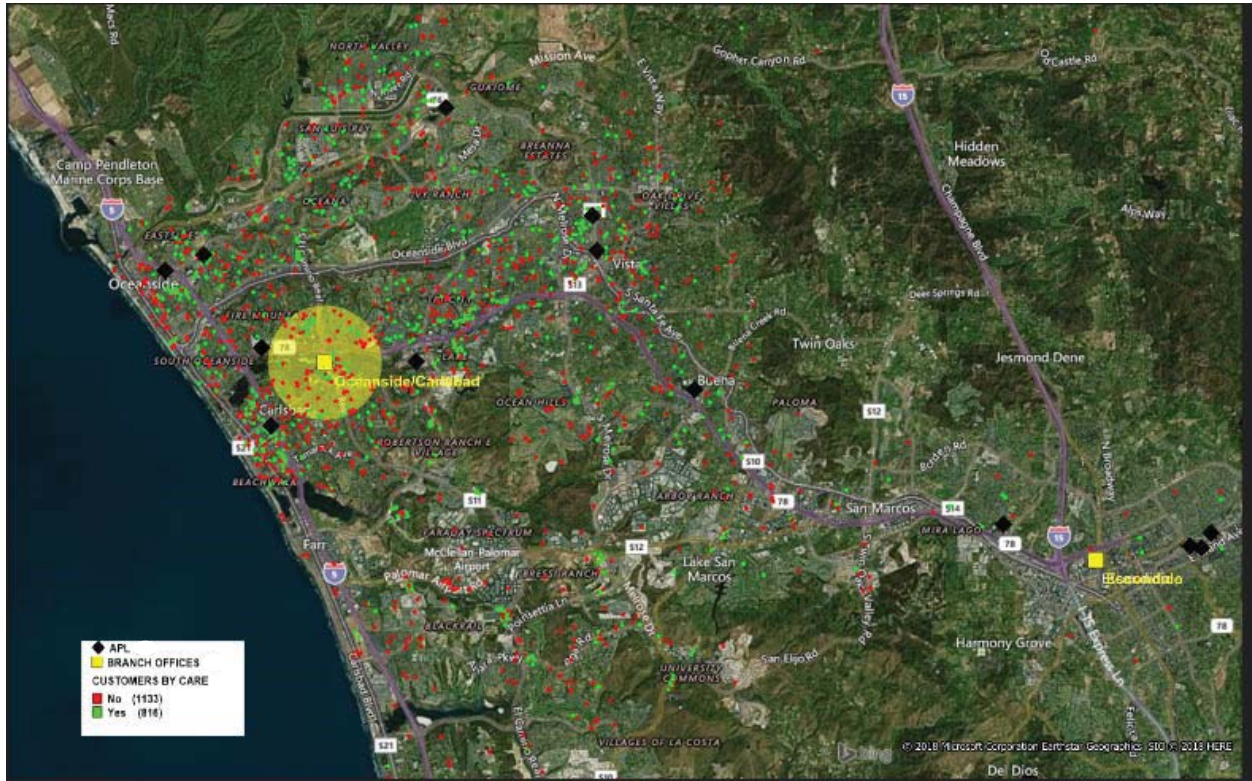


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6

** The legend depicts black diamonds for APL's, yellow squares for branch offices and green dots for CARE customers.*

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FIGURE JS-2
Payment Locations Available to Former Oceanside Branch Office Customers



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** The legend depicts black diamonds for APL's, yellow squares for branch offices, red dots for former Oceanside Branch Office non-CARE customers and green dots for former Oceanside Branch Office CARE customers.*

7
8
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In the event customers have non-payment service needs, those types of transactions may be completed through SDG&E's Customer Contact Center with extended hours of operation and multi-lingual services; customers only need access to a phone. According to the Pew Research Center, 92% of low-income customers (those making less than \$30K per year) own mobile phones and 67% have adopted smart phones.⁹⁶ This is in addition to customers with existing landline phones.

13
14
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16

Please note that the only option that was previously available at the Oceanside Branch Office for non-payment transactions (other than ID verification) was through a ring-down phone in the UPS lobby, which connected customers to SDG&E's Customer Contact Center. This was equivalent to placing a phone call from any telephone to the CCC.

⁹⁶ February 5, 2018, Pew Research Center Mobile Phone Fact Sheet, <http://www.pewinternet.org/fact-sheet/mobile/>.

1 SDG&E’s obligation is to weigh customer preference and the ability to meet customer
2 needs with cost-effective and convenient options. In this regard, the Commission has also stated,

3 We must consider the impacts on all SoCalGas’ customers and balance that with
4 the decline in usage at many of these offices. Reasonably comparable alternatives
5 now exist for most transactions. As UWUA notes, in D.07-05-058, which
6 approved a settlement concerning a PG&E proposal to close all 84 “front offices,”
7 the Commission found that “it is in the public interest to close these [nine] front
8 counters, with the resultant savings passed through to PG&E’s ratepayers, only if
9 the customers who use these nine front counters have reasonably comparable
10 alternatives.” D.07-05-058 concluded that “the uncontested settlement is in the
11 public interest because it permits PG&E to reduce costs and rates by closing nine
12 front counters with relatively few transactions while ensuring that customers
13 directly affected by the closure receive reasonably comparable service through
14 alternate means.⁹⁷

15 The fact that 38% of the CARE customers who paid at the Oceanside Branch found an
16 alternate method to pay, after the involuntary closure of that office, demonstrates the flexibility,
17 and ability to make changes to meet their needs; while the remaining 62% chose an alternate
18 APL⁹⁸. Data shows that customers who routinely paid at the Oceanside Branch Office found
19 another method for payment and therefore there is no need to re-open a branch office in the
20 Oceanside area.⁹⁹

21 Figure JS-2 above illustrates a couple of factors such as, the payment locations available
22 to customers who once traveled to the Oceanside Branch for payment and have had at least one
23 late payment in the last 15 months, and the distribution of CARE vs. non-CARE customers
24 within that group.

25 As you can see, the customers reflected in Figures JS-1 and JS-2 have several alternate
26 payment locations that are available to them. In most cases, the alternate location is closer to
27 their place of residence.

28 The request to close Oceanside and Downtown branch offices is based on the low volume
29 of payment transactions that can be managed by the remaining 55 APLs (including 12 that can
30 verify ID), and the low volume of non-payment transactions across all branch offices, that can be

⁹⁷ D.07-05-058 at 14-15.

⁹⁸ Ex. SDG&E-18 (Stewart) at JDS-41: Figure JS-4.

⁹⁹ See, *id.* at JDS-41-42.

1 managed through various other means such as calling SDG&E's Customer Contact Center, the
2 Internet, or SDG&E's mobile application.

3 SDG&E is prepared to serve the customers who currently pay at the Downtown Branch
4 Office with alternate options that will meet customer needs. As noted above, there are five APLs
5 near the Downtown Branch within a three-mile radius, and four of these APLs are trained and
6 equipped to process ID verification on behalf of SDG&E.

7 UCAN further states:

8 Between SDG&E's last GRC and this one, the number of Authorized Payment
9 Locations (APLs) in SDG&E's service territory has fallen from 75 to 59, and one
10 Branch Office has closed. These changes already indicate a reduced level of
11 service for SDG&E customers.¹⁰⁰

12 UCAN erroneously opines that the number of APL's drives level of service. In fact, the
13 strategic location of an APL is more important than the number of APLs serving the community.
14 Having too many APLs within the same service area may drive one or the other out of the
15 payment business. For example, two APLs withdrew from the network in early 2018 due to the
16 low volume of payment transactions occurring. Regardless of the number of APLs available
17 compared to previous years, the number of payments made at the APLs and the branch offices
18 are both on the decline; a comparison of 2007 to 2016 reflects a reduction of 36% for payments
19 at the branch offices, and a reduction of 48% at the APLs.¹⁰¹

20 UCAN also states:

21 Among customers who had received service at the Oceanside Branch office
22 during the three years prior to the branch closure, the rate of late payment has
23 increased by 73% and the rate of non-payment shut-offs has increased by 33%
24 since the branch closure. While SDG&E declined to provide comparable data for
25 other customer groups that could be used to control exogenous factors, these data
26 indicate that the branch closure may have resulted in significant increases to the
27 number of late payments and even utility shut-offs for branch customers. Notably,
28 46% of these customers had late payments during the year after the Oceanside
29 Branch Office was closed versus 26% per year prior to the closure, which may

¹⁰⁰ Ex. UCAN (Charles) at 54:3-12.

¹⁰¹ Ex. SDG&E-18 (Stewart) at JDS-36: Figure JS-2.

1 indicate widespread difficulty among Branch customers to identify a new
2 workable option.¹⁰²

3 UCAN's calculation to determine rate of late payments, rate of non-payment shut-offs,
4 and percent of customer late payments before and after the Oceanside Branch Office closure is
5 incorrect. SDG&E provided UCAN with the number of unique accounts, not the total number of
6 late notices and shut-offs. The total number of late payments for customers who paid at the
7 Oceanside Branch Office has, in fact, gone down since the closure by 25%, and of that total,
8 42% are CARE customers. This analysis is based on total late notices not unique customer
9 accounts. Findings include 49,187 late notices in the 3 years prior to closure and 15,255 since
10 closure. Dividing the pre-closure number by 36 months yields a monthly average of 1,366 and
11 dividing the post number by 15 months yields a monthly average of 1,017. The UCAN data
12 request requested the count of SDG&E customers who were late three years prior to closure
13 which was 1/23/2014 to 1/23/2017, and from closure to current (1/24/17 to 5/01/18 when the
14 query was run). The appropriate way to calculate the difference would be to divide the pre-
15 amount by 36 months and the post closure numbers by 15 months to provide a monthly average,
16 and then multiply by 12 for the yearly average. As the information provided above
17 demonstrates, there is a decrease from the average number of late notices prior to the Branch
18 Office closing. While SDG&E does not agree that there is a correlation between access to the
19 Oceanside Branch Office and the number of late notices, the results over the period since the
20 Oceanside Branch Office closure do not lead to the conclusion UCAN seeks to draw.

¹⁰² Ex. UCAN (Charles) at 59:14-60:7.

TABLE JS-19
UCAN DR-07 Question 1.a Response (Appendix C)

	Total Accounts	3 years Prior to Closure Late Noticed Accounts	Post-Closure Late Noticed Accounts	3 years Prior to Closure shutoff due to non-payment Accounts	Post-Closure shutoff due to non-payment Accounts
Oceanside Branch office between 2014-2017	4,283	3,384	1,949	644	286
Percent of Oceanside BO	0.3%	79%	46%	15%	7%

It's also important to note that the Oceanside customers referenced in Table JS-19 above have not filed a single complaint because they have several alternate payment locations nearby. Therefore, UCAN's recommendation on Branch Office Closures should be rejected by the Commission.

8. Customer Contact Center Operations

TABLE JS-20
Comparison of SDG&E and Intervenors
TY 2019 Non-Shared Services Customer Contact Center Operations O&M Expenses

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Customer Contact Center Operations - 100006.000				
SDG&E	8,937	10,096	1,159	
ORA	8,937	10,096	1,159	0
TURN	8,937	9,814	877	-282
NDC	8,937	10,096	1,159	0
SDCAN	8,937	8,937	0	-1,159

a. TURN

TURN recommends an adjusted 2016 base year forecast for Labor to account for salary adjustments, growth, and FOF labor savings. TURN's Non-Labor forecast is based on a six-year average. TURN's position is to reduce SDG&E's forecast for TY 2019 by \$283,000 as follows:

- \$195,000 labor reduction, because of Average Handle Time improvement from 360 seconds (used for 2017 staffing model) to 350 seconds 2017 actual and

1 Actual Occupancy that consistently exceeded SDG&E's Occupancy target of
2 85%.

- 3 • \$88,000 non-labor reduction, the difference between using 6-year average (2012-
4 2017) of \$204,000 vs. SDG&E forecast of \$292,000.

