Docket	:	A.26-05-002
Exhibit Number	:	CA-01
Commissioner	:	Matthew Baker
Admin Law Judge	:	Shannon Clark
Witness(es)	:	Jerry Oh
	:	Dao Phan

PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations for Southern California Gas Company and San Diego Gas & Electric Company SAP Migration Program

Executive Summary
and
Operations and Maintenance and Capital Costs

San Francisco, California
November 20, 2026

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PART 1: EXECUTIVE SUMMARY-SAP MIGRATION PROGRAM

I. INTRODUCTION

The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) submits its reports and exhibits in response to Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company's (SDG&E; together, Joint Utilities or Sempra) Application (A.) 26-05-002. Sempra seeks to recover costs to implement and maintain their enterprise resource planning (ERP) functionality by migrating to supported systems (SAP Migration Program).

Sempra requests a two-way balancing account, with costs incurred above the forecast subject to a reasonableness review in a standalone application, GRC, or other appropriate proceeding.[1]

Sempra also requests Commission authority to establish a memorandum account to record those costs, which are part of the overall costs forecasted for the Systems Applications Products (SAP) Migration Program.[2]

Part one of this exhibit presents Cal Advocates' executive summary regarding Sempra's request for O&M expenses and capital expenditures request for 2026-2030, and (2) to establish (a) a memorandum account effective May 1, 2026, to track costs of the SAP Migration Program Phase 1B and (2) an interest-bearing two-way balancing account to record costs associated with the Program.

Part two of this exhibit presents Cal Advocates' analysis and recommendations regarding Sempra's O&M expense request for Phase 1B and O&M and capital expenditure request for Phase 2.

Regarding Sempra's authorized funding in its 2024 GRC for its SAP replacement project and its request for additional funding for the program in this application, Sempra states the following:

> The [Sempra 2024] GRC Decision authorized $51.212 million in capital costs for Joint Utilities to commence the

[1] Sempra's Testimony, Chapter 1, p. SM-10.

[2] Sempra's Application, p. 9.

initial phase (i.e., Phase 1A) of SAP replacement by migrating from SAP ERP Central Component (ECC) to S/4HANA,6 establishing a secure, compliant core foundation. After evaluating multiple options, the Joint Utilities now propose to build on Phase 1A by conducting operating and maintenance (O&M) activities (i.e., Phase 1B) associated with the core ERP platform migration and build on that in Phase 2 by migrating four ERP-connected systems and the Special Purpose Ledger (SPL) for Federal Energy Regulatory Commission (FERC) reporting that will also cease to be supported as of December 31, 2027, including data integration, governance and compliance tools, and analytics platforms that are critical for promoting reliability and regulatory compliance.[3]

II. [4]SUMMARY OF RECOMMENDATIONS

This section provides an overview and summary of Sempra's request and Cal Advocates' recommendation regarding O&M and capital costs forecasted for 2026 through 2030. Sempra requests $61.978 million in O&M expenses and $286.119 million in capital expenditures for its SAP Migration initiative.[5] [6]

Cal Advocates recommends $17.871 million for SAP Migration O&M expenses. Cal Advocates' recommendation is $44.107 million lower than Sempra's request of $61.978 million.

Cal Advocates recommends $82.006 million for capital expenditures, which is $204.113 million lower than Sempra's request of $286.119 million.

Table 1-1 compares Cal Advocates' recommendation and Sempra's O&M and capital requests for the SAP Migration Program.

[3] Sempra's Application, pp. 4-5.

[4] Sempra's Application, pp. 4-5.

[5] Sempra's Application, p.7.

[6] All dollar amounts are fully loaded and escalated unless otherwise noted.

Table 1-1
Sempra's Request and Cal Advocates' Recommendation
SAP Migration Program O&M and Capital Expenditures (2026-2030)
((In Thousands of Dollars)

Item/Program (a)	Sempra Proposed (b)	Cal Advocates Recommended (c)	Amount Sempra>Cal Advocates (d)=(b)-(c)
Total O&M Expenses	$61,978	$17,871	$44,107
Total Capital Expenditures	$286,119	$82,006	$204,113
Total O&M and Capital Fully Loaded and Escalated SAP Migration	$348,097	$99,877	$248,220

The Commission should reject Sempra's request to establish a two-way balancing account to recover the SAP Migration Program's costs. Sempra's two-way balancing account puts the risk of cost overruns on ratepayers and eliminates the need for budget discipline to complete the SAP Migration Program within authorized funding levels.

The Commission should reject Sempra's request to recover overhead costs in Phase 2 and reject its request to recover contingency costs associated with the SAP Migration Program.

III. OVERVIEW OF CAL ADVOCATES' ANALYSES

Cal Advocates thoroughly investigated and analyzed Sempra's forecasted O&M expenses and capital expenditures included in its recovery request. This includes whether Sempra's proposed costs are reasonable and justified. If Sempra does not support and/or justify the reasonableness of its request, then Cal Advocates may recommend that the Commission reject Sempra's request for recovery of costs. If Sempra does not demonstrate the reasonableness of, and/or the justification for, a particular costs, then the Commission should reject recovery of such costs.

Sempra has not supported its cost recovery for Phase 1B or Phase 2 in this application. The Commission should reject Sempra's request of $61.978 million for O&M expenses and $286.119 million for capital expenditures and adopt Cal Advocates' forecast of $17.871 million for O&M and $82.006 million for capital expenditures. Cal

Advocates' recommendations are based on the removal of overhead and contingency costs from Sempra's forecast. The overhead cost should be removed because Sempra has not provided verifiable documentation to demonstrate that these costs are incremental. Sempra's request for contingency costs should be rejected because the costs are unreasonable and lack support.

A. Sap Migration Program -O&M Expenses And Capital Expenditures

Sempra requests $11.920 million for Phase 1B to complete the O&M activities started with the SAP Migration Program's Phase 1A,[7] which consists of data migration and organizational change management activities.[8]

Cal Advocates' recommendation for Phase 1B is zero funding for O&M expenses, which is $11.920 million lower than Sempra's request. Sempra's cost estimates lack sufficient detail to substantiate how the requested costs were developed.

For Phase 2, Sempra requests $37.623 million for O&M and $241.151 million for capital expenditures to address the remaining areas of technical and business obsolescence that were not included in Phase 1.[9]

Cal Advocates' recommendation for Phase 2 is $15.990 million in O&M and $102.489 million in capital expenditures. Cal Advocates' recommendation is $21,633 million lower for O&M expenses and $138.662 million lower in capital expenditures, compared to Sempra's request.[10]

The Commission should reject Sempra's request for overhead and contingency costs and reduce its capital expenditure request for Phase 2 by 50%.

