



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

Application of San Diego Gas & Electric
Company (U 902 M) for Authorization to
Close Certain Branch Offices

Application 21-11-____
(Filed November 22, 2021)

FILED

11/22/21
04:59 PM

A2111017

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) FOR
AUTHORIZATION TO CLOSE CERTAIN BRANCH OFFICES**

REQUEST FOR EXPEDITED SCHEDULE

Sharon L. Cohen
8330 Century Park Court
San Diego, CA 92123
Telephone: (619) 696-4355
Facsimile: (619) 699-5027
Email: SLCohen@sdge.com

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY

November 22, 2021

TABLE OF CONTENTS

I. BACKGROUND AND REQUESTED RELIEF 1

II. SUMMARY OF APPLICATION..... 2

III. SUMMARY OF SUPPORTING TESTIMONY 5

IV. FUTURE REVIEW OF BRANCH OFFICES..... 10

V. STATUTORY AND PROCEDURAL REQUIREMENTS..... 10

 A. Rule 2.1 (a) – (c)..... 10

 1. Rule 2.1 (a) - Legal Name..... 10

 2. Rule 2.1 (b) Correspondence 11

 3. Rule 2.1 (c)..... 11

 a. Proposed Category of Proceeding..... 11

 b. Issues to be Considered..... 11

 c. Need for Hearings 12

 d. Proposed Schedule (Expedited) 12

 4. Rule 2.2 – Articles of Incorporation 13

VI. SERVICE..... 13

VII. CONCLUSION..... 14

ATTACHMENT A - REQUEST FOR EXPEDITED SCHEDULE..... A-1

ATTACHMENT B - OFFICER VERIFICATION.....B-1

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

Application of San Diego Gas & Electric
Company (U 902 M) for Authorization to
Close Certain Branch Offices

Application 21-11-____
(Filed November 22, 2021)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) FOR
AUTHORIZATION TO CLOSE CERTAIN BRANCH OFFICES**

REQUEST FOR EXPEDITED SCHEDULE

Pursuant to Article 2 of the California Public Utilities Commission’s (“CPUC” or “Commission”) Rules of Practice and Procedure and Decision (“D.”) 19-09-051, San Diego Gas & Electric Company (“SDG&E”) respectfully submits this Application requesting authorization to close SDG&E’s Downtown San Diego and National City Branch Offices (“Application”).

I. BACKGROUND AND REQUESTED RELIEF

In SDG&E’s 2019 General Rate Case Decision D.19-09-051, SDG&E requested closure of its Downtown San Diego Branch Office. That request was denied without prejudice and SDG&E is renewing its request to close its Downtown San Diego Branch Office and also its National City Branch Office at this time. Contemporaneously, SDG&E is filing a separate motion seeking to maintain the status quo of these Branch Offices during the pendency of this Application. Due to concerns for its employees, customers and the public’s health and safety during the COVID-19 pandemic, SDG&E has closed all of its branch offices to the public. SDG&E seeks to maintain that closure for the Downtown San Diego and National City Branch Offices until the Commission issues its decision in this Application in the event that the remaining branch offices reopen as health concerns subside.

As set forth in more detail below, SDG&E first summarizes its Application and the Prepared Direct Testimony submitted in support of this Application, which provide the basis and justification to support the permanent closure of two under-utilized and high cost branch offices where changing customer preferences and technological advances provide numerous alternate and adopted channels for all customers to meet their service and payment needs in a non-discriminatory manner. In addition, SDG&E proposes a streamlined process for approval of any future branch office closure requests through an advice letter process. SDG&E then provides the information necessary to comply with the statutory and procedural requirements associated with this Application, including justification for SDG&E's request for an expedited schedule as described in Attachment A. SDG&E respectfully requests that the Commission approve this Application no later than the June 2, 2022 Commission meeting so that SDG&E may conclude its lease terms and close the two Branch Offices in an orderly and timely fashion in accordance with any Commission decision approving this Application.

