

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-015/-016 (cons.)
Exhibit: SDG&E-218

REBUTTAL TESTIMONY OF
SANDRA F. BAULE
(CUSTOMER SERVICES – OFFICE OPERATIONS)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



May 2023

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**REBUTTAL TESTIMONY OF
SANDRA F. BAULE
(CUSTOMER SERVICES – OFFICE OPERATIONS)**

I. SUMMARY OF DIFFERENCES

Table SB-1

TOTAL O&M - Constant 2021 (\$000)			
	Base Year 2021	Test Year 2024	Change
SDG&E	34,804	37,512	2,708
CAL ADVOCATES	34,804	37,512	2,708
TURN	34,804	34,470	(334)
CLS	34,804	33,985	(819)

Table SB-2

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total	Difference
SDG&E	19,233	31,353	33,557	84,143	NA
CAL ADVOCATES	19,233	31,353	33,557	84,143	0
TURN	0	316	0	316	(83,827)
UCAN	19,233	31,353	0	50,586	(33,557)

II. INTRODUCTION

This rebuttal testimony regarding San Diego Gas & Electric Company’s (SDG&E’s) request for Customer Services – Office Operations (CSOO) addresses the following testimony from other parties:

- The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) as submitted by Mariana Campbell (Exhibit (Ex.) CA-10), dated March 27, 2023.
- The Utility Reform Network (TURN), as submitted by David Cheng (Ex. TURN-09), dated March 27, 2023.
- Community Legal Services (CLS), as submitted by Tadashi Gondai, (Ex. CLS-01), dated March 27, 2023.
- Utility Consumers’ Action Network (UCAN), as submitted by Dr. Eric Charles Woychik, dated March 27, 2023.

1 As a preliminary matter, the absence of a response to any particular issue in this rebuttal
2 testimony does not imply or constitute agreement by SDG&E with the proposal or contention
3 made by these or other parties. The forecasts contained in SDG&E’s prepared direct testimony
4 are based on the data and facts available at the time of testimony preparation.

5 SDG&E is committed to sustainability, community, and the environment. With
6 customers at the center, SDG&E’s mission is to provide clean, safe, and reliable energy service.
7 SDG&E recognizes the importance of understanding customers’ changing needs and preferences
8 and providing customers with personalized service, relevant information, offers and support, and
9 multiple customer service channels. Approval of the estimated total Test Year (TY) 2024 costs
10 associated with the Customer Services – Office Operations organizations proposed in SDG&E’s
11 prepared direct testimony is fundamental to the Company’s ability to meet the needs of
12 customers.

13 SDG&E provides CSOO rebuttal testimony to address issues, positions and
14 recommendations raised by the following parties:

15 **A. CAL ADVOCATES**

16 Cal Advocates reviewed SDG&E’s testimony, workpapers, historical expenses and data
17 request response and the TY 2024 forecast of operations and maintenance (O&M) expense levels
18 and does not oppose SDG&E’s O&M forecast for TY 2024.¹ Cal Advocates reviewed SDG&E’s
19 testimony, workpapers and data request responses and does not oppose the business rationale for
20 SDG&E’s proposed capital projects.

21 **B. TURN**

22 The following is a summary of TURN’s positions on CSOO only:²

- 23 • TURN takes issue with the full year labor impact of Base Year
24 (BY) 2021 hiring and proposes the use of a five-year average
25 forecast method for Customer Contact Center Operations, which
26 results in a reduction of \$2,799,000.

¹ March 27, 2023, Public Advocates Office Report on Result of Operations and San Diego Gas & Electric Company Southern California Gas Company Test Year 2024 General Rate Case SCG and SDG&E Customer Services, Ex. CA-10 (Campbell).

² March 27, 2023, Prepared Direct Testimony of David Cheng Addressing Customer Services for Southern California Gas Company and San Digo Gas & Electric Company Submitted on behalf of TURN, Ex. TURN-09.

- TURN rejects SDG&E’s request for additional analysts related to the Contact Center of the Future capital project and proposes a reduction of \$243,000.
- TURN rejects SDG&E’s request of \$11,285,000 in 2023 and \$9,789,000 in 2024 of IT capital and related \$703,000 of O&M expense, which includes the \$243,000 referenced above, for the Contact Center of the Future project.
- TURN rejects SDG&E’s request of \$19,233,000 in 2022, \$19,752,000 in 2023, \$23,768,000 in 2024 of IT capital for the CIS Regulatory and Enhancements project.

