

Application: A.25-05-XXX  
Exhibit No.: SoCalGas-01  
Witness: J. Aragon

**PREPARED DIRECT TESTIMONY OF**  
**JESSE S. ARAGON**  
**ON BEHALF OF**  
**SOUTHERN CALIFORNIA GAS COMPANY**

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

**May 2, 2025**

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Southern California Gas Company (“SoCalGas”) requests that the California Public Utilities (“CPUC” or “Commission”) authorize the closure of all of SoCalGas’s branch offices (“Proposal”). Prior to any branch office closures, SoCalGas plans to execute a customer communications plan that includes leveraging its existing partnership and strong relationships with community-based organizations (“CBOs”), to share meaningful, clear, and direct messaging with our customers who may be affected by the branch office closures, including but not limited to, exclusive branch office customers<sup>1</sup> and vulnerable<sup>2</sup> customers and communities. If the Commission approves closure, SoCalGas plans to credit realized net cost savings of branch office related costs authorized in SoCalGas’s 2024 General Rate Case (“GRC”) back to ratepayers through the Core Fixed Cost Account (“CFCA”). SoCalGas’s Proposal was prompted by decreased customer utilization of the branch offices and changes in customer payment behavior coupled with the continued high cost to operate the branch offices relative to other customer service channels. Data reflects this diminishing usage and the likelihood for the branch offices to remain an underutilized customer service channel. This data supports SoCalGas’s request for branch office closures and would result in reduced costs to ratepayers. Moreover, the Commission most recently recognized and supported the closure of SDG&E’s branch offices as it demonstrates efficiency and cost savings to ratepayers. This signals a significant shift and need to reevaluate the cost and necessity of maintaining branch offices while striking a balance to provide affordable energy services for ratepayers. SoCalGas is the only remaining California Investor-Owned Utility (“IOU”) currently operating branch offices.<sup>3</sup>

<sup>3</sup> The CPUC granted approval for IOUs to close their remaining branch offices, in October 2019 for Southern California Edison (“SCE”); December 2022 for PG&E; and July 2024 for SDG&E.

1           The facts presented in this testimony demonstrate that the closure of SoCalGas's  
2 remaining 43 branch offices<sup>4</sup> is in the overall best interest of SoCalGas's customers because the  
3 costs to maintain the branch offices outweigh the benefits due to changes accelerated by effects  
4 from the coronavirus (or COVID-19) pandemic (referred to as the "Pandemic") including  
5 changes in customer demands and behaviors, available self-service payment options, in-person  
6 delivery channel dynamics, and technological advances. SoCalGas has observed that processing  
7 customer service transactions at the branch offices, including bill payments, is not cost effective  
8 based on the above-referenced circumstances. Most recently, SoCalGas incurred expenditures of  
9 approximately \$18.8 million to operate the branch offices in 2024. The maintenance cost of the  
10 branch offices outweighs the benefits provided and funding provided in the TY 2024 GRC  
11 because customer usage of our branch offices has declined. Approximately 95% of all customer  
12 transactions at branch offices are bill payments, and using 2024 actual data, on a fully-loaded  
13 cost-per-transaction basis, the average cost of processing a bill payment transaction across all  
14 branch offices is approximately \$13.34, which equates to approximately 31% of an average  
15 residential customer bill.<sup>5</sup> For comparison, this same activity costs \$0.07 for processing an online  
16 payment, \$0.59 for processing a payment through the mail, or \$1.75 for processing a payment  
17 made at an Authorized Payment Location<sup>6</sup> ("APL"). Given the multitude of payment and service  
18 options available to SoCalGas customers, this large and disparate expense to continue operating  
19 branch offices is not in the best interest of SoCalGas's customers.

20           In support of its Proposal, SoCalGas has considered whether customers will continue to  
21 have access to reasonably comparable service alternatives similar to those offered by a branch  
22 office. For example, payment transactions can be made using an APL, Interactive Voice  
23 Recognition ("IVR"), My Account, Pay by Text through My Account, home banking, direct

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<sup>4</sup> Includes Wilmington branch office which was involuntarily closed to the public effective September 10, 2024. The CPUC was notified of this involuntary branch office closure on August 22, 2024.

<sup>5</sup> See Attachment A - SoCalGas's 2024 cost per transaction by branch office, lowest cost-per transaction at a branch office being \$6.57 and the highest at \$95.90.

<sup>6</sup> An APL for SoCalGas is a business that SoCalGas has partnered with to allow customers to make payments in person.

1 debit or credit card,<sup>7</sup> electronic check, mail, or pay by phone.<sup>8</sup> APLs accept in-person payments  
2 and offer the option for customers at risk of disconnection to pay-in person during evenings or on  
3 weekends. For example, PLS Check Cashers is open from 5 a.m. to 11 p.m. daily. Additionally,  
4 Walmart, with over 100 locations in the SoCalGas territory, is another SoCalGas APL partner  
5 that processes customer payments from 8 a.m. to 9 p.m., seven days a week. Most APLs offer  
6 longer business hours than SoCalGas's branch offices. Unlike SoCalGas's branch offices that  
7 currently operate Monday through Friday from 9 a.m. to 5 p.m., many of these APLs operate 6 to  
8 7 days a week, and are open as early as 8 a.m. and close after 6 p.m. Customer surveys  
9 conducted by SoCalGas show that customers who utilize branch offices to pay their bills have  
10 demonstrated ability to transition to alternative payment channels. Additionally, for non-payment  
11 transactions such as service order requests, customers will continue to have access to reasonably  
12 comparable options through My Account<sup>9</sup> or by contacting SoCalGas's Customer Contact Center  
13 ("CCC"). Through these channels, SoCalGas customers can make numerous requests such as a  
14 request to transfer service, start/stop service, restore service, schedule a service appointment,  
15 pilot relight, report a potential gas leak or other safety issue, among others.

16 SoCalGas's Proposal includes leveraging its existing relationships with CBOs and/or  
17 faith-based organizations ("FBOs") to effectively engage with and provide support to our most  
18 vulnerable customers who may be affected by branch office closures.

19 If the Commission approves SoCalGas's Proposal, SoCalGas will track and record the  
20 on-going operation and maintenance ("O&M") net savings after each branch office closure,  
21 including the costs to achieve such closure. Consistent with Commission Decision ("D.") 16-06-  
22 046 that granted SoCalGas permission to close select branch offices,<sup>10</sup> the net savings of branch  
23 office related costs authorized in SoCalGas's 2024 GRC will be credited to SoCalGas's CFCA  
24 for refund to SoCalGas's ratepayers in connection with SoCalGas's annual regulatory account  
25 balance update filing for rates effective January 1 of the following year. Once the costs

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<sup>7</sup> Pay by credit or debit card using BillMatrix, an independent service provider. A \$1.50 convenience fee applies.

<sup>8</sup> Call SoCalGas toll-free number to authorize a payment directly from a checking account at no charge.

<sup>9</sup> Customer self-service options can be accessed online at <https://www.socalgas.com/services>.

<sup>10</sup> D.16-06-046 at 18, 57 (Ordering Paragraph ("OP") 4).

1 associated with the branch offices are removed from base rates, SoCalGas will no longer record  
2 the net savings in the CFCA.<sup>11</sup>

3 SoCalGas expects to reduce on-going operating costs once all branch offices are closed,  
4 less the closure expenses ranging from \$3.0 - \$5.0 million, which are planned to occur during the  
5 2024 GRC period (2024-2027).<sup>12</sup> SoCalGas estimates on-going incremental APL costs of  
6 \$295,000 on an annual basis due to higher transaction volumes for customers who are expected  
7 to migrate to APLs once branch offices are closed. Cost savings were not included in SoCalGas's  
8 Test Year ("TY") 2024 GRC forecast, and is based on an assumption that SoCalGas plans,  
9 within 120 days of the Commission's approval, to close its remaining 43 branch offices in  
10 conformance with applicable leasehold terms for each branch office and any applicable  
11 Commission directives.<sup>13</sup> Actual savings will vary each year and will be realized over time as  
12 branch offices close and lease obligations end.

13 To measure the impacts of our branch office closure Proposal, SoCalGas proposes to  
14 track and report specified metrics, as outlined in Section VIII below, for three years in a branch  
15 office Annual Report, with the first submission commencing one year after the issuance date of  
16 the Commission's decision on this application. Further, if approved, SoCalGas proposes to  
17 implement a Communications Plan, as outlined below in Section VII below, to facilitate a  
18 smooth transition by providing meaningful, clear and direct messaging to customers who may be  
19 affected by the branch office closures. In-person engagement events/communications and notices  
20 will provide SoCalGas customers with information on comparable alternative payment and  
21 service options. By providing at least a 60-day advanced notice to customers prior to closures,

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<sup>11</sup> Cost savings presented in this application excludes credits to ratepayers from the potential sale of branch office locations owned by SoCalGas, which are subject to the requirements set forth in Public Utility Code ("PUC") Section 851 and General Order ("G.O.") 173. SoCalGas expects that any credits that result from the sale of company owned branch office locations which would be returned to ratepayers through SoCalGas's Gain/Loss On Sale Memorandum Account (GLOSMA).