5 TURN states the following:

6 Examining all of this information, while the situation is different from that of
7 SoCalGas, TURN still believes that a modest reduction is appropriate for the Test
8 Year. Costs are lower. More calls are being answered for less money and less
9 FTE per call. Handle time is below and occupancy is above SDG&E's modeled
10 estimates, both of which would tend to reduce the number of FTEs required.¹⁰³

11 SDG&E disagrees with TURN's position because SDG&E relies on historical
12 performance to model future staffing requirements.

13 The total staffing requirement for Energy Service Specialists (ESS) in the Customer
14 Contact Center (CCC) is based upon several factors, two of which include Average Handle Time
15 (AHT) and Annual Call Volume (calls answered by an ESS). SDG&E relies on historical
16 performance to model future staffing requirements in the absence of actual AHT performance
17 that is not known until one year later. TURN incorrectly states that a reduction in AHT results in
18 a reduced staffing requirement without factoring in call volume. When comparing the SDG&E
19 2017 expense forecast to 2017 actual expense, in addition to AHT, the actual call volume must
20 also be factored. As displayed in Table JS-21 below, the 2017 actual versus 2017 forecasted
21 total annual AHT and call volume results in a negligible 0.65% difference, therefore the staffing
22 requirement should not be reduced.

¹⁰³ Ex. TURN-03 (Marcus) at 52.

TABLE JS-21
Call Handle Time

	2017 Forecast	2017 Actual	(Actual - Forecast)/Forecast
Call Volume (ESS Answered)	1,501,950	1,554,902	3.53%
AHT (in seconds)	360	350	-2.78%
Total Call Handle time	540,702,000	544,215,700	0.65%
Where Total Call Handle time = Call Volume * AHT			

Occupancy is the percentage of time an ESS is occupied with handling calls or otherwise unavailable to take calls. For example, 90% means that 9 out of every 10 minutes an ESS is handling calls. An optimal occupancy rate of 85% is desired to reduce employee fatigue, turnover, and maintain performance. Although Occupancy has been higher than the 85% target historically, the 90% occupancy rate since 2015 is directly correlated to high attrition rates over the same period. This is primarily due to the inability to hire new employees at a rate equal to labor attrition rates, resulting in lower than planned staffing levels necessary to achieve its targeted occupancy rate of 85%. SDG&E maintains that an 85% occupancy rate is reasonable and a 90% occupancy rate is unsustainable in the long-term. Further, SDG&E has made modifications to its training and hiring processes to mitigate this issue and to achieve its occupancy rate target.

Additionally, TURN incorrectly applied a 6-year average methodology to forecast non-labor expenditures while ignoring the fact that these non-labor dollars are required to realize the associated projected business optimization labor savings.

The CCC has committed to \$276,000 of FOF labor savings and \$251,000 in non-labor needed to achieve these savings. The result represents a \$25,000 net reduction to the CCC – Operations forecast. As described in my direct testimony, some of the initiatives that were identified to improve CCC operational efficiency through lower labor costs include: simplifying Credit Payment Offerings and creating consistency across all service channels; combining email and Chat under one platform; implementing a Case Management System for Complaint Resolution; redirecting repeated credit calls to self-service; enhancing Interactive Voice Response (IVR) and Web outage information and communication; optimizing credit and outage

1 call handling, and digitizing work orders and intake processes for contract crews.¹⁰⁴ While using
2 annual averages can be a good tool for trending, it is not a valid method for calculating these
3 particular non-labor expenses that are specific and defined for individual work items. Therefore,
4 the Commission should reject TURN's recommendations and adopt the SDG&E CCC –
5 Operations TY 2019 forecast of \$10,096,000.

6 **b. SDCAN**

7 SDG&E's total CSOO TY 2019 forecast is \$44,319,000. Initially, SDCAN proposes
8 \$36,818,000, a disallowance of the entire incremental request of \$7,501,000 over the BY 2016.
9 However, though the incremental increase requested by CSOO is fully disallowed, SDCAN
10 alternatively recommends that SDG&E should receive more than ORA's recommended
11 \$1,127,000 for its Residential TOU billing costs with conditions.

12 SDCAN states the following:

13 The Commission should reject SDG&E's request additional \$7.5 million or 20%
14 in TY2019 for non-shared Customer Service Operations. Further, the
15 Commission should require that in its next GRC application, SDG&E must show
16 a reduction in customer complaints in order for revenue increases for these
17 operations to be considered in future GRC applications.¹⁰⁵

18 The basis for SDCAN's recommendation to deny SDG&E's incremental request rests on
19 customer complaints. In that regard, SDCAN states the following:

20 Informal Complaints filed with the Commission's Consumer Affairs Branch
21 (CAB) against the SDG&E from 2007 and 2008 were less than the number filed
22 in 2006, although both years saw over 200 informal complaints filed against
23 SDG&E. In 2009, the number of informal complaints filed totaled 310
24 complaints, exceeding the previous high of 289. SDCAN returned to customer
25 complaints and satisfaction in this proceeding and has found that customer
26 complaint numbers have worsened. For the years 2015-2017, the number of
27 informal complaints submitted to CAB increased by over 57%.¹⁰⁶

¹⁰⁴ Ex. SDG&E-18 (Stewart) at JDS-55--56.

¹⁰⁵ Ex. SDCAN (Shames) at 7.

¹⁰⁶ Ex. SDCAN (Shames) at 39-40.

1 SDCAN erroneously concludes that Informal Complaints filed with the Commission's
2 Consumer Affairs Branch (CAB) have worsened since the 2009's total of 310 complaints filed.
3 This is patently false.

4 Simple arithmetic demonstrates that the total number of filed customer service center
5 complaints in 2017 (273), as compared to the 2009 figure SDCAN cited (310), is lower by 37
6 complaints¹⁰⁷ despite an increase in the complexity of our customer interactions in the Customer
7 Contact Center.

8 SDCAN cites the 16.4% (SDCAN rounded up to 17%) increase in residential customer
9 written/escalated complaints as unreasonable, when compared to an increase in total customer
10 contacts of 10%. The total Residential Escalated Customer Complaints provided in SDG&E's
11 response to SDCAN-DR01 Question 66 tracks complaints associated with interactions in 24
12 different categories across SDG&E, including but not limited to Field Collections, Billing,
13 Project Management, the Customer Contact Center, among other categories. Whether reviewing
14 aggregate customer complaints or specific department recorded data, the actual percentage of
15 customers having complaints is small. For example, in 2016 and 2017, the total number of
16 residential customer written/escalated complaints were less than 0.06% of the residential
17 customer base. Even more revealing, SDG&E handled over 3.5 million customer contacts in the
18 CCC, over 300,000 AMO and CSF work orders, over 900,000 Branch Office transactions, and
19 issued 17.03 million bills in 2016. The total number of residential customer written/escalated
20 complaints represents less than 0.004% of total customer transactions with SDG&E.
21 The impact of SDCAN's first recommendation on CCC Operations is a reduction of \$1,159,000.
22 The Commission should reject SDCAN's recommendation of a total disallowance of all
23 incremental activities and adopt the SDG&E CCC – Operations TY 2019 forecast of
24 \$10,096,000.

25 No other parties oppose CCC Operations funding request.

¹⁰⁷ Appendix J, 2017 total Informal Complaints Filed with the CPUC's CAB was 273, per SDG&E response to SDCAN-DR-01, Question 53.

1 **9. Customer Contact Center Support**

2 **TABLE JS-22**
 3 **Comparison of SDG&E and Intervenors**
 4 **TY 2019 Non-Shared Services Customer Contact Center Support O&M Expenses**

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Customer Contact Center Support - 100007.000				
SDG&E	2,790	2,679	-111	
ORA	2,790	2,679	-111	0
TURN	2,790	2,622	-168	-57
NDC	2,790	2,679	-111	0
SDCAN	2,790	2,790	0	111

5 **a. TURN**

6 TURN recommends use of a 2016-2017 average baseline instead of BY 2016, that would
 7 reduce CCC Support expenses for TY 2019 from \$2,680,000 to \$2,622,000, a \$58,000 reduction.

8 TURN states the following:

9 TURN examined the 2017 level of spending. In reality, spending declined more
 10 than SDG&E had forecast (to \$2,511,000) in 2017 instead of \$2,709,000 as
 11 SDG&E had forecast, with most of that decline in labor spending, which was 11%
 12 below SDG&E's 2017 forecast.¹⁰⁸

13 Recorded expenses in 2017 were \$167,000 less than forecast due to labor vacancies and
 14 timing of non-labor expenditures. There were four vacancies in the training group that reduced
 15 the labor expenses while the positions were vacant before being replaced. By the end of 2017,
 16 all the vacancies were filled and SDG&E labor expenses for 2018 and later years are expected to
 17 be at forecast. Therefore, TURN's forecast methodology utilizing a 2016-2017 average for CCC
 18 Support labor would not be an accurate average baseline and does not reflect the full year effect
 19 of hires in 2017. SDG&E's TY 2019 request of \$2,680,000 for CCC – Support should be
 20 adopted by the Commission.

¹⁰⁸ Ex. TURN-03 (Marcus) at 53.

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b. SDCAN

In the first of its two proposals, SDCAN proposed to eliminate SDG&E’s entire incremental funding request stating:

The Commission should reject SDG&E’s request additional \$7.5 million or 20% in TY2019 for non-shared Customer Service Operations. Further, the Commission should require that in its next GRC application, SDG&E must show a reduction in customer complaints in order for revenue increases for these operations to be considered in future GRC applications.¹⁰⁹

The impact of SDCAN’s proposal to CCC Support is an increase of \$111,000. The rebuttal to this issue is in Section III.A.8., CCC-Operations.

c. SBUA

SBUA does not make a formal revenue requirement proposal, rather it seeks confirmation of customer privacy compliance with Pub. Util. Code § 8380.

SBUA states the following:

The Commission should order SDG&E to either: 1) affirmatively state it believes it is in compliance with Pub. Util. Code, § 8380; or 2) seek a Commission order to use the customer data in compliance with Pub. Util. Code, § 8380 for the following proposed scopes of work: 1) sharing information from its Smart Meter Network with third parties; 2) disclosure of customer usage information to third party debt collection agencies; 3) SDG&E’s request for \$179,000 to create a new “enterprise-wide Customer Authorization functionality for managing Letters of Authorization (LOA), that customers use to provide consent to SDG&E to share their information with third parties.¹¹⁰

SDG&E applauds the SBUA’s attention to customer privacy in SDG&E’s TY 2019 GRC filing. SDG&E takes customer privacy very seriously and appreciates the opportunity to discuss its privacy practices.

Fortunately, there’s no need for a Commission order SDG&E to comply with the SBUA’s request: SDG&E affirmatively states that it believes it is in compliance with Pub. Util. Code § 8380.¹¹¹

¹⁰⁹ Ex. SDCAN (Shames) at 7.

¹¹⁰ Ex. SBUA (Brown) at 4.

¹¹¹ Section 8380 of the Public Utilities Code requires the use of reasonable security procedures to protect customer information held by a utility.