C. CLS

The following is a summary of CLS’s positions regarding CSOO only:³

- CLS proposes a reduction in postage of \$179,343 due to the Group Mail process.
- CLS rejects SDG&E’s three employee minimum for Branch Office and proposes 1.5 Full Time Equivalents (FTE) per office and a \$593,634 reduction in labor.
- CLS rejects SDG&E’s full year labor impact of BY 2021 for Customer Contact Center Operations and proposes a reduction of \$2,024,000.
- CLS proposes the Commission require SDG&E to perform an evaluation to identify in-house language support needs and file testimony in its next General Rate Case (GRC).
- CLS rejects SDG&E’s request for additional supervisors for Contact Center of the Future and proposes a reduction of \$454,000.
- CLS rejects 0.5 FTE of SDG&E’s full year labor impact for Customer Operations Compliance and Strategy and proposes a reduction of \$56,000.

³ March 27, 2023, Prepared Testimony of Tadashi Gondai on the 2024 General Rate Case Applications of Southern California Gas Company and San Diego Gas & Electric Company, Ex. CLS-01.

- CLS rejects SDG&E’s costs to manage the Consent to Share application and proposes a reduction of \$220,000 of non-labor.

D. UCAN

The following is a summary of UCAN’s position on CSOO only:⁴

- UCAN rejects SDG&E’s request of \$9,789,000 of IT capital in the TY 2024 for the Contact Center of the Future project.
- UCAN rejects SDG&E’s request of \$23,768,000 of IT capital in the TY 2024 for the CIS Regulatory and Enhancements.

III. REBUTTAL TO PARTIES’ O&M PROPOSALS

A. Non-Shared Services O&M

Table SB-3

NON-SHARED O&M - Constant 2021 (\$000)			
	Base Year 2021	Test Year 2024	Change
SDG&E	34,804	37,512	2,708
CAL ADVOCATES	34,804	37,512	2,708
TURN	34,804	34,470	(334)
CLS	34,804	33,985	(819)

1. Total Non-Shared Services O&M

a. Cal Advocates

Cal Advocates agreed with SDG&E’s forecast for CSOO O&M.⁵ SDG&E has demonstrated that its forecasting assumptions are reasonable and justified. The Commission should adopt SDG&E’s forecast as reasonable.

b. TURN

TURN’s recommendation for CSOO non-shared services O&M expenses is \$34,470,000 for TY 2024, \$334,000 below BY 2021, compared to SDG&E’s proposal of \$37,512,000 for TY 2024. TURN takes issue with SDG&E’s rationale and associated forecasts for Customer Contact Center Operations and Customer Contact Center Support.

⁴ March 27, 2023, Prepared Direct Testimony of Dr. Eric Charlies Woychik on behalf of UCAN, Ex. UCAN (Woychik).

⁵ Ex. CA-10 (Campbell) at 6:7-9.

1 **c. CLC**

2 CLC’s recommendation for CSOO non-shared services O&M expenses is \$33,985,000
3 for TY 2024, \$819,000 below BY 2021, compared to SDG&E’s proposal of \$37,512,000 for TY
4 2024. CLC takes issue with the SDG&E’s forecast for postage and the forecasts for the
5 following departments in CSOO: Branch Offices, Customer Contact Center Operations,
6 Customer Operations Compliance and Strategy. CLC also takes issue with SDG&E’s in-house
7 customer service language support.

8 **2. Postage**

9 **a. Cal Advocates**

10 Cal Advocates agreed with SDG&E’s forecast for CSOO O&M.⁶ SDG&E has
11 demonstrated that its forecasting assumptions are reasonable and justified. The Commission
12 should adopt SDG&E’s forecast as reasonable.

13 **b. CLC**

14 CLC proposes an additional reduction of \$179,343 to SDG&E’s TY 2024 forecast of
15 (\$213,000) for postage. SDG&E incurred additional postage expenses due to a delay in the
16 enablement of Group Mail⁷ in SDG&E’s implementation of a new Customer Information System
17 (CIS). SDG&E assumed that the September 2022 implementation of Group Mail would include
18 all quantities of bills within the Group Mail definition. Upon further discussion, SDG&E’s
19 Information Technology department (IT) clarified that the Group Mail capability was only
20 enabled for Group 2, i.e., two bills that meet the Group Mail definition. Group Mail for three or
21 more bills that meet the Group Mail definition has not been enabled and SDG&E is still
22 incurring the additional postage costs. The savings from the enablement of Group 2 bills is
23 approximately \$16,000 per month, or \$192,000 which is within a reasonable range from the
24 savings of \$189,875 reflected in SDG&E’s model and TY 2024 forecast of postage savings from
25 BY 2021. However, SDG&E is still incurring additional postage for Group Mail for three or
26 more bills.