<sup>12</sup> SoCalGas anticipates costs ranging from \$3.0-\$5.0 million is needed to close the branch offices which include funding for customer communications, moving and vacating expenses, lease contract expiration cost, CBO/FBO and administrative support. Note that cost savings may vary based on any revisions from Commission in a final decision on this Proposal and Application. Further, actual savings realized by closing SoCalGas's branch offices is dependent on the timing of when SoCalGas can exit the leases of the branch offices that are not company owned.

<sup>13</sup> Generally, the lease termination process includes notification to landlord, removal of furniture, fixtures, equipment, and restoration of property per the lease agreement terms.

1 affected SoCalGas customers will have at least two full billing cycles to transition from using a  
2 branch office.

## 3 **II. BACKGROUND**

### 4 **A. Customer Utilization of Branch Offices and Impacts of the Pandemic**

5 SoCalGas currently operates 43 branch offices throughout its service territory that  
6 provide customers options of paying their bills in-person, inquiring about accounts, and  
7 completing other customer service transactions.<sup>14</sup> Ninety-five percent of the transactions  
8 completed at the branch offices are bill payments.<sup>15</sup> SoCalGas's branch offices are open during  
9 normal business hours, 9:00 a.m. to 5:00 p.m., Monday through Friday, and employ  
10 approximately seventy-six full-time and forty-two part-time employees.<sup>16</sup> To provide context on  
11 the scale of SoCalGas customer payment transactions, in 2019 approximately 5% of all bill  
12 payment transactions occurred at branch offices as compared to approximately 2% in 2024.

13 In response to the Pandemic,<sup>17</sup> SoCalGas temporarily closed its branch offices in March  
14 of 2020 to protect the safety of its customers and employees, but allowed customers to continue  
15 to make payments at 24-hour depository boxes located at the branch offices. SoCalGas branch  
16 offices remained closed for 15 months, and in July of 2021, SoCalGas reopened its branch  
17 offices and resumed normal business operations. The following analysis was performed to  
18 understand customer utilization of SoCalGas's branch offices and the impacts of the Pandemic.

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<sup>14</sup> Historically, SoCalGas has operated as many as 59 branch offices in 1986. Ten offices were closed between 1988 and 1991 and in 1996 two joint offices with SCE in Fullerton and Irvine were closed. Three offices were closed in 2016 and an additional office closed in 2018. Each of the state's IOUs has similarly closed all of its branch offices over the last two decades. Additionally, SCE received CPUC approval to close all of its branch offices (*see* D.98-07-077 [authorized SCE to close offices via advice letter], and Resolution E-5005), which covers much of the same service territory as SoCalGas.

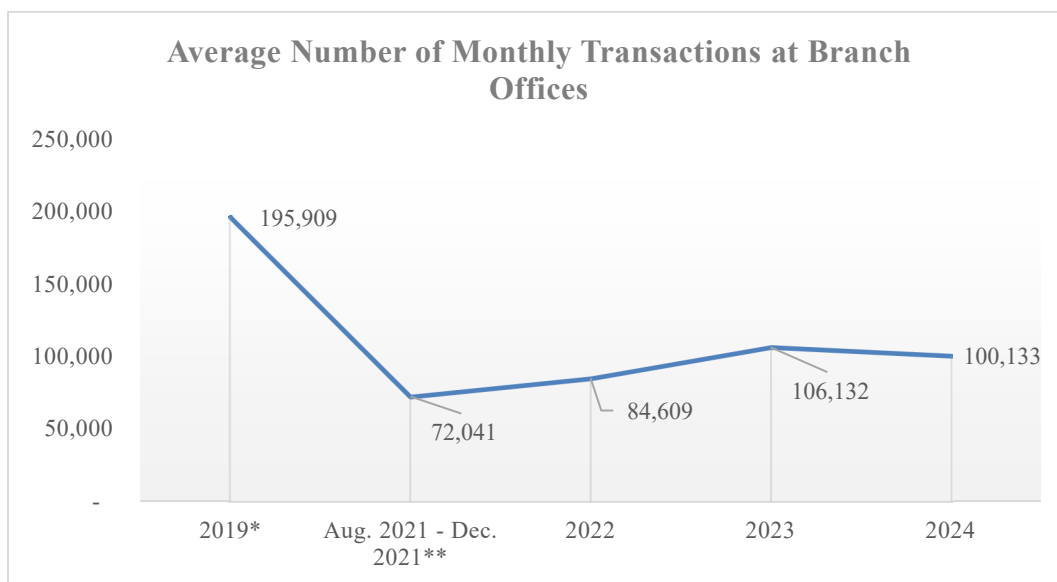
<sup>15</sup> Average calculated based on 2024 payments made at the branch offices.

<sup>16</sup> Based on December 2024 staffing data.

<sup>17</sup> Governor Newsom declared a state of emergency due to the COVID-19 pandemic in March 2020. *See* State of California – Office of Governor Gavin Newsom, *Governor Newsom Declares State of Emergency to Help State Prepare for Broader Spread of COVID-19* (March 2020), available at: <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>.

Table 1-1 below reflects the customer payment trends at branch offices and post-Pandemic data from August 2021 through December 2024, showing a 49% decline in branch office customer payments when compared to 2019 pre-Pandemic time period. This data demonstrate a persistently significant downturn in branch office usage following the Pandemic. Arising from the Pandemic, there has been a drastic change in customer payment behavior at the branch offices that signal less demand for branch offices to process bill payments as customers have demonstrated an ability to transition to alternative payment channels.

**Table 1-1  
Customer Payment Trends**



\* Pre-Pandemic

\*\* SoCalGas branch offices reopened July 6, 2021.

Prior to the Pandemic, across the period of 2013 through 2019, SoCalGas's branch offices experienced a 32% decrease in customer payment transactions.<sup>18</sup> Customer payments during the Pandemic (March 2020 - July 2021) indicate that exclusive branch office customers,<sup>19</sup>

<sup>18</sup> Includes closure of Bellflower (2016), Monrovia (2016), Palm Springs (2018), and Santa Monica (2016) branch offices as approved in D.16-06-046.

<sup>19</sup> SoCalGas uses 2019 exclusive customers as a baseline for data tracking and recognizes that some customer accounts discontinued service. Exclusive branch office customers refer to customers who only used branch offices to pay their bills during a 12-month period and did not use any other payment channel during that same time period.



including those who are vulnerable,<sup>20</sup> were able to transition to other payment channels.<sup>21</sup> Of the exclusive branch office customers who paid their bills<sup>22</sup> during the Pandemic, data shows that 68% of them paid through alternative payment channels while the branch offices were closed to the public. Table 1-2 provides a breakdown of the alternative channels utilized by that 68% of exclusive branch office customers that paid their bills during the Pandemic. The remaining 32% paid at branch office 24-hour depository boxes.

**Table 1-2**  
**Payment Channel Migration – During Pandemic<sup>I</sup>**

Channel Migration	Percent
My Account	26%
Mail	21%
Bill Matrix	21%
Home Banking	17%
APL	14%
Other <sup>II</sup>	1%

<sup>I</sup> Payment channel migration during Pandemic (3/23/2020 – 7/5/2021)

<sup>II</sup> Includes Direct Debit, IVR, LIHEAP, Gas Assistance Fund, DebtNext, and EDI

From July 2021 through July 2024, the 3-year period after branch offices reopened, most of these same exclusive branch office customers who utilized alternative payment channels during the pandemic continued to use comparable payment alternatives in lieu of submitting bill payment at a branch office. Details regarding the service channels through which these formerly exclusive branch office customers made payments are outlined in Table 1-3. This data demonstrating customers' ability to transition to and continue using other payment channels is also supported by the declining usage of branch offices post-Pandemic as shown in Table 1-1.

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<sup>20</sup> See D.16-06-046 at 26 which defines vulnerable customers as those that are low-income, elderly, and/or disabled. SoCalGas also includes medical baseline customers as vulnerable customers.

<sup>21</sup> See Attachment B - 2024 Exclusive Branch Office Customer Payment Data, at 4-5.

<sup>22</sup> *Id.* at 3, 21% of exclusive branch office customers did not make a payment during the Pandemic, and 79% made at least one payment.

**Table 1-3**  
**Payment Channel Migration – Post-Pandemic<sup>I</sup>**

<b>Channel Migration</b>	<b>Percent</b>
My Account	39%
Bill Matrix	18%
Home Banking	18%
Mail	15%
APL	8%
Other <sup>II</sup>	2%

<sup>I</sup> Payment channel migration during Post-Pandemic (7/6/2021 - 7/5/2024)

<sup>II</sup> Includes Direct Debit, IVR, LIHEAP, Gas Assistance Fund, DebtNext, and EDI

SoCalGas branch offices reopened to the public on July 6, 2021. While there has been a slight increase in branch office payment transactions since reopening the branch offices, overall payment transactions and activity have significantly decreased compared to the pre-Pandemic levels. While some customers returned to using the branch offices exclusively, the increase in the use of other customer service payment channels shows that branch office customers can transition to other methods to pay their bills upon branch office closures.

Table 1-4 reflects the pre-Pandemic and post-Pandemic monthly average number of bill payment transactions occurring at SoCalGas branch offices.

