

Company: San Diego Gas & Electric Company (U 902 M)
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Application: A.14-11-____
Exhibit: SDG&E-24

SDG&E

DIRECT TESTIMONY OF SARAH E. EDGAR

**HUMAN RESOURCES, SAFETY, DISABILITY,
& WORKERS' COMPENSATION**

November 2014

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



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SUMMARY

HR, DISABILITY, WORKERS COMP & SAFETY			
Shown in Thousands of 2013 Dollars	2013 Adjusted- Recorded	TY2016 Estimated	Change
Total Non-Shared	12,221	15,038	2,817
Total Shared Services (Incurred)	3,797	5,120	1,323
Total O&M	16,018	20,158	4,140

Summary of Requests

- **Safety, Wellness, & Disability Services** is requesting \$1.5 million over 2013 adjusted recorded. This request represents 37% of the change between 2013 adjusted recorded and 2016 GRC request. The increase is due to three major factors:

 - \$1.1 million is for increases related to Long-Term Disability (“LTD”) and Workers’ Compensation (“WC”) costs;
 - \$200k is for implementation of ARC Hazard assessment, training, and roll-out as part of compliance with NFPA 70E and arc flash hazard protection, enhancement of current Public Energy Safety Programs, addition/expansion of post-incident drug /alcohol testing policy for incidents that fall outside of Department of Transportation (“DOT”) regulated post-incident language, and translation of Electromagnetic Field (“EMF”) bill inserts from English to Spanish;
 - \$100k is for the addition of one Full Time Equivalent (“FTE”) employee, an Industrial Hygienist, to allow for job shadowing and knowledge transfer for an anticipated retirement.

- **Safety Operations** is requesting \$1.075 million over 2013 adjusted-recorded. This request represents 27% of the change between 2013 adjusted recorded and 2016 GRC request. The increase is for two major initiatives/projects:

 - \$1 million is earmarked for the implementation of a vehicle technology program to help address the challenges of defensive and professional driving;
 - \$75k is to conduct the National Safety Council Safety Barometer Survey.

- **HRIS Technology & Reporting** is requesting \$500k over 2013 adjusted recorded. This request represents 12% of the change between 2013 adjusted recorded and the 2016 GRC request. The increase is for implementation of the Human Resources

(“HR”) Self-Service portal and mobile access project that will help to streamline and optimize existing processes for the HR organization.

- **Offices of the Chief Executive Officer (“CEO”) and President & Chief Operating Officer (“COO”)** is requesting \$500k over the 2013 adjusted recorded. This request is for Edison Electric Institute (“EEI”) membership dues and represents 12% of the change between 2013 adjusted recorded and the 2016 GRC request. Membership in EEI provides public policy leadership, critical industry data, strategic business intelligence, one-of-a-kind conferences and forum, and top-notch products and services.

San Diego Gas & Electric’s (“SDG&E” or “the Company”) Test Year (“TY”) 2016 request of \$20.2 million is a 26% increase over Base Year (“BY”) 2013. With the exception of WC (which uses a 3-year average and non-standard escalation to account for multiple types of costs that drive the forecast), I have used base year recorded methodology to forecast all areas of my testimony and workpapers. The use of base year recorded methodology was selected as there have been numerous organizational changes during the past few years and base year recorded most accurately represents the current and future structure.

SDG&E DIRECT TESTIMONY OF SARAH E. EDGAR
HUMAN RESOURCES, SAFETY, DISABILITY,
& WORKER’S COMPENSATION

I. INTRODUCTION

A. Summary of Costs

I sponsor the TY 2016 forecasts for operations and maintenance (“O&M”) costs for both non-shared and shared services for the forecast years 2014, 2015, and 2016, associated with the Human Resources, Safety, Disability, & Workers’ Compensation area for SDG&E. Table SEE-1 summarizes my sponsored costs.

TABLE SEE-1

Test Year 2016 Summary of Total Costs

HR, DISABILITY, WORKERS COMP & SAFETY			
Shown in Thousands of 2013 Dollars	2013 Adjusted- Recorded	TY2016 Estimated	Change
Total Non-Shared	12,221	15,038	2,817
Total Shared Services (Incurred)	3,797	5,120	1,323
Total O&M	16,018	20,158	4,140

B. Summary of Activities

Human Resources, Safety, Disability, & Workers’ Compensation has three key areas of responsibility; 1) attracting, hiring, developing, and retaining employees, 2) establishing and managing the programs, policies and guidelines to ensure the safety of SDG&E employees, and 3) administering and managing SDG&E’s LTD and self-insured WC programs.

C. Supports SDG&E’s Goal of the Safe, Reliable Delivery of Electric and Gas Services

In order to ensure the safe and reliable delivery of electric and gas services to SDG&E’s 3.4 million consumers, SDG&E requires its employees to possess the qualifications, experience, and skills necessary to perform their work. SDG&E provides programs which help to reduce injuries and provide a safe work environment, while maintaining compliance with all Federal, State, and local laws and regulations.

1 **D. Safety/Risk Considerations**

2 The risk policy witness describes how risks are assessed and factored into cost decisions
3 on an enterprise-wide basis. See Direct Testimony of witness Diana Day (Ex. SDG&E-02). For
4 some time, the Commission has had on its agenda the need to enhance employee safety. As
5 noted by other witnesses, SDG&E has been recognized as being among the best in establishing a
6 safety culture. The costs associated with Safety Operations, Safety Compliance, and Wellness
7 Programs support employee safety.