27 Based on this clarifying information, SDG&E requests that the Commission reject CLC’s
28 proposed additional reduction of \$179,343.

⁶ *Id.*

⁷ Group Mail is a process where bills going to the same customer at the same address on the same day are “grouped” together in a single envelope.

1 **3. Branch Offices**

2 **a. Cal Advocates**

3 Cal Advocates agreed with SDG&E’s forecast for CSOO O&M.⁸ SDG&E has
4 demonstrated that its forecasting assumptions are reasonable and justified. The Commission
5 should adopt SDG&E’s forecast as reasonable.

6 **b. CLS**

7 SDG&E requested \$1,517,000 for TY 2024, which is \$159,000 above BY 2021. The
8 incremental \$159,000 is to fund contract resources for the Branch Offices, which supports
9 SDG&E’s minimum staff of three employees at each branch office. CLS proposes \$922,000 for
10 TY 2024, which is \$436,000 below BY 2021. CLS rejects SDG&E’s minimum of three
11 employees staffing per branch office stating that SDG&E does not meet this level today and that
12 SDG&E’s “...claimed “safety” rationale is not related to the actual job responsibilities or
13 qualifications of any specific positions, but, if anything, is only based on a general idea that
14 “more is better”.⁹

15 CLS states that with only four remaining branch offices SDG&E would need just 12
16 FTEs to meet the three-person minimum, not the 14.2 that is requested. The 14.2 FTEs are on
17 staff today and consist of 11 Energy Service Specialists (ESSs)/Associates, one supervisor, one
18 associate supervisor and one branch office specialist. The two supervisors and the one branch
19 office specialist rotate between the four branch offices. SDG&E’s incremental request of
20 \$159,000 is for contract resources that will rotate between branch offices to fill staffing gaps and
21 provide coverage when there is absenteeism due to illness, vacation, or a leave of absence, and
22 helping to ensure that customers are served, and employees are safe.

23 The CPUC has previously stated "We expect SDG&E and SoCalGas to use the best
24 practices available to ensure the safety of the workers and the general public."¹⁰ SDG&E’s
25 Corporate Security views SDG&E’s branch offices similar to financial institutions and
26 encourages practices used by financial institutions. Specifically, SDG&E uses the “buddy
27 system” where there are two employees involved in opening and closing duties and having back-
28 ups in case of unexpected illnesses or times of high traffic. SDG&E does not have on-site

⁸ Ex. CA-10 (Campbell) at 6:7-9.

⁹ Ex. CLS-01 (Gondai) at 24:9-11.

¹⁰ D.08-07-046 at 44.

1 security at the branch offices; however, SDG&E’s Corporate Security provides annual training to
2 branch office staff.

3 Just like other businesses that are open to the public, not all Branch Offices are alike.
4 The four SDG&E branch offices are located in distinct geographic areas and serve different
5 communities. The Chula Vista branch office is one of the southernmost cities in SDG&E’s
6 service territory. The El Cajon branch office is in eastern San Diego County. The Escondido
7 branch office is in northern San Diego County. The Market Creek branch office is in central San
8 Diego. One branch may have a specific time of day, day of the week or week in the month that
9 is busier than another branch. Table SB-4 provides the transaction data for five branch offices
10 that were open in 2019. It is reasonable to assume that some of the customers that performed
11 transactions at the now closed branch office will utilize one of the remaining offices, increasing
12 the number of transactions and further supporting the need for a three-person staff. Moreover,
13 with a staff of three SDG&E does not need to close its branch offices for lunch or break periods,
14 which is an added convenience for customers, especially those who can only visit a branch office
15 during the lunch hour due to personal constraints, such as employment.