**Table 1-4**  
**Branch Office Average Monthly Number of Bill Payment Transactions**

<b>Time Period</b>	<b>Average Number of Monthly Transactions</b>
Pre-Pandemic (Aug. 2018 – Jul. 2019)	204,374
Post-Pandemic (Aug. 2021 – Jul. 2022)	75,480
2 <sup>nd</sup> Year Post-Pandemic Reopen (Aug. 2022 – Jul. 2023)	100,526
3 <sup>rd</sup> Year Post-Pandemic Reopen (Aug. 2023 – Jul. 2024)	100,753

**Table 1-5**  
**Exclusive Branch Office Customers**

<b>Time Period</b>	<b>Number of Customers</b>	<b>Percentage Change (Year over Year)</b>	<b>Percentage Change (Compared to Pre-Pandemic)</b>
Pre-Pandemic (Aug. 2018 – Jul. 2019)	260,616	-	-
Post-Pandemic (Aug. 2021 – Jul. 2022)	84,634	(68%)	(68%)
2 <sup>nd</sup> Year Post-Pandemic Reopen (Aug. 2022 – Jul. 2023)	104,078	23%	(60%)
3 <sup>rd</sup> Year Post-Pandemic Reopen (Aug. 2023 – Jul. 2024)	127,991	23%	(51%)

Table 1-5 reflects a 51% decrease of the number of exclusive branch office customers from pre-Pandemic levels when compared to the 3rd year after the branch offices reopened (August 2023 – July 2024). Tables 1-4 and 1-5 show that the number of transactions at branch offices and the number of exclusive branch office customers have remained well below pre-Pandemic levels even years after branch offices have reopened. And specifically, those exclusive branch office customers who were enrolled in the California Alternative Rates for Energy (“CARE”) program continued to utilize payment channels other than the branch offices at a higher rate than those not enrolled, as shown in Table 1-6.

**Table 1-6**  
**Payment Channel Migration**

<b>Payment Channel Migration During Pandemic</b>		
	<b>CARE</b>	<b>Non-CARE</b>
Migrated to different payment channels	70%	63%
Continued to use Branch Office drop box	30%	37%
<b>Payment Channel Migration Post-Pandemic</b>		
	<b>CARE</b>	<b>Non-CARE</b>
Migrated to different payment channels	56%	54%
Returned to Branch Office	44%	46%

This trend helps demonstrate the customer’s ability to transition to and continue using other payment channels to pay their bills.

### III. SUPPORT FOR PROPOSAL

In D.16-06-046 (“Decision”), the Commission granted, in part, and denied, in part, SoCalGas’s request to close six branch offices, authorizing the closure of the Bellflower, Monrovia, Santa Monica, and Palm Springs branch offices. Of these six branch offices, the Santa Monica branch office reflected the highest yearly volume of payment transactions in 2012 at 39,789.<sup>23</sup> In comparison in 2024, 36 of SoCalGas’s branch offices are processing yearly payment transactions below this level, illustrating a persistent decline in the branch office as a preferred payment channel. The remaining 7 branch offices that are transacting above this level have experienced on average a decline of 64% in payment transactions since SoCalGas’s last request for branch office closures.

SoCalGas has analyzed the volume of branch office transactions, customer payment trends pre-Pandemic and post-Pandemic, and surveyed SoCalGas customers to better understand the needs and reasons why customers utilize the branch offices. The information presented in this testimony provides support for SoCalGas’s Proposal to close all remaining SoCalGas branch offices because the costs to maintain the offices far outweigh the benefits provided as customer usage of branch offices has declined substantially. Further, SoCalGas believes that the customers who may be affected by the branch office closures will continue to have access to reasonably comparable payment and service alternatives including, in many cases physical locations, *i.e.*, alternative payment locations, should they choose.

Following SoCalGas’s analysis of 2024 exclusive branch office customer payment data, the data shows that only 2.2%<sup>24</sup> of customers in SoCalGas’s service territory were exclusive branch office customers. Payment data tracked during the Pandemic supports that those exclusive branch office customers enrolled in CARE submitted bill payments at a greater rate (83%) than those customers not enrolled in CARE (76%),<sup>25</sup> indicating that branch office closures did not have a disproportionate impact to this subset of customers who exclusively used the

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<sup>23</sup> See D.16-06-046 at 41, Payment transactions at the Santa Monica branch office have declined 67% from 1995 to 2012, resulting in 39,789 transactions in the year 2012.

<sup>24</sup> See Attachment B - 2024 Exclusive Branch Office Customer Payment Data, at 2, 133,480 Exclusive branch office customer base broken-down by customer segment: 56% CARE customers, 0.5% Medical Baseline, 30% Senior Citizen in household, 0.8% disabled customers, and 0.7% vulnerable customers.

<sup>25</sup> See Attachment B – 2024 Exclusive Branch Office Payment Data, at 3.

1 branch offices for bill payment. In addition, SoCalGas performed analysis on the payment  
2 behavior of these exclusive customers and found those who paid at a branch office and did not  
3 have an APL within a 3-mile radius were able to transition to an alternative payment channel at a  
4 similar rate to those who paid at a branch office that had at least one APL within a 3-mile  
5 radius.<sup>26</sup>

6 Closing the remaining 43 branch offices is in the public and customers' interest because  
7 the cost to maintain these offices outweigh the benefits provided to the limited number of  
8 customers who utilize these facilities, primarily for bill payment transactions. SoCalGas has  
9 observed that on average, 95% of branch office transactions are for in-person bill payment.<sup>27</sup>  
10 Accordingly, the Commission has found the closure of branch offices an efficiency in delivering  
11 affordable energy services to customers.<sup>28</sup> SoCalGas's Proposal would incrementally reduce  
12 customer bills. This outcome, beneficial to customers, supports SoCalGas's and the  
13 Commission's objective to affordably provide SoCalGas's customers with safe and reliable gas  
14 service. Further, SoCalGas's Proposal would reduce operating costs while still allowing  
15 customers who may be affected by the branch office closures to continue to have access to  
16 reasonably comparable services (including payment transactions) through multiple alternative  
17 means and self-service options such as, My Account, IVR, home banking, direct debit, credit or  
18 debit card, electronic check, mail, or pay by phone, which are available 24 hours per day, seven  
19 days per week. As an alternative for in-person payment transactions, customers can make  
20 payments at an APL. Most APLs operate 6 to 7 days a week and offer longer business hours than  
21 SoCalGas's branch offices. Additionally, the CCC hours<sup>29</sup> exceed the hours of the branch  
22 offices<sup>30</sup> and provide multi-lingual services in English, Spanish, Vietnamese, Cantonese,  
23 Mandarin, and Korean.<sup>31</sup>

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<sup>26</sup> *Id.* at 6.

<sup>27</sup> Average calculated based on 2024 payments made at the branch offices.

<sup>28</sup> *See* D.24-12-074 at 8 (discussing the closure of San Diego Gas & Electric Company's branch office closures).

<sup>29</sup> SoCalGas's CCC operates Mon-Fri 7am – 8pm, Sat 7am – 6pm, and is open 24/7 for emergencies and safety issues.

<sup>30</sup> SoCalGas branch office operating hours of Monday – Friday 9 a.m. – 5 p.m.

<sup>31</sup> Language Line Services (“LLS”) is available to provide support in over 150 languages.

**a. Authorized Payment Locations Provide a Reasonably Comparable Alternative for In Person Payment Transactions**

SoCalGas partners with nearly 400 APLs to allow customers to pay their gas bills in person.<sup>32</sup> A listing of SoCalGas’s current APLs (as of January 2025) is included in Attachment C. Given the proposal to close the branch offices, SoCalGas will continue to make efforts to locate at least one APL within 7 miles of each branch office location for 3 years following a Commission decision approving SoCalGas’s Proposal. As part of that selection process, SoCalGas considers American with Disabilities Act (“ADA”) compliance, customer convenience, and availability of public transportation, among other factors, for prospective APLs. Table 1-7 reflects that 97% of customers that used a branch office in 2024 have access to at least 2 APLs within a 3-mile radius of a branch office. Moreover, APL accessibility substantially increases to 99.7% when considering a 4-mile radius. Table 1-7 further illustrates that there is a multitude of APLs conveniently located in close proximity to SoCalGas’s existing branch offices. Forty-two of the 43 branch offices currently have 2 APLs within a 4-mile radius, which covers 99.7% of branch office customers.

**Table 1-7  
APL Coverage**

<b>2 APLs within</b>	<b>Number of Branch Offices</b>	<b>Percentage of Branch Offices Covered (43 Total) <sup>I</sup></b>	<b>Percentage of Branch Office Customers Covered (272,891 Total) <sup>II</sup></b>
3 miles	41	95.3%	97.1%
4 miles	42	97.7%	99.7%
5 miles	42	97.7%	99.7%
6 miles	42	97.7%	99.7%
7 miles	42	97.7%	99.7%

<sup>I</sup> Includes Wilmington branch office which was involuntarily closed to the public effective September 10, 2024. The CPUC was notified of this involuntary branch office closure on August 22, 2024.

<sup>II</sup> Unique count of customers that used a branch office in 2024.

