Application: A.25-05-XXX
Exhibit No.: SCG-02
Witness: A. McAllaster

PREPARED DIRECT TESTIMONY OF

APRIL MCALLASTER

(CHAPTER 2 – COST JUSTIFICATION)

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

May 9, 2025

TABLE OF CONTENTS

Prepared Direct Testimony of
April McAllaster
(Cost Justification)

I. INTRODUCTION

The purpose of my direct testimony is to discuss the O&M costs necessary for completing the Customer Information System (CIS) Replacement Project (Project), including the incremental O&M costs that are the subject of this application. As discussed in the testimony of Witness Evan Goldman, SoCalGas is seeking recovery in this application of $24.9 million in incremental costs for the CIS Replacement Project beyond those approved in the TY 2024 General Rate Case (GRC) Decision (D.) 24-12-074. For context, the O&M costs discussed in this chapter include all O&M costs of the Project, including those already incurred and total $68.6 million. The incremental costs requested in this application are prudent and necessary for the successful completion of the Project and will enable SoCalGas to better serve its customers by meeting business and technology needs. In the absence of this funding, SoCalGas risks not being able to adequately support the implementation of its new CIS, potentially leading to a degradation of customer service levels. Additionally, these challenges increase the risks of billing errors, reporting errors, and financial reporting inaccuracies, which can further undermine operational effectiveness and overall customer service.

This chapter will 1) review the CIS Replacement Program implementation plan initially introduced in Mr. Goldman's testimony in the TY 2024 GRC proceeding, 2) review the types of O&M costs incurred throughout the Project, 3) outline SoCalGas's methodology for forecasting costs beyond January 2025, and 4) present the CIS Replacement Project O&M costs and the activities and resources associated with them.

II. SUMMARY OF IMPLEMENTATION PLAN

As described in the direct testimony of Mr. Goldman in SoCalGas's TY 2024 GRC, SoCalGas and Accenture[1] collaborated to develop a CIS Implementation Plan and a

[1] Accenture is a multinational professional services company that specializes in information technology services and consulting. Accenture has implemented more than 250 CIS solutions in the global utility industry over the past 40 years and is currently supporting delivery of the five largest CIS programs in the world.

CIS Replacement Project cost forecast.[2] This collaboration leveraged Accenture's extensive experience implementing similar projects at major utilities throughout North America and globally, including at SoCalGas's sister utility, SDG&E.

The CIS Implementation Plan outlines the program phases and durations, helps determine resources required for each phase, and informs the cost forecasts for the Project. The plan has not changed significantly since the TY 2024 GRC proceeding and the Project is on track to be completed within the 2024-2027 GRC period.

The CIS Implementation Plan includes five phases spanning 39 months. The first phase, Plan/Analyze, started in April 2024. During this phase, SoCalGas and its partner contractors focused on clarifying responsibilities, expectations, and deliverable timelines for both internal and contractor teams. The second phase – Design/Build/Validate – involves construction and configuration of the new CIS and its interfaces as well as design of the future organization that uses and supports the system. The Test Phase is the third stage of implementation and will involve validating that the system's capabilities are aligned with its designs, conducting dress rehearsals of go-live in preparation to switch from the legacy system to the new system, and beginning end user training activities. After the Test Phase, SoCalGas will rehearse cut-over and go-live activities to validate that it is prepared to execute the cut-over and will continue training activities during the Deploy Phase. Finally, during the Post Go-Live Stabilization phase, SoCalGas personnel will resolve system defects, complete training activities, and finish decommissioning SoCalGas's legacy CIS.[3]

III. COST OVERVIEW

O&M costs for the CIS Replacement Project are presented below, divided into three categories: SoCalGas Labor and Contractor Costs, Software Costs, and Materials/Facilities/Other Costs. Note that while the costs and activities described in this testimony include all O&M costs and activities of the program, SoCalGas is only seeking recovery in this proceeding for costs incremental to those approved in the TY 2024 GRC proceeding. The derivation of costs incremental to those originally approved is discussed in more detail below and also presented in

---

[2] Application (A.) 22-05-015, Direct Testimony of Evan D. Goldman (Exhibit (Ex.) SCG-13) at 5 *available at:* https://www.socalgas.com/sites/default/files/SCG-13_Direct_Testimony_of_Evan_Goldman_CIS_Replacement_Program.pdf.