16 **Table SB-4**
17 **2019 Branch Office Transactions**

BRANCH OFFICE LOCATION - 2019	Payment Transactions	Non-Payment Transactions	TOTAL
Chula Vista	118,963	6,257	125,220
El Cajon	105,328	5,450	110,778
Escondido	9,436	5,211	104,647
Market Creek	101,007	4,819	105,826
Total (Current Locations)	424,734	21,737	446,471
National City (closed since March, 2020)	83,733	2,338	86,071
Total (five locations open in 2019 – does not include one satellite office)	508,467	24,075	532,542

18 SDG&E requests that the Commission reject CLS’s recommendation and adopt
19 SDG&E’s forecast associated with CSOO Branch Offices. SDG&E believes this request of
20 \$159,000 above BY 2021 for Branch Offices is reasonable and should be approved.

1 **4. Customer Contact Center Operations**

2 **a. Cal Advocates**

3 Cal Advocates agreed with SDG&E’s forecast for CSOO O&M.¹¹ SDG&E has
4 demonstrated that its forecasting assumptions are reasonable and justified. The Commission
5 should adopt SDG&E’s forecast as reasonable.

6 **b. TURN**

7 SDG&E requested \$1,889,000 above BY 2021 for Customer Contact Center Operations
8 which is primarily due to forecasted call volume increase, full year labor impact of vacancies and
9 new hires, and incremental staff to support Contact Center of the Future (CCotF). Using a five-
10 year average forecast method TURN proposes a disallowance of \$2,799,000, which is \$910,000
11 below BY 2021.¹² TURN erroneously states that the full year labor impact was due to vacancies
12 during the pandemic and that the Commission should reject this argument.¹³ TURN’s use of the
13 five-year average forecast method is not representative of the current organization or what is
14 required to complete anticipated future activities for CCC-Operations.

15 As stated in SDG&E’s prepared direct testimony (Exhibit (Ex.) SDG&E-18, Page SFB-
16 25), the full year labor impact of vacancies and new hires was due to a pause in hiring during the
17 implementation of the Customer Information System replacement project, not the COVID-19
18 pandemic. It would not have been prudent for SDG&E to hire new employees while existing
19 employees were being trained on the new system. Further, the CCC-Operations FTE count at the
20 end of 2022 was 201.3, which is consistent with the 2022 forecast of 201.4 FTEs.

21 TURN asserts that the increase in call volume is due to customers transitioning to
22 Community Choice Aggregation (CCA).¹⁴ Ex. SDG&E-40 presents the expected meter growth.
23 Additional meters (or customers) will result in additional customer contacts and require
24 additional FTEs to support customers with various transactions including billing and payment
25 inquiries, customer assistance programs, and other requests, where CCA transition is not
26 relevant.

¹¹ Ex. CA-10 (Campbell) at 6:7-9.

¹² Ex. TURN-09 (Cheng) at 28:21-29:1.

¹³ *Id.* at 28:8-11.

¹⁴ *Id.* at 28:1-4.

1 SDG&E believes that this request of \$1,889,000 above BY 2021 for Customer Contact
2 Center Operations is reasonable and should be approved.

3 **c. CLS**

4 SDG&E requested \$1,889,000 above BY 2021 for Customer Contact Center Operations
5 which is primarily due to forecasted call volume increase, full year labor impact of vacancies and
6 new hires, and incremental staff to support Contact Center of the Future (CCotF). CLS proposes
7 a disallowance of \$2,478,000, which is \$589,000 below BY 2021. CLS asserts that terminating
8 the external call center due to ESS proficiency on the new system, past staffing increases and the
9 historical FTE counts justify their disallowance related to full year labor impact of vacancies and
10 new hires.¹⁵ CLS also rejects SDG&E's request for additional supervisors as part of the Contact
11 Center of the Future (CCotF) capital project.¹⁶

12 The external call center utilized during BY 2021 was due to the implementation of the
13 new Customer Information System (CIS) and addressed the transition staffing needs. As
14 reflected in my prepared direct testimony, Ex. SDG&E-18, CCC-Operations incurred \$447,000
15 in expenses to fund the external call center for the last two months of 2021 and therefore reduced
16 its TY 2024 request by \$447,000.¹⁷ In the first nine months of BY 2021 the external call center
17 expense was more than \$6,000,000 and was charged to the CIS Replacement project. CLS states
18 that the 171.3 FTEs on staff at the end of BY 2021 was sufficient. However, the 30 additional
19 FTEs on staff as of year-end 2022 are not incremental, rather they are performing the work that
20 was handled by the external call center contract workforce in 2021.