APLs provide payment services at convenient locations and may be located at an establishment where customers already conduct business (*i.e.*, local convenience stores, grocery

<sup>32</sup> SoCalGas payment locations can be accessed through [socalgas.com](https://www.socalgas.com/pay-bill/ways-to-pay/payment-locations), available at: <https://www.socalgas.com/pay-bill/ways-to-pay/payment-locations>.

stores, or mail establishments) and provide extended hours with no transaction fee to customers. All APLs accept cash, and approximately 17% of APLs accept check and money order as a form of payment, with the exception of Walmart which accepts cash and PIN-based debit cards. Also, most APLs currently stock SoCalGas's CARE brochures. As previously noted, most APLs offer longer business hours than SoCalGas branch offices. Unlike the SoCalGas branch office operating hours of Monday – Friday 9 a.m. – 5 p.m., many of our APLs are open 6-7 days a week, and are open as early as 8 a.m. and close beyond 6 p.m. Further details regarding the operating hours of SoCalGas's 394 APLs are provided in Table 1-8.<sup>33</sup> Moreover, while alternative language service is not always available at SoCalGas branch offices, many APLs provide multi-lingual alternative language service options to the customers they serve.

**Table 1-8  
Breakdown of SoCalGas APL Operating Hours**

<b>Operating Hours</b>	<b># of APLs</b>	<b>% of APLs</b>
Monday-Friday greater than 8 hours/day	353	90%
Open on weekends	382	97%
Open on Sundays	342	86%
Open after 6 p.m.	313	79%

For customers facing bill challenges and who need to pay their bill late, the process to make a payment at an APL is similar to that of the branch office. APLs are available to help customers avoid disconnections. Upon customer payment at an APL, the APL will provide a receipt to the customer that can then be shown to a SoCalGas field representative to avoid shut-off at the customer's residence. Customer payments made at an APL are recorded to the customer's account within one hour.<sup>34</sup> Additionally, if a SoCalGas customer is concerned that their service may be disconnected, the customer may immediately telephone SoCalGas with the receipt number provided by the APL to prevent interruption of service.

<sup>33</sup> SoCalGas APL information as of January 2025.

<sup>34</sup> APLs electronically upload and transmit customer payment information to SoCalGas hourly, Monday through Friday between 5:00 a.m. and 5:00 p.m. SoCalGas's collection and close orders are only processed Monday through Friday between 7:00 a.m. and 4:30 p.m.

**b. Decreased Utilization of Branch Offices Support Proposal for Branch Office Closures**

SoCalGas recognizes that the utilization of the branch offices has decreased and is likely to continue to decrease. Data reflects that use of the branch offices continues to decline in favor of other payment channels by customers. Table 1-9 summarizes the branch office payment transactions and non-payment transactions from 2017 through 2024, and reflects a consistent decline in the volume of transactions at the branch offices which supports SoCalGas's Proposal as it results in reduced operating costs to ratepayers. Since reopening the branch offices in July 2021, while there has been a slight increase in branch office transactions, overall payment and non-payment activity have significantly decreased relative to pre-Pandemic levels payment transactions, which are approximately half the volume when compared to the same time period pre-Pandemic.

**Table 1-9  
Branch Office Payment Transactions and Non-Payment Transactions**

<b>Year</b>	<b>Payment Transactions</b>	<b>Non-Payment Transactions</b>
2017	2,879,255	73,951
2018	2,725,558	73,169
2019	2,305,086	72,469
2020*	1,074,706	34,358
2021*	708,943	14,523
2022*	990,779	38,091
2023*	1,246,420	55,900
2024	1,177,620	66,360

\* Consistent with Commission Resolution M-4842 and the directions provided in the Commission's Executive Director's March 17, 2020 letter, SoCalGas implemented customer protections to support customers affected by the COVID-19 State of Emergency that included the suspension of service disconnections for non-payment. Disconnection moratorium period covers March 4, 2020 through September 30, 2021. SoCalGas has resumed its residential service disconnection process in October 2023.

**c. SoCalGas's CARE Population is Not Disproportionately Impacted by Branch Office Closures**

In 2024, there were 74,781 CARE customers who exclusively used the branch offices as their only payment channel, which is approximately 4% of the total CARE population<sup>35</sup> who

<sup>35</sup> As of December 2024, SoCalGas had 1,756,132 CARE customers, of which 74,781 constitutes 4%.



1 may be impacted by branch office closures. SoCalGas maintains that the closure of the  
2 remaining branch offices will not disproportionately impact low-income, disabled, or elderly  
3 customers because these customers will continue to have access to reasonably comparable  
4 payment and service alternatives. As previously demonstrated in Table 1-5, pre-Pandemic and  
5 post-Pandemic analysis shows that even after reopening the branch offices, a significant number  
6 of exclusive branch office customers that were enrolled in CARE continued to transition to other  
7 payment channels at a higher rate than those customers not enrolled in the CARE program.

#### 8 **d. Enlisting Support for Customers through CBO and FBO Engagement**

9 SoCalGas plans to leverage its existing partnership and strong relationships with CBOs  
10 and FBOs to share meaningful, clear, and direct messaging with our most vulnerable customers  
11 and communities regarding SoCalGas's future branch office closures, if approved by the  
12 Commission. SoCalGas recognizes the important roles that CBOs and FBOs play in  
13 communities because of their established relationships with our customers. SoCalGas relies on  
14 CBOs and FBOs as trusted sources in the community to spread information to the communities  
15 they serve and to supplement communications between SoCalGas and its customers. SoCalGas  
16 acknowledges that discussing financial hardships can be difficult, and many customers may not  
17 want to share their challenges with people outside of their communities. During the first six  
18 months after the branch office closures, SoCalGas intends to leverage its existing partnerships  
19 that its Customer Assistance Programs Outreach team has with CBOs and FBOs that represent  
20 the hard-to-reach and/or low-income communities which may include seniors, customers with  
21 disabilities, customers with limited English proficiency, extreme poverty, and tribal  
22 communities. SoCalGas's Proposal combined with the support from CBOs and FBOs will enable  
23 SoCalGas to effectively engage with and provide support to our most vulnerable customers that  
24 may be affected by branch office closures.

25 SoCalGas plans to compensate participating CBOs and FBOs for a period of six (6)  
26 months following branch office closures through a one-time funding allocation<sup>36</sup> based on a  
27 monthly stipend to each participating CBO and/or FBO. This provides CBOs and FBOs funding

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<sup>36</sup> CBOs' capacity and ability will vary by organization therefore the total dollar amount for payments will be determined by the CBO and the contract that is developed and agreed upon between the organization and SoCalGas's Customer Assistance Programs Outreach team based on the targeted communities served.

1 for their work to focus primarily on service to the customers and communities they serve, which  
2 include communicating with customers who may be affected by the branch office closures,  
3 informing them of SoCalGas's available Customer Assistance Programs, and explaining and  
4 assisting with payment and service alternatives.<sup>37</sup> While SoCalGas recognizes that not all CBOs  
5 and FBOs may agree to provide additional support, the intent is to be transparent regarding the  
6 potential costs associated with this proposed scope of CBO and FBO support, and to provide  
7 compensation for the additional support provided. SoCalGas proposes to provide estimated  
8 payments, with total costs over a 6-month period of approximately \$550,000,<sup>38</sup> which SoCalGas  
9 will fund through the cost savings obtained from the branch office closures. These organizations  
10 will be paid monthly based on contract agreements with SoCalGas. In addition, organizations  
11 will provide monthly reporting of activities to track and provide documentation of the outreach  
12 the organization provides on behalf of SoCalGas. These costs are estimates only and may vary  
13 based on the actual number of CBOs and FBOs that participate and provide support.

14 **e. Alignment with the CPUC's Environmental and Social Justice Action Plan**

15 The Commission issued Version 2.0 of its Environmental and Social Justice Action Plan  
16 ("ESJ Action Plan") in April 2022. The Commission explains the objective of the "ESJ Action  
17 Plan is to serve as both a commitment to furthering principles of environmental and social  
18 justice, as well as an operating framework with which to integrate ESJ considerations throughout  
19 the agency's work."<sup>39</sup> SoCalGas has aligned its proposed Communication and Outreach efforts  
20 of its Proposal with Goal 5.2 of the Commission's ESJ Action Plan to emphasize engagement  
21 with CBOs. SoCalGas recognizes the important roles that CBOs and FBOs play in communities.  
22 As such, SoCalGas's Proposal leverages its CBO and FBO partnerships to share meaningful,  
23 clear, and direct messaging with our most vulnerable customers and communities. Participating  
24 CBOs and FBOs will communicate with customers who may be affected by the branch office

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<sup>37</sup> For example, CBOs and FBOs can instruct customers on how to enroll in My Account, navigate SoCalGas's website, IVR, enroll in bill pay, and how payment transactions can be made using an APL, mail, or pay by phone.

<sup>38</sup> CBO and FBO participation may vary based on the timeline of branch office closures to be authorized in this proceeding.

<sup>39</sup> CPUC, *Environmental & Social Justice Action Plan Version 2.0* (April 7, 2020) at 2, available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.

1 closures, inform them of SoCalGas's available Customer Assistance Programs, and explain and  
2 assist with service alternatives. In support of the CPUC's Goal 5.2, SoCalGas's Proposal  
3 incorporates and emphasizes the importance of engagement with CBOs.

4 **f. Safety and Security Considerations for SoCalGas Customers and Employees**

5 Over the last several years, safety and security concerns have been on the rise at branch  
6 offices due to an increase in crime and other external factors. Incidents affecting SoCalGas's  
7 branch offices include burglary and robbery, 24-hour depository box tampering and payment  
8 fishing, vandalism, theft, and homeless encampments at branch office storefronts or near  
9 employee and customer parking locations. Due to these incidents, SoCalGas has revised  
10 employee security and safety protocols, limiting customer access to several of the 24-hour  
11 depository boxes and prohibiting cash payments at the depository boxes. SoCalGas has also  
12 increased security guard service at multiple branch offices and employed additional physical  
13 security measures. As SoCalGas continues to respond to safety and security challenges,  
14 SoCalGas has observed an inverse relationship between branch office operational costs and  
15 usage of the branch offices. The branch office operating costs and transactional cost ratios  
16 continue to increase, due in part to safety and security imperatives, while customer usage of our  
17 branch offices has declined compared to pre-Pandemic levels.

