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Proceeding:
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Witness: G. Chong and D. Enrique

CHAPTER 2
PREPARED DIRECT TESTIMONY OF
GABRIEL CHONG AND DENNIS ENRIQUE

ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY
AND
SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 1, 2026

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DIRECT TESTIMONY OF GABRIEL CHONG AND DENNIS ENRIQUE

I. INTRODUCTION

The purpose of this testimony is to describe the activities proposed to be undertaken to continue the migration of the SAP enterprise resource planning platform (ERP or ERP platform),[1] shared by Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E; together, Joint Utilities) through their SAP Migration Program (Program).[2] This testimony explains the Program structure, implementation plan, scope, and timeline, and describes the business and technical outcomes Joint Utilities expect to achieve. The Program scope proposed in this testimony, which includes operating and maintenance activities (O&M) for Phase 1 (i.e., Phase 1B) along with Phase 2 O&M and capital activities, mitigates the technical and functional challenges introduced by SAP's announcement to cease support for four crucial components (i.e., the ERP-connected systems) that comprise the SAP ecosystem by the end of 2027. Further, this testimony and accompanying workpapers[3] describe the forecasted direct costs totaling $290.7 million[4] associated with these proposed activities, and the business and productivity benefits that are expected to occur after the Program is executed.

The approach proposed reflects a phased response governed by formal stage gates,[5] independent quality assurance, and executive oversight to an externally mandated technological

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1 An ERP is an integrated platform used for financial management, supply chain operations, work order processing, and other core business processes.

2 Note that Sempra's Shared Services Corporate Center (Corporate Center) also utilizes the ERP. As described in Chapter 3, SoCalGas is the primary user of the ERP and thus maintains the shared asset on its books. Costs are allocated and billed by SoCalGas to SDG&E and Corporate Center based on the number of employees using the software. Costs allocated to Corporate Center are then reallocated to SoCalGas, SDG&E, and other Sempra affiliates as appropriate. *See* Chapter 3, the Prepared Direct Testimony of Rae Marie Yu, Maria Becerra, DJ Scott, Marjorie Schmidt-Pines, and Rachelle Baez, at YBSPB-7-9.

3 *See* Workpapers Supporting the Prepared Direct Testimony of Gabriel Chong and Dennis Enrique.

4 Direct costs presented in this testimony are in nominal dollars. The total forecasted Enterprise-wide loaded and escalated costs of approximately $348 million are presented in Chapter 3 at YBSPB-4.

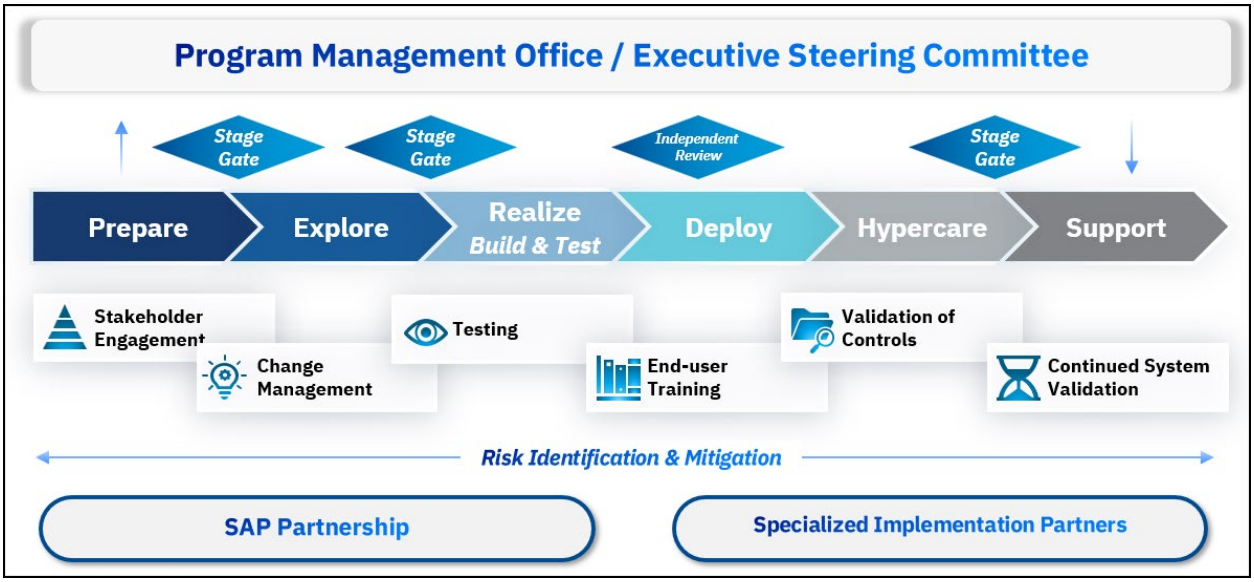
5 Stage gates are formal management review and approval checkpoints used to confirm scope, cost, schedule, and risk readiness before authorizing progression to the next release or phase of the Program.

transition.[6] Specifically, the phased efforts proposed in this SAP Migration Program maintain continued system viability and regulatory compliance while exercising responsible stewardship. If the Program is not approved as proposed, the Joint Utilities will be left with a fragmented architecture that increases the likelihood of system instability, data integrity issues, weakened internal controls, and reliance on manual workarounds.

II. PROGRAM STRUCTURE

The Joint Utilities proposes to execute Phase 2 of the SAP Migration Program under an overarching program structure that establishes centralized governance, decision-making authority, and independent oversight across all workstreams. As shown in Figure 2-1, under this structure, technical and business activities are coordinated, sequenced, and controlled under a unified program execution plan.

Figure 2-1 Integrated Delivery & Governance Framework



A. Program Execution Plan, Governance, and Assurance Framework

The Program is guided by a formal governance model that includes documented checkpoints, escalation protocols, and oversight mechanisms reviewed at regular intervals.

[6] *See* announcements made by SAP at https://support.sap.com/en/release-upgrade-maintenance/maintenance-information/maintenance-strategy/s4hana-business-suite7.html?anchorId=section and https://news.sap.com/2020/02/sap-s4hana-maintenance-2040-clarity-choice-sap-business-suite-7/.

Execution will be phase-based with stage gates. Each stage of the program--preparation, exploration, realization, deployment, and support--is governed by stage gates that validate completion of required activities before progressing to the next stage.

The Program Management Office (PMO) develops and administers a formal stage gate framework so that the Program is executed consistently, transparently, and in alignment with approved established controls and review criteria. Through the management and facilitation of stage gates at key points in the Program lifecycle, the PMO promotes validation of readiness to proceed to subsequent phases, and provides oversight of scope, schedule, cost, and risk. Each stage gate confirms that required activities and deliverables have been completed, that identified risks and issues are understood, addressed or tracked for mitigation, and that the Program remains aligned with expectations and business objectives. Any variances or gaps identified through the stage gate process are documented and addressed through established tracking, escalation and corrective action processes before the Program advances.

