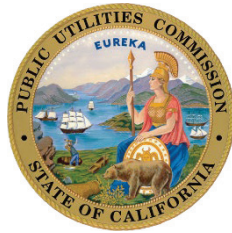


Docket : A.24-10-014
Exhibit Number : CA-02
Commissioner : J. Reynolds
Admin Law Judge : Perez-Green
Witness : Amin



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations
for
Pacific Gas and Electric Company
2023-2030 Billing Modernization Initiative

Billing Cloud Services Operations and Maintenance
Expenses and Capital Expenditures

San Francisco, California
June 30, 2025

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2023-2030 Billing Modernization Initiative

I. INTRODUCTION

This exhibit presents the analyses and recommendations of the Public Advocates Office (Cal Advocates) regarding Pacific Gas and Electric Company's (PG&E)'s 2023-2030 Billing Modernization Initiative (BMI). PG&E seeks authorization to recover costs associated with activities for upgrading and replacing its billing systems in its BMI application.

This exhibit covers costs recorded and forecasted in Stage 1 of the BMI identified as Billing Cloud Services (BCS) project from 2023- 2025.

PG&E states the BCS project began in 2020 to transition electric complex billing customers currently billed in the Advanced Billing System (ABS) to a new system, Oracle's Billing Cloud Services (BCS).¹ The BCS project is currently in progress and is scheduled to be deployed or go live in Q2 of 2025.^{2 3}

II. SUMMARY OF RECOMMENDATIONS

PG&E requests recovery of \$128.000 million for the BCS project for costs incurred from 2023-2025.⁴ PG&E's request includes \$3.400 million in Operations and

¹ PG&E's Application, p.7.

² In PG&E's Application, p.7., PG&E states that the BCS project was originally planned to go live at the beginning of 2023 but is now scheduled to go live in Q2 of 2025.

³ In PG&E's response to Cal Advocates data request PubAdv-PG&E-046-RA6, Q1, PG&E confirmed that the BCS go live date has been delayed from Q2 of 2025 to August 22, 2025 weekend.

⁴ For Stage 1 of Billing Modernization Initiative (BMI) or BCS project, PG&E confirmed that it included the 2021 and 2022 recorded capital expenditures in its revenue requirement calculation in p.2 of PG&E's Application and PG&E's response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q4a. However, PG&E states in its testimony at pp.1-4 and 1-5 that it requests 2023-2030 O&M expenses and capital expenditures cost recovery for Billing Modernization Initiative. PG&E confirmed that in its testimony the 2023 actual recorded costs for BCS project represents the sum of actual recorded costs of 2021, 2022, and 2023 in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q5a. In this testimony. Cal Advocates also presents the 2023 actual recorded costs for BCS project as the sum of actual recorded costs of 2021, 2022, and 2023 similar to PG&E.

1 Maintenance (O&M) expenses and \$124.600 million in capital expenditures for the BCS
2 project activities.⁵

3 The corresponding Cal Advocates' recommendation for the BCS project activities
4 is \$41.067 million for O&M expenses and capital expenditures. Cal Advocates'
5 recommendation is \$86.933 million lower than PG&E's request of \$128.000 million.⁶

6 The following summarizes Cal Advocates' recommendations regarding PG&E's
7 request for the BCS project:

- 8 • Cal Advocates recommends \$1.902 million for O&M expenses for BCS
9 project activities, which is \$1.498 million lower than PG&E's request of
10 \$3.400 million.
- 11 • Cal Advocates recommends \$39.165 million for capital expenditures
12 for BCS project activities, which is \$85.435 million lower than PG&E's
13 request of \$124.600 million.

14 Table 2-1 below shows PG&E's request and Cal Advocates' expense and capital
15 expenditures recommendations.

16

⁵ PG&E's Prepared Testimony, p. 1-5.

⁶ PG&E requests Commission approval to establish Billing Modernization Memorandum Accounts (BMMAs) to track and record actual revenue requirements for costs, retroactively from January 1, 2023, through the date of a final decision in this proceeding in Motion of Pacific Gas and Electric Company (U 39 M) to Establish Billing Modernization Memorandum Accounts (Motion), p.1. If the Commission authorizes PG&E's BMMAs, Cal Advocates recommends an effective date of January 1, 2025, at the earliest, and that PG&E track and record reasonably incurred capital expenditures associated with the Billing Modernization Initiative prior to 2025 (since capital is cumulative). PG&E, however, should not receive revenue requirement recovery until after January 1, 2025, for capital investments that are fully operational AND "used useful." Also, for operations and maintenance (O&M) expenses, there should be no recovery of costs prior to January 1, 2025 as discussed in Cal Advocates response to Motion of Pacific Gas and Electric Company (U 39 M) to Establish Billing Modernization Memorandum Accounts (Motion), p.7.

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Table 2-1
2023-2025 BCS Project Costs
(\$ Thousands)

Description (a)	PG&E Requested⁷ (b)	Cal Advocates Recommended (c)	Amount PG&E >Cal Advocates (d=b-c)
O&M Expenses			
	\$3,400	\$1,902	\$1,498
Total O&M Expenses	\$3,400	\$1,902	\$1,498
Capital Expenditures			
	\$124,600	\$39,165	\$85,435
Total Capital Expenditures	\$124,600	\$39,165	\$85,435
Total O&M and Capital Costs	\$128,000	\$41,067	\$86,933

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Table 2-2 below shows Cal Advocates' adjustments by category:

⁷ PG&E's Prepared Testimony, p. 1-5.

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Table 2-2
Cal Advocates' Adjustments by Category
(\$ Thousands)

Description (a)	Cal Advocates Adjustments (b)
O&M Expense Adjustments	
Staffing-Related Cost Adjustment	\$1,400
Labor and Overhead Cost Adjustment	\$98
Total O&M Expense Adjustments	\$1,498
Capital Cost Adjustment	
Plan/Analyze, Design, Build and Test Phase Cost Adjustment	\$38,953
Staffing-Related Cost Adjustment	\$14,645
Labor and Overhead Cost Adjustment	\$11,937
Contingency Cost Adjustment	\$7,900
Estimated Stranded Cost Adjustment	\$12,000 ⁸
Total Capital Cost Adjustments	\$85,435
Total O&M and Capital Cost Adjustments	\$86,933

4

5 **III. OVERVIEW OF CAL ADVOCATES' ANALYSES**

6 Cal Advocates conducted its analysis by reviewing PG&E's Testimony and
7 exhibits. Cal Advocates issued numerous data requests and analyzed the responses to
8 obtain additional information to clarify its recovery requests. Cal Advocates analyzed
9 the line-item details of recorded 2023-2024⁹ and forecasted 2024-2025 costs for
10 PG&E's Stage 1 of Billing Modernization Initiative or BCS project to determine which
11 costs were reasonably incurred, forecasted and appropriate for recovery.¹⁰ Cal

⁸ PG&E's capital forecast of \$124.600 million includes \$12 million for stranded costs. PG&E calculated its stranded costs estimate and included it in its workpaper and discovery responses as a potential future cost tied to the Commission's decision. Cal Advocates opposes PG&E's \$12 million request for recovery of stranded costs. Cal Advocates discusses this adjustment in detail in section IV.F of this report.

⁹ Similar to PG&E, Cal Advocates also represents the 2023 actual recorded costs for the BCS project as the sum of actual recorded costs of 2021, 2022, and 2023 in this testimony.

¹⁰ PG&E confirms that the 2024 forecast for BCS project in its application includes actual recorded costs from January to July 2024 and forecasted costs from August to December 2024 in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q5b.

1 Advocates met with PG&E several times to discuss issues pertaining to outstanding
2 discovery requests.¹¹ PG&E confirmed that it will not be including any project costs for
3 the Billing Modernization initiative in its upcoming 2027 GRC or any other off-cycle
4 filing.¹²

5 **IV. DISCUSSION / ANALYSIS OF 2023 -2025 BILLING MODERNIZATION** 6 **INITIATIVE COSTS**

7 **A. Overview of PG&E's Request**

8 PG&E requests a total of \$128.000 million for O&M and capital costs for its 2023-
9 2025 BCS project activities.¹³ PG&E states that BCS is a new modular rate engine that
10 will replace the ABS application for electric complex billing customers.¹⁴ Cal
11 Advocates' recommendation for PG&E's 2023-2025 BCS project activities is \$41.067
12 million, which is \$86.933 million lower than PG&E's request of \$128.000 million.

13 In PG&E's 2023 Generate Rate Case (GRC), the Commission disallowed
14 PG&E's cost recovery request for a billing system upgrade project.¹⁵ The Commission
15 in D.23-11-069 specifically adopted a forecast of \$0 for the billing system upgrade
16 project for 2023-2026 because: (1) PG&E failed to provide basic information to justify its
17 forecast for the upgrade; (2) PG&E failed to show how the upgrade implements
18 programs that are beyond the capabilities of the current system; (3) PG&E failed to
19 provide an implementation plan and timeline; (4) PG&E failed to establish that its
20 forecasted costs for the upgrade was reasonable since there were no clear or identified
21 benefits.¹⁶

¹¹ Cal Advocates met with PG&E on January 27, 2025, and May 6, 2025 on discovery issues.

¹² PG&E's response to Cal Advocates data request PubAdv-PG&E-027-RA6, Q2 and PG&E's Prepared Testimony, p. 1-4.

¹³ PG&E's Prepared Testimony, p. 1-5.

¹⁴ PG&E's Prepared Testimony, pp. 5-6.

¹⁵ PG&E Application, p. 4. PG&E requested a total of \$9 million in expense and approximately \$165 million in capital expenditures in 2021-2024 for the billing system upgrade project in PG&E's 2023 GRC.

¹⁶ D.23-11-069, p. 548.

1 In this application, PG&E claimed a vastly increased cost recovery request for
2 the billing system upgrade project.¹⁷ For the BCS project, PG&E originally forecasted
3 \$16.773 million in capital expenditures and O&M expenses in its 2023 GRC.¹⁸ In this
4 application, PG&E seeks recovery of a total of \$128.000 million in capital expenditures
5 and O&M expenses for the BCS project, which is a 663% increase over its forecast in
6 the 2023 GRC.

7 Cal Advocates requested that PG&E provide a line-item detail breakdown and
8 supporting documentation to substantiate this 663% increase in its forecast.¹⁹ PG&E
9 did not provide any supporting documentation or line-item detail breakdown and
10 asserted that the forecasts that PG&E created for 2023 GRC do not have the same
11 level of detail to allow a reasonable comparison.²⁰ The lack of supporting
12 documentation impedes Cal Advocates' ability to independently review and verify the
13 related activity and costs directly related to the 663% increase in PG&E's forecast in this
14 application, or to evaluate if the claimed cost increase reflects prudent and necessary
15 expenditures. Cal Advocates' recommendation of \$41.067 million for the BCS project
16 activities is reasonable and should be adopted. Table 2-3 below summarizes PG&E's
17 request and Cal Advocates' recommendation:
18

¹⁷ PG&E Application, p. 5. In this application, PG&E requests \$761.3 million through 2030, up from the \$176.8 million requested in the 2023 GRC Initiative.

¹⁸ PG&E's response to Cal Advocates data request PubAdv-PG&E-002, Q2.

¹⁹ Cal Advocates data request PubAdv-PG&E-020, Q1.

²⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-020, Q1.

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Table 2-3
2023-2025 BCS Project Costs
(\$ Thousands)

Description (a)	PG&E Requested²¹ (b)	Cal Advocates Recommended (c)	Amount PG&E>Cal Advocates (d=b-c)
Capital Expenditures			
BCS Project Capital Expenditures	\$124,600	\$39,165	\$85,435
Total Capital Expenditures	\$124,600	\$39,165	\$85,435
O&M Expenses			
BCS Project O&M Expenses	\$3,400	\$1,902	\$1,498
Total O&M Expenses	\$3,400	\$1,902	\$1,498
Total Capital and O&M Costs	\$128,000	\$41,067	\$86,933

4

B. PG&E Has Not Justified the Reasonableness of Including Its Plan/Analyze, Design, Build and Test Phase Costs

5
6

7 PG&E requests \$38.953 million in capital expenditures for its Plan/Analyze,
8 Design, Build and Test Phases of the BCS project.²² PG&E claims the Plan/Analyze,
9 Design, Build and Test Phases of the BCS project began in July 2021 and lasted
10 through September 2023.²³ PG&E states that the complex programs in the California
11 Marketplace caused misunderstandings in these early stages of the BCS project,

²¹ PG&E’s Application, p. 2.

²² PG&E provided the cost breakdown (in \$ format) for each of the 10 phases of BCS project in spreadsheet titled “BillingModernization_DR_CalAdvocates_036-Q001Atch01” provided in PG&E’s response to Cal Advocates data request PubAdv-PG&E-036-RA6, Q1. From that spreadsheet, Cal Advocates discovered that PG&E recorded a total of \$38.953 million in capital expenditures for its Plan/Analyze, Design, Build and Test Phase incurred between 2021 and 2023 for BCS project.

²³ PG&E’s Prepared Testimony, pp. 5-8 and 5-10.

1 leading to gaps in designs and other challenges.²⁴ Cal Advocates recommends a
 2 downward adjustment of \$38.953 million in capital expenditures for PG&E’s
 3 Plan/Analyze, Design, Build and Test Phases of the BCS project because the costs are
 4 excess, duplicative and are not justified. PG&E did not provide sufficient documentation
 5 for Cal Advocates to independently track and verify the requested costs to determine
 6 that the costs were reasonable and should be recovered from ratepayers. Table 2-4
 7 summarizes Cal Advocates adjustments regarding costs recorded for PG&E’s
 8 Plan/Analyze, Design, Build and Test Phase:

9
 10 **Table 2-4**
 11 **Cal Advocates’ Plan/Analyze, Design, Build and Test Phase Costs**
 12 **Adjustment by Category**
 13 **(\$ Thousands)**

Description (a)	PG&E Requested (b)	Cal Advocates Recommended (c)	PG&E>Cal Advocates (b-c)
Plan/Analyze, Design, Build and Test Phases Cost	\$38,953 ²⁵	\$0	\$38,953
Total	\$38,953	\$0	\$38,953

14
 15 PG&E states it initially planned for the BCS project to go live in 2023 but shifted
 16 the date to Q2 of 2025.²⁶ Cal Advocates requested additional information in order to
 17 review and evaluate documentation utilized by PG&E’s management that determined
 18 that the BCS project required a delay of the go live date by 2.5 years.²⁷ PG&E did not
 19 provide the requested documentation and instead referred Cal Advocates back to
 20 PG&E’s testimony on the history of the BCS project timeline.²⁸ The project timeline

²⁴ PG&E’s Prepared Testimony, p. 5-6.

²⁵ PG&E provided the total amount for Plan/Analyze, Design, Build and Test Phase for BCS project in PG&E’s spreadsheet titled “BillingModernization_DR_CalAdvocates_036-Q001Atch01” provided in PG&E’s response to Cal Advocates data request PubAdv-PG&E-036-RA6, Q1.

²⁶ PG&E’s Prepared Testimony, pp. 5-2 and 5-6.

²⁷ Cal Advocates data request PubAdv-PG&E-014, Q1d.

²⁸ PG&E’s response to Cal Advocates data request PubAdv-PG&E-014, Q1d.

1 shows that PG&E has restarted major implementation phases multiple times, which
2 caused activities for similar work to be duplicated and costs to increase for the project.
3 For example, the Plan/Analyze phase of the BCS project was initially completed in
4 November 2021 but restarted in October 2023 and continued through March 2024.²⁹
5 Similarly, PG&E re-executed the Design, Build, and Test phases.³⁰ This indicates that
6 the work completed in earlier years is no longer foundational to the current
7 implementation path. Cal Advocates asked:

8 Explain in detail and provide supporting documentation that can
9 demonstrate the ratepayer benefit and cost to reimburse for these stages
10 PG&E conducted multiple times for implementing BCS Solution and
11 replacement of ABS Electric.³¹
12

13 PG&E did not provide any supporting documentation and confirmed that it did not
14 conduct an analysis to support these repeated efforts.³² Cal Advocates requested that
15 PG&E explain why certain activities now included in the BCS scope were not priorities
16 at the time of the 2023 GRC and to provide management documentation supporting the
17 shift in prioritization.³³ PG&E was not able to provide the documentation as requested
18 by Cal Advocates and responded that the differences are due to forecast detail, not
19 priority.³⁴

20 In PG&E's 2023 GRC, the Commission explicitly denied recovery of the billing
21 system upgrade project costs. This was based on PG&E's failure to provide basic
22 information to justify its forecast, its failure to establish that the forecasted cost of the

²⁹ PG&E's Prepared Testimony, pp. 5-8 and 5-13.

³⁰ PG&E's Prepared Testimony, p.5-7.

³¹ Cal Advocates data request PubAdv-PG&E-020, Q2. PG&E did not provide any calculation and documentation to demonstrate the ratepayers benefit and cost for the implementation of the BCS project in PG&E's response to Cal Advocates data request PubAdv-PG&E-025, Q3.

³² PG&E's response to Cal Advocates data request PubAdv-PG&E-020, Q2.

³³ Cal Advocates data request PubAdv-PG&E-019, Q3.

³⁴ PG&E's response to Cal Advocates data request PubAdv-PG&E-019, Q3.

1 upgrade was reasonable, and that PG&E provided no clear or identified benefits.³⁵
2 PG&E was not able to provide any supporting evidence requested by Cal Advocates to
3 verify the benefits of re-performing these early stages of the BCS project. The benefit-
4 cost ratio for the BCS project is 0.02,³⁶ meaning that for every \$1 in cost, PG&E
5 estimated only \$0.02 in quantifiable benefits.

6 Cal Advocates requested that PG&E provide documentation that justified why
7 PG&E decided to move forward with the BCS project that had such a low benefit cost
8 ratio, and especially when the IT components offer zero benefits.³⁷ PG&E was not able
9 to provide any supporting documentation that justified the reason.³⁸ PG&E confirmed
10 that the costs outweigh the quantified benefits identified for the BCS project, and the
11 upgrade to BCS is a necessity to address non-quantifiable risks associated with
12 cybersecurity and potential asset failure.³⁹ PG&E was not able to provide any
13 supporting documentation to demonstrate whether these non-quantifiable risks have
14 resulted in any violations, system failures, billing errors etc.⁴⁰ Particularly in a project
15 with such low anticipated benefits, it is unreasonable to require ratepayers to provide
16 funding for the initial phases of the BCS project work that have been rendered
17 ineffective and lack support.

18 PG&E asserted that its initial work on the BCS project had significant
19 deficiencies, which included gaps in requirements, design, and test cases.⁴¹ As a
20 result, PG&E implemented a revised project execution operating model,⁴² meaning it

³⁵ D.23-11-069, p. 548.

³⁶ PG&E's response to Cal Advocates data request PubAdv-PG&E-008, Q2, and PG&E's testimony, p. 6-28.

³⁷ Cal Advocates data request PubAdv-PG&E-027, Q3a.

³⁸ PG&E's response to Cal Advocates data request PubAdv-PG&E-027, Q3a.

³⁹ PG&E's response to Cal Advocates data request PubAdv-PG&E-025, Q3.

⁴⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-035, Q4.

⁴¹ PG&E's Prepared Testimony, p. 5-14.

⁴² PG&E's Prepared Testimony, p. 5-17.

1 restarted the Plan/Analyze, Design, Build and Test Phases. PG&E performed some
2 major changes as well, such as replacing key vendors and shifting them to a different
3 delivery methodology.⁴³ PG&E stated that it created new requirements, test cases,
4 designs, codes, using real converted data instead of contrived data which PG&E used
5 in earlier years.⁴⁴ This means the prior work is no longer being used or contributing to
6 current implementation and lacks operational value or benefit to ratepayers. According
7 to the used and useful standard to be included in the rate base, the new asset must be
8 required and operate in an effective and efficient manner.⁴⁵ Applying this standard, the
9 Plan/Analyze, Design, Build and Test Phases, completed between 2021 and 2023, is
10 not used and useful, as PG&E re-executed all these phases later and failed to provide
11 any evidence that the earlier investment is delivering service, operational, beneficial to
12 ratepayers, or reasonable for ratepayer recovery.

13 Therefore, Cal Advocates recommends removing \$38.953 million in capital
14 expenditures for PG&E's Plan/Analyze, Design, Build and Test Phase for the BCS
15 project. PG&E was not able to adequately demonstrate with evidence that the costs are
16 prudent and do not result in unjust and unreasonable rates for ratepayers.

17 **C. PG&E Has Not Justified the Reasonableness of Including A**
18 **Portion of its Staffing- Related Costs**

19 PG&E requests a total of \$44.511 million for staff augmentation and surge
20 staffing costs in 2024 and 2025 for its BCS project.⁴⁶ Cal Advocates recommends a
21 downward adjustment of \$16.045 million associated with this request. This adjustment
22 is comprised of \$14.645 million for capital expenditures for staff augmentation labor
23 costs, and \$1.400 million for O&M expenses for surge staffing costs. PG&E was not

⁴³ PG&E's Prepared Testimony, pp. 5-16 and 5-17.

⁴⁴ PG&E's Prepared Testimony, pp. 5-16 and 5-17.

⁴⁵ Utility General Rate Case- A Manual for Regulatory Analysts, p. 26.

⁴⁶ From PG&E spreadsheet titled "BillingModernization_DR_CalAdvocates_002-Q001Atch01" provided in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q1, PG&E Prepared Testimony, p. 5-48, and PG&E's response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2f.

1 able to provide documentation to verify and substantiate these staffing related costs
2 specifically related to the BCS project, or that they were reasonably incurred.

3 Table 2-5 summarizes Cal Advocates' recommendation for staffing- related costs
4 in 2024 and 2025.

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Table 2-5
Cal Advocates' Staffing- Related Cost Adjustments by Category
(\$ Thousands)

Description (a)	PG&E Requested (b)	Cal Advocates Recommended (c)	PG&E>Cal Advocates (b-c)
Staffing Related-Staff Augmentation and Surge Staffing Costs	\$44,511 ⁴⁷	\$28,466	\$16,045 ⁴⁸
Total	\$44,511	\$28,466	\$16,045

9

10 1. Staff Augmentation Costs

11 PG&E requests \$43.111 million for staff augmentation capital expenditures in
12 2024 and 2025.⁴⁹ PG&E defined staff augmentation labor as where PG&E works with
13 partner companies to find resources with skills and expertise that PG&E does not
14 possess in the available workforce.⁵⁰ Cal Advocates recommends a downward
15 adjustment of \$14.645 million for capital expenditures for staff augmentation labor costs
16 in 2024 and 2025.⁵¹ PG&E was not able to provide documentation such as contracts or
17 other evidence to verify and substantiate these costs are reasonable for ratepayer

⁴⁷ PG&E provided the total amount for Plan/Analyze, Design, Build and Test Phase for BCS project in PG&E's spreadsheet titled "BillingModernization_DR_CalAdvocates_036-Q001Atch01" provided in PG&E's response to Cal Advocates data request PubAdv-PG&E-036-RA6, Q1.

⁴⁸ This includes \$14.645 million for capital expenditures for staff augmentation labor costs, and \$1.400 million for O&M expenses for surge staffing costs.

⁴⁹ PG&E's request includes recorded and forecasted capital expenditures of \$24.930 million in 2024, and \$18.181 million in 2025 for staff augmentation labor costs from PG&E spreadsheet titled "BillingModernization_DR_CalAdvocates_002-Q001Atch01" provided in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q1.

⁵⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-017-RA6, Q1.

⁵¹ This includes \$10.697 million recorded and forecasted costs in 2024 and \$3.948 million forecasted costs in 2025 for staff augmentation labor.

1 recovery. Table 2-6 summarizes Cal Advocates' recommendation for staff
2 augmentation costs in 2024 and 2025.

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Table 2-6
Cal Advocates' Staff Augmentation Cost Adjustments by Category

Description (a)	PG&E Requested (b)	Cal Advocates Recommended (c)	PG&E>Cal Advocates (b-c)
Staff Augmentation Costs	\$43,111 ⁵²	\$28,466	\$14,645
Total	\$43,111	\$28,466	\$14,645

6

7 PG&E recorded \$0.864 million in 2021, \$4.148 million in 2022, and \$4.643 million
8 in 2023 and forecasted \$24.930 million in 2024, and \$18.181 million in 2025 in capital
9 expenditures for staff augmentation labor costs.⁵³ Cal Advocates requested that PG&E
10 provide supporting documentation that can demonstrate the 438% increase in staff
11 augmentation costs in 2024, and 292% increase in staff augmentation costs in 2025,
12 relative to 2023 staff augmentation labor costs.⁵⁴ PG&E did not provide any supporting
13 documentation, and states that the primary driver for the increase in these costs in 2024
14 and 2025 is because the Oracle contract changed in 2024.⁵⁵

15 Cal Advocates requested that PG&E provide a copy of PG&E and Oracle's
16 revised contract.⁵⁶ From the contract agreements, Cal Advocates discovered that the
17 final negotiated total fees and estimated cost between PG&E and Oracle is \$14.233
18 million.⁵⁷ However, PG&E requests \$24.930 million in 2024 for staff augmentation

⁵² PG&E's request includes recorded and forecasted capital expenditures of \$24.930 million in 2024, and \$18.181 million in 2025 for staff augmentation labor costs from PG&E spreadsheet titled "BillingModernization_DR_CalAdvocates_002-Q001Atch01" provided in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q1.