18 **IV. COMPLIANCE REQUIREMENTS AND COMPLIANCE STATUS**

19 In 2013, SoCalGas submitted Application ("A.") 13-09-010 for the approval of the  
20 Branch Office Optimization Process to better align our customer service channels in an effective  
21 and cost-efficient manner by: 1) closing six branch offices; and 2) utilizing a fair and objective  
22 evaluation process to review the performance of SoCalGas branch offices in the future. In D.16-  
23 06-046, the Commission granted, in part, and denied, in part, SoCalGas's request to close six  
24 branch offices, authorizing the closure of the Bellflower, Monrovia, Santa Monica, and Palm  
25 Springs branch offices.<sup>40</sup> The Decision further established requirements that SoCalGas must  
26 complete for any future request to close branch offices. SoCalGas's compliance with these  
27 requirements are detailed below:

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<sup>40</sup> D.16-06-046 at 57 (OP 1-3).

- 1 1. Conduct an ADA audit for those APLs supporting any branch office being closed.<sup>41</sup>  
2 These audits are in addition to the APL surveys<sup>42</sup> that SoCalGas currently conducts each  
3 year. The additional audits shall be funded through SoCalGas's existing revenue  
4 requirement.
  - 5 • Following the authorized closures of the Bellflower, Monrovia, Santa Monica  
6 and Palm Springs branch offices, SoCalGas completed ADA audits by the  
7 second quarter following branch office closures for all APLs located within a  
8 3-mile radius of each of the closed branch offices. These APL audits were in  
9 addition to the 10% surveys that were conducted in 2017 and 2019. These  
10 audits were completed. Any non-compliant ADA issues that were identified  
11 were remediated.
- 12 2. SoCalGas is authorized to close the Palms Springs branch office, contingent upon  
13 Commission approval via a Tier 2 Advice Letter, of a technology solution that eliminates  
14 the need for customers to present identity verification documentation to SoCalGas by fax  
15 or in-person.<sup>43</sup>
  - 16 • SoCalGas's Advice Letter ("AL") 5326 was approved on August 15, 2018,  
17 with an effective date of August 18, 2018.<sup>44</sup>
- 18 3. SoCalGas's Branch Office Outreach and Education Plan shall include, along with the  
19 proposals to train Community-Based Organizations and Faith Based Organizations, a  
20 means of providing interested customers with information regarding transportation  
21 options to the nearest branch office, as well as to the nearest APL.<sup>45</sup>
  - 22 • See Attachment D showing SoCalGas's compliance.

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<sup>41</sup> *Id.*, at 58, OP 6.

<sup>42</sup> Pursuant D.19-09-051, SoCalGas agreed to continue to engage a consultant to sample 10% of their APLs annually. The APLs to be surveyed will be selected randomly, except that at least 4 of the selected APLs shall be APLs that were added to the network in the previous year. The results of the surveys will be included as part of an Annual Report.

<sup>43</sup> D.16-06-046 at 57 (OP 2).

<sup>44</sup> SoCalGas AL 5326, *available at* <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=3379&flngId=5326&flngStatusCd=Approved>.

<sup>45</sup> D.16-06-046 at 58 (OP 7).

4. For any future proposal to close branch offices, SoCalGas shall include data illustrating how customers formerly served by the four branch offices approved for closure by this decision received comparable payment and service order transaction services after the closure of the branch offices. This data shall include transaction volumes at APLs located near the closed branch offices before and after the closure as well as the level of service performance of the IVR Unit, Customer Contact Center and My Account before and after the closures.<sup>46</sup>

- Table 1-10 summarizes the annual APL transaction volumes. SoCalGas completed analysis on the transaction volumes at APLs located near the four closed branch offices before and after closure. Additional information is included in Attachment E - APL Transactions for Closed Branch Offices.

**Table 1-10**  
**APL Annual Payment Transactions**

Year	Payments
2008	2,934,347
2009	2,848,893
2010	2,961,440
2011	3,148,035
2012	3,005,048
2013	2,775,467
2014	2,604,130
2015	2,436,648
2016*	2,322,628
2017	2,224,733
2018**	2,117,845
2019	1,769,687
2020***	1,748,466
2021****	1,635,254
2022	1,229,017
2023	1,070,966
2024	923,535

\* Bellflower, Monrovia, and Santa Monica branch office closures, November 1, 2016.

\*\* Palm Springs branch office closure, December 1, 2018.

\*\*\* In March 2020 in response to the Pandemic, SoCalGas temporarily closed its branch offices.

\*\*\*\* In July 2021, SoCalGas reopened its branch offices and resumed normal business operations.

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<sup>46</sup> *Id.* (OP 9).

Table 1-11 illustrates the level of service (LOS) performance of the CCC.  
SoCalGas's IVR and My Account uptime is 99.9%.

**Table 1-11**  
**LOS Percentages, Wait Times, and Call Times 2017-2024**

Year	CSR LOS <sup>I</sup>	Wait Time <sup>II</sup>	Call Time <sup>III</sup>
2017	56.48%	97	243
2018	60.44%	97	252
2019	54.38%	130	261
2020	64.60%	97	253
2021	70.26%	70	255
2022	62.25%	145	270
2023	58.95%	236 <sup>IV</sup>	290
2024	65.40%	122	273

<sup>I</sup> The percentage of calls answered within 60 seconds

<sup>II</sup> Average Speed of Answer (ASA) in seconds

<sup>III</sup> Length of the call or Average Handle Time (AHT) in seconds

<sup>IV</sup> Increased volume of calls due to high gas commodity prices affecting all of California

SoCalGas is committed to and offers comparable payment and service order transaction services through the Customer Contact Centers<sup>47,48</sup> (Monday through Friday from 7:00 a.m. to 8:00 p.m., and Saturday from 7:00 a.m. to 6:00 p.m.) and additional payment options such as APLs and traditional mail payments. Additionally, self-service options such as socialgas.com, My Account, home banking, direct debit, electronic check, pay by phone, and IVR will continue to be available 24/7 to address the full range of customer needs outside of the CCC's operating business hours.

5. SoCalGas shall include, in its next GRC application, its proposal for meeting its customer service obligations consistent with Public Utilities Code Section 451, including identification of its performance standards and actual performance metrics for the CCC

<sup>47</sup> Prior to October 2022, SoCalGas Customer Contact Centers services were available 24/7.

<sup>48</sup> On October 2018, SoCalGas implemented an identity (ID) verification technology solution that provide a convenient and secure web-based solution by which customers can photograph and transmit confidential documents to SoCalGas, therefore eliminating the need for customers to present ID verification to SoCalGas by fax or in-person.

1 and IVR, including wait times and call times. SoCalGas shall also include a report on the  
2 number and types of complaints received regarding all customer service channels.<sup>49</sup>

- 3 • The LOS performance standards, wait times, and call times of the CCC are  
4 shown in Table 1-11 referenced above. To comply with D.16-06-046,  
5 SoCalGas included in its TY 2019 GRC its performance standards for the  
6 CCC and IVR,<sup>50</sup> and the number and types of complaints received.

7 6. Prior to filing a future application to close branch offices, SoCalGas must conduct a study  
8 on the impacts to low-income customers, elderly and disabled customers. This study  
9 should include, at a minimum, prior written notification to all customers of its intention to  
10 study and request a branch office closure, and must include in its request, any comments  
11 received in response to this notification.<sup>51</sup> SoCalGas should also attempt to screen for  
12 impacts on elderly and disabled customers specifically, instead of relying on low-income  
13 status as a proxy.<sup>52</sup> SoCalGas should also contact customers to determine how they  
14 traveled to the branch offices (*e.g.*, on foot, car, public transportation, for-hire  
15 transportation) and how far they traveled.<sup>53</sup>

- 16 • Compliance with this requirement is discussed in detail in Section V,  
17 Customer Feedback Received. As detailed in Section V, SoCalGas conducted  
18 a bill insert study in August and September 2023, an online survey in March  
19 2024, and in-person survey in late May/early June 2024, along with  
20 contemporaneous outreach to CBOs and FBOs to raise awareness of these  
21 efforts.
- 22 • In 2024, as a parallel effort to further understand and screen the impacts to  
23 low-income, elderly, and disabled customers, during the development of the

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<sup>49</sup> D.16-06-046 at 59 (OP 10).

<sup>50</sup> A.17-10-008, 2019 GRC Direct Testimony of Michael H. Baldwin, Customer Services – Office Operations (Ex. SCG-19-R) at MHB-19 (Table MB-15), *available at*:  
<https://www.socalgas.com/regulatory/documents/a-17-10-008/SCG-19-R%20Baldwin%20Revised%20Prepared%20Direct%20Testimony.pdf>.

<sup>51</sup> D.16-06-046 at 59 (OP 11).

<sup>52</sup> *Id.* at 45.