1 SDG&E agrees with the SBUA that “[energy] usage is a particularly valuable
2 commodity”¹¹² sought after by many commercial, governmental and academic third parties, and
3 SDG&E takes great steps to preserve the privacy of its customers, including:

- 4 • SDG&E’s Office of Customer Privacy (OCP), whose purpose is to provide
5 governance over activities that require customer privacy consideration. The OCP
6 uses the Generally Accepted Privacy Principles (GAPP) and Privacy by Design
7 (PbD) as the foundation for its privacy program, principles that include, and
8 extend beyond the rules specified in Pub. Util. Code, § 8380, including data
9 minimization, purpose specification and making privacy the default setting.
- 10 • A company policy that aligns with Pub. Util. Code, § 8380 by explicitly
11 prohibiting the sharing of customer data except under very specific circumstances,
12 which include:
 - 13 ○ With customer consent;
 - 14 ○ To the extent necessary for the recipient to perform core services on behalf
15 of the utility, or the implementation of demand response or energy
16 efficiency programs, as described in Pub. Util. Code, § 8380; or
 - 17 ○ If the company believes in good faith that the sharing is necessary to
18 comply with legal and regulatory requirements.
- 19 • An internal process, known as Privacy Green Light (PGL), that ensures
20 transactions involving the sharing of customer data with authorized third parties
21 complies with contractual, legal, information security and privacy-related
22 requirements, and are approved by relevant company stakeholders. A key
23 contractual requirement for third parties who enter into agreements with SDG&E
24 is that customer information be protected and that the data not be used for any
25 other purpose than what was specified in the contract. Finally, PGL uses
26 automation to remind internal employees and third parties alike when the time
27 comes to securely dispose of customer information and SDG&E obtains
28 certificates of destruction from third parties to affirm that such disposal has
29 occurred.

¹¹² Ex. SBUA (Brown) at 19.

- A new external application, known as Consent to ShareSM (CtS), that provides an easy online mechanism for customers to provide, manage and revoke their consent forms (also known as Letters of Authorization (LOAs) or Customer Information Service Requests (CISR) forms.
- Periodic audits of SDG&E’s privacy and security practices, conducted by an independent third party and made public with every GRC filing, including this one.

SBUA states the following:

The first area of concern is that SDG&E states in its testimony that it intends to share information from its Smart Meter Network with third parties, as highlighted below:

I am requesting \$125,000 in non-labor above the BY 2016 for the annual hosting fees of a third-party network management system resulting from the implementation of the Smart Meter Network Enhancement project. SDG&E is migrating to a fully standards based, secure, multi-purpose network. This gives SDG&E the ability to leverage its network for various initiatives, which include power quality analytics with automated control, methane sensing, gas control, street light management, as well as supporting piggybacking for water utilities (as in R.13-12-011 Water Energy Nexus) and smart city applications thereby eliminating the cost for additional single purpose networks of the past.⁴² (emphasis added)

I recommend that as a condition to approving these funds, the Commission order SDG&E to certify, via an annual letter to the Commission during the period of this GRC, that this specific project is compliant with Pub. Util. Code, § 8380. The intent of SDG&E seems to be to create a system, either a GIS system or otherwise, which combines multiple systems and multiple sources of information. Since SDG&E intends to input “power quality analytics with automated control” this information will almost certainly contain protected data under California Law. Even if the automated control is not specific to a particular customer in many cases, such a program warrants safeguards and a certification process.”¹¹³

SBUA is referencing SDG&E’s “Smart Meter Network Enhancement project.” If this project, or any other, results in the sharing of customer information with third parties who are conducting business on behalf of SDG&E, it would be subject to contractual privacy language described above and documented in SDG&E’s Privacy Green Light (PGL) system. This process

¹¹³ Ex. SBUA (Brown) at 20-21.

1 would ensure that any sharing activities are in compliance with Pub. Util. Code, § 8380 as well
2 as other regulatory requirements. It is not clear why SDG&E should “file an annual letter to the
3 Commission.” This would seem redundant since SDG&E already files a public annual Privacy
4 Report with the CPUC which, in part, highlights areas of non-compliance with CPUC privacy
5 regulations.

6 SBUA also states the following:

7 The disclosure of customer information to debt collection companies raises risks
8 and concerns that such customer usage information could be otherwise used and
9 disseminated, including, for example, for the collection of unrelated debts. If a
10 debt collector has access to customer name and usage data of at least one utility,
11 this information could be used to initiate collection proceedings which may not
12 have otherwise been initiated. Therefore, SDG&E should be ordered to
13 affirmatively state that its debt collection practices conform to the requirements of
14 Pub. Util. Code, § 8380 during the period of time covered by this GRC.¹¹⁴

15 SDG&E does not share energy usage data with third party debt collection agencies, so
16 Pub. Util. Code, § 8380 does not apply in this case. However, SDG&E recognizes that the
17 customer data it does share with these agencies is sensitive and includes language in its contracts
18 to ensure these third parties are using reasonable safeguards to protect SDG&E customer data, as
19 well as language to comply with red flag rules used for detecting potential identity theft.

20 SDG&E affirmatively states that it believes it is in compliance with Pub. Util. Code §
21 8380 and, therefore, believes SBUA’s request for a Commission order is unnecessary.

22 No other parties oppose CCC Support funding request.
23

¹¹⁴ Ex. SBUA (Brown) at 21.

1 **10. Customer Operations Support & Projects**

2 **TABLE JS-23**
 3 **Comparison of SDG&E and Intervenors**
 4 **TY 2019 Non-Shared Services Customer Operations Support & Projects O&M Expenses**

Total O&M Constant 2016 (\$000)				
	Base Year 2016	Test Year 2019	Change	Change from SDG&E
Customer Operations Support & Projects - 100008.000 Constant 2016 (\$000)				
SDG&E	3,120	3,604	484	
ORA	3,120	3,604	484	0
TURN	3,120	3,264	144	-340
NDC	3,120	3,604	484	0
SDCAN	3,120	3,120	0	-484

5 **a. TURN**

6 TURN proposes to base “its forecast on a baseline of the three-year average of 2015
 7 through 2017”¹¹⁵ resulting in a reduction of \$340,000 to SDG&E’s forecast.

8 TURN’s analysis and recommendations are flawed on several levels. First, TURN does
 9 not address why SDG&E chose to use a base-year forecast method to account for “the transition
 10 of ongoing Dynamic Pricing support from capital to O&M as approved by our TY 2016 GRC
 11 D.16-06-054. Therefore, the base year provides a reasonable starting point for future
 12 expenditures.”¹¹⁶ Second, TURN does not address the fact that its three-year average forecast
 13 level is not representative of TY 2019 activity levels as detailed in my direct testimony cost
 14 driver forecasts. The TY 2019 cost drivers include \$197,000 for two production support
 15 Business System Analysts to support ongoing activities and technical expertise for
 16 enhancements, requests, and defect resolutions associated with the GRC Phase 2 and CCE Phase
 17 3 capital projects; \$100,000 for a Business Architect to align strategic business goals and
 18 priorities with decisions regarding projects, applications/systems, processes, and capabilities
 19 across the organization; \$20,000 for employee development training be ready to respond to
 20 technological advancement by keeping abreast of industry-standards best practices; \$25,000 for
 21 requirements management software subscription fees; and \$142,000 to add back full-year

¹¹⁵ Ex. TURN (Marcus) at 54.

¹¹⁶ Ex. SDG&E-18 (Stewart) at JDS-59:6-8.

1 salaries for employees. Therefore, the Commission should reject TURN's proposal to use a 3-
2 year average forecast methodology.

3 **b. SDCAN**

4 In its first of two proposals, SDCAN proposes to eliminate SDG&E's entire incremental
5 funding request stating:

6 The Commission should reject SDG&E's request additional \$7.5 million or 20%
7 in TY2019 for non-shared Customer Service Operations. Further, the
8 Commission should require that in its next GRC application, SDG&E must show
9 a reduction in customer complaints in order for revenue increases for these
10 operations to be considered in future GRC applications.¹¹⁷

11 The impact of SDCAN's proposal to Customer Operations Support & Projects is a
12 reduction of \$484,000. The rebuttal to this issue is in Section III.A.8., CCC-Operations.

13 No other parties oppose Customer Operations Support & Projects funding request.

14 **11. Uncollectible Rate**

15 TURN agrees with use of a 10-year average as proposed by SDG&E. TURN however,
16 modifies that approach and proposes a rolling year-year average for both utilities.

17 TURN states the following:

18 TURN proposes a ten-year rolling average of historical uncollectible rates,
19 starting with 2008-2017 for the test year, with adjustments to occur annually by
20 Advice Letter.¹¹⁸

21 TURN later states:

22 TURN recommends that the uncollectable rate be calculated based on a 10-year
23 historical period, consistent with SDG&E's approach... A 10-year average better
24 smooths the impacts of cyclical changes in the economy, as well as the impacts of
25 periods of more or less regulation by the Commission of the utilities' credit and
26 collection practices.

27 SDG&E rejects TURN's recommendation to use a rolling 10-year average as the
28 authorized uncollectible rate. SDG&E believes the proposed 10-year average demonstrates a
29 reasonable rate and, as TURN states above, "a 10-year average better smooths the impacts of

¹¹⁷ Ex. SDCAN (Shames) at 7.

¹¹⁸ Ex. Ex. TURN-04 (Goodson) at 3:3-5.

cyclical changes in the economy,” therefore, moving to a new methodology and updating it annually is not necessary and adds additional resource intensive tasks.

In addition, TURN arbitrarily selected 2008-2017 as the basis to calculate the 10-year average. TURN ignores the fact that 2017 recorded expenses were not available simply due to the timing of the TY 2019 GRC filing. SDG&E’s base year 2016 adjusted recorded expenses are the last historical period of expenditures incorporated in SDG&E’s TY 2019 forecast. Therefore, the Commission should adopt SDG&E’s proposed uncollectable rate of 0.174% based on a 10-year average from 2007-2016.

It should also be noted that Table 1, on page 4 of Ms. Goodson’s testimony inaccurately updated the rates in 2021, which reflect 2009-2018 as the means to calculate the average uncollectable rate. The 2021 rate should reflect 2010-2019 as the means to calculate the average uncollectable rate should a 10-year rolling average apply.

**TABLE JS-24
TURN-04 (Goodson) Table 1**

**Table 1: Comparison Between SDG&E's and SoCalGas's
Uncollectible Rates and TURN's**

	SDG&E	TURN - SDG&E	SoCalGas	TURN - SoCalGas
Mechanism	10-yr. average (2007-2016)	10-yr. rolling average (start with 2008-2017)	5-yr. average (2012-2016)	10-yr. rolling average (start with 2008-2017)
2019 Rate	0.174%	0.173%	0.316%	0.313%
2020 Rate	0.174%	2009-2018 avg.	0.316%	2009-2018 avg.
2021 Rate	0.174%	2009-2018 avg.	0.316%	2009-2018 avg.

TURN further states the following:

This ratemaking treatment creates an incentive for the utility to apply aggressive credit and collection requirements and pursue service shut-offs as a means of minimizing uncollectable amounts. SDG&E and SoCalGas explain the motivation to “start the credit process early” to avoid write-offs: “If the credit process doesn’t start early enough, then a customer’s overdue balance continues to grow and therefore their energy bill is higher over time.”... “[A] larger energy bill means that a greater proportion of customers will have difficulty paying and therefore increases the likelihood of an uncollectable expense... Adopting a rolling average

1 approach to the uncollectable rate, with annual updates, would help lessen the
2 potential for conflicting incentives.¹¹⁹

3 TURN's statement that the "ratemaking treatment creates an incentive for the utility to
4 apply aggressive credit and collection requirements and pursue shut-offs as a means of
5 minimizing uncollectable amounts" is an attempt to mischaracterize the reason for SDG&E's
6 process. In my Supplemental Testimony, I stated that SDG&E's "commenc[ement of] the credit
7 process early, when past due balances are smaller, has made it easier for customers to pay and
8 manage their accounts. The data and analysis presented in section IV [of my Supplemental
9 Testimony] validates SDG&E's assessment by reflecting an increase in the reconnection rate if
10 customers are informed before their arrears balance gets too large."¹²⁰ In fact, a far greater
11 number of customers are eligible for disconnection than are ultimately disconnected."¹²¹ My
12 testimony reflects how SDG&E tries to help customers manage their bill to avoid disconnection.
13 If they eventually get disconnected, they are more likely to get reconnected if the customer is
14 aware of the potential for disconnection early while their balance is still low enough to pay or
15 manage with our Collections assistance. Further, TURN has not made it clear how their
16 proposed methodology "would help lessen the potential for conflicting incentives." Therefore,
17 the Commission should reject TURN's proposal for a 10-year rolling average, updated annually
18 and instead adopt SDG&E's proposal for a fixed 10-year average of 0.174%.