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[7] In its Application Sempra states that it received $51.212 million for Phase 1A in D.24-12-074, which authorized $51.212 million in capital costs for the Joint Utilities to commence the initial phase (i.e., Phase 1A) of SAP replacement by migrating from SAP ERP Central Component (ECC) to S/4HANA,6 establishing a secure, compliant core foundation (p.4).

[8] Sempra's Testimony, Chapter 2, p. CE-09.

[9] Direct costs from Sempra's Testimony, Chapter 2, p. CE-10.

[10] Direct O&M and capital costs. Cal Advocates' fully loaded and escalated recommendations are $17.871 million in O&M and $82.005 in capital expenditures, and accounts for a recommended credit of $27.569 million in unspent authorized funds.

B. Sempra's Two-Way Balancing Account

Sempra requests to establish a SAP Migration Balancing Account (SAPMBA), an interest-bearing two-way balancing account that would appear on each of the Joint Utilities' financial statements to record costs associated with the SAP Migration Program.[11] Sempra states that, "… upon completion of Phase 1B and Phase 2 of the SAP Migration Program, if the total expenditures are less than the authorized expenditures, the balance will be amortized through a Tier 2 advice letter. Specifically, SoCalGas' SAPMBA will be amortized in SoCalGas's gas transportation rates through SoCalGas's annual Regulatory Account Balance Update filing. SDG&E's SAPMBA will be amortized in SDG&E's gas transportation rates through SDG&E's annual Gas Regulatory Account Balance Update filing and SDG&E's electric distribution and generation rates through SDG&E's annual Electric Regulatory Account Balance Update filing."[12] If the total recorded spending is greater than the authorized amount, Sempra proposes to apply for cost recovery with a reasonableness review application through a future GRC or other applicable proceeding.[13]

The Commission should reject Sempra's request for the two-way balancing account for the SAP Migration Program's costs recovery. If approved, Sempra would be able to recover any cost overruns with minimal Commission oversight. A two-way balancing account allows Sempra to spend above its budget without any limit and put the risk of cost overruns on ratepayers, not utility management.

A two-way balancing account allows Sempra to seek recovery of above authorized SAP Migration costs without requiring Sempra to manage its budget. Sempra's request means ratepayers will bear the risk of scope and cost uncertainty of the SAP Migration Program instead of Sempra. Sempra would not need to be responsible for accurate forecasts or maintain the budget discipline to complete the SAP Migration Program within authorized funding levels. The two-way balancing

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[11] Sempra's Testimony, Chapter 3, p. YBSPB-1.

[12] Sempra's Testimony, Chapter 3, p. YBSPB-2.

[13] Id.

account if authorized, would make the cost review and budget setting requirement in this application moot because Sempra is allowed to recover the SAP Migration Program costs regardless of Commission process.

The Commission previously discouraged the use of two-way balancing accounts, because it has recognized that liberal use of balancing and memorandum accounts can weaken incentives to control costs and shift risks from shareholders to ratepayers. In Decision 24-12-074, the Commission states:

> The proliferation of regulatory accounts shields the IOUs from the risks that underlie their[authorized rate of return] determination. Based on the evidence and arguments, the Commission finds that liberal use of two-way balancing accounts, which often ensure cost recovery from ratepayers with limited reasonableness reviews, disincentivizes utilities including SoCalGas and SDG&E from controlling their costs through efficient operations and protecting ratepayers from future cost recoveries due to undercollection.[14]

If the Commission authorizes any balancing account, it should authorize only a one-way. A one-way balancing account ensures Sempra remains within its authorized budget and protects ratepayers from overspending because shareholders would be at risk for any cost overruns. Any remaining unused funds below the authorized amount would be returned to ratepayers. The one-way balancing account ensures that only reasonable, justified, and unavoidable costs are recovered in rates, and prevents utilities from passing on unnecessary or mismanaged costs to ratepayers. Ultimately, a one-way balancing account protects ratepayers from being billed for costs incurred above and beyond the Commission's approved funding amount.

For the reasons stated above, Sempra's two-way balancing account should be rejected.

C. Sempra's Memorandum Account

On May 4, 2026, Sempra Utilities filed a motion to establish the SAP Migration Memorandum Account (SAPMMA) to track Phase 1B costs from the SAP Migration Program and requesting an effective date of May 1, 2026. In its application Sempra

[14] CPUC Decision D.24-12-074, p. 850.

requests the balances recorded to their respective SAPMMA be transferred to the SAPMBA as part of the Commission's final decision in this proceeding, where it can be tracked against authorized costs.[15]

On May 19, 2026, Cal Advocates filed a response to Sempra's motion opposing the establishment of the SAPMMA. Sempra filed a reply to Cal Advocates' response on May 29, 2026.

On October 29, 2026, the Commission authorized Sempra to establish the Systems Applications Products (SAP) Migration Memorandum Account, effective May 1, 2026, to track costs stemming from implementation of the SAP Migration Program Phase 1B, up to a cap of $13.7 million [16] The Commission states:

> This decision does not authorize Sempra Utilities to recover costs recorded in the SAP Migration Memorandum Account. Whether, how, and to what extent Sempra Utilities may recover costs tracked in this memorandum account will be determined in a future Commission decision.[17]

The Commission did not address Sempra's request to transfer SAPMMA costs to the SAPMBA in this decision.

IV. PROCEDURAL BACKGROUND AND SCHEDULE

On May 1, 2026, Sempra filed its SAP Migration Program Application. Cal Advocates filed a timely Protest on June 04, 2026. On June 15, 2026, Sempra filed its reply to intervenor protests. On July 27, 2026, the Commission held a virtual prehearing conference (PHC). The Assigned Commissioner's Scoping Memo and Ruling (Memo/Ruling) was issued on August 25, 2026, which establish the procedural schedule for Sempra's SAP Program and it is shown below in Table 1-3.

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[15] Sempra's Testimony, Chapter 3, p. YBSPB-2.

[16] D.26-10-052, p. 1.

[17] Id.