II. SUMMARY OF APPLICATION

SDG&E currently operates six branch offices in its service territory, which provide customers the option of paying their bills in-person, inquiring about accounts, and completing other customer service transactions. Historically, bill payments account for 95% of all SDG&E branch office transactions.¹ However, in the last five years, payments made at SDG&E branch offices have declined.² During this same period, as technology has improved and new channels for customer payment and non-payment transactions have expanded, customers have increasingly migrated to electronic means of making payments, such as home banking,

¹ See Prepared Direct Testimony of Lucy J. Yribe (November 19, 2021) at LJY-2, Table 1.

² *Id.* at 2-3 and Table 2.

SDG&E's MyAccount (available on-line and through Smartphone apps), and other forms of electronic debit. While payments at branch offices have been declining, the cost of providing branch office services continues to increase.

The decline in branch office use accelerated on March 23, 2020, with the unexpected closure of all SDG&E branch offices for health and safety reasons due to the extreme risks posed by the COVID-19 pandemic and the Stay at Home Order issued by Governor Newsom.³ With the sudden closure of all branch offices, SDG&E has seen its customers successfully navigate and adopt alternate ways to receive their service needs and to make payments.⁴ Customer needs, including those of low income, elderly and customers with disabilities, are being met by various other channels that serve as reasonable, adequate alternatives for bill payment, customer service, and information.

In view of the changing needs and service options for its customers, SDG&E recommends that the Downtown San Diego and National City Branch Offices, which have the lowest usage and highest cost per transaction, be permanently closed at the expiration of their current lease terms, June 30, 2022. Together, closure of these two branch offices is estimated to result in an annual cost savings of \$206,000 in operating costs, with one-time closure expenses of \$21,735 and avoidance of \$120,000 in one-time capital expenses if access and functional need enhancement work at the National City Branch Office is no longer necessary.⁵ Realization of these cost savings upon closure of high-cost and underutilized branch offices is in the best interests of the majority of SDG&E's customers and will not disproportionately affect low

³ *Id.* at LJY-4.

⁴ *See id.* at LJY-4-9.

⁵ *Id.* at LJY-13 and Table 12.

income, elderly or persons with disabilities.⁶ The Branch Office closures will have a minimal impact on employees as the employees for these two branch offices will be relocated to other branch office locations.⁷

Following the Commission’s guidance in D.98-07-077, Ordering Paragraph 4, prior to filing this Application, SDG&E provided bi-lingual notice to the customers who have visited the Downtown San Diego and National City Branches Offices at least one time since January 2019 through direct mail, English and Spanish local news publications and posters prominently displayed at the two Branch Offices. Those notices were provided over 60 days prior to the filing of this Application, and informed customers that SDG&E would be seeking the Commission’s permission to permanently close the two Branch Offices, asked customers to contact either the Commission or SDG&E with any questions or comments and informed customers of multiple alternate means to meet their service and payment needs, including the location of the closest alternative branch office and APLs.⁸ SDG&E also contacted stakeholders to discuss its proposed closure request and solicit their feedback.⁹ A summary of the 12 customer comments received in connection with SDG&E’s notices is appended as Attachment A to the Prepared Direct Testimony of Lucy J. Yribe as part of this Application. Stakeholder

⁶ SDG&E has four other branch offices spread throughout its service territory, 50 alternate payment locations (“APL”), some of which are located less than 3 miles from the Downtown San Diego and National City Branch Offices, SDG&E’s Customer Care Centers for phone transactions, payment by mail and multiple electronic payment options, including MyAccount, home banking and Bill Matrix. *See id.* at LJY-10-13.

⁷ *Id.* at LJY-15.

⁸ *Id.* at LJY-14-15 and Table 11.

⁹ *Id.* at LJY-16.

comments were also incorporated in this Application and in Ms. Yribe’s Testimony where applicable.

