

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

**(DATA REQUEST CalPA-SCG-005 – Q3cIII and Q4III)
Date Requested: August 7, 2025, Due: August 28, 2025**

QUESTION 1:

Please provide an Excel file detailing the incremental \$24.9 million in O&M funding requested by SoCalGas for the CIS Replacement Program in addition to what was authorized in Decision (D.) 24-12-074. The file should identify:

- a) The specific years the incremental funding is requested for.
- b) The exact expense categories associated with the incremental costs (e.g., labor, software, training, contractor support, etc.).
- c) A breakdown and Justification of amounts by year and category.
- d) Supporting references that align the requested funding with testimonies or other documentation.

RESPONSE 1:

Response 1a.

The incremental funding requested in A.25-05-004 is the variance between the total GRC-authorized costs and the total estimated project costs. SoCalGas only has forecasts at the level of granularity requested for the entire project beginning in April 2024 until the project ends in 2027. The forecasts are not separated between GRC authorized and the incremental funding requested in A.25.05-004. Please refer to file “Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01. The incremental funding will be required for expenses in 2026 and 2027.

Response 1b.

The project forecast includes the total project cost (not incremental), please see attachment file “Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01, for total cost estimate detailed by cost category. The project categories associated with the incremental funding request include SoCalGas labor and contractor costs, software costs, and materials, facilities, and other costs. These costs are further detailed in [Chapter 2 - Prepared Direct Testimony of April McAllaster \(Cost Justification\)](#) at p. 6-13, as well as in the associated workpapers.

Response 1c.

For cost justification please refer to [Chapter 2 - Prepared Direct Testimony of April McAllaster \(Cost Justification\)](#).

For cost breakdown by year and month, please refer to “Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01.

Response 1d.

Please refer to workpaper supporting [Chapter 2 - Prepared Direct Testimony of April McAllaster \(Cost Justification\)](#).

This workpaper supports the cost forecasts provided in the Direct Testimony of April McAllaster by providing additional detail behind SoCalGas’s O&M cost estimates for the CIS Replacement Project.

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QUESTION 2:

Referring to Chapter 1-Prepared Direct Testimony of Evan Goldman at EG-8, SoCalGas recommends that the Commission authorize recovery in rates of \$24.9 million in O&M costs incremental to the \$10 million for TY 2024 authorized for the CIS Replacement Program in D.24-12-074. The related footnote 25 to the above statement states that this amounts to \$46.9 million imputed authorized over the 2024-2027 GRC cycle. In an Excel file please provide formulas and calculations demonstrating how the escalations are applied to the authorized amounts.

RESPONSE 2:

Please see attached:

SoCalGas_CIS_CalPA_DR05 Q2

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QUESTION 3:

Referring to SoCalGas’s CIS Replacement Project please provide detailed information regarding the timeline, cost estimates, and actual expenditures for each of the following five phases: Plan/Analyze; Design, Build & Validate; Test; Deploy; Post Go-Live, as requested below:

- a) The official start date and forecasted completion date for each phase.
- b) The associated cost estimate for each phase, including a breakdown by major cost categories (e.g., labor, software, training, contractor support, etc.).
- c) If a phase has already been completed:
 - i. Original forecasted cost
 - ii. Actual incurred cost
 - iii. An explanation of any material variances between forecasted and actual costs
- d) For ongoing Phases:
 - i. Current status of completion (e.g., % complete, anticipated dates of completion, milestones achieved, issues encountered).
 - ii. Updated costs and timeline, if applicable.

RESPONSE 3:

Response 3a.

Phase	Start	End
Plan/Analyze	4/1/2024	9/30/2024
Design/Build/Validate	10/1/2024	8/22/2025
Test	8/25/2025	3/27/2026
Deploy	3/30/2026	9/7/2026
Go-Live	9/8/2026	9/8/2026
Post Go-Live Stabilization	9/9/2026	3/31/2027

Response 3b.

The cost estimates are not broken down by phase, as many of the activities and costs incurred are not specific to a particular phase.

Response 3.c.i.

Per response 3b above, SoCalGas does not have cost estimates broken down by Phase.

For detailed forecast costs by month, please refer to file please refer to file
“Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01.

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Response 3.c.ii.

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

Per response 3b above, SoCalGas does not have cost estimates or actuals broken down by Phase. For detailed actual costs by month (through July 2025), please refer to file:

Confidential_SoCalGas_CIS_CalPA_DR05_Q3_C_II

Response 3.c.iii.

SoCalGas requested an extension to respond to this request until 8/28, which was granted by Cal Advocates.

Updated Response 3.c.iii.

The variance between actual (through July 2025) and forecasted costs is about \$1.1M over the projections. This variance is primarily due to the following:

- SoCalGas Contractor: ~1.2M overrun due to timing of invoice having to be accrued in July versus expected payment in August in the forecast. This is a timing issue and will be reconciled in coming months.
- SoCalGas Labor: ~(100k) underrun mainly due to delayed onboarding of a resource and less than anticipated activities in data cleansing. This does not significantly change overall forecast at this time.

Response 3.d.i.

“Design/Build/Validate” is the current phase and it is anticipated to be completed on August 22, 2025.

Response 3.d.ii.

Although costs are not forecasted or tracked by project phases, the estimate and timeline presented in spreadsheet “Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01 remain valid.