8 As described in the testimony of other SDG&E witnesses, SDG&E cannot alleviate or
9 prevent all risk caused incidents, injuries, or occurrences. Because of this, it is important for
10 SDG&E to have plans in place to manage and minimize the consequence of a risk caused
11 incident. Emergency Services ensures SDG&E is prepared for and can respond to such incidents
12 and directly supports costs associated with public safety and reliability.

13 **E. Support from Other Witnesses**

14 In addition to sponsoring my own organization’s costs, I also sponsor costs for two
15 executive positions; CEO and President & COO, as well as WC related medical costs. Witness
16 Debbie Robinson, Compensation & Benefits, provides business justification for these costs (Ex.
17 SDG&E-22).

18 **II. NON-SHARED SERVICES COSTS**

19 “Non-Shared Services” are activities that are performed by a utility solely for its own
20 benefit. Corporate Center provides certain services to the utilities and to other subsidiaries. For
21 purposes of this general rate case, SDG&E treats costs for services received from Corporate
22 Center as Non-Shared Services costs, consistent with any other outside vendor costs incurred by
23 the utility.

24 Table SEE-2 summarizes the total non-shared O&M forecasts for the listed cost
25 categories.

26

27

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1 **TABLE SEE-2**

2 **Non-Shared O&M Summary of Costs**

HR, DISABILITY, WORKERS COMP & SAFETY			
Shown in Thousands of 2013 Dollars			
Categories of Management	2013 Adjusted- Recorded	TY2016 Estimated	Change
A. VP of HR, Diversity , and Inclusion	376	376	0
B. Emergency Services	584	604	20
C. Safety, Wellness, & Disability Services	5,071	6,552	1,481
D. Diversity & Workforce Management	1,923	2,123	200
E. Organizational Effectiveness	1,762	1,825	63
F. HRIS Technology & Reporting	469	969	500
G. Employee Communications	243	296	53
H. Offices of the CEO and President & COO	1,793	2,293	500
Total	12,221	15,038	2,817

3
4 **A. Vice President of Human Resources, Diversity, and Inclusion (“VP of HR”)**

5 **TABLE SEE-3**

6 **Forecast for Vice President of Human Resources, Diversity, & Inclusion**

Shown in Thousands of 2013 Dollars			
A. VP of HR, Diversity , and Inclusion	2013 Adjusted- Recorded	TY2016 Estimated	Change
1. VP of HR, Diversity, and Inclusion	376	376	0
Total	376	376	0

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

9 The VP of HR provides leadership and strategic direction to the organization of
10 approximately 79 employees who manage the human resources, safety operations, and
11 compliance functions. The VP of HR responsibilities include establishing SDG&E’s HR and
12 Safety policies and procedures, labor contract negotiations, diversity and affirmative action
13 goals, union and management interactions involving represented employees, short and long-term
14 workforce planning and training, succession planning, and employee relations.

15 The VP of HR ensures that employees possess the qualifications, experience, and skills
16 necessary to perform their work and provides programs which help to reduce injuries and

1 provide a safe work environment, while complying with all Federal, State, and local laws and
2 regulations.

3 **2. Forecast Method**

4 The forecast method I chose for this cost category is base year recorded. This method is
5 most appropriate because 2011 recorded costs reflect a transition period between a retiring Vice
6 President and an incoming Vice President. Use of alternate forecast method(s) or certain
7 historical data is not appropriate because the inclusion of the 2011 anomaly of costs artificially
8 inflates any averaging methodologies. Use of base year recorded yields the lowest forecast when
9 compared to all other averaging methodologies.

10 **3. Cost Drivers**

11 The cost drivers behind this forecast are the labor and non-labor costs for one vice
12 president and one executive assistant. There are no non-labor incremental costs requested.

13 **B. Emergency Services**

14 **TABLE SEE-4**

15 **Forecast for Emergency Services**

Shown in Thousands of 2013 Dollars			
B. Emergency Services	2013 Adjusted- Recorded	TY2016 Estimated	Change
1. Emergency Services	584	604	20
Total	584	604	20

16
17 **1. Description of Costs and Underlying Activities**

18 SDG&E uses an all-hazards approach to Emergency Services and is responsible for
19 maintaining comprehensive and coordinated emergency response and recovery programs for
20 major system impacts. Major system impacts identified are: earthquakes, major fires, floods,
21 electric and gas transmission system disruption (including major gas explosion), gas and electric
22 energy shortages that lead to curtailments, cyber and physical attacks aimed at gas and electric
23 systems, major storms, and fire season preparedness.

24 Emergency Services is responsible for overseeing Federal, State, local and company
25 emergency preparedness and response standards and requirements and is comprised of three
26 functional areas:

- 1 ▪ **Emergency Operations Center (“EOC”) Operations** is responsible for all aspects
2 of the EOC, including development of policies and procedures, workforce
3 identification and training, preparedness exercises, EOC activations, and lessons
4 learned reports.
- 5 ▪ **Regional Emergency Operations** oversee the coordination with the Regional Gas
6 and Electric Emergency Centers including participation in training, preparedness
7 exercises, Gas and Electric Center activations, and lessons learned reports.
- 8 ▪ **Department & Employee Readiness** develops, implements, and manages a
9 comprehensive Business Continuity & Resumption Planning Program, Emergency
10 Action Plan, and facilitates increased preparedness for SDG&E employees. Business
11 resumption plans have been developed for all departments within the company. The
12 complexity of the plans is dependent on the role of the department as it applies to
13 company operations and employee safety. The Emergency Action Plan addresses
14 employee action and response for fires and other emergencies impacting their
15 workplace, including hostile intruder training.

