



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

**FILED**

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A2505004

Application of Southern California Gas  
Company (U 904 G) for Incremental Funding  
for Customer Information System  
Replacement Program.

A.25-05-004  
(Filed May 9, 2025)

**RESPONSE OF SOUTHERN CALIFORNIA GAS COMPANY TO ADMINISTRATIVE  
LAW JUDGE'S RULING REQUESTING ADDITIONAL INFORMATION**

**PUBLIC VERSION**

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**ATTACHMENT A**

**[Redacted Version]**

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY  
FOR INCREMENTAL FUNDING FOR CUSTOMER INFORMATION  
SYSTEM REPLACEMENT PROGRAM (A.25.5.004)**

**Administrative Law Judge's Ruling Requesting Additional Information**

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**Question 1.**

SoCalGas shall provide additional details explaining how costs were estimated for the following (as detailed in SoCalGas' Revised Prepared Direct Testimony of April McAllaster, Chapter 2, Workpaper). SoCalGas' response for each of the calculations described in a-c below must provide separate estimations for the hours and associated costs for (1) SoCalGas in-house employees and (2) outside labor contractors.

- a. Organizational and Operational Readiness (SoCalGas Labor and Contractor Labor) - Total Cost \$26,036,892
- b. Training Delivery (Number of Hours) - Total Cost \$8,027,880
- c. Surge Staffing (Especially Number of Hours - Backfill Resource Training and Delivery and Staff Augmentation) - Total Cost \$23,288,512

**Response 1a.**

The forecast for Organizational and Operational Readiness was based on actual incurred costs (April 2024 to January 2025), projected labor costs using a staffing model, contractor labor rates from executed contracts, and milestone payments from fixed cost contractor agreements.

For additional details on SoCalGas Labor hours in support of Organizational and Operational Readiness, please see attachment:

- CIS Detail Cost Estimate – OOR SoCalGas Labor

For additional details on Contractors Labor hours in support of Organizational and Operational Readiness, please see attachment:

- CIS Detail Cost Estimate – OOR Contractor Labor

The majority of the contractor costs for Organizational and Operational Readiness activities are based on payments associated with fixed contract terms tied to completion of project milestones. Detailed monthly costs are provided on CIS Detail Cost Estimate - OOR Cost by Milestone.

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**Response 1b.**

The forecast for Training Delivery of employee training leveraged input from SoCalGas's and vendor partner's subject matter experts (SMEs) based on similar CIS Replacement projects but tailored specifically to SoCalGas, including the number of employees across different business units who have to be trained and the number of business processes that SoCalGas employees will learn.

For additional details on Training Delivery, please see attachment:

- CIS Detail Cost Estimate – Training delivery

Note that Training Delivery only has contractor costs and no SoCalGas labor costs.

**Response 1c.**

The forecast for Surge Staffing leveraged input from SoCalGas's and vendor partner's SMEs based on similar CIS Replacement projects but tailored specifically to SoCalGas. Some key inputs include number of employees to be trained, estimation of required SAP training hours, percentage of employees who will be in end user training, and backfill estimates.

For additional cost details on Surge Staffing, please see attachment:

- CIS Detail Cost Estimate – Surge Staffing Model

Note that Surge Staffing only has contractor costs and no SoCalGas labor costs.

**Question 2.**

SoCalGas must provide additional information about how the costs detailed in the Direct Testimony of April McAllaster, Chapter 2, Workpaper compare with the annual Direct Labor Costs SoCalGas was authorized to track and seek recovery for in D.24-12-074 related to its proposed Customer Information System (CIS) Replacement Program?

When answering this question, SoCalGas must differentiate the hours and associated costs for (1) SoCalGas in-house employees and (2) outside labor contractors.

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**Response 2**

In D.24-12-074, the Commission authorized as part of SoCalGas's Test Year (TY) 2024 revenue requirement, Operations and Maintenance (O&M) recovery of \$10 million in TY 2024 for SoCalGas's CIS Replacement Project, which amounts to \$46 million over the GRC cycle (2024 through 2027) using the Commission's authorized escalation rate. (See D.24-12-074 at 503, 1084-1085, Conclusion of Law 147). In authorizing this amount, the Commission in D.24-12-074 did not approve or deny specific O&M activities or activity levels in SoCalGas's O&M forecast for the CIS Replacement Project.

The \$46 million authorized in D.24-12-074 has already been approved by the Commission and is not being sought as part of this application. Further, since this amount has already been approved, it is not subject to a reasonableness review in order for SoCalGas to be able to recover the authorized amount in rates.