19

¹¹⁹ Ex. TURN-04 (Goodson) at 9-10.

¹²⁰ February 7, 2018, Supplemental Testimony of Jerry D. Stewart, Customer Service Office Operations,
Ex. SDG&E-18-S at JDS-1.

¹²¹ Ex. SDG&E-18-S (Stewart) at JDS-5.

1 **IV. REBUTTAL TO PARTIES' IT CAPITAL PROPOSALS**

2 **TABLE JS-25**
3 **Comparison of SDG&E and Intervenors Estimated IT Capital Expenses**

TOTAL IT CAPITAL - Constant 2016 (\$000)				
	2017	2018	2019	Difference to SDG&E
SDG&E	14,897	15,774	16,332	
NDC	14,897	13,937	16,332	-1,837
UCAN	14,137	14,998	15,720	-2,148
SCGC	14,897	15,774	16,582	+250

4 **a. NDC**

5 Branch Office kiosks are currently inoperable and no longer available as a payment
6 option to customers. NDC proposes disallowing the Branch Office Kiosk IT Capital Project in its
7 entirety except for \$150,000 for the phase 1 pilot stating “SDG&E has not justified the need for
8 their new kiosks project.”¹²²

9 NDC further states:

10 SDGE has not justified the costs for their new kiosks project.¹²³

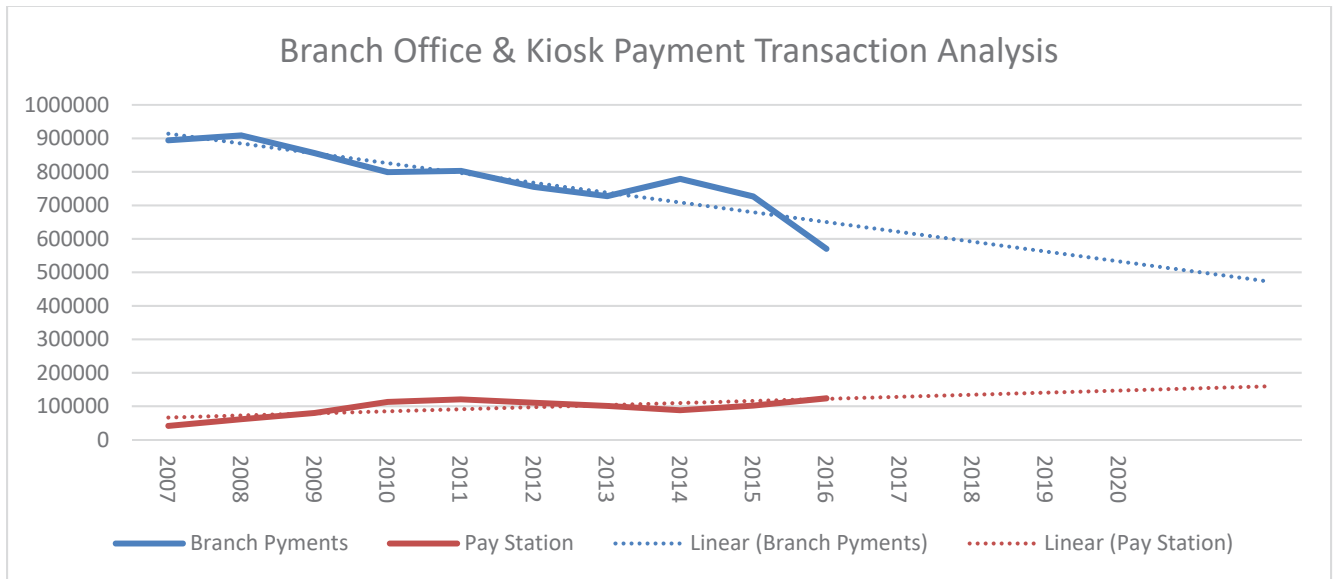
11 The Branch Office kiosks are currently inoperable and no longer available as a payment
12 option to customers. The current kiosks had a useful life of 12 years, which had already passed
13 at the time the vendor permanently suspended their services. The kiosks are an important
14 component of the Branch Offices. Branch Office customers use to be able to complete a
15 payment in a convenient manner similar to a banking ATM transaction. The data reflects a
16 200% increase in the use of SDG&E’s self-serve payment kiosks from 2007 to 2016, confirming
17 that customers are adapting to and prefer the convenience of self-serve payment kiosks. See
18 Figure JS-3 below. SDG&E’s request to replace the existing kiosks and add additional kiosks
19 with enhanced functionalities; such as credit card and debit card payment processing and account

¹²² Ex. NDC-01 (Bautista) at 23:18.

¹²³ Ex. NDC-01 (Bautista) at 24:13-20.

number lookup options, is clearly needed and justified. In addition, SDG&E expects increased customer utilization due to the added functionality of the new kiosks.

FIGURE JS-3
Branch Office and Kiosk Payment Transaction Analysis



NDC also states:

Yet even assuming that SDGE’s cost estimates were accurate, the 2017 and 2018 capital costs would total \$1,987,000. The current existing kiosks SDGE seeks to replace are 12 years old. Dividing the capital costs of the new kiosks over an assumed useful life of 12 years yields \$165,583. This cost plus the \$312,000 annual maintenance cost for the new kiosks yields a \$477,583 annual cost over the life of the new kiosks. Compared to the \$361,000 labor costs and \$4,320 maintenance contract required with the existing kiosks (total \$365,320), the new kiosk project adds \$112,263 to annual expenses. This contradicts SDGE stated goal for this project “to decrease the cost per transaction and achieve long-term cost savings”. The new kiosk project would however shift costs from labor over to capital expenses, expanding rate base and utility profits.¹²⁴

NDC’s calculation is flawed, as it does not account for labor savings (-\$361,000) that offset total project expenses. SDG&E Table JS-26 below, compares NDC’s exact calculation side-by-side with SDG&E’s calculation. The result compares NDC’s calculated total annual expense of \$112,263 to SDG&E’s annual expense total of -\$287,617. The cell highlighted

¹²⁴ Ex. NDC (Bautista) at 25:3-12.

yellow in Table JS-27 reflects the absence of labor savings (-\$361,000) associated with the deployment of the Branch Office Kiosk Replacement project.

In addition, SDG&E discovered an error in the response provided to NDC-SEU-DR09 Question 5 (Appendix D). The annual kiosk maintenance costs provided in the response were shown in nominal dollars not 2016 constant dollars and were incorrectly stated as \$4,320 in years 2012-2017, and should have been \$43,200 in years 2012 - 2016, and in 2017, incorrectly stated as \$3,600, which should have been \$38,800. Notwithstanding, these corrections to the data request response, NDC’s analysis is still flawed and the net result would still be an overall benefit.

TABLE JS-26
NDC Kiosk Calculations with Revision

Description	NDC Total	SDG&E Total
Kiosk Capital Costs (2017-2018)	1,987,000	1,987,000
Assumed useful life	12 yrs.	12 yrs.
Annualized Total	165,583	165,583
New Kiosk Annual Maintenance Costs	312,000	312,000
Total Annual Costs	477,583	477,583
<i>Labor Savings (associated with new kiosks)</i>	-	<i>(361,000)</i>
Total Annual Costs of Kiosk Project (SDGE incorporating labor savings)	477,583	116,583
Labor costs	361,000	361,000
Existing Kiosks Annual Maintenance *	4,320	43,200
Total Annual Cost of Existing Kiosks	365,320	404,200
<i>Difference New Kiosks vs. Existing including labor savings</i>	112,263	(287,617)

*Refer to Table JS-27 for corrected figure.

It is important to note that in 2017, the annual costs differ from historical years 2012-2016, as the kiosks maintenance decreased from 10 kiosks to 9 kiosks due to the closure of the Oceanside Branch Office, as well as the pro-rated maintenance costs due to the vendor’s discontinuance of service for the existing kiosks. See Table JS-27 below for the correction.

TABLE JS-27
NDC-SEU DR09 Question 5 Correction

Table included in original response NDC-SEU-009 Q5

2016\$					
2012	2013	2014	2015	2016	2017
4,320	4,320	4,320	4,320	4,320	3,600

Revised Table: Nominal \$					
2012	2013	2014	2015	2016	2017
43,200	43,200	43,200	43,200	43,200	38,800

As described above, the original response was not in constant 2016\$ as was indicated in the original table label. The revised table shows the correct recorded expenses stated in nominal dollars.

NDC also states:

Rejecting the new kiosk project will save money and retain quality face-to-face customer service. In the alternative, the Commission could authorize only the \$150,000 that SDG&E requested to conduct their phase 1 pilot.¹²⁵

SDG&E disagrees, and clarifies that replacing the existing kiosks and expanding their use will not take away the availability of face-to-face interaction. Self-service transaction kiosks have grown substantially in many service industries including retail, banking, and airline. Similar to these service models, SDG&E plans to continue to have staff in the branch offices, providing customer service and assistance in processing payments.

SDG&E data reflects a 200% increase in the use of SDG&E's self-serve payment kiosks from 2007 to 2016, while face-to-face payments in the branch offices and APLs continue to decline at a rate of 36% and 48% respectively.¹²⁶

Further, new kiosks on the market offer account number lookup and payment by credit or debit cards and continue to accept cash and checks. SDG&E's new kiosks will continue to provide instructions in English and Spanish, and in most cases, be available 24-hours per day, seven days a week.

¹²⁵ Ex. NDC-01 (Bautista) at 25:20- 26:1.

¹²⁶ See, Ex. SDGE-18 (Stewart) at JDS-36: Figure JS-2.

1 As stated above, the existing payment kiosks are inoperable and no longer available as a
2 payment option to customers. There is a demonstrable need to replace the payment kiosks based
3 upon a 200% increase in kiosk use that clearly identifies kiosks as a preferred method of
4 payment in addition to their utility in minimizing Branch Office wait times. Consequently, the
5 Branch Office Kiosk Replacement project should be approved. In fact, if SDG&E cannot
6 replace outdated and inoperable self-service payment kiosks with new kiosks, SDG&E will
7 effectively eliminate a payment service that has been available to customers since 2007.

8 The Commission should adopt the TY 2019 IT Capital project expenses of \$1,987,000
9 for new replacement self-service payment kiosks.

10 **b. UCAN**

11 UCAN recommends Bill Redesign funding be reduced to \$0.8 million total for 2017 and
12 2018, with no bill redesign funding for 2019.

13 UCAN proposes funding for the Bill Redesign project be reduced to \$800,000 for 2017
14 and 2018, with no funding allowed for 2019. In describing how the objectives and paper bill
15 enhancements proposed for the 2016 Bill Redesign project compare to the objectives of the
16 “Phase 2” project, UCAN states:

17 The objectives seem very much aligned, and there appears to be significant
18 overlap in the specific enhancements being proposed. Both projects aim to
19 improve the paper bill by making it easier to understand and by adding additional
20 information to support residential rate reform and other rate design changes. Both
21 projects highlight improved/additional graphical information and larger font sizes
22 as areas of focus,²¹⁰ and both address bill streamlining. The Phase 2 project also
23 highlights the addition of color, which may or may not have been part of the 2016
24 project.¹²⁷

25 SDG&E disagrees with UCAN that there was overlapping scope. The two projects had different
26 scopes of functionality with the first project based on email notification and the second based on
27 changes to the paper bill.

28 The Bill Redesign project, as proposed in the TY 2016 GRC Phase 1 proceeding, was
29 rescoped into multiple phases due to the larger scope and complexity involved for a paper bill
30 redesign. The Bill Redesign Phase 1 project became the Bill Ready Notification Enhancement
31 project. The Bill Redesign Phase 1 included enhancements to the existing Bill Ready

¹²⁷ Ex. UCAN (Charles) at 81:12-82:4.