Figure 2-2: SAP Migration Stage Gates

SAP Migration Stage Gate	Primary Governance Objective	What the Stage Gate Validates
Prepare	Program readiness and governance alignment	Program scope, governance structure, decision authorities, and delivery approach are established; roles, standards, and controls are defined; risks associated with mobilization are identified and managed.
Explore	Solution and business alignment	Business requirements, process designs, and solution architecture are sufficiently defined and aligned with Program objectives; regulatory, security, and compliance considerations are incorporated into the design baseline.
Realize	Delivery quality and execution control	Configuration, build, and integration activities are progressing in accordance with approved designs; quality controls are functioning; risks, defects, and dependencies are actively managed and transparently reported.
Deploy	Operational and organizational readiness	Systems, data, integrations, controls, and users are ready for deployment; testing, cutover planning, training, and change readiness criteria are met; go-live risks are understood and accepted by governance bodies.
Hypercare[7]	Post-deployment stabilization and risk mitigation	System performance, data, processes, and controls are monitored against defined criteria; issues are identified, prioritized, and resolved through established escalation processes; readiness to transition to steady-state operations is confirmed.
Support	Stabilization and benefits realization	System performance, business operations, and controls are stable post deployment; issues are addressed through formal processes; transition to steady state support is completed, and expected benefits can be realized.

The above stage gates support compliance, readiness, and alignment across stakeholders within the Joint Utilities through the following framework elements:

[7] Hypercare is a time-bound, intensified support period immediately following a major change such as a product launch, system release, migration, or process rollout. Its purpose is to stabilize operations, quickly resolve issues, and support successful adoption before transitioning to normal support.

- Quality assurance: Quality assurance resources provide objective oversight, validate deliverables, and confirm adherence to standards and regulatory expectations.
- Proactive risk management: Risks are identified early and tracked through formal registers, with controls embedded throughout the Program lifecycle to support continuous mitigation.
- Stakeholder engagement and transparency: Structured workshops and documented decisions provide for stakeholder input to be captured, reviewed, and aligned with Program objectives.
- Organizational readiness and change management: Cross-functional experts from across the Joint Utilities are actively engaged to validate business processes, support change adoption, and promote operational readiness. Cutover rehearsals and support activities are planned and documented to maintain business continuity and user confidence.
- Traceable documentation: All phases produce formal deliverables—including plans, decisions, test results, and risk logs—maintained in a centralized repository to support auditability, compliance review, and program documentation.

B. The Program Management Office (PMO)

The PMO serves as the central governance authority for the SAP Migration Program Implementation Plan, supporting transparency, accountability, and alignment with strategic objectives throughout the Program lifecycle.

The PMO establishes and enforces formal governance practices, administers quality assurance review at each stage gate to validate compliance and readiness, and oversees risk management activities to maintain business continuity. It coordinates stakeholder engagement and change management efforts, facilitates structured reporting to the Executive Steering Committee and Joint Utility stakeholders, and manages vendor relationships so that technical deliverables meet requirements. By providing disciplined oversight of scope, schedule, and budget, the PMO supports cost control, decision transparency, and alignment with delivery commitments.

C. Implementation Partners

To successfully deliver a system migration of this scale and complexity, the Joint Utilities will engage a combination of specialized implementation partners, each serving a distinct but complementary role. Industry leading practices distinguish between the roles of a System Integrator (SI) and a Business Integrator (BI) in large-scale implementations like the Phase 2 migrations.

A System Integrator is responsible for the technical execution of the program. This includes system architecture, configuration, data migration, testing, and deployment. Their focus is on a solution that is technically sound, secure, and aligned with SAP's platform standards and roadmap. [8, 9]

A Business Integrator aligns the solution with the Joint Utilities' business needs and prepares the organization for the change. This team works closely with business stakeholders to validate processes and support change management activities. They help translate business requirements into system capabilities, coordinate readiness across impacted functions, and lead training efforts to equip users with the knowledge and confidence needed to operate effectively in the new environment.

In addition, the Joint Utilities will work directly with SAP to maintain alignment with the vendor's direction, future innovations, and support model. This collaboration helps the solution remain compatible with SAP's evolving roadmap and capabilities, supporting a successful migration.

Engaging both SI and BI partners alongside SAP facilitates migration so that it is not only technically robust but also operationally effective, SAP-Standard-Based, and future-ready.

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[8] For additional information regarding System Integrators, *see* Edmondson, James. "What is a System Integrator? Role, benefits & Best Practices." Business Tech Weekly, November 24, 2024, available at https://www.businesstechweekly.com/operational-efficiency/outsourcing-and-supplier-management/what-is-a-system-integrator/#What-is-a-System-Integrator.

[9] For additional information regarding Business Integrators, *see* Lawinsky, Jennifer. "The Critical Role of Business Integrators in SAP S/4HANA Implementations." SAP Insider, March 28, 2025, available at https://sapinsider.org/map/the-critical-role-of-business-integrators-in-sap-s-4hana-implementations/; "Unlocking Success: KPMG's Business Integrator for SAP S/4 Transformation." KPMG, 2024, available at business-integrator-sap-s4.pdf.

III. IMPLEMENTATION PLAN

The implementation is organized into two parallel but tightly integrated tracks: (1) a Technical Implementation Track, and (2) a Business Implementation Track. Both tracks apply to the scope covered in the next section. Operating with a unified structure avoids fragmented delivery and allows technical and business scopes to reinforce one another rather than introducing new risks.

A. Technical Implementation Track

The Technical Implementation Track focuses on remediating SAP components reaching end of support and resolving technical risks related to system stability, cybersecurity, and integration. Guidance published by the National Institute of Standards and Technology (NIST)[10] emphasizes that effective incident handling begins with preparation activities focused on risk prevention, rather than solely on post-incident response. As part of this preparation, NIST identifies legacy and unsupported software as a significant source of cyber risk due to the absence of vendor security patches and ongoing support, making such systems attractive targets for cyber threats.

The Technical Implementation Track encompasses the execution of all system-level changes required to remediate ERP-connected system components that are reaching or have reached end of vendor support and to address associated technical risks. This work includes replacing unsupported SAP components for continued compatibility with SAP's supported product roadmap.[11]

Through this track, the Joint Utilities execute the technical activities necessary to maintain a secure, stable, and supportable SAP environment while minimizing operational and customer impacts during transition.

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[10] *See* National Institute of Standards and Technology (NIST), Computer Security Incident Handling Guide, Special Publication 800 61, Revision 2 (August 2012), superseded by Revision 3 (April 2025) https://csrc.nist.gov/pubs/sp/800/61/r3/final.

[11] SAP publishes a product roadmap that describes its intended strategic direction and planned evolution of SAP S/4HANA. The roadmap is a planning tool and is subject to change.

- **SAP Activate Methodology –** The Joint Utilities will follow SAP's delivery methodology,[12] progressing through the Prepare, Explore, Realize, Deploy, Hypercare, and Support phases. Each phase includes defined activities, deliverables, and documentation requirements.
- **Stage Gates and Entry/Exit Criteria** – Formal gates are established between phases for quality assurance. Advancement to the next stage requires confirmation that defined entry and exit criteria are met, including completion of required deliverables, readiness assessments, and risk mitigation actions.
- **Independent Quality Assurance** – Independent quality assurance resources provide objective validation of deliverables, controls, and readiness throughout the lifecycle. These reviews strengthen transparency and support traceability.
- **PMO, Governance, Decision Rights, Documentation/Traceability** – As described above, a centralized PMO oversees scope, schedule, risk, and reporting. Governance structures define decision rights and escalation paths. All Program artifacts are maintained in a centralized repository to support traceability and regulatory review.

B. Business Implementation Track

The Business Implementation Track focuses on supporting continuity of current processes and controls in the supported environment, preparing the organization for the transition to supported systems and avoiding operational, compliance and audit risks associated with unsupported systems.

- **Process Alignment to Support System Requirements -** Structured reviews of existing legacy processes to identify variations, manual workarounds, and compliance dependencies that arise due to obsolete technology.
- **Policies and Controls Workstream** – A dedicated workstream maps existing regulatory, audit, and internal controls to supported system configurations to support continuity and auditability. Controls are preserved, or enhanced, with

[12] More information about SAP Activate Methodology is available at https://www.sap.com/products/erp/activate-methodology.html.

opportunities to embed automation and reduce manual intervention, without expanding control scope or requirements.