21 Past staffing levels and FTE counts have little bearing on future staffing needs. What has
22 a much larger influence on staffing levels is call volume and average call handle time. While call
23 volume has been reduced from 2019, average call handle time has increased, as shown in Figure
24 SB-1 and Figure SB-2 below.

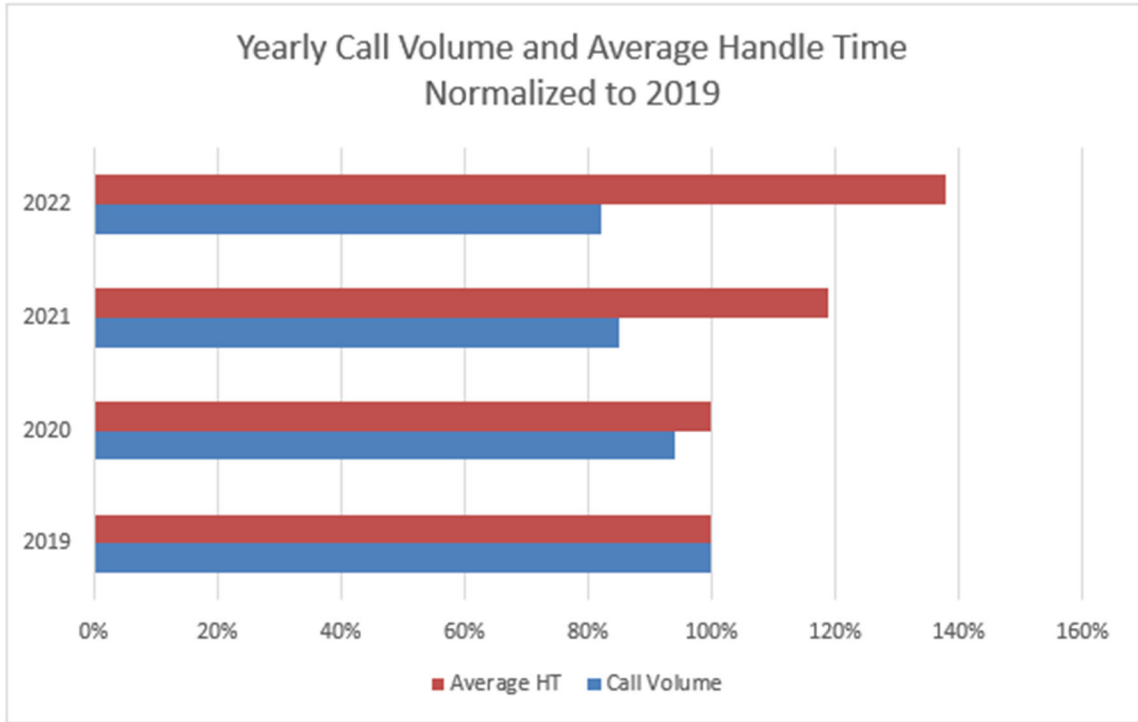
¹⁵ Ex. CLS-01 (Gondai) at 29.

¹⁶ *Id.* at 31.

¹⁷ Ex. SDG&E-18 (Baule) at SFB-24-25.