⁵³ PG&E spreadsheet titled "BillingModernization_DR_CalAdvocates_002-Q001Atch01" provided in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q1.

⁵⁴ Cal Advocates data request PubAdv-PG&E-017-RA6, Q1v.

⁵⁵ PG&E's response to Cal Advocates data request PubAdv-PG&E-017-RA6, Q1v.

⁵⁶ Cal Advocates data request PubAdv-PG&E-026-RA6, Q2d and Q2e.

⁵⁷ PG&E attached three contract agreements with Oracle and stated in response to Cal

1 labor costs in this proceeding. There is a difference of \$10.697 million between PG&E's
2 request and the costs shown in the contract agreement with Oracle.

3 Cal Advocates asked PG&E to:

4 Provide supporting documentation such as invoices and contracts that can
5 justify the \$10.697 million difference between PG&E's recorded cost and
6 the cost specified in the contract agreement.⁵⁸

7
8 PG&E responded the staff augmentation labor cost requests in 2024 and 2025
9 includes the Oracle contract as well as resources from West Monroe, Utilligent/E-
10 Source, Cognizant, WWT, Accenture, and Insight Global.⁵⁹ PG&E did not provide any
11 supporting documentation such as contracts, scopes of work, or evidence as requested
12 by Cal Advocates to demonstrate these vendor resources were allocated specifically to
13 the BCS project.⁶⁰ PG&E admitted staff augmentation agreements were not always
14 scoped solely to the BCS project. This raises the risk of misallocation or cost recovery
15 overlaps with other enterprise projects. PG&E stated staff augmentation contracts are
16 based on time and materials, which are generally not specific to a single project, and
17 can be charged to multiple projects.⁶¹ PG&E was not able to submit documentation
18 showing how these allocations were calculated or provide invoices and contract
19 agreements to substantiate PG&E's request of \$24.930 million in 2024, and \$18.181
20 million in 2025 in capital expenditures.⁶²

Advocates data request PubAdv-PG&E-026-RA6, Q2, that the first attachment is the original fixed fee contract. Attachment 2 is the interim time and material contract, after PG&E and Oracle agreed to end the fixed fee contract. The third attachment is the final negotiated time and material contract. Cal Advocates discovered from the third attachment, the final negotiated time and material contract, that the total fees and estimated expenses is \$14.233 million, and "Services will commence on January 15, 2024 and are estimated to end on November 22, 2024."

⁵⁸ Cal Advocates data request PubAdv-PG&E-035-RA6, Q2a.

⁵⁹ PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q2a.

⁶⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q2a.

⁶¹ PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q2a.

⁶² PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q2. In PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q2c, PG&E only provided a line-item detail breakout of hours and cost and did not provide any documentation showing any

1 PG&E was unable to justify its full request of \$43.111 million in 2024 and 2025
2 for staff augmentation labor. Cal Advocates recommends downward adjustments of
3 \$14.645 million, comprised of \$10.697 million in 2024 and \$3.948 million in 2025 for
4 staff augmentation labor. PG&E was only able to provide support for a \$14.233 million
5 agreement with Oracle as shown in the contract. Cal Advocates recommends recovery
6 of \$28.466 million, which consists of \$14.233 million each year for 2024 and 2025
7 million for staff augmentation labor costs to align with the only and most recent
8 substantiated contract amount. Cal Advocates' recommendation is reasonable and
9 takes into account PG&E's failure to provide sufficient documentation to justify the level
10 of costs requested.

11 **2. Surge Staffing Costs**

12 PG&E forecasts \$1.400 million for O&M expenses in 2025 for surge staffing.⁶³
13 PG&E defined surge staffing as additional staff temporarily contracted to support
14 business or IT functions during post go live stabilization.⁶⁴ Cal Advocates recommends
15 removing PG&E's recovery request of \$1.400 million. PG&E did not provide verifiable
16 and traceable documentation for review and evaluation in order to substantiate the
17 costs and determine reasonableness of including these surge staffing costs for the BCS
18 project.

19 Table 2-7 summarizes Cal Advocates' recommendation for surge stuffing O&M
20 expenses in 2025.

21

contractual agreement.

⁶³ PG&E Prepared Testimony, p. 5-48, and PG&E's response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2f.

⁶⁴ PG&E's response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2d.

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**Table 2-7
Surge Staffing Costs
(\$ Thousands)**

Description (a)	PG&E Requested (b)	Cal Advocates Recommended (c)	PG&E>Cal Advocates (b-c)
Surge Staffing Costs	\$1,400 ⁶⁵	\$0	\$1,400
Total	\$1,400	\$0	\$1,400

4

5 In PG&E’s testimony, PG&E provided the labor Full-Time Equivalent Employees
6 (FTE) and costs by phase for the BCS project.⁶⁶ Cal Advocates reviewed PG&E’s
7 testimony and discovered that PG&E included 10 additional resources, calculated as 30
8 Average FTE and 30 Peak FTE surge staffing in three phases: test refresh, deploy and
9 support.

10 Cal Advocates asked PG&E:

11 Explain and provide documentation that can demonstrate why PG&E
12 includes 30 Avg. FTE surge staffing in three phases (test refresh, deploy
13 and support) and 30 Peak FTE surge staffing in three phases (test refresh,
14 deploy and support).⁶⁷

15
16 Provide supporting documentation that can demonstrate the need for
17 these surge staffing in three phases (test refresh, deploy and support) for
18 BCS project.⁶⁸

19

20 PG&E did not provide any supporting documentation.⁶⁹ During discovery, PG&E
21 asserted that it used existing employees, staff augmentation resources, and vendor
22 resources for BCS project activities.⁷⁰ PG&E stated that it forecasts 10 additional
23 resources for surge staffing to prepare for and support the BCS system during

⁶⁵ PG&E’s response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2f.

⁶⁶ PG&E’ Prepared Testimony, Table 5-1, p. 5-48.

⁶⁷ Cal Advocates data request PubAdv-PG&E-025-RA6, Q2e.

⁶⁸ Cal Advocates data request PubAdv-PG&E-025-RA6, Q2f.

⁶⁹ PG&E’s response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2e and Q2f.

⁷⁰ PG&E’s response to Cal Advocates data request PubAdv-PG&E-017-RA6, Q1k.

1 deployment and stabilization.⁷¹ Cal Advocates requested that PG&E provide supporting
2 documentation to demonstrate that PG&E’s existing employees, staff augmentation
3 resources, and vendor resources cannot support the BCS system during deployment
4 and stabilization.⁷² PG&E did not provide any documentation.⁷³

5 Cal Advocates requested that PG&E explain and provide supporting
6 documentation demonstrating whether PG&E will hire new staff or use existing staff as
7 10 additional resources for surge staffing to prepare for and support the BCS system
8 during deployment and stabilization.⁷⁴ PG&E was not able to provide any supporting
9 documentation as requested by Cal Advocates, and confirmed that it will not use
10 existing staff, and plans to contract these resources.⁷⁵ PG&E’s request of \$1.400
11 million for O&M expenses in 2025 for surge staffing should be rejected. PG&E has
12 failed to provide any verifiable documentation substantiating the reasonableness of
13 including these additional resources for BCS project.

14 **D. PG&E Has Not Demonstrated the Reasonableness of Including**
15 **Internal Labor and Overhead Costs**

16 PG&E forecasts \$19.976 million of internal labor and overhead costs in 2024 and
17 2025 for PG&E’s BCS project.⁷⁶ Cal Advocates recommends a downward adjustment
18 of \$12.035 million associated with internal labor and overhead costs in 2024 and 2025
19 for PG&E’s BCS project.⁷⁷ Cal Advocates’ recommendation is comprised of \$6.100

⁷¹ PG&E’s response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2e.

⁷² Cal Advocates data request PubAdv-PG&E-025-RA6, Q2h.

⁷³ PG&E’s response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2h.

⁷⁴ Cal Advocates data request PubAdv-PG&E-035-RA6, Q2f.

⁷⁵ PG&E’s response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q2f.

⁷⁶ By category, this total includes \$6.120 million in internal labor and \$13.856 million in overhead costs. From PG&E’s response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q3 and PG&E’s spreadsheets titled “BillingModernization_DR_CalAdvocates_042-Q002Atch01,” provided in response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q2.

⁷⁷ In section IV.B of this testimony, Cal Advocates recommends that the Commission deny PG&E’s cost recovery request of \$38.953 million capital expenditures for its Plan/Analyze, Design, Build and Test Phase incurred between 2021 and 2023 for BCS project. This total

1 million in internal labor and \$5.935 million in overhead costs. PG&E was not able to
 2 provide documentation to verify and substantiate that these costs were not embedded in
 3 existing rates. Straight-time labor and overhead costs are funded through existing rates
 4 the Commission authorized in PG&E's 2023 GRC decision and are not reasonable
 5 costs for inclusion unless supported through appropriate documentation.
 6 Table 2-8 below summarizes PG&E's requests and Cal Advocates recommendations
 7 for internal labor and overhead costs:

8 **Table 2-8**
 9 **PG&E's Requests and Cal Advocates' Labor and**
 10 **Overhead Cost Recommendations**
 11 **(\$ Thousands)**

Description (a)	PG&E Requested (b)	Cal Advocates Recommended (c)	PG&E>Cal Advocates (b-c)
Internal Labor and Overhead Costs	\$19,976 ⁷⁸	\$7,941	\$12,035
Total	\$19,976	\$7,941	\$12,035

12
 13 Table 2-9 summarizes Cal Advocates' internal labor and overhead cost
 14 adjustments by category:
 15

recorded capital expenditures also includes labor and overhead costs incurred between 2021 and 2023. Therefore, Cal Advocates recommendation in this section is specific to labor and overhead costs disallowance in 2024 and 2025.

⁷⁸ From PG&E's response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q3 and PG&E's spreadsheets titled "BillingModernization_DR_CalAdvocates_042-Q002Atch01," provided in response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q2.

1 **Table 2-9**
 2 **Cal Advocates' Labor and Overhead Cost Adjustments by Category**
 3 **(\$ Thousands)**

Description (a)	Cal Advocates' Capital Adjustment (b)	Cal Advocates' O&M Adjustment (c)	Cal Advocates' Total Adjustment (d)
Internal Labor Costs	\$6,018 ⁷⁹	\$82 ⁸⁰	\$6,100
Overhead Costs	\$5,919 ⁸¹	\$16 ⁸²	\$5,935
Total	\$11,937	\$98	\$12,035

4
 5 **1. Internal Labor Costs**

6 Cal Advocates recommends removing \$6.100 million for internal labor costs.
 7 This includes \$6.018 million in capital expenditure and \$0.082 million in O&M expenses.
 8 PG&E's line-item detail for its BCS project includes various internal labor costs,
 9 including straight-time labor, and overtime.⁸³ Cal Advocates' recommendation removes
 10 the 2024-2025 internal labor costs for straight time labor costs. Table 2-10 summarizes
 11 PG&E's 2024-2025 labor costs and Cal Advocates' recommendation.
 12

⁷⁹PG&E's response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q3.

⁸⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q3.

⁸¹ From PG&E's spreadsheets titled "BillingModernization_DR_CalAdvocates_042-Q002Atch01," provided in response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q2.

⁸² From PG&E's spreadsheets titled "BillingModernization_DR_CalAdvocates_042-Q002Atch01," provided in response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q2.

⁸³ PG&E's response to Cal Advocates data request PubAdv-PG&E-032-RA6, Q3 and PG&E's response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q3.

Table 2-10
2024-2025 Internal Labor Costs
(\$ Thousands)

Description (a)	PG&E's 2024- 2025 Request (b) ⁸⁴	Cal Advocates Recommended (c)	PG&E>Cal Advocates (b-c)
Straight Time Labor	\$6,100	\$0	\$6,100
Overtime	\$20	\$20	\$0
Total	\$6,120	\$20	\$6,100

PG&E failed to provide any of the requested information related to the straight-time labor costs during discovery. Cal Advocates requested that PG&E identify the portion of the total internal labor or straight-time labor costs associated with employees hired before PG&E's 2023 GRC decision.⁸⁵ PG&E was not able to provide the requested information.⁸⁶ Cal Advocates requested the hire date associated with PG&E's labor costs⁸⁷ and asked, "If any employees [identified by PG&E] were hired before PG&E's 2023 GRC Decision, provide supporting documentation identifying that each specific recorded labor cost was removed from authorized revenues in the GRC."⁸⁸ PG&E objected to this request,⁸⁹ and did not provide any supporting documentation and stated the following:

PG&E has submitted for review and approval the recorded costs associated with this incremental activity, which was not funded in PG&E's 2023 General Rate Case revenue requirement. This activity is incremental even if PG&E did not hire new employees but instead utilized existing employees to complete the work. PG&E's operations, project, and staffing requirements are dynamic. Employees assigned to perform incremental

⁸⁴ From PG&E's response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q3. In its application, PG&E included the 2024 recorded (January- June 2024) and forecasted costs, and 2025 forecasted costs for BCS project.

⁸⁵ Cal Advocates data request PubAdv-PG&E-013-RA6, Q1a.

⁸⁶ PG&E's response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q1a and Q1b.

⁸⁷ Cal Advocates data request PubAdv-PG&E-013-RA6, Q1a.

⁸⁸ Cal Advocates data request PubAdv-PG&E-013-RA6, Q1b.

⁸⁹ PG&E's response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q1a.

1 activities are often not new hires, but existing employees most qualified to
2 perform the work.⁹⁰
3

4 PG&E's responses are insufficient and incomplete. PG&E's cost recovery
5 request for employees whose salaries were already funded through existing rates in the
6 2023 GRC Decision are not reasonable costs for ratepayer recovery, even if PG&E
7 considered the activity to be incremental. PG&E's 2023 GRC decision already
8 authorized straight-time labor costs for existing full-time employees for 2024 and 2025.
9 PG&E's straight-time labor costs would be considered reasonable if they were
10 unanticipated during the GRC proceeding, such as hiring additional employees. PG&E
11 confirmed it has not hired any employees, nor are any proposed new FTEs included in
12 PG&E's forecast to work on the BCS project.⁹¹ PG&E also confirmed that these
13 existing positions' salaries did not increase because of changes in employee
14 responsibilities associated with the BCS project activities.⁹²

15 PG&E has not demonstrated that it requires additional funding for straight time
16 labor costs for BCS project. PG&E's straight time labor costs do not increase when an
17 existing employee is reassigned to work on BMI activities. Cal Advocates asked if
18 PG&E's straight-time labor costs include costs associated with employees that were
19 anticipated in the 2023 GRC and reassigned from other roles, and to explain whether
20 PG&E performed a comprehensive analysis to calculate the incremental cost of
21 reassigning its existing employees. Cal Advocates requested that PG&E provide a copy
22 of its guidelines used to calculate the portion of an employee's incremental labor cost
23 previously funded in the 2023 GRC.⁹³ PG&E did not provide any of the requested

⁹⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q1b.

⁹¹ PG&E's response to Cal Advocates data request PubAdv-PG&E-007-RA6, Q5h and Q3, Cal Advocates data request PubAdv-PG&E-032-RA6, Q3.

⁹² PG&E's response to Cal Advocates data request PubAdv-PG&E-032-RA6, Q3b.

⁹³ Cal Advocates data request PubAdv-PG&E-013-RA6, Q1d.

1 information and confirmed that it did not perform a comprehensive analysis on the
2 impact of reassigning resources.⁹⁴

3 The Commission has held that:

4 Generally, costs are incremental if, in addition to completing the planned
5 work that underlies the authorized costs, the utility had to procure
6 additional resources, be they in labor or materials, to complete the new
7 activity. The existence and completion of a new activity by itself does not
8 prove the cost was incremental. If a new activity is completed by
9 redirecting existing resources in a related work category, no incremental
10 cost was incurred, despite the activity itself being “incremental.”⁹⁵

11 PG&E has not justified that it incurred additional straight-time labor costs above
12 the 2023 GRC authorized levels. PG&E was not able to provide any evidence on the
13 reasonableness of including additional cost recovery of straight-time labor costs for the
14 BCS project. The Commission should deny PG&E’s request to recover straight-time
15 labor costs for its BCS project.

16 **2. Overhead Costs**

17 Cal Advocates recommends removing \$5.935 million for overhead costs. This
18 includes \$5.919 million in capital expenditures and \$0.016 million in O&M expenses.
19 PG&E’s line-item detail for its BCS project includes various overhead costs, including
20 paid time off, building service overhead, benefits overhead, capitalized A&G overhead,
21 IT device overhead, indirect labor- IT overhead, payroll taxes overhead, operation
22 management and service-IT overhead costs, and minor material overhead.⁹⁶ Cal
23 Advocates recommends removing the 2024-2025 overhead costs for paid time off,
24 building service overhead, benefits overhead and payroll taxes overhead costs. Table
25 2-11 summarizes PG&E’s request for 2024-2025 and Cal Advocates’ recommendation
26 for Overhead costs.

27

⁹⁴ PG&E’s response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q1d.

⁹⁵ D.23-02-017, p. 27.

⁹⁶ PG&E’s response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q2 and PG&E’s spreadsheets titled “BillingModernization_DR_CalAdvocates_042-Q002Atch01,” provided in response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q2.

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Table 2-11
PG&E’s Request and Cal Advocates’ Recommendation for Overhead Costs
for 2024 and 2025
(\$ Thousands)

Overhead Description (a)	PG&E’s 2024-2025 Request (b) ⁹⁷	Cal Advocates’ Recommendation (c)	PG&E>Cal Advocates (b-c)
Capital Expenditures			
Capitalized A&G	\$2,093	\$2,093	\$0
Paid Time Off	\$817	\$0	\$817
Indirect Labor - Cust Care	\$69	\$69	\$0
Indirect Labor - IT	\$1,434	\$1,434	\$0
Building Service Overhead	\$2,269	\$0	\$2,269
IT Device OH	\$3,376	\$3,376	\$0
Operation Management & Support - IT	\$919	\$919	\$0
Benefits OH	\$2,071	\$0	\$2,071
Payroll Taxes OH	\$762	\$0	\$762
Total Capital Expenditures	\$13,810	\$7,891	\$5,919
O&M Expenses			
Paid Time Off	\$16	\$0	\$16
Indirect Labor - IT	\$30	\$30	\$0
Total O&M Expenses	\$46	\$30	\$16
TOTAL	\$13,856	\$7,921	\$5,935

5
6
7
8

PG&E did not provide the requested information related to overhead costs during discovery. PG&E’s overhead cost elements include non-productive costs like vacation time, sick time, training, devices, building services, and other non-productive attendance

⁹⁷ In its application, PG&E included the 2024 recorded (January- June 2024) and forecasted costs, and 2025 forecasted costs for BCS project. PG&E’s spreadsheets titled “BillingModernization_DR_CalAdvocates_042-Q002Atch01,” provided in response to Cal Advocates data request PubAdv-PG&E-042-RA6, Q2.

1 types.⁹⁸ PG&E provided no evidence that it performed any comprehensive analysis to
2 identify and remove these overhead costs that were authorized in its 2023 GRC
3 Decision. Cal Advocates requested that PG&E provide specific quantifiable evidence
4 (such as comparing what was collected in rates to PG&E's recovery request)
5 demonstrating that these costs incrementally increased because of BCS project
6 activities.⁹⁹ PG&E was not able to provide any documentation or calculation as
7 requested by Cal Advocates.¹⁰⁰

8 PG&E requests cost recovery of paid time off costs but was not able to
9 demonstrate that these costs were not authorized in its 2023 GRC. Cal Advocates
10 requested the following information:

11 Please provide supporting documentation and PG&E's calculation
12 explaining how paid time off is considered incremental considering
13 benefits such as these are already recovered in existing rates.¹⁰¹
14

15 PG&E did not provide any documentation or calculation specific to the paid time
16 off cost.¹⁰² PG&E has not demonstrated that its overhead costs such as paid time off
17 or benefits overhead costs are associated with employees hired after its 2023 GRC.¹⁰³
18 The funding authorized in PG&E's 2023 GRC for personnel benefits is already
19 authorized in existing rates and does not change based on new activities or changing
20 responsibilities. PG&E stated that it used existing employees to perform BCS project
21 activities and did not hire any employees, nor are any proposed new FTEs included in
22 PG&E's forecast to work on BCS project.¹⁰⁴ PG&E also confirmed that these existing
23 positions' salaries did not increase because of a change in responsibilities and BCS

⁹⁸ PG&E's response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q2b.

⁹⁹ Cal Advocates data request PubAdv-PG&E-013-RA6, Q2d.

¹⁰⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q2d.

¹⁰¹ Cal Advocates data request PubAdv-PG&E-013-RA6, Q2i.

¹⁰² In PG&E's response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q2i.

¹⁰³ PG&E's response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q2c.

¹⁰⁴ PG&E's response to Cal Advocates data request PubAdv-PG&E-007-RA6, Q5h and Q3, Cal Advocates data request PubAdv-PG&E-032-RA6, Q3.

1 project activities.¹⁰⁵ Since there are no new payroll costs due to the BCS project, the
2 payroll taxes are already authorized in the previous general rate case.

3 PG&E does not demonstrate that its existing assets are new or additional to its
4 authorized revenues in its 2023 GRC. Cal Advocates requested that PG&E provide
5 documentation that identifies whether PG&E used existing assets (for example,
6 vehicles, buildings) for its BCS project activities.”¹⁰⁶ In its response, PG&E confirmed
7 that it utilized existing assets such as existing PG&E facilities or buildings, for its BCS
8 project activities.¹⁰⁷

9 PG&E was not able to substantiate and justify that its overhead costs were not
10 embedded in existing rates. Cal Advocates recommends that the Commission deny
11 PG&E’s request to recover paid time off, building service overhead, benefits overhead
12 and payroll taxes overhead costs for its BCS project.

13 **E. PG&E Has Not Demonstrated the Reasonableness of Including**
14 **Contingency Costs**

15 PG&E requests \$7.900 million in contingency costs associated with the BCS
16 project in 2025.¹⁰⁸ PG&E’s contingency costs are estimates used to account for
17 uncertain risks.¹⁰⁹ PG&E states that it calculated this contingency using the American
18 Association of Cost Engineers (AACE) tool and attributed this amount to three project
19 risks: unknown requirements and design gaps, data conversion issues, and resource
20 constraints.¹¹⁰ Cal Advocates recommends no contingency costs for the BCS project.
21 PG&E was not able to provide documentation or justification substantiating that these
22 costs are reasonable and justified for ratepayer recovery.

¹⁰⁵ PG&E’s response to Cal Advocates data request PubAdv-PG&E-032-RA6, Q3b.

¹⁰⁶ Cal Advocates data request PubAdv-PG&E-013-RA6, Q2e.

¹⁰⁷ PG&E’s response to Cal Advocates data request PubAdv-PG&E-013-RA6, Q2e.

¹⁰⁸ PG&E’s Prepared Testimony, pp. 6-20 and 6-21.

¹⁰⁹ PG&E’s Prepared Testimony, p. 6-21.

¹¹⁰ PG&E’s response to Cal Advocates data request PubAdv-PG&E-029-RA6, Q3a.

1 Table 2-12 below summarizes PG&E's request and Cal Advocates'
2 recommendation for contingency costs for BCS project activities:

3 **Table 2-12**
4 **PG&E's Request and Cal Advocates' Recommendation for Contingency Costs**
5 **(\$ Thousands)**

Description (a)	PG&E's Request	Cal Advocates' Recommendation (b)	PG&E>Cal Advocates
Contingency Cost	\$7,900	\$0	\$7,900
Total	\$7,900	\$0	\$7,900

6
7 In Decision (D.) 19-05-020, the Commission rejected a contingency request for a
8 software project. The Commission stated the following:

9 We, however, do not agree that budgeting for contingencies for
10 software projects is necessarily appropriate in a general rate case....
11 "[i]n a normal general rate case, the utility must demonstrate the
12 reasonableness of every dollar in its revenue requirement." When
13 considering these contingencies, SCE's argument is that contingencies
14 are necessary for the "uncertainties and variables that are unknown"
15 demonstrates that the amounts are unpredictable, and we therefore
16 find SCE has not established these costs are reasonable.¹¹¹
17

18 In D.21-08-036, the Commission reaffirmed its position and
19 denied contingency allowances for seismic retrofitting. The Commission stated:

20 As explained in D.19-05-020, budgeting for contingencies is not
21 necessarily appropriate in the context of a general rate case, where the
22 utility must demonstrate the reasonableness of every dollar in its
23 forecast revenue requirement. Since contingency allowances are, by
24 SCE's own admission, intended to cover "unforeseen conditions,"
25 these amounts are also unpredictable, and therefore, we find that SCE
26 has not established these costs to be reasonable. As stated on D.19-
27 05-020, disallowing the 35 percent and 1.5 percent contingencies
28 should motivate SCE to remain within its forecast budgets for these
29 projects.¹¹²

¹¹¹ D.19-05-020, pp. 150-151.

¹¹² D.21-08-036, p. 331.