[3] A.22-05-015, Ex. SCG-13 (Goldman) at 5-9.

workpapers (Attachment A). The total direct costs of the Project are shown in Table AM-1:

Table AM-1: CIS Replacement Project Total Direct O&M Costs by Category

Cost Category	Cost (in $000)
SoCalGas Labor	$2,801
Contractor Costs	$56,719
Software Costs	$10,229
Materials/Facilities/Other Costs	$1,260
Total CIS Replacement Project Direct Costs	$71,008

As discussed in Mr. Goldman's testimony and demonstrated elsewhere in this chapter, the activities associated with SoCalGas's incremental funding request are crucial to the successful implementation of SoCalGas's CIS. They will, among other things, enable SoCalGas to maintain efficient customer service, as well as meet business and regulatory needs. If SoCalGas does not perform these activities, customers may face longer wait times, delays to billing exception resolutions, and delayed ability to access the innovation and enhancements inherent to modern billing solutions.

IV. COST METHODOLOGY

The Implementation Plan described above guided the cost forecasts, which were presented in SoCalGas's TY 2024 GRC application.[4] SoCalGas's cost methodology has since become more refined as the Project has progressed. More specifically, since the Project began, SoCalGas has finalized contracts with contractors, fine-tuned requirements, and updated its staffing model. This process has yielded a total forecasted O&M cost of the CIS Replacement Project of $71.0 million. In assessing the total cost of the project and D. 24-12-074's approval of $46.9 million in total imputed authorized O&M approved for the GRC cycle (2024-2027),[5] SoCalGas has determined that it is in need of incremental funding in the amount of $24.9

[4] *Id.*

[5] D.24-12-074 at 503. The TY 2024 GRC O&M was escalated according to adopted labor, non-labor, and escalation rates.

million.[6] Without this incremental funding, SoCalGas will risk being unable to fully complete the execution of the Project while still providing efficient service to its customers and meeting its business requirements.[7]

To forecast internal labor costs beyond January 2025, SoCalGas relied on expectations for resource requirements and input from its contractors who had conducted similar implementations at other large utilities in North America. As in the case of the forecast developed for inclusion in the TY 2024 GRC, a significant driver of the cost forecast is the scale of the effort. As addressed in Mr. Goldman's testimony, the CIS is a system foundational to SoCalGas's operations. The CIS Replacement Project therefore has a significant impact on SoCalGas as a whole, which will be managed throughout the Project, and will involve training thousands of end users on hundreds of business processes relevant to their role. This scale served as an input for SoCalGas and its contractors to collaboratively develop a plan for internal resources and associated costs.

To develop a forecast for the cost of contractors, SoCalGas collaborated with its contractors to create an estimate for training and surge staffing resources required. This estimate used inputs from SoCalGas, including the number of employees across different business units who have to be trained and the number of business processes that SoCalGas employees will learn. As these employees complete training activities, their roles will be backfilled by surge staffing resources. SoCalGas's contractors utilized their experience and proprietary models to develop an estimate for training and surge staffing needs and derived a cost forecast from this estimate.

To develop a forecast for software costs, SoCalGas relied on either the actual costs in finalized contracts between SoCalGas and contractors or estimates based on quotes from contractors or the costs of similar software.

Facilities O&M costs include the costs to SoCalGas of renting facilities incremental to those already available to SoCalGas and the costs of outfitting facilities for purposes required for the Project. Space set up costs and materials costs are derived from prior experience and based

---

[6] The processes to arrive at an incremental funding request are discussed elsewhere in my testimony and followed standard SoCalGas loading and escalating practices which are discussed in the Direct Testimony of witness Rae Marie Yu, Chapter 2.

[7] SoCalGas currently anticipates that the Project will exhaust the GRC authorized O&M funding in 2026.

on SoCalGas and contractor estimates for materials required to complete training activities and to equip additional rooms as training facilities.