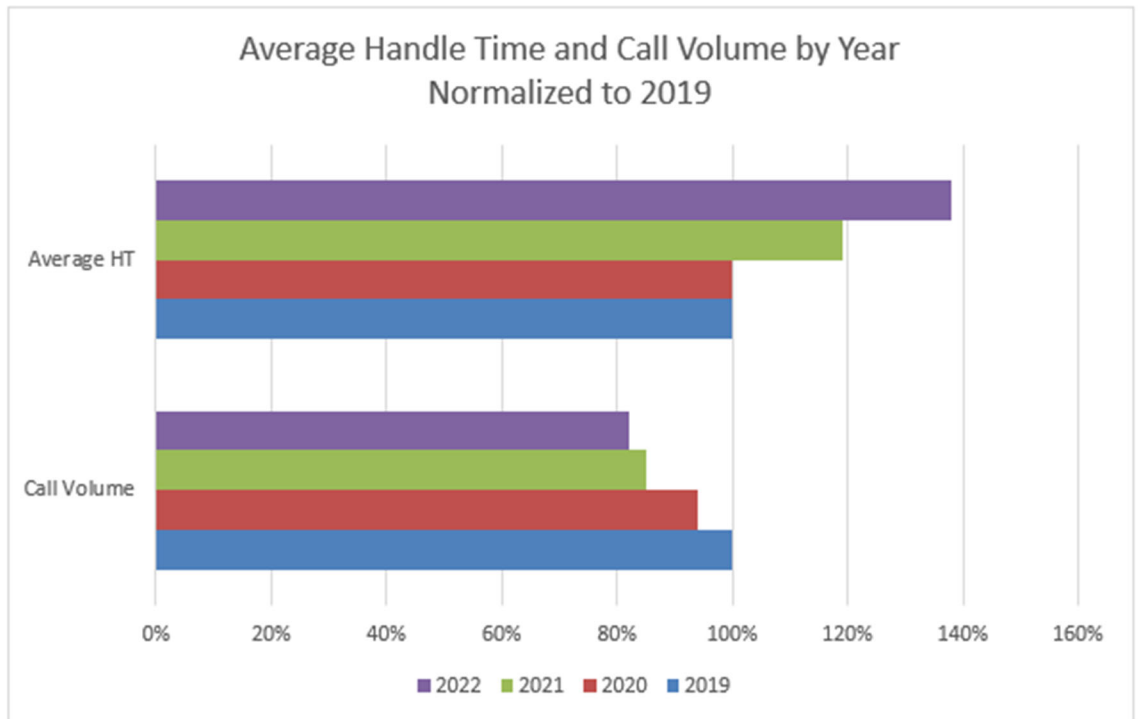
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Figure SB-1
Yearly Call Volume and Average Handle Time



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Figure SB-2
Average Handle Time and Call Volume by Year

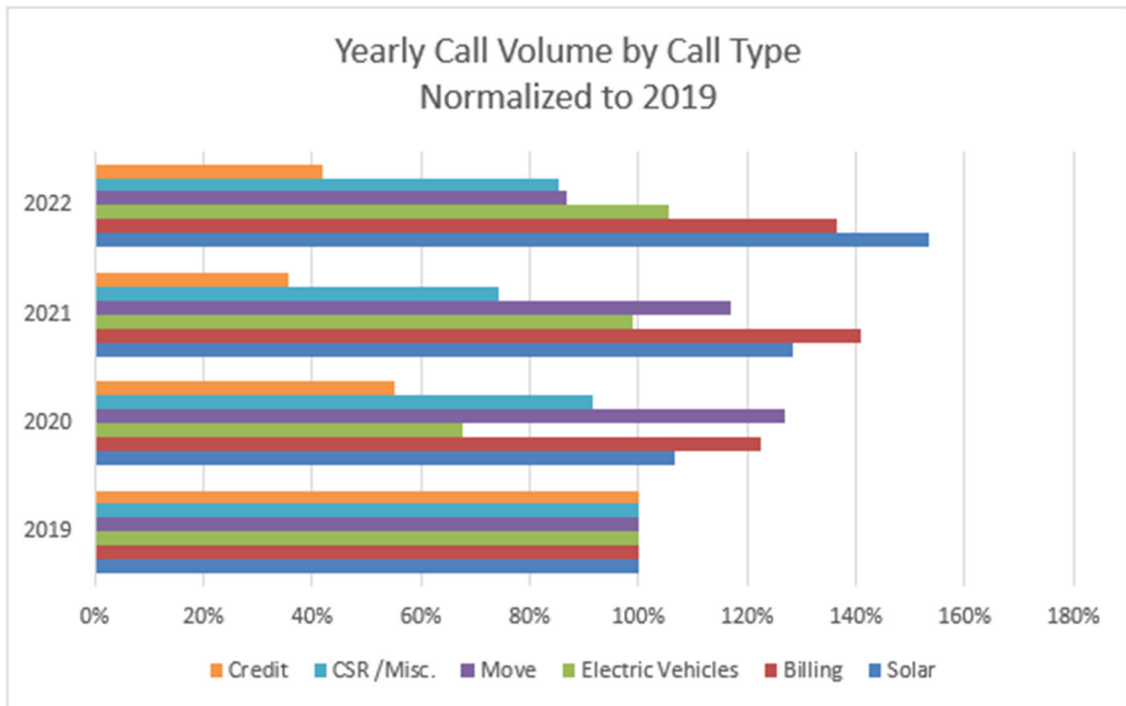


6

1 The increase in average call handle time can be attributed to the type and complexity of
2 calls, as well as Interactive Voice Response (IVR) capabilities, which customers can use for self-
3 service transactions related to credit and collections, moving service, billing, and outage
4 information. The increase of complex calls and decrease of simple calls is shown in Figure SB-3
5 and Figure SB-4 below.