16 2. **Forecast Method**

17 The forecast method I chose for this cost category is base year recorded. This method is
18 most appropriate because it is the most accurate representation of the current and future structure
19 of the organization and its related activities. Use of base year recorded yields the lowest forecast
20 when compared to all other averaging methodologies.

21 Use of alternate forecast method(s) or certain historical data is not appropriate because
22 they do not represent the current and future structure of this organization and its related
23 activities.

24 3. **Cost Drivers**

25 The cost drivers behind this forecast are the labor for one manager, two management
26 employees, and two associate employees. The non-labor costs include maintenance of EOC
27 equipment, safety events, and drills. These costs are required to ensure SDG&E has trained
28 personnel and reliable technology to respond to emergency situations.

1 **C. Safety, Wellness, & Disability Services**

2 **TABLE SEE-5**

3 **Forecast for Safety, Wellness, & Disability Services**

C. Safety, Wellness, & Disability Services	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Safety, Wellness, & Disability Services	2,162	2,502	340
2. Workers' Compensation (WC)	2,909	4,050	1,141
Total	5,071	6,552	1,481

4
5 **1. Safety, Wellness, & Disability Services - Director**

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

7 The Safety, Wellness, & Disability Services – Director oversees three direct report
8 managers and 22 associate and management employees. The director’s primary responsibility is
9 to provide leadership and guidance for four distinct areas that directly impact an employee’s
10 safety, health, and well-being; Safety Operations, Safety Compliance, Employee Care Services
11 (“ECS”) & Wellness Programs, and Disability Services (LTD and WC).

12 **b. Forecast Method**

13 The forecast method I chose for this cost category is base year recorded. This method is
14 most appropriate because the safety functions were combined with the wellness and disability
15 area of HR in 2011. Base year recorded also results in the lowest forecast of all averaging
16 methodologies.

17 Use of alternate forecast method(s) or certain historical data is not appropriate because
18 they do not represent the current and future structure of this organization and its related
19 activities.

20 **c. Cost Drivers**

21 The cost drivers behind this forecast are for the labor and non-labor costs of a director,
22 administrative associate, and project advisor. There are no non-labor incremental costs
23 requested.

24 **2. Safety Compliance and Programs, and EMF Services**

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

26 Safety Compliance and Programs is primarily responsible for compliance with safety
27 regulations and establishing and managing programs, policies and guidelines to ensure the safety

1 of SDG&E employees. This group interprets safety related rules and regulations and provides
2 reviews of potential legislation that would impact field operations with the goal of maintaining
3 compliance with all Federal, State and local regulations. Safety Compliance also serves as a
4 liaison during CPUC, DOT, California Highway Patrol (“CHP”) or CalOSHA-related audits or
5 citations.

6 This department is also responsible for monitoring changes in employee safety and health
7 regulations, developing internal safety policies and procedures to ensure compliance with the
8 applicable regulations, and managing company-wide implementation of key industrial hygiene
9 programs, such as Hazard Communications, Hearing Conservation, Respiratory Protection,
10 Asbestos and Lead Exposure Management.

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

18 Safety Compliance cost center 2100-3414 switched to a shared-service in 2014 because
19 they provide drug and alcohol testing support to Sempra Corporate Center. This cost center was
20 inadvertently included in my non-shared services area. The shared service allocation is 1% of
21 the \$586k that this cost center incurs, with 99% directly retained by SDG&E.

22 EMF Services also falls within Safety Compliance and provides overall management of
23 the EMF activity at SDG&E. EMF Services tracks the EMF science and makes objective EMF
24 health literature available to customers and employees. EMF Services personnel respond to
25 customer and employee inquiries on health issues and coordinate responses to customer inquiries
26 received by other operational areas of the Company. They also conduct EMF measurements per
27 CPUC Decision 93-11-013. EMF representatives respond to requests from school districts or
28 their environmental consulting firms for data to comply with EMF provisions of California Title
29 5 Standards for School Site Selection. To maintain compliance with CPUC EMF Decision 93-
30 11-013 and the reaffirmed CPUC Decision 06-01-042, EMF Services provides oversight
31 compliance checks and review of mandated EMF Management Plans for all SDG&E

1 transmission construction projects requiring CPUC GO-131D compliance treatment and provides
2 EMF discussion language for Company environmental documents. Also, in compliance with the
3 CPUC EMF Decisions, EMF Services maintains an EMF Measurement Program whereby EMF
4 Specialists conduct on-site EMF measurements for customers and employees upon request;
5 averaging 250 visits per year. EMF Representatives provide training to key in-house audiences
6 and meet with project advisory committees and community groups to promote open
7 communication on EMF issues related to specific projects upon request.

8 **b. Forecast Method**

9 The forecast method I chose for this cost category is base year recorded. This method is
10 most appropriate because the Safety area re-organized in 2011 and was integrated into the
11 wellness and disability area of HR. Base year recorded also produces the lowest forecast of all
12 averaging methodologies.

13 Use of alternate forecast method(s) or certain historical data is not appropriate because
14 they do not represent the current and future structure of this organization and its related
15 activities.

16 **c. Cost Drivers**

17 The cost drivers behind this forecast are for the labor and non-labor costs for one
18 manager and four management employees. Additional incremental request allows for the
19 addition of one Industrial Hygienist to shadow for an anticipated retirement and implementation
20 of ARC Hazard assessment, training, and roll-out as part of compliance with NFPA 70E and arc
21 flash hazard protection, enhancement of current Public Energy Safety Programs,
22 addition/expansion of post-incident drug /alcohol testing policy for incidents that fall outside of
23 DOT regulated post-incident language, and translation of EMF bill inserts from English to
24 Spanish.