1 The Commission states that contingency costs are unpredictable, and utilities
2 must establish that these costs are reasonable. Cal Advocates requested that PG&E
3 provide documentation demonstrating the ratepayer benefit in order to evaluate the
4 reasonableness of the requested \$7.900 million contingency costs for the BCS
5 project.¹¹³ PG&E was not able to provide documentation that identified how the \$7.900
6 million contingency would benefit ratepayers or show how the costs were reasonable for
7 recovery.¹¹⁴ PG&E has failed to meet the guidelines set above by the Commission in
8 D.21-08-036 and D.19-05-020 requiring that utilities must demonstrate the
9 reasonableness of “every dollar in its forecast revenue requirement.”¹¹⁵

10 PG&E was not able to demonstrate that it took meaningful steps to mitigate the
11 identified risks. PG&E confirmed that it did not perform any analysis to assess what
12 percentage of these contingency costs could have been mitigated if different decisions
13 had been made during the project’s lifecycle (e.g., the BCS project went live at the
14 beginning of 2023 as originally planned).¹¹⁶

15 Cal Advocates asked:

16 Provide supporting documentation that can demonstrate that PG&E made
17 reasonable efforts to minimize these factors and considered other
18 alternatives before requesting recovery of this \$7.900 million contingency
19 costs from ratepayers.¹¹⁷
20

21 PG&E did not provide any documentation.¹¹⁸ PG&E also failed to provide any
22 documentation that PG&E’s management relied upon to determine and explain why its

¹¹³ Cal Advocates data request PubAdv-PG&E-029-RA6, Q3b.

¹¹⁴ PG&E’s response to Cal Advocates data request PubAdv-PG&E-029-RA6, Q3b. PG&E was not able to provide documentation, and states that the ratepayer benefit to the contingency amount cannot be quantified on its own.

¹¹⁵ D.19-05-020, pp. 150-151, and D.21-08-036, p. 331.

¹¹⁶ PG&E’s response to Cal Advocates data request PubAdv-PG&E-029-RA6, Q3i. The BCS project was originally planned to go live at the beginning of 2023 as stated in PG&E’s application, p.7.

¹¹⁷ Cal Advocates data request PubAdv-PG&E-029-RA6, Q3g.

¹¹⁸ PG&E’s response to Cal Advocates data request PubAdv-PG&E-029-RA6, Q3g.

1 shareholders should not fund any portion of its contingency costs.¹¹⁹ PG&E confirmed
2 that its shareholders will earn the authorized rate of return on capital projects.¹²⁰ This
3 means that PG&E's shareholders stand to profit from the inclusion of this \$7.900 million
4 contingency costs, even if the money is never spent efficiently or if risks never happen.
5 In its testimony, PG&E states that the company reevaluated and re-planned the BCS
6 project in 2023, including a detailed risk assessment and mitigation planning.¹²¹ PG&E
7 still claims that \$7.900 million contingency is necessary despite performing this
8 reevaluation and replanning of the BCS project. A well-managed project that has
9 undergone detailed design, evaluation, and planning should not require this large
10 contingency funding for unknowns.

11 For the reasons mentioned above, Cal Advocates recommends that the
12 Commission deny PG&E's \$7.900 million contingency cost request for the BCS project.
13 PG&E was not able to provide documentation demonstrating that these \$7.900 million
14 contingency costs are reasonable or beneficial to ratepayers. Ratepayers should not be
15 burdened with these contingency costs, which are based on unknown risks and
16 incomplete documentation, and thus inappropriate for inclusion in revenue requirement.

17 **F. PG&E Has Not Provided Evidence for Its Estimated Stranded**
18 **Costs**

19 PG&E defined stranded costs as costs a utility did not have an opportunity to
20 recover over the service lives of the property.¹²² Stranded costs are unrecovered
21 capital investments in utility assets that are no longer used or useful for providing
22 service to customers but remain on the utility's books. PG&E has identified a \$12.000
23 million estimate of potential stranded costs related to its BCS project.¹²³ Cal Advocates
24 recommends that the Commission reject this \$12.000 million stranded cost estimate

¹¹⁹ PG&E's response to Cal Advocates data request PubAdv-PG&E-029-RA6, Q3g.

¹²⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-029-RA6, Q3g.

¹²¹ PG&E's Prepared Testimony, pp.5-13 to 5-15.

¹²² PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q1b.

¹²³ PG&E's response to Cal Advocates data request PubAdv-PG&E-007-RA6, Q5e.

1 from consideration in this proceeding.¹²⁴ PG&E was not able to provide documentation
 2 that supported its validity and addressed the risk of future duplicate recovery in this
 3 proceeding. The Commission should exclude this \$12.000 million stranded cost
 4 placeholder estimate from consideration in this proceeding. Table 2-13 below
 5 summarizes Cal Advocates’ adjustment for estimated stranded costs for BCS project:

6 **Table 2-13**
 7 **Stranded Costs for BCS Project**
 8 **(\$ Thousands)**

Description (a)	Cal Advocates’ Adjustment (b)
Estimated Stranded Cost	\$12,000
Total	\$12,000

9
 10 In D.23-11-069, the Commission directed PG&E to file an application before the
 11 Commission, with specific informational requirements including “(5) Whether the project
 12 would result in stranded investments for ratepayers as a result of previous spending on
 13 the current billing system, and the dollars associated with such stranded
 14 investments.”¹²⁵ PG&E acknowledges that the \$12.000 million is embedded within the
 15 \$124.600 million total capital expenditures for the BCS project and is a forecast of
 16 potential unrecovered costs based on projected depreciation through 2029.^{126 127}
 17 PG&E claims that the \$12.000 million reflects PG&E’s estimate of what portion may

¹²⁴ PG&E has provided conflicting statements regarding the \$12 million of stranded costs. On one hand, PG&E asserts that it is not seeking recovery of the \$12 million in PG&E’s meeting with Cal Advocates on May 6, 2025, but on the other hand, PG&E has included the \$12 million in the calculation of its recovery request of \$124.6 million capital in this application in PG&E’s response to Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b.

¹²⁵ D.23-11-069, p.549.

¹²⁶ PG&E’s response to Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b.

¹²⁷ PG&E’s response to Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b. PG&E explains that it developed this estimate in response to Commission direction in D.23-11-069 to identify potential stranded costs.

1 remain undepreciated or potentially unused if the third stage of the billing system
2 upgrade or Customer-to-Meter (C2M) replaces portions of BCS functionality.¹²⁸ PG&E
3 derived this estimate by applying a 40% stranding assumption to the estimated
4 undepreciated value of total \$124.600 million in BCS capital additions that are forecast
5 to become operative in 2025. PG&E anticipates that 40% of the BCS system
6 functionality may no longer be used once the C2M platform is deployed in 2029.¹²⁹
7 PG&E was not able to provide documentation supporting its position that 40% of BCS
8 project software will not be used by the start of the C2M phase in 2029.¹³⁰ Cal
9 Advocates asked PG&E for the following information:

10 Provide all documentation such as management decisions and guidelines
11 on retirement notices, internal accounting records, risk assessments,
12 planning documents, scenario modeling etc. that helped to determine 40%
13 of BCS project software will not be used by the start of the C2M phase in
14 2029.¹³¹

15
16 PG&E did not provide any supporting documentation and states that the 40
17 percent estimate was based on a broad review of the scope of work for the two
18 types.¹³² The 40% estimate is a projection based on assumed future system overlaps.
19 Cal Advocates requested that PG&E explain whether it plans to request a stranded cost
20 recovery in a future GRC for the BCS project.¹³³ PG&E notes that it has not yet
21 determined whether or how it will seek recovery of any stranded costs in a future GRC,
22 and that such decisions will depend on the outcome of this proceeding and the

¹²⁸ PG&E's response to Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b. In PG&E's application, at p.8, PG&E states that the third stage of billing system upgrade or C2M will complete the implementation of a modernized billing system by upgrading from CC&B to Oracle's more advanced C2M product and consolidating all customers to one system, and is expected to go live in Q4 of 2029.

¹²⁹ PG&E's response to Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b and PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q1.

¹³⁰ PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q1.

¹³¹ Cal Advocates data request PubAdv-PG&E-035-RA6, Q1a.

¹³² PG&E's response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q1a.

¹³³ Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b.

1 remaining unrecovered amount of the BCS adopted project costs through 2030.¹³⁴
2 PG&E includes the full \$124.600 million capital expenditures in this application and
3 identified that \$12.000 million as potentially unrecovered costs based on projected
4 depreciation through 2029. This indicates that there is a risk of a double recovery. If
5 the Commission authorizes full recovery of the \$124.600 million capital expenditures
6 request in this proceeding and PG&E later seeks stranded cost recovery for any portion
7 of these same assets, ratepayers could be subject to duplicative charges. PG&E claims
8 the amount cannot be recovered double but was not able to provide supporting
9 documentation, such as an accounting mechanism, to ensure there would be no double
10 recovery of stranded costs associated with this project.¹³⁵

11 Cal Advocates recommends that the Commission exclude this \$12.000 million
12 stranded cost from consideration of cost recovery in this proceeding. The Commission
13 directed PG&E to identify whether the billing system upgrade project would result in
14 stranded investments for ratepayers as a result of previous spending on the current
15 billing system, and dollars associated with such stranded investments in PG&E's 2023
16 GRC Decision.¹³⁶ PG&E's stranded cost estimate is speculative, unsupported by
17 documentation of actual stranding, may result in duplicative ratepayer recovery, and
18 outside the scope of the review period for the BCS project. Cal Advocates recommends
19 that any future request for stranded cost recovery should be based on evidence of
20 actual asset retirement and evaluated separately.

21

¹³⁴ PG&E's response to Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b.

¹³⁵ PG&E's response to Cal Advocates data request PubAdv-PG&E-043-RA6, Q1b.

¹³⁶ D.23-11-069, p.549.

1 **V. WITNESS QUALIFICATIONS – REFAT AMIN**

2 My name is Refat Amin. My business address in 505 Van Ness Avenue, San
3 Francisco, California. I am employed by the Public Advocates Office (Cal Advocates)
4 as a Public Utilities Regulatory Analyst IV in the Energy Cost of Service and Natural
5 Gas Branch.

6 I earned my Master of Public Policy (Environmental Policy and Sustainability)
7 Degree from University of California, Riverside in 2018 and Bachelor of Science Degree
8 in Soil, Water and Environmental Sciences from University of Dhaka, Bangladesh in
9 2015.

10 Since joining Cal Advocates, I have worked on:

- 11 • Southern California Edison Company 2023 Wildfire Mitigation and
12 Vegetation Management (WMVM), where I reviewed 2022 costs
13 incurred for wildfire mitigation activities.
- 14 • PG&E’s 2021 Wildfire Mitigation and Catastrophic Events (WMCE),
15 where I reviewed costs recorded in Wildfire Mitigation Balancing
16 Account.
- 17 • Southern California Edison Company 2025 GRC, where I reviewed
18 capital costs.
- 19 • PG&E’s 2022 WMCE, where I was responsible for reviewing expense
20 and capital expenditures recorded in Wildfire Mitigation Balancing
21 Account, California Consumer Privacy Act Memorandum Account, and
22 Disconnections Memorandum Account.
- 23 • Track 3 of Southern California Edison Company 2021 GRC, where I
24 was responsible for analyzing incremental wildfire costs.
- 25 • San Diego Gas and Electric Company, and Southern California Gas
26 (Sempra) 2024 General Rate Case, where I reviewed expense and
27 capital costs.
- 28 • PG&E 2023 GRC, Track 2 where I was responsible for reviewing
29 capital expenditures recorded for the Caltrain Electrification Upgrade
30 project.
- 31 • San Gabriel Valley Water Company General Rate Case.

32 I have worked for the University of California Riverside as Policy Specialist and
33 Graduate Student Researcher, where I performed research work on water conservation
34 policies and wastewater treatment plants in California. My policy research work earned
35 the “Best Poster Award” in WaterSmart Innovations Conference in 2017, and the journal

- 1 was published in “Nature Sustainability” Publication in 2020. I also worked as a
- 2 Summer Research Intern at the Public Policy Institute of California (PPIC).
- 3 This completes my prepared testimony.

APPENDIX A

**PG&E's response to Data request
PubAdv-PG&E-002-RA6,
Q1, Q2, Q4 and Q5**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_002-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_002-Q001
Request Date:	December 9, 2024
Requester DR No.:	PubAdv-PG&E-002-RA6
Requesting Party:	Public Advocates Office
Requester:	Tamera Godfrey
Date Sent:	December 23, 2024
PG&E Witness(es):	Matt Hedges

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 001

Referring to the Table on p. 2 of PG&E’s Application, PG&E recorded \$8.00 million in 2021, \$18.80 million in 2022, and \$15.00 million in 2023 for capital expenditures associated with Stage 1 of the Billing Modernization Initiative: Billing Cloud Services (BCS) solution Implementation and replacement of the Advanced Billing System (ABS). In an Excel spreadsheet, provide the line-item detail that specifically identifies each recorded cost associated with BCS solution implementation and replacement of the ABS. In the spreadsheet, include columns that identify each of the following:

- a. The date the cost was recorded and incurred.
- b. The vendor who performed the work.
- c. The account that the cost was recorded in.
- d. The number and type of workers (existing or consultant).
- e. The purpose of the cost (i.e., labor, consulting, administrative work, etc.).
- f. The activity and the sub-activity that the cost is associated with.
- g. The invoice number, if applicable.
- h. An explanation of the cost.

ANSWER 001

Please refer to “*BillingModernization_DR_CalAdvocates_002-Q001Atch01.xlsx*” for the data, separated into tabs by year. The data elements in tabs entitled “2021”, “2022”, and “2023”, correspond to question subparts a-h, as follows:

- a. Column F – Posting Date.
- b. Column L – Vendor. Only applies to costs involving a vendor.
- c. Column A – Order.
- d. The actuals include the number of hours charged for internal and external labor. Column I (Quantity Entered) includes the hours, and Column C (CE Mjr Resource Grp) will indicate if the labor is internal or external. In cases where a vendor invoices costs (indicated by a Purchasing document number in Column G), the resources are not charging individual hours.
- e. Column C.
- f. Based on discussions during PG&E’s December 12, 2024 meeting with Cal Advocates, PG&E understands activity and sub-activity to refer to project phases. These data can be found in Column K.
- g. While invoice numbers are not captured in project actuals and are settled outside of project costs, the purchasing document (also known as Purchase Order, the contract agreement ID) that reflects the contractual agreement between PG&E and the vendor is recorded when vendors submit costs. This information is found in Columns G and H. Individual invoices related to purchasing document cost lines can be provided upon request.
- h. Column E.

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_002-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_002-Q002
Request Date:	December 9, 2024
Requester DR No.:	PubAdv-PG&E-002-RA6
Requesting Party:	Public Advocates Office
Requester:	Tamera Godfrey
Date Sent:	December 23, 2024
PG&E Witness(es):	Matt Hedges

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 002

Referring to Summary of Capital and O&M Cost Forecast by Year Table on p. 2 of PG&E’s Application, PG&E recorded \$8.00 million in 2021, \$18.80 million in 2022, and \$15.00 million in 2023 for capital expenditures associated with Stage 1 of the Billing Modernization Initiative: BCS solution implementation and replacement of the ABS.

For each activity in PG&E’s Stage 1 Billing Modernization Initiative: BCS solution implementation and replacement of the ABS, please provide the amount PG&E forecasted for 2021, 2022, and 2023 for each activity in its 2023 GRC.

ANSWER 002

PG&E objects to this data request on the grounds that it is outside the scope of this proceeding and is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving its objection, PG&E responds as follows:

	2021	2022	Total (000s)
CAP	\$4,306.80	\$10,490.21	\$14,797.00
EXP	\$575.00	\$1,401.16	\$1,976.16
Total	\$4,881.80	\$11,891.37	\$16,773.16

	Plan/Analyze	Design	Build	Test	Deploy	Total (,000s)
CAP	\$1,356.26	\$2,034.40	\$4,696.60	\$4,773.88	\$1,935.86	\$14,797.00
EXP	\$-	\$-	\$1,800.35	\$125.58	\$50.23	\$1,976.16
Total	\$1,356.26	\$2,034.40	\$6,496.95	\$4,899.46	\$1,986.10	\$16,773.16

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_002-Q004
PG&E File Name:	BillingModernization_DR_CalAdvocates_002-Q004
Request Date:	December 9, 2024
Requester DR No.:	PubAdv-PG&E-002-RA6
Requesting Party:	Public Advocates Office
Requester:	Tamera Godfrey
Date Sent:	December 23, 2024
PG&E Witness(es):	Leo Yang

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 004

Referring to PG&E's Revenue Requirement calculation workpaper "WP 7-1 CGI RRQ Allocation," PG&E did not include the recorded capital expenditures for 2021 and 2022 in PG&E's revenue requirement calculation. The Tab "2023" Capital Revenue Requirement shows \$0 for 2023. Referring to p. 2 of PG&E's Application, PG&E states that the recorded capital expenditures for 2021 and 2022 are included in PG&E's revenue requirement calculation.

Please respond to the following questions:

- a. Please confirm whether PG&E included the recorded 2021, 2022, and 2023 capital expenditures in PG&E's Revenue Requirement calculation workpaper "WP 7-1 CGI RRQ Allocation."
- b. If yes, provide a detailed breakdown and description of PG&E's calculation that clearly shows where in PG&E's calculation PG&E included the recorded capital expenditures for 2021 and 2022.
- c. If PG&E did not include the recorded 2021 and 2022 capital expenditures in PG&E's Revenue Requirement calculation workpaper "WP 7-1 CGI RRQ Allocation," provide a detailed explanation on why PG&E states in its application that the recorded capital expenditures for 2021 and 2022 are included in PG&E's revenue requirement calculation.

ANSWER 004

- a. 2021-2023 recorded Capital Expenditures are included in the Capital Additions balance, which are used to calculate the Revenue Requirements (RRQ).
- b. Capital Expenditures are accrued in, and become, capital additions once the asset becomes operative. RRQ is calculated based on the total accrued capital additions once operative.
 - I. Please see Question 3 Attachment 1 “Billing Mod - Capital Expenditures Break out by Asset Class” presenting each asset class along with relevant operative dates and capital expenditures. In addition, the RO workpapers WP 7-2 through 7-6 submitted with PG&E’s testimony show the capital additions used to calculate RRQ in the “Inputs” tabs (see Gross Plant Additions section).
- c. Please refer to PG&E’s response to subpart a.

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_002-Q005
PG&E File Name:	BillingModernization_DR_CalAdvocates_002-Q005
Request Date:	December 9, 2024
Requester DR No.:	PubAdv-PG&E-002-RA6
Requesting Party:	Public Advocates Office
Requester:	Tamera Godfrey
Date Sent:	December 23, 2024
PG&E Witness(es):	Matt Hedges

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 005

Referring to Table 1-2 of p. 1-5 of PG&E’s Prepared Testimony, PG&E provides the O&M and Capital cost forecast from 2023-2030 for three stages of PG&E’s Billing Modernization Initiative. The following excerpt is from Table 1-2 of p. 1-5 of PG&E’s Prepared Testimony,

Please respond to the following questions:

- a. Please confirm whether the total 2023 (actual) for BCS of \$41.8 million in this table includes the actual recorded costs of 2021, 2022, and 2023.
- b. In PG&E’s meeting with Cal Advocates on December 5, 2024, PG&E stated that the 2024 forecast includes the actual recorded cost from January to July 2024, and the forecasted cost from August to December 2024. Please explain in detail whether the \$45.1 million cost forecast for BCS in 2024 includes the actual recorded cost from January to July 2024, and the forecasted cost from August to December 2024.
- c. If the \$45.1 million cost forecast for BCS in 2024 includes the actual recorded cost from January to July 2024, and the forecasted cost from August to December 2024, provide the detailed O&M and capital expenditures breakdown by month in an excel format with links and formulas intact and which clearly shows the recorded O&M and capital expenditures from January to July 2024 and the forecasted O&M and capital expenditures from August to December 2024 for BCS.

ANSWER 005

- a. PG&E confirms the \$41.8M number is the sum of actual record costs of 2021 (\$8M), 2022 (\$18.8M), and 2023 (\$15M).
- b. PG&E clarifies that the 2024 forecast includes actual recorded costs from January to July 2024 and forecasted costs from August to December 2024. Please see the table provided in response to subpart c for additional details.

c. This data table shows the capital and expense values, by month, for recorded actuals and forecasts for 2024.

	Recorded Actuals												Forecasted				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec					
CAP	\$830.93	\$1,267.41	\$5,864.32	\$2,882.75	\$2,581.89	\$6,213.06	\$3,908.96	\$5,030.82	\$4,032.55	\$4,102.89	\$3,527.29	\$3,857.14					
EXP	\$-	\$-	\$-	\$35.90	\$37.72	\$14.89	\$57.53	\$80.32	\$72.29	\$80.32	\$444.84	\$176.19					
Total	\$830.93	\$1,267.41	\$5,864.32	\$2,918.65	\$2,619.61	\$6,227.95	\$3,989.28	\$5,111.13	\$4,104.83	\$4,183.20	\$3,972.13	\$4,010.54					

APPENDIX B

**PG&E's response to Data request
PubAdv-PG&E-007-RA6, Q3 and Q5**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_007-Q003
PG&E File Name:	BillingModernization_DR_CalAdvocates_007-Q003
Request Date:	December 16, 2024
Requester DR No.:	PubAdv-PG&E-007-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	December 31, 2024
PG&E Witness(es):	Matt Hedges

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 003

For each of the cost categories or activities in the BCS Implementation, provide documentation that demonstrates PG&E's forecast for additional positions/FTEs for 2024 and 2025 and the detailed breakdown of the calculation, including the basis-source of each estimate. In PG&E's response, include the job title, annual salary and job description.

ANSWER 003

PG&E is not adding employee positions related to the BCS Implementation. The project is being staffed with existing IT and business resources as well as staff augmentation contract resources.

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_007-Q005
PG&E File Name:	BillingModernization_DR_CalAdvocates_007-Q005
Request Date:	December 16, 2024
Requester DR No.:	PubAdv-PG&E-007-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	December 31, 2024
PG&E Witness(es):	Matt Hedges

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 005

Referring to p.2 of PG&E’s Application, PG&E provides the summary of O&M and Capital costs forecasted from 2021- 2030 for three stages of PG&E’s Billing Modernization Initiative. PG&E’s forecasts of \$45.1 million in 2024 and \$41.1 million in 2025 of capital expenditures for BCS implementation. PG&E’s 2024 forecast of \$45.1 million is an increase of \$30.1 million or 200.7% increase over its 2023 recorded cost of \$15.0 million. PG&E’s 2025 forecast of \$41.1 million is an increase of \$26.1 million or 174% over its 2023 recorded cost of \$15.0 million.

In PG&E’s meeting with Cal Advocates on December 5, 2024, PG&E stated that the 2024 forecast includes the actual recorded cost from January to July 2024, and the forecasted cost from August to December 2024.

Provide the following:

- a. For each of cost categories or activities in BCS Implementation, provide in an Excel spreadsheet a detailed and itemized listing for all non-labor costs for 2021-2024 (note: do not lump expenses together in the response, separate and identify the costs by the categories as requested below) incurred for 1) employee meals; 2) employee luncheons; 3) vendor payments for offsite meetings and events (provide copies of contracts for costs and services provided); 4) all entertainment expenses; 5) employee recognition activities; 6) sporting events; 7) all bonuses and Rewards; 8) employee/company memberships and dues (identify the organization); 9) all contributions; 10) charitable events; 11) brand awareness and loyalty surveys/campaigns/events; 12) lobbying activities; 13) events for educating regulators; and 14) other employee reimbursable expenses.
- b. For each BCS Implementation cost categories, provide in an Excel spreadsheet, a detailed and itemized listing of all costs incurred for one-time, unusual, or nonrecurring costs for the years 2021-2024, including but not limited to studies,

pilots, projects/programs, surveys, training, contract expenses, campaigns, employee contests, etc.

- c. Provide documentation that identifies all projects or activities and associated amounts that include contingency costs calculated in proposed costs forecasts for BCS Implementation programs and projects. If PG&E did not include any calculated contingency costs in its 2021-2025 forecast calculation for BCS Implementation, please state so in the response.
- d. Provide documentation that demonstrates the line-item breakdown for the calculation of the contingency costs so that Cal Advocates can independently calculate the proposed contingency costs requested for recovery.
- e. Provide documentation that identifies all projects or activities and associated amounts that include stranded costs calculated in proposed costs forecasts for BCS Implementation programs and projects. If PG&E did not include any calculated stranded costs in its 2021-2025 forecast calculation for BCS Implementation, please state so in the response.
- f. For each of BCS Implementation cost categories, provide the number of employee retirements and the number of employees that were severed/laid off as of December 2024, of each year for 2021-2024. In the response include the employee's name or a specific identification number, job classification, actual annual salary (show separately the other overhead, taxes, benefits, etc.), and number of service years.
- g. Provide documentation that explains and demonstrates the calculation of PG&E's employee retirement savings for each year (2021-2024) and the incorporation of the cost savings into its 2024 and 2025 FTE forecast.
- h. Provide documentation that explains if PG&E's newly hired/proposed FTEs will be paid a starting salary that is at the same salary level of its employees that have or will be retiring in 2024 and 2025.
- i. Provide documentation that explains in detail and demonstrates all overtime/double time costs incurred during 2021-2024. In the response, separate overtime/double time cost calculation by PG&E's BCS Implementation cost categories.
- j. Provide documentation that explains in detail and demonstrates how PG&E incorporated labor dollars from employee overtime/double time into its forecasted years for additional funding for new positions.

ANSWER 005

- a. Please refer to Attachment "*BillingModernization_DR_CalAdvocates_007-Q005Atch01.xlsx*", Q5a tab. These data represents the recorded actuals for non-labor employee related costs, through July 2024. Note that PG&E did not include AFUDC or labor overheads in this data (it was labeled as non-labor in DR002, Q1) because these types of costs are related to PG&E's financial cost model and not expenses.
- b. Please refer to Attachment "*BillingModernization_DR_CalAdvocates_007-Q005Atch01.xlsx*", Q5b tab. These are the contractor expenses through July 2024. There are no other non-labor costs that are one-time, unusual, or nonrecurring.