<sup>53</sup> *Id.*

1 bill insert, SoCalGas also enlisted the support of CBOs and FBOs.<sup>54</sup> These  
2 organizations represent hard-to-reach and/or low-income communities which  
3 may include seniors, customers with disabilities, customers with limited  
4 English proficiency, extreme poverty, and tribal communities. A  
5 communication was sent to these SoCalGas community partners informing  
6 them of the bill insert, the timing of bill insert distribution, and SoCalGas's  
7 desire to obtain customer feedback on its proposal to close SoCalGas's branch  
8 offices. There was no customer feedback provided to CBOs and FBOs in  
9 response to SoCalGas's bill insert. Bill inserts were sent to CBOs in English  
10 and Spanish, as well as in the Asian languages based on the communities they  
11 serve. In addition, an electronic, remediated version of the bill insert in  
12 English, Spanish, and the Asian languages were provided to CBOs for those  
13 customers that use screen readers for assistive technologies.

14 7. SoCalGas shall conduct a survey, within two years following the closure of the branch  
15 offices authorized in D.16-06-046, to determine the percentage of customers who use the  
16 remaining 43 branch offices and the reasons why they use the branch offices. The results  
17 of this survey shall be included in the utility's GRC and as part of any future proposal to  
18 close branch offices.<sup>55</sup>

- 19 • SoCalGas filed a compliance filing on April 26, 2024, within Test Year 2024  
20 GRC.<sup>56</sup>

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<sup>54</sup> These organizations represent various areas throughout the SoCalGas service territory and were partnered with as noted in the Low-Income Decision (D.21-06-015) to promote and build awareness to the communities they serve advocating for SoCalGas's Customer Assistance Programs (*i.e.*, CARE, ESA, Medical Baseline, Gas Assistance Fund) as well as other relevant, non-utility programs such as CA Lifeline, affordable broadband, and rental assistance).

<sup>55</sup> D.16-06-046 at 59 (OP 12).

<sup>56</sup> See A.22-05-015, SoCalGas's Compliance Filing Regarding 2018 Branch Office Customer Survey Results Pursuant to Decision 16-06-046 (April 26, 2014), *available at*: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M530/K475/530475617.PDF>.



## V. CUSTOMER FEEDBACK RECEIVED

As part of SoCalGas's compliance with the sixth compliance requirement listed in the prior section and to better understand how customers utilize branch offices, namely exclusive branch office customers and vulnerable customers, SoCalGas conducted a bill insert study in 2023, and online and in-person branch office customer surveys in 2024.

### A. Customer Feedback From 2023 Bill Insert Study

In August and September 2023, SoCalGas provided a bill insert communication to all SoCalGas customers to notify them of SoCalGas's intent to conduct a study of the SoCalGas branch offices and request for branch office closures.<sup>57</sup> SoCalGas customers were able to provide comments through various channels including online, e-mail, phone, by mail, or by visiting a branch office. The purpose of the bill insert was to understand the needs of SoCalGas customers who utilize the branch offices. Additional questions were provided in the bill insert to determine: 1) The customers' preferred SoCalGas payment location, 2) How the customer traveled to their preferred payment location and the distance traveled, and 3) The customers other preferred payment methods (e.g., My Account, Home banking, APLs, and/or Mail). The bill insert was provided in multiple languages, which included English, Spanish, Cantonese, Korean, Mandarin, and Vietnamese, as a means for customers to provide their feedback.

4,282 customers responded to the bill insert and submitted their feedback. Additional information is included in Attachment F - 2023 Bill Insert Final Report. Key findings from this study are shown in Table 1-12 below.

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<sup>57</sup> For SoCalGas's bill insert on the notice of study of SoCalGas Branch Offices & Request for Closures, refer to SoCalGas, *Notice Of Study – SoCalGas Branch Offices & Request for Closures*, available at: [https://www.socalgas.com/sites/default/files/Branch\\_Payment\\_Office\\_Feedback\\_English\\_Spanish\\_C\\_L.pdf](https://www.socalgas.com/sites/default/files/Branch_Payment_Office_Feedback_English_Spanish_C_L.pdf).

**Table 1-12**

<b>Key Findings From 2023 Bill Insert Study</b>	
<ul style="list-style-type: none"> <li>• Of SoCalGas’s approximately 6 million customers<sup>58</sup>, 0.07% provided feedback or 3.7% of exclusive branch office customers.<sup>59</sup></li> <li>• The majority of customer feedback came from, direct mail followed by branch office<sup>60</sup> and online.</li> <li>• 57% of respondents do not support branch office closure, 43% of respondents do not oppose branch office closure.</li> <li>• The most preferred alternate payment method is by mail.</li> <li>• The majority of customers (44%) traveled by car to a payment location, three miles or less.<sup>61</sup></li> </ul>	<ul style="list-style-type: none"> <li>• From the 57% of respondents<sup>62</sup> that do not support branch office closure, SoCalGas received feedback regarding the desire to pay in person (the top 4 considerations mentioned include): <ul style="list-style-type: none"> <li>○ Are senior and/or disabled (6%)</li> <li>○ Preferred to pay in person (5%)</li> <li>○ Preferred to pay by cash (2%)</li> <li>○ Does not like mailing check payment due to posting delay caused by USPS service (2%)</li> </ul> </li> </ul>

**B. Customer Feedback From 2024 Online Survey**

In March 2024, SoCalGas sent an online survey to vulnerable exclusive branch office customers and vulnerable non-exclusive customers that visited a branch office in the last six

<sup>58</sup> As of December 2024, SoCalGas had 5,996,282 customers.

<sup>59</sup> In 2023, SoCalGas had 115,989 exclusive branch office customers.

<sup>60</sup> See Attachment F - 2023 Bill Insert Final Report, at 4.

<sup>61</sup> 42% of customers that responded provided no information on the mode of transportation to the branch office, and 57% of customers that responded provided no information on distance traveled to their preferred branch office location.

<sup>62</sup> Not all respondents provided free-form comments/feedback.

months.<sup>63</sup> The purpose of the online survey was to understand the needs and impacts of possible closures on SoCalGas’s vulnerable customers who utilize the branch offices. The online survey was provided in English and Spanish languages.

Seven hundred and forty-seven (747) customers responded to the online survey and submitted their feedback. The results show that the majority (96%) of respondents that visited a branch office did so to make a payment. In consideration of the needs, preferences, and convenience of customers who use the branch offices, the online survey found that most (81%) of respondents use their personal vehicles to travel to the branch offices, and over half (55%) of respondents have a branch office 3 miles or less from their home. Additional information is included in Attachment G – 2024 Branch Office Online Survey Final Report. Table 1-13 provides a summary of the respondent profile:

**Table 1-13**

<b>2024 Online Survey – Summary of Customer Feedback</b>	
General Survey Details:	<ul style="list-style-type: none"><li>○ Of 51,105 email invitations sent, 1.5% provided feedback.</li><li>○ 77% of respondents are CARE customers.</li><li>○ 49% of respondents have a special handling flag<sup>64</sup> on their account and 30% of respondents noted that someone in their household has a permanent disability related to mobility, hearing, vision, or cognitive, psychological, or chronic disease.</li><li>○ 44% of respondents are aged 65 or older.</li><li>○ 64% of respondents report having an annual household income of \$50,000 or less.</li><li>○ 49% of respondents report living in a household of 2 or less people.</li></ul>

<sup>63</sup> Non-exclusive branch office customers refer to customers who used both the branch offices and other payment channels to pay their bills in 2023.

<sup>64</sup> Special Handling flag denotes senior in household, handicap, life support, or medical.

Branch Office Usage and Visit Details:

- The majority (83%) of respondents have used a branch office in the last six months.
- The majority (73%) of respondents visit the branch office once a month.
- Most (81%) of respondents travel to the branch office in their personal vehicles.
  - A much smaller proportion (16%) of respondents walk or use public transportation to get to the branch office.
- A large portion of respondents visit a branch office close to their home.
  - Over half (55%) of respondents have a branch office 3 miles or less from their home, and a quarter (25%) of respondents travel between 4 to 5 miles to get to their preferred branch office location.
- Almost all (96%) of respondents mainly visit a branch office to make a payment.