Table 1-3
Procedural Schedule for Sempra's
SAP Migration Program

Event	Date
Intervenor Testimony	November 20, 2026
Concurrent Rebuttal Testimony	December 20, 2026
Joint Party Statement re Need for Hearings and Rule 13.9 Meet and Confer	January 15, 2027
Remaining Schedule if Evidentiary Hearings are not Needed	
Concurrent Opening Briefs Filed and Served	February 12, 2027
Concurrent Reply Briefs Filed and Served (Matter Submitted)	February 26, 2027
Remaining Schedule if Evidentiary Hearings are Held	
Evidentiary Hearings	February 8-12, 2027
Concurrent Opening Briefs Filed and Served	March 5, 2027
Concurrent Reply Briefs Filed and Served (Matter Submitted)	March 19, 2027

The procedural schedule requires intervenors to serve their testimony by November 20, 2026. Cal Advocates fulfills the requirement by serving its testimony today.

V. CAL ADVOCATES' PROJECT TEAM

Cal Advocates responds to Sempra's SAP Migration Program Application, (A.) 26-05-002, with the issuance of its reports and exhibits.

Cal Advocates' team for this case consists of 5 staff responsible for the project coordination, legal support, financial review and analytical responsibilities needed to process Sempra's application. Cal Advocates' "Qualifications of Witnesses" are attached to individual exhibits and provide details on Cal Advocates' multi-disciplinary team with backgrounds in engineering, accounting, economics, finance and policy.

VI. ORGANIZATION OF CAL ADVOCATES' SHOWING / SUMMARY OF DIFFERENCES

This section: (A.) indicates how Cal Advocates' exhibits are organized; and (B.) briefly highlights the major differences between Cal Advocates and Sempra regarding the cost recovery of O&M and capital expenditures associated with the SAP Migration Program.

VII. ORGANIZATION OF THE CAL ADVOCATES' EXHIBITS

Table 1-4 shows the specific exhibits and subject matters for which each Cal Advocates witness is responsible.

Table 1-4
Cal Advocates' Exhibits

Exhibit No.	Subject	Witness
CA-01, Part 1	Executive Summary	Dao Phan
CA-01, Part 2	Operations and Maintenance Expenses and Capital Expenditures	Jerry Oh

VIII. SUMMARY OF CAL ADVOCATES' RECOMMENDATIONS

The following summarizes the recommendations contained in Cal Advocates' exhibit CA-01, Part 2, SAP Migration Operations and Maintenance Expenses and Capital Expenditures.

Exhibit CA-01, Part 1 ***Executive Summary***
This exhibit provides a brief overview of Sempra's request; presents the overall organization of Cal Advocates' exhibits; and summarizes the differences between Cal Advocates' and Sempra's forecasted O&M and capital costs for its SAP Migration Program for 2026-2030 and recommends against Sempra's request to establish a two-way balancing account.

Exhibit CA-01, Part 2 ***Operations and Maintenance and Capital Costs***
This exhibit presents Cal Advocates' analyses and recommendations regarding Sempra's O&M expenses and capital expenditures for 2026-2030. Cal Advocates recommends: • Zero funding for O&M expenses for Phase 1B, a reduction of $11.920 million; • 50% reduction in O&M expenses for Phase 2, a reduction of $21,633 million in direct costs; • 50% reduction in capital expenditures for Phase 2, a reduction of $138,662 million in direct costs; • Removal of $28.767 million in overhead Costs; • Reduction of $19.939 in escalation costs; and • Removal of $43.604 million in contingency Costs.

PART 2: SAP MIGRATION PROGRAM O&M EXPENSE AND CAPITAL EXPENDITURES

I. INTRODUCTION

This exhibit presents the analysis and recommendations of the Public Advocates Office of the California Public Utilities Commission (Cal Advocates) regarding Southern California Gas Company (SCG) and San Diego Gas and Electric Company's (SDG&E) joint Application's (A.) 26-05-002 (Joint Application) request for operations and maintenance (O&M) and capital costs for Phase 1B and Phase 2 of the SAP Migration Program. SCG and SDG&E (together, Sempra or the Joint Utilities) seek authorization to recover costs to continue the migration of the SAP enterprise resource planning platform (ERP), shared by both utilities through their SAP Migration Program for 2026-2030.

This exhibit evaluates Sempra's request for Phase 1B and Phase 2 of the SAP Migration Program. Phase 1B of the SAP Migration Program is focused on data migration and organizational change management activities.[18] Phase 2 of the SAP Migration Program addresses the technical and business obsolescence identified by Sempra.[19]

II. SUMMARY OF RECOMMENDATIONS

Sempra requests $11.920 million[20] for Phase 1B to complete the O&M activities started with the SAP Migration Program's Phase 1A activities,[21] which consists of data migration and organizational change management activities.[22]

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[18] Sempra's Testimony, Chapter 2, pp. CE-10, CE-18.

[19] Id.

[20] Dollar amounts are "direct costs' without loaders and un-escalated, unless otherwise noted.

[21] In its Application Sempra states that it received $51.212 million for Phase 1A in D.24-12-074, which authorized $51.212 million in capital costs for the Joint Utilities to commence the initial phase (i.e., Phase 1A) of SAP replacement by migrating from SAP ERP Central Component (ECC) to S/4HANA,6 establishing a secure, compliant core foundation (p.4).

[22] Sempra's Testimony, Chapter 2, p. CE-09.

Cal Advocates' recommendation for Phase 1B is zero funding for O&M expenses, which is $11.920 million lower than Sempra's request.

Sempra requests $37.624 million in O&M and $241.151 million in direct capital expenditures for Phase 2 to address the remaining areas of technical and business obsolescence that were not included in Phase 1.[23]

Cal Advocates' recommendation for Phase 2 is $15.990 million in O&M and $102.489 million in capital expenditures. Cal Advocates' recommendation is $21,633 million lower in O&M expenses and $138.662 million lower in capital expenditures, compared to Sempra's request.

The Commission should adopt the following for Sempra's SAP Migration Phase 1B O&M expenses and Phase 2 O&M expenses and capital expenditures:

- Phase 1B
  - Reject Sempra's request for $11.920 million in O&M expense in its entirety.
  - Reject Sempra's contingency request for $1.788 million embedded in its O&M Phase 1B forecasts.
- Phase 2:
  - Reduce Sempra's O&M request by 50%, or $15.990 million.
  - Reduce Sempra's direct capital request by 50 percent or $102.489 million.
  - Reject Sempra's contingency request for $43.604 million embedded in its O&M and capital forecasts ($7.431 million in O&M and $36.173 million in capital expenditures).
  - Reject Sempra's request for $28.767 million in overhead allocation included in capital expenditures.
  - Reduce Sempra's request for $28.636 million in escalation costs to $8.967 million.
  - Reduce Sempra's total request by $27.569 million to account for unspent 2024 GRC funds.

Table 2-1 below shows Sempra's request and Cal Advocates' recommendations for Phase 1B and Phase 2.