25 **3. Disability Services**

26 **a. Long-Term Disability**

27 **i. Description of Costs and Underlying Activities**

28 In compliance with SDG&Es LTD plan, eligible employees receive income replacement
29 benefits equal to 60% of pre-disability earnings. LTD benefits are adjusted if the employee
30 receives, or is entitled to receive, income from other deductible sources such as workers'

1 compensation benefits, Social Security benefits, State Disability Insurance benefits, total
2 disability under the pension plan, and retirement payments.

3 The company actively manages its claims to ensure that employees can return to work as
4 soon as possible. Employees who cannot resume their prior job are provided vocational
5 assessment and training to facilitate obtaining alternative employment opportunities.

6 **ii. Forecast Method**

7 The forecast method I chose for this cost category is non-standard escalation, zero-based.
8 LTD costs are forecast using base year recorded and escalated for estimated changes in labor
9 costs (2.47%) and headcount (.803%). This method is most appropriate because the costs are
10 based on estimated changes in headcount which cannot be forecast using any of the other
11 methods. Use of base year recorded yields the lowest forecast when compared to all other
12 averaging methodologies.

13 **iii. Cost Drivers**

14 These cost drivers are supported by actual historic costs (number of employees receiving
15 benefits under the plan) and increased for estimated changes in labor and headcount.

16 **b. Worker's Compensation**

17 **i. Description of Costs and Underlying Activities**

18 Workers' compensation benefits are mandated and governed by the State of California.
19 Employees who are injured on the job receive benefits through SDG&E's self-insured/self-
20 administered Workers' Compensation Program. Injured employees receive indemnity payments
21 including benefits related to temporary disability, permanent disability, and supplemental job
22 displacement. The costs of medical treatment, legal fees, and other claim-related expenses are
23 also captured here. SDG&E's workers' compensation costs are 78% below the average insured
24 rate (per \$100 of payroll) in the State of California.

25 **ii. Forecast Method**

26 The forecast method I chose for this cost category is non-standard escalation, zero-based.
27 This method is most appropriate because of the multiple types of costs and drivers that influence
28 the overall forecast.

29 WC costs are forecast using a three-year average and escalated for medical costs (7.8%),
30 indemnity (2.7%), and remaining costs use non-labor (2.4%) inflation.

1 **iii. Cost Drivers**

2 The cost drivers behind this forecast are increased medical costs, mandated increases in
3 indemnity costs, and inflation as described above.

4 **D. Diversity and Workforce Management**

5 **TABLE SEE-6**

6 **Forecast for Diversity & Workforce Management**

Shown in Thousands of 2013 Dollars			
D. Diversity & Workforce Management	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Diversity & Workforce Management	1,923	2,123	200
Total	1,923	2,123	200

7
8 **1. Staffing**

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

10 The Diversity & Workforce Management department manages the recruitment and
11 selection of a qualified and diverse workforce, while ensuring compliance with Federal and State
12 laws and regulations that influence the recruitment and selection processes. These processes
13 consist of recruitment marketing, diversity outreach, candidate sourcing, and producing qualified
14 candidate pools for management, associate and represented positions.

15 Diversity & Workforce Management is responsible for verifying candidate’s suitability
16 for employment. This includes managing background checks, drug screens, verifying their right
17 to work, negotiating salaries, and managing the relocation process for eligible candidates.

18 Diversity & Workforce Management maintains applicant tracking in accordance with the
19 Office of Federal Compliance Contractors Programs (“OFCCP”), following DOT requirements
20 when performing pre-employment drug testing and completing documentation required by the
21 Department of Homeland Security (“DHS”). This area also develops and monitors affirmative
22 action plans and manages various internal and external audits (e.g., Equal Employment
23 Opportunity Commission (“EEOC”), DHS, and OFCCP).

24 **b. Forecast Method**

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

1 **c. Cost Drivers**

2 The cost drivers behind this forecast are the labor and non-labor costs for one manager
3 and seven associate and management staffing employees. Incremental non-labor costs relate to
4 diversity outreach, workforce readiness programs, and pre-employment drug screens and
5 background checks. These costs are required to ensure compliance with State and Federal laws
6 and regulation, as well as SDG&E’s commitment to selecting and employing the most diverse
7 and qualified workforce.

8 **2. Diversity**

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

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

- 13 • Develops the official, federally-required Affirmative Action plans;
- 14 • Investigates complaints under Title VII of the 1964 Civil Rights Act (“Title VII”);
- 15 • Develops and directs the diversity strategic plan, policies, and programs;
- 16 • Develops and conducts training for all supervisory employees on AB1825, as
17 required by California law;
- 18 • Develops and conducts training for all employees in harassment, discrimination, and
19 sexual harassment prevention in the workplace;
- 20 • Conducts investigations into any complaints that have to do with harassment or
21 discrimination on the basis of sex, race, national origin, religion, color, disability,
22 sexual orientation and any other protected class;
- 23 • Oversees the creation and maintenance of the company-wide Employee Diversity
24 Council, as well as several local diversity committees located at various company
25 locations;
- 26 • Prepares EEOC reports;
- 27 • Prepares Veterans Employment and Training service (VETS 100) reports;
- 28 • Responds to Helpline complaints that are related to Title VII; and
- 29 • Provides coaching, counseling, and guidance to management and represented
30 employees regarding Title VII.

b. Forecast Method

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

c. Cost Drivers

The cost drivers behind this forecast are the labor and non-labor costs for one diversity manager.