1 Notification capability. The functional enhancements as part of the project included email
2 notifications for: Bill Summary, Cost Breakdown, Highest Usage Point, Tier Chart, Energy Use
3 Chart, Messaging (Tailored and using Next Best Option framework,) ADA compliance
4 standards, email reporting, Call Center Representative access to customer specific email
5 information, Net Energy Metering template language updates and commercial customer links to
6 their bill presentment application. There were two releases as part of this project. Release 1
7 began in May 2015, with a go-live date of December 2015. Release 2 work began in January
8 2016, with a go-live date of July 2016. The total cost for the Bill Redesign Phase 1 project was
9 \$1,754,366.

10 The Bill Redesign Phase 2 project scope is utilizing color to make it easier to read and
11 improve customer engagement in support of Rate Reform and time-of-use rate changes for the
12 paper bill. Refreshing the customer bill includes the following enhancements: enhancing the 13-
13 month usage charts and converting it for TOU customers, improving the display for usage
14 comparison information, updating the tier chart, adding a Daily Average Hourly Electricity chart,
15 adding in a customer's Highest Usage Point, enhancing the Breakdown of Electric Fees section
16 and streamlining the Payment Options section. The project began in September 2016 with a
17 planned final go-live date in June 2018. The enhancements this project is expected to deliver are
18 essential to help our customers understand their SDG&E bill and provide a good customer
19 experience. Therefore, the Commission should approve SDG&E's request of \$2.948 million to
20 complete the Bill Redesign Phase 2 project.

21 **c. SCGC**

22 SCGC's request is not technically feasible under the current or proposed advanced
23 metering infrastructure (AMI) architecture. Additionally, SCGC's \$250,000 proposed
24 incremental budget for the Enhanced Network Analytics (ENA) IT Capital Project is arbitrary
25 and lacks technical requirements that would need to be thoroughly analyzed to determine an
26 estimated cost for the capabilities SCGC seeks.

27 SCGC States the following:

28 First, as of 6:00 a.m. each morning the MDMS system contains the Measurement
29 Day data for each of SDG&E's approximately 900,000 AMI enabled gas meters.
30 The requisite programming should be completed to enable this information to be
31 uploaded to the Data Warehouse as rapidly as possible, but no later than 6:30 a.m.
32

1 Second, the data that is available in the CIS system each morning will contain the
2 most current information about customers. The necessary programming should
3 be completed to allow this data to be uploaded to the Data Warehouse each day
4 before 6:30 a.m....¹²⁸

5 Fourth, the required programming should be completed to ensure that the
6 resulting information is posted to Envoy or provided to each gas procurement
7 agent through some other transmittal by 7:00 a.m. or as close to that time as
8 possible, providing at the same time the heat content of gas that would be
9 applicable for the gas day.¹²⁹

10 As stated in my direct testimony in The Feasibility of Incorporating Advanced Meter
11 Data Into the Core Balancing Process proceeding¹³⁰ that is currently ongoing at the Commission,
12 “In response to an interrogation request sent by the Collection Engine (CE), the electric meter
13 sends a combined payload containing all electric and gas data to the Meter Data Management
14 System (MDMS) sometime between midnight and 6AM. The MDMS separates and imports the
15 gas and electric payloads, interprets the unit of measure, (i.e., CCF (100 cubic ft.) or MCF (1000
16 cubic ft.)), and assigns the reads to a valid service point for billing.”¹³¹ Currently, the data
17 transferred to the MDMS between 4:30 a.m. and 6:00 a.m. goes through additional processing as
18 described above and is typically ready for export by 9:00 a.m. Thus, it would not be technically
19 feasible under the current or planned AMI architecture to send data by 6 a.m. to the ENA
20 database and have it ready for export to core agents by 7 a.m. as described in SCGC’s testimony.

21 Further, SDG&E would need to understand the technical requirements involved with
22 SCGC’s request and work with the ENA project team, IT, and associated software vendors to
23 determine if \$250,000 is enough funding to meet SCGC’s request.

24 In summary, SCGC’s proposal is not defined enough to determine system requirements,
25 design specifications and implementation timeline in this TY 2019 GRC and SDG&E believes
26 the established core balancing proceeding, A.17-10-002, is the appropriate place to address such
27 proposals.

¹²⁸ Ex. SCGC (Yap) at 25:16-19.

¹²⁹ Ex. SCGC (Yap) at 26:1-4.

¹³⁰ A.17-10-002, Direct Testimony of Jerry Stewart dated October 2, 2017, at 2.

¹³¹ *Id.*

1 **V. CONCLUSION**

2 To summarize, for the reasons described above, the intervening parties (ORA, UCAN,
3 SDCAN, TURN, NDC and SBUA) have failed to show their proposals are valid or superior
4 recommendations that should be adopted by the Commission. SDG&E has provided substantial
5 and detailed evidence supporting the forecasts in testimony, workpapers, and data requests. Any
6 material reduction to SDG&E's TY 2019 forecast for Customer Services - Office Operations is
7 unwarranted.

8 This concludes my prepared rebuttal testimony.

APPENDIX A

SDG&E Response to Data Request: ORA-138-CY3 Q2 and Q3

ORA DATA REQUEST
ORA-SDGE-138-CY3
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: FEBRUARY 16, 2018
DATE RESPONDED: MARCH 6, 2018

Exhibit Reference: SDG&E-18
SDG&E Witness: Jerry D. Stewart
Subject: Customer Services-Office Operations

Please provide the following:

2. Referring to Ex. SDG&E-18, page JDS-21, lines 17-19, “I am requesting \$1,277,000 in non-labor expense above the BY 2016 for one and a half Billing Supervisor resources and ten Billing Analyst resources to support a one-time 438% growth rate in interval data billing accounts.”

- a. Explain what is meant by “one-time 438% growth rate”, does that mean that in the years following the growth rate, the work load will be back at historic levels?
- b. Provide cost studies or calculations done to determine the need for one and a half Billing Supervisor resources and ten Billing Analysts.

SDG&E Response 02:

- a. As stated in Exhibit SDG&E-18, page JDS-22, lines 6 and 7, “In BY 2016, SDG&E completed the roll out of the small and medium business (SMB) commercial TOU default project. This roll out increased the number of accounts billing on interval data by 438%.” The mass transition to interval data billing occurred in 2016 and these accounts will continue to bill using interval data going forward. The sustained amount of interval data billed accounts can be seen in the Workpapers to Prepared Direct Testimony of Jerry D. Stewart, Billing 100002.000 Supplemental Workpaper 1 - Growth in Interval Data Forecast (SDG&E-18-WP, page 31 of 105).
- b. A fourth billing team, comprised of contract resources, was added in 2017, to help reduce the number of backlogged exceptions and maintain a manageable number of delayed bills moving forward.

Please refer to the Excel file: ORA-SDGE-138-CY3 Attachment Q2_Q3. The Q2 tab reflects the forecasted exceptions and the calculations used to determine the resource requirement.

**ORA DATA REQUEST
ORA-SDGE-138-CY3
SDG&E 2019 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: FEBRUARY 16, 2018
DATE RESPONDED: MARCH 6, 2018**

3. Referring to Ex. SDG&E-18, page JDS-23, lines 2-5, “I am requesting \$2,255,000 in non-labor for expenses above BY 2016 for one contract Billing Supervisor position, one and a half contract Billing Team Lead positions, and thirteen contract Billing Analyst resources to support the 2018 Residential TOU Default Pilot Program and 2019 Residential TOU Default.”

Please provide an Excel spreadsheet showing the calculations used to determine the need for the new labor requested.

SDG&E Response 03:

Management relied on professional judgment and experience with the small and medium commercial TOU default project, and other technical implementations, to determine the number of resources required to support the Residential TOU Mass Default.

Please refer to the Excel file: ORA-SDGE-138-CY3 Attachment Q2_Q3. The Q3 tab reflects the forecasted exceptions and the calculations used to determine the resource requirement.

APPENDIX B

SDG&E Response to Data Request TURN-SEU-66 Question 1d

TURN DATA REQUEST-066
SDG&E-SOCALGAS 2019 GRC – A.17-11-007/8
SDG&E_SOCALGAS RESPONSE
DATE RECEIVED: APRIL 27, 2018
DATE RESPONDED: MAY 11, 2018

Data Requests: SDG&E Customer Service – Office Operations (SDG&E-18)

1. Regarding Advanced Metering Operations (100001.000):

- a. Please provide the same data shown on AMO 100001.000 Supplemental Workpaper 1 for 2015 actual and 2017 actual.
- b. Please provide monthly work orders from January 2015 through the latest available month in 2018.
- c. Please provide the number of Electric Meter Tester Apprentices (FTE) and money spent on these apprentices in 2017.
- d. Please provide a narrative explanation as to why recorded 2017 labor costs (\$6,594,000) were more than \$1 million below SDG&E's forecast (\$7,622,000).

Utility Response 1:

- a. Please see attachment TURN-SEU-DR-066 Attachment Q1a.
- b. Please see attachment TURN-SEU-DR-066 Attachment Q1b.
- c. 7.34 FTEs and \$546,350
- d. There were several factors that contributed to AMO's 2017 labor spend being lower than forecast. The primary reason was the result of delays in backfilling labor vacancies in addition to the need for AMO resources to support capital and non-GRC projects. The work performed in AMO is highly specialized and acquiring new resources with relevant experience can be difficult and time consuming due to the extensive training process.

APPENDIX C

SDG&E Response to Data Request UCAN DR-07 Question 1.a

**UCAN DATA REQUEST
UCAN-SDG&E-DR-07
SDG&E 2019 GRC – A.17-10-007
SDG&E PUBLIC RESPONSE
DATE RECEIVED: APRIL 26, 2018
DATE RESPONDED: MAY 10, 2018**

The following questions relate to Mr. Stewart’s testimony (SDG&E-18)

1. With regard to the closure of the Oceanside Branch, Mr. Stewart’s testimony states, “After the closure of this location, an analysis was conducted to study the impact of the closure on SDG&E customers who received service at this location” (JDS-40).
 - a. Please provide any data or analysis that is available from this study (or from other sources) on the rates of non-payment, late payment, and shutoff due to non-payment among SDG&E customers who had received service at this branch location during the three years before the closure of the Oceanside branch and in the time since the closure.
 - b. Please provide any data or analysis that is available from this study (or from other sources) on the rates of non-payment, late payment, and shutoff due to non-payment among SDG&E customers who had received service at this branch location compared to the rates of non-payment, late payment, and shutoff due to non-payment among other SDG&E customers, both before and after the branch closure.

SDG&E Response 1:

- a. Please see the table below.

	Total Accounts	3 years Prior to Closure Late Noticed Accounts	Post-Closure Late Noticed Accounts	3 years Prior to Closure shutoff due to non-payment Accounts	Post-Closure shutoff due to non-payment Accounts
Oceanside Branch office between 2014-2017	4,283	3,384	1,949	644	286
Percent of Oceanside BO	0.3%	79%	46%	15%	7%

- b. SDG&E objects to Question 1b under Rule 10.1 of the Commission’s Rules of Practice and Procedure on the grounds that the request is vague and ambiguous regarding the type of comparison sought to be provided.

APPENDIX D

SDG&E Response to Data Request NDC-SEU-DR-09 Question 5

NDC-SEU DATA REQUEST-009
SOCALGAS- SDG&E 2019 GRC – A.17-11-007/8
DATE RECEIVED: APRIL 4, 2018
DATE RESPONDED: APRIL 17, 2018

5. Response to NDC-04 Q7 “SDG&E has contracted with a vendor for regular service and maintenance of the kiosks.” What has been the annual cost since 2012 of the contract for regular service and maintenance of the kiosks?