- **Data Governance and Reporting Continuity** – Establishes data ownership, stewardship, and validation practices necessary to replace unsupported tools, and maintain existing regulatory and financial reporting capabilities.
- **Organizational Change Management, Training, Communications** – Organizational readiness is supported through impact assessments, change agent networks, targeted communications, and role-based training.

IV. SCOPE OF SAP MIGRATION PROGRAM ACTIVITIES

A. Phase 1B Activities

Migration of the core SAP ERP Platform from ERP Central Component (ECC) to S/4HANA has a targeted go-live date of May 2027.[13] Phase 1B completes the O&M activities associated with the core ERP platform in parallel to remaining Phase 1A activities.[14] Phase 1B has two primary streams of work related to the core ERP platform: data migration and organizational change management activities. Data migration is the act of copying data from the SAP ECC source system, putting it through data cleansing routines for data integrity, and eventually loading into the target system, SAP S/4HANA. There are five instances of data migration within Phase 1B, with each successive iteration improving the data quality. Organizational change management activities include planned stakeholder communications, assessment of organizational and role-based impacts, development and delivery of targeted training, and coordinated actions to support workforce readiness, adoption, and transition to the new operating environment. Phase 1B also includes conducting a competitive solicitation process in 2027 for Phase 2 activities so Phase 2 can be commenced promptly after a final decision in this proceeding.[15] The following are the forecasted direct costs of Phase 1B activities, all of which are O&M.

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[13] For more information about SAP S/4HANA, *see* "SAP S/4HANA Overview and Learning Guide," available at https://learning.sap-press.com/sap-s4hana-overview-benefits.

[14] Costs for Phase 1B could not have been sought in the Joint Utilities' prior GRC. Phase 1B work has been necessitated by Joint Utilities' decision to pursue a migration rather than a transformation of their ERP and was not estimable for the prior GRC.

[15] Note that no contracts for Phase 2 will be executed prior to a final decision in this proceeding.

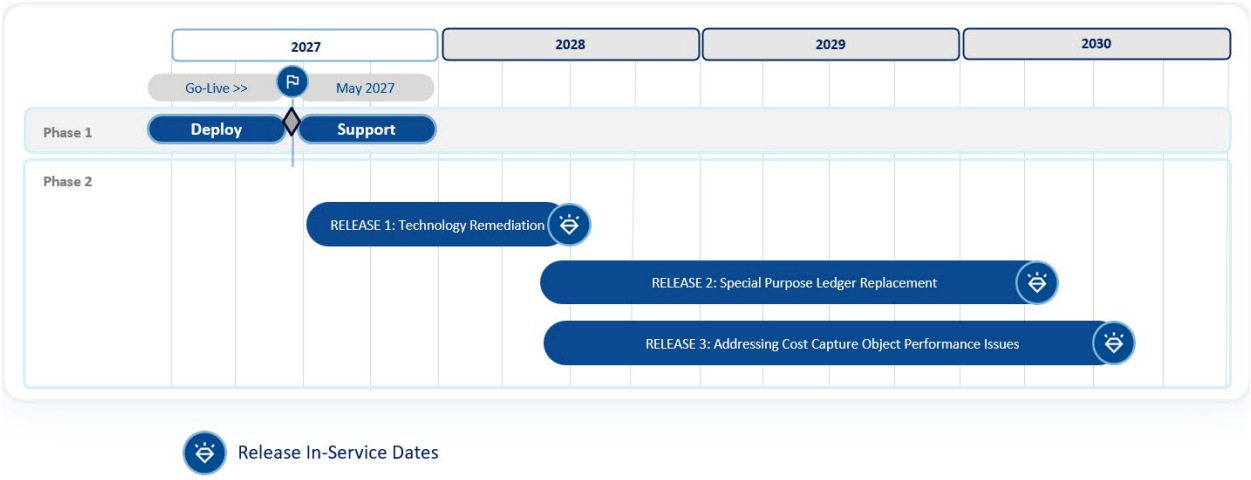
Table 2-1: Phase 1B Forecasted Direct Costs

SAP Migration Program - Phase 1B ($000s)	Forecast		Total
	2026	2027	
Phase 1B - O&M	$6,970	$4,950	$11,920
Total Direct Cost	**$6,970**	**$4,950**	**$11,920**

B. Phase 2 Activities

Phase 2 will address the remaining areas of technical and business obsolescence that were not included in Phase 1 but are required to complete the Program's objective of migrating to a supported ERP Platform and ERP-connected systems. Phase 2 is structured into sequenced releases that are expected to complete implementation in 2030. Technical component replacements are bundled into Release 1 to address software interdependence and reduce cumulative risk, while remediation of system and process obsolescence required to maintain regulatory compliance, along with a targeted modernization effort to improve cost capture and long-term operational sustainability, are sequenced into two subsequent releases (Releases 2 and 3).

Figure 2-3: SAP Migration Program Release Schedule[16]



1. Technical Obsolescence Remediation (Release 1)

Phase 2 includes the migration of the following ERP-connected systems that SAP has indicated are entering end-of-maintenance cycles at the end of 2027. As a result, they will no

[16] Timeline for Phase 2 based on the assumption that Commission resolves this Application within 12 months of the filing date and is subject to change if a final decision is issued beyond this timing.

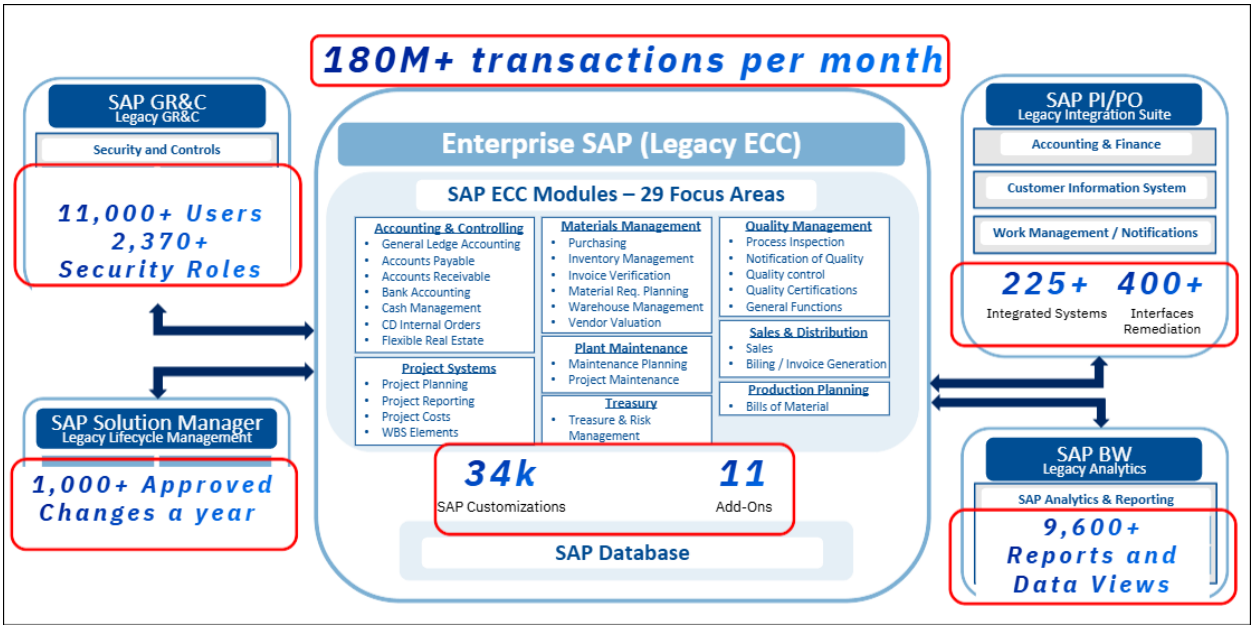
longer receive standard support, security patches, legal updates, regulatory updates, or defect corrections after their respective end-of-maintenance dates.[17]