3. Relocation

a. Description of Costs and Underlying Activities

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

b. Forecast Method

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

c. Cost Drivers

The cost drivers behind this forecast are the number of relocations in the recruitment and selection of a diverse and qualified workforce.

E. Organizational Effectiveness (“OE”)

TABLE SEE-7

Forecast for Organizational Effectiveness

Shown in Thousands of 2013 Dollars			
E. Organizational Effectiveness	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Organizational Effectiveness	1,762	1,825	63
Total	1,762	1,825	63

1. Organizational Effectiveness

a. Description of Costs and Underlying Activities

OE provides individual and organizational development programs and services for SDG&E and performs four key functions: Talent Management, Talent Development, Organizational Design, and People Research.

1 Talent Management oversees the succession planning process at SDG&E, which includes
2 identification of high potential employees and development options to increase their readiness
3 for broader responsibility. Talent Management also administers the Leadership Insight Inventory
4 which is used to identify and develop high potential talent at lower levels of the organization,
5 and oversees the Employee Engagement survey process for SDG&E, which identifies levels of
6 employee engagement, such as supervisor effectiveness, open communication, or trust, that need
7 improvement.

8 Talent Development designs, develops, delivers, and evaluates targeted employee and
9 leadership development programs and tools that cultivate critical knowledge and skills aligned to
10 strategic objectives.

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

15 People Research conducts research related to employee and HR issues for the company.
16 This research is in compliance areas such as HR assessment and selection validation and
17 affirmative action/applicant flow statistical analysis. Other research is provided to measure
18 employee attitudes, predict turnover, and measure employee skills and competencies. The
19 research is designed to lead to actionable conclusions for improving workforce effectiveness and
20 utilization.

21 **b. Forecast Method**

22 The forecast method I chose for this cost category is base year recorded. This method is
23 most appropriate because it most accurately represents the current and future structure of the
24 organization and its activities. Base year recorded also produces the lowest forecast of all
25 averaging methodologies.

26 **c. Cost Drivers**

27 The cost drivers behind this forecast are the labor and non-labor for one director and 14
28 associate & management employees. Incremental non-labor costs are for license renewal and
29 training for employees in the areas of process improvement and using metrics to drive individual
30 and organizational performance.

1 **F. HRIS Technology & Reporting**

2 **TABLE SEE-8**

3 **Forecast for HRIS Technology & Reporting**

Shown in Thousands of 2013 Dollars			
F. HRIS Technology & Reporting	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. HRIS Technology & Reporting	469	969	500
Total	469	969	500

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

6 The primary responsibility of this group is to support the Human Resources organization
7 in the areas of HR operational and tactical reporting, technology support, and technology project
8 implementations.

9 HR operational and tactical reporting requires working closely with the HR departments
10 to develop and support reports and analytical tools that meet the operational needs of the HR
11 organization. This includes subject areas such as workforce management, compensation,
12 performance management, training, diversity, and HR financials. Other responsibilities include
13 the generation and delivery of reports and information that track progress and compliance
14 activities managed by other HR departments.

15 Technology support functions as the first line of support for the HR corporate systems
16 and works with the HR departments to identify needed systems enhancements and
17 improvements.

18 Project implementation identifies, implements, and manages HR technology projects that
19 focus on areas of process improvement and optimization, as well as leveraging technology
20 solutions that streamline existing processes.

21 **2. Forecast Method**

22 The forecast method I chose for this cost category is base year recorded. This method is
23 most appropriate because this department was established in 2010 and is the most accurate
24 representation of the current and future structure of the organization and includes adjustments for
25 specific technological development and growth.

26 Use of alternate forecast method(s) or certain historical data is not appropriate because
27 they do not account for technological development and growth.

1 **3. Cost Drivers**

2 The cost drivers behind this forecast are for the labor and non-labor for one manager and
3 two management employees. Incremental non-labor costs are related to the implementation of
4 the HR Self-Service Portal and Mobile Access; a new reporting platform and tools providing
5 real-time access to HR Data for development of ad-hoc reports and data discovery, allowing HR
6 professionals to have the tools to answer business questions in a timely manner.

7 **G. Employee Communications**

8 **TABLE SEE-9**

9 **Forecast for Employee Communications**

Shown in Thousands of 2013 Dollars			
G. Employee Communications	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Employee Communications	243	296	53
Total	243	296	53

10
11 **1. Description of Costs and Underlying Activities**

12 Employee Communications is responsible for developing the enterprise-wide San Diego
13 Gas & Electric communication strategy and implementation to keep employees informed and
14 engaged. The department is responsible for developing and implementing communications on
15 San Diego Gas & Electric’s strategic focus and priorities; position on the environment;
16 commitments to its communities; customer service; financial performance; operational updates;
17 employee benefits and resources; policies and procedures; and, safety and security. Message
18 platforms include: video messaging; internal stories written and posted to the intranet; leadership
19 visibility including executive letters and video messages to employees; targeted communications
20 to managers, supervisors and represented employees; content development and management of
21 the enterprise-wide digital board system; intranet content management; and, employee town hall
22 meetings.