Utilities Response 5:

Please see table below for regular service and maintenance of the kiosks by year.

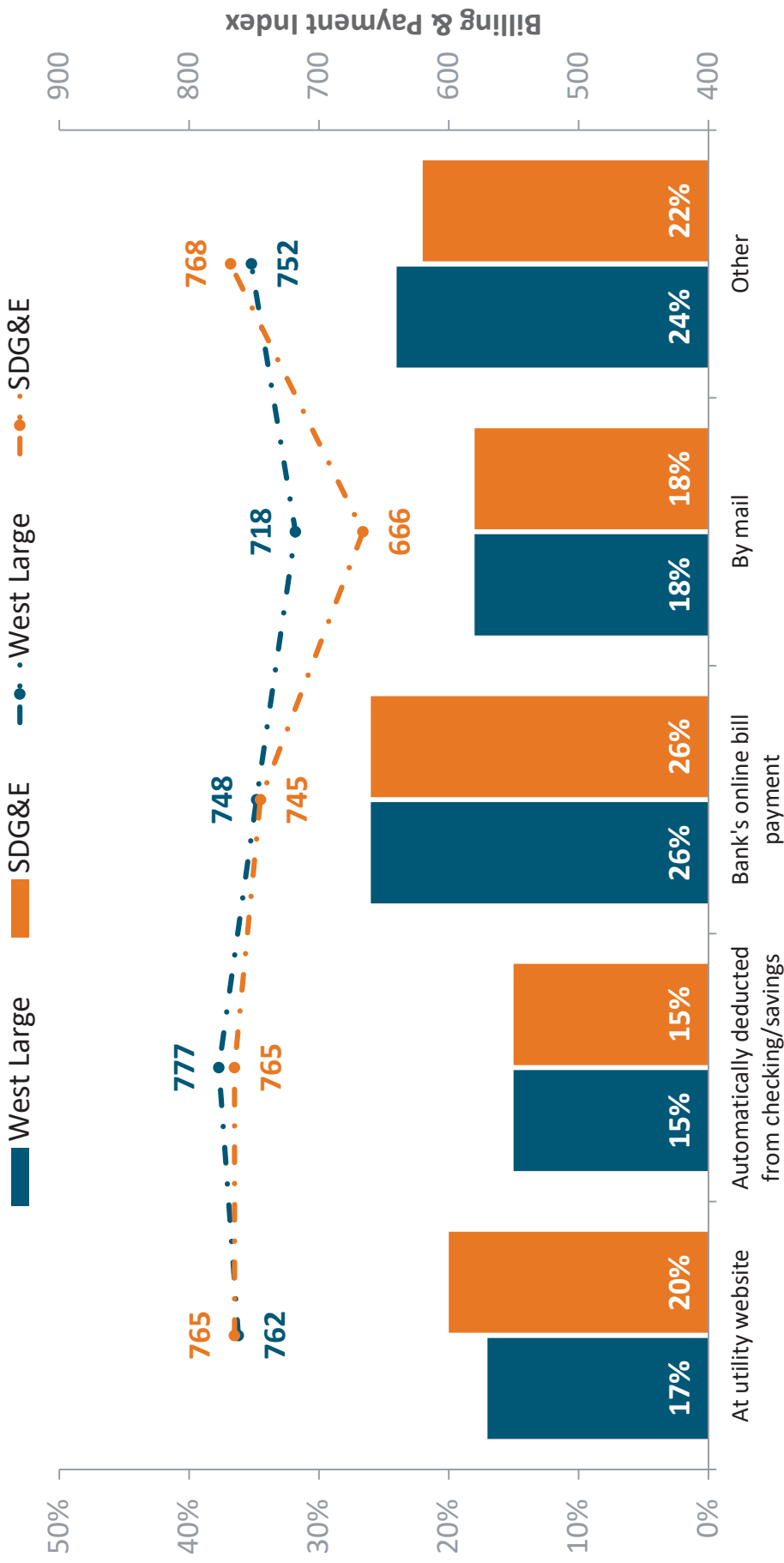
2016\$					
2012	2013	2014	2015	2016	2017
\$4,320	\$4,320	\$4,320	\$4,320	\$4,320	\$3,600

APPENDIX E

**2016 J.D. Power and Associates Electric/Gas Utility
Residential Customer Satisfaction Study.™**

Payment Methods Percentages and Satisfaction

Electric Residential Study



Other includes: By telephone, Recurring credit card, In person, and Other.

JDS-E-2

APPENDIX F

Electronic billing: Benchmarks and options to increase enrollment, Chartwell

Electronic billing: Benchmarks and options to increase enrollment

By Stephen Strang, Research Intern, and Ben Murdock, Senior Industry Analyst

November 22, 2016

Executive Summary

Increasing participation in electronic billing can reduce costs for utilities, reduce the environmental impact of utility billing and payment processes and put more customers in touch with diverse digital offerings. By identifying customers likely to adopt eBilling, building enticing products and letting customers know about them, utilities can increase enrollment and decrease the gap between electronic payments and electronic billing.

This report outlines how eBill adoption among utilities compares to that of other industries and presents options for increasing enrollment.

Key Insights

- › The relative cost savings of electronic billing over paper billing have grown in the last few years.
- › Half of utility customers with paper bills are receiving at least one electronic bill from another company.
- › Security concerns are growing significantly as motivation for customers retaining paper bills.
- › Over 80% of respondents in a recent Chartwell survey would accept electronic bills if automatically enrolled.
- › Improving the look and feel of electronic products and intelligent marketing techniques work together to inspire customers to enroll in electronic billing.

The savings associated with electronic billing have grown by about 10% in the last two years to 45 cents per bill.



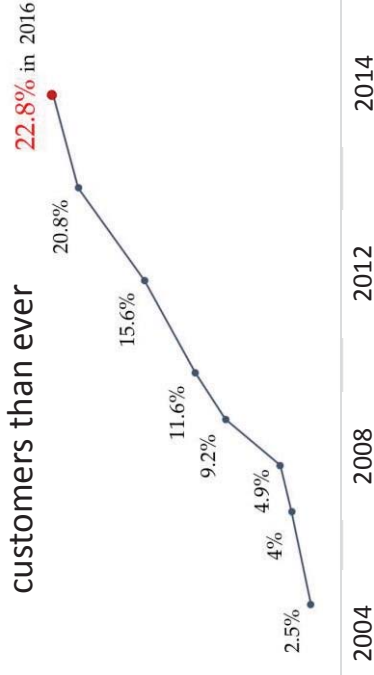
Adoption of electronic bills continues to grow

Adoption of paperless bills in the utility industry has been steadily increasing since Chartwell began tracking enrollment in 2005. In 2016, respondents to Chartwell's Billing Survey reported average adoption of 22.8%.

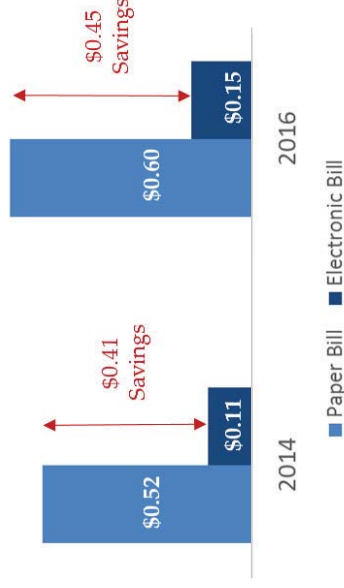
CPS Energy and Tampa Electric (TECO) lead the way in electronic bill enrollment, each delivering paper bills to just over half of their customer bases.

While the prospect of enrolling large numbers of customers in paperless billing can be daunting, the results can be significant. In 2014, an eBill conversion saved utilities an average of 41 cents per bill over the cost of paper. In 2016, that savings had grown to 45 cents per bill.

Electronic bills reach more customers than ever



Savings with eBills growing



More than half of customers receiving paper bills pay through electronic channels.



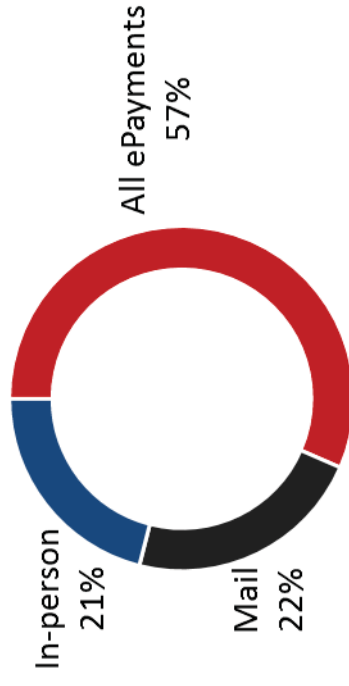
Electronic payments far outpace electronic bills

Among customers still receiving paper bills, electronic payments are very popular. According to Chartwell research, over half of all customers who receive paper bills pay electronically through the web, automatic payments or mobile options.

This situation presents a puzzle for utility planners: Why are customers choosing to receive paper bills if they are willing to make an electronic payment? If they possess the technical know-how and means to make an electronic payment, why don't they also want to receive an electronic bill?

Over half of customers who have not switched to eBills report that they “just like” paper bills. Security concerns were cited by 48% of paper bill customers, while 44% said they were “worried about missing” the bill.

Electronic payments very popular among customers with paper bills



Source: Chartwell's 2015 Residential Consumer Survey, n=1,502

Half of utility customers who receive paper bills are getting at least one electronic bill from another company.

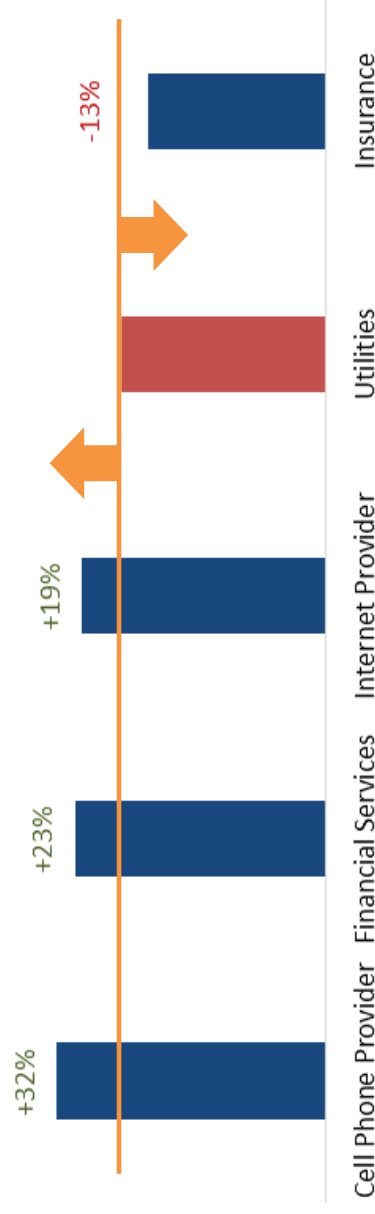


Electronic billing and payment adoption lags behind other industries

Customers report paying their utility bills online at roughly the same rates that they pay other bills online. Internet and cell phone companies see 9% and 5% higher rates of ePayments, respectively. Financial services companies, like credit card companies, see a 3% lower rate of ePayments, and insurance companies receive 14% fewer ePayments. Higher adoption rates for ePayments is good news for utility companies, as these are far less expensive to process than cash or check payments, but eBills offer another layer of largely unrealized savings.

Utility companies have significantly lower eBill adoption than several other industries. Cell phone providers lead the way with enrollment rates 30% higher than utilities. Financial services companies, like credit card providers, and internet service providers also have significantly higher enrollment. Fully half of survey respondents with paper bills report that they receive an eBill from at least one of these other industries.