To derive the total $46.9 million in imputed authorized O&M approved for the GRC cycle[8] 2024-2027), SoCalGas adopted expenses of $10 million,[9] which were presented in base year 2021 dollars in the GRC, and escalated those to 2024 dollars based on the adopted labor and non-labor escalation rates.[10] The adopted attrition rate of 3%[11] was then applied year over year to impute the authorized O&M for attrition years 2025-2027. SoCalGas then subtracted this imputed authorized amount from the escalated cost forecast of the Project to arrive at an incremental funding request for this application of $24.9 million.

Table AM-2 compares the imputed authorized costs escalated throughout the TY 2024 GRC cycle to the total escalated costs of the Project. Note that the total CIS Replacement Project *escalated* costs are different from the total *direct* costs of the Project, represented above in Table AM-2 and elsewhere in this chapter.

Table AM-2: CIS Replacement Project Total Project Costs

Description	Direct Costs (in $000)	Loaded and Escalated Costs (in $000)
Imputed Authorized Costs	--	$46,909
Total CIS Replacement Project Costs	$71,008	$71,789[12]
Incremental Cost Request	--	$24,880

The escalated costs of the Project and SoCalGas's revenue requirement are discussed in more detail in the Direct Testimony of Witness Rae Marie Yu, Chapter 3.

---

[8] D.24-12-074 at 1084 (Conclusion of Law (COL) 304); *see also* A.22-05-015/016, Update Testimony of SoCalGas and SDG&E (Exhibit (Ex.) SCG-401/SDG&E-401) at7-8, *available at:* https://www.socalgas.com/sites/default/files/SCG-401_SDGE-401_%20Update_Testimony_4989.pdf.

[9] D.24-12-074 at 1062 (COL 147).

[10] *Id.* at 1084 (COL 304); *see also* Ex. SCG-401/SDG&E-401 at 7-8.

[11] D.24-12-074 at 1084 (COL 305,307).

[12] Applied loaders and escalators are discussed in more detail in the Direct Testimony of Rae Marie Yu, Chapter 3.

V. PROJECT COSTS BY CATEGORY

In this section, I provide additional details on the categories of costs associated with the Project.

A. SoCalGas Labor and Contractor Costs

The CIS Replacement Project involves substantial collaboration between SoCalGas's employees and contractors. In addition to surge staffing, the primary activities comprising the labor and contractor costs for the CIS Replacement Project of both SoCalGas and its contractors are the same and are described together below. These activities can be grouped into five primary workstreams: Learning, Organizational Change Management (OCM), Target Operating Model design (TOM), Decommissioning, and Data Cleansing.

Learning involves planning and executing a curriculum of training activities to equip SoCalGas employees to use the new CIS once it is launched. The Learning workstream is a large part of the overall implementation and will involve training approximately 2,200 end users across 65 teams to use the new CIS. OCM involves capturing and communicating the impacts of the Project on the SoCalGas business, as well as defining, promoting, and integrating the desired culture of the CIS Replacement Project, and assessing and managing stakeholder readiness and adoption. TOM focuses on helping to shape SoCalGas's future organization to support the new capabilities that come with a modernized CIS platform. Decommissioning involves powering off the hardware, software, and other applications and systems associated with SoCalGas's legacy CIS. Finally, Data Cleansing activities involve detecting and correcting, or removing, corrupt or inaccurate records from the CIS database as the data is migrated from SoCalGas's legacy CIS to its new CIS. These activities promote the accuracy, consistency, and usability of data in the new system. Data Cleansing O&M costs are the costs of manually completing these activities to verify that only accurate, complete, and relevant data is migrated from SoCalGas's legacy CIS to the new CIS.[13]

In addition to the costs corresponding with the core activities of these five workstreams, surge staffing costs – costs of temporarily augmenting business units with additional resources to offset expected increases in workloads – are a significant driver of O&M costs during the

[13] Note that some Data Cleansing activities - those that are completed via automation or program - are capitalized. These costs are not included in this application or discussed in testimony.