- **SAP PI/PO (Process Integration/Process Orchestration):** Enables secure inter-application data exchange, supporting connectivity between SAP and non-SAP systems across the enterprise.
- **SAP GR&C (Governance, Risk, and Compliance):** Oversees user access, roles, and segregation of duties, providing critical controls to maintain compliance.
- **SAP Solution Manager:** Facilitates planning, approval, and implementing system changes, supporting operational stability and adherence to regulatory requirements.
- **SAP BW (Business Warehouse):** Manages financial and operational reporting through more than 9,600 reports, requiring continuous synchronization with ERP data to maintain accuracy and compliance.

The Joint Utilities' current SAP technology environment, which utilizes these ERP-connected systems, is further characterized as follows:

[17] For announcements made by SAP, *see* https://support.sap.com/en/release-upgrade-maintenance/maintenance-information/maintenance-strategy/s4hana-business-suite7.html?anchorId=section and https://news.sap.com/2020/02/sap-s4hana-maintenance-2040-clarity-choice-sap-business-suite-7/. *See also* SAP Note Number 2881788 (me.SAP.com).

Figure 2-4: Current SAP Environment[18]



The replacement of SAP Process Orchestration (PI/PO), Governance, Risk & Compliance (GR&C), SAP Solution Manager, and SAP Business Warehouse (BW) will be executed concurrently as a single, bundled implementation (Release 1). As described below, these ERP-connected systems are tightly integrated and support end-to-end financial processing, application lifecycle management, and internal controls. Implementing them as a unified release reduces overall program risk, avoids redundant integration work, reduces the likelihood of extended dual-maintenance costs, and limits operational disruption that would result from staggered deployments.

The forecasted direct cost of Release 1 is $140.2 million, which includes software licensing and subscriptions, system integration services, data migration and testing activities, internal labor, and change management. This investment is necessary to maintain reliable financial reporting, comply with regulatory requirements, and migrate the Joint Utilities' ERP-connected systems in a manner that is coordinated and cost-effective over the long term.

[18] As of April 2026.

Table 2-2: Phase 2 Release 1 Forecasted Direct Costs[19]

SAP Migration Program - Phase 2 Release 1 ($000s)	Forecast		Total
	2027	2028	
Phase 2 - Release 1 - Capital	$78,187	$44,448	$122,635
Phase 2 - Release 1 - O&M	$9,840	$7,723	$17,563
Total Direct Cost	$88,027	$52,170	$140,197

a. SAP PI/PO replaced with SAP Business Technology Platform (BTP) Integration Suite (Integration Suite)

The Joint Utilities' enterprise application landscape includes approximately 225 integrated applications and more than 400 interfaces that currently rely on the legacy SAP PI/PO ERP-connected system. These integrations support critical business processes across finance, operations, regulatory reporting, and customer-facing functions. As SAP PI/PO approaches the end of its supported lifecycle and is not aligned with SAP's strategic roadmap, all dependent applications and interfaces must be migrated and remediated to supported ERP-connected system.

Although this is a like-for-like functionality replacement, the migration from SAP PI/PO to SAP Integration Suite represents a significant and complex undertaking. SAP Integration Suite is a fundamentally different, cloud-based ERP-connected system that requires new security configurations, connectivity models, monitoring capabilities, and governance controls. Each existing interface must be individually assessed, redesigned or rebuilt as necessary, secured, and thoroughly tested to validate functional accuracy, data integrity, and performance consistency prior to reintegration with the ERP Platform and other dependent applications.

Given the breadth of application integrations and the criticality of the underlying business processes, the migration effort requires coordinated sequencing across technical and business workstreams across the Joint Utilities' functional, technical, and operational teams. This includes coordination with application owners, designated business and IT owners responsible for data quality, cybersecurity, compliance, and external partners to sequence interface migrations, manage dependencies, and reduce the likelihood of operational disruption. Parallel operations, controlled cutovers, and rigorous testing will be required to reduce risk to business continuity

[19] Subtotals may include rounding differences.

and regulatory reporting. The Joint Utilities estimate a 12-month timeline to properly transition from SAP PI/PO to SAP Integration Suite.

b. SAP GR&C replacement with SAP GR&C for HANA

The Joint Utilities' GR&C ERP-connected system supports access controls, segregation of duties, audit monitoring, and compliance reporting for approximately 11,000 SAP users across financial, operational, and regulatory systems. As the Joint Utilities transition their SAP landscape to S/4HANA, the existing GR&C ERP-connected system must be replaced with SAP GR&C for HANA to maintain compatibility with vendor support.

The transition will require securing, configuring, and validating the new GR&C for HANA environment to align with the Joint Utilities' security policies, regulatory requirements, and internal control framework. Each user role, including privileged, operational, and regulatory-sensitive roles, must be individually tested, remediated as necessary, and migrated for continued enforcement of segregation-of-duties rules, access approvals, and audit traceability.

This approach is designed to support access governance, segregation-of-duties enforcement, and audit traceability during the transition, while maintaining alignment with financial reporting and regulatory requirements.

Given the scale of the user population, the complexity of role mappings, and the need for extensive testing and parallel operation to avoid disruption, the Joint Utilities estimate that completing the GR&C replacement will require a 12-month timeline. This includes system configuration, role redesign and remediation, integration with dependent SAP applications, user validation, audit review, and controlled cutover to the new system.

c. SAP Solution Manager replaced with SAP Cloud ALM (Application Lifecycle Management)

The Joint Utilities process and govern over 1,000 ERP platform changes annually, including platform enhancements, software updates, regulatory updates, and production fixes across their enterprise application landscape. These changes are currently managed using SAP Solution Manager.

Migrating from SAP Solution Manager to SAP Cloud ALM ERP-connected system will allow for continued vendor support, improve operational resiliency, and align the Joint Utilities' application lifecycle management capabilities. Cloud ALM provides visibility into platform

health, change execution, and release readiness, while simplifying platform architecture and reducing technical debt associated with on-premises tooling.

The transition to Cloud ALM will also improve governance and control over platform changes by standardizing change management workflows, strengthening traceability for audit and compliance purposes, and enabling faster identification of defects. These capabilities are particularly critical given the volume of annual changes and the Joint Utilities' regulatory obligations related to financial reporting, cybersecurity, and operational reliability.

The Joint Utilities estimate a 9-to-12-month effort to complete the migration from SAP Solution Manager to SAP Cloud ALM. This timeframe includes configuration, data and process migration, integration with existing ERP-connected systems, user training, and validation to maintain continuity of change management, testing, and monitoring functions throughout the transition.

d. SAP BW replaced with SAP Business Data Cloud (BDC)

The Joint Utilities' financial analytics environment is currently supported by SAP BW, which underpins approximately 9,600 regulatory, financial, and operational reports and associated data models. As SAP BW will no longer be supported, these assets must be migrated to SAP Business Data Cloud (BDC) to provide continued vendor supportability, integrity with SAP S4/HANA, and long-term scalability.