For these reasons, and for the reasons further discussed below and in the Prepared Direct Testimony of Lucy J. Yribe, SDG&E respectfully requests that the Commission approve this Application for Authorization to close the Downtown San Diego and National City Branch Offices.

III. SUMMARY OF SUPPORTING TESTIMONY

In support of this Application, SDG&E includes the Prepared Direct Testimony of Lucy J. Yribe, (Exhibit SDG&E-01), which describes the background and policy justifications for the proposed Branch Office closures. This testimony describes the decline in branch office usage generally and with respect to the Downtown San Diego and National City Branch Offices as customers have moved to alternate forms of payment and non-payment channels to meet their needs. The general migration of customers away from branch office use, historically and after March 23, 2020, when all SDG&E branch offices were closed for health and safety reasons related to the COVID-19 pandemic, is shown as set forth in Table 2 below:

Table 2

Payment Channels Used by Customers					
Payment Channel	2016	2017	2018	2019	2020
APLs	0.8%	0.8%	0.8%	0.7%	0.7%
Bill Matrix	2.8%	3.3%	3.6%	3.7%	4.1%
Branch Offices	2.6%	2.5%	2.6%	2.4%	0.9%
Mail	40.4%	40.1%	37.7%	34.8%	33.3%
Home Banking	10.9%	10.4%	9.9%	8.9%	9.1%
MyAccount	23.8%	25.9%	28.4%	29.8%	33.0%
Other	18.7%	17.0%	17.0%	19.7%	18.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Ms. Yribe’s testimony also shows the alternate payment methods used by customers after the Downtown San Diego and National City Branch offices closed in March 2020, as set forth in Table 3:¹⁰

Table 3

Payment Channels Used by Customers April 2020 – March 2021			
Breakdown of payment channels used by SDG&E branch office customers <u>after</u> the branch closure due to COVID-19 (customers who paid at a branch office at least once during the 12 months prior to the offices closing to the public; March 2019-February 2020).			
Payment Channel	SD Downtown	National City	All Offices Combined
APLs	12%	24%	14%
Bill Matrix	16%	20%	22%
Branch Offices (drop box)	9%	9%	12%
Mail	35%	21%	24%
Home Banking	5%	4%	7%
MyAccount	20%	18%	17%
<u>Other</u>	<u>4%</u>	<u>5%</u>	<u>5%</u>
Total	100%	100%	100%

Similarly, while non-payment transactions made up only 5% of all branch office transactions, those customers have navigated to alternate channels to meet their needs, particularly through calls to SDG&E’s Customer Care Center, as set forth in Table 4:

¹⁰ Table 3 reflects the pool of customers who had visited a branch office at least once during the 12 months prior to the Branch’s closure on March 23, 2020, and segregates data for Downtown San Diego Branch Office and National City Branch Office customers from that total pool.

Table 4

Non-Payment Transactions					
	2016	2017	2018	2019	2020
Branch Offices					
Service Orders	25,790	25,162	24,537	24,075	3,670**
Customer Program Enrollments (includes CARE, FERA and ESAP)	3,367	3,078	3,763	3,164	787**
Total	29,157	28,240	28,300	27,239	4,457**
Self-Service (IVR and MyAccount)					
Service Orders*	124,955	145,240	163,962	161,036	31,284
Customer Program Enrollments (includes CARE, FERA and ESAP)	1,848	1,179	2,656	2,634	5,104
Total	126,803	146,419	166,618	163,670	36,388
Customer Care Center (calls)					
Service Orders	371,343	355,602	324,845	374,420	474,814
Customer Program Enrollments (includes CARE, FERA and ESAP)	425	541	614	291	171
Total	371,768	356,143	325,459	374,711	474,985
All Other Sources (includes CARE, FERA, ESAP, and Medical Baseline which is not tracked at other levels)					
Customer Program Enrollments	50,207	55,461	56,661	68,078	73,210
* In 2020, many self-serve options were disabled in order to speak to the customer about COVID-19 protocols before scheduling an appointment.					
**Reflects Jan 1, 2020 – Mar 20, 2020 period while branch offices were open to the public.					