[23] Sempra's Testimony, Chapter 2, p. CE-10.

Table 2-1
Sempra's Request and Cal Advocates' Recommendation -SAP Migration
Phase 1B and Phase 2 O&M and Capital Expenditures
($ Thousands)

Item/Program (a)	Sempra's Request (b)	Cal Advocates Recommended (c)	Amount Sempra>Cal Advocates (d)=(b)-(c)
O&M Expense			
O&M Phase 1B	$10,132	$0	$10,132
O&M Phase 1B Contingency	$1,788	$0	$1,788
Subtotal	$11,920	$0	$11,920
O&M Phase 2	$31,980	$15,990	$15,990
O&M Phase 2 Contingency	$5,643	$0	$5,643
Subtotal	$37,623	$15,990	$21,633
Total Direct Cost	$49,543	$15,990	$33,553
Overhead Allocation	$6,607	$0	$6,607
Escalation	$5,828	$1,881	$3,947
Subtotal	$12,435	$1,881	$10,554
Total O&M Expense	**$61,978**	**$17,871**	**$44,107**
CAPITAL Costs			
Capital (Phase 2)	$204,978	$102,489	$102,489
Capital Contingency	$36,173	$0	$36,173
Total Direct Cost	$241,151	$102,489	$138,662
Overhead Allocation	$22,160	$0	$22,160
Escalation	$22,808	$7,086	$15,722
Phase 1A-Unspent Funds (credit)		($27,569)	$27,569
Total Capital Expenditure	**$286,119**	**$82,006**	**$204,113**
Total O&M and Capital Fully-Loaded and Escalated SAP Migration	**$348,097**	**$99,877**	**$248,220**

III. OVERVIEW OF CAL ADVOCATES' ANALYSES

Cal Advocates conducted its analysis by reviewing Sempra's application, testimony, and workpapers related to its estimated SAP Migration Program costs for 2026-2030. Cal Advocates issued numerous data requests and analyzed the Joint Utilities' responses to obtain additional information to determine whether Sempra's request was reasonable and appropriate.

During the course of Cal Advocates' investigation, Sempra failed to provide adequate support for its funding request. While Sempra provided some proposed costs, hourly rates, and estimated durations, Sempra did not provide any supporting calculations on how these cost factors were used to derive the forecasted numbers.

Sempra's forecast is not justified at the requested level and should be denied. Regarding the failure to prepare, maintain and provide documentation for evaluation of costs, Public Utilities Code section 463(b), states:

> Whenever an electrical or gas corporation fails to prepare or maintain records sufficient to enable the commission to completely evaluate any relevant or potentially relevant issue related to the reasonableness and prudence of any expense relating to the planning, construction, or operation of the corporation's plant, the commission shall disallow that expense for purpose of establishing rates for the corporation.[24]

IV. DISCUSSION / ANALYSIS OF SEMPRA'S PHASE 1B SAP MIGRATION OPERATIONS AND MAINTENANCE EXPENSES (2026-2027)

A. Phase 1B

Sempra requests $11.920 million for Phase 1B O&M expense.[25] Phase 1B is the migration of the core SAP ERP Platform from ERP Central Component (ECC) to S/4HANA, with a target go-live date of May 2027.[26] Sempra's Phase 1B completes the O&M activities associated with the core ERP platform in parallel to remaining Phase 1 Activities.[27] Phase 1B has two primary streams of work related to the core ERP platform: data migration and organizational change management activities.

Data migration is the act of copying data from the SAP ECC source system, putting it through data cleaning routines and loading the data into the target system SAP

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[24] Pub. Util. Code § 463(b).

[25] Sempra's Testimony, Chapter 2, p. CE-18, Table 2-5.

[26] Sempra's Testimony, Chapter 2, p. CE-9.

[27] Sempra's Testimony, Chapter 2, p. CE-9 and Sempra's response to Data Request PubAdv-Sempra-02-JOH, Question 2. Phase 1A is SoCalGas' and SDG&E's "SAP Transformation" capital work authorized in SoCalGas' and SDG&E's prior general rate case (D.24-12-074).

S/4HANA.[28] Organizational change management activities include planned communications, assessment of implemented changes, targeted training, and support activities.[29]

Sempra's proposal for Phase 1B also includes conducting a competitive solicitation process in 2027 to prepare for Phase 2 activities.[30]

1. Sempra's Phase 1B Forecast

Sempra requests total direct Phase 1B cost of $11.920 million from 2026 to 2027.[31] Sempra's descriptions and breakdown of the forecasted costs include:[32]

1. System Integrator (SI) which provide SAP implementation.
2. Business Integrator (BI) which supports risk mitigation, business adoption, and program execution.
3. SAP Technology Solution includes software license, cloud-based subscription services, and professional services related to configuring, integrating, and deploying the technology.
4. Program, Business, and Technology Delivery provide oversight for coordination and control.
5. Other Costs (Facilities and Travel) that are incurred by internal staff, consultants, and vendors associated with Program activities.

[28] Sempra's Testimony, Chapter 2, p. CE-9.

[29] Id.

[30] Id.

[31] Sempra's Testimony, Chapter 2, p. CE-10, Table 2-1.

[32] Sempra's Testimony, Chapter 2, pp. CE-19 to CE-22.

Table 2-2
Sempra's Phase 1B O&M Expenses
(in Thousands Dollars)

	O&M		
Phase 1B	2026	2027	Total
System Integrator	$1,900	$1,900	$3,800
Business Integrator	$3,800	$2,700	$6,500
SAP Solutions – Professional Services	$300		$300
Delivery – Labor/Contract Labor	$900	$300	$1,200
Other (T&E)	$70	$50	$120
Total Direct Costs	$6,970	$4,950	$11,920

Source: CE-23, Table 2-6.

2. Cal Advocates' Analysis

Sempra's O&M forecast for Phase 1B is not justified and should be denied. Cal Advocates recommends zero funding for Phase 1B for 2026 and 2027.

The Joint Utilities' cost estimates are inadequately supported. Sempra's cost estimates, identified in Table 2-2 above, lacked sufficient detail to substantiate how these costs were developed.

Regarding the process utilized for vendor selection,[33] Sempra stated that "SoCalGas and SDG&E conducted a competitive sourcing process in 2024 for the multi-phased SAP Program where they evaluated implementation approaches, resource requirements, pricing structures, and deliverables across all phases of the Program. The competitive sourcing process resulted in the selection of System Integrator (SI) and Business Integrator (BI) vendors for Phase 1A and generated key inputs for the development of forecasts for Phase 1B and Phase 2."[34]

[33] Sempra's response to Data Request PubAdv-Sempra-02-JOH, question 2.