<p>Bill Payment Methods and Reasoning for Using Branch Office:</p>	<ul style="list-style-type: none"> <li>○ Half (50%) of respondents indicate they have used a branch office to pay their bill in the last six months. <ul style="list-style-type: none"> <li>○ Over one-quarter (28%) of respondents have utilized an APL to pay their bill over the same timeframe.</li> </ul> </li> <li>○ Respondents cite many reasons for why they prefer to pay their bill in-person at a branch office. <ul style="list-style-type: none"> <li>○ A large portion (40%) of respondents feel more confident paying this way.</li> <li>○ Roughly one-third like to get a receipt (33%), like the service they get at a branch office (32%), or feel this method is convenient/close to their home or work (30%).</li> </ul> </li> </ul>
<p>Authorized Payment Location (APL) Awareness Among Recent Branch Office Customers:</p>	<ul style="list-style-type: none"> <li>○ Over two-thirds (68%) of respondents are aware that they can pay their SoCalGas bill in-person at an APL.</li> <li>○ Less than half (42%) of respondents would consider making an in-person payment at an APL if one was within a 5-mile radius.</li> </ul>
<p>Preferred alternatives for paying a bill if branch offices are permanently closed:</p>	<ul style="list-style-type: none"> <li>○ Over a quarter (27%) of respondents indicated they would pay their bill by mail. The next most preferred method of payment would be to utilize an APL (23%).</li> </ul>
<p>Non-Recent Branch Office Customers:</p>	<ul style="list-style-type: none"> <li>○ A small portion (17%) of respondents have not used a branch office in the past six months but over half (54%) of them have used a branch office in the last five years. <ul style="list-style-type: none"> <li>○ Over two-thirds (69%) of these respondents who have not used a branch office in the past five years</li> </ul> </li> </ul>

	<p>are aware that customers can pay their SoCalGas bill in person at an APL.</p> <ul style="list-style-type: none"> <li>○ Those respondents who have not used a branch office in the last five years prefer using an APL (24%) or paying their bill online via My Account (22%).</li> </ul>
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### **C. Customer Feedback From 2024 In-Person Survey Conducted At Select Branch Offices**

SoCalGas contracted an independent third-party research firm to interview customers who use eight higher-use branch office locations.<sup>65</sup> SoCalGas selected these eight locations because of their high concentration of CARE customers, higher transaction volumes, and geographic diversity across SoCalGas's service territory. The objective of this study was to understand the needs and behaviors of customers that use SoCalGas branch offices, and to further understand how customers may be impacted by branch office closures. In-person surveys were performed across these locations beginning May 23 through June 6, 2024. Customers were interviewed in person after they completed a transaction at these higher use branch office locations and were offered a \$10 Starbucks gift card in consideration of their time. A total of 400 interviews were conducted. Additional information and in-person questionnaire are included in Attachment H – 2024 In-Person Survey Final Report.

Overall, the In-Person Survey results support SoCalGas's observations that 95% of branch office transactions are for in-person bill payment. Moreover, the In-Person Survey results revealed that 87% of respondents visit a branch office to pay their bill.<sup>66</sup> The In-Person Survey showed that non-payment transactions were negligible. The primary reasons respondents cited for paying at a branch office are: feel more confident paying this way, convenient/close to house or work, like the service at the branch office, and prefer to pay in cash.<sup>67</sup> The In-Person Survey

<sup>65</sup> Customer surveys were performed at Commerce, El Centro, Fontana, Huntington Park, Oxnard, Porterville, San Bernardino, and Santa Ana branch offices.

<sup>66</sup> See Attachment H – 2024 In-Person Survey Final Report, at 8.

<sup>67</sup> *Id.* at 11.

1 results indicate that respondents travel a short distance to the branch offices, most respondents  
2 live within 3 miles of a branch office, most respondents visit a branch office once a month, most  
3 respondents travel by personal vehicle, that there is a general awareness that customers can pay a  
4 bill in-person at an APL, and a majority of respondents (60%) who have paid their bill at a  
5 branch office are open to paying their bill at an APL.<sup>68</sup>

6       The 2023 study and 2024 survey results demonstrate that SoCalGas's alternative payment  
7 and customer service options provide reasonably comparable alternatives to branch offices  
8 services, as previously discussed in Section III of this testimony. These results also indicate that  
9 customers who utilize branch offices to pay their bills have demonstrated the ability to transition  
10 to alternative payment channels. For survey respondents that prefer to pay in person, SoCalGas  
11 partners with nearly 400 APLs to provide in-person payment options. For survey respondents  
12 who cited the importance of convenience, SoCalGas's efforts to locate APLs nearby all branch  
13 offices is demonstrated through the multitude of APLs conveniently located in close proximity  
14 within SoCalGas's branch offices. 98% of SoCalGas branch offices (or 42 branch offices)  
15 currently have 2 APLs within a 6-mile radius, which covers 99.7% of branch office customers.  
16 For additional convenience, most APLs offer longer hours more days of the week than SoCalGas  
17 branch offices. For survey respondents preferring to pay in cash, all APLs accept cash and  
18 provide a receipt, to instill confidence in the transaction. Additionally, SoCalGas intends to  
19 address customer concerns raised through its Communication Plan, which includes, but is not  
20 limited to, providing information on transportation options, available alternative payment and  
21 service options, customer assistance programs, and opportunities for interested customers to  
22 attend in-person engagement events.

## 23 **VI. BRANCH OFFICE WORKFORCE PLANNING**

24       SoCalGas is committed to working with our unions and employees they represent  
25 concerning employee impacts due to branch office closures. Prior to the filing of this  
26 Application, SoCalGas opened dialogue with representatives for International Chemical Workers  
27 Union and Utility Workers Union of America ("UWUA") Local 132 regarding the proposal to  
28 close its branch offices. Further, SoCalGas has an existing process to assist part-time employees

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<sup>68</sup> *Id.* at 13. Respondents in households with incomes below \$50,000 were more likely than other respondents to be willing to pay at an APL.

1 in transitioning to other job opportunities within the company. The outcome of the employee  
2 impacts will be determined through the collective bargaining process and on-going coordination  
3 with SoCalGas's human resources staffing.

## 4 **VII. COMMUNICATIONS PLAN**

5 Within 120 days of the Commission's approval of this Proposal, SoCalGas plans to close  
6 its remaining 43 branch offices<sup>69</sup> in conformance with applicable leasehold terms for each branch  
7 office.<sup>70</sup> SoCalGas anticipates two phases in the communications plan, Phase one will be the first  
8 60 days after Commission approval and will focus on the development of social media,  
9 newspaper advertisements, posters/flyers, direct mail/email and other customer communications.  
10 In Phase two, the remaining 60 days will focus on implementing and disseminating customer  
11 communications. With this phased approach for each branch office, SoCalGas intends to  
12 complete notification to affected customers at least 60 days prior to the closure of the branch  
13 offices.

14 SoCalGas plans to inform customers of the closure of the branch offices in the following  
15 ways:

- 16 1. Poster-size signs in English, Spanish, and other multilingual languages, as appropriate  
17 for each branch office, will be placed outside the office to indicate closure date; signs  
18 will provide information on alternate payment options including nearby APLs, and  
19 information on participating CBOs and FBOs, and public transportation options for  
20 nearby APLs;
- 21 2. Flyers containing the same information on the posters will be distributed to all branch  
22 office customers up until the offices are closed;
- 23 3. Notice/ads in local publications and on SoCalGas social media;
- 24 4. The SoCalGas IVR and website will be updated;

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<sup>69</sup> Wilmington branch office which was involuntarily closed to the public effective September 10, 2024, communications to customers regarding the closure of this office were completed in accordance with the office closure date.

<sup>70</sup> Generally, the lease termination process includes notification to landlord, removal of furniture, fixtures, equipment, and restoration of property per the lease agreement terms.



- 1           5. Direct mail/e-mail<sup>71</sup> notices to all branch office customers<sup>72</sup> who visited the branch  
2 office within the last six (6) months which will include:
- 3           a. The Commission’s decision to close the branch offices and branch office  
4 closure dates;
- 5           b. The list of available alternative channels for payments and non-payment  
6 transactions, including the name and address of the nearest APLs;<sup>73</sup>
- 7           c. Customer service phone numbers and website addresses for additional  
8 information and support;
- 9           d. A list of CBOs<sup>74</sup> and FBOs that SoCalGas has partnerships with that may  
10 provide customers information on SoCalGas’s customer assistance programs;  
11 and
- 12           e. Language Line Services (“LLS”)<sup>75</sup> will be utilized to provide support to all  
13 non-English speaking customers within SoCalGas’s service territory; and
- 14           6. SoCalGas intends to host various in-person engagement events to help provide  
15 relevant information about the branch office closures, inform customers of payment  
16 and service alternatives, APL information, and SoCalGas’s customer assistance  
17 programs to assist customers with the transition.

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<sup>71</sup> As part of SoCalGas’s communications plan, email communications will be sent to customers to the extent SoCalGas has the customer’s e-mail address on file. Direct mail letter will be sent to customers for unsuccessful email deliveries.

<sup>72</sup> Exclusive branch office customers refer to customers who only used branch offices to pay their bills during a 12-month period and did not use any other payment channel during that same time period.

<sup>73</sup> SoCalGas strives to locate APLs within 3 miles of branch offices. SoCalGas will provide the list of APLs located within 3 miles of the branch office. However, in some cases APLs will be located outside of this 3-mile radius. In these cases, SoCalGas will provide the closest APL as measured in miles.

<sup>74</sup> SoCalGas will use the list from the CBOs identified in the COVID Bill Debt OIR (R.21-02-014) as required by the Commission in D.21-06-036, OP 8.

<sup>75</sup> LLS is a 24/7 translation services company that provides language support in over 150 languages. LLS interpreters are a third party utilized to assist SoCalGas’s CSRs in communicating with customers.

1 SoCalGas identified branch offices located in predominately low-income communities.<sup>76</sup>  
2 Given this analysis, SoCalGas plans to provide additional support to these identified low-income  
3 communities by leveraging CBOs and FBOs, including information on branch office closures  
4 and alternative payment locations at community events scheduled for participation, in addition to  
5 coordinated outreach with Chambers of Commerce, city/county officials, and local state  
6 representatives. Our goal is that these community partners may disseminate information to the  
7 communities they serve regarding the estimated timing of branch office closures<sup>77</sup> and promoting  
8 and building awareness to customers on available payment and service alternatives.