While customers could enroll in California Alternate Rates for Energy (“CARE”) and other customer programs at branch offices, since the COVID-19 branch office closures, customers have increasingly enrolled through SDG&E’s network of Community-Based Organizations’ outreach activities and SDG&E’s Customer Care Center. Ms. Yribe’s testimony demonstrates that customers have successfully adapted to using alternate methods to meet all of their payment and non-payment service needs while the branch offices have been closed. The service channels provided by SDG&E are designed to accommodate all customers regardless of their needs.

Ms. Yribe’s testimony further describes SDG&E’s efforts to notify customers who previously used either of the two Branch Offices and key stakeholders of SDG&E’s intention to request permanent closure of those branch offices and to solicit their comments, questions, or concerns. As described in Ms. Yribe’s testimony, over 60-days prior to filing this Application SDG&E directly mailed customers who had visited the Downtown San Diego and National City Branch Offices at least once in the prior two years to notify them of the proposed closure in both English and Spanish, described all of the alternate payment channels available to them, including APLs located less than 5 miles from the Branch Office to be closed, and provided information on the ways customers could provide their feedback to either the Commission or SDG&E. Ms. Yribe’s testimony also provides detail on the local news articles placed in both Spanish and English publications and the bi-lingual posters placed visibly at the two Branch Office locations.

A small number of customer responses have been received to date and responded to as appropriate. As further addressed in Ms. Yribe’s testimony, and described in Attachment A to Ms. Yribe’s Testimony, many of the comments received related to the customer’s desire to maintain either the branch office or the drop boxes that have been placed at the branch office

locations for customer convenience during the COVID-19 branch office closures, and concern for the employees who worked at the branch office. SDG&E will relocate any employee impacted by the Branch Office closure, and other payment options are available to address the remaining customer concerns in a non-discriminatory fashion.

In addition, Ms. Yribe's testimony describes SDG&E's outreach to key stakeholders prior to filing this Application. SDG&E obtained stakeholder feedback in order to address their concerns in the notices to customers and this Application to the extent possible. Stakeholders voiced their concern and interest in understanding how low income, elderly and persons with disabilities have met their service needs while the Branch Offices have been closed due to COVID-19 health concerns. To the extent that data is readily available to SDG&E, it has been included in Ms. Yribe's testimony.

The COVID-19 pandemic, and the unexpected closure of all SDG&E branch office locations over the last nineteen months, has provided SDG&E and its customers with opportunities to find and improve on alternate methods to meet customers' payment and other service needs. Customers have successfully adopted those alternate channels, and it is in the best interest of SDG&E's customers as a whole, to eliminate under-utilized and high cost branch office locations where customers have effectively been provided ways to meet their service needs. If this Application is approved, annual cost savings of approximately \$206,000 will be achieved on customers' behalf, with an additional one-time cost savings of \$120,000 in avoided accessibility enhancement costs at the National City Branch Office and a one-time cost incurred of approximately \$21,735 for Branch Office Closure related costs.

IV. FUTURE REVIEW OF BRANCH OFFICES

Customer service is a key component of SDG&E's operations, and SDG&E strives to ensure that all customers' service needs are able to be met through multiple channels, including the needs of low income, elderly and persons with disabilities. In assessing customer needs and the services it provides, SDG&E regularly reviews the performance of its branch offices. SDG&E proposes to streamline any future requests to close a branch office through an advice letter process. In making any future request, SDG&E proposes to follow the criteria established in D.98-07-077,¹¹ which sets forth the demonstration required to obtain Commission approval through an advice letter process to close any business office.

V. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1 (a) – (c)

This Application is filed pursuant to California Public Utilities Code ("P.U. Code") Sections 451, 454, 491, 701, and 702, and the Commission's Rules of Practice and Procedure ("Rules").