[34] Sempra's response to Data Request PubAdv-Sempra-02-JOH, question 2. Sempra's data response included confidential vendor solicitation information that Sempra used to help inform SoCalGas' and SDG&E's cost forecast for Phase 2 of the SAP Migration Program.

While Sempra's data response provides information on the different factors that Sempra considered in its forecast, the data response did not provide information showing how the actual dollar amounts for each year of its 2026 and 2027 forecasts was developed. For example, Sempra forecasted 2026 SI and BI costs totaling $2 million.[35] In Sempra's data response, Sempra stated:

> For SI and BI services, cost estimates were based on information obtained through the competitive sourcing activities conducted for Phase 1. SoCalGas and SDG&E leveraged implementation approaches, deliverables structures, and vendor pricing information obtained through the competitive sourcing, including evaluations with qualified vendors experienced in SAP utility implementations. Further, the SI estimates were developed based on planning that considered project scope, implementation schedules, system complexity, interface and development requirements, staffing and resources, labor rates, and implementation methodologies.[36]

Sempra's response failed to identify the specific line item detail and related costs or include verifiable and traceable documentation to justify the requested forecast. Sempra's response failed to demonstrate specifically how the estimates were calculated in order to determine if the costs are appropriate, reasonable and recoverable from ratepayers.

While Sempra provided some proposal costs, hourly rates, and estimated duration, the Joint Utilities did not provide any supporting calculations and did not show how these factors were used to derive the $2 million forecast for SI and BI.

Sempra's failure to provide adequate support for the requested funding for Phase 1B in this Application is similar to its failure to provide support for the previously requested SAP Transformation project identified in Sempra's 2024 GRC[37] application. In that application, Sempra began its effort to "transform" its ERP system, which it

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[35] Sempra Workpapers Supporting the Prepared Direct Testimony of Gabriel Chong and Denniss Enrique, Chapter 2, Excel worksheet "4 Labor Non Labor Finance View".

[36] Sempra's response to Data Request PubAdv-Sempra-02-JOH, question 2.

[37] A.22-05-015 et al., D.24-12-074

identified as Phase 1B in this Application.[38] In the Sempra 2024 GRC application, Cal Advocates requested Sempra provide support for its requested funding to upgrade its SAP system, at the time identified as "SAP Transformation." In that 2024 GRC proceeding, Sempra's testimony and responses to Cal Advocates' discovery request also lacked detailed information and supporting documentation to justify its request.[39] In a data request from that proceeding, Cal Advocates asked for "Project cost support (inclusive of calculations and support for those calculations) clearly identifying how the amounts for each year (2022, 2023, and 2024) were determined." In its data response, SoCalGas provided tables for each year with non-labor and labor costs separated. For non-labor SoCalGas included hardware, software, prepaid maintenance, and vendor services.[40] For labor, SoCalGas included the number of full-time employees (FTE) and the Vacation and sick leave (V&S) factor. No information was included to show how these numbers were derived. In this Application, Sempra again has not provided adequate information to show how the numbers for 2026 and 2027 were derived.

In Sempra's 2024 GRC, Cal Advocates challenged SoCalGas' data response as lacking necessary detail to support its funding request. The Commission agreed with Cal Advocates findings and concluded that Sempra's SAP Transformation (Phase 1A) project lacked strong evidence to show how it estimated capital costs and reduced Sempra's request by 25 percent.[41] In this proceeding Sempra fails again to meet its burden of proof to provide support for its funding request and to substantiate the costs requested for Phase 1B.

In this application, Sempra also neglects to justify additional funding to continue Phase 1 work activities. The Commission noted in D.24-12-074 that Sempra had forecasted the cost of its SAP Transformation Project (Referred in this Application as

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[38] Sempra's response to Data Request PubAdv-Sempra-02-JOH, question 2 "SoCalGas and SDG&E use "SAP Transformation" to refer to the capital work authorized in SoCalGas and SDG&E's prior general rate case (D.24-12-074), i.e., Phase 1A; and "SAP Migration" to refer to the work sought to be reviewed in the Application, i.e., Phase 1B and Phase 2.

[39] A.22-05-015 et al, Exhibit CA-11, p. 62

[40] Sempra's response in its 2024 GRC to Data Request PAO-SCG-026-LMWQ1a.

[41] D.24-12-074, page 651. "Additionally, we authorize 75 percent of the proposed zero-based budget for 2023 and 2024 for the SAP Transformation project to reflect SoCalGas's lack of support for its estimates."

Phase 1A) to be $70.612 million in capital, but actual capital expenditures for 2022 were approximately 50 percent lower than projected costs.[42] The Commission further stated that "…Southern California Gas Company lacks sufficient evidence to support $70.612 million in capital costs for the SAP Transformation project as the only evidence provided is that project cost estimates are based on input from subject matter experts and the proprietary vendor, as SAP phases out support by 2027".[43] D.24-12-074 also noted SCG's workpaper is a one-page generic description of what an SAP system upgrade entails and the general efficiency gained from such a project.[44]

The Joint Application is Sempra's second attempt to obtain Commission authority to fund an upgrade of its SAP/ERP system. Sempra again has again failed to meet its burden of proof to establish the claimed costs are necessary, reasonable, or justified.

Given the current affordability crisis affecting Californians and Sempra's customers, and Sempra's failure to support its funding request in this application as it failed to support its request in the last GRC, Cal Advocates recommends zero funding for Sempra's Phase 1B forecast.

Sempra's request and Cal Advocates' recommendations are presented in the table below.

Table 2-3
Sempra's Request and Cal Advocates' Recommendation
Phase 1B O&M Expenses
(in Thousands Dollars)

Description	Sempra 2026	Sempra 2027	Cal Advocates 2026	Cal Advocates 2027
Item/activity	$6,970	$4,950	$0	$0
Total	$6,970	$4,950	$0	$0

Source: 2025-2030 data from testimony, Chapter 2 p. CE-18.

[42] D.24-12-074, p. 1008, Finding of Fact (FoF) No. 304.

[43] D.24-12-074, p. 1008, FoF No. 305.

[44] D.24-12-074, p. 649.