The migration effort is complex and resource-intensive, requiring detailed remediation, validation, and parallel testing of each report and data model to preserve historical accuracy, regulatory traceability, and downstream integrations with finance, rates, and operational systems. The Joint Utilities estimate this work will require approximately 12 months, reflecting the volume of artifacts, the need for dual-system operation during transition, and the rigor required for regulatory and financial controls testing.

2. Business and Process Obsolescence Remediation (Releases 2 & 3)

Releases 2 and 3 address two distinct but related objectives: (1) remediation of system and process obsolescence required to maintain regulatory compliance, and (2) one targeted modernization to improve cost capture and long-term operational sustainability.

Release 2 focuses on obsolescence remediation through the replacement of the unsupported Special Purpose Ledger (SPL). SPL is no longer vendor-supported and relies on highly customized functionality. Its replacement is required to continue compliance with FERC

regulatory reporting requirements. Release 3 advances process modernization by transitioning the Cost Capture Model into the activity-based Work Breakdown Structure (WBS) approach. Together, these releases address compliance risks associated with unsupported systems, while modernizing key cost-capture processes to support long-term regulatory, financial, and operational objectives.

a. Replacement of the Unsupported SPL to Comply with Regulatory Requirements for FERC Reporting (Release 2)

The Joint Utilities currently rely on a SPL and legacy tools to derive FERC accounts for regulatory reporting which is not supported in SAP S/4HANA. The CPUC requires utilities to comply with FERC's Uniform System of Accounts to support consistent reporting, including FERC Forms 1 and 2 and regulatory audits.[20]

As part of Phase 2, the Joint Utilities will replace SPL by implementing and configuring SAP's S/4 Universal Ledger to capture required FERC account information. This requires designing and developing the logic in SAP S/4HANA so that FERC account information is configured and recorded directly in the system as transactions occur, rather than derived later through unsupported systems. This approach eliminates reliance on obsolete systems, improves maintainability, and supports ongoing regulatory reporting directly from SAP S/4HANA. The Joint Utilities estimate 12 to 15 months to replace the legacy SPL derivation logic and incorporate it into the SAP S/4 Universal Ledger, with a forecasted cost of $54.8 million in Release 2.

Table 2-3: Phase 2 Release 2 Forecasted Direct Costs[21]

SAP Migration Program - Phase 2 Release 2 ($000s)	Forecast			Total
	2028	2029	2030	
Phase 2 - Release 2 - Capital	$11,656	$21,813	$11,296	$44,765
Phase 2 - Release 2 - O&M	$2,462	$4,611	$2,958	$10,031
Total Direct Cost	$14,118	$26,424	$14,254	$54,796

b. Activity-Based Cost Capture with WBS Model (Release 3)

The Joint Utilities currently operate with a cost capture model that relies on Internal Orders (IOs) to record project costs. IOs were designed for small, simple activities and are not

[20] D.03-12-056 at 10-11.

[21] Subtotals may include rounding differences.

well suited for today's large, complex, asset intensive projects. As a result, the Joint Utilities have relied on custom logic and workarounds to link large numbers of IOs to track full project costs and meet regulatory reporting requirements. This model is outdated, and WBS offers a more appropriate and standardized approach.

WBS is designed specifically to plan, manage, and control large, multi-phase projects. WBS is hierarchically structured, with nested elements that represent project phases and the activities within each phase. This structure supports detailed cost planning, budgeting, and reporting across the full lifecycle of a project. Because more than 75 percent of the Joint Utilities' transactions in SAP are project-based, WBS will replace IOs and the associated custom IO extensions as the standard method for capturing project costs.

As part of this strategic modernization, the Joint Utilities will replace existing custom logic embedded in work management processes across project-heavy areas such as Distribution, Transmission, Construction, and Information Technology with a standardized WBS-based approach. This change modernizes how project costs are recorded and aligns cost capture with standard ERP platform capabilities.

Adopting WBS also allows the Joint Utilities to standardize interfaces between SAP S/4HANA and downstream financial and regulatory reporting systems, improving platform performance and reducing complexity during each monthly close cycle. In addition, the Joint Utilities will enhance the FERC derivation logic described in the SPL section above to incorporate WBS information directly into the SAP S/4HANA Universal Ledger in near real time. This enables more streamlined reporting and provides the necessary structure to categorize costs by project, phase, activity, and milestone with less manual intervention.

As part of Release 3, the Joint Utilities will modernize the obsolete cost capture model over a 24-month timeline to implement WBS in SAP S/4, with a forecast of $83.8 million.

Table 2-4: Phase 2 Release 3 Forecasted Direct Costs[22]

SAP Migration Program - Phase 2 Release 3 ($000s)	Forecast			Total
	2028	2029	2030	
Phase 2 - Release 3 - Capital	$13,241	$36,306	$24,204	$73,751
Phase 2 - Release 3 - O&M	$2,231	$4,611	$3,189	$10,031
Total Direct Cost	$15,472	$40,917	$27,393	$83,782

This WBS-based cost capture modernization builds on the SAP S/4HANA data model and Universal Ledger implemented in Phase 1. Sequencing this work within the existing program execution window leverages the active program team, integrated testing cycles, and implementation planning already in place. Deferring this work would require remobilization of resources and a separate round of planning, testing, and deployment activities.

V. SAP MIGRATION PROGRAM COST FORECAST (2026-2030)

This section provides further detail for Phase 1B and Phase 2 of the SAP Migration Program direct costs, where the total capital and O&M expenditures forecasted are estimated at $290.7 million.

Table 2-5: SAP Migration Program Direct Cost Forecast[23]

SAP Migration Program ($000s)	Forecast					Total
	2026	2027	2028	2029	2030	
Phase 1B O&M	$6,970	$4,950	-	-	-	$11,920
Phase 2 O&M	-	$9,840	$12,415	$9,221	$6,147	$37,624
Subtotal - O&M	$6,970	$14,790	$12,415	$9,221	$6,147	$49,544
Phase 2 Capital	-	$78,187	$69,345	$58,119	$35,500	$241,151
Subtotal - Capital	$0	$78,187	$69,345	$58,119	$35,500	$241,151
Total Direct Cost	$6,970	$92,977	$81,760	$67,340	$41,647	$290,695

The estimates in this Application include only Program-specific work that is incremental to Joint Utilities' prior and next GRC and are based on reasonable assumptions, which include evaluations that were performed to identify scope, pricing, and delivery approach through information from qualified vendors with demonstrated utility experience. Joint Utilities plan to work with established partners that have experience helping energy utility companies update and modernize their ERP platform. These partners will help guide the Program, apply proven

[22] Subtotals may include rounding differences.

[23] Subtotals may include rounding differences.

approaches, support employees through the change, and make sure the new ERP-connected systems are built and tested to meet the Joint Utilities' needs.

A. Description and Breakdown

Detailed breakdowns of the $290.7 million forecasted costs by description are provided in Tables 2-5 through 2-8 below. Further details regarding the forecasted costs are provided in the workpapers for this testimony.

1. System Integrator (SI)

SI will be selected after a competitive solicitation process conducted in Phase 1B and will provide specialized SAP implementation expertise and established delivery methodologies that are not practical to resource internally and are necessary to mitigate execution risk. The SI will be responsible for end-to-end solution implementation activities, including solution design and architecture, ERP-connected system configuration, integration with existing and third-party applications, testing and quality assurance, deployment, and post go-live stabilization and optimization. These activities reinforce that the SAP solution will be implemented in a manner that is scalable, secure, and aligned with Joint Utilities' business and operational requirements.