In accordance with Rule 2.1(a)–(c) of the Commission's Rules of Practice and Procedure, SDG&E provides the following information.

1. Rule 2.1 (a) - Legal Name

San Diego Gas & Electric Company is a corporation organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is 8330 Century Park Court, San Diego, California 92123.

¹¹ See D.98-07-077 at 18 and Ordering Paragraph 4.

2. Rule 2.1 (b) Correspondence

Correspondence or communications, including any data requests, regarding this

Application should be addressed to:

Geneveve Bucsit
Regulatory Case Manager
San Diego Gas & Electric Company
8330 Century Park Court, #CP32F
San Diego, California 92123
Telephone: (619) 676-8991
GBucsit@sdge.com

with copies to:

Sharon L. Cohen
San Diego Gas & Electric Company
8330 Century Park Court,
San Diego, CA 92123
Telephone: (619) 696-4355
SLCohen@sdge.com

3. Rule 2.1 (c)

a. Proposed Category of Proceeding

In accordance with Rule 7.1, SDG&E requests that this Application be categorized as ratesetting.

b. Issues to be Considered

The issues to be considered in this proceeding are whether SDG&E's proposed permanent closure of its Downtown San Diego and National City Branch Offices is reasonable and whether the advice letter process is permitted for future branch office closure requests. With respect to relevant safety considerations, SDG&E does not believe that the approval of its proposed branch office closures will have a safety impact.

c. Need for Hearings

Because of the limited factual issues to be addressed in this proceeding, SDG&E does not anticipate a need for hearings. SDG&E has provided ample supporting testimony, analysis and documentation that provide the Commission with a sufficient record upon which to grant the requested relief. In the event hearings do become necessary, SDG&E proposes a procedural schedule below.

d. Proposed Schedule (Expedited)

SDG&E is requesting an expedited schedule in this proceeding pursuant to Rule 2.9. Due to the continuation of the COVID-19 pandemic, to protect the health and safety of its employees, customers and the general public, SDG&E's branch offices are currently closed to the public. SDG&E believes it is in the best interest of ratepayers that the Commission determine this Application to close the Downtown San Diego and National City Branch Offices prior to the Branch Offices' respective lease expiration dates, which is June 30, 2022, to avoid ratepayer harm. Pursuant to Rule 2.9(b), SDG&E has included, at Attachment A hereto, specific facts regarding the need for a decision to close the two Branch Offices prior to the Commission's June 2, 2022 meeting to allow for an orderly and timely closure of the Branch Offices (if authorized) at or before the lease expiration dates. Contemporaneously with this Application, SDG&E is also filing a Motion for Order Maintaining the Status Quo Pending Resolution of the Application for Authorization to Close Certain Branch Offices ("Motion to Maintain Status Quo") in order to permit the Downtown San Diego and National City Branch Offices to remain closed pending determination of this Application.

Consistent with these requests, SDG&E proposes the following expedited schedule:

Application Filed	November 22, 2021
Responses and Protests to Application	December 6, 2021 ¹²
Reply to Responses and Protests	December 13, 2021
Prehearing Conference	December 20, 2021
Intervenor Testimony	January 14, 2022
Concurrent Rebuttal Testimony	January 28, 2022
Motion for Hearings	February 2, 2022
Evidentiary Hearings (If Necessary)	Week of February 14, 2022
Concurrent Opening Briefs filed	March 14, 2022
Concurrent Reply Briefs filed	March 28, 2022
Proposed Decision	On or before April 29, 2022
Commission Final Decision	On or before June 2, 2022

4. Rule 2.2 – Articles of Incorporation

A copy of SDG&E’s Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on September 10, 2014, with SDG&E Application 14-09-008, and is incorporated herein by reference.

VI. SERVICE

This is a new application. No service list has been established for this proceeding. Accordingly, SDG&E will serve this Application and its attachments, testimony, and exhibits, on the parties contained in the service lists for SDG&E’s 2019 General Rate Case Proceeding (A.17-10-007/008 (cons.)), that proceeding’s Assigned Administrative Law Judge, Rafael Lirag, and to Chief Administrative Law Judge Anne Simon.