## 9 **VIII. METRICS**

10 To measure the impacts of our branch office closure Proposal, SoCalGas proposes to  
11 track and report the following metrics for three years in a branch office Annual Report, with the  
12 first submission commencing one year after the issuance date of the Commission's decision on  
13 this application:

- 14 1. The number of payment transactions, per channel, with payment transaction data of  
15 all branch office exclusive customers;
- 16 2. The number of non-payment transactions<sup>78</sup> per channel, with non-payment  
17 transactions data of all branch office exclusive customers;
- 18 3. The number of APLs and their respective operating hours serving each city with a  
19 closed branch office and the distance of each APL from the nearest closed branch  
20 office location; and

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<sup>76</sup> To determine which branch offices are located in predominately low-income communities, SoCalGas first identified the median income levels and average household sizes for all zip codes that comprise at least 5% of the total payment transaction volumes for each branch office. SoCalGas then identified the corresponding CARE average household sizes and associated average household CARE income maximums for each of the branch offices.

<sup>77</sup> Contingent upon the issuance of the Commission's decision on SoCalGas's Proposal.

<sup>78</sup> Transactions handled at a branch office which include service orders but are not a payment transaction.

- 1           4. The name of every CBO and/FBO who provided outreach serving the city and/or  
2           county with the closed branch office, including the language(s) in which services are  
3           provided by the CBO and/or FBO.

4   **IX. RATEMAKING IMPACTS AND FORECASTED COST SAVINGS TO BE**  
5   **CREDITED TO SOCALGAS'S CORE FIXED COST ACCOUNT**

6           If the Commission approves SoCalGas's Proposal, SoCalGas will track and record the  
7   on-going Operation and Maintenance ("O&M") savings after each branch office closure, as well  
8   as the costs to achieve such closure. The resultant net savings up to the total branch office related  
9   costs authorized in SoCalGas's 2024 GRC, less related closing costs, will be credited to  
10   SoCalGas's Core Fixed Cost Account ("CFCA") for refund to SoCalGas's ratepayers in  
11   connection with SoCalGas's annual regulatory account balance update filing for rates effective  
12   January 1 of the following year. The estimated net first year savings will be adjusted based on  
13   the effective date of the branch office closures and contingent upon applicable terms of  
14   SoCalGas's contractual lease agreements and once SoCalGas has vacated the leased properties.<sup>79</sup>  
15   SoCalGas currently has multiple branch offices on month-to-month leases and leases that have  
16   terms ending while this proceeding is pending. In the interest of operating efficiently and  
17   avoiding committing future revenue requirement to renewing leases for branch offices that  
18   SoCalGas believes are no longer in the ratepayers' interest to continue operating, SoCalGas  
19   intends to let leases that end during this proceeding expire and then continue on a month-to-  
20   month basis so long as the corresponding lessor allows and until SoCalGas is authorized to close  
21   those branch offices. Once the costs associated with the branch offices are removed from base  
22   rates, SoCalGas will no longer record the net savings in the CFCA.<sup>80</sup>

23           In December 2024, the Commission approved SoCalGas's TY 2024 GRC application  
24   through D.24-12-074. Included in this approval was funding for SoCalGas's branch office

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<sup>79</sup> Note that cost savings may vary based on any revisions in the Commission's final decision to this application and the actual savings realized by closing SoCalGas's branch offices will vary depending on when SoCalGas can exit leases.

<sup>80</sup> Cost savings presented in this application excludes credits to ratepayers from the potential sale of branch office locations owned by SoCalGas, which are subject to the requirements set forth in Public Utility Code ("PUC") Section 851 and General Order ("G.O.") 173. SoCalGas expects that any credits that results from the sale of company owned branch office locations would be returned to ratepayers through SoCalGas's Gain/Loss On Sale Memorandum Account ("GLOSMA").

operations in 2024-2027, as part of SoCalGas's Customer Service Office Operations and Real Estate and Facilities business areas.

Assuming SoCalGas's proposal is approved in the beginning of 2026, savings would begin later that year. Table 1-14 provides actual costs incurred for branch office operations in 2024, which exceeded the respective branch office related revenue requirements of \$17.9 million authorized in the TY 2024 GRC.<sup>81</sup> Costs shown in Table 1-14 do not indicate actual net savings that will be credited back to ratepayers.

**Table 1-14**  
**2024 Actual Costs to Operate Branch Offices**

<b>Branch Office Costs</b>	<b>Full Year Actual Costs</b>
All Branch Office Personnel Costs, 99 Full Time Equivalents (Loaded)	\$13,751,597
Real Estate Lease Costs <sup>82</sup>	\$2,424,844
Real Estate Facility Costs /Facility Overhead Costs	\$1,639,694
Armored Trans/Security <sup>83</sup> /Other Non-Labor/ Non-Labor Overhead Costs	\$962,114
<b>Total</b>	<b>\$18,778,249</b>

Net savings will be realized over time based on the date of closure for each individual branch office. The majority of the on-going net savings would result from the reduction in on-going labor, real estate leases, facility expenses, armored transportation, and security costs. See Table 1-15 for forecasted closure expenses. SoCalGas expects to fund these costs through the savings of branch office authorized costs.

<sup>81</sup> SoCalGas's imputed TY 2024 GRC revenue requirement for branch office operations includes the itemized branch office costs within SoCalGas's Customer Services – Office Operations area, and estimated costs for rent and facility operations authorized within SoCalGas's Real Estate & Facilities Operations area.

<sup>82</sup> Based on 2024 actual expenditures, utilities, repair and maintenance, roads and grounds, janitorial and security, taxes, depreciation and insurance, and overheads.

<sup>83</sup> Include security costs incurred in 2023.

**Table 1-15**  
**Forecasted Closure Expenses**

<b>Forecasted Closure Activity</b>	<b>Estimated Cost</b>
Customer Communication Expense (includes direct mail, posters/flyers and newspaper ads)	\$109,500
Moving and Vacating Expense (vacate, removal, restoration and abatement costs) <sup>84</sup>	\$2,664,000
Lease contract expiration cost obligation <sup>85</sup>	\$473,100
CBO/FBO Funding <sup>86</sup>	\$550,000
Administrative Support <sup>87</sup>	\$18,000
Incremental APL replacement cost <sup>88</sup>	\$295,000
<b>Forecasted Total</b>	<b>\$4,109,600</b>

## **X. CONCLUSION**

As described in this testimony, the closure of the remaining 43 branch offices is in the best interest of SoCalGas's customers and ratepayers because the costs to maintain the offices far outweigh the benefits provided. SoCalGas's Proposal combined with the support from CBOs and FBOs will enable SoCalGas to more effectively engage with and quickly provide support to our most vulnerable customers who may be affected by branch office closures. Furthermore, our customers, including those who are low-income, elderly, and/or disabled, have demonstrated that they have and can continue to successfully transition to other payment channels to pay their bills and perform other non-payment transactions without a branch office. SoCalGas is committed to assisting our customers, specifically those who utilize the branch offices, to facilitate a smooth transition by providing meaningful, clear and direct messaging to customers who may be affected by the branch office closures.

<sup>84</sup> Generally, the lease termination process includes notification to landlord, removal of furniture, fixtures, equipment, and restoration of property per the lease terms.

<sup>85</sup> Estimated lease contract costs may vary based on the timing of the Commission's final decision and contingent based on the terms of when SoCalGas can exit existing contractual lease agreements of the branch offices that are not company owned.

<sup>86</sup> Includes community-based organizations (CBO)/faith-based organizations (FBO) support for 6 months after branch office closures.

<sup>87</sup> Costs incurred for 15% of 1 FTE to coordinate and provide support to CBOs and FBOs and managing these organizations submitted monthly reporting to SoCalGas.

<sup>88</sup> Based on 14% migration rate during the Pandemic.

1           SoCalGas urges the Commission to approve this request based on the facts that have been  
2 established demonstrating:

- 3           • A significant decline in branch office transactions and utilization when compared  
4           to pre-Pandemic years;
- 5           • The continuing high operating costs to provide branch office services;
- 6           • All customers, including CARE customers, have multiple alternative payment and  
7           service options; and
- 8           • SoCalGas's customers and ratepayers are not well served by keeping low-volume,  
9           high transactional cost, and underutilized branch offices open.

10          This concludes my testimony.

1 **XI. QUALIFICATIONS**

2 My name is Jesse S. Aragon. My business address is 1801 S. Atlantic Boulevard,  
3 Monterey Park, California 91754. I am currently the SoCalGas Director of Remittance  
4 Processing where I'm responsible for the strategy and policy of the overall customer bill  
5 presentment and payment processing channels for SoCalGas. I was appointed to this position in  
6 December 2023.

7 I received a Bachelor of Science in Business Administration degree with an emphasis in  
8 Accounting from San Diego State University. I am a Certified Public Accountant in the state of  
9 California. I continue to maintain an active status license with practice rights by fulfilling the  
10 continuing professional education requirements.

11 I was employed by Considine & Considine, Certified Public Accountants as an auditor  
12 and held roles of increasing responsibility such as corporate tax manager. I joined Lennar  
13 Partners as an assistant controller for approximately 2 years. In 2006, I joined SDG&E and have  
14 held various positions of increasing responsibility at SDG&E and SoCalGas in the Accounting &  
15 Finance and Information Technology & Support Services organization(s), having previously held  
16 the position of Director of Financial Planning & Operational Planning at SoCalGas.

17 I have previously testified before the California Public Utilities Commission.