SI will provide a dedicated technology-centric Program Management Office (SI PMO) that supports governance and delivery oversight in coordination with the Joint Utilities' PMO. The SI PMO will establish the program framework; coordinate planning across multiple workstreams and vendors; manage risks, issues, and dependencies; and support status reporting to executive stakeholders. This governance structure is necessary to maintain accountability, alignment, and reduce execution risk across a multiphase program. Engagement of the SI is necessary to reinforce a disciplined, controlled, and compliant execution of the Program.

2. Business Integrator (BI)

Given the enterprise-wide scope of the Program and the extent of operational change across multiple functions, the BI role is necessary to support risk mitigation, business adoption, and effective program execution. The BI will be selected after a competitive solicitation process conducted in Phase 1B and serves as the primary bridge between business stakeholders and technical delivery teams, translating business requirements into executable program activities and supporting readiness for new ERP-connected systems, processes, and controls. The BI will be responsible for business readiness planning, organizational change management,

communications, training coordination, and oversight quality assurance across key workstreams, including controls, security, and user adoption.

The BI scope will include delivery of a dedicated BI Program Management Office (BI PMO) that complements the SI and Joint Utilities' PMOs. The BI PMO will support governance, coordination, and transparency across BI-managed workstreams and provide proactive quality assessment to identify and mitigate risks that could affect program outcomes. The forecasted BI costs reflect activities related to program oversight quality assessment, BI PMO services, communications and training, organizational change management, and business readiness.

3. SAP Technology Solution

The Joint Utilities' SAP Technology scope includes software licenses and cloud-based subscription services required to support implementation and ongoing operation of the SAP solution, as well as associated professional services necessary to configure, integrate, and deploy the technology. As an existing customer of SAP, the cost of licenses, cloud services and SAP professional services will be refined with SAP after a final Commission decision approving the Application is issued. The SAP ERP-connected system components are required to enable core business functions, support data management and analytics, support application integration and security, and maintain compliance and operational reliability in a cloud-based ERP platform environment.

The software licenses and subscriptions support modern SAP architecture and include capabilities for data management, analytics, integration, application development, automation, governance, and risk and compliance. These components are necessary to support business processes, enable interoperability between SAP and non-SAP platforms, and provide scalable and secure access to business-critical information.

In addition to software licenses and subscriptions, SAP professional services are also required to support implementation. These services include configuration, integration, testing, deployment, and automation activities, as well as SAP MaxAttention services. SAP MaxAttention provides structured technical assurance, access to SAP's highest tier of support, and proactive quality controls to reduce implementation risk and validate the solution is built in accordance with SAP best practices. These services are appropriate given the complexity and criticality of the Program.

4. Program, Business, and Technology Delivery

The Program Delivery work stream is required to provide oversight for coordinated, controlled, and effective execution of the SAP program across all phases of planning, implementation, and deployment.

Given the size, complexity, and cross-functional nature of the Program, dedicated delivery resources, comprised of Joint Utilities employees and external contractors, are reasonable and necessary to maintain governance, manage dependencies, and support business readiness and operational continuity. Program Delivery resources will provide enterprise level governance and oversight, including the establishment of decision-making structures, performance metrics, and alignment with enterprise strategy and regulatory requirements. This workstream will support engagement with business leaders and end users throughout the Program lifecycle and play a central role in coordinating testing, cutover, and go-live activities as well as timely resolution of issues and business signoff on key deliverables.

Business Delivery resources will be responsible for supporting alignment of the SAP solution with operational needs and support effective adoption across the Joint Utilities. Business Delivery resources will serve as functional subject matter experts and process owners, representing key business areas during design, configuration, and testing. They will support requirements definition and validation, participate in User Acceptance Testing (UAT), and support cutover and stabilization activities. Post-implementation, these resources will contribute to continuous improvement by identifying opportunities to optimize processes and system usage.

Technology Delivery resources will provide foundational technical support necessary to design, build, integrate, and operate the SAP ERP platform. These resources will be responsible for platform architecture and infrastructure, integrations with legacy and third-party applications, security and access controls, technical testing, data migration execution, and post go-live support. The Technology Delivery scope will include internal labor, contract labor, and professional services required to maintain platform stability, support audit readiness, and regulatory compliance.

Across Program, Business, and Technology Delivery, ongoing O&M activities will support change management, training coordination, data preparation and validation, documentation, and knowledge transfer to operational support teams. These activities are scoped to maintain data integrity, support user readiness, and sustain program outcomes.

5. Other Program Support Costs (Facilities and Travel & Expense)

Supporting effective Program delivery also necessitates incurring facility and travel-related expenses, included in the "Other" cost category. These necessary non-labor expenditures will be incurred by internal staff, consultants, and vendors when supporting Program activities that require physical presence and onsite collaboration. For a program of this scale and duration, these costs are customary and necessary to enable coordinated execution and operational efficiency.

Facility costs support operation and maintenance of the physical workspace used by program resources. The workspace provides a safe, secure, and functional environment for program teams to collaborate and execute critical activities. Facility expenses include utilities (electricity, water, gas, and data/telecommunications), routine maintenance and repairs, janitorial services, security or access systems, and facilities management support.

Travel and Expense (T&E) costs support onsite collaboration required for key stages of program delivery. These expenses include airfare, lodging, meals, and local transportation for internal resources, the SI, the BI, and other third-party consultants when onsite presence is required for activities such as workshops, stakeholder engagements, testing cycles, and go-live support. Vendor and consultant travel is governed by contractual terms and reimbursed in accordance with agreed-upon rates or actuals, as applicable.

Table 2-6: Phase 1B O&M Forecast (2026-2027)

SAP Migration Program - Phase 1B ($000s)	O&M		Phase 1B Total
	2026	2027	
Phase 1B O&M			
System Integrator	$1,900	$1,900	$3,800
Business Integrator	$3,800	$2,700	$6,500
SAP Solution - Professional Services	$300	-	$300
Delivery - Labor/Contract Labor	$900	$300	$1,200
Other (T&E)	$70	$50	$120
Total Direct Cost	**$6,970**	**$4,950**	**$11,920**

Table 2-7: Phase 2 Release 1 Cost Category Capital Expenditures and O&M Forecast (2027-2028)[24]

SAP Migration Program - Phase 2 Release 1 ($000s)	Release 1 Total	Capital		Capital Total	O&M		O&M Total
		2027	2028		2027	2028	
Phase 2 - Release 1							
System Integrator	$85,647	$46,083	$32,916	$78,999	$3,878	$2,770	$6,648
Business Integrator	$14,669	$4,057	$3,670	$7,727	$3,644	$3,297	$6,942
SAP Solution - Professional Services	$2,023	$1,062	$961	$2,023	-	-	$0
SAP Solution - Licenses	$17,555	$17,555	-	$17,555	-	-	$0
Delivery - Labor/Contract Labor	$12,543	$5,537	$3,955	$9,493	$1,779	$1,271	$3,050
Delivery - Professional Services	$1,640	$861	$779	$1,640	-	-	$0
Other (Facility)	$922	-	-	$0	$538	$384	$922
Other (T&E)	$5,199	$3,033	$2,166	$5,199	-	-	$0
Total Direct Cost	**$140,197**	**$78,187**	**$44,448**	**$122,635**	**$9,840**	**$7,723**	**$17,563**

Table 2-8: Phase 2 Release 2 Cost Category Capital Expenditures and O&M Forecast (2028-2030)[25]

SAP Migration Program - Phase 2 Release 2 ($000s)	Release 2 Total	Capital			Capital Total	O&M			O&M Total
		2028	2029	2030		2028	2029	2030	
Phase 2 - Release 2									
System Integrator	$23,949	$6,985	$11,974	$4,989	$23,949	-	-	-	$0
Business Integrator	$13,202	$1,803	$3,091	$2,060	$6,954	$1,620	$2,777	$1,851	$6,248
SAP Solution - Professional Services	$1,821	$472	$809	$539	$1,821	-	-	-	$0
Delivery - Labor/Contract Labor	$11,289	$1,424	$4,272	$2,848	$8,543	$458	$1,373	$915	$2,745
Delivery - Professional Services	$1,476	$383	$656	$437	$1,476	-	-	-	$0
Other (Facility)	$1,038	-	-	-	$0	$384	$461	$192	$1,038
Other (T&E)	$2,022	$590	$1,011	$421	$2,022	-	-	-	$0
Total Direct Cost	**$54,796**	**$11,656**	**$21,813**	**$11,296**	**$44,765**	**$2,462**	**$4,611**	**$2,958**	**$10,031**

[24] Subtotals may include rounding differences.