Project. Surge staffing resources will be utilized for two reasons during the Project. First, surge staffing will temporarily backfill SoCalGas employees who are focusing on training activities during the Test, Deploy, and Post Go-Live Stabilization phases to avoid degradations in performance and level of customer service due to some employees focusing on training activities rather than their usual roles. Second, surge staffing will supplement SoCalGas employees as they become proficient in using the new CIS and as bugs in the system are resolved. Even with a quality training plan, it is anticipated in a large transformation, such as a major CIS replacement, that employees will take some time to learn how best to take advantage of new features in the new CIS and efficiently perform their tasks. Additionally, small bugs may take time to resolve after the system launches which may temporarily impact workflows. Surge staffing resources will help SoCalGas maintain its level of performance and customer service during these periods. The SoCalGas labor and Contractor costs by year of the CIS Replacement Project are shown in Table AM-3 below.

Table AM-3: SoCalGas Labor and Contractor Costs (in $000)

Category	2024 Actuals	2025 Forecast	2026 Forecast	2027 Forecast	Totals
SoCalGas Labor	$386	$1,018	$1,156	$240	**$2,801**
Contractor Costs	$4,228	$8,603	$39,519	$4,369	**$56,719**

Activities driving SoCalGas Labor and Contractor costs are further broken down by phase and by workstream below. The primary drivers of O&M costs throughout the Project are training activities within the Learning workstream and surge staffing costs before and after go-live. These costs are concentrated in the Test, Deploy, and Post Go-Live stabilization phases.

1. Plan/Analyze

SoCalGas and its partner contractors in the Plan/Analyze phase completed initial activities across four of the five workstreams introduced above. The Plan/Analyze phase lasted 6 months.

In the Learning workstream, the Project team created an initial learning and proficiency strategy, which included a training timeline and the tools and technologies that would be used for development and delivery of learning activities.

In the OCM workstream, the Project team developed a change management strategy and roadmap, defining the approach for planning and tracking activities related to engagement, change impact, and communications across the Project. The team also began a stakeholder analysis and change impact assessment to facilitate sustainable user adoption. In addition, Project team members created and launched a plan to engage all Project teams and impacted SoCalGas employees beyond the Project to promote the desired work culture.

In the TOM workstream, the Project team aligned on the customer experience and systems and technology strategy, as well as governance model to help drive decision-making throughout the duration of the Project as the operating model takes shape. The team also aligned the target operating model timeline and blueprint with the Project's timeline and broader strategic objectives.

Finally, SoCalGas conducted manual Data Cleansing activities in the Plan/Analyze phase. Specific Data Cleansing activities include identifying and removing duplicate records, standardizing data formats to achieve compatibility with the new CIS, fixing errors in customer data and updating outdated information. Data Cleansing activities will also involve verifying that the automated data cleansing process was accurate and complete. These activities will continue and remain largely the same throughout the Project, concluding in the Post Go-Live Stabilization phase.

2. Design/Build/Validate

In the Design/Build/Validate (DBV) phase, the Project team prepares for end user training activities, builds on the OCM and TOM activities of the Plan/Analyze phase, and begins Decommissioning activities. The DBV phase lasts 11 months; SoCalGas is partway through this phase as of the service of this testimony.

The Learning workstream during the DBV phase involves the next stage of preparation for formal end user training delivery. This preparation involves completing SoCalGas's training needs assessment and refining the Project's learning and proficiency strategy. This phase also includes completing the design of the training course, onboarding training developers, and beginning development of materials used to conduct training.

OCM activities in the DBV phase build on those begun in the Plan/Analyze phase. The Project team finalizes the change impact assessment and deploys relevant communication channels, engaging directly with impacted stakeholder groups to manage the change. The team

is also beginning to host activities to inform and promote the project's desired work culture among those on the Project team and other impacted stakeholders across SoCalGas. These activities will foster collaboration, partnership and engagement between the Project and impacted SoCalGas stakeholders.

Activities in the TOM workstream similarly build on the activities of the Plan/Analyze phase. This phase involves evaluating organizations across SoCalGas to determine whether any current capabilities should be assumed by the Systems and Technology (S&T) organization. The team also updates job profiles for the S&T organization and models how different teams throughout the SoCalGas organization will integrate with each other. Additionally, the Project team aligns the approach to implementing the target operating model and other key decisions with key business, project, and Human Resources stakeholders. Lastly, the team finalizes surge staffing plans.