V. DISCUSSION / ANALYSIS OF SEMPRA'S PHASE 2 SAP MIGRATION OPERATIONS AND MAINTENANCE EXPENSES (2027-2030)

A. Phase 2 O&M Expense

Sempra's proposal for Phase 2 includes activities for the remaining areas of technical and business obsolescence that were not included in Phase 1.[45]

1. Sempra's O&M Forecast

Sempra requests a total of $37.624 million for Phase 2 direct O&M expense from 2027 to 2030.[46], [47]

Phase 2 is structured into sequenced releases that are expected to complete implementation in 2030.[48]

Phase 2 Release 1 is Technical Obsolescence Remediation. This includes the migration of the ERP-connected systems that SAP has indicated are entering end-of-maintenance cycles at the end of 2027.[49] Resulting in no longer receiving standard support, security patches, legal updates, regulatory updates, or defect corrections after their respective end-of-maintenance dates.[50]

Phase 2 Release 1 include[51]:

- SAP PI/PO (Process Integration/Process Orchestration) which enables secure inter-application data exchange, support connectivity between SAP and non-SAP systems across the enterprise.
- SAP GR&C (Governance, Risk and Compliance) which oversees user access, roles, and segregation of duties.
- SAP Solution Manager which facilitates planning, approval, and implementing system changes.

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[45] Sempra's Testimony, Chapter 2, p. CE-10.

[46] Sempra's Testimony, Chapter 2, p. CE-18, Table 2-5.

[47] Sempra's Testimony, Chapter 2, p. CE-9, Footnote 15 "Note that no contract for Phase 2 will be executed prior to a final decision in this proceeding."

[48] Id.

[49] Sempra's Testimony, Chapter 2, p. CE-10.

[50] Sempra's Testimony, Chapter 2, p. CE-11.

[51] Id.

- SAP BW (Business Warehouse) which manages financial and operational reporting.

Release 2 focuses on obsolescence remediation through the replacement of the unsupported Special Purpose Ledger (SPL), which is no longer vendor-supported and relies on highly customized functionality.[52]

Release 3 advances process modernization by transitioning the Cost Capture Model into the activity-based Work Breakdown Structure (WSB) approach.[53] WBS is designed specifically to plan, manage, and control large, multi-phase projects.[54]

Sempra's O&M request for Phase 2 for years 2027-2030 is presented in the table below.

Table 2-4
Sempra Phase 2 O&M Expenses
(in Thousands Dollars)

	2027	2028	2029	2030
Phase 2 – Release 1	$9,840	$7,723	$0	$0
Phase 2 – Release 2	$0	$2,462	$4,611	$2,958
Phase 2 – Release 3	$0	$2,231	$4,611	$3,189
Total Phase 2 O&M	$9,840	$12,416	$9,222	$6,147

Source: CE-23, Tables 2-7, 2-8, 2-9.

2. Cal Advocates' Analysis

Cal Advocates recommends $15.990 million for Phase 2 O&M expense. This is a 50 percent reduction from Sempra's forecast of $37.623 million.

Sempra's forecast is not justified at the requested level and should be rejected.

Similar to the workpapers provided in support of Phase 1B, the cost estimates for Phase 2 O&M lacked verifiable and traceable details on how these costs were developed.

As such, Cal Advocates applied a 50 percent downward adjustment to Sempra's forecasted cost for Phase 1B.

[52] Sempra's Testimony, Chapter 2, p. CE-15.

[53] Sempra's Testimony, Chapter 2, p. CE-16.

[54] Sempra's Testimony, Chapter 2, p. CE-17.

Cal Advocates' recommendation for Phase 2 O&M expenses is $15.990 million for 2027-2030. Cal Advocates' recommendation is based on Sempra's application lacking detailed support to demonstrate that the specific line item detail and associated cost included in its estimate are justified and appropriate for recovery. Cal Advocates also utilized the prior Commission decision, D.24-12-074, that applied a 25 percent reduction to Sempra's request, as a basis for its forecast. The 25 percent reduction to Sempra's 2024 GRC request was due to the lack of detailed support for its estimates, and prior SAP Transformation program costs spending being approximately 45 percent below authorized.

Table 2-5 below provides a comparison of Sempra's request and Cal Advocates' recommendation for 2027-2030 by activity.

Table 2-5
Sempra's Request and Cal Advocates' Recommendation
Phase 2 O&M Expenses for 2027-2030
(in Thousands Dollars)

	2027	2028	2029	2030	TOTAL
Sempra	$9,840	$12,415	$9,221	$6,147	$37,623
Cal Advocates	$4,182	$5,277	$3,919	$2,613	$15,990
Sempra>Cal Advocates	$5,658	$7,139	$5,302	$3,535	$21,634

Source: 2025-2030 data from Testimony, Chapter 2, p. CE-18, Table 2-5.

VI. DISCUSSION / ANALYSIS OF SEMPRA'S PHASE 2 SAP MIGRATION CAPITAL EXPENDITURES (2027-2030)

A. Phase 2 Capital Expenditures

As with O&M expense, Sempra states Phase 2 for Capital will address the remaining areas of technical and business obsolescence that were not included in Phase 1 but are required to complete the Program's objective of migrating to a supported ERP Platform and ERP-connected systems.[55]

[55] Sempra's Testimony, Chapter 2, p. CE-10.

1. Sempra's Capital Expenditure Forecast

Sempra requests a total of $241.151 million direct cost for Phase 2 capital costs from 2027 to 2030.[56]

As with O&M expense, Phase 2 is structured into sequenced releases that are expected to complete implementation in 2030.[57]

Same as O&M expense, Phase 2 Release 1 for capital is Technical Obsolescence Remediation, and Phase 2 Release 2 and 3 for capital addresses compliance risks associated with unsupported systems, while modernizing key cost-capture processes.[58] Table 2-6 presents Sempra's request by year for the three releases of Phase 2.

Table 2-6
Sempra's Phase 2 Capital Expenditures
(in Thousands Dollars)

	2027	2028	2029	2030	TOTAL
Phase 2 – Release 1	$78,187	$44,448	$0	$0	$122,635
Phase 2 – Release 2	$0	$11,656	$21,813	$11,296	$44,765
Phase 2 – Release 3	$0	$13,241	$36,306	$24,204	$73,751
Total Phase 2 Capital	$78,187	$69,345	$58,119	$35,500	$241,151

Source: 2027-2030 data from CE-23, Table 2-7. 2-8, 2-9.

2. Cal Advocates' Analysis and Recommendation

The Commission should adopt $74.920 million in direct capital expenditures for Phase 2 for 2027 to 2030. Cal Advocates' recommendation is based on reducing Sempra's capital forecast by 50 percent because its cost estimates lack detailed support, applying a $27.569 million reduction for its underspending of the authorized amount for Phase 1 from the 2024 GRC, and removing embedded contingency.

Table 2-7 below provides a comparison of Sempra's request and Cal Advocates' recommendation for 2027-2030 by activity.