[25] Subtotals may include rounding differences.

Table 2-9: Phase 2 Release 3 Cost Category Capital Expenditures and O&M Forecast (2028-2030)[26]

SAP Migration Program - Phase 2 Release 3 ($000s)	Release 3 Total	Capital			Capital Total	O&M			O&M Total
		2028	2029	2030		2028	2029	2030	
Phase 2 - Release 3									
System Integrator	$45,184	$7,531	$22,592	$15,061	$45,184	-	-	-	$0
Business Integrator	$13,202	$1,803	$3,091	$2,060	$6,954	$1,620	$2,777	$1,851	$6,248
SAP Solution - Professional Services	$1,821	$472	$809	$539	$1,821	-	-	-	$0
Delivery - Labor/Contract Labor	$11,289	$1,424	$4,272	$2,848	$8,543	$458	$1,373	$915	$2,745
Delivery - Professional Services	$7,846	$1,444	$3,841	$2,561	$7,846	-	-	-	$0
Other (Facility)	$1,038	-	-	-	$0	$154	$461	$423	$1,038
Other (T&E)	$3,403	$567	$1,701	$1,134	$3,403	-	-	-	$0
Total Direct Cost	**$83,782**	**$13,241**	**$36,306**	**$24,204**	**$73,751**	**$2,231**	**$4,611**	**$3,189**	**$10,031**

VI. TECHNICAL AND BUSINESS OUTCOMES

Completing Phase 2 under the Program mitigates both technical and business obsolescence risks in a controlled manner. The delivery sequence for the Releases will address the technical components that require replacement. This will be followed by the update of the Special Purpose Ledger in the SAP S/4 Universal Ledger, and subsequently by incorporation of WBS objects into the Universal Ledger to improve cost-capture. At the completion of Phase 2, full vendor support across the SAP ERP platform will be restored, cybersecurity and compliance will be strengthened, critical financial and cost-capture processes will be modernized, and data integrity and operational resilience will be improved.

Technical outcomes from the completion of Phase 2 include:

- Replacing aging SAP ERP-connected system components (PI/PO, GR&C, Solution Manager, BW) with vendor-supported cloud-based components.
- Standardizing technology and processes on SAP, reducing customizations and leveraging native functionality to simplify support and enable rapid adoption of new features.
- Simplifying the ERP platform to reduce complexity, improve maintainability, and promote business continuity through robust governance, stage gates, and independent effectiveness reviews.

[26] Subtotals may include rounding differences.

- Positioning the Joint Utilities to take advantage of SAP's evolving platform capabilities, including cloud adoption, real-time insights via built-in reports, and continuous improvement opportunities.

Business Outcomes from the completion of Phase 2 include:

- Extending the SAP S/4 Universal Ledger to leverage near real-time capabilities to derive FERC.
- Adopting and implementing WBS to capture costs at the activity level, including incorporating WBS into the Universal Ledger.

Phase 2 completes the work initiated in Phase 1 and enables the Joint Utilities' ERP platform to function as an integrated, supported, and sustainable foundation for operations.

VII. PROGRAM BENEFITS

As this Program is aimed at replacing unsupported ERP-connected systems, extending the Universal Ledger, and strategically modernizing the cost capture business process, the benefits are largely qualitative. That said, the SAP Migration Program includes some productivity gains from refreshing business processes. These productivity gains are primarily driven by leveraging a WBS–based project accounting model (Release 3), which supports more standardized project structures, stronger budget controls, and lower system load at month-end. These tangible benefits are estimated at $4.5 million per year and are expected to begin in 2031.

If Phase 2 of the SAP Migration Program is not implemented, the Joint Utilities will be exposed to increasing operational, financial, and compliance risks as SAP's existing technology stack reaches end of maintenance. The current ERP platform and ERP-connected systems become unsupported beginning in 2027. This means SAP will progressively eliminate access to vendor security patches, legal and regulatory updates, defect corrections, and performance improvements. Between 2028 and 2030, SAP will provide an option for extended maintenance, but it will not reduce the risk of an unsupported platform and will result in higher maintenance fees[27] without any functional enhancements, and additional costs to the Joint Utilities. After

[27] SAP's news release indicates 2 percentage points higher than base maintenance costs, *see* https://news.sap.com/2020/02/sap-s4hana-maintenance-2040-clarity-choice-sap-business-suite-7/.

2030, the ERP platform enters customer-specific maintenance, meaning SAP will no longer provide legal, regulatory, or cybersecurity updates.

Operating an unsupported ERP platform and ERP-connected systems introduces substantial cybersecurity exposure, including heightened vulnerability to zero-day exploits[28] and inability to remediate known cybersecurity flaws. Regulatory reporting processes dependent on the ERP platform and connected systems risks degradation or failure due to outdated code lines, deprecated interfaces, and the absence of legal updates. Key financial, supply chain, and project accounting processes would become increasingly fragile, requiring manual workarounds that increase error risk, reduce internal controls' effectiveness, and introduce the potential for delayed or missed Securities and Exchange Commission (SEC) filings due to ERP platform issues.

In addition, maintaining IO as the dominant project accounting model would perpetuate structural inefficiencies. It constrains visibility into project cost, schedule, and commitments; limits standardization across capital and O&M projects; and sustains higher reconciliation and month-end workloads. The organization would forgo the estimated $4.5 million per year in productivity benefits, as discussed further in Section C below, that result from shifting to a WBS–based model.[29]

A. Business Benefits

Phase 2 of the SAP Migration Program will replace Joint Utilities ERP-connected systems so that we may avoid risks and continue to meet the challenges of compliance, cybersecurity, and operational continuity.

1. Compliance: Obsolete systems cannot reliably support evolving regulatory requirements, including FERC, CPUC, and the SEC, including Sarbanes-Oxley, mandates. Replacing obsolete components of the ERP platform will assist in maintaining compliance and avoiding findings, penalties, and reputational damage.

[28] A zero-day exploit is a cyberattack vector that takes advantage of an unknown or unaddressed security flaw in computer software, hardware or firmware. "Zero day" refers to the fact that the software or device vendor has zero days to fix the flaw because malicious actors can already use it to access vulnerable systems.

[29] Estimated benefits based on the assumption that Commission resolves this Application within 12 months of the filing date and is subject to change if a final decision is issued beyond this timing.

2. Cybersecurity: Unsupported software increases vulnerability to security breaches, as patches and updates will no longer be provided by SAP. Updating ERP-connected system components reduces exposure to cyber-attacks, data loss, and operational disruption. The proposed solution provides the following benefits:

- Extends GR&C Access Control across cloud and on-premise ERP platforms, centralizing user access management.
- Automates provisioning, de-provisioning, and access reviews to improve efficiency and reduce human error.
- Allows greater visibility and control to support access governance and role-based access management to sensitive information.
- Provides a modern identity and access governance approach to maintain compatibility with future ERP Platform updates and innovations.