Decommissioning activities begin during the DBV phase with a focus on developing a strategy, resource plan, and budget. In addition to the legacy CIS software and hardware, roughly 20 edge applications and other systems are in scope for the Decommissioning workstream.

3. Test

During the Test phase, activities will continue the momentum built in previous phases, and will involve beginning training activities, and implementing some portions of the Target Operating Model while continuing to develop and formalize others. SoCalGas will also complete decommissioning activities begun in the DBV phase and will continue to prepare to sunset legacy systems and applications. The Test phase will last seven months.

In the Learning workstream, the Project team will advance toward the launch of the training curriculum for end users at the end of the phase. The team will finalize training and proficiency materials, incorporating feedback from business users. The team will then conduct "Train the Trainer" activities. "Training the Trainer" involves Project team members familiar with SoCalGas's new CIS and associated training materials – trainers – teaching contractors the skills and knowledge required to train SoCalGas end users on the new CIS. These trainers will be trained in the new CIS to understand functionalities relevant to specific business units and how best to facilitate training sessions with other internal SoCalGas resources. After train the trainer activities, end user training will begin, and the Project will implement a plan for how the

training development and delivery team will support the Project during the system stabilization process. SoCalGas will also begin to incur surge staffing costs in this period as contractor resources are relied on to backfill the roles of SoCalGas employees as they are trained. Surge staffing will allow SoCalGas to maintain its levels of customer service and performance across key impacted business units, including the Customer Contact Center, Billing Operations, and Credit and Collections.

OCM activities continue in the Test phase. The team will focus on identifying new and revising existing change impacts as the Project progresses. SoCalGas will also continue to monitor and support the adoption of the desired work culture by the Project team and impacted stakeholders. The Project team will utilize surveys to collect culture data and will host activities to reinforce core cultural values.

The TOM workstream will be working with the impacted S&T and business operations groups during the Test phase to implement changes to the current operating model based on the approved TOM requirements and design. The TOM implementation plan will prioritize "quick-win" operating model changes, which can be completed quickly with minimal disruption, during testing and continue to coordinate organizational changes with stakeholders to align on the TOM implementation approach.

The Decommissioning team will create a data retention strategy and plan in addition to a plan for the disposal of legacy systems and applications in the Test phase. The Decommissioning workstream will also interface with the OCM team to effectively communicate across the Project and manage the impact of the change driven by the decommissioning workstream.

4. Deploy

During the Deploy phase, SoCalGas and its partners will continue to execute training activities and will launch the fully tested CIS solution at the conclusion of the Deploy phase. The Deploy phase will last six months.

Activities in the Deploy phase will be focused on training and backfilling SoCalGas employees as they complete training to maintain performance levels across key impacted business units. OCM will continue to monitor and reinforce the desired culture through surveys, feedback, and stakeholder engagement. The Project team will also continue to monitor for new and revised change impacts as the Project progresses. The TOM workstream will work with

SoCalGas's Target Operating Model governance committee to review progress on the TOM implementation plan and address any risks or issues.

Training activities and associated surge staffing needs will continue to drive a substantial portion of Project O&M costs in the Deploy phase. The Project will continue end user training initiated in the Test phase and will continually monitor the quality and adherence to the training program's schedule. The Project team will also continue to refine plans to integrate the training development and delivery team in the stabilization process.

Decommissioning workstream costs in the Deploy phase are driven by the completion of the decommissioning strategy and plan, and related change management activities. Once strategy and planning activities are completed, the Decommissioning team will begin data archiving and access control activities. This will involve developing a report to document and control access to the decommissioned legacy systems and will begin the execution of the application disposal plan.

5. Post Go-Live Stabilization

During the Post Go-Live Stabilization phase, the Project team will continue to monitor and promote culture and complete training and Project end user support activities as the Project concludes. O&M costs in this phase are also driven in substantial part by surge staffing needs and by the completion of decommissioning activities. All activities in the Learning, OCM, TOM, and Data Cleansing workstreams will be completed in the first six months of the Post Go-Live Stabilization phase. Some activities in the Decommissioning workstream will extend three additional months. The Post Go-Live Stabilization phase is currently planned to last nine months and will end when system stabilization criteria are met.