Note that one of the expenses invoices from Oracle did not have a breakout of costs (labeled as “No Detail” in the table).

- c. Please refer to Attachment “*BillingModernization_DR_CalAdvocates_007-Q005Atch02.xlsx*” for the data. This spreadsheet is used to calculate the contingency using the internal American Association of Cost Engineering Tool (commonly referred to as AACE class) detailed in Chapter 6, section E.1. Cell L32 in tab “Full Authorization” is the calculated contingency.
- d. Please refer to Attachment “*BillingModernization_DR_CalAdvocates_007-Q005Atch02.xlsx*” for the data.
- e. Please refer to Chapter 5, section E.4, that notes the BCS project will result in \$12,000,000 in stranded costs. Please also refer to workpaper 5-1 for the details of the calculation for the stranded costs figure.
- f. PG&E objects to this data request to the extent it seeks data from years outside the scope of PG&E’s application. Subject to and without waiving its objection, PG&E responds as follows:
 Three employees left PG&E, with an approximate annual total salary of \$470,000.
- g. The departure of the three employees referred to in PG&E’s response to subpart f, above, did not result in any savings for the project. Employee salaries are not assigned to a project. Rather, PG&E uses a chargeback cost model such that resources charge hours worked to the project budget. While three employees departed, other resources picked up the workload, resulting in no savings to the project.
- h. PG&E has not hired any employees, nor are any proposed new FTEs included in PG&E’s forecast.
- i. The table below shows the breakout by year of employee labor hours and staff augmentation labor hours, as well as the number of employee labor hours that are overtime (none of the hours were double time).

	2021	2022	2023	2024	2025
Emp. Hours	9,378.5	17,390.5	23,184.0	37,822.8	31,197.0
Staff Aug Hours	11,386.5	73,781.7	68,859.3	173,392.3	145,566.0
Total	20,765.0	91,172.2	92,043.3	211,215.0	176,763.0
Emp. OT Hours	0	188	194	232	0

- j. PG&E did not include any new positions in the forecasts and did not forecast any overtime or double time.

APPENDIX C

**PG&E's response to Data request
PubAdv-PG&E-008-RA6, Q2,**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_008-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_008-Q002
Request Date:	December 18, 2024
Requester DR No.:	PubAdv-PG&E-008-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	January 3, 2025
PG&E Witness(es):	Matt Hedges, Kellie Reem, Matt Briel

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

Please provide the following

QUESTION 002

Referring to PG&E’s Prepared Testimony, p.1-10, PG&E states that “Since filing the 2023 GRC, PG&E has continued to implement a replacement for the ABS electric rates on Oracle’s BCS because this solution to calculate complex rates is an urgent need.”

Referring to PG&E’s testimony, p. 4-3, PG&E states that “The first stage addresses PG&E’s electric complex billing customers through the Billing Cloud Services (BCS) solution and replacement of the Advanced Billing System (ABS) electric functionality. There is a separate instance for ABS Gas which has a stable customer base and will remain until C2M.”

Referring to PG&E’s testimony, p.5-7, PG&E states that “A cross-functional team of IT, business, and technical operations personnel evaluated the vendors and products as part of the RFP process. Initially, five vendor products were considered, but the PG&E team reduced the potential vendors to two based on review of product maturity and each product’s ability to meet a majority of PG&E’s requirements. Finalist vendors performed multiple presentations demonstrating their product’s ability to meet the rate schedule calculation requirements and special program requirements. Ultimately, the Oracle BCS product was selected, in large part due to its cost-effectiveness, ability to integrate with PG&E systems, and product support model.”

Please respond to the following questions:

- a. Provide supporting documentation such as PG&E’s management decisions and guidelines which can demonstrate why a replacement for the ABS electric rates on Oracle’s BCS is an “urgent” need.
- b. PG&E states that “The first stage addresses PG&E’s electric complex billing customers through the Billing Cloud Services (BCS) solution and replacement of the

Advanced Billing System (ABS) electric functionality. There is a separate instance for ABS Gas which has a stable customer base and will remain until C2M.” Provide supporting documentation such as PG&E’s management decisions and guidelines which can demonstrate ABS Electric is unstable and need to be replaced to BCS Electric.

- c. Provide detailed explanation and supporting documentation such as PG&E’s management decisions and guidelines which can demonstrate how BCS Electric is more stable than ABS Electric.
- d. PG&E states that “There is a separate instance for ABS Gas which has a stable customer base and will remain until C2M.” Provide supporting documentation that PG&E’s management relied upon as the basis for its decision making process that ABS Electric cannot remain until C2M, similar to ABS Gas.
- e. Provide documentation that describes the differences between ABS Electric and BCS Electric.
- f. Provide documentation that PG&E’s management relied upon as the basis for its decision making process to utilize Oracle’s BCS Electric because of its “cost-effectiveness, ability to integrate with PG&E systems, and product support model.”
- g. PG&E states that “Finalist vendors performed multiple presentations demonstrating their product’s ability to meet the rate schedule calculation requirements and special program requirements. Ultimately, the Oracle BCS product was selected, in large part due to its cost-effectiveness, ability to integrate with PG&E systems, and product support model.” Provide documentation that explains if there were other alternatives that PG&E’s management considered other than BCS Electric that were or were not cost effective. If yes, provide a list of those alternatives and a detailed breakdown of the associated total costs.
- h. PG&E states that “Initially, five vendor products were considered, but the PG&E team reduced the potential vendors to two based on review of product maturity and each product’s ability to meet a majority of PG&E’s requirements.” Provide the name of the five vendor products, and which two vendor products were finally selected. Provide documentation such as SCE’s management decision and guidelines for the final selection of BCS Electric.
- i. Provide documentation that explains if PG&E utilized a cost benefit analysis to implement BCS Electric and replacement of ABS Electric when it determined that BCS Electric was the best solution to calculate complex rates and is an urgent need. If PG&E did not perform a cost benefit analysis, please explain why not. If PG&E did not perform a cost benefit analysis, please explain how PG&E can determine the ratepayers benefit and costs of implementing BCS Solution and replacement of ABS Electric.

ANSWER 002

- a. In PG&E’s testimony, Chapter 2, Section B.2, PG&E provides details of the primary issues driving the need to replace the ABS Electric system. The issues include the system being over capacity, percentage of bills requiring manual intervention, difficulty in finding resources to support the fully custom system, and billing delays due to integration and lack of processing power.

- b. Please see PG&E's answer to subpart a.
- c. The ABS system is a fully custom solution built in an application not designed for utility-scale billing. The BCS product, on the other hand, is specifically designed for utility billing leverage cloud infrastructure, allowing for scalable capacity and processing power. Further, being an Oracle product, BCS could leverage standard integration technologies to interface with CC&B and other systems.

While the project is not complete and processes are not fully optimized, PG&E is close to realizing results based on results from testing. Today, in the ABS Electric system, a daily interface of CC&B customer data is a set of text files shared between systems. Processing takes multiple hours and is regularly paused to allow users into the ABS system to perform work, resulting in delayed billing. In BCS, the interface has been rebuilt using standard Oracle integrations, allowing the process to successfully run every 45 minutes, keeping the systems in sync.

- d. PG&E's testimony, Chapter 2, Section B.2, provides details of the primary issues driving the need to replace the ABS Electric system. More specifically, the ABS Electric system is overcapacity and is growing at 2,000 accounts per month. The ABS Gas system does not have the same issues related to capacity, with complex Gas customer counts remaining relatively flat, year-over-year.
- e. Chapter 2, Section B.2, details the history of the ABS system. In summary, it is a home grown, fully customized system built at PG&E. Resources that support the system must learn the niche programming language and the fully custom logic that has been built. The BCS product is a vendor-supported product from Oracle. It is built on a standard Oracle data model that is found in other products like CC&B and C2M. The product can be supported by Oracle resources as well as resources in the broader utility Customer Information System marketplace.
- f. The decision-making process for the selection of Oracle's BCS product is described in Chapter 4, section D.2.a. The scores from the PG&E participants that were provided at the end of the process are provided in "*BillingModernization_DR_CalAdvocates_008-Q002Atch01.xlsx*".
- g. PG&E considered a Salesforce product named GoTransverse. PG&E evaluated GoTransverse and Oracle's BCS product using 14 categories. The process is described in Chapter 4, section D.2.a.

PG&E received a high-level costs for the GoTransverse product in the final product selection process. The estimate covered annual subscription costs but no implementation costs. Implementation costs and cost effectiveness were not explored as PG&E moved on to Oracle. During the selection process for ABS replacement, there were fourteen key scores measured. These scores comprised of must have requirements for selecting the new solution. These scores measured business capabilities, product maturity, costs, performance, and more. GoTransverse scored below in the two critical areas which were delivering business capabilities and final product cost.

Once Oracle was identified as the winning product, PG&E entered into negotiations with Oracle for detailed costs.

- h. The five vendors were Oracle, Salesforce, Amazon Web Services (AWS), Itron, and GridX. The Itron and GridX products did not meet the functionality required to replace ABS. AWS was a possibility, but PG&E did not possess the appropriate

level of technical expertise to support the product, since the solution required customization that would need to be completed by PG&E. Oracle BCS and Salesforce GoTransverse were the final two vendor products.

The selection process is described in Chapter 4, section D.2.a, including the selection categories used to evaluate the products.

- i. PG&E did not perform a detailed cost-benefit analysis specific to the BCS Electric solution before beginning the implementation, but did complete a Cost Benefit analysis for the entire Billing Modernization Program (found in Chapter 6). The BCS portion, or Stage 1, benefit-cost ratio is 0.02. Please refer to Chapter 6, page 6-28.

APPENDIX D

**PG&E's response to Data request
PubAdv-PG&E-013-RA6, Q1 and Q2**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_013-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_013-Q001
Request Date:	January 3, 2025
Requester DR No.:	PubAdv-PG&E-013-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	January 17, 2025
PG&E Witness(es):	

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 001

Referring to PG&E’s response to data request PubAdv-PG&E-002-RA6, in the file titled, “BillingModernization_DR_CalAdvocates_002-Q001Aatch01” PG&E provides line-item detail for its 2021, 2022, and 2023 recorded costs for its Stage 1 Billing Modernization Initiative: Billing Cloud Services (BCS) solution Implementation and replacement of the ABS. PG&E recorded \$0.959 million in 2021, \$2.338 million in 2022, and \$3.175 million in 2023 associated with “Labor Internal” capital expenditures for its Stage 1 Billing Modernization Initiative BCS.

Please respond to the following:

- a. For each labor internal capital expenditures associated with PG&E employees, in an Excel spreadsheet, identify the date the employee was hired and the employee’s salary.
- b. If any employees identified in PG&E’s response to question 1a were hired before PG&E’s 2023 GRC Decision, provide supporting documentation identifying that each specific recorded labor cost was removed from authorized revenues in the GRC.
- c. If any employees identified in PG&E’s response to question 1a were hired before PG&E’s 2023 GRC Decision, explain specifically why PG&E did not include their associated labor costs in its GRC forecasts.
- d. If PG&E’s labor request includes costs associated with employees that were anticipated in the 2023 GRC and reassigned from other roles, explain whether PG&E performed a comprehensive analysis to calculate the incremental cost of reassigning its existing employees. If so, provide a copy of PG&E’s guidelines that calculate the portion of an employee’s labor cost that is incremental to the employee’s labor costs that were funded in the 2023 GRC.

- e. In an Excel format, provide the total recorded labor internal capital expenditures and O&M Expenses (in \$amounts) in 2024 for BCS solution.
- f. In an Excel format, provide the total forecasted labor internal capital expenditures and O&M Expenses (in \$amounts) in 2025 for BCS solution.

ANSWER 001

- a. PG&E objects to this question as unduly burdensome insofar as the information is not readily available. When recording time of its internal labor workforce PG&E’s financial and accounting systems do not track details of employee’s employment history.
- b. PG&E has submitted for review and approval the recorded costs associated with this incremental activity, which was not funded in PG&E’s 2023 General Rate Case revenue requirement. This activity is incremental even if PG&E did not hire new employees, but instead utilized existing employees to complete the work. PG&E’s operations, project, and staffing requirements are dynamic. Employees assigned to perform incremental activities are often not new hires, but existing employees most qualified to perform the work.
- c. Please see PG&E’s response to subpart b.
- d. The Billing Modernization Initiative is incremental work. Resources are assigned based on their qualifications and ability to perform the work required for the project. PG&E did not perform a comprehensive analysis on the impacts of reassigning resources, as PG&E’s operations, project, and staffing requirements are dynamic. Resources (FTE) working on billing modernization do not charge their time to the project unless another employee has been hired behind them in their regular work. Time is not double counted between baseline work and project work which is what this question appears to address.
- e. Please refer to the table below. Note that overheads are not included in the figures.
- f. Please refer to the table below. Note that overheads are not included in the figures.

	2024 Recorded Actuals	2025 Forecasted
Capital Internal Labor	\$3,229,119	\$4,907,836
Expense Internal Labor	\$59,720	\$86,572

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_013-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_013-Q002
Request Date:	January 3, 2025
Requester DR No.:	PubAdv-PG&E-013-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	January 17, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 002

Referring to PG&E’s response to data request PubAdv-PG&E-002-RA6, in the file titled, “BillingModernization_DR_CalAdvocates_002-Q001Aatch01” PG&E provides line-item detail for its 2021, 2022, and 2023 recorded costs for its Stage 1 Billing Modernization Initiative: Billing Cloud Services (BCS) solution Implementation and replacement of the ABS. Please respond to the following:

- a. Provide the total recorded overhead capital expenditures (in \$ amounts) in 2021, 2022, 2023, and 2024 for BCS solution.
- b. Provide a detailed description of the composition of PG&E’s overhead cost elements and an explanation of why these overheads are considered incremental.
- c. For each line-item that include costs associated with “overheads” or “straight-time labor,” please provide an explanation and documentation that explains how PG&E measures that these costs are considered “incremental” to overhead and straighttime labor costs authorized in PG&E’s 2023 GRC.
- d. For each line-item that include costs associated with “overheads” or “straight-time labor,” please provide specific quantifiable evidence (such as comparing what was collected in rates to PG&E’s recovery request) demonstrating that these costs are incrementally increased because of PG&E’s BCS solution activities.
- e. Provide documentation that explains whether PG&E used existing assets (for example, vehicles, buildings) for its BCS solution activities.
- f. Identify the line-items associated with the following overhead categories: Material Burden, Paid Time Off, Indirect Labor, Benefits, Payroll Taxes, Minor Material, and Fleet.
- g. Please state whether PG&E’s line-items include costs associated with paid time off.
- h. If these line-items include costs associated with paid time off, please provide the total amount (\$) associated with paid time off.

- i. If these line-items include costs associated with paid time off, please provide supporting documentation and PG&E’s calculation explaining how paid time off is considered incremental considering benefits such as these are already recovered in existing rates.

ANSWER 002

- a. Please refer to the table below for the recorded capital overhead expenditures by year.

Capital (,000s)	2021	2022	2023	2024
Overhead	\$ 970.68	\$ 2,508.51	\$ 3,390.82	\$ 7,184.61

- b. The overhead cost elements include non-productive costs like vacation time, sick time, training, device, building services, and other non-productive attendance types. These “non-productive” time are first collected in the overhead pool cost center (PCC 16000), then allocated proportionally to the same orders which the associated employees are charging out their “productive time” to (i.e. hours worked), as a “non-productive time” overhead.

PG&E’s General Rate Case (GRC) forecasts are activity-based which is fundamental to the evaluation of incrementality of the activity costs sought in this application and the standard of determining incrementality. The activity-based forecasts utilized in the GRC consist of cost estimates based upon planned scopes and schedules of work that are not tied to specific staffing levels and other resources (e.g. material burden). The Commission has been adopting PG&E’s GRC revenue requirement and funding level based on the activity-based forecasting PG&E uses.

As such, the costs, including labor and overhead costs, presented in this filing are incremental since the activities are incremental to what has been approved in prior GRC decisions.

- c. Please refer to PG&E’s answer to subpart b.
- d. Please refer to PG&E’s answer to subpart b.
- e. PG&E used existing assets in the execution of the project, including holding meetings at existing PG&E facilities and using PG&E computing assets (laptops, monitors, docking stations, etc.).
- f. The line items can be identified on the 2021, 2022, and 2023 tabs of Attachment 1 to DR2, Q1 in columns D and E. The following table identifies the Cost Element and Description that are found in columns D and E, respectively, for each year.

5599009	Conversion-Cap A&G
6010050	Capitalized A&G
6010100	Paid Time Off
6010111	Indirect Labor - IT
6010112	Building Service Overhead

6010113	IT Device OH
6010119	Operation Mgmt & Support - IT
6010120	Benefits OH
6010121	Payroll Taxes OH

- g. Yes. These are identified in PG&E's answer to subpart f.
- h. Please refer to the follow table for the paid time off overhead totals for 2021 through 2023 based on the line items provided in DR 2.

Capital (,000s)	2021	2022	2023
Paid Time Off Overhead	\$ 116.55	\$ 273.35	\$ 335.63

- i. Please see PG&E's answer to subpart b, explaining that the costs in this filing are incremental. Because the costs in this filing are incremental, the costs are not already being recovered in rates.

APPENDIX E

**PG&E's response to Data request
PubAdv-PG&E-014-RA6, Q1**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_014-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_014-Q001
Request Date:	January 7, 2025
Requester DR No.:	PubAdv-PG&E-014-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	January 22, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

Please provide the following:

QUESTION 001

Referring to p. 5-2 of PG&E’s testimony, PG&E states “The BCS project was originally planned to go live at the beginning of 2023 but has faced a number of challenges due to the complexity of California’s rates and programs, as well as the complexity of moving from a custom-built data model (ABS data architecture) to a standard Customer Information System (CIS) data model (Oracle data architecture). Throughout the execution of the project, PG&E has made prudent decisions to overcome the challenges and made directional changes to deliver a correct solution for customers. PG&E recognizes that the current timeline is longer than what was initially planned.”

Referring to p. 5-6 of PG&E’s testimony, PG&E states that “The BCS project is in progress and is currently expected to be deployed by Q2 of 2025. The project began in 2020 as PG&E identified the risks of continuing on the ABS system were too great.”

Please respond to the following questions:

- a. PG&E states that “The BCS project was originally planned to go live at the beginning of 2023 but has faced a number of challenges due to the complexity of California’s rates and programs, as well as the complexity of moving from a custom-built data model (ABS data architecture) to a standard Customer Information System (CIS) data model (Oracle data architecture).” Provide detailed discussion and documentation that shows the number of challenges PG&E faced to move from a custom-built data model (ABS data architecture) to a standard Customer Information System (CIS) data model (Oracle data architecture).
- b. Provide documentation such as PG&E’s management decision and guidelines that can demonstrate why moving from a custom-built data model (ABS data architecture) to a standard Customer Information System (CIS) data model (Oracle

data architecture) is necessary since PG&E has faced a number of challenges and there is complexity of moving from a custom-built data model (ABS data architecture) to a standard Customer Information System (CIS) data model (Oracle data architecture).

- c. PG&E states that the “The BCS project was originally planned to go live at the beginning of 2023.” Provide PG&E’s calculation in a table format that shows PG&E’s original estimate of the total cost (in \$ format) if the BCS project went live at the beginning of 2023.
- d. PG&E originally estimated that the BCS project will go live at the beginning of 2023, but it was delayed and is currently expected to be deployed by Q2 of 2025. Provide documentation that shows what caused over 2.5 years delay for the BCS project to go live.
- e. Provide documentation that demonstrates and confirms that PG&E’s BCS project will go live on Q2 of 2025.
- f. PG&E states that “Throughout the execution of the project, PG&E has made prudent decisions to overcome the challenges and made directional changes to deliver a correct solution for customers.” Provide documentation such as PG&E’s management decisions and guidelines that demonstrate what prudent decisions PG&E made to overcome the challenges and made directional changes to deliver a correct solution for customers.
- g. Explain in detail all the steps PG&E took to overcome the challenges and overcome the complexity of moving from a custom-built data model (ABS data architecture) to a standard Customer Information System (CIS) data model (Oracle data architecture).
- h. PG&E states that “The original Billing Modernization Initiative submitted in the 2023 GRC included only two of these stages: replacing ABS with BCS and moving everything to C2M.” In a table format, provide the original forecasted cost in 2023 GRC which included two of these stages: replacing ABS with BCS and moving everything to C2M, authorized cost and actually recorded cost (in \$ amount).

ANSWER 001

- a. Please refer to Chapter 5, Section D.1.e, discussing the challenges of the data model migration, and the impacts those challenges had on the project. As an example, consider the billing for customers on the Net Energy Metering Aggregation program. The Program requires an arrangement to be created to apply generation to the group of customer accounts based on relative proportion of customer usage. In ABS, the billing process calculates the usage twice to take into account the dependent nature of the usage and generation. In the event an adjustment is required, all bills in the arrangement must be canceled and rebilled.

The Oracle data model does not support this type of dependency, either for arrangements of billed customers or dependent usage calculations. The project had to design both the functionality to perform these calculations, as well as the functionality to translate the existing ABS data into the Oracle structure.

- b. Please refer to Chapter 2, Section B.2, detailing the history of the ABS system. In summary, it is a home grown, fully customized system built at PG&E. Due to the customized nature of ABS and its data model, a move to any standard Customer Information System would necessitate a change in data model. However, the BCS product is built on a standard Oracle data model that is found in other products like CC&B and C2M.
- c. Please refer to the table below. This forecast was produced in the course of preparing PG&E's 2023 GRC filing submitted in June 2021, before many of the challenges listed in Chapter 5 had been identified.

	Prior Years	2021	2022	2023	Total
CAP	\$-	\$8.1	\$17.0	\$8.2	\$33.3
EXP	\$0.2	\$1.0	\$0.5	\$-	\$1.7

- d. Please refer to Chapter 5, Section D.1, detailing the history of the project timeline.
- e. The project is currently on plan for the go live in Q2 2025. PG&E had a major milestone for end of 2024 of 100 percent test case execution and 85 percent pass rate. The project missed the execution metric, executing 98 percent of test cases, but with a pass rate of 94 percent. Those metrics have increased in the past two weeks to 99.66 percent and 96 percent, respectively. While this is a focused target, it helps demonstrate how the project is on track.
- f. Please refer to Chapter 5, Section D.1.e, detailing the Test phase of the BCS project. The phase lasted through September 2023 and identified over 200 high severity defects. Both the volume and severity of defects prevented PG&E from placing BCS into production. PG&E decided to add a Re-Evaluation and Re-Plan phase to the project in October 2023, detailed in Chapter 5, Section D.1.f, which led to various changes in the project execution.
- g. Please refer to Chapter 5, Section D.1.f, detailing the Re-Evaluation and Re-Plan phase of the BCS project, including various steps taken to identify the issues related to data. Specifically, the project added additional resources knowledgeable in the data models of ABS and Oracle, enabling detailed problem-solving sessions. As a result of the additional resources and knowledge, the team was able to identify gaps in the mapping between the two systems (ABS and BCS), leading to improvements in the data conversion processes.
- h. Please refer to the table below for the original forecasted costs. Please note that these forecasts were produced prior to any official Plan/Analyze phases of the projects. These were high-level estimates prepared with information known at the time of the solution and vendors involved.

	BCS	C2M	Total
CAP	\$14.8	\$150.2	\$165.0
EXP	\$2.0	\$9.9	\$11.8

APPENDIX F

**PG&E's response to Data request
PubAdv-PG&E-017-RA6, Q1**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_017-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_017-Q001
Request Date:	January 15, 2025
Requester DR No.:	PubAdv-PG&E-017-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	January 30, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 001

Referring to PG&E’s response to data request PubAdv-PG&E-002-RA6, in the file titled, “BillingModernization_DR_CalAdvocates_002-Q001Atch01” PG&E provides line-item detail for its 2021, 2022, and 2023 recorded costs for its Stage 1 Billing Modernization Initiative: Billing Cloud Services (BCS) solution Implementation and replacement of the ABS. The following excerpt is from tab “Cost Category” from the file titled, “BillingModernization_DR_CalAdvocates_002-Q001Atch01”:

Type	Category	Actual Recorded	Actual Recorded	Actual Recorded	Actual and Forecasted	Forecast	Category Total
		2021	2022	2023	2024	2025	
Non-Labor	AFUDC	\$ 119.00	\$ 1,017.84	\$ 2,357.66	\$ 4,698.27	\$ 3,175.18	\$ 11,367.95
Non-Labor	Overhead	\$ 970.68	\$ 2,508.51	\$ 3,390.82	\$ 7,679.18	\$ 6,130.82	\$ 20,680.01
Non-Labor	Material	\$ -	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.02
Non-Labor	Contracts	\$ -	\$ -	\$ 557.04	\$ 475.14	\$ -	\$ 1,032.18
Non-Labor	Misc.	\$ 28.80	\$ -	\$ 9.50	\$ 355.89	\$ -	\$ 394.19
Labor	Contractor Fees	\$ 5,452.45	\$ 9,783.57	\$ 2,165.25	\$ 2,571.68	\$ 665.00	\$ 20,637.95
Labor	Staff Aug	\$ 864.89	\$ 4,148.59	\$ 4,633.25	\$ 24,929.88	\$ 18,181.11	\$ 52,757.72
Labor	Employee	\$ 560.70	\$ 1,362.96	\$ 1,893.22	\$ 3,389.94	\$ 2,647.89	\$ 9,854.71
		\$ 7,996.52	\$ 18,821.48	\$ 15,006.74	\$ 44,100.00	\$ 30,800.00	

Please respond to the following:

- a. PG&E listed two AFUDC (AFUDC Borrowed and AFUDC Equity) in the file titled, “BillingModernization_DR_CalAdvocates_002-Q001Atch01.” Explain in detail what AFUDC means.
- b. Provide the 5 largest invoices and supporting documentation specific to the Category AFUDC Borrowed and AFUDC Equity for years 2022, 2023, and 2024 that verifies the amount, specific dates, number or workers (if any), type of workers (if any), vendor name and an explanation of the cost/activities involved.