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QUESTION 4:

Referring to Chapter-2 Prepared Direct Testimony Of April McAllaster, SoCalGas's statement that its cost methodology has become "more refined" as the CIS Replacement Project has progressed, specifically citing finalized contracts, fine-tuned requirements, and an updated staffing model. Please provide the following detailed information and supporting documentation:

- I. Finalized Contracts with Contractors
 - a. A list of finalized contracts, including contractor names, scope of work, contract values, and execution dates.
 - b. Documentation or summaries explaining how these finalized contracts have influenced the overall cost methodology.
- II. Fine-Tuned Project Requirements
 - a. A description of the specific requirements that have been fine-tuned since project inception.
 - b. A comparison between the original and updated requirements, including any changes to technical specifications, timelines, or deliverables.
 - c. An explanation of how these changes have impacted cost estimates or resource allocation.
- III. Updated Staffing Model
 - a. A description of the original staffing model and the changes made to date.
 - b. Details on staffing levels, roles added or removed, and any adjustments to labor cost assumptions.
 - c. Organizational charts or resource plans that reflect
- IV. Cost Methodology Refinement
 - a. A breakdown of the specific elements of the cost methodology that have been refined (e.g., contingency assumptions, escalation rates, cost categories, etc.).
 - b. A comparison of the cost estimation approach used at project inception versus the current methodology.
 - c. Any internal memos, cost model spreadsheets, or decision documents that support and explain the refinement process.

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RESPONSE 4

Response 4.I.a:

Please refer to file “Confidential_SoCalGas_CIS_CalPA_DR01_Q5” provided with DR-01.

Response 4.I.b:

Costs and schedules specified in finalized contracts replaced the initial estimated costs used in forecasts once contracts were executed.

Response 4.II.a.

Project requirements that have been fine-tuned include training delivery, surge staffing, and software costs.

Response 4.II.b.

SoCalGas collaborated with its contractors to create an estimate for training and surge staffing resources required based on the number of employees to be trained and the number of business processes that employees will learn. Software costs were based on actual contracts or estimates based on quotes. For the current application, the estimated number of employees to be trained and surge staff resources are based on current project requirements and SoCalGas’ contractor’s surge staffing model. Software costs reflect actuals for software and projections of future costs based on current contracts or contractor quotes. For further details please see file “Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR-001.

Response 4.II.c.

Cost estimates and allocation of resources are more refined. See 4IIb.

Response.4.III.a.

SoCalGas requested an extension to respond to this request until 8/28, which was granted by Cal Advocates.

Updated Response.4.III.a.

The original staffing models used for the GRC were created in collaboration with SoCalGas’s contractor partner. The models contained roles, hours, and durations that are needed for a project of this size and type based on requirements gathered at that point in time. The model contained assumptions about percentage splits between SoCalGas Labor and Contractor Labor. This was developed in conjunction with a CIS Implementation Plan that outlined the program phases and durations. The phases and durations of the program have not changed significantly from what was originally outlined in the CIS Implementation Plan used in the GRC proceeding. At the start of the project, new models were used based on collaboration with the current contractor partner. The new models were similar in structure with resource requirements listed by role, hours, and duration.

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Response 4.III.b.

SoCalGas requested an extension to respond to this request until 8/28, which was granted by Cal Advocates.

Updated Response 4.III.b.

The new models were used in the forecast for the current regulatory proceeding. The split of roles between SoCalGas Labor and Contractor Labor in the current forecast reflect actual splits based on employees that are staffed on the project. The forecast also contains actual costs through January 2025. Models for surge staffing and training were also updated to reflect the latest count of employees to be trained and number of business processes employees will learn.

Response 4.III.c.

SoCalGas requested an extension to respond to this request until 8/28, which was granted by Cal Advocates

Updated Response 4.III.c.

The capital funded roles have been removed from the models below and therefore only reflect O&M funded roles.

Please see attached:

SoCalGas_CIS_DR5 4.III.c 2 tabs.xlsx

Response 4.IV.a.

The cost methodology has been refined to incorporate greater precision and reliance on actual project inputs. Specifically:

- Contractor costs are based on costs and schedules specified in executed contracts rather than estimates where possible.
- Software costs are based on executed contracts where possible.
- Staffing plan that aligns with current labor assumptions with identified resource requirements. For example see the staffing plan provided in file “Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR-001
- Contingency was not specified in the current forecast.

Response 4.IV.b.

For the GRC, the cost estimate leveraged contractor partner extensive experience implementing similar projects at major utilities throughout North America and globally, including at SoCalGas’s sister utility, SDG&E. This helped determine resources required, and informed the cost forecasts for the Project.

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For the current application, the forecast was created based on actual incurred costs, projected costs using a current staffing model, executed contracts, and estimates based on current project requirements.

Response 4.IV.c.

SoCalGas did not develop a new cost methodology, instead, estimated costs were replaced with actual costs, costs and rates from executed contracts and current staffing models. Please refer to file “Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR-001 for surge staffing model and detailed software estimate.

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QUESTION 5:

SoCalGas forecasted \$39.5 million in contractor costs for 2026. Please provide:

- a) An itemized breakdown of the of the \$39.5 million contractor cost forecast by categories (e.g., consulting, Data cleansing, surge staffing, etc.).
- b) Anticipated or scheduled dates start and end dates for each category.
- c) The information in an Excel file with formulas showing calculations used to develop the forecast for each cost category.

RESPONSE 5:

Response 5a.

Please refer to file:

“Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01

Response 5b.

Please refer to file:

“Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01

Response 5c.

Please refer to file:

“Confidential_SoCalGas_CIS_CalPA_DR01_Q3a” provided with DR01