OCM stakeholder communications and engagement activities in the Post Go-Live Stabilization phase will be similar to those completed in other phases, with a focus on continuing to monitor the impact and adoption of the Project across SoCalGas impacted stakeholders.

Learning activities will focus on completing training and transferring knowledge of the training approach and materials to SoCalGas's training support organization. Training activities will focus on those employees who have not yet completed training or outstanding elements of the training curriculum. Training activities will conclude with the transfer of long-term ownership of Project training materials from contractors supporting the Project to SoCalGas employees who will be maintaining them after the conclusion of the Project.

In the Decommissioning workstream, the team will continue some of the data archiving and access control activities begun in the Deploy phase. After these activities are completed, the team will move to power off all in-scope components of the legacy system. This will include disconnecting hardware, dismantling cables, servers, and storage, and validating the successful disposal of systems and applications. Throughout Decommissioning activities, the team will continue to distribute communications and conduct change management activities.

Data Cleansing activities will also conclude shortly after go-live, once the Project team has completed verification, de-duplication, and standardization activities and has verified that the results of the automated data cleansing are accurate and complete.

In addition to the activities of these core workstreams, surge staffing resources will also help augment SoCalGas business units and maintain high levels of customer service as employees learn how to effectively utilize the new CIS and increase their proficiency in performing tasks using the system.

B. Software Costs

Software costs include expensed portions of SoCalGas's contract with SAP to license and host the new CIS and other relevant ancillary software required to facilitate the Project that do not meet capitalization requirements. Software costs reflect the commercial terms agreed to between SoCalGas and its contractors, projections of future costs based on current contracts for similar software, or contractor quotes. Software costs are presented by year in Table AM-4 below.

Table AM-4: Software O&M Costs (in $000)

Category	2024 Actuals	2025 Forecast and Actuals	2026 Forecast	2027 Forecast	Totals Forecast and Actuals
Software Costs	$3,813	$1,477	$4,939	$0	**$10,229**

C. Materials, Facilities, and Other Costs

Facilities O&M costs include the costs to SoCalGas of renting facilities incremental to those already available to SoCalGas and the costs of outfitting facilities for purposes required for the Project. Materials costs include the costs of materials and technical equipment. Other costs

include additional expenses incurred throughout the delivery of the Project. Materials/Facilities/Other costs are presented by year in Table AM-5 below.

Table AM-5: Materials/Facilities/Other O&M Costs (in $000)

Category	2024 Actuals	2025 Actuals and Forecast	2026 Forecast	2027 Forecast	Totals Actuals and Forecast
Material / Facilities / Other Costs	$46	$86	$658	$471	**$1,260**

Materials/Facilities/Other costs include facilities, supplies, and other materials necessary for the Project. In the pre-deployment phases of the Project, costs consist primarily of Project supplies and printed materials that facilitate training activities and other key Project activities. As training activities ramp up in the Test phase, facilities and materials costs will increase. This increase is driven by the need to outfit office space to serve as training facilities and by the need for more materials to facilitate training. Additionally, towards the end of the Project increased facilities costs for the project team are anticipated.

VI. CONCLUSION

My direct testimony discusses the O&M costs and activities by phase of SoCalGas's CIS Replacement Project. The description of activities and resources associated with these costs demonstrates that these costs are prudently and reasonably incurred and required for the successful execution of the Project. Without the approval of this application, SoCalGas will risk being unable to adequately support the completion the CIS Replacement Project and to meet the evolving needs of its business, customers, and regulators. SoCalGas requests that the Commission authorize the recovery of $24.9 million in incremental funding.

This concludes my prepared direct testimony.

VII. QUALIFICATIONS

My name is April S. McAllaster. I am employed by SoCalGas, and my current position is Project Manager for the CIS Replacement Program where I have overall responsibility for Organizational and Operational Readiness. My business address is 555 West Fifth Street, Los Angeles, CA 90013. I have 25 years of experience with utility customer service operations. At SoCalGas I have held a variety of management positions in customer services including at the Customer Contact Center and Branch Offices. My areas of experience include performance management and coaching, operations support, training and learning, continuous improvement, quality assurance, and change management. I received a Bachelor of Arts degree in Communications from California State University at Fullerton.

I have not previously testified before the Commission.