23 The complex issues surrounding a gas and electric utility create significant challenges for
24 the Employee Communications group in providing proactive and timely communications to
25 employees, who in most cases are also ratepayers. Employee Communications partners closely
26 with External Affairs, Customer Service and other internal departments to provide employees

1 timely and accurate information about what is happening across the organization and within the
2 media and community.

3 **2. Forecast Method**

4 The forecast method I chose for this cost category is base year recorded. This method is
5 most appropriate because Employee Communications is new to HR and contains only one year
6 of recorded costs.

7 **3. Cost Drivers**

8 The cost drivers behind this forecast are for labor and non-labor costs for one
9 communications manager and incremental non-labor for enhancements to business technology
10 and execution of communication plans.

11 **H. Offices of the CEO and President & COO**

12 **TABLE SEE-10**

13 **Forecast for Offices of the CEO and President & COO**

Shown in Thousands of 2013 Dollars			
H. Offices of the CEO and President & COO	2013 Adjusted-Recorded	TY2016 Estimated	Change
1. Offices of the CEO and President & COO	1,793	2,293	500
Total	1,793	2,293	500

14
15 **1. Description of Costs and Underlying Activities**

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

19 The CEO is the highest ranking officer at SDG&E. Reporting to the CEO are the
20 President & COO, the VP of HR, Diversity & Inclusion, the Vice President & General Counsel,
21 and the Senior Vice President (“SVP”) of Finance, Regulatory and Legislative Affairs.

22 The President & COO directs the activities of the organization in accordance with
23 policies, goals, and objectives established by the CEO. Reporting to the President & COO are
24 the SVP of Power Supply, the SVP & CIO of SDG&E & Southern California Gas Company
25 (“SCG”), the Vice President of Electric Operations, the Vice President of Customer Services,
26 and the regional Vice President of External Relations.

1 **2. Forecast Method**

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

5 **3. Cost Drivers**

6 The cost drivers behind this forecast are the labor and non-labor costs for two executives
7 and two executive assistants. For justification, please refer to Compensation and Benefits
8 witness Debbie Robinson (Ex. SDG&E-22). Included in the President & COO non-labor total
9 are the membership dues for both Edison Electric Institute (“EEI”) and American Gas
10 Association (“AGA”). SDG&E believes memberships in each of these organizations is
11 important to our business and to our customers in order to improve awareness regarding utility
12 issues, promote appropriate economic development in the service territory, and promote policies
13 that would benefit the customers and economy of the region.

14 EEI is the association of the U.S. investor-owned electric companies. Organized in 1933,
15 EEI works closely with all of its members, representing their interests and advocating equitable
16 policies in legislative and regulatory arenas. EEI provides public policy leadership, critical
17 industry data, strategic business intelligence, one-of-a-kind conferences and forum, and top-
18 notch products and services. EEI projects the current annual dues level for SDG&E to be
19 approximately \$600,000. The 2016 incremental request of \$500,000 is the result of reducing the
20 dues by 16% to exclude lobbying activity costs.

21 AGA is the national trade association representing energy utilities that deliver natural
22 gas. AGA is an advocate for natural gas utility companies and their customers. The association
23 provides a broad range of programs and services for natural gas pipelines, marketers, gatherers,
24 international gas companies, and industry associates. As with EEI, the AGA dues request
25 (included in non-labor) is reduced by 2.5% to exclude lobbying activity costs.

26 **III. SHARED SERVICES COSTS**

27 As described in the testimony of Mark A. Diancin (Ex. SDG&E-26), Shared Services are
28 activities performed by a utility shared services department (*i.e.*, functional area) for the benefit
29 of (i) SDG&E or SCG, (ii) Sempra Energy Corporate Center, and/or (iii) any unregulated
30 subsidiaries. The utility providing Shared Services allocates and bills incurred costs to the entity
31 or entities receiving those services.

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

TABLE SEE-11

Shared O&M Summary of Costs

HUMAN RESOURCES, DISABILITY, WORKERS' COMP & SAFETY			
Shown in Thousands of 2013 Dollars Incurred Costs (100% Level)			
Categories of Management	2013 Adjusted- Recorded	TY2016 Estimated	Change
A. Safety Operations	1,304	2,367	1,063
B. Employee Care Services and Wellness Programs	1,110	1,270	160
C. Business Partner & Labor Relations	1,222	1,322	100
D. Manager Analysis & Workforce Planning	161	161	0
Total Shared Services (Incurred)	3,797	5,120	1,323

I am sponsoring the forecasts on a total incurred basis, as well as the Shared Services allocation percentages related to those costs. Those percentages are presented in my shared services workpapers, along with a description explaining the activities being allocated. See Ex. SDG&E-24-WP, pp.76. The dollar amounts allocated to affiliates are presented in the Shared Services Policy and Procedures testimony of Mark Diancin (Ex. SDG&E-26).

A. Safety Operations

TABLE SEE-12

Forecast for Safety Operations

Shown in Thousands of 2013 Dollars Incurred Costs (100% Level)			
A. Safety Operations	2013 Adjusted- Recorded	TY2016 Estimated	Change
1. Safety Operations	1,304	2,367	1,063
Incurred Costs Total	1,304	2,367	1,063

1. Description of Costs and Underlying Activities

Safety Operations plays an important role in support of field safety compliance audits, providing major program support, communications, management and statistical analysis. In an

1 effort to reduce and eliminate incidents, the department conducts job observations, incident
2 investigation and analysis, promotes defensive driving, body mechanics, ergonomics, and
3 personal protective equipment. The Safety Operations department interprets and advises field
4 operations regarding safety related rules and regulations and provides reviews of potential
5 legislation that would impact field operations.