3. Operational Continuity: Performance degradation caused by outdated functionality and extensive legacy customizations threatens platform stability. As the volume of IOs grow over time in the system, these inefficiencies compound, creating potential for service interruptions and delays. There are several areas of operational benefits:

Enhanced Reporting: Phase 2 prioritizes enhanced reporting for ERP Platform users by reducing data silos and increasing data quality and availability. S/4HANA Embedded Analytics models and user interface could potentially provide the following benefits:

- Overall quicker data availability and faster reporting will be achieved by combining various data sources into embedded analytics models. For example, data from the Joint Utilities' fixed asset system will be combined with ERP Platform data to increase reporting efficiency.
- Standard dashboards will be used to visualize metrics.
- Faster response time to regulatory requests will be achieved through clearer, more organized reporting and better data visibility.
- Implementation of WBS to manage and track project costs will allow better visibility and control.

FERC Solution: The Joint Utilities currently utilize the SPL within the ERP Platform to facilitate parallel accounting and regulatory reporting, specifically for deriving FERC accounts and supporting compliance with federal and state requirements. Processing occurs at month-end: SPL processes monthly transactions and assigns FERC accounts based on rules; most users consume results via Business Warehouse (BW). This is inefficient because FERC classifications become available only after month-end close, and the information exists outside the General Ledger. Phase 2 would introduce a FERC account field in the Universal Ledger and populate it near real-time using the existing ruleset. The benefits of this approach are as follows:

- Transaction details at the line-item level in the Universal Ledger improve traceability and provide an audit trail for FERC balances. Current approach requires reconciliation between the General Ledger and Special Purpose Ledger.
- FERC assignments can be analyzed as soon as transactions are recorded, rather than waiting until month-end.
- Error correction process is simplified; eliminating SPL-only adjustments removes manual reconciliations.
- US generally accepted accounting principles (GAAP)–to–FERC reconciliation is automated and always available in the Universal Ledger.
- Regulatory reporting improves as FERC account data coexists with General Ledger information.
- General Ledger transactions can be grouped by O&M, Capital, Refundable, etc., accelerating analysis and reconciliation.

B. Productivity Savings

Productivity improvements result from replacing IO-based project cost capture with WBS-based accounting within SAP Project Systems. The shift from IO to WBS also contributes to the efficiency benefits commencing in 2031. Today, projects utilize many IOs that cannot be instantly grouped or summarized in the ERP Platform. As a result, project reporting is assembled

offline—typically after month-end close—in tools like Microsoft Excel. This offline effort consumes significant time, and corrective actions often occur after-the-fact via journal entries.

By implementing WBS, each component of a project is represented within a standard structure in the ERP Platform. Native ERP Platform reports provide enhanced visibility to recorded costs and status, and standard transactions enable proactive project control (e.g., starting or stopping cost collection for a specific phase). The following improvements are expected:

1. Cost Capture Improvements
    - Standardized project creation using WBS templates accelerates setup and eliminates time spent deciding the number of IOs and maintaining structures offline.
    - WBS hierarchy increases cost visibility. Standard reports provide real-time views of each project phase instead of waiting for assembled reports after month-end close.
    - Hierarchical rollups simplify summarization and drill-down. Detailed activity costs aggregate to sub-phases, phases, and the overall project; similar activities can be grouped across projects to provide cross-project insights.
    - Improved reporting via standard Transaction Codes (T-Codes), reports, and new user interface removes manual work required to produce standard reporting for all projects. A standard WBS structure closes this gap.
2. Project Management Improvements
    - Networks bundle similar activities across WBS elements, enabling managers to pool costs and identify efficiency opportunities.
    - Project managers can monitor planned versus actual costs and see assigned, pending, and posted costs by type (labor, material, service, etc.) in one place, rather than assembling data manually from multiple modules/reports.
3. Alignment of Work Management and Asset Accounting Processes

While broader work management enhancements are out of scope, the Program will allow recording of costs to WBS (instead of IO) and revising the cost flow from projects to the asset subledger. Today, this process generates ~70,000 new IOs monthly, with over 2 million open IOs in the ERP Platform. Every month-end, these must be settled, resulting in straining resources and delaying the financial close, which could have implications for timely filing with the SEC and CPUC. The modernization will:

- Use WBS as the primary cost carrier from projects to the asset subledger and leverage standard asset accounting derivation to significantly reduce the number of IOs. Costs from multiple operations will settle into a single WBS and transfer to the asset subledger on a nightly basis, where it will derive logical buckets for asset creation using as-built records.
- Enable nightly transfer of recorded costs via standard WBS functionality, distributing processing across the month rather than concentrating it at close.
- Shorten month-end close process by reducing peak processing volume, supporting timelier financial insights and decision making.
- Replace custom code that tracks activities for asset creation/retirement with standard asset subledger distribution functionality, reducing technical complexity and long-term maintenance.

Select benefits are measurable and are estimated at $4.5 million per year beginning in 2031, after Release 3 of Phase 2 is fully implemented, currently expected in 2030.

Table 2-10: Projected Annual Benefits Realization (Post implementation – Release 3)[30]

Annual Benefits ($000)	Total	Capital	O&M
San Diego Gas & Electric Company	$3,000	$2,200	$800
Southern California Gas Company	$1,500	$1,300	$200
Total	$4,500	$3,500	$1,000

[30] Estimated benefits are based on the assumption this Application is resolved within 12 months of the filing date and is subject to change if a final decision is issued beyond this timing.

VIII. CONCLUSION

This concludes our prepared direct testimony.

IX. QUALIFICATIONS

Gabriel Chong

My name is Gabriel Chong. My business address is 488 8th Avenue, San Diego, California, 92101. I am employed by San Diego Gas & Electric Company (SDG&E) as Director of Enterprise Financial Technology. In this role, I am responsible for the strategy, delivery, and governance of the Joint Utilities' enterprise financial systems, including SAP-based platforms supporting finance and accounting functions. I also oversee the SAP Migration Phase 1, with responsibility for program execution, system modernization, and integration with enterprise technology initiatives.

I have been employed by SDG&E since 2001. During this time, I have held leadership roles supporting enterprise applications, financial systems, technology operations, and major program delivery. My experience includes directing system modernization efforts and leading major implementations of enterprise platforms used for company-wide operations.

Prior to joining SDG&E, I was employed by Computer Sciences Corporation (CSC), where I supported enterprise infrastructure and server administration for large corporate clients. I hold a degree in Information Systems, a postgraduate degree in Advanced Systems Programming, and a Lean Six Sigma Black Belt certification.

I have not previously testified before the Commission.

Dennis Enrique

My name is Dennis Enrique. My business address is 555 W. 5th Street, Los Angeles, CA 90013. I am employed at SoCalGas as the Strategy and Operations Manager of the Delivery Program Management Office within the Enterprise Business Technology Department.

In this role, I am responsible for the overall program delivery of SAP Migration Phase 1. I assumed my current role in September 2025. Prior to this, I have served in program management roles in Supply Chain, Advanced Meter Deployment, and Financial Systems.

Prior to my employment at SoCalGas, I worked for Compuware from 1994 to 1999 as a Developer and Business Systems Analyst supporting the Procurement organization at SoCalGas. I hold a Bachelor of Business Administration Degree, specializing in Information Systems and Quantitative Management, from Loyola Marymount University.

I have not previously testified before the Commission.