

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

QUESTION 1: Referring to SoCalGas Customer Information System (CIS) Replacement Program, please provide the following:

- a. Identify and explain all budget variances between the originally authorized budget and the current cost forecast. Include reasons for under- or over-spending by category if applicable.
- b. Provide a detailed line-item breakdown of all recorded project costs from inception through the most recent complete year. The breakdown should include:
 - I. Cost category,
 - II. Amount incurred
 - III. Time period,
 - IV. Internal vs. external resources,
 - V. Vendor or department name,
 - VI. Capital vs. O&M classification.
- c. For the year 2024 and for the year 2025 through May 30, provide:
 - I. A summary cost table, and
 - II. A corresponding general ledger report listing all recorded transactions related to the CIS Replacement Project.
- d. Provide copies of all invoices, receipts, and payment records tied to the CIS Replacement Project from inception through May, 2025. Include:
 - I. Vendor name,
 - II. Invoice date,
 - III. Service/work performed,
 - IV. Dollar amount, and
 - V. Associated cost category and project phase.

RESPONSE 1:

SoCalGas objects to the request to the extent it seeks information on SoCalGas's Capital expenses or capital funding requests associated with SoCalGas's CIS Replacement Program. SoCalGas's Application is limited to a request for Operations and Maintenance (O&M) expenses, making Capital expenses outside the scope of this proceeding. Subject to and without waiving the forgoing objection, SoCalGas responds as follows:

Response 1a. SoCalGas is unable to answer this question as there is not a Commission approved "authorized budget" by category for the CIS Replacement Program. As part of its Test Year (TY) 2024 General Rate Case (GRC) application (Application (A.) 22-05-015), SoCalGas requested approval of its CIS Replacement Project. The Commission in D.24-12-074 concluded that SoCalGas's CIS Replacement Project was warranted and reasonable and authorized TY 2024 O&M recovery of \$10 million (\$40 million over the GRC cycle), in addition to Capital recovery (which is not the subject of

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

SoCalGas's application). As the Commission recognized might be a possibility in D.24-12-074, CIS Replacement Project costs will exceed what was authorized in that decision. SoCalGas is thus requesting incremental funding in the amount of \$24.9 million via this Application to continue the advancement of the CIS Replacement Project.

Response 1b.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Detailed line-item breakdown of recorded O&M project costs from inception through the end of 2024 is provided in file:

- SoCalGas_CIS_CalPA_DR01_Q1.xls (tab Question 1B)

Note that the approximately \$10K difference between the Workpapers and actuals provided in this response is due to costs that were reclassified from O&M to capital between the time the Application was filed and the date this data request was received.

Response 1cI.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Summary O&M cost tables for the year 2024 through May 30, 2025 are provided in file:

- SoCalGas_CIS_CalPA_DR01_Q1.xls (tab Question 1C_I)

Response 1c.II.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

The corresponding general ledger report listing recorded costs for the year 2024 through May 30, 2025 is provided in file:

- SoCalGas_CIS_CalPA_DR01_Q1.xls (tab Question 1C_II)

Response 1d.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Invoices, receipts, and payment records for the CIS Replacement Project from project inception (4/1/2024) through May 2025 are provided in attachments:

- SoCalGas_CIS_CalPA_DR01_Q1.xls (tab "Question Q1D")
- "Invoices & Receipts" folder

Note that some of the invoices and receipts provided include both O&M and Capital costs although the line items in the Question Q1D tab contain only O&M costs.

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

QUESTION 2: Referring to SoCalGas Application 25-05-004, page 3, it states that the CIS Replacement Project is currently in progress. Please explain why SoCalGas is requesting funding in advance before the CIS Replacement is completed and in use, rather than seeking recovery in a future reasonableness review.

RESPONSE 2:

It is well established by the Commission and the courts, that rates cannot be retroactively adjusted:

It is a well-established tenet of the Commission that ratemaking is done on a prospective basis. The Commission’s practice is not to authorize increased utility rates to account for previously incurred expenses unless, before the utility incurs those expenses, the Commission has authorized the utility to book those expenditures into a memorandum or balancing account for possible future recovery in rates. This practice is consistent with the rule against retroactive ratemaking.¹

Rather than looking backwards, California sets rates on a forecasted basis. In the GRC, SoCalGas requested that the Commission establish a memorandum account to track costs of the CIS Replacement Project in excess of the authorized amount for potential future recovery. (*See* D.24-12-074 at 504.) The Commission denied this request and instead provided that SoCalGas may “submit a separate application if it expects costs to exceed what is authorized in this decision.” (*Id.*)

¹ D.07-07-041 at 5-6, Section 2.2.1 Prohibition Against Retroactive Ratemaking (*citing* “The courts have recognized this problem and found: If the prohibition against retroactive ratemaking is to remain a useful principle of regulatory law and not become a device to fetter the commission in the exercise of its lawful discretion, the rule must be properly understood. ... But we did not require that each and every act of the commission operate solely in futuro; our decision was limited to the act of promulgating ‘general rates.’ (*Southern California Edison Co. v. Public Utility Commission*, 20 Cal. 3d 813 (1978) at 816.)”).

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

QUESTION 3: Referring to the breakdown of the total cost of the CIS Replacement Program provided in Excel file “CISRP Chapter 2-April McAllaster Workpapers”, from 2024 through 2027, please provide the following:

- a. The next level details including dates (for recorded costs), cost elements names, cost object, vendor names, FERC account numbers.
- b. Identify normal time and premium time labor costs.
- c. Provide names for all activities if the general ledger contains acronyms.
- d. Provide the requested information in an Excel file format.