Only insurance companies have lower eBill enrollment than utilities



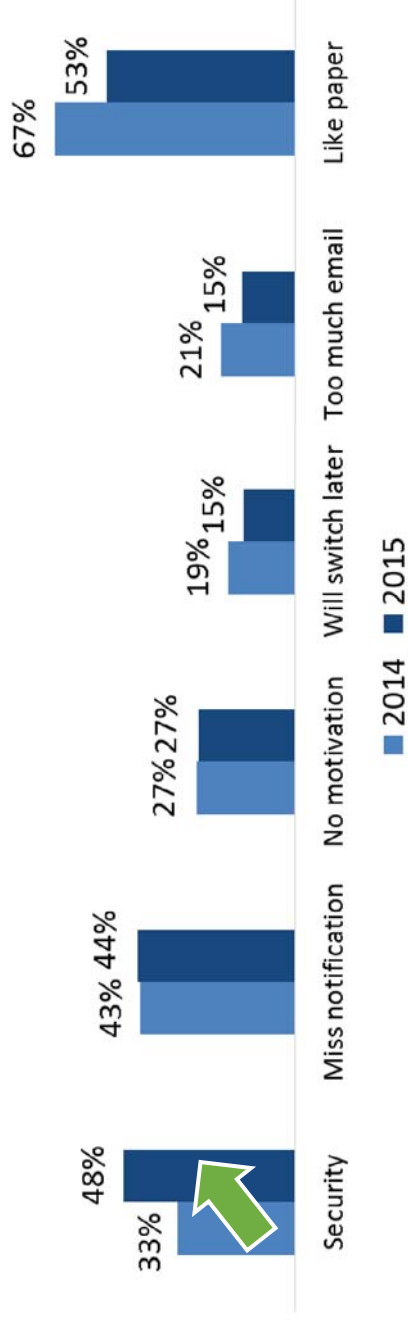
Security concerns are growing significantly as motivation for customers retaining paper bills.

Marketing should address customer security concerns

Motivations are shifting for customers holding on to their paper bills. When asked why they do not switch to electronic billing, customers most commonly report that they “just like paper.” This is also the response that fell in popularity the most from 2014 to 2015. Also, fewer customers cited “too much email” and “will switch later” in 2015 than 2014.

The only motivation to see significant growth from 2014 to 2015 was concerns about security. Cited by almost half the respondents in 2015, security concerns seem incongruous with the large numbers of customers paying online and receiving eBills for other services. For many utility customers, it’s not the idea of electronic interactions that inspires security concerns, but specifically the idea of electronic interactions with their utility company.

Security concerns are a growing barrier to eBills



Sources: Chartwell's 2014 Residential Consumer Survey, n=1,538, and 2015 Residential Consumer Survey, n=1,502



Utilities are redesigning products to match the quality offered by more trusted companies.



Modern design and a smooth customer experience can allay fears

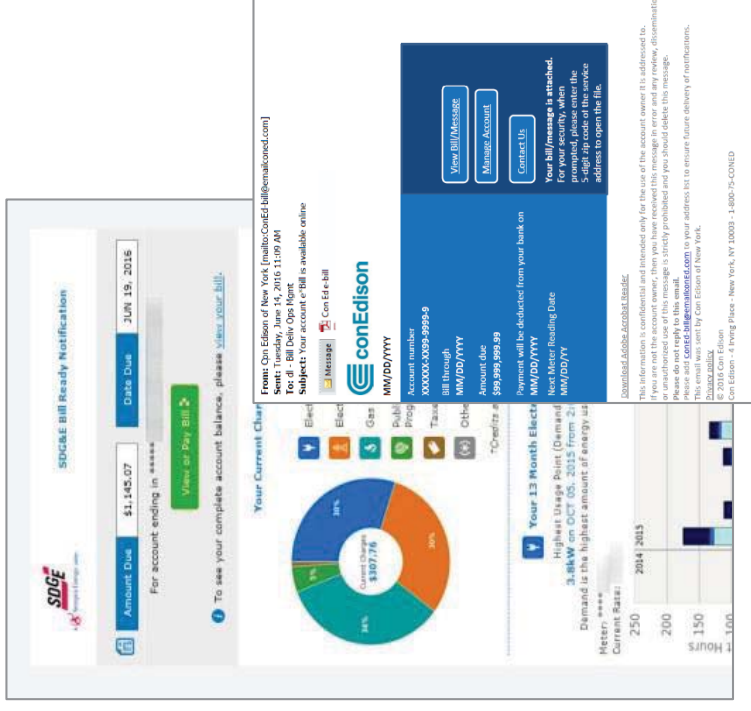
Overall, customers are engaging in digital commerce in unprecedented levels. They link the social, professional and financial aspects of their lives through social media and e-commerce with minimal thought given to security, yet many claim security concerns limit their interest in utility eBills.

Customers have grown to expect modern, polished interfaces and simple processes for their online interactions. While many are quick to trust new tech companies with their personal information, the out-of-date look and feel of many utility interactions does not inspire the same level of confidence.

Many utilities are updating their products to be more visually appealing and easier to use.

Con Edison and San Diego Gas and Electric (SDG&E) have both updated their bill reminder emails. Con Edison has taken a simplistic, easy-to-read, approach, while SDG&E has created an elaborate and beautiful design filled with data. While these approaches will appeal to specific groups differently, both inspire more trust than an outdated design.

Communications are taking on a modern look



Sources: SDG&E and Con Edison

A majority of customers with paper bills would accept electronic bills if automatically enrolled.



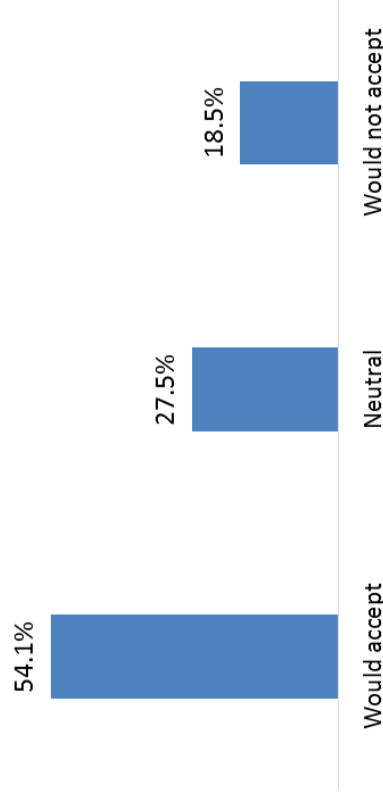
Customers paying online are likely to accept online bills if enrolled

All concerns cited by customers not yet enrolled in eBilling could be sidestepped by automatically enrolling these customers. Over 80% of customers paying electronically and receiving a paper bill reported they would accept or be neutral about being automatically enrolled in electronic bills.

To test how this idea would work in practice, Con Edison automatically enrolled 600 customers in electronic billing during a 2014 pilot. Only 2% of those opted out of the program immediately, and after three months, 83% remained.

This success gave Con Edison the confidence to enroll more than 400,000 of its electronic payment customers in 2015. The company saved over \$1 million from 2014 to 2015 through reduction in postage spend alone.

Automatic enrollment for eBills generally acceptable to ePay bill customers



JDS-F-8

Sources: Chartwell's 2016 Residential Consumer Survey, n=1,448

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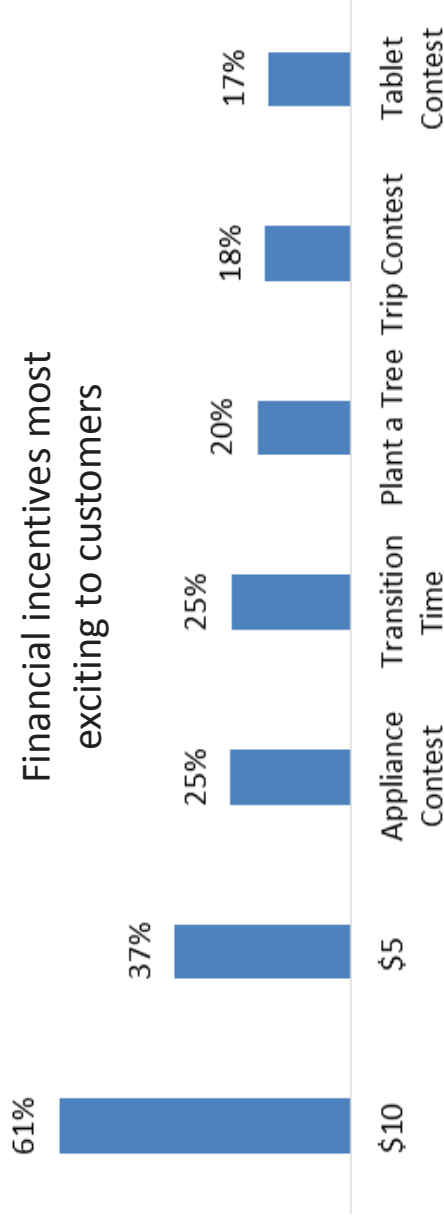
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Incentives for enrollment appeal to customers

Offering incentives for eBill adoption is still a common practice among utilities looking for a relatively inexpensive enrollment boost. Customers report that financial incentives are the most appealing option. As illustrated below, customers currently receiving paper bills report that contests and sweepstakes are less interesting to them than guaranteed rewards.

Less tangible rewards, like planting a tree to represent the environmental benefits of paperless billing, are somewhere in the middle. Offering customers time to transition, usually several months with both paper and electronic bills, would be sufficient to encourage about a quarter of customers.



JDS-F-9

Sources: Chartwell's 2015 Residential Consumer Survey, n=1,502

APPENDIX G

Residential Customer Segment Survey 2016

My Account Customer Profile

Paper Bill Customers



A  Semptra Energy utility®



JDS-G-2

Five Residential Customer Segments

Refreshed in 2016



A Sempra Energy utility

Mostly Single-Family Homeowners

Mostly Multi-Family Renters

Energy Elites



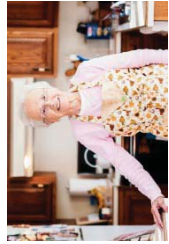
Affluent, high solar adoption, tech savvy, early adopters

Skeptical Solution-Seekers



Frustrated, highest bills, have done everything they can, want to work closely with SDG&E

Mindful & Mature

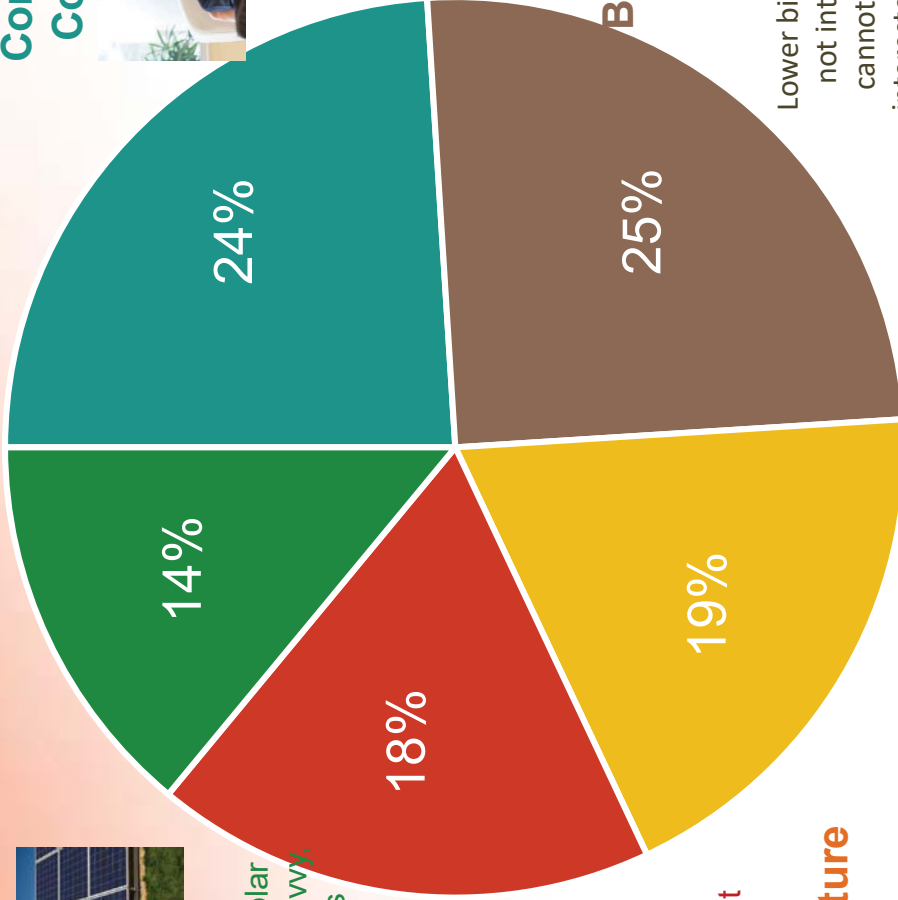


Older homeowners/older homes
Environmentally concerned, Interested in TOU
JDS-G-3

Connected Coastals



Young, coastal, environmentally concerned, want to work closely with SDG&E, interested in TOU, lowest bills



Budget-Constrained & Inflexible

Lower bills, lower income, not interested in TOU, cannot shift usage, not interested in working with SDG&E



Some of the questions we asked...