In D.24-12-074, the Commission did not authorize a regulatory accounting mechanism for SoCalGas to track and later seek recovery of any amount over the already authorized amount of \$46 million in O&M that is incurred for the CIS Replacement Project. (D.24-12-074 at 503). Instead, the Commission authorized SoCalGas to submit a separate application if it expects costs to exceed what was authorized in D.24-12-074. (D.24-12-074 at 504). Since SoCalGas expects CIS Replacement Project costs to exceed the amount authorized in D.24-12-074, it has followed the Commission's direction from that decision in filing this separate application requesting incremental funding of \$24.9 million to continue advancing the CIS Replacement Project. The incremental \$24.9 million was derived by subtracting the imputed O&M authorized in D 24-12-074 (\$46 million) from SoCalGas's revised total O&M forecast for the project (\$71), which was submitted as part of its application and supporting testimony in this proceeding.

SoCalGas provides as attachment O&M Costs Through November 30, 2025 the amount spent on the CIS project through November 30, 2025, with separate breakouts for SoCalGas internal labor and contractor labor. As provided for in SoCalGas testimony, the majority of costs for the CIS Replacement Project will be incurred in 2026, when the system goes live and costs will be incurred to support training delivery, backfilling employees with surge staffing as they complete training to maintain performance levels, surge staff to augment employees post go-live as employees learn to effectively utilize the new CIS, decommissioning activities, and continued change management activities. SoCalGas will submit an update to this filing with the actuals for the year 2025 when they become available in January 2026.

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**Question 3.**

SoCalGas proposes using Equal Percentage Allocated Margin (EPAM) cost allocation method to allocate costs associated with its proposed CIS Replacement Program (as provided in Direct Testimony of Julia Leigh Cortez, Chapter 4).

- a. What alternative cost allocation methods were considered?
- b. What was the rationale for picking EPAM over other cost allocation methods?

**Response 3a.**

SoCalGas also considered using Equal Cents Per Therm (ECPT), which is a cost allocation methodology that allocates costs to rate classes based on relative annual average gas usage.

**Response 3b.**

ECPT is most appropriate when the costs at issue are either related to gas usage (e.g., Cap-and-Trade compliance costs) or when the costs are for social programs (e.g., the California Alternate Rates for Energy, or CARE, discount). Conversely, Equal Percent of Authorized Margin (EPAM) is the appropriate cost allocation methodology for costs that are similar in nature to SoCalGas's base business. The allocation percentage is based on the aggregate allocation of base margin costs as approved in the most recent Cost Allocation Proceeding, D.24-07-009.

Other costs allocated using EPAM as the allocation factor include the Storage Integrity Management Program Balancing Account (SIMPBA), Distribution Integrity Management Program Memorandum Account (DIMPBA), Master Meter Balancing Account (MMBA), and Dairy Biomethane Project Balancing Account (DBPBA).

### CIS Detail Cost Estimate – OOR SoCalGas Labor

Category	Grouping	Item Description/Role	Vendor	PCAT	Labor/Sub NonLabor	340,759.06	956,974.43	1,108,936.32	240,370.08	2,647,039.89
						2024 \$ (Direct)	2025 \$ (Direct)	2026 \$ (Direct)	2027 \$ (Direct)	Total \$ (Direct)
SoCalGas Labor	OOB	OOB Team Lead	SCG	O&M	Labor	81,104	127,745	141,370	35,342	385,561
SoCalGas Labor	OOB	Target Operating Model Lead	SCG	O&M	Labor	75,048	140,790	141,370	35,342	392,549
SoCalGas Labor	OOB	TOM Analyst	SCG	O&M	Labor	37,573	108,218	111,456	27,864	285,111
SoCalGas Labor	OOB	Organizational Readiness Lead	SCG	O&M	Labor	25,198	94,064	126,374	31,594	277,229
SoCalGas Labor	OOB	Culture & Teaming Analyst	SCG	O&M	Labor	38,562	90,551	96,922	24,230	250,265
SoCalGas Labor	OOB	Change Impact Analyst/Training Analyst 1	SCG	O&M	Labor	-	64,614	96,922	24,230	185,766
SoCalGas Labor	OOB	Change Impact Analyst/Training Analyst 2	SCG	O&M	Labor	-	64,614	96,922	24,230	185,766
SoCalGas Labor	OOB	Training Lead	SCG	O&M	Labor	32,920	137,885	141,370	35,342	347,517
SoCalGas Labor	OOB	Business Training Logistics (scheduling) SME	SCG	O&M	Labor	-	83,592	111,456	-	195,048
SoCalGas Labor	OOB	Functional Team Lead	SCG	O&M	Labor	5,781	-	-	-	5,781
SoCalGas Labor	OOB	PMO Program Manager	SCG	O&M	Labor	4,704	-	-	-	4,704
SoCalGas Labor	OOB	Program Director	SCG	O&M	Labor	7,281	8,902	8,776	2,194	27,153
SoCalGas Labor	OOB	Project Specialist 1	SCG	O&M	Labor	17,445	-	-	-	17,445
SoCalGas Labor	OOB	Technical Tower Lead	SCG	O&M	Labor	5,143	-	-	-	5,143
SoCalGas Labor	OOB	Builder awards	SCG	O&M	Labor	10,000	36,000	36,000	-	82,000