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[56] Sempra's Testimony, Chapter 2, p. CE-18, Table 2-5.

[57] Sempra's Testimony, Chapter 2, p. CE-10.

[58] Sempra's Testimony, Chapter 2, p. CE-16.

Table 2-7
Phase 2 Capital Expenditures
(in Thousands Dollars)

	2027	2028	2029	2030	TOTAL
Sempra	$78,187	$69,345	$58,119	$35,500	$241,151
Cal Advocates	$5,660	$29,472	$24,701	$15,088	$74,920
Sempra>Cal Advocates	$72,527	$39,873	$33,418	$20,413	$166,231

Source: 2027-2030 data from CE-18, Table 2-5.

(a) Sempra's Cost Forecasts Lacks Detail to Show How the Cost Estimates Were Developed

Sempra's workpapers and data responses lacked critical details on how the Joint Utilities' cost estimates were developed. Additionally, the cost proposal, hourly rates, and estimated duration that the Joint Utilities provided did not include supporting calculations and did not show how these factors were used to derive the forecast.

In Sempra's 2024 GRC application, the Commission also found that Sempra's SAP Transformation (Phase 1A) project lacked strong evidence to show how it estimated capital costs and applied a 25 percent reduction to forecasted costs.[59]

Cal Advocates recommends applying a 50 percent reduction to Sempra's Phase 2 capital forecast. Cal Advocates recommendation is based on Sempra's application lacking detailed support for the cost estimate, and prior Commission decision that applied a 25 percent reduction to Sempra's request that lacked support for its estimates, and prior SAP Transformation program costs spending being approximately 45 percent below authorized.

Sempra is obligated to demonstrate that its funding request is necessary and that its cost estimates are reasonable.[60] In this Application Sempra has not met its obligation for the requested funding. Sempra again ignored CPUC code sections 454 and 463 (b) that requires the utility to present evidence to the

[59] D.24-12-074, page 651. "Additionally, we authorize 75 percent of the proposed zero-based budget for 2023 and 2024 for the SAP Transformation project to reflect SoCalGas's lack of support for its estimates."

[60] Pub. Util. Code § 454. See also, Pub. Util. Code § 463 (b).

Commission that its funding request is necessary and justified. Sempra has failed to adequately support its request in this application. Therefore, the Commission should reject Sempra's request and adopt Cal Advocates' recommendation.

(b) SAP Phase 1 Unspent Authorized Funds ($27.569 million)

In Sempra's 2024 GRC, the Commission authorized $51.2 million in capital for SAP Transformation.[61] In one of its data responses[62], Cal Advocates requested recorded O&M and capital expenditures for the SAP Transformation for 2023 to 2026 year to date.

Sempra's data responses show the revised costs through July 2026, inclusive of incurred Phase 1B costs, totaled $23.643 million, or 46% of the total amount authorized. Put another way, Sempra has not spent $27.569 million, or 54% of the amount the Commission authorized in D.24-12-074. Since Sempra was authorized to collect the remaining funds from ratepayers, this money should be used to fund the continuing costs to complete Sempra's SAP Migration Program. If ratepayers are funding work activities associated with Sempra's SAP Program, the funds already authorized and collected should be used to continue the upgrade as originally requested. It would be unjust and unreasonable if the Commission authorized additional funds for the same or similar activities when Sempra has not demonstrated that it spent the previously authorized funds.

[61] D.24-12-074, p.650

[62] Sempra's response to data request PubAdv-Sempra-01-DAO, question 6. Sempra provided its initial data response on June 4, 2026, and supplemented this response on August 26, 2026. Sempra subsequently revised this response on September 14, 2026.

VII. DISCUSSION / ANALYSIS OF SEMPRA'S REQUEST FOR OVERHEADS

A. Overheads

Sempra's proposal includes overhead allocations that are added to direct costs, which it asserts are consistent with the classification of the costs as company labor, contract labor, or purchased services and materials.[63]

Sempra forecasts $28.8 million for overhead costs, which consists of $6.6 million in O&M expense and $22.2 million in capital.[64] Cal Advocates recommends removing Sempra's overhead cost request of $28.8 million in its entirety. Sempra has not shown these overhead costs to be incremental and has failed to show how overhead costs were derived from the forecasted O&M and capital costs.

In Sempra's testimony page YBSPB-4, Table 3-2 provided the total forecasted direct costs of $49.5 million in O&M expense and $241.2 million in capital.[65] Below Table 3-2, Sempra explains that "Overhead allocations are added to direct costs, consistent with the classification of those costs as company labor, contract labor, or purchased services and materials....Only overhead allocations considered incremental to the Program are applied in the determination of the revenue requirement."[66] Sempra does not explain how the total forecasted direct costs were used to determine the overhead allocation nor how Sempra determined the cost to be incremental.

Additionally, Sempra provided workpapers showing the total direct costs as labor and non-labor. Sempra showed total internal labor of $22.341 million for 2026 to 2030 and total non-labor costs of $268.354 million for 2026 to 2030.[67]

In response to a data request,[68] which asked for supporting documentation on how these cost forecast were developed, Sempra stated, "Labor forecast for Phase 2 of

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[63] Testimony chapter 3, p. YBSPB-4

[64] A.26-05-002_Chapter 3 Workpaper/Sheet 2 "Workpaper Supporting Chapter 3 (Direct, Fully Loaded, and Escalated).

[65] Testimony chapter 3, p. YBSPB-4, Table 3-2.

[66] Testimony chapter 3, p. YBSPB-4.

[67] A.26-05-002_Chapter 2 Workpaper_Revised (Redline)/ worksheet 4. Labor Non Labor Finance View.

[68] Sempra's response to data request PubAdv-Sempra-02-JOH, question 2

the SAP Migration Program reflect the internal labor and contractor labor resources necessary to support solution design, configuration, testing, deployment, organizational change management, training, and post-implementation stabilization activities. Staffing requirements were developed using workstream-level estimates, labor rates by role and level, and implementation timing."[69] Sempra failed to provide details on how the Internal Labor cost totaling $22.341 million was used to derive overhead costs. In addition, Sempra failed to explain why contractor labor is included in Internal Labor.

While Sempra shows the total non-labor costs of $268.354 million in 12 different categories[70], and provides a brief description of the categories, Sempra fails to explain or demonstrate why these non-labor costs, which appear to be third-party vendor costs, should be included as overhead costs.

Sempra has not demonstrated that the requested overhead costs are reasonable and justified. The Commission should reject Sempra's request of $28.8 million for overheads.