- c. If PG&E cannot provide invoices or receipts specific to this AFUDC cost, please explain why not and provide a detailed justification and documentation supporting these costs.
- d. Provide supporting documentation that can demonstrate the 99.3% increase in AFUDC cost forecast in 2024, and 35% increase in AFUDC cost forecast in 2025, relative to 2023 AFUDC cost.
- e. Provide the actual recorded AFUDC cost (O&M Expenses and Capital Expenditures in \$ format) in 2024.
- f. Provide the cost breakdown that shows the O&M Expenses and Capital Expenditures in \$ format for all these 8 categories listed in the table above.
- g. Provide the actual recorded cost in 2024 (in \$ format) for the 8 categories above in a table format.
- h. Confirm whether category "Employee" means internal labor costs.
- i. PG&E recorded \$0.561 million in 2021, \$1.363 million in 2022, \$1.893 million in 2023. PG&E recorded and forecasted \$3.390 million in 2024 and forecasted \$2.648 million in 2025 for category "Employee." If category "Employee" means internal labor cost, for each labor internal cost, in an Excel spreadsheet, identify the date the employee was hired and the employee's salary.
- j. If any employees identified in PG&E's response to question 1h were hired before PG&E's 2023 GRC Decision, provide supporting documentation identifying that each specific recorded labor cost was removed from authorized revenues in the GRC.
- k. Provide documentation that explains whether PG&E used existing employees to perform its BCS solution activities.
- l. If any employees identified in PG&E's response to question 1h were hired before PG&E's 2023 GRC Decision, explain specifically why PG&E did not include their associated labor costs in its GRC forecasts.
- m. If PG&E's internal labor request includes costs associated with employees that were anticipated in the 2023 GRC and reassigned from other roles, explain whether PG&E performed a comprehensive analysis to calculate the incremental cost of reassigning its existing employees. If so, provide a copy of PG&E's guidelines that calculate the portion of an employee's labor cost that is incremental to the employee's labor costs that were funded in the 2023 GRC.
- n. Provide supporting documentation that can demonstrate the 79% increase in Employee cost forecast in 2024, and 40% increase in Employee cost forecast in 2025, relative to 2023 Employee cost.
- o. PG&E recorded \$0.971 million in 2021, \$2.508 million in 2022, and \$3.391 million in 2023. PG&E recorded and forecasted \$7.679 million in 2024 and forecasted \$6.130 million in 2025 for category "Overhead." Provide specific quantifiable evidence (such as comparing what was collected in rates to PG&E's recovery request) demonstrating that these costs are incrementally increased because of PG&E's BCS solution activities.

- p. Provide supporting documentation that can demonstrate the 126% increase in Overhead cost forecast in 2024, and 81% increase in Overhead cost forecast in 2025, relative to 2023 Overhead cost.
- q. Provide documentation that explains whether PG&E used will existing assets (for example, vehicles, buildings) for its BCS solution activities.
- r. Identify the line-items associated with the following overhead categories: Material Burden, Paid Time Off, Indirect Labor, Benefits, Payroll Taxes, Minor Material, and Fleet.
- s. Please state whether PG&E's line-items for its 2025 forecasts include costs associated with paid time off.
- t. If these line-items include costs associated with paid time off, please provide the total amount (\$) associated with paid time off.
- u. If these line-items include costs associated with paid time off, please provide supporting documentation and PG&E's calculation explaining how paid time off is considered incremental considering benefits such as these are already recovered in existing rates.
- v. PG&E recorded \$0.865 million in 2021, \$4.148 million in 2022, and \$4.633 million in 2023 for category "Staff Aug." PG&E recorded and forecasted \$24.930 million in 2024, and forecasted \$18.181 million in 2025 for category "Staff Aug." Explain in detail what "Staff Aug" mean and provide supporting documentation that can demonstrate the 438% increase in Staff Aug cost in 2024, and 292% increase in Staff Aug cost in 2025, relative to 2023 Staff Aug cost.

ANSWER 001

- a. AFUDC, or Allowance for Funds Used During Construction, are capitalized financing costs when assets are being constructed. AFUDC ceases when the assets become "used and useful" (in this case, when the system is deployed and available for users).
- b. There are no invoices for AFUDC. It is based on the capital costs incurred in a given month.
- c. There are no invoices for AFUDC.
- d. In general, AFUDC is calculated as a percentage of project costs, so an increase in overall costs results in an increase in AFUDC.
- e. AFUDC is only a capital cost. For 2024, the total AFUDC for the BCS project was \$4,624,844.14.
- f. Please refer to "*BillingModernization_DR_CalAdvocates_017-Q001Atch01.xlsx*" for the updated information.
- g. Please refer to "*BillingModernization_DR_CalAdvocates_017-Q001Atch01.xlsx*" for the updated information.
- h. The category "Employee" refers to labor costs by employees (also known as internal labor).

- i. PG&E objects to this question as unduly burdensome insofar as the information is not readily available. When recording time of its internal labor workforce PG&E's financial and accounting systems do not track details of employee's employment history.
- j. Please see PG&E's response to DR13, question 1.b.
- k. PG&E used existing employees, staff augmentation resources, and vendor resources to perform project activities.
- l. Please see PG&E's response to DR13, question 1.c.
- m. Please see PG&E's response to DR13, question 1.d.
- n. The increase in employee labor cost between 2023 and subsequent years is driven by an increased in employee labor hours on the project, as described in Chapter 5. In 2023, PG&E recorded 23,184 hours charged to the project order numbers by employees. In 2024, PG&E recorded 37,022.5 employee hours.
- o. Please see PG&E's response to DR 13, question 2.c.
- p. Overheads are calculated as a percentage of costs for employee and staff augmentation labor. Since those costs increased in 2024 and 2025 relative to 2023, the overhead costs would likewise increase.
- q. Please see PG&E's response to DR 13, question 2.e.
- r. Please see PG&E's response to DR 13, question 2.f.
- s. Yes, paid time off overhead costs are included in the 2025 forecast, as are the other overhead types.
- t. The 2025 forecast for the paid time off overhead is \$319,330.
- u. Please see PG&E's response to DR 13, question 2.i.
- v. "Staff Aug" in this case relates to staff augmentation labor, where PG&E works with partner companies to find resources with skills and expertise that PG&E does not possess in the available workforce.

Similar to question 1.n, the costs are related to an increase in staff augmentation labor hours. As stated in response to DR 7, question 1, the Oracle contract changed in 2024, resulting in Oracle resources charging hours to the project order numbers. This is the primary driver for increase in these costs.

APPENDIX G

**PG&E's response to Data request
PubAdv-PG&E-019-RA6, Q3**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_019-Q003
PG&E File Name:	BillingModernization_DR_CalAdvocates_019-Q003
Request Date:	January 21, 2025
Requester DR No.:	PubAdv-PG&E-019-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	February 4, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 003

In PG&E’s application, p. 4, PG&E states that in PG&E’s 2023 GRC, PG&E forecasted \$9 million in expense and approximately \$165 million in capital expenditures in 2021-2024 for the Billing System Upgrade Project, representing the costs for the first three years of the initiative. In PG&E’s application, p. 4, PG&E states that this Application requests \$761.3 million through 2030, up from the \$176.8 million requested in the 2023 GRC.

The following excerpt is from PG&E’s spreadsheet titled “BillingModernization_DR_CalAdvocates_007-Q001Atch01” that shows PG&E’s recorded and forecasted capital expenditures for cost categories of BCS project in this application:

Type	Category	Actual Recorded 2021	Actual Recorded 2022	Actual Recorded 2023	Actual and Forecasted 2024	Forecast 2025	Category Total
Non-Labor	Overhead	\$ 86.99	\$ -	\$ -	\$ 0.08	\$ 46.21	\$ 133.28
Non-Labor	Material	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ 0.01
Non-Labor	Contracts	\$ 524.28	\$ 557.04	\$ (0.00)	\$ 376.00	\$ -	\$ 1,457.32
Non-Labor	Misc.	\$ (2.08)	\$ -	\$ -	\$ 1.23	\$ -	\$ (0.85)
Labor	Contractor Fees	\$ 92.85	\$ 600.00	\$ -	\$ 21.50	\$ -	\$ 714.35
Labor	Staff Aug	\$ 169.57	\$ -	\$ -	\$ 601.19	\$ 2,272.03	\$ 3,042.79
Labor	Employee	\$ 152.29	\$ -	\$ -	\$ -	\$ 81.75	\$ 234.04
		\$ 1,023.89	\$ 1,157.04	\$ (0.00)	\$ 1,000.00	\$ 2,400.00	

Please provide the following information based on the above statements and data responses:

- a. In an Excel format, provide a detailed comparison of PG&E’s 2023 GRC O&M Expense and Capital Expenditures request to what PG&E requested in this application for all the cost categories and activities of BCS project.
- b. Provide a spreadsheet that shows PG&E’s recorded and forecasted capital expenditures for cost categories of BCS project in PG&E’s 2023 GRC, similar to the

excerpt from spreadsheet titled "BillingModernization_DR_CalAdvocates_007-Q001Aatch01.

- c. Provide a spreadsheet that shows PG&E's recorded and forecasted O&M Expenses for cost categories of BCS project in PG&E's 2023 GRC, similar to the excerpt from spreadsheet titled "BillingModernization_DR_CalAdvocates_008-Q001Aatch01."
- d. For each cost categories or activities that shows different O&M Expenses and Capital Expenditures (in \$ amount), explain why there is a difference in cost and provide documentation that can demonstrate the difference in \$ amount in PG&E's 2023 GRC and in this application.
- e. For each cost categories or activities that was not in in PG&E's 2023 GRC, explain why it was not a priority at that time and documentation such as PG&E's management decision or guidelines that shows how the cost categories or activities became a priority after PG&E's 2023 GRC.

ANSWER 003

- a. PG&E objects to this data request on the grounds that it is outside the scope of this proceeding and unduly burdensome as such information is not readily available. Subject to and without waiving its objection, PG&E responds as follows:

PG&E did not create forecasts for 2023 GRC to the same level of detail as has been provided in the Billing Modernization Initiative filing.
- b. PG&E objects to this data request on the grounds that it is outside the scope of this proceeding and unduly burdensome as such information is not readily available. Subject to and without waiving its objection, PG&E responds as follows:

PG&E did not create forecasts for 2023 GRC to the same level of detail as has been provided in the Billing Modernization Initiative filing.
- c. Please see PG&E's response to subpart a.
- d. For 2023 GRC, PG&E created conceptual forecasts based on preliminary product and effort understanding. The forecasts included in the Billing Modernization Initiative filing are based on resource loaded forecasts entered into PG&E's forecasting tool, which includes calculations for non-labor costs like overheads and AFUDC (for capital orders). The forecasts for the filing were prepared with much greater rigor and detail than the forecasts for 2023 GRC, using different tools and resulting in much more extensive forecast data.
- e. The discrepancies in level of detail between 2023 GRC and the current Billing Modernization Initiative filing are a result of major differences in detail and not a result of difference in priority.

APPENDIX H

**PG&E's response to Data request
PubAdv-PG&E-020-RA6, Q1 and Q2**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_020-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_020-Q001
Request Date:	January 27, 2025
Requester DR No.:	PubAdv-PG&E-020-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	February 10, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 001

Referring to table 5-1 of p. 5-48 of PG&E’s testimony, PG&E provides the labor Full-Time Equivalent Employees (FTE) and costs by phase for the BCS project. PG&E listed 10 phases (Pre-planning, Plan/Analyze, Design/Build, Test, Replan, Design Update, Build Update, Test Refresh, Deploy, Support) for BCS project. The following excerpt is from p. 5-48 of PG&E’s testimony,

TABLE 5-1
LABOR COST ESTIMATES FOR BCS PROJECT

	Pre-Planning	Plan/Analyze	Design/Build	Test	Replan	Design Upd	Build Upd	Test Refresh	Deploy	Support
External Labor *										
Avg. FTE	1.5	8.0	31.8	40.3	45.7	90.3	99.7	74.2	73.2	71.5
Peak FTE	3.6	13.5	43.6	56.9	85.1	95.9	110.9	83.3	79.3	74.3
Internal Labor										
Avg. FTE	1.5	8.0	8.5	11.0	9.4	14.5	25.2	18.7	15.8	15.4
Peak FTE	3.6	7.8	11.9	16.4	10.2	19.5	28.4	25.2	15.8	15.4
Surge Staffing										
Avg. FTE								10	10	10
Peak FTE								10	10	10
Phase Cost (.000s)										
Cap	\$ -	\$ 6,448	\$ 11,088	\$ 21,439	\$ 10,835	\$ 11,878	\$ 17,075	\$ 20,317	\$ 13,928	\$ 11,840
Exp	\$ 1,165	\$ 8	\$ 557	\$ 649	\$ -	\$ 89	\$ 313	\$ 838	\$ 240	\$ 1,920

(*) The External Labor total for the Plan/Analyze and Design/Build phases do not include the count of Oracle resources due to the nature of the contract. The contract agreement changed during the Test phase, resulting in Oracle resources being included in the labor count from that point forward.

Referring to table 1-1 of p. 1-5 of PG&E’s testimony, PG&E provides the total forecasted capital and O&M costs for BCS project which is \$128 million. Referring to Cal Advocates data request PubAdv-PG&E-002-RA6, Q2, Cal Advocates requested PG&E to provide the amount PG&E forecasted for 2021, 2022, and 2023 for each activity in its 2023 GRC. The following response is from PG&E’s response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q2 which shows the amount PG&E forecasted for 2021, 2022, and 2023 for each activity in its 2023 GRC,

	2021	2022	Total (000s)
CAP	\$4,306.80	\$10,490.21	\$14,797.00
EXP	\$575.00	\$1,401.16	\$1,976.16
Total	\$4,881.80	\$11,891.37	\$16,773.16

	Plan/Analyze	Design	Build	Test	Deploy	Total (.000s)
CAP	\$1,356.26	\$2,034.40	\$4,696.60	\$4,773.88	\$1,935.86	\$14,797.00
EXP	\$-	\$-	\$1,800.35	\$125.58	\$50.23	\$1,976.16
Total	\$1,356.26	\$2,034.40	\$6,496.95	\$4,899.46	\$1,986.10	\$16,773.16

Please respond to the following questions:

- a. PG&E originally forecasted \$16.773 million for the BCS project in PG&E's 2023 GRC and forecasts \$128 million for BCS project in this application. Provide supporting documentation and a breakdown of the line item calculation so that Cal Advocates can independently identify the related activity and costs directly related to the \$111.227 million or 663% increase in PG&E's forecast in this application, relative to PG&E's forecast in PG&E's 2023 GRC for BCS project.
- b. In PG&E's original forecast for BCS project in PG&E's 2023 GRC, PG&E did not forecast any cost for pre-planning phase. In this application, PG&E is forecasting \$1.165 million in O&M Expenses for pre-planning phase as shown in the excerpt from p. 5-48 of PG&E's testimony above. PG&E states in its testimony at p. 5-7 that the pre-planning phase lasted from September 2020 to June 2021. Explain in detail and provide supporting documentation that can demonstrate why the pre-planning phase was not included in PG&E's 2023 GRC but included in this application.
- c. Provide all invoices and supporting documentation specific to the \$1.165 million expense in pre-planning phase that verifies the amount, specific dates, number or workers (if any), type of workers (if any), vendor name and an explanation of the cost/activities involved.
- d. Confirm whether PG&E recorded any O&M expenses in 2021 for BCS project.
- e. If PG&E did not record any O&M expenses in 2021 for BCS project, explain why table 5-1 shows \$1.165 million O&M expenses in pre-planning phase for BCS project.
- f. If the \$1.165 million in Table 5-1 above should have been listed as capital expenditures, please state so.
- g. Confirm whether this \$1.165 million expense for pre-planning phase is included in PG&E's revenue requirement calculation.
- h. If PG&E recorded O&M expenses in 2020 and 2021 for BCS project, explain why in PG&E's application, p.2, shows no recorded O&M expenses in 2020 and 2021 for BCS project.

ANSWER 001

Attachments 2-6 to this response contain CONFIDENTIAL information described in Declaration Supporting Confidential Designation dated February 10, 2025.

- a. PG&E objects to this data request on the grounds that it is outside the scope of this proceeding. Subject to and without waiving its objection, PG&E responds as follows:

The forecasts that PG&E created for 2023 GRC do not have the same level of detail to allow a reasonable comparison.

- b. The estimates prepared for 2023 GRC were based on conceptual project forecasts and project phases. PG&E did not distinguish activities like vendor selection and requirements gathering (identified as pre-planning activities) separately from the plan and analyze activities.

- c. PG&E objects to this data request on the grounds that it is outside the scope of this proceeding and is not reasonably calculated to lead to the discovery of admissible evidence. Subject to, and notwithstanding these objections, PG&E responds as follows:

PG&E has included the actuals for the pre-planning phase in a format similar to DR2, Q1 as "*BillingModernization_DR_CalAdvocates_020-Q001Atch01.xlsx*". The five invoices are also included as Attachments 2-6. The invoices for GridX vendor are related to contract to document charges, credits, and discounts of PG&E's rate structure. The invoices for Oracle are related to BCS cloud environments and licenses.

- d. PG&E recorded expense costs in 2020, 2021, and 2022 for the BCS project. PG&E is not seeking recovery for these costs.
- e. Please refer to the previous answer.
- f. The \$1.165 million is appropriately identified as expense.
- g. PG&E's recorded expense costs in 2020, 2021, and 2022 are not included in the revenue requirement calculation.
- h. PG&E recorded expense costs in 2020, 2021, and 2022 for the BCS project. PG&E is not seeking recovery for these costs.

ATTACHMENTS:

BillingModernization_DR_CalAdvocates_020-Q001Atch01.xlsx

BillingModernization_DR_CalAdvocates_020-Q001Atch02CONF.pdf

BillingModernization_DR_CalAdvocates_020-Q001Atch03CONF.pdf

BillingModernization_DR_CalAdvocates_020-Q001Atch04CONF.pdf

BillingModernization_DR_CalAdvocates_020-Q001Atch05CONF.pdf

BillingModernization_DR_CalAdvocates_020-Q001Atch06CONF.pdf

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_020-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_020-Q002
Request Date:	January 27, 2025
Requester DR No.:	PubAdv-PG&E-020-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	February 10, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 002

Referring to table 5-1 on p. 5-48 of PG&E’s testimony, PG&E provides the labor Full-Time Equivalent Employees (FTE) and costs by phase for the BCS project. PG&E listed 10 phases (Pre-planning, Plan/Analyze, Design/Build, Test, Replan, Design Update, Build Update, Test Refresh, Deploy, Support) for BCS project.

The following excerpt is from p. 5-48 of PG&E’s testimony,

TABLE 5-1
LABOR COST ESTIMATES FOR BCS PROJECT

	Pre-Planning	Plan/Analyze	Design/Build	Test	Replan	Design Upd.	Build Upd.	Test Refresh	Deploy	Support
External Labor *										
Avg. FTE	1.5	8.0	31.8	40.3	45.7	90.3	99.7	74.2	73.2	71.5
Peak FTE	3.6	13.5	43.6	56.9	85.1	95.9	110.9	83.3	79.3	74.3
Internal Labor										
Avg. FTE	1.5	8.0	8.5	11.0	9.4	14.5	25.2	18.7	15.6	16.4
Peak FTE	3.6	7.8	11.9	16.4	10.2	19.5	28.4	25.2	15.8	15.4
Surge Staffing										
Avg. FTE								10	10	10
Peak FTE								10	10	10
Phase Cost (,000s)										
Cap	\$ -	\$ 6,448	\$ 11,068	\$ 21,439	\$ 10,835	\$ 11,678	\$ 17,075	\$ 20,317	\$ 13,929	\$ 11,840
Exp	\$ 1,165	\$ 8	\$ 557	\$ 649	\$ -	\$ 89	\$ 313	\$ 838	\$ 240	\$ 1,920

(*) The External Labor total for the Plan/Analyze and Design/Build phases do not include the count of Oracle resources due to the nature of the contract. The contract agreement changed during the Test phase, resulting in Oracle resources being included in the labor count from that point forward.

The excerpt from p. 5-48 of PG&E’s testimony shows that PG&E is conducting every stages multiple times for BCS implementation. For example, PG&E’s plan/analyze phase of BCS project began in July 2021 and completed in November 2021 as stated in PG&E’s testimony, at p. 5-8. PG&E again started re-plan in October 2023 and completed in March 2024. PG&E is also conducting design, build, and test phase multiple times as shown in p. 5-48 of PG&E’s testimony. PG&E states in its testimony at

p. 5-2 that the BCS project was originally planned to go live at the beginning of 2023 but has faced a number of challenges due to the complexity of moving from a customer-build data model to a standard customer information system data model.

Explain in detail and provide supporting documentation that can demonstrate the ratepayer benefit and cost to reimburse for these stages PG&E conducted multiple times for implementing BCS Solution and replacement of ABS Electric.

ANSWER 002

PG&E did not go through a formal process to analyze ratepayer benefit and cost to reimburse for these stages, as this is not a typical process. As part of the BCS project, during the Re-Evaluation and Re-Plan phases, PG&E identified gaps in the execution of the earlier phases of the project. While the subsequent project phases share similar names (Design and Design Update, for example), the activities within the project phases were not just redoes of the same steps. For example, the Design Update phase update designs and created new designs based on the Requirements Traceability Matrix, which included the identification of missing requirements and updates to incorrect requirements.

PG&E addresses this in Chapter 5 of its testimony beginning in section D.1. The initial plans and designs did not adequately account for the complexity of the rates and programs resulting in large gaps in functionality. At the time of project implementation, PG&E followed best practices by a system integrator most familiar with the BCS product: Oracle. Section D.1.e highlights the issues uncovered in the testing phase that began in June 2022; these challenges ultimately lead to the need for re-evaluation and re-planning described in D-1-f.

Throughout the initial phases of the BCS project, PG&E made prudent decisions based on what was known at that time. Further, PG&E made the difficult decision to take a different approach with the re-planning effort in order to ensure a successful deployment and minimize any potential customer impacts.

APPENDIX I

**PG&E's response to Data request
PubAdv-PG&E-025-RA6, Q2 and Q3**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_025-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_025-Q002
Request Date:	February 5, 2025
Requester DR No.:	PubAdv-PG&E-025-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	February 19, 2025
PG&E Witness(es):	Matt Hedges - Information Technology

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 002

Referring to table 5-1 of p. 5-48 of PG&E’s testimony, PG&E provides the labor Full-Time Equivalent Employees (FTE) and costs by phase for the BCS project. PG&E listed 10 phases (Pre-planning, Plan/Analyze, Design/Build, Test, Replan, Design Update, Build Update, Test Refresh, Deploy, Support) for BCS project. The following excerpt is from p. 5-48 of PG&E’s testimony,

**TABLE 5-1
LABOR COST ESTIMATES FOR BCS PROJECT**

	Pre-Planning	Plan/Analyze	Design/Build	Test	Replan	Design Upd.	Build Upd.	Test Refresh	Deploy	Support
External Labor *										
Avg. FTE	1.5	8.0	31.8	40.3	45.7	90.3	99.7	74.2	73.2	71.5
Peak FTE	3.8	13.5	43.6	56.9	85.1	95.9	110.9	83.3	79.3	74.3
Internal Labor										
Avg. FTE	1.5	8.0	8.5	11.0	9.4	14.5	25.2	18.7	15.8	15.4
Peak FTE	3.8	7.8	11.9	16.4	10.2	19.5	28.4	25.2	15.8	15.4
Surge Staffing										
Avg. FTE								10	10	10
Peak FTE								10	10	10
Phase Cost (,000s)										
Cap	\$ -	\$ 6,448	\$ 11,068	\$ 21,439	\$ 10,835	\$ 11,878	\$ 17,075	\$ 20,317	\$ 13,928	\$ 11,840
Exp	\$ 1,165	\$ 8	\$ 557	\$ 649	\$ -	\$ 89	\$ 313	\$ 838	\$ 240	\$ 1,920

(*) The External Labor total for the Plan/Analyze and Design/Build phases do not include the count of Oracle resources due to the nature of the contract. The contract agreement changed during the Test phase, resulting in Oracle resources being included in the labor count from that point forward.