ATTACHMENT A

WORKPAPER SUPPORTING THE DIRECT TESTIMONY
OF APRIL MCALLASTER CHAPTER 2

SoCalGas's CIS Replacement Project

Workpaper Supporting the Direct Testimony of April McAllaster Chapter 2

Application For Incremental Funding for Customer Information System Replacement Program

(A.25-05-XXX)

Explanation of Workpaper

This workpaper supports the cost forecasts provided in the Direct Testimony of April McAllaster by providing additional detail behind SoCalGas's O&M cost estimates for the CIS Replacement Project. For information on the rates impact and revenue requirement associated with SoCalGas's request for incremental recovery, see the direct testimonies of Julia Cortez and Rae Marie Yu.

Costs of the Project are shown in Table 1.

Table 1: Project O&M Cost – Actuals and Forecasts (000s)

Year	2024	2025	2026	2027	Total
SoCalGas Labor	$386	$1,018	$1,156	$240	$2,801
Contractor Costs	$4,228	$8,603	$39,519	$4,369	$56,719
Software Costs	$3,813	$1,477	$4,939	$0	$10,229
Materials / Facilities / Other Costs	$46	$85	$658	$471	$1,260
Total O&M Costs	$8,474	$11,183	$46,271	$5,080	$71,008

Project Description

The Customer Information System (CIS) Replacement Project (Project) is a four-year process to plan for, implement, and stabilize the new CIS. In accordance with D. 24-12-074, the Project will result in the replacement of SoCalGas's legacy CIS, which is challenging to maintain and enhance after decades of customizations and integrations. A modern, modular CIS will reduce uncertainty and risk. The Project is taking place over five phases and includes several workstreams, discussed in testimony. The costs of the Project can be grouped into the following cost groups: Organizational and Operational Readiness (OOR) activities, Training Delivery, Surge Staffing, Decommissioning Coordination, Data Cleansing, Software, and Materials/Facilities/Other. As discussed in testimony, there are five primary workstreams: Learning, Organizational Change Management (OCM), Target Operating Model design (TOM), Decommissioning, and Data Cleansing. The OOR group includes most costs associated with the OCM and TOM workstreams, in addition to some costs related to the Learning workstream. Training Delivery costs are primarily associated with the Learning workstream. Decommissioning Coordination and Data Cleansing costs are associated with their corresponding workstreams. Surge Staffing, Software, and Materials / Facilities / Other costs are

discussed directly in the testimony of April McAllaster. Table 2 below shows the costs of the Project broken out by these groups.

Group	Cost
OOR activities	$26,032,892
Training Delivery	$8,027,880
Surge Staffing	$23,288,512
Decommissioning Coordination	$1,425,800
Data Cleansing	$740,317
Software	$10,228,669
Materials / Facilities / Other	$1,260,049
Total	**$71,008,119**

O&M Costs by Cost Group

Organizational and Operational Readiness

Resources and associated costs of the Organizational and Operational Readiness activities are shown below. These costs are a combination of SoCalGas and Contractor labor costs.

Resource Type	Calculation Description	Hourly Rate	Hours	Total Cost
SoCalGas Labor	Approximately 265 work months with a $62.55 blended hourly rate	$62.55	42,320	$2,647,040
Contractor Labor	System Integrator and 3rd party contractor costs based on contracted payment schedules and rates			$23,389,852
Total				**$26,036,892**

Training Delivery

Roles and associated costs of training delivery are shown below. All costs in this group, including train the trainer and training delivery costs, are third-party contractor costs.

Role	Calculation Description	Hourly Rate	Hours	Total Cost
Train the Trainer for Employee Training	Per hour cost * 40 hours/week * 2 months * 40 instructors	$120	12,800	$1,536,000