*Blended Rate*

<b>OOB SoCalGas Labor Hous</b>	62.55	5,448	15,299	17,729	3,843	42,319
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### CIS Detail Cost Estimate – OOR Contractor Labor

Category	Grouping	Item Description/Role	Vendor	PCAT	Labor/Sub NonLabor	419,091.50	1,361,657.46	1,641,600.00	399,600.00	3,815,948.96
						2024 \$ (Direct)	2025 \$ (Direct)	2026 \$ (Direct)	2027 \$ (Direct)	Total \$ (Direct)
Contractor Costs	OOR	Communication & Engagement Lead	[REDACTED]	O&M	Contractor/Prof Svcs	58,880	-	-	-	58,880
Contractor Costs	OOR	OOR Advisor	[REDACTED]	O&M	Contractor/Prof Svcs	273,002	430,857	470,400	117,600	1,291,859
Contractor Costs	OOR	Training Developer 1	[REDACTED]	O&M	Contractor/Prof Svcs	-	192,000	288,000	120,000	600,000
Contractor Costs	OOR	Training Developer 2	TBD	O&M	Contractor/Prof Svcs	-	192,000	288,000	120,000	600,000
Contractor Costs	OOR	Communication & Engagement Lead - B	[REDACTED]	O&M	Contractor/Prof Svcs	87,210	259,200	216,000	-	562,410
Contractor Costs	OOR	Communication & Engagement Lead - C	[REDACTED]	O&M	Contractor/Prof Svcs	-	9,200	-	-	9,200
Contractor Costs	OOR	OOR WFM Edge	TBD	O&M	Contractor/Prof Svcs	-	230,400	307,200	-	537,600
Contractor Costs	OOR	Travel Expenses-Training Developers 1 & 2	Other	O&M	Contractor/Prof Svcs	-	48,000	72,000	36,000	156,000

*Blended Rate*

<b>OOO Contractor Labor Hours</b>	153	2,742	8,908	10,739	2,575	24,964
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### CIS Detail Cost Estimate – OOR Cost by Milestone

Category	Grouping	Item Description/Role	Vendor	PCAT	Labor/Sub NonLabor	3,576,523.00 2024 \$ (Direct)	6,584,055.19 2025 \$ (Direct)	8,072,128.08 2026 \$ (Direct)	1,341,196.48 2027 \$ (Direct)	19,573,902.75 Total \$ (Direct)
Contractor Costs	OOB	System Integration Vendor	[REDACTED]	DSM	SI	3,576,523	6,584,055	8,072,128	1,341,196	19,573,903

OOB Cost by Milestone	Milestone Based	Milestone Based	Milestone Based	Milestone Based	Milestone Based
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**CIS Detail Cost Estimate – Training delivery**

	SAP Training Hours	Legacy Training Hours
CSR	168	264
Mass Market (Billing)	140	135
Major Markets (Billing)	140	135
Credit	120	115
Accounting & Finance	40	40

Staff Augmentation Training Cost			
Per Hour Cost	TTT Cost	Training Delivery Cost	Total Cost
\$120.00	\$337,920.00	\$215,400.00	\$553,320.00
Hours	2,816.00	1,795.00	

Backfill Legacy Training Cost			
Per Hour Cost	TTT Cost	Training Delivery Cost	Total Cost
\$120.00	\$468,480.00	\$631,680.00	\$1,100,160.00
Hours	3900	5,224	
Hours	3904	5,204	