PG&E states in p. 5-7 of PG&E’s testimony, PG&E states that the pre-planning phase lasted from September 2020 to June 2021. Table 5-1 above shows total pre-planning phase expense of \$1.165 million for BCS project. In PG&E’s application, p. 2, shows no

recorded O&M expenses in 2020 and 2021 for BCS project. Please respond to the following questions:

- a. Provide cost breakdown for each of these 10 phases in Table 5-1 above that shows PG&E's calculation on how PG&E estimated the Phase Cost (in \$ format). For example, convert External labor Pre-planning phase avg. FTE of 1.5 FTE in \$ format and then show how all these external labor and internal labor FTEs in pre-planning phase totals to the total expense of \$1.165 million. Provide in an Excel format with all calculations and links intact and that clearly shows how PG&E calculated the FTEs and later converted it into Phase cost (in \$ format) for all these 10 phases of BCS project.
- b. If PG&E cannot provide this cost breakdown calculation, explain why not and how PG&E calculated the Phase Cost (in \$ format) in this table above.
- c. Explain in detail what Avg. FTE and Peak FTE mean in the Table 5-1 above and why the FTE numbers included in Avg. FTE are different than Peak FTE for all these 10 phases of BCS project.
- d. Explain in detail what surge staffing means in Table 5-1 above.
- e. Explain and provide documentation that can demonstrate why PG&E included 30 Avg. FTE surge staffing in three phases (test refresh, deploy and support) and 30 Peak FTE surge staffing in three phases (test refresh, deploy and support).
- f. In a table format, provide the capital expenditures and O&M expenses (in \$ amounts) recorded in 2024 and forecasted in 2025 for surge staffing for BCS project.
- g. Provide supporting documentation that can demonstrate the need for these surge staffing in three phases (test refresh, deploy and support) for BCS project.

ANSWER 002

- a. The information has been provided in "*BillingModernization_DR_CalAdvocates_025-Q002Atch01.xlsx*", similar to what was provided in DR16 for C2M. The details on the "PCC Breakout Timeline" tab are the output of PG&E's forecasting tool, which contains data broken down by labor and non-labor cost types. Detailed data is provided by month, then summarized on the "Summary Cost by Year and Phase" tab. The summary is both by yearly breakout and phase breakout.

Note: The cells highlighted in yellow on the summary tab are expense costs that PG&E is not requesting recovery for. Further, some of the data in the recent phases is slightly different than what was presented in testimony due to actuals varying from the forecasts that served as the basis for the values presented in testimony.

PG&E offers to meet and explain the details of the information on both the summary and breakout tabs.

- b. Not applicable.
- c. PG&E calculation the internal and external labor FTE per month based on recorded actuals and forecasted labor. The average FTE number is the average of the FTEs

per month in that phase. The peak FTE number is the highest FTE number in a month in the phase. Labor amounts can vary month to month, with large labor variances between the start and end of phases, leading to average and peak FTE numbers being different.

- d. Surge staffing is defined as additional staff temporarily contracted to support business or IT functions during post go live stabilization and is described in Chapter 5-E-1-b.
- e. PG&E forecasted the need for 10 additional resources to prepare for and support the BCS system during deployment and stabilization. The resources need to be brought on during the test phase to get trained and acquainted with the system in order to support once the system is live for users.
- f. PG&E has forecasted \$1.4 million in expense dollars for 2025 for surge staffing.
- g. Please see answer to part e.

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_025-Q003
PG&E File Name:	BillingModernization_DR_CalAdvocates_025-Q003
Request Date:	February 5, 2025
Requester DR No.:	PubAdv-PG&E-025-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	February 19, 2025
PG&E Witness(es):	Matt Briel - Customer and Enterprise Solutions

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 003

Referring to p. 6-13 of PG&E’s testimony, PG&E provides the forecasted total benefits for BCS project which includes total business benefits of \$3.9 million and Total IT benefits of \$0 million. The following table 6-4 is from p. 6-13 of PG&E’s testimony,

TABLE 6-4
FORECASTED BENEFITS – NOMINAL AND WACC DISCOUNTED
(CONSTANT 2023 MILLIONS OF DOLLARS)

Line No.	Benefits Category	BCS Benefits (Millions of Dollars)	CC&B 25.1 Benefits (Millions of Dollars)	C2M Benefits (Millions of Dollars)	Total Nominal Benefits (Millions of Dollars)	Total WACC Discounted Benefits (Millions of Dollars)
1	Total Business Benefits	3.9	3.4	204.6	211.9	83.0
2	Total IT Benefits	–	1.3	383.1	384.4	149.4
3	Total Benefits	3.9	4.7	587.7	596.4	232.4

Explain whether PG&E performed an analysis of the ratepayers benefit and cost to implement the BCS project. Provide a copy of PG&E’s calculation and documentation that can demonstrate the ratepayers benefit and cost for the implementation of BCS project. Provide the calculation in an Excel format similar to table 6-4 above and include a row for Total Ratepayers Benefits with links and formulas intact that clearly shows the total ratepayer benefits of implementing BCS project.

ANSWER 003

Please refer to Data Request 020 question 3. The extent of the benefits have been outlined in Chapter 6 of the filing as well as the methodology. Excel versions of the calculations were provided in workpaper 6-1.

As confirmed in Data Request 020 003-d, PG&E confirms the costs outweigh the quantified benefits identified for the BCS project, but the upgrade to BCS is a necessity to address non-quantifiable risks associated with cybersecurity and potential asset failure.

APPENDIX J

**PG&E's response to Data request
PubAdv-PG&E-026-RA6, Q2**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_026-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_026-Q002
Request Date:	February 20, 2025
Requester DR No.:	PubAdv-PG&E-026-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	March 6, 2025
PG&E Witness(es):	Matt Hedges - Information Technology

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

Please provide the following:

QUESTION 002

Referring to PG&E’s response to Cal Advocates data request PubAdv-PG&E-007-RA6, Q5e, PG&E states that the “Staff Augmentation labor costs similarly increased, with a notable difference: PG&E engaged additional resources from vendors to support project management, governance, and testing responsibilities, which accounts for an increase in labor costs. Additionally, PG&E and Oracle revised their fixed-cost contract created when Oracle was selected as the system integrator to a time and materials contract. These changes account for much of the increase in the Staff Augmentation labor costs.”

Referring to Cal Advocates data request PubAdv-PG&E-017-RA6, Q1v, Cal Advocates requested that PG&E provide supporting documentation that can demonstrate the 438% increase in Staff Aug cost in 2024, and 292% increase in Staff Aug cost in 2025, relative to 2023 Staff Aug cost. PG&E did not provide the requested supporting documentation, and states that “Staff Aug” in this case relates to staff augmentation labor, where PG&E works with partner companies to find resources with skills and expertise that PG&E does not possess in the available workforce.

Please respond to the following:

- a. Provide documentation that explains if PG&E engaged additional resources from vendors to support project management, governance, and testing responsibilities, which accounts for an increase in labor costs.
- b. PG&E states that “PG&E and Oracle revised their fixed-cost contract created when Oracle was selected as the system integrator to a time and materials contract.” Explain in detail why PG&E and Oracle revised their original fixed-cost contract created when Oracle was selected as the system integrator to a time and materials contract.

- c. Provide documentation prepared before this data request, that explains and demonstrates PG&E and Oracle revising their fixed-cost contract which resulted in an increase in Staff Augmentation labor cost.
- d. Provide a copy of the original and revised PG&E and Oracle's fixed-cost contract.
- e. If PG&E cannot provide the documentation, please explain why not and provide documentation that can demonstrate the increase in Staff Augmentation labor costs.
- f. Provide supporting documentation that specifically verifies that PG&E did not request funding in its 2020 or 2023 GRC specifically for Staff Augmentation labor costs for BCS project and ABS replacement.
- g. If PG&E did request funding for Staff Augmentation labor costs for BCS project and ABS replacement in either its 2020 or 2023 GRC, identify the amount PG&E requested and the specific Exhibit, Volume, and page numbers in PG&E's 2020 or 2023 GRC testimony associated with PG&E's request.
- h. Provide supporting documentation that demonstrates the challenges of finding resources with skills and expertise that PG&E does not possess in the available workforce. Explain specifically whether PG&E has filled, or attempted to fill, vacant positions to work on BCS project and ABS replacement.

ANSWER 002

Attachments to this response contain CONFIDENTIAL information described in Declaration Supporting Confidential Designation dated March 6, 2025.

- a. PG&E explains the additional resources and responsibilities in Chapter 5, section D.1.f, when describing the change from Oracle to other resources. More specifically, the number of labor hours for staff augmentation increased from 2023 (68,859 hours) to 2024 (173,392 hours) and was forecasted higher in 2025 (145,566 hours).
- b. The challenges and gaps that PG&E explains in Chapter 5, section D.1.f resulted in an unknown scope of work to remediate the gaps and finalize the build for the project. Due to the lack of understanding of remaining scope items (as described in page 5-13, starting line 4), Oracle communicated that they were unable to abide by the fixed fee contract. PG&E determined that continuing the project without Oracle (either managing the project internally or changing vendors) would result in higher costs for the project, so negotiated with Oracle for a time and materials contract moving forward.
- c. PG&E has attached the contracts in part d.
- d. PG&E assumes this question is asking for the original fixed-cost contract and the recent time and material contract. PG&E has provided three attachments. The first attachment is the original fixed fee contract. Attachment 2 is the interim time and material contract, after PG&E and Oracle agreed to end the fixed fee contract. The third attachment is the final negotiated time and material contract.

Note: the fixed fee contract had 9 change orders to it, for things like additional environments or other services. Those amendments have not been included as part of this response but are available if needed.

- e. Not applicable.
- f. PG&E did not request funding in the 2020 GRC for any kind of billing system changes. In the 2023 GRC, PG&E did not submit forecasts for ABS Replacement or the BCS project as part of the Billing System Upgrade presented in Exhibit 6, Chapter 10.
- g. PG&E did not submit forecasts for ABS Replacement or the BCS project as part of the Billing System Upgrade from 2023 GRC. Thus, PG&E is unable to cite any document from the 2023 GRC with this information.
- h. PG&E would like to add additional context to the prior statement that PG&E uses staff augmentation labor with skills and expertise that PG&E does not possess in their available workforce. Projects such as the BCS project require skill sets and expertise that are not normally used in regular project delivery for technology. For example, the BCS project requires resources with expertise in managing extremely large projects, data conversion development, Oracle modular rates architecture, and other specialized skill sets. These skill sets are rarely needed in PG&E projects, and some of the skill sets are specific to the BCS project. It does not make sense to hire resources with the level of expertise required for these project activities when the activities are not recurring.

As it relates to vacant positions and the BCS project, PG&E does not have vacant positions. Staff augmentation is often preferable because it brings in the correct resources for the limited duration of the project.

APPENDIX K

**PG&E's response to Data request
PubAdv-PG&E-027-RA6, Q3**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_027-Q003
PG&E File Name:	BillingModernization_DR_CalAdvocates_027-Q003
Request Date:	March 3, 2025
Requester DR No.:	027
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	March 17, 2025
PG&E Witness(es):	Matt Briel – Customer and Enterprise Solutions

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 003

Referring to p. 6-28 of PG&E’s testimony, PG&E states that PG&E chose to pursue the three-stage Billing Modernization project because it best reduces risk to PG&E operations while enabling financial benefits that represent a significant portion of project costs. PG&E states that it has identified a cost-effective strategy that stabilizes its systems in the near term and realizes operational efficiencies and real savings in the intermediate to long term. The following excerpt Table 6-15 is from p. 6-28 of PG&E’s testimony:

TABLE 6-15
FORECASTED BENEFIT-COST-RATIO – BY SYSTEM
(MILLIONS OF DOLLARS, NOMINAL)^(a)

Line No.		Billing Modernization	BCS	CC&B 25.1	C2M
1	Total Nominal Project Capital Costs	\$584	\$117	\$91	\$377
2	Total Nominal Project Expense Costs	92	3	9	80
3	Nominal Project Contingency	85	8	28	49
4	Total Nominal Project Costs	\$761	\$128	\$128	\$506
5	Nominal Ongoing Costs	\$298	\$18	\$61	\$219
6	Total Nominal Project Benefits	\$596	\$4	\$5	\$588
7	Project Benefit-Cost Ratio (Nominal) ^(b)	0.56	0.03	0.02	0.81
8	Project Benefit-Cost Ratio (WACC-Discounted)	0.31	0.02	0.02	0.50

(a) Note that cost figures in this table only reflect costs for which PG&E is seeking (or is planning to seek) recovery; they do not include 2020-2022 expense costs.

(b) Row 7 is calculated with the following equation: row 7 = row 6 / (row 4+row 5).

The following excerpt Table 6-4 is from p. 6-13 of PG&E’s testimony and shows the total IT and business benefits of BCS project of \$3.9 million in total business benefits and \$0 in total IT benefits for BCS projects:

**TABLE 6-4
FORECASTED BENEFITS – NOMINAL AND WACC DISCOUNTED
(CONSTANT 2023 MILLIONS OF DOLLARS)**

Line No.	Benefits Category	BCS Benefits (Millions of Dollars)	CC&B 25.1 Benefits (Millions of Dollars)	C2M Benefits (Millions of Dollars)	Total Nominal Benefits (Millions of Dollars)	Total WACC Discounted Benefits (Millions of Dollars)
1	Total Business Benefits	3.9	3.4	204.6	211.9	83.0
2	Total IT Benefits	–	1.3	383.1	384.4	149.4
3	Total Benefits	3.9	4.7	587.7	596.4	232.4

Please respond to the following questions:

- a. Explain and provide supporting documentation such as PG&E’s management decisions and guidelines that can justify why PG&E decided to move forward with BCS project that has a low benefit cost ratio of 0.03, and especially when the IT components offer zero benefits.
- b. Provide a detailed breakdown of the \$3.9 million in total business benefits for the BCS projects. The breakdown should clearly show the expected outcomes and how PG&E quantified them.
- c. Explain in detail why the total IT benefits are \$0 and whether PG&E took any steps to improve or reassess the IT component of the BCS project.
- d. Provide PG&E’s calculation in an Excel format and supporting documentation that can demonstrate the expected return or value for ratepayers from the \$3.9 million total business benefits as shown in Table 6-4 above, and how this compares to the costs being passed onto ratepayers.
- e. Did PG&E consider any alternative strategies or projects that could deliver a higher benefit for ratepayers, given that the BCS project has a low benefit cost ratio and no IT benefits?
- f. If PG&E considered alternative strategies or projects that could deliver a higher benefit for ratepayers, provide supporting documentation that specifically demonstrates this.

ANSWER 003

- a. PG&E has no additional documentation regarding the decision to pursue the ABS migration to BCS that had not already been shared in data requests, Testimony, or Workpapers. PG&E's Advanced Billing System can no longer support the volume of customers whose rates are being calculated in that system. ABS is operating far beyond its intended boundaries of 25,000 accounts. Increasingly complex rates and cyber security threats necessitate this upgrade.
- b. Workpaper 6-1 contains the Excel worksheet with the benefits calculations between rows 135 and 147. PG&E has estimated savings in the areas of testing complex rates, time savings from reduced volume of manually resolved complex billing exceptions, and the elimination of the IF58 review. The IF58 review is a process by which billing representatives manually review changes in CC&B customer data and ensure they are correct in ABS. Because BCS is more tightly coupled with CC&B, the need for this review is eliminated.

Reducing rate value testing for complex rates assumes the following: 5 cycles per year, 114 hours per cycle, \$90.17 dollars per hour multiplied yields \$51,397/year. 2025 is estimated at ½ year or \$25,698 times the inflation factor to get the \$27,134 shown in WP 6-1.

Efficiency from reduced volume of manually resolved complex billing exceptions: 8 FTE, 40% reduction in the volume of complex billing exceptions due to improved functionality of BCS (and C2M), The 3 FTE (40% of 8) times 1920 hours/year times \$90.17 average hourly rate yields \$554,004/full year savings.

Labor benefit from eliminating the daily review of the IF58 reports: 22 serials converted/day * 100% reduction due to transition to BCS * 42% daily review * \$90.17 hourly average labor rate * 240 working days/year = \$198,374 full year savings

- c. The IT benefit is indeed zero. PG&E is replacing one rate calculation engine with another. The net result is that there will still be a rate engine on top of CC&B and two systems to maintain for complex rates. Efficiencies for IT ramp up drastically once PG&E moves to C2M and consolidates all the rating engines, meter data management and customer information system into one.
- d. PG&E interprets this question as a clarification of the benefit/cost ratio which is low at 0.03%. The quantified financial benefits from Stage 1 do not fully reflect the complete benefit to PG&E and their customers from being able to continue billing complex rates in a stable supported system with patched cyber vulnerabilities.
- e. The options considered by PG&E have been included in the Accenture and eSource (formerly Utiligent) studies included as workpapers in Chapter 4 and Attachment 01 from CalAdvocates Data Request 004. Ensuring a stable, supported rating engine is crucial for PG&E.
- f. No other alternatives have been considered outside what has been shared in testimony, workpapers, or data requests.

APPENDIX L

**PG&E's response to Data request
PubAdv-PG&E-029-RA6, Q3**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_029-Q003
PG&E File Name:	BillingModernization_DR_CalAdvocates_029-Q003
Request Date:	March 18, 2025
Requester DR No.:	PubAdv-PG&E-029-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	April 2, 2025
PG&E Witness(es):	Matt Hedges – Information Technology Matt Briel – Customer and Enterprise Solutions Leo Yang - Finance

SUBJECT: BILLING CLOUD SERVICES (BCS) SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ABS

QUESTION 003

Referring to PG&E’s spreadsheet titled “BillingModernization_DR_CalAdvocates_007--Q005Atch02” provided in response to Cal Advocates Data request PubAdv-PG&E-007- RA6, Q5, the spreadsheet shows that the BCS project will result in \$7.9 million in contingency costs.

Please respond to the following:

- a. Explain how PG&E calculated the \$7.9 million contingency costs for BCS project. In PG&E’s explanation, describe what methodologies PG&E used to arrive at \$7.9 million contingency cost.
- b. Explain in detail and provide supporting documentation that can demonstrate the ratepayer benefit and cost associated with the \$7.9 million contingency costs for the BCS project that ratepayers are being requested to fund.
- c. Did PG&E estimate how the \$7.9 million contingency costs will impact rates in both short-term and long-term? If yes, provide PG&E’s calculation in an Excel format that shows the bill impact.
- d. Explain whether PG&E included these \$7.9 million contingency costs in its revenue requirement calculation.
- e. Provide a detailed cost breakdown of the \$7.9 million contingency costs that show the total capital expenditure (in \$ amounts), operational expenses (in \$ amounts), etc.
- f. Explain how PG&E identified the level of risk assessed for the BCS project, and whether PG&E took any steps to mitigate these risks and reduce the need for large contingency costs.

- g. Provide documentation that PG&E's management relied upon to determine and explain why its shareholders should not fund any portion of its contingency costs. In the response state if PG&E's shareholders derive any benefits from PG&E's upgrades for its BCS project. If no, state so in the response.
- h. If PG&E's shareholders are providing funding for any portion of the proposed contingency costs, provide that detailed documentation and the calculation.
- i. Did PG&E perform any calculation to assess what percentage of these contingency costs could have been mitigated if different decisions had been made during the project's lifecycle (e.g., if the BCS project went live at the beginning of 2023 as stated on p. 5-1 of PG&E's testimony)? If yes, provide supporting documentation and PG&E's calculation that can demonstrate the percentage.
- j. Provide PG&E's estimate of the total contingency costs (in \$ amounts) for BCS project in PG&E's 2023 GRC.
- k. Provide a detailed description of all the factors that will contribute to the contingency costs of \$7.9 million for BCS project.
- l. Provide supporting documentation that can demonstrate that PG&E made reasonable efforts to minimize these factors and considered other alternatives before requesting recovery of this \$7.9 million contingency costs from ratepayers.

ANSWER 003

- a. Please refer to PG&E's response to Cal Advocates data request 024 Question 1 submitted to Dao Phan on 2/18/25.

The process for calculating the contingency is described in Chapter 6, Section E.1 and the calculation tool is attached is "*BillingModernization_DR_CalAdvocates_024-Q001Atch01.xlsm*". The risks are different for each project, and thus the resulting application of contingency is different for each project. As such, PG&E offers to schedule a meeting to discuss the calculation and application of contingency.

PG&E calculated the contingency using the American Association of Cost Engineering (AACE) tool in early 2024. At that time, PG&E identified three risks for inclusion in the calculation methodology for BCS implementation: unknown requirements and design gaps, data conversion issues, and resource constraints and attrition. The methodology includes calculating the impact of realization of each risk and probability of occurrence. The three risks were estimated as medium likelihood of occurrence, with the following valuation:

- Unknown requirements and design gaps: 25,000 labor hours at \$200/hr = \$5,000,000
- Data conversion issues: 20,000 labor hours at \$200/hr = \$4,000,000
- Resource constraints and attrition: 10,000 labor hours at \$200/hr = \$2,000,000

The result of the risk valuation and likelihood of occurrence can be seen in the "Risk Allocation Table" in the attachment.

The resulting \$7,900,000 contingency is applied to 2025 forecasts.

- b. Contingency is a standard cost element in major projects. PG&E has estimated the overall benefit cost ratio of the BCS stage of the project at 0.02% which includes the contingency amount. PG&E based the ratio on the overall cost and benefit for the stage, not on a specific line item. The rate payer benefit to the contingency amount cannot be quantified on its own.
- c. PG&E's rate impact calculations were based on the overall cost inclusive of all three stages of the project, not the line item detail of items such as BCS contingency.
- d. Contingency is included in PG&E's revenue requirement.
- e. Please refer to part a above.
- f. In Chapter 5, section D.1.f, PG&E describes steps the BCS project took to identify and resolve gaps and issues with the BCS project. The risks were identified as part of the Re-Evaluation and Re-Plan phase when reviewing the gaps and issues, and thus were used in the contingency calculations.

Throughout Chapter 2, section D.1, PG&E identifies various prudent steps taken throughout the project to help avoid unnecessary costs. In section D.1.f, PG&E identifies specific steps taken to address these gaps.

- g. As mentioned in part b, contingency is a standard component of major projects. Contingency provides the project a budgetary buffer for unknown issues that may arise during a project. PG&E's shareholders earn the company's authorized rate of return on capital projects.
- h. PG&E is performing Billing Modernization Initiative as an asset lifecycle project to remediate outdated hardware and software and to implement a solution enabling the ongoing implementation of California energy policy. This initiative is not a shareholder funded effort.
- i. PG&E did not perform calculations of this nature.
- j. Please refer to part a above.
- k. Please refer to part a above.
- l. Please refer to part f above.

APPENDIX M

**PG&E's response to Data request
PubAdv-PG&E-032-RA6, Q3**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_032-Q003
PG&E File Name:	BillingModernization_DR_CalAdvocates_032-Q003
Request Date:	April 3, 2025
Requester DR No.:	PubAdv-PG&E-032-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	April 17, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 003

Referring to PG&E’s response to data request PubAdv-PG&E-025-RA6, in the file titled, “BillingModernization_DR_CalAdvocates_025-Q001Aatch01” wherein PG&E provides line- item detail for its 2021, 2022, 2023, and 2024 recorded costs for its Stage 1 Billing Modernization Initiative: Billing Cloud Services (BCS) solution Implementation and replacement of the ABS, please provide the following:

- a. In a table format, provide the total recorded and forecasted labor internal capital expenditures and O&M expenses (in \$ amounts) each year, from 2021-2025, for BCS solution.
 - i. In PG&E’s response, please provide a breakdown of the capital expenditures and O&M expenses by: (a) straight-time, (b) overtime, (c) double-time, (e) triple-time, and (f) paid time off for BCS solution.
- b. Did PG&E use existing personnel for BCS solution activities? Provide documentation that confirms whether PG&E primarily utilized its existing personnel from 2021 to 2025 for BCS solution activities.
 - i. If yes, please explain whether these existing positions’ salary increased because of change in responsibilities and BCS solution activities.
 - ii. If yes, please provide PG&E’s quantifiable analysis (such as comparing what was collected in rates to PG&E’s recovery request) substantiating that its labor internal cost (e.g., straight time labor, paid time off etc.) recovery request is not already recovered in rates.
 - iii. If no, please confirm whether PG&E hired or will hire any additional full-time permanent or part-time permanent personnel to work on BCS solution activities.

ANSWER 003

a. Please refer to the following table. Please note that paid time off is an overhead cost within PG&E and is not classified as internal labor. PG&E has included the PTO overhead amount in this response based on the specific call out.

		Recorded Actuals	Recorded Actuals	Recorded Actuals	Recorded Actuals	Recorded Actuals (Jan - Mar)	Forecasted (Apr - Dec)
		2021	2022	2023	2024	2025	
CAP	Straight Time	\$560.70	\$1,343.98	\$1,872.50	\$3,203.20	\$1,205.09	\$2,614.50
	Overtime	\$-	\$18.98	\$20.73	\$25.92	\$10.90	\$-
	Double Time	\$-	\$-	\$-	\$-	\$1.00	\$-
	PTO Overhead	\$116.55	\$273.34	\$335.63	4556.95	\$216.35	\$323.92
EXP	Straight Time	\$152.29	\$-	\$-	\$59.72	\$13.00	\$199.75
	Overtime	\$-	\$-	\$-	\$-	\$-	\$-
	Double Time	\$-	\$-	\$-	\$-	\$-	\$-
	PTO Overhead	\$30.19	\$-	\$-	\$10.15	\$2.50	\$37.75

b. While PG&E has used existing personnel for BCS solution activities, PG&E has primarily used staff augmentation labor for the project activities. In a previous data request response (please refer to Attachment 1 of question 2 of DR7 response), PG&E has provided the number of FTE by month/year for the project, for recorded actuals and forecasted costs, showing the number of staff augmentation FTE higher than employee FTE.