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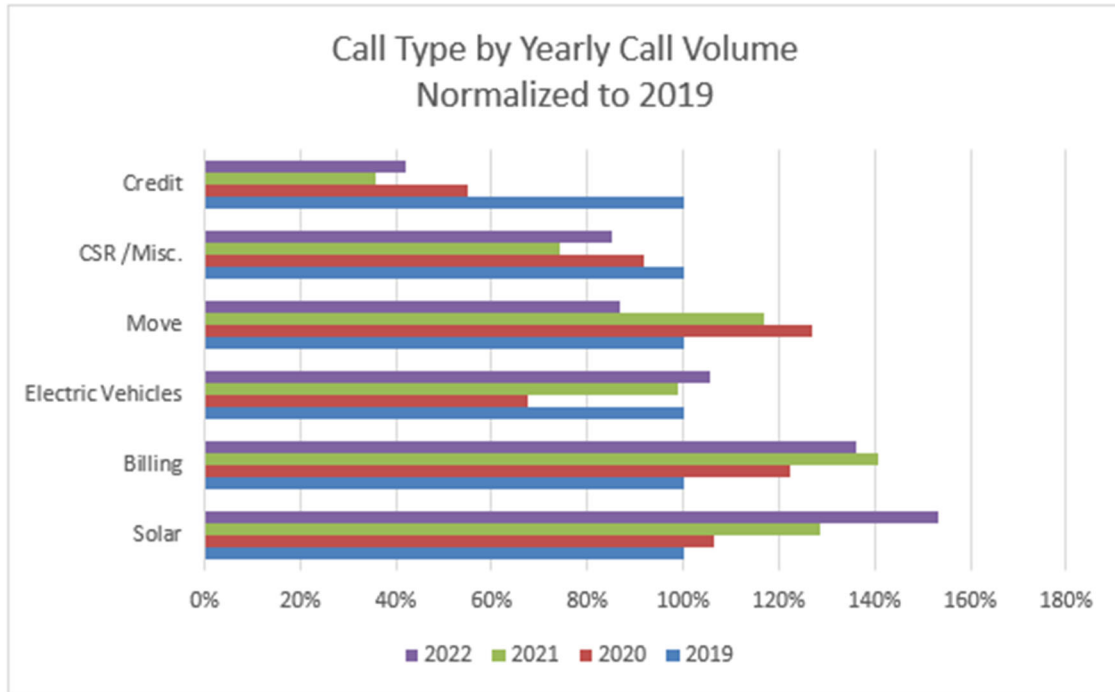
Figure SB-3
Yearly Call Volume by Call Type



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**Figure SB-4
Call Type by Yearly Call Volume**



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SDG&E expects call volume and handle time to increase in 2024 for various reasons. For example, residential credit and collections practices stopped in March of 2020 due to the COVID-19 pandemic disconnection moratorium. SDG&E is resuming these efforts in 2023, which will increase call volume and call handle time. Additionally, as electric vehicle and solar adoption continues to grow, and new rates and regulatory requirements are introduced call volume and call handle time will increase. Examples of regulatory requirements that increase the complexity and handle time of the call include the Building Decarbonization Phase 2 Decision (D.) 21-11-002 and the Residential Disconnection Decision, D.20-06-003. D.21-11-002 mandates the Investor-Owned Utilities (IOUs) to collect information about space heating, water heating and propane usage when a customer calls to start service with SDG&E.¹⁸ D.20-06-003 states that IOUs must offer information about benefit programs to residential customers prior to disconnection.¹⁹ IOUs can be cited for each violation of not offering this requirement before disconnection.²⁰ Increased call complexity and additional regulatory requirements,

¹⁸ D.21-11-002 at 98.

¹⁹ D.20-06-003 at 144-145 (Ordering Paragraph (OP) 1).

²⁰ Resolution UEB-006 at 16.

1 coupled with the capabilities that Contact Center of the Future will deliver (See Section IV.A.),
2 supports the need for additional supervisors thereby reducing the ESS to supervisor ratio and
3 improving the customer experience.

4 SDG&E believes that this request of \$1,889,000 above BY 2021 for Customer Contact
5 Center Operations is reasonable and should be approved.