6 Field Safety Advisors perform a significant role in all areas of the company regarding:

- 7 • Incident investigation and prevention including self-audits;
- 8 • Motor vehicle incident corrective action;
- 9 • Support of field operations for safety training and compliance;
- 10 • Technical safety project support to help develop plans for design/permitting and cost
11 impacts to engineers, contractors, and other technical specialists.

12 2. Forecast Method

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

16 3. Cost Drivers

17 The cost driver behind this forecast is for the labor and non-labor for one manager and
18 eight management employees. Incremental non-labor costs are for the continuation of the Safety
19 Barometer Survey which helps to gauge safety effectiveness and identify future opportunities
20 and implementation of a vehicle technology program to improve the defensive and professional
21 driving skills of SDG&E's employees.

22 According to the Bureau of Labor statistics, "Transportation incidents accounted for more
23 than 2 out of every 5 fatal work injuries in 2012... Of the 1,789 transportation-related fatal
24 injuries, about 58 percent (1,044 cases) were roadway incidents involving motorized land
25 vehicles... About 16 percent of fatal transportation incidents in 2012 involved pedestrians who
26 were struck by vehicles."¹ Motor vehicle incidents endanger employees, other drivers and
27 pedestrians.

28 In-vehicle technologies address a wide variety of driving behaviors and can enable the
29 company to identify risky driving behaviors that when modified, are likely to reduce crashes and

¹ United States Department of Labor, Bureau of Labor Statistics @
<http://www.bls.gov/news.release/cfoi.nr0.htm>

1 their adverse consequences. Telematics and in-vehicle cameras are two safety monitoring
 2 systems/programs that provide solutions in this area.

3 Telematics-type systems provide drivers with real-time feedback using voice, audible
 4 tone, or visual signal regarding their driving behaviors such as speed relative to the posted speed
 5 limit, cornering, braking, acceleration, idle time, etc. This technology uses GPS tracking
 6 systems and accelerometers tied to a vehicle’s electronics system. In-vehicle camera systems
 7 function similarly to telematics systems, adding video technology to capture driver behaviors.

8 Reports and alerts generated by these systems can be used by safety managers,
 9 supervision, and others to provide feedback, coaching, and training to correct risky driving
 10 behaviors, thereby reducing future crash risk.

11 **B. ECS and Wellness Programs**

12 **TABLE SEE-13**

13 **Forecast for ECS and Wellness Programs**

Shown in Thousands of 2013 Dollars Incurred Costs (100% Level)			
B. ECS and Wellness Programs	2013 Adjusted- Recorded	TY2016 Estimated	Change
1. ECS	635	795	160
2. Wellness Programs	475	475	0
Incurred Costs Total	1,110	1,270	160

14
 15 **1. ECS**

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

17 ECS is responsible for managing and administering WC programs, short-term disability,
 18 LTD, total disability under the pension plan, and leave and return to work programs for SDG&E,
 19 U.S. Gas & Power, and domestic based Sempra International employees. SDG&E’s WC
 20 program is self-insured and self-administered, resulting in program costs 78% below the average
 21 insured rate (per \$100 of payroll) in the State of California. ECS manages cases in a regulated,
 22 time-sensitive, and complex environment. Employee benefits are delivered in an integrated
 23 manner providing employees with a single point of contact. In addition to managing and
 24 administering these programs, ECS also provides guidance to all departments, employees, and
 25 supervisors on disability related issues.

1 SDG&E’s Leave and Return to work department manages mandatory leaves under the
2 Family Medical Leave Act (“FMLA”), California Family Rights Act (“CFRA”), Pregnancy
3 Disability Leave (“PDL”), temporary modified duty placements, and reasonable
4 accommodations under the Americans with Disabilities Act (“ADA”) and Americans with
5 Disabilities Act as Amended (“ADAAA”).

6 In compliance with reasonable accommodations requirements, SDG&E is committed to
7 providing reasonable accommodations to its employees and applicants for employment to ensure
8 that individuals with disabilities enjoy equal access to all employment opportunities. SDG&E
9 provides an accommodation or accommodations when an applicant with a disability needs to
10 have an equal opportunity to compete for a job; when an employee with a disability needs an
11 accommodation to perform the essential functions of the job or to gain access to the workplace;
12 and when an employee with a disability needs an accommodation to enjoy equal access to
13 benefits and privileges of employment (e.g., details, trainings, office-sponsored events).

14 **b. Forecast Method**

15 The forecast method I chose for this cost category is base year recorded. Prior to 2012,
16 the Leave and Return to Work portion of ECS was a shared-service with SCG. In the first
17 quarter of 2012, two new employees were added to administer this function for SDG&E.
18 Because of this additional function in ECS, use of alternate forecast method(s) or certain
19 historical data is not appropriate.

20 **c. Cost Drivers**

21 The cost drivers behind this forecast are the labor and non-labor costs two supervisors
22 and six management and associate employees. SDG&E’s current case management system is
23 scheduled to be upgraded in 2015. This new system will require additional contractor support
24 during testing and transition in 2016. The incremental costs requested are for this new system
25 training and compliance with new and upcoming changes due to legislation.

26 **2. Wellness Programs**

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

28 Wellness Programs is responsible for managing and administering the company’s
29 Employee Assistance Program (“EAP”) services, back up care program, and also administers
30 company wellness programs and activities.