- i. For PG&E employees working on the BCS project, the salaries were not adjusted based on assignment to the project.
- ii. PG&E provided a comprehensive answer to a similar question in response to DR 27, question 1.f. In summary, the Billing Modernization Initiative is a separate application and has not been previously approved. The Initiative costs will be tracked via order numbers separately from any work authorized in other revenue recovery proceedings.
- iii. As stated in response to DR29, Q1.d, PG&E has not hired or attempted to hire resources to work on BCS. While PG&E has employees focused on stages associated with Billing Modernization, including the BCS project, PG&E does not hire FTEs/employees for specific projects. The resources charge time to Billing Modernization orders dedicated to the stages of the project. The

employees working on Billing Modernization are not charging their time to GRC approved work. Resources have been and will be assigned based on their qualifications and ability to perform the work required for the project.

APPENDIX N

**PG&E's response to Data request
PubAdv-PG&E-035-RA6, Q1, Q2 and Q4**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_035-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_035-Q001
Request Date:	April 10, 2025
Requester DR No.:	PubAdv-PG&E-035-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	April 24, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 001

Referring to PG&E’s response to Cal Advocates data request PubAdv-PG&E-007-RA6, Q5e, PG&E states that the BCS project will result in \$12,000,000 in stranded costs.

The following excerpt is from PG&E’s spreadsheet and workpaper titled ‘WP 5-2 to 5-4 Stranded Cost Analysis’ that shows the stranded cost calculation:

Vintage	Capital Additions ¹	Year End Cumulative Plant	CMP30302 Depreciation Rate*	Operative Month in Year ²	Depreciation Expense	Year End Accumulated Depreciation	Year End Net Book Value	% of Software not being used by C2M ³	Forecast Stranded Costs
	(a)	(b)	(c)	(d)	(e)=(b)*(c)*(d)/12	(f)	(g)=(b)-(f)	(h)	(i)=(g)*(h)
2025	124,624,791	124,624,791	17.19%	5	8,926,251	8,926,251	115,698,540		
2026		124,624,791	17.19%	12	21,423,002	30,349,252	94,275,539		
2027		124,624,791	17.19%	12	21,423,002	51,772,254	72,852,537		
2028		124,624,791	17.19%	12	21,423,002	73,195,255	51,429,536		
2029		124,624,791	17.19%	12	21,423,002	94,618,257	30,006,534	40%	12,002,614

*Depreciation rate authorized per GRC 2023 D.23-11-069

PG&E states in response to Cal Advocates data request PubAdv-PG&E-030-RYD, Q1i that the BCS project will implement a system without IGFC and IGFC rate calculation will be built on top of the BCS functionality. PG&E further states in response to Cal Advocates data request PubAdv-PG&E-030-RYD, Q1 that the IGFC implementation is dependent on the first Stage BCS project.

Please respond to the following:

- a. Explain and provide supporting documentation and PG&E’s analysis used to determine that 40% of BCS project software will not be used by the start of the C2M phase in 2029 as shown in the table above. In PG&E’s explanation:

- i. Provide all documentation such as management decisions and guidelines on retirement notices, internal accounting records, risk assessments, planning documents, scenario modeling etc. that helped to determine 40% of BCS project software will not be used by the start of the C2M phase in 2029.
 - ii. Describe and provide supporting documentation on why 40% of BCS project cannot be reused or updated for future project stages (e.g., C2M).
 - iii. Explain whether the BCS project system can still be integrated or adapted in later phases of the billing modernization project (e.g.C2M).
- b. State whether the \$12 million stranded cost is actually incurred, partially incurred or forecasted.
 - c. If PG&E did not incur any stranded costs as of April 2025, provide a cost timeline showing when PG&E expects to incur these costs.
 - d. If PG&E did not incur any stranded costs as of April 2025, provide a detailed justification and documentation that can demonstrate PG&E's recovery request before the BCS project is stranded.
 - e. If PG&E incurred any stranded costs as of April 2025, provide the total stranded costs (\$) actually incurred.
 - f. State whether PG&E is requesting recovery of \$12 million stranded cost in 2025 for BCS project. If no, provide the year the \$12 million stranded cost is recorded and/or forecasted in.
 - g. Confirm whether PG&E intends to seek any additional stranded cost recovery related to the BCS project in future GRCs or fillings.
 - h. Confirm whether PG&E plans to seek additional cost recovery for the BCS project after IGFC is implemented.
 - i. Identify all the BCS related cost elements PG&E considers at risk of becoming stranded in the future if the IGFC implementation requires changes.
 - j. Explain and provide supporting documentation that can demonstrate how PG&E will prevent double cost recovery of stranded costs related to the BCS project.
 - k. Identify all current and anticipated uses of the BCS project assets that PG&E included in the \$12 million stranded cost estimate. In PG&E's response:
 - i. Provide a description of the functionality or modules still in use or expected to be used.
 - ii. The expected end date of each use.
 - iii. Documentation such as project plans and management decisions that can demonstrate that the asset is still in use or expected to be used.

ANSWER 001

- a. The 40 percent figure is an estimate prepared as part of stranded cost analysis performed for this application. The response to DR 26, Q1h explains the types of functionality – rate calculation and interfaces. The 40 percent estimate was based on a broad review of the scope of work for the two types.

- i. The 40 percent figure was estimated as part of the stranded cost analysis presented in WP 5-1.
 - ii. The interface scope for the BCS project is developing interfaces between the BCS system and CC&B and other systems. When C2M replaces both CC&B and BCS, these interfaces are no longer necessary and thus cannot be reused or updated.
 - iii. The rate calculation scope of the BCS project will be built on the same rate engine that C2M uses. The code will be able to be utilized and updated for the C2M system.
- b. It is forecasted. Stranded costs do not relate to capital expenditures incurred but rather to whether or not these assets related to these capital expenditures are replaced before being fully depreciated. If that were to happen then there could be remaining undepreciated costs at a time when the asset is retired and, therefore, no longer used and useful in providing utility service. These remaining costs are sometimes referred to as “stranded costs,” which are defined as costs a utility did not have an opportunity to recover over the service lives of the property.
- The \$12 million shown in the excerpt relates to the BCS intermediary project capital additions of \$124.6M that are forecast in this application to be operative in 2025. The \$12M shown in column (i) is the forecast amount that will not be recovered or used by C2M when C2M replaces BCS in forecast year 2029.
- c. PG&E has not incurred any stranded costs as of April 2025. See the response to subpart a. Actual costs will be determined later in 2029, or whenever the new phase project C2M is operative.
 - d. Please see RO WP 7-6 which shows \$117.8M of BCS depreciation expense recovery request for 2025-2030. BCS Software has an operative date of 7/2025 and a depreciation expense forecast that uses a 2023 GRC Commission approved depreciation rate and standard straight-line remaining life methodology. WP 7-6 Tab “Annual RO” Row 29 shows the year over year depreciation expense from 2025-2030. In addition, WP 7-6 Tab “Annual RO” Row 134 shows the accumulated depreciation as it relates to BCS ratebase calculation.
 - e. PG&E has not incurred any stranded costs as of April 2025. See the response to subpart c.
 - f. See the response to subparts a. and g. The \$12M represents a forecast of unrecovered costs as of year 2029 and this amount is subject to change based on actual costs incurred in the future.
 - g. The amounts presented in WP 5-1 are forecast amounts, and actual cost recovery can be different. Variables include actual timing when BCS goes operative, and any potential updated depreciation rates adopted in the 2027 General Rate Case by the Commission as well as the Commission’s final decision on adopted costs in the Billing Modernization Initiative case. Future cost recovery on the BCS project is not determinable at this point in time.
 - h. The Billing Modernization Initiative filing includes the implementation of the BCS system via Stage 1, a project with a distinct end date once stabilization completes. PG&E plans to implement separate and distinct projects that add functionality to the BCS system. These projects are separate and distinct projects from BMI Stage 1.

Once PG&E implements IGFC, PG&E anticipates further rate program additions to the BCS system. These will also be separate and distinct from BMI IGFC. The cost recovery mechanisms for these separate and distinct projects will themselves be separate and distinct from BMI. At this time, PG&E has not determined what the cost recovery mechanism for those separate and distinct projects will be.

- i. Implementing rates like IGFC will not result in stranded costs. IGFC functionality will be built on top of the components implemented by the BCS project. Even previous billing logic, like the current Minimum Charge calculation, will continue to exist in the system for rebate/rebill purposes.
- j. See the response to subpart a. PG&E will seek recovery of the BCS forecast capital additions in 2025 and will recover these costs through depreciation; double recovery is not applicable.
- k. The \$12 million stranded cost estimate is based on the remaining, undepreciated value of the project. In this case, the stranded assets will be integration scope – interfaces between the BCS system and CC&B and other systems. These interfaces will no longer be used when C2M is implemented, as C2M replaces CC&B and BCS.

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_035-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_035-Q002
Request Date:	April 10, 2025
Requester DR No.:	PubAdv-PG&E-035-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	April 24, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 002

Referring to Cal Advocates’ data request PubAdv-PG&E-026-RA6, Q2, Cal Advocates asked PG&E to provide documentation that explains and demonstrates PG&E and Oracle revising their fixed-cost contract which resulted in an increase in Staff Augmentation labor cost. PG&E attached the contracts and states in response to Cal Advocates data request PubAdv-PG&E-026-RA6, Q2, that the first attachment is the original fixed fee contract. Attachment 2 is the interim time and material contract, after PG&E and Oracle agreed to end the fixed fee contract. The third attachment is the final negotiated time and material contract. Cal Advocates discovered from the third attachment, the final negotiated time and material contract that the total fees and estimated expenses is \$14.233 million and “Services will commence on January 15, 2024 and are estimated to end on November 22, 2024.” However, the spreadsheet titled “BillingModernization_DR_CalAdvocates_002- Q001Atch01,” in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q1, shows that PG&E recorded and forecasted \$24.930 million in 2024 for Staff Augmentation labor cost. There is a difference of \$10.697 million between PG&E’s recorded cost and the cost specified in the contract agreement with Oracle.

PG&E states that Surge staffing is defined as additional staff temporarily contracted to support business or IT functions during post go live stabilization in response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2. PG&E further states that PG&E forecasted the need for 10 additional resources to prepare for and support the BCS system during deployment and stabilization. The resources need to be brought on during the test phase to get trained and acquainted with the system in order to support once the system is live for users.

PG&E states in its response to Cal Advocates data request PubAdv-PG&E-017-RA6, Q1k that PG&E used existing employees, staff augmentation resources, and vendor resources to perform project activities.

Please respond to the following:

- a. Provide supporting documentation such as invoices and contracts that can justify the \$10.697 million difference between PG&E's recorded cost and the cost specified in the contract agreement.
- b. If PG&E cannot provide any documentation, explain why not and how PG&E can justify this difference in costs.
- c. PG&E forecasted \$18.181 million in 2025 for Staff Augmentation labor cost in PG&E's spreadsheet titled "BillingModernization_DR_CalAdvocates_002-Q001Aatch01," in response to Cal Advocates data request PubAdv-PG&E-002-RA6, Q1. Provide supporting documentation such as invoices and contracts with Oracle that can justify PG&E's forecast of \$18.181 million in 2025 for Staff Augmentation labor cost.
- d. Did PG&E record and forecast any O&M expenses for staff augmentation from 2021-2025 in its application? If yes, provide the total recorded and forecasted O&M expenses (in \$ amounts) for staff augmentation in a table format.
- e. If PG&E recorded and forecasted any O&M expenses for staff augmentation from 2021-2025, provide supporting documentation such as invoices and contracts that can justify PG&E's Staff augmentation O&M expenses.
- f. Explain and provide supporting documentation that can demonstrate whether PG&E will hire new staff or use existing staff as 10 additional resources for Surge Staffing to prepare for and support the BCS system during deployment and stabilization.
- g. Explain the difference between Staff Augmentation and Surge Staffing costs for BCS project.
- h. PG&E states that PG&E used existing employees, staff augmentation resources, and vendor resources to perform project activities. Provide supporting documentation that can demonstrate PG&E's existing employees, staff augmentation resources, and vendor resources cannot support business or IT functions during post go live stabilization.

ANSWER 002

- a. PG&E clarifies that the forecasted staff augmentation labor in 2024 and 2025 includes the Oracle contract as well as resources from West Monroe, Utiligent/E-Source, Cognizant, WWT, Accenture, and Insight Global. Thus, the variance that is identified in the question is based on staff augmentation forecasts including multiple vendor resources.

PG&E has previously provided invoices in response to DR10 and DR32. These invoices are representative and not a complete set of all invoices for the project, nor represent every contract cost.

Note that staff augmentation contracts are based on "time and materials", meaning that the contract is written as a maximum dollar amount based on the hours the resource can charge (time) and expenses (materials). Further, time and materials contracts are generally not specific to a single project. This means that a staff augmentation resource can charge to multiple projects. If PG&E were to provide all

staff augmentation contracts, the contracts will include forecasts costs not associated with this project.

- b. Not applicable.
- c. Please refer to answer for subpart a. Providing the staff augmentation contracts will include forecasted costs not associated with this project. Instead, PG&E provides below a breakout of hours and cost by staff augmentation resource level.

Role Description	PCC	Code	Rate	Hours	Forecasted Total
IT Analyze, Plan, Mtce, etc. Tier 2	13861	COMAP2	\$ 79.99	1,080	\$ 86,389
IT Analyze, Plan, Mtce, etc. Tier 3	13861	COMAP3	\$ 127.76	7,146	\$ 912,973
IT Analyze, Plan, Mtce, etc. Tier 4	13861	COMAP4	\$ 173.11	14,684	\$ 2,541,954
IT Analyze, Plan, Mtce, etc. Tier 5	13861	COMAP5	\$ 229.48	16,480	\$ 3,781,830
IT Analyze, Plan, Mtce, etc. Tier 7	13861	COMAP7	\$ 319.20	19,820	\$ 6,326,544
CON Develop & Enhance Apps	15877	CDEAPP	\$ 100.00	3,236	\$ 323,600
CON Project Management-Apps	15877	CPMAPP	\$ 115.00	11,968	\$ 1,376,320
CON User Support Apps 1	15877	CUSAP1	\$ 23.00	6,876	\$ 158,148
ISTS Con Dev & Enhance Apps 12	15877	CDEA12	\$ 90.00	6,048	\$ 544,320
IT Analyze, Plan, Mtce, etc. Tier 1	15877	COMAP1	\$ 20.00	360	\$ 7,200
IT Analyze, Plan, Mtce, etc. Tier 1	15877	COMAP3	\$ 30.00	440	\$ 13,200
IT Analyze, Plan, Mtce, etc. Tier 1	15877	COMAP4	\$ 34.00	450	\$ 15,300
IT Consulting Proj Mgnt 4	15877	CPMAP4	\$ 36.00	1,674	\$ 60,264
IT Software Development tier 6	15877	CDEAP6	\$ 55.00	1,496	\$ 82,280
IT Software Development tier 7	15877	CDEAP7	\$ 68.00	19,448	\$ 1,322,464
IT Software Development tier 8	15877	CDEAP8	\$ 140.00	4,488	\$ 628,320
				115,694	\$ 18,181,107

- d. Please refer to Attachment 1 for DR8, Q1.
- e. Providing the staff augmentation contracts will include forecasted costs not associated with this project. PG&E provides below a breakout of hours and cost by staff augmentation resource level for the record actuals through 2024 and the 2025 expense forecast.

2021 – 2024 Record Actuals:

Role Description	PCC	Code	Hours	Recorded Actuals
IT Analyze, Plan, Mtce, etc. Tier 1	13861	COMAP1	654	\$ 26,421.60
IT Analyze, Plan, Mtce, etc. Tier 2	13861	COMAP2	892.5	\$ 79,512.83
IT Analyze, Plan, Mtce, etc. Tier 3	13861	COMAP3	1,077.5	\$134,741.41
IT Analyze, Plan, Mtce, etc. Tier 5	13861	COMAP5	2,669	\$627,704.69
IT Analyze, Plan, Mtce, etc. Tier 6	13861	COMAP6	64.25	\$ 17,420.75

IT Analyze, Plan, Mtce, etc. Tier 1	13861	COMAP1	77	\$ 6,632.78
				\$892,434.06

2025 Forecasted:

Role Description	PCC	Code	Rate	Hours	Recorded Actuals
IT Analyze, Plan, Mtce, etc. Tier 3	13861	COMAP1	\$127.76	5,883	\$751,670
IT Analyze, Plan, Mtce, etc. Tier 4	13861	COMAP1	\$173.11	504	\$87,247
IT Analyze, Plan, Mtce, etc. Tier 5	13861	COMAP2	\$229.48	5,544	\$1,272,237
IT Analyze, Plan, Mtce, etc. Tier 7	13861	COMAP3	\$319.20	504	\$160,877
					\$ 2,272,031

f. PG&E states in Chapter 5 of testimony that surge staffing resources are “additional staff temporarily contracted to support business or IT functions during post go live stabilization.” The project will not use existing staff to fill these roles, and due to the temporary nature of surge staffing, the project plans to contract these resources.

g. In general, the two types of resources fill different roles on a project. Staff augmentation labor describes resources that supplement project activities through the project lifecycle, from Plan/Analyze through Stabilization. These resources perform project activities like design, development, testing, etc.

Surge staffing resources, on the other hand, will perform operational activities related to impacts of the system operating in Production. When large systems are first deployed to Production and begin Production operations, system exceptions will be higher than prior system steady state. The surge staffing resources will help resolve these exceptions in the new Production system. Extra resources are needed to help resolve the higher number of exceptions, and the surge staffing resources will be rolled off as the number of exceptions reduces to steady state.

h. In the answer to subpart g, PG&E describes the extraordinary nature of exceptions when a new system goes live in Production. The existing operational resources will not have the bandwidth to handle the extra system exceptions, and the project resources (both employee and staff augmentation) will be focused on resolving code defects that are causing the system exceptions. The surge staffing resources will be a separate group of resources from these other two groups that will support the system during stabilization.

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_035-Q004
PG&E File Name:	BillingModernization_DR_CalAdvocates_035-Q004
Request Date:	April 10, 2025
Requester DR No.:	PubAdv-PG&E-035-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	April 24, 2025
PG&E Witness(es):	Matt Briel – Customer and Enterprise Solutions

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 004

Referring to PG&E’s response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q3, PG&E states that as confirmed in Data Request 020 003-d, PG&E confirms the costs outweigh the quantified benefits identified for the BCS project, but the upgrade to BCS is a necessity to address non-quantifiable risks associated with cybersecurity and potential asset failure. Explain and provide supporting documentation to demonstrate that these risks have resulted in any violations, system failures, billing errors etc.

ANSWER 004

PG&E acknowledges that while the costs of the BCS project may seem substantial, the decision to proceed is driven by the imperative need to mitigate the significant, albeit non-quantifiable, risks posed by cybersecurity threats and the potential for asset failure. These risks, although not easily quantified in monetary terms, have been identified as critical factors that could jeopardize the integrity and reliability of the billing system. Furthermore, the aging infrastructure of the current Advanced Billing System (ABS) has shown signs of degradation, resulting in processing and calculation delays that, if left unaddressed, could escalate into more severe disruptions. To ensure the continued security and efficiency of the billing operations, PG&E is committed to implementing the necessary upgrades, thereby safeguarding against future risks and enhancing the overall resilience of the system. The rationale for the upgrade is thoroughly described in Chapter 2 Section B.2. Waiting for a system failure is not an option for PG&E or their customers.

APPENDIX O

**PG&E's response to Data request
PubAdv-PG&E-036-RA6, Q1**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_036-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_036-Q001
Request Date:	April 14, 2025
Requester DR No.:	PubAdv-PG&E-036-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	April 28, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 001

Referring top. 2 of PG&E's Application, PG&E provides the summary of O&M and Capital cost forecast from 2021 - 2030 for three stages of PG&E's Billing Modernization Initiative. The following excerpt is from p. 2 of PG&E's Application:

SUMMARY OF CAPITAL AND O&M COST FORECAST BY YEAR
(Millions of Nominal Dollars)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total</u>
BCS Exp				\$1.0	\$2.4						\$5.8
BCS Cap	\$8.0	\$18.8	\$15.0	\$44.1	\$38.7						\$124.6
BCS Tot	\$8.0	\$18.8	\$15.0	\$45.1	\$41.1						\$130.4
25.1 Exp					\$3.5	\$5.1					\$8.5
25.1 Cap				\$9.0	\$61.3	\$48.6					\$119.0
25.1 Tot				\$9.0	\$64.8	\$53.7					\$127.5
C2M Exp	\$0.8	\$1.2	\$0.9	\$3.3	\$1.9	\$8.5	\$8.0	\$9.2	\$26.2	\$22.0	\$82.1
C2M Cap	\$0.8	\$6.8	\$32.2	\$36.2		\$30.7	\$94.0	\$100.8	\$104.1	\$20.0	\$425.6
C2M Tot	\$1.7	\$8.0	\$33.1	\$39.5	\$1.9	\$39.1	\$102.0	\$110.0	\$130.3	\$42.0	\$507.7
Exp Tot			\$0.9	\$4.3	\$7.8	\$13.6	\$8.0	\$9.2	\$26.2	\$22.0	\$92.0
Cap Tot	\$8.8	\$25.6	\$47.3	\$89.3	\$100.0	\$79.3	\$94.0	\$100.8	\$104.1	\$20.0	\$669.2
Total	\$8.8	\$25.6	\$48.1	\$93.6	\$107.8	\$92.9	\$102.0	\$110.0	\$130.3	\$42.0	\$761.3

Referring to PG&E’s spreadsheet titled “BillingModernization_DR_CalAdvocates_025-Q002Atch01,” provided in response to Cal Advocates data request PubAdv-PG&E-025-RA6, Q2, PG&E provides cost breakdown for each of these 10 phases that shows PG&E’s calculation on how PG&E estimated the Phase Cost (in \$ format). The total Capital Expenditures PG&E estimated is \$115.349 million and the total O&M expenses is \$5.538 million in PG&E’s spreadsheet titled “BillingModernization_DR_CalAdvocates_025-Q002Atch01.” The following excerpt is from PG&E’s spreadsheet titled “BillingModernization_DR_CalAdvocates_025-Q002Atch01”:

		Pre-Planning	Plan/Analyze	Design/Build	Test	Replan	Design Upd.	Build Upd.	Test Refresh	Deploy	Support
CAP	AFUDC	\$ -	\$ 77.98	\$ 701.56	\$ 2,247.96	\$ 1,251.57	\$ 1,303.31	\$ 1,644.20	\$ 2,606.37	\$ 1,513.49	\$ -
	Overhead	\$ -	\$ 217.51	\$ 864.34	\$ 3,130.04	\$ 1,243.71	\$ 1,183.11	\$ 1,367.05	\$ 1,792.86	\$ 1,193.00	\$ 1,199.84
	Emp Overhead	\$ -	\$ 489.45	\$ 1,350.60	\$ 372.27	\$ 427.48	\$ 874.11	\$ 1,610.09	\$ 1,629.87	\$ 881.09	\$ 867.60
	Material	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.21	\$ -	\$ -	\$ -	\$ -
	Contract	\$ -	\$ 4,500.50	\$ 3,971.58	\$ 8,518.72	\$ 2,538.79	\$ 615.46	\$ 940.82	\$ 449.77	\$ 665.00	\$ -
	Aug	\$ -	\$ 667.06	\$ 3,062.54	\$ 4,812.52	\$ 4,689.02	\$ 7,062.03	\$ 8,332.42	\$ 9,871.79	\$ 6,150.48	\$ 6,254.50
	FTE	\$ -	\$ 462.97	\$ 1,119.05	\$ 2,355.69	\$ 682.50	\$ 626.22	\$ 1,516.92	\$ 1,587.93	\$ 891.15	\$ 884.76
	Other	\$ -	\$ 33.00	\$ (4.05)	\$ 1.62	\$ 1.43	\$ 13.25	\$ 23.15	\$ 10.13	\$ -	\$ -
	Total		\$ 6,448.46	\$ 11,065.62	\$ 21,438.82	\$ 10,834.50	\$ 11,677.70	\$ 15,434.65	\$ 17,948.71	\$ 11,294.21	\$ 9,206.70
EXP	AFUDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Emp Overhead	\$ 121.76	\$ 1.72	\$ -	\$ -	\$ -	\$ -	\$ 13.51	\$ 11.44	\$ -	\$ 46.21
	Material	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.29	\$ -	\$ 1.64	\$ -	\$ -
	Contract	\$ 567.99	\$ -	\$ 557.04	\$ 919.47	\$ (270.33)	\$ -	\$ 21.50	\$ 24.88	\$ -	\$ -
	Aug	\$ 266.38	\$ 2.72	\$ -	\$ -	\$ -	\$ 87.20	\$ 285.65	\$ 492.84	\$ 240.00	\$ 1,792.03
	FTE	\$ 210.28	\$ 3.11	\$ -	\$ -	\$ -	\$ -	\$ 32.31	\$ 27.41	\$ -	\$ 81.75
	Other	\$ (1.86)	\$ -	\$ -	\$ -	\$ -	\$ 1.02	\$ -	\$ -	\$ -	\$ -
	Total	\$ 1,164.55	\$ 7.54	\$ 557.04	\$ 919.47	\$ (270.33)	\$ 88.52	\$ 352.97	\$ 558.21	\$ 240.00	\$ 1,920.00

- a. Provide the cost breakdown (in \$ format) for each of these 10 phases of BCS project in which the Capital Expenditures totals to \$124.6 million and the O&M Expenses totals to \$5.8 million as shown in p. 2 of PG&E’s Application, in an Excel spreadsheet and in the same format of PG&E’s spreadsheet titled “BillingModernization_DR_CalAdvocates_025-Q002Atch01.”