6 **5. In-house customer service language support**

7 CLS proposes that the Commission require SDG&E to file testimony in its next GRC
8 documenting efforts taken to identify and meet ongoing language support needs, specifying how
9 many representatives SDG&E had each year that spoke these languages, and what steps SDG&E
10 will take to maintain appropriate in-house staffing and to identify and meet ongoing and
11 changing language support needs.²¹ CLS references the Prevalent Languages Wildfire
12 Communications Compliance Plan (PLWCCP) in its testimony and correctly states that the
13 SDG&E CCC supports two of the 17 most prevalent languages identified in the PLWCCP, and
14 that this level of support is not necessary for typical customer service issues.²²

15 CLS asserts that not having in-house resources to offer in-language support dissuades
16 customers from reaching out yet provides no factual data to support this statement. CLS states
17 “In order to support non-English speaking customers who have questions and issues, the utilities
18 must proactively offer in-language support so that such customers are not dissuaded from
19 reaching out.”²³ SDG&E has offered in-language support through a third-party translation
20 service, Language Line,²⁴ for decades. Translation services is a common practice for contact
21 centers. In 2021 there were 1,897 calls supported by Language Line, which is 0.15% or less than
22 one percent of all calls. There have been no known customer complaints about the availability of
23 in-house language support or support received from Language Line.

²¹ Ex. CLS-01 (Gondai) at 35-36.

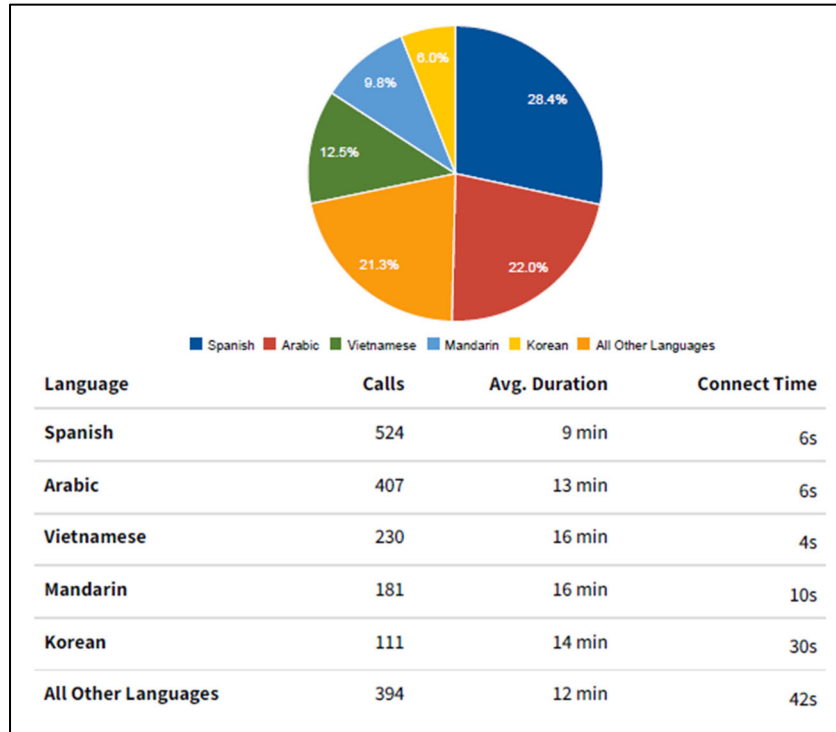
²² *Id.* at 34-35.

²³ *Id.* at 33:11-14

²⁴ Languages that SDG&E has access can be found here: www.language.com/client-services/list-of-languages.

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**Figure SB-5
Call Type by Yearly Call Volume**



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4 CLS proposes that SDG&E “provide in-house customer service language support for the
5 most prevalent language groups” in SDG&E’s service territory.”²⁵ In D.20-03-004, the
6 Commission defined a language as “prevalent” if it is spoken by 1,000 or more persons in the
7 IOUs territory. In D.21-06-034, the Commission directed IOUs “to rely on the definition of
8 "prevalent" languages in D.20-03-004 regarding education and outreach performed in connection
9 with PSPS events.” CLS’s proposal incorrectly attempts to create a “prevalent” language legal
10 standard for SDG&E’s Contact Center based on a Commission directive for Public Safety Power
11 Shut Offs. SDG&E is not required to service prevalent languages by in-house ESSs and CLS’s
12 proposal to service prevalent languages improperly creates