Staff Aug Group	Staff Aug Headcount	Training Hours per User	Total Training Hours	Modality	Class Size	Concurrent Classes	% In Training @ Once	% of Time	Training Days	Staff Aug Training Hours per Group per Month			External Trainers
										July 2026	August 2026	September 2026	
		75%								22	23	4	-
CSRs	201	120	24,120	Virtual	20	10	100%	100%	15,71	-	25,320.00	-	10
Mass Markets	22	105	2,310	Virtual	11	2	100%	100%	13,125	-	2,310.00	-	2
Major Markets	5	105	525	Virtual	5	1	100%	100%	13,125	-	525.00	-	1
Credit	26	90	2,340	Virtual	13	2	100%	100%	11,25	-	2,340.00	-	2
Accounting & Finance	19	40	760	Virtual	10	1	100%	100%	5	-	400.00	-	1
<b>Total</b>	<b>264</b>												<b>16</b>

Staff Aug Costs by Month				
	July 2026	August 2026	September 2026	
	22	23	4	-
CSRs	\$211,200.00	\$12,700.00	-	\$302,400.00
Mass Markets	\$42,240.00	25,200.00	-	\$67,440.00
Major Markets	\$21,120.00	12,600.00	-	\$33,720.00
Credit	\$42,240.00	21,600.00	-	\$63,840.00
Accounting & Finance	\$21,120.00	4,000.00	-	\$25,120.00
<b>TOTAL</b>	<b>\$337,920.00</b>	<b>\$215,400.00</b>		<b>\$553,320.00</b>

Backfill Group	Backfill Headcount	Legacy Training Hours per User	Total Legacy Training Hours	Modality	Class Size	Concurrent Classes	% In Training @ Once	% of Time	Training Days	Backfill Training Hours by Group per Month				Trainers
										March 2026	April 2026	May 2026	June 2026	
										23	20	22	22	-
CSRs	178	264	46,862	Virtual	22	8	100%	100%	33	-	28,480	16,512.00	-	16
Mass Markets	14	200	2,800	Virtual	8	2	100%	100%	25	-	-	1,750	-	2
Major Markets	4	200	800	Virtual	4	1	100%	100%	25	-	-	469	-	1
Credit	19	200	3,800	Virtual	10	2	100%	100%	25	-	-	1,943	-	2
Accounting & Finance	4	40	160	Virtual	4	1	100%	100%	5	-	-	224	-	1
<b>Total</b>														<b>22</b>

Training Backfill Costs by Month					
	January 2026	February 2026	March 2026		
	19	19	23	22	22
CSRs	\$353,280.00	\$53,280.00	\$53,600.00	-	\$860,160.00
Mass Markets	-	\$38,400.00	49,000.00	-	\$86,400.00
Major Markets	-	\$19,200.00	24,000.00	-	\$43,200.00
Credit	-	\$38,400.00	49,000.00	-	\$86,400.00
Accounting & Finance	-	\$19,200.00	4,800.00	-	\$24,000.00
<b>TOTAL</b>	<b>\$353,280.00</b>	<b>\$498,480.00</b>	<b>278,400.00</b>		<b>\$1,100,160.00</b>

TTT = Train the Trainer  
CSR = Customer Service Representative

## O&M Costs Through November 30, 2025

CIS O&M Incurred Costs														
Cost Categories	2024 Total	2025											2025 Total	Grand Total
		1	2	3	4	5	6	7	8	9	10	11		
Contractor Costs	4,228,281	8,857	1,494,676	130,780	(7,401)	1,183,767	253,826	1,881,184	128,640	253,580	1,302	2,002,222	7,331,432	11,559,714
Materials/Facilities/Other	35,265	(697)	2,505	(396)	(640)	12,516	(99)	334	856	1,315	839	549	17,084	52,349
SoCalGas Labor	385,930	40,184	49,720	52,377	54,461	79,753	78,878	91,415	109,136	85,022	145,488	104,534	890,969	1,276,899
Software	3,814,489	27	11,620	24	21	40	699	85,259	127	391,232	(203,851)	4,505,666	4,790,863	8,605,352
<b>Grand Total</b>	<b>8,463,965</b>	<b>48,372</b>	<b>1,558,521</b>	<b>182,786</b>	<b>46,441</b>	<b>1,276,076</b>	<b>333,303</b>	<b>2,058,192</b>	<b>238,758</b>	<b>731,150</b>	<b>(56,222)</b>	<b>6,612,971</b>	<b>13,030,349</b>	<b>21,494,313</b>