ANSWER 001

Please refer to “BillingModernization_DR_CalAdvocates_036-Q001Atch01.xlsx”. In order to show consistency between the data request response and the PG&E’s application, PG&E has provided the details of the 10 phases without including updated recorded actuals in 2024. PG&E has also removed the recorded actuals for expense in 2020 through 2022, as PG&E is not requesting recovery for these costs.

PG&E has added the contingency costs into both the annual summary and 10-phases summary. Note that PG&E’s methodology does not assign contingency costs to specific project phases, but PG&E has done so in this response for ease of review and to align the presentation of the numbers.

APPENDIX P

**PG&E's response to Data request
PubAdv-PG&E-042-RA6, Q2 and Q3**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_042-Q002
PG&E File Name:	BillingModernization_DR_CalAdvocates_042-Q002
Request Date:	April 23, 2025
Requester DR No.:	PubAdv-PG&E-042-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	May 7, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 002

In PG&E’s response to data request PubAdv-PG&E-002-RA6, in the file titled, “BillingModernization_DR_CalAdvocates_002-Q001Atch01,” PG&E line-item detail shows that PG&E recorded \$0.971 million in 2021, \$2.508 million in 2022, and \$3.391 million in 2023. PG&E recorded and forecasted \$7.679 million in 2024 and forecasted \$6.130 million in 2025 for category “Overhead.”

In PG&E’s response to data request PubAdv-PG&E-013-RA6, Q2, PG&E identified 9 overhead cost elements for BCS project. The following excerpt is from PG&E’s response to data request PubAdv-PG&E-013-RA6, Q2.

5599009	Conversion-Cap A&G
6010050	Capitalized A&G
6010100	Paid Time Off
6010111	Indirect Labor - IT
6010112	Building Service Overhead

6010113	IT Device OH
6010119	Operation Mgmt & Support - IT
6010120	Benefits OH
6010121	Payroll Taxes OH

Please refer to the two PG&E responses above and respond to the following questions:

- a. In an Excel spreadsheet, please provide the O&M Expenses and Capital Expenditures breakdown (in \$ format) from 2021- 2025 for each of the 9 overhead cost elements listed above. The total overhead capital expenditures for these 9 cost elements should be what PG&E recorded and forecasted in its application, which is \$0.971 million in 2021, \$2.508 million in 2022, and \$3.391 million in 2023, \$7.679 million in 2024 and forecasted \$6.130 million in 2025.
- b. Did PG&E include any recorded or forecast straight time labor costs in its overhead expense category of O&M expenses and capital expenditures from 2021-2025.
- c. If PG&E's total overhead costs in O&M expenses and capital expenditures include any straight time labor costs, in a table format provide the straight time labor costs (in \$) from 2021-2025.

ANSWER 002

- a. Please refer to "*BillingModernization_DR_CalAdvocates_042-Q002Atch01.xlsx*." Please note, the 2024 information includes recorded actuals through July 2024 and forecasted costs from August through end of year 2024, as was submitted in the application.

Also note that PG&E has included 2 overheads that were not present in the 2021 – 2023 data presented in DR2.

- b. No, labor and overhead costs are in different cost element categories.
- c. Please see answer to subpart b.

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_042-Q003
PG&E File Name:	BillingModernization_DR_CalAdvocates_042-Q003
Request Date:	April 23, 2025
Requester DR No.:	PubAdv-PG&E-042-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	May 7, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 003

In PG&E’s response to Cal Advocates data request PubAdv-PG&E-032-RA6, Q3, PG&E provided a breakdown of the capital expenditures and O&M expenses by: (a) straight-time, (b) overtime, (c) double-time, (e) triple-time, and (f) paid time off for BCS solution.

Table 1

		Recorded Actuals	Recorded Actuals	Recorded Actuals	Recorded Actuals	Recorded Actuals (Jan - Mar)	Forecasted (Apr - Dec)
		2021	2022	2023	2024	2025	
CAP	Straight Time	\$560.70	\$1,343.98	\$1,872.50	\$3,203.20	\$1,205.09	\$2,614.50
	Overtime	\$-	\$18.98	\$20.73	\$25.92	\$10.90	\$-
	Double Time	\$-	\$-	\$-	\$-	\$1.00	\$-
	PTO Overhead	\$116.55	\$273.34	\$335.63	4556.95	\$216.35	\$323.92
EXP	Straight Time	\$152.29	\$-	\$-	\$59.72	\$13.00	\$199.75
	Overtime	\$-	\$-	\$-	\$-	\$-	\$-
	Double Time	\$-	\$-	\$-	\$-	\$-	\$-
	PTO Overhead	\$30.19	\$-	\$-	\$10.15	\$2.50	\$37.75

Please refer to the PG&E’s response above and provide the following:

- a. PG&E provided the recorded internal labor costs in 2024 and recorded and forecasted costs in 2025 in PG&E’s response to Cal Advocates data request PubAdv-PG&E-032-RA6, Q3 (the table above). In its application, PG&E included the recorded and forecasted costs in 2024, and forecasted costs in 2025. In a table format similar to PG&E’s response to Cal Advocates data request PubAdv-PG&E-032-RA6, Q3, provide the recorded and forecasted internal labor capital expenditures and O&M expenses in 2024, and forecasted internal labor capital expenditures and O&M expenses in 2025 (in \$format) that PG&E included in its application.

ANSWER 003

- a. Please refer to the table below, which presents the requested breakdown of capital and expenses using recorded actuals through July 2024 and forecast costs for the remainder of 2024 and 2025.

		Recorded Actuals	Recorded Actuals	Recorded Actuals	Recorded and Forecasted	Forecasted
		2021	2022	2023	2024	2025
CAP	Straight Time	\$560.70	\$1,343.98	\$1,872.50	\$3,369.71	\$2,647.89
	Overtime	\$-	\$18.98	\$20.73	\$20.22	\$-
	Double Time	\$-	\$-	\$-	\$-	\$-
	PTO Overhead	\$116.55	\$273.34	\$335.63	\$514.23	\$302.87
EXP	Straight Time	\$152.29	\$-	\$-	\$-	\$81.75
	Overtime	\$-	\$-	\$-	\$-	\$-
	Double Time	\$-	\$-	\$-	\$-	\$-
	PTO Overhead	\$30.19	\$-	\$-	\$-	\$16.46

APPENDIX Q

**PG&E's response to Data request
PubAdv-PG&E-043-RA6, Q1**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_043-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_043-Q001
Request Date:	April 30, 2025
Requester DR No.:	043
Requesting Party:	Public Advocates Office
Requester:	Dao Phan
Date Sent:	May 12, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 001

Please refer to PG&E’s response to Cal Advocates data request PubAdv-PG&E-007-RA6, Q5e, in which PG&E states that the BCS project will result in \$12,000,000 in stranded costs, and PG&E’s response to Cal Advocates data request PubAdv-PG&E-035-RA6, Q1, in which PG&E states that the \$12 million shown relates to the BCS intermediary project capital additions of \$124.6M that are forecast in this application to be operative in 2025, and provide the following:

PG&E claims the \$12M shown in column (i) is the forecast amount that will not be recovered or used by C2M when C2M replaces BCS in the forecast year 2029. PG&E further states that the \$12M represents a forecast of unrecovered costs as of year 2029 and this amount is subject to change based on actual costs incurred in the future.

- a. Confirm that PG&E seeks to recover \$124.6 million in capital expenditure for 2021 to 2025 BCS project costs in this application.
- b. Is the \$12 million in forecasted stranded costs included within the \$124.6 million in BCS capital expenditures PG&E seeks to recover in this application?
 - i. If yes, identify the year (2025-2029) PG&E included the \$12 million stranded costs forecast for BCS project in this application.
 - ii. If yes, explain and provide supporting documentation on how PG&E will prevent double recovery if those same assets are later treated as stranded.
 - iii. If yes, provide documentation such as management decisions or accounting guidelines PG&E will follow to avoid recovering the same costs through both depreciation and a stranded cost mechanism.
 - iv. If no, explain how PG&E has excluded this amount from capital additions and the regulatory mechanism through which it will seek future recovery.

- v. If no, identify where and when PG&E plans to record the \$12 million forecasted stranded costs, and whether it will be subjected to separate regulatory recovery.
 - vi. Does PG&E plan to request a stranded cost recovery in a future GRC for BCS project?
 - vii. If no, provide documentation to confirm that the \$12 million is excluded from the capital additions subject to 2025 depreciation.
- c. Provide the timeline PG&E used to estimate when the \$12 million in assets will become non-operational or retired.

ANSWER 001

- a. Yes, in this Application PG&E has included \$124.6 million of BCS capital expenditure project costs that are forecast to be spent in years 2021 to 2025. \$124.6 million is forecast to go operative in 2025, at which time these capital expenditures will become capital additions in plant and rate base. In this Application, PG&E seeks to recover BCS capital costs through 2030.
- b. See the response to subpart a. The \$12 million is not a separate capital expenditure component but rather a cost recovery concept and calculation PG&E performed to inform the Commission and stakeholders. While the Commission only directed PG&E to provide information about stranded costs related to the current billing system,¹ PG&E provided a forecast of costs for the BMI that are at risk of being stranded. The \$12 million is included in and calculated from the capital expenditures total amount of \$124.6 million. Starting from the operative date, each month there will be related depreciation expense incurred, and \$12 million is the estimated remaining amount not yet depreciated when C2M is placed in service in 2029.
- i. See response to subpart b.
 - ii. See the response to subparts a. and b. \$12 million is not a forecast cost and cannot be double recovered. It's the amount forecasted to not be recovered through depreciation by the end of 2029, multiplied by the 40% that is estimated will not be used by C2M.
 - iii. Not applicable. See the responses to subparts a, b. and b.ii.
 - iv. Not applicable.
 - v. Not applicable.
 - vi. PG&E's cost recovery mechanism for the 2031 GRC will depend on several factors including the capital expenditures adopted in this Application and the remaining unrecovered amount of the BCS adopted project costs through 2030.

¹ D.23-11-069, p.549 requested that PG&E file an application before the Commission, with specific informational requirements including: "(5) Whether the project would result in stranded investments for ratepayers as a result of previous spending on the current billing system, and the dollars associated with such stranded investments."

vii. Not applicable.

c. In the stranded cost analysis for BCS (see WP 5-1), PG&E estimated that the BCS project costs would be retired and that 40% of those costs would become non-operational in 2029. 60% of the costs would continue to be operational by C2M.

APPENDIX R

Decision D.19-05-020, pp.150-151

variables that are unknown at the time SCE estimates the cost of a project.”³⁴⁶ ORA contends the full amount of the contingency sought by SCE has not been supported, but concedes some level of contingency may be needed to cover unknown risks.³⁴⁷ TURN, by contrast, urges we disallow all contingency allowances in the forecasts as these costs are speculative and place the risks of all cost overruns on ratepayers.³⁴⁸

We recognize, as SCE argues, that budgeting for contingencies may be routine for software projects. We, however, do not agree that budgeting for contingencies for software projects is necessarily appropriate in a general rate case. SCE’s contention that TURN is wrong and there is nothing different about a regulated utility reflects a lack of acknowledgement that this entire proceeding is taking place because SCE is a regulated utility. TURN aptly notes we have stated, “[i]n a normal general rate case, the utility must demonstrate the reasonableness of every dollar in its revenue requirement.”³⁴⁹ When considering these contingencies, SCE’s argument is that contingencies are necessary for the “uncertainties and variables that are unknown” demonstrates that the amounts are unpredictable and we therefore find SCE has not established these costs are reasonable. SCE further contends that it would be “unfair” and “results in poor ratemaking policy” “[i]f TURN’s proposal prevails, and SCE cannot recover any

³⁴⁶ SCE Reply Brief, at 73.

³⁴⁷ ORA Opening Brief, at 171.

³⁴⁸ TURN Opening Brief, at 145-146.

³⁴⁹ *Id.*, at 145, quoting D.96-12-066.

of its forecast contingencies, it would lose the revenue requirement associated with that legitimate business expense.”³⁵⁰ As its witness testified,

[i]n the three-year cycle when the utility spends above authorized levels, it forgoes earning the authorized rate of return from the time the capital additions were made until the next test year. To the extent the assets cost more than what the utility was authorized to collect between test years, the utility would effectively be providing free service to customers from these assets between GRC test years.³⁵¹

This is, however, always the risk for SCE.

By examining one test year out of every three, the Commission offers the utility an incentive to improve its productivity. Any savings the utility can generate between general rate cases belong to the shareholders. In exchange for this opportunity, the shareholders take on the burden of added expenses it may incur during a rate case cycle.³⁵²

SCE is required to forecast what it projects to be a reasonable expense. To the extent the forecast is high, SCE can be confident it will recover on its capital expenditures and benefit its shareholders; to the extent the forecast is low, SCE’s recovery may be deferred for review of the next test year.

We have said before,

Ratemaking is not, nor has it ever been, an exact science that guarantees perfect results from all perspectives. Ratemaking, whether in a general rate proceeding or by an attrition mechanism, is essentially the art of estimating future events based on judgment that is as fully informed as possible. We know in prospective test

³⁵⁰ SCE Reply Brief, at 75.

³⁵¹ SCE-25, Vol. 3, at 3-4.

³⁵² D.96-12-066, 69 CPUC2d 691, at 695.

APPENDIX S

Decision D.23-02-017, p. 27

Recently, in D.22-06-032, the Commission noted that it is inconsistent with prospective ratemaking principles to use “costs recorded in a memorandum or balancing account to offset forecast variances for unrelated budget categories.”⁶³ The Commission recognized the issue of “whether the current ratemaking framework is incentivizing the reassignment of resources authorized in a GRC to activities not otherwise included in the GRC but whose costs are separately recoverable via a memorandum or balancing account.”⁶⁴ Generally, costs are incremental if, in addition to completing the planned work that underlies the authorized costs, the utility had to procure additional resources, be they in labor or materials, to complete the new activity. The existence and completion of a new activity by itself does not prove the cost was incremental. If a new activity is completed by redirecting existing resources in a related work category, no incremental cost was incurred, despite the activity itself being “incremental.” Here, we evaluate the proposed settlement, taken as a whole. On balance, as we find the whole of the Settlement Agreement reasonable, we need not evaluate the incrementality of individual expenditures on which parties to the settlement have reached a compromise.

7.1.1.6. Specificity

Regarding lack of specificity, as detailed above, the standard of review is whether or not a settlement is reasonable in light of the whole record. We do not need to determine the reasonableness of every asserted sub-issue. And while no settlement is precedential, prior settlements have also included a certain level of generality. For example, in D.22-03-011 we approved a settlement between

⁶³ D.22-6-032 at 10.

⁶⁴ D.22-06-032 at 12.

APPENDIX T

Decision D.21-08-036, p. 331

The Commission determined in SCE's 2018 GRC that the contingency amounts included in SCE's capitalized software project forecasts were not recoverable as a forecast item.¹⁰³⁴ While the nature and purpose of seismic retrofitting is distinct from capitalized software projects, the underlying rationale SCE provides to justify the application of a contingency factor in both forecasts remains the same: mainly, that the application of a contingency factor is an industry standard practice used to account for unknown or unforeseen conditions.¹⁰³⁵ As explained in D.19-05-020, budgeting for contingencies is not necessarily appropriate in the context of a general rate case, where the utility must demonstrate the reasonableness of every dollar in its forecast revenue requirement. Since contingency allowances are, by SCE's own admission, intended to cover "unforeseen conditions," these amounts are also unpredictable, and therefore, we find that SCE has not established these costs to be reasonable. As stated in D.19-05-020, disallowing the 35 percent and 1.5 percent contingencies should motivate SCE to remain within its forecast budgets for these projects.¹⁰³⁶ If additional funds become necessary SCE may seek to establish that necessity in the next GRC.

SCE also adjusts its forecast for the structural retrofitting of MEER buildings to account for certain costs that were excluded from the third-party engineering estimate. It is not clear why SCE did not hire an engineering firm that was more familiar with physical environments presented by large substations to begin with, rather than producing an incomplete estimate that required adjustments. However, a significant difference between the third-party

¹⁰³⁴ D.19-05-020 at 150-153.

¹⁰³⁵ See D.19-05-020 at 149-150; also, Ex. SCE-15, Vol. 1 at 12.

¹⁰³⁶ D.19-05-020 at 152.

APPENDIX U

Decision D.23-11-069, pp. 548-549

Project in its revenue requirement and that application should, at a minimum, include the following:

- (1) A showing of the requirements, features, and functionalities of the new proposed system.
- (2) A more robust showing of PG&E's proposed project, including the implementation plan, phases of the project (e.g., planning, development, testing, or others), resources required for each phase, timeline for each phase, costs anticipated for each phase, and other information.
- (3) A cost-benefit analysis for the project that considers whether the overall benefits of the project outweigh the overall costs.
- (4) An accounting of the expected cost savings as a result of the new billing system as well as a proposal for crediting the benefits back to ratepayers.
- (5) Whether the project would result in stranded investments for ratepayers as a result of previous spending on the current billing system, and the dollars associated with such stranded investments.
- (6) Which components, and how much of the forecasted cost, are related to cloud-based solutions.¹⁹⁹⁹

The Commission finds PG&E did not provide basic information to justify its forecast for the upgrade, such as how the upgrade implements programs that are beyond the capabilities of the current system and, in addition, an implementation plan and timeline. As a result, the Commission finds PG&E has failed to establish that the forecasted cost of the upgrade is reasonable since no clear benefits are identified. Accordingly, the Commission removes the forecasted costs related to the Billing System Upgrade Project, resulting in an expense forecast of \$18.846 million for MWC JV for 2023 and capital

¹⁹⁹⁹ TURN Opening Brief at 553.

expenditures forecast for MWC 2F of \$27.3 million in 2023.²⁰⁰⁰ The Commission also removes capital costs associated with this request from 2021 and 2022 forecast costs.

In addition, for the Commission to evaluate PG&E's Billing System Upgrade Project, should PG&E seek to pursue this Billing System Upgrade Project, PG&E shall file in an application before the Commission, which includes the following information, consistent with TURN's recommendations:

- (1) A showing of the requirements, features, and functionalities of the new proposed system.
- (2) A more robust showing of PG&E's proposed project, including the implementation plan, phases of the project (e.g., planning, development, testing, or others), resources required for each phase, timeline for each phase, costs anticipated for each phase, and other information.
- (3) A cost-benefit analysis for the project that considers whether the overall benefits of the project outweigh the overall costs.
- (4) An accounting of the expected cost savings as a result of the new billing system as well as a proposal for crediting the benefits back to ratepayers.
- (5) Whether the project would result in stranded investments for ratepayers as a result of previous spending on the current billing system, and the dollars associated with such stranded investments.
- (6) Which components, and how much of the forecasted cost, are related to cloud-based solutions.

²⁰⁰⁰ PG&E Opening Brief at 659. (The values are in Ex. PG&E-6 WP at WP 10-14 as follows: MWC JV: \$0.600 and \$5.800 million for 2021 and 2022 respectively; MWC 2F \$7.300 and \$65.200 million for 2021 and 2022, respectively.)

APPENDIX V

Utility General Rate Case Manual, p.26



a. Gross Plant in Service

Gross plant in service is the starting point in estimating rate base. Rate base is estimated by deducting accumulated depreciation, and accumulated deferred taxes, and adding working cash to gross plant in service. Gross Plant is the total capital assets currently dedicated to utility service. Examples of gross plant in service include lands, buildings, equipment, structures, and other physical facilities used to serve customers. It also includes land and land rights acquired for future construction of utility facilities.

Gross plant in service is typically recorded using the original cost of the investment, which is the cost of a facility to the owner first putting it into public service. The original cost of the investment may be different from the current cost of replacing the asset. The Commission in California uses the original cost for valuation of the facilities and other items included in rate base. The primary issue related to plant in service is the used and useful standard.

The principle of used and useful is commonly applied to utility property. According to this principle a utility must demonstrate that the new plant is used and useful before being allowed to include the investment in its rate base. The used and useful standard has a twofold meaning. At the preliminary level it implies that the facility is built and provides service to customers. In addition the principal requires an examination of the utility's prudence in deciding to construct or purchase the utility plant.

In other words according to the used and useful standard to be included in the rate base the new asset must be required and operate in an effective and efficient manner. When the utility is found to be imprudent, assets are excluded from rate base, and the cost recovery for the remaining book value of the asset is denied. In those circumstances costs are borne by shareholders rather than ratepayers.

On the other hand, when assets are retired prematurely, for reasons other than imprudence, assets would be excluded from the rate base, which means the utility would not be permitted to earn a rate on return on assets, but the remaining book value of the asset will be amortized in customer rates. For example, in D.11-05-018 the Commission in California permitted rate recovery for PG&E's prematurely retired electro-mechanical meters and in D. 92-08-036 the Commission permitted cost recovery of the remaining investment in SONGS 1 after its early retirement.

b. Accumulated Depreciation

Accumulated depreciation represents the sum of all depreciation charges that a utility has expensed for a given asset included in gross plant in service. To find the net book value of a plant accumulated depreciation must be deducted from the original cost of the plant. The amount of accumulated depreciation depends on the methods used to calculate annual depreciation (e.g. straight line vs. accelerated basis).

APPENDIX W

**PG&E's response to Data request
PubAdv-PG&E-046-RA6, Q1**

PACIFIC GAS AND ELECTRIC COMPANY
Billing Modernization
Application 24-10-014
Data Response

PG&E Data Request No.:	CalAdvocates_046-Q001
PG&E File Name:	BillingModernization_DR_CalAdvocates_046-Q001
Request Date:	June 9, 2025
Requester DR No.:	PubAdv-PG&E-046-RA6
Requesting Party:	Public Advocates Office
Requester:	Refat Amin
Date Sent:	June 23, 2025
PG&E Witness(es):	Matt Hedges – Information Technology

SUBJECT: BCS SOLUTION IMPLEMENTATION AND REPLACEMENT OF THE ADVANCED BILLING SYSTEM (ABS)

QUESTION 001

Referring to PG&E’s Prepared Testimony, at pp.5-2 and 5-6, PG&E states that it initially planned for the BCS project to go live in 2023 but shifted the date to Q2 of 2025.

Referring to PG&E’s Prepared Testimony, at p. 1-5, PG&E requests a total of \$128.000 million for O&M and capital costs for its 2023-2025 BCS project activities.

Please respond to the following:

- a. Confirm whether the BCS project went live as scheduled in Q2 of 2025.
- b. If yes, provide supporting documentation that can verify that the BCS project went live as scheduled in Q2 of 2025.
- c. If the BCS project did not go live as scheduled in Q2 of 2025, provide the current expected go- live dates and fully operational dates for all three stages of Billing Modernization Initiative (BMI).
- d. If the BCS project did not go live as scheduled in Q2 of 2025, provide the current expected project milestones for all three stages of BMI, and an explanation on how the delay for BCS project will impact the schedules for the other two stages of BMI.
- e. If the BCS project did not go live as scheduled in Q2 of 2025, explain and provide supporting documentation such as management decisions and guidelines that can demonstrate the cause of the delay.
- f. If the BCS project did not go live as scheduled in Q2 of 2025, identify any additional costs PG&E has incurred or expects to incur due to delays in BCS implementation. If yes, provide the total costs (in \$ format) PG&E has incurred or expects to incur due to delays in BCS implementation.
- g. Explain whether PG&E intends to record or request recovery of any costs in future proceedings beyond the \$128 million identified in the BCS project forecast in this application due to implementation delays.

ANSWER 001

- a. BCS go-live is now planned for the weekend beginning August 22, 2025. The delay from Q2 will ensure a smoother deployment. The delay will allow PG&E to run three full cycles of operational readiness testing, which entails running a full bill cycle run on every customer each cycle. In so doing, defects are identified, resolved and then retested prior to going live.
- b. Please see PG&E's response to subpart a.
- c. BCS will go live the weekend of August 22, 2025. CC&B upgrade (Stage 2) does not have a change in the go-live deployment date. The CC&B upgrade is not dependent on BCS. C2M has no changes planned. Please see Chapter 5 for the implementation dates for BCS and C2M.
- d. Both the CC&B upgrade and the C2M deployment are not dependent on BCS. The implementation timelines remain as described in Chapter 5.
- e. PG&E provides its responses without conceding the relevance or materiality of the subject matter of any documents. Further, PG&E reserves the right to object to the admissibility in evidence of any part of the information and documents produced in response to data requests. Subject to and without waiving these objections, PG&E responds as follows:

In an effort to continue to increase quality, guard against risk of defects, and ensure organizational readiness, PG&E determined conducting an additional operational readiness test cycle would provide significant benefit for the BCS Project, thereby delaying the originally planned June go-live. An operational readiness test involves conducting a full month billing cycle plus reconciliation processes and bill exception management. This is roughly a five-week timeframe, plus a week for results analysis and a week for preparations. As such, an end of August go-live date provides the right timing and ability to drive the quality desired.

Please see Attachments 1 and 2, which includes a presentation from April 21, 2025, proposing an August go-live date, as well as a June 6, 2025 presentation to build further alignment on the August deployment date.

- f. Delaying the deployment until late-August adds two months to the schedule. The cost for the additional time is estimated at \$13,967,204 consisting of \$14,476,164 Capital and (\$508,960) Expense.
- g. PG&E does not plan to request recovery in another proceeding for any costs above the forecasted costs presented in this Application.