RESPONSE 3:

Response 3a.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Please see attachment:

- SoCalGas_CIS_CalPA_DR01_Q3a.

The “Costs” tab contains O&M actual costs (through January 2025) and forecasts through June 2027. Within this tab, the “Category” column breaks down costs by Cost Category referred to in the Workpapers:

- SCG Labor
- Contractor
- Software
- Materials/Facilities/Other

The “Grouping” column breaks down costs by Cost Groups provided in the Workpaper Attachment A:

- OOR Activities
- Training Delivery
- Surge Staffing
- Decommissioning Coordination
- Data Cleansing
- Software
- Materials/Facilities/Other

The “Item Description/Role” column provides either a description of the cost/activity or the resource role description. The “Vendor” column provides vendor name where applicable. Costs are provided by month.

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

For the Surge Staffing Grouping, the “Surge Staffing Model” tab contains the model created with the project’s System Integration partner which was used to calculate the overall cost of the Surge Staffing.

For the Training Delivery Grouping, the “Training Del for Surge Staff” tab contains the model created with the project’s System Integration partner which was used to calculate the Training Delivery costs for the Surge Staff only.

For the Software Grouping, the “Software” tab provides additional information about each software cost listed.

Note that the approximately \$10K difference between the Workpapers and actuals provided in this response is due to costs that were reclassified from O&M to capital between the time the Application was filed and the date this data request was received.

Response 3b. Actuals and forecast rates/costs are calculated using straight time.

Response 3c. This information is provided in the file referred to in the response to question 3a.

Response 3d. The information requested has been provided in an Excel file format.

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

(DATA REQUEST PubAdv-SoCalGas-001-FNZ)

Date Requested: May 30, 2025, Due: June 13, 2025

QUESTION 4: Regarding the Request for Proposal (RFP) issued for the CIS Replacement Program, please provide responses to the following:

- a. Copy of the original Request for Proposal (RFP) issued for the CIS Replacement Program, including all attachments, addenda, or clarifications issued to bidders.
- b. Criteria used to evaluate proposals (e.g., cost, technical capability, timeline, cybersecurity, implementation experience)? Please provide the RFP evaluation rubric or scoring methodology.
- c. Was the best and final offer (BAFO) process conducted? If so, please provide documentation of that process and all revised bids.
- d. Explain how the selected vendor was determined to be the most cost-effective and technically appropriate option for ratepayers.
- e. What mechanisms or contractual protections are in place to limit cost overruns, schedule delays, or scope changes? (e.g., fixed-price terms, milestone payments, penalties)
- f. Identify any change orders issued to date, and the associated cost or scope impacts.

RESPONSE 4:

SoCalGas objects to the request to the extent it seeks information on SoCalGas's Capital expenses or capital funding requests associated with SoCalGas's CIS Replacement Program. SoCalGas's Application is limited to a request for Operations and Maintenance (O&M) expenses, making Capital expenses outside the scope of this proceeding. Subject to and without waiving the forgoing objection, SoCalGas responds as follows:

Response 4a.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Please see folder: "Confidential RFP"

Response 4b.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Please see attachment: "Evaluation Matrix"

Response 4c.

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Please see attachment:

- SoCalGas_CIS_CalPA_DR01_Q4c.

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

Response 4d. Vendor proposals were evaluated based on the weighted criteria provided in question 4b.

Response 4e. The System Implementor contract is a milestone based fixed-fee contract structure, which includes fees at risk, milestone payment holdbacks, penalties, and outcome-based exit criteria that tie final compensation to the successful achievement of Key Performance Indicators.

Response 4f. The System Implementor contract is structured with phase gates based on milestone achievement that authorize progressive funding for subsequent phases outlined in the contract. There have been two change orders since the initial contract to authorize proceeding with incremental phases. These are not changes to the planned cost or scope; they are contractual mechanisms for controlling work and cost. No other change orders associated with the CIS Replacement O&M cost or scope have been approved to date.

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

QUESTION 5: Provide a list of all vendor/consultant contracts associated with the project, including:

- a. Vendor name,
- b. Scope of work,
- c. Initial and amended contract values,
- d. Contract start and end dates,
- e. Amendment history.

RESPONSE 5:

SoCalGas objects to the request to the extent it seeks information on SoCalGas's Capital expenses or capital funding requests associated with SoCalGas's CIS Replacement Program. SoCalGas's Application is limited to a request for Operations and Maintenance (O&M) expenses, making Capital expenses outside the scope of this proceeding. Subject to and without waiving the forgoing objection, SoCalGas responds as follows:

The attachments include Confidential and Protected Materials provided pursuant to PUC Section 583, GO 66-D, and D.21-09-020

Please see attached:

- SoCalGas_CIS_CalPA_DR01_Q5.

Please note that dollar amounts in the attached listing of contracts and amendments includes both capital and O&M cost and scope. Generally, costs are determined to be capital or O&M based on activity and whether the given costs falls under SoCalGas's Accounting capitalization guidelines.

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

**(DATA REQUEST PubAdv-SoCalGas-001-FNZ)
Date Requested: May 30, 2025, Due: June 13, 2025**

QUESTION 6: Identify any vendors whose costs significantly exceeded initial estimates and explain why.

RESPONSE 6:

As of the date of this response, there are no vendor costs that significantly exceeded initial estimates for the CIS Replacement Project's O&M scope.