Trainers for Employee Training – Pre-Go Live	Per hour cost * 40 hours per week * 4 weeks per month * 6-month delivery period * 40 instructors	$120	38,400	$4,608,000
Trainers for Employee Training – Post-Go Live	Up to 5 trainers over 4 months	$120	1,920	$230,400
Train the Trainer for surge staff – backfill	Per hour cost * 3904 hours for train the trainer for CSRs, Mass & Major Markets, Credit & Collections, Accounting & Finance business units	$120	3,904	$468,480
Trainers for surge staff – backfill (legacy system)	Per hour cost * 5264 hours of training delivery for backfill for CSR, Mass & Major Market, Credit & Collections, and Accounting & Finance business units	$120	5,264	$631,680
Trainers for surge staff – staff augmentation	Per hour cost * 8 hours per work day * 22 work days * 16 instructors	$120	2,816	$337,920
Trainers for surge staff – staff augmentation (new system)	Per hour cost * 1,795 hours of training delivery for staff augmentation for CSR, Mass and Major Market, Credit & Collections, Accounting & Finance business units	$120	1,795	$215,400
Total			**66,899**	**$8,027,880**

Decommissioning Coordination

Roles and associated costs of Decommissioning Coordination are shown below. All costs in this group are third-party contractor costs.

Role	Calculation Description	Hourly Rate	Hours	Total Cost
Decommissioning Lead	Per hour cost * 160 hours per month * 28 months	$160	4,480	$716,800
Decommissioning Coordinator	Per hour cost * 40 hours per week * 4 weeks per month * 6-month delivery period * 40 instructors	$150	4,160	$624,000

Expenses	Average $4,250 per month for 20 months (some months may not require travel)			$85,000
Total			**8,640**	**$1,425,800**

Data Cleansing

Resources and associated costs of the Data Cleansing cost group are shown below. These costs are a combination of SoCalGas and Contractor labor costs.

Resource Type	Calculation Description	Hourly Rate	Hours	Total Cost
SoCalGas Labor	Per hour cost * hours required to complete manual data cleansing activities	$65.82	2,334	$153,650
Contractor Costs	Various 3rd party contractor costs based on contracted rates and expenses	various		$586,667
Total				**$740,317**

Surge Staffing

Roles and associated costs of surge staffing are shown below, including costs of software and tools for these resources. Tools and software are considered third-party contractor costs as SoCalGas anticipates these costs will be a pass-through cost to SoCalGas via their contractor. All costs in this group are third-party contractor costs.

Role	Calculation Description	Hourly Rate	Hours	Total Cost
Backfill resource training	Per hour cost * 30,200 hours of Backfill training time for CSR, Back office, and Accounting & Finance business units	$70	30,200	$2,114,000
Backfill delivery	Per hour cost * 73,824 hours of backfill time for CSR, Back Office, and Accounting & Finance business units	$70	73,824	$5,167,680
Backfill supervision	Per hour cost * 4,480 hours of supervision of backfill resources during training delivery time	$146	4,480	$654,080
Tools / Software for backfill resources	Software and tools needed by backfill resources to connect to and access systems for 7 months			$253,103

Staff augmentation resource training	Per hour cost * 30,901 hours of staff augmentation training time for CSR, Back office, and Accounting & Finance business units	$70	30,901	$2,163,070
Staff augmentation delivery	Per hour cost * 165,291 hours of staff augmentation time for CSR, Back office, and Accounting & Finance business units	$70	165,291	$11,570,370
Staff augmentation supervision	Per hour cost * 6,720 hours of supervision of staff augmentation resources during training delivery time	$146	6,720	$981,120
Tools / Software for staff augmentation resources	Software and tools needed by staff augmentation resources to connect and access systems for 7 months			$403,089
Total				**$23,288,512**

Software Costs

Software costs required to deliver the SAP CIS solution are shown below.

Cost Source	Calculation description	Total Cost
System Solution Software	Sum of the forecasted contracted costs for the part of the solution software being delivered for the project that cannot be capitalized	$7,474,278
Software / Tools	Sum of the forecasted contracted costs of software or tools required for the execution of the project that cannot be capitalized	$2,754,390
Total		**$10,228,669**

Materials/Facilities/Other

Materials/Facilities/Other costs required to deliver the SAP CIS solution are shown below.

Cost Source	Calculation Description	Total Cost
Team worksite	5 months * $152,000 per month to remain in current location from Nov 2026 – Mar 2027	$760,000
Additional training rooms	5 rooms * 25,000 per room for setup, equipment, and decommissioning	$125,000

Material / Supplies / Expenses		$375,049
Total		**$1,260,049**