¹² Per Commission Rule 2.6(a), the projected deadline for responses and protests is 30 days after the filing of the Application. However, because an expedited schedule is being requested here, the proposed date represents 14 days following filing of the Application.

VII. CONCLUSION

For all of the foregoing reasons, SDG&E requests that the Commission:

1. Grant SDG&E's Request for Expedited Schedule;
2. Authorize SDG&E to permanently close the Downtown San Diego Branch Office and the National City Branch Office;
3. Authorize SDG&E to file any future requests for branch office closure through the advice letter process; and
4. Grant such other and further relief as the Commission finds to be just and reasonable.

DATED at San Diego, California, this 22nd day of November 2021.

Respectfully submitted,

/s/ Sharon L. Cohen _____

Sharon L. Cohen
8330 Century Park Court,
San Diego, CA 92123
Telephone: (619) 696-4355
Facsimile: (619) 699-5027
Email: SLCohen@sdge.com

Attorney for:
San Diego Gas & Electric Company

By: */s/ Scott Crider* _____

Scott Crider
Senior Vice President – Customer Services and External Affairs
San Diego Gas & Electric Company

ATTACHMENT A
REQUEST FOR EXPEDITED SCHEDULE

REQUEST FOR EXPEDITED SCHEDULE

Pursuant to Rule 2.9 of the Commission's Rules of Practice and Procedure, SDG&E respectfully requests that this Branch Office Closure Application be considered by the Commission on an expedited basis to avoid potential financial harm to ratepayers. SDG&E is seeking authorization to close the Downtown San Diego and National City Branch Offices at the time their respective existing leases expire on June 30, 2022, because those Branch Offices are under-utilized by customers when they are open to the public, which makes the relative cost to maintain these branches much higher than SDG&E's other branch office locations and unnecessarily inefficient and costly for customers.

Closure of these two Branch Offices is justified because customer usage of these branch offices has declined over the last five years and, while they have been closed during the COVID-19 pandemic due to health and safety concerns, customers have dramatically shifted to alternate channels for all of their payment and service needs. Without authorization to permanently close the Downtown San Diego and National City Branch Office locations, SDG&E would be required to negotiate an extended lease on the facilities. A long-term lease extension may not be granted in the case of the Downtown San Diego Branch Office as this branch office is co-located at a credit union business (landlord) that has informed SDG&E that, because of development opportunities at this site, landlord is only willing to commit to short-term lease extensions in case a purchase/sale opportunity for the site arises. With respect to the National City Branch Office, SDG&E has an option to renew its lease for an additional three-year period at annual 2% price increases. Because the National City Branch Office has a much larger footprint on a per square-foot basis than the other branch offices, the National City Branch Office has the highest rent and operating expense obligation of all SDG&E's payment branch offices. With declining usage by

customers (and in the case of the National City Branch Office, an APL located a few doors down in the same shopping center), ratepayers will be harmed by continued financial and legal obligations to maintain a branch office without a corresponding benefit.

Accordingly, for the reasons stated above and in the Application, SDG&E respectfully requests that the proposed expedited schedule outlined in Section V of this Application be approved for purposes of authorizing SDG&E to permanently close the Downtown San Diego Branch Office and the National City Branch Office on or before the expiration of the respective Branch Office leases on June 30, 2022.

ATTACHMENT B
OFFICER VERIFICATION

OFFICER VERIFICATION

Scott Crider declares the following:

I am a San Diego Gas & Electric Company officer and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) FOR AUTHORIZATION TO CLOSE CERTAIN BRANCH OFFICES** are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on November 22, 2021, in San Diego, California.

/s/ Scott Crider _____

Scott Crider
Senior Vice President – Customer Services
and External Affairs
San Diego Gas & Electric Company