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

b. Forecast Method

The forecast method I chose for this cost category is base year recorded. This method is most appropriate because prior to 2014, this cost center included costs for SDG&E’s drug testing program. Due to this re-structuring, base year methodology was selected and the drug testing labor costs were transferred to Safety Compliance to reflect the current and future structure of the organization and its related activities. Use of base year recorded yields the lowest forecast when compared to all other averaging methodologies.

c. Cost Drivers

The cost drivers behind this forecast are the labor and non-labor for the manager of ECS and EAP & Wellness Programs. There are no non-labor incremental costs requested.

C. Business Partner and Labor Relations

TABLE SEE-14

Forecast for Business Partner and Labor Relations

Shown in Thousands of 2013 Dollars Incurred Costs (100% Level)			
C. Business Partner & Labor Relations	2013 Adjusted- Recorded	TY2016 Estimated	Change
1. HR and Compensation	1,222	1,322	100
Incurred Costs Total	1,222	1,322	100

1. Business Partner and Labor Relations

a. Description of Costs and Underlying Activities

This department consists of HR Advisors (“HRAs”) and Labor Relations Advisors (“LRAs”).

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

1 policies which are mandated by state and federal laws and regulations. HRAs provide coaching
2 and counseling on complex human resource issues such as employee engagement and
3 motivation, hiring, compensation, disciplinary action, and implementation of affirmative action
4 strategies.

5 LRA's are responsible for labor strategy, union relations, Collective Bargaining
6 Agreement ("CBA") negotiations, contract administration, grievances, mediations, arbitrations
7 and National Labor Relations Board ("NLRB") actions. LRA's ensure compliance with the CBA
8 and regulations and laws impacting represented employees which are not addressed by the CBA.
9 In addition, LRA's provide guidance to supervisors of represented employees on matters
10 pertaining to the CBA, including local union relations, contract interpretation, performance
11 management, dispute resolution, discipline and other labor relations matters.

12 **b. Forecast Method**

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

16 **c. Cost Drivers**

17 The cost drivers behind this forecast are the labor and non-labor costs for one director
18 and seven management employees. The incremental cost requested is for the labor of one new
19 Labor Relations Advisor to shadow for an anticipated retirement.

20 **2. HR Business Partner & Compensation**

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

22 The HR Business Partner Manager performs Senior HRA duties, providing guidance and
23 support for all HRA's (as described in my testimony in section C.1.a above), Business Partner
24 and Labor Relations, as well as supervises the compensation function as described below.

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

29 Cost effective compensation programs are crucial elements in attracting, retaining, and
30 motivating a high performing workforce. SDG&E's compensation programs are designed to pay

1 for both organizational and individual performance, which helps motivate employees to perform
2 according to key business objectives.

3 **b. Forecast Method**

4 The forecast method I chose for this cost category is base year recorded. This method is
5 most appropriate because 2011 recorded costs represent only a partial year for the
6 HR/Compensation Manager. In 2012, Compensation moved under this function from another
7 HR area. For these reasons, base year recorded was selected as this is the most accurate
8 representation of the current and future structure of the organization and its related activities.

9 **c. Cost Drivers**

10 The cost drivers behind this forecast are for the labor and non-labor costs for one
11 manager and two management employees. There are no non-labor incremental costs requested.

12 **D. Manager Analysis and Workforce Planning**

13 **TABLE SEE-15**

14 **Forecast for Manager Analysis and Workforce Planning**

Shown in Thousands of 2013 Dollars Incurred Costs (100% Level)			
D. Manager Analysis & Workforce Planning	2013 Adjusted- Recorded	TY2016 Estimated	Change
1. Manager Analysis & Workforce Planning	161	161	0
Incurred Costs Total	161	161	0

15
16 **1. Description of Costs and Underlying Activities**

17 The Manager of Analysis and Workforce Planning performs research, analysis, and
18 workforce planning services for SCG and Sempra Corporate Center. This position also
19 supervises the employees and activities performed in the People research non-shared cost center
20 as detailed in section E, Organizational Effectiveness, in my testimony.

21 **2. Forecast Method**

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

1 **3. Cost Drivers**

2 The cost drivers behind this forecast are the labor and non-labor for one manager. There
3 are no non-labor incremental costs requested.

4 **IV. CONCLUSION**

5 Activities described in my testimony and detailed descriptions in my workpapers
6 represents a strong and highly productive HR, Safety, Disability, & Workers' Compensation
7 organization, supporting SDG&E's goal of the safe, reliable delivery of electric and gas services
8 to its 3.4 million consumers. We ask the Commission to approve as just and reasonable the use
9 of base year recorded forecast methodology plus known incremental spend for all cost centers
10 (except WC, which employs a three-year average and is escalated for known cost drivers;
11 medical costs, indemnity, and inflation).

12 This concludes my prepared direct testimony.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Sarah E. Edgar. My business address is 8306 Century Park Ct., San Diego,
3 CA 92123. I am employed by SDG&E as the Director of Human Resources & Labor Relations.
4 In my current position I oversee three distinct work groups; Human Resources, Labor Relations,
5 and Compensation. I have been in my current position since May of 2014.

6 I received a Bachelor of Science degree in Mechanical Engineering from the University
7 of California at Santa Barbara in June of 1986. From 1986 to 2011, I was employed by Southern
8 California Gas Company and held positions of increasing responsibility in the following
9 departments; Marketing, Transmission and Storage, Information Technology, Distribution
10 Operations, and Human Resources. In 2011, I was transferred to SDG&E and held the position
11 of Director of Safety, Wellness, & Disability Services until May 2014.

12 I have previously testified before the California Public Utilities Commission.