- > Perceptions of SDG&E (overall favorability, trust, reliability, rates, renewables, etc.)
- > Desired level of interaction with SDG&E
- > Knowledge, attitudes and preferences regarding electricity bill, rates and plans
- > Perceived ability and willingness to take action to manage electricity use, and change energy consumption patterns and behaviors in response to TOU rates
- > Attitudes toward energy efficiency and conservation, renewables, and environmental issues
- > Attitudes toward shopping and technology adoption
- > Awareness and usage of SDG&E web-based energy management tools and services
- > Consideration / adoption of solar power (rooftop, EcoChoiceSM (SunRate), Share the SunSM)
- > Electric vehicle adoption / interest
- > Interest in current and potential new SDG&E service offerings (Marketplace, home warranty, home security, rooftop solar, battery back-up)
- > Preferred communication channels
- > Online / social media usage.

2016 SDG&E Residential Customer Segments



- Higher than average
- Average
- Lower than average

(unweighted base)

	Energy Elites	Skeptical Solution-Seekers	Mature & Mindful	Connected Coastals	Challenged & Disengaged
	14% (411)	18% (392)	19% (389)	24% (518)	25% (412)
Opinion of SDG&E					
Desired level of interaction with SDG&E					
Importance of reducing energy bills					
Make effort to reduce electricity use					
Response to TOU pricing / load shifting					
Environmental concern					
Rooftop solar adoption / interest					
Interest in SDG&E solar offerings <small>(Share the SunSM, EcoChoiceSM)</small>					
Coastal / Inland	55% / 44%	47% / 51%	47% / 52%	84% / 16%	42% / 57%
Own / Rent home	86% OWN	74% OWN	72% OWN	72% RENT	65% RENT
Average square footage	2238 sq ft	2043 sq ft	1715 sq ft	1187 sq ft	1393 sq ft
Average monthly electricity bill	\$111	\$180	\$73	\$48	\$71
Average household income	\$155K	\$98K	\$82K	\$60K	\$55K
Percent CARE	2%	10%	16%	29%	31%
Average age	50	55	JDS-G-5	44	53

My Account Paper Customer Key Findings & Next Steps

- **Key Findings**
 - Energy Elites
 - 79% My Account registered
 - 66% already paperless
 - Connected Coastals
 - 79% My Account registered
 - 75% already paperless
 - Higher number of CARE (30%) and/or Medical Baseline (6%) customers in OV group
- **Recommendation:**
 - Target customers highly engaged customers with higher than average technology use
 - Exclude OV , CARE and Medical Baseline
- **Next Steps**
 - My Account level of engagement
 - What do they do when they log on?
 - How often do they log on? JDS-G-6

Residential

Panelists

Yes 79%
No 21%



paying online?

Business

Panelists

Yes 65%
No 35%



Why pay online?

Faster to pay online

Reduce clutter

To help the environment

3 in 10

**Pay online and
receive a paper bill.
Why?**

Keep paper bills for easy
reference

Use it as a reminder that
the bill is due

Why don't they pay online?

Keep paper bills for easy
reference

Pay via Auto Pay

Don't trust that payment
information is secure online

APPENDIX H

SDG&E Response to Data Request UCAN-SDG&E-DR06 Question 1

**UCAN DATA REQUEST
UCAN-SDG&E-DR-06
SDG&E 2019 GRC – A.17-10-007
SDG&E PUBLIC RESPONSE
DATE RECEIVED: APRIL 17, 2018
DATE RESPONDED: MAY 2, 2018**

1. Please respond to the following regarding SDG&E’s response to UCAN-SDG&E DR-03 Q18(s).
 - a. The attachment in SDG&E’s response to Question 18s provides a list of locations for the Branch Offices and Authorized Payment Locations (APLs). Please provide descriptions of services and/or facilities that are available to customers at each of the locations in this list.
 - b. Please list any transactions that may be conducted at a branch office that cannot currently be conducted at all APLs, and please identify at which APLs (if any) these transactions can be conducted.

SDG&E Response 1:

- a. See response to Q1b. below with respect to APLs. SDG&E branch offices accept customer payments, process service orders, program enrollments, and ID verification.
- b. A general list of transactions offered at SDG&E branch offices that are not available at an APL, include service order processing, program enrollments and ID verification. The majority of the APLs are contracted to accept SDG&E bill payments only, with a few also offering ID verification services. The following APLs are trained to process ID verification:

Allie's Gifts & Shipping	12222 Woodside Ave	Lakeside	92019
Base Liquor	3201 National Ave	San Diego	92113
Liberty Tax Services	439 N El Camino Real B	San Clemente	92672
Viva Market	2031 Mission Ave	Oceanside	92058
Boulevard Nail Supply	6937 Linda Vista Rd., Suite A	San Diego	92111
OJ's Minimart & More	1129 Broadway	San Diego	92101
Kimi's Fashions	1672 Main St D	Ramona	92065
Food Bowl	3035 Cedar St	San Diego	92102
Envios Y Novedades El Frijolito	1460 S. 43rd St Ste C	San Diego	92113
David's Friendly Market	543 32nd St	San Diego	92102
Vista Work Shoes 2	1110 N. Santa Fe Ave #6	Vista	92083
Vista Work Shoes 1	421 N Santa Fe Ave	Vista	92084

APPENDIX I

Oct 17, 2017 and May 22, 2018 Correspondence with Customer

1. Email to customer dated Oct 17, 2017 (omitted from SDCAN (Shames) Appendix C)

On Tue, Oct 17, 2017 at 7:39 AM, RateSupport <RS-RateSupport@semprautilities.com> wrote:

Hello,

This is to confirm that you have been on rate EVTOU2 since 05/27/17.

Thank You...

Rate Support Team

2. Email to customer dated May 22, 2018

From: RateSupport

Sent: Tuesday, May 22, 2018 4:02 PM

RateSupport <RS-RateSupport@semprautilities.com>

Hello [REDACTED]

Thank you for contacting us with your electric rate and billing concerns. This email is to confirm that your rate has been returned to DR effective your next read date. Your June billing statement will reflect this.

As for your request to be presented with Shadow Billing and Bill Protection information, we are unable to provide this to you. While certain Time of Use Tariffs do have provisions and requirements for SDG&E to calculate and provide this information, Schedule EVTOU2 does not.

Please feel free to contact us with any additional questions or concerns.

Thank you,

SDG&E – Rate Support Team

APPENDIX J

Data Request Response to SDCAN-SDGE-DR-01 Q53

**SDCAN DATA REQUEST
SDCAN-SDG&E-DR-01
SDG&E 2016 GRC – A.17-10-007
SDG&E RESPONSE
DATE RECEIVED: DECEMBER 15, 2017
DATE RESPONDED: JANUARY 16, 2018**

53. Please provide a list of all SDG&E customer complaints lodged at the PUC's CAB division. If the CPUC doesn't provide SDG&E notice of such complaints, please specify that this is the case.

SDG&E Response 53:

Please see SDGAN-SDG&E-DR-01 Attachment Q53.pdf for a list of informal customer complaints filed with the CPUC's Consumer Affairs Branch (CAB) for the period 2015-2017.

**San Diego Gas and Electric Company Informal Complaints
2015 to 2017 Filed with CPUC Consumer Affairs Branch**

Complaint Type	2015	2016	2017
Add Bill		1	
Bad Debt	9	3	5
Bankruptcy		1	1
Baseline	2	1	0
Misc. Billing	3	2	2
Billing Adjustments			3
Billing Delays	9	3	18
Bill Interpretation	1	1	2
Billing Rates	3	10	6
Billing Incorrect Rate			1
Billing Switched Meters	1	3	2
CARE	11	12	12
CCC Wait Time	1	5	
Chat		1	
Claims Dept. Disputes	3	1	
Climate Credit		2	
Climate Zone			6
Credit	15	10	35
Credit Extension	4	10	
Delayed Appointment	1		3
Delivery Charge			4
Deposit	2	6	4
Easement/Access	1	2	1
EMF/Radio Interference		2	
Energy Service Provider	4		
ESAP	1	1	1
E-Services	2		1
Estimated Bill	4	1	2
Final Bill Transfer	2		2
Fire Mitigation Grant			9
Fraud/ID Theft			2
Gas Safety		1	
Heat Code			1
High Bill	47	40	56
High Usage Charge			3
Incorrect Shut-off Date	2	5	4
Medical Baseline	1		
Meter Reading	2		
Misapplied Payment		3	
Misc.	2	4	5
Misc. Service Order Disputes		5	2
NEM	17	26	39
Noisy Lines			2
Non Pay Shut Off	7	3	6
Not Responsible for Bill	5	4	1

**San Diego Gas and Electric Company Informal Complaints
2015 to 2017 Filed with CPUC Consumer Affairs Branch**

Complaint Type	2015	2016	2017
Outages	6	3	12
Pole Replacement	1	1	1
Power Link Grant		1	
Project Mgmt Disputes	2		2
Soliciting Phone Calls	2		1
Service Establishment Charge		1	2
Smart Meter Opt Out	4	8	11
Summer Saver			2
Voltage Issue		1	1
Total Informal Complaints	177	184	273

APPENDIX K

Glossary of Terms

AHT	Average Handle Time
AMI	Advanced Metering Infrastructure
AMO	Advanced Metering Operations
APL	Authorized Payment Locations
CAB	Consumer Affairs Branch
CCC	Customer Contact Center
CCC	Customer Contact Center
CE	Collection Engine
CISR	Customer Information Service Requests
CSOO	Customer Service - Office Operations
CtS	Consent to Share
ED	Energy Division
ENA	Enhanced Network Analytics
ESS	Energy Service Specialist
GAPP	Generally Accepted Privacy Principles
IDR	Interval Data Ready
LOA	Letters of Authorization
MDMS	Meter Data Management System
NDC	National Diversity Coalition
NDC	National Diversity Coalition
O&M	Operations and Maintenance

OCF	Office of Customer Privacy
ORA	The Office of Ratepayer Advocates
PbD	Privacy by Design
PGL	Privacy Green Light
PUC	Public Utilities Code
RDMA	Residential Disconnection Memorandum Account
Res TOU	Residential Time of Use
SBUA	Small Business Utility Advocate
SCGC	Southern California Generation Coalition
SDCAN	San Diego Consumers' Action Network
SDG&E	San Diego Gas & Electric Company
SMB	Small and Medium Business
SPT	Single Phase Meter Testers
TOU	Time of Use
TURN	The Utility Reform Network
UCAN	Utility Consumers' Action Network