VIII. DISCUSSION / ANALYSIS OF SEMPRA'S REQUEST FOR CONTINGENCY

A. Contingency Costs

Sempra requests $43.604 million for contingency costs.[71] Sempra states, SAP Migration project cost includes contingency equal to 15 percent of forecasted project costs, or approximately $43.604 million (Capital: $36.2 million; O&M: $7.4 million). Sempra's contingency request is reflected within the forecast estimates presented in the Joint Application and is not separately identified as a stand-alone cost category. Sempra claims the contingency reflects estimating

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[69] Id.

[70] The 12 different categories of non-labor costs include activities for Solution Implementation and PMO, Process Governance and Data Execution, Program Oversight Quality Assessment – Solution, Security & Controls, BI Program Management Office (PMO), OCM, Communications, and Training, Business Readiness, Professional Servies, Software Licenses/Subscriptions, Contract Labor, Professional Services, Professional Services – Facilities, and Professional Services - T&E.

[71] Sempra's response to data request PubAdv-SEMPRA-06-DAO, question 1.

uncertainty and project execution risk associated with a large-scale, multi-year project.[72]

1. The Commission Should Reject Sempra's Request for Contingency Costs

Sempra requests $43.604 million for contingency as part of its O&M expense and capital expenditure forecast for the SAP Migration project. The Commission should reject Sempra's request for $43.604 million in contingency costs. Cal Advocates recommends zero funding for contingency for the SAP Migration project. Table 2-8 below presents a summary of Sempra's request and Cal Advocates' recommendation for contingency by year.

Table 2-8
Sempra's Request and Cal Advocates' Recommendation for SAP Contingency Costs
(in Thousands Dollars)

	2026	2027	2028	2029	2030	Total
Sempra	$1,046	$13,947	$12,264	$10,101	$6,247	$43,604
Cal Advocates	$0	$0	$0	$0	$0	$0
Sempra>Cal Advocates	$1,046	$13,947	12,264$	$10,101	$6,247	$43,604

Source: 2027-2030 data from CE-18, Table 2-5.

Sempra's request should be rejected because it seeks ratepayer funding to address speculative project risks that Sempra needs to properly manage. Sempra's contingency request places all possible cost overruns on ratepayers and not the Joint Utilities. Sempra's ratepayers would be required to fund the contingency amount regardless of Sempra's actual spending. If contingency costs are authorized, Sempra is not motivated to remain within its budgets for the SAP project.

In its Joint Application, Sempra failed to provide adequate justification and supporting documentation for the requested contingency costs. Sempra has not provided testimony or workpapers to support the contingency request. The contingency

[72] Sempra's response to data request PubAdv-SEMPRA-06-DAO, question 1.

amount was discovered when Cal Advocates asked Sempra directly if it was seeking contingency funding in this application.[73] Sempra states:

> Contingency is reflected within the forecast estimates presented in the Application and is not separately identified as a stand-alone cost category. The contingency reflects estimating uncertainty and project execution risk associated with a large-scale, multi-year project. It provides for potential variability in implementation activities, labor effort, vendor services, scheduling, and other project-related costs that may differ from assumptions used when the forecast was developed.[74]

No workpapers or verifiable and traceable calculations were provided to support Sempra's contingency request.

In Commission decisions D.19-05-020 and D.21-08-036, the Commission disapproved budgeting for contingencies in general rate cases where the utility must demonstrate the reasonableness of its forecast revenue requirement.[75] In D.19-05-020, the Commission states that while SCE noted the contingencies were for "uncertainties and variables that are unknown" and "unforeseen conditions," the utility failed to establish that those costs were reasonable. This decision denied contingency amounts included in SCE's capitalized software project forecasts and did not allow cost recovery of these costs as a forecast item. The Commission also found in D.19-05-020, "there is no benefit to the ratepayers of carving exceptions and creating ratemaking policy which is only applicable to software projects."[76]

In D.21-08-036, the Commission also denied SCE's contingency request for "unforeseen conditions" it claims were associated with certain capital projects. The Commission state that SCE had not established that unpredictable costs were reasonable.[77]

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[73] Sempra's response to data request PubAdv-Sempra-06-DAO, question 1.

[74] Sempra's response to data request PubAdv-Sempra-06-DAO, question 1.

[75] D.19-05-20, pp150-152 and D.21-08-036, p. 331

[76] Decision 19-05-020, p. 152.

[77] D.21-08-036, p. 331.

Sempra's inclusion of contingency costs in capital project costs weakens management oversight and provides no incentives to control costs. The joint utilities earn a rate of return from growing their rate base and have an incentive to increase the capital costs of requested projects without any identifiable or justifiable benefits to ratepayers. Sempra's contingency request is inadequately supported and should be rejected.

IX. WITNESS QUALIFICATIONS – Jerry Oh

My name is Jerry Oh. My business address is 505 Van Ness Avenue, San Francisco, California. I am employed by the Public Advocates Office as a Public Utilities Regulatory Analyst V in the Energy Cost of Service and Natural Gas Branch.

I have a Bachelor of Arts degree in Business Economics from the University of California, Los Angeles.

I joined the Commission's Energy Division in year 2000 and worked on different accounting, auditing, and financial issues, including procurement and ERRA proceedings.

In 2007, I transferred to the Water Branch within the Public Advocates Office (formerly the Office of Ratepayer Advocates) and worked on large water utility general rate cases, focusing on Administrative and General expenses, Operations and Maintenance expenses, Cost of Capital, Affiliate Transactions, Taxes, and Results of Operations.

In 2011, I transferred to the Energy Cost of Service and Natural Gas Branch and have worked as a contract manager, and as an expert witness in Taxes, Results of Operations, Cost of Capital, Information Technology, and Corporate Center / Shared Services / Shared Assets. I have supported my testimony in formal Commission hearings.

This completes my prepared testimony.

X. WITNESS QUALIFICATIONS – Dao Phan

My name is Dao A. Phan. My business address is 505 Van Ness Avenue, San Francisco, California. I am employed by the Public Advocates Office as a Program and Project Supervisor in the Energy Cost of Service and Natural Gas Branch.

I received a Master of Arts degree in Political Science from San Francisco State University and a Bachelor of Arts degree in Political Science from California State University, Hayward.

I have testified before the California Public Utilities Commission as an expert witness in numerous Commission enforcement and regulatory proceedings. I have been an expert witness in the following areas and proceedings: gas distribution operations and maintenance and capital expenditures; gas transmission and storage operations and maintenance; long-term electric procurement; customer service issues; customer accounts; and compensation and incentives.

This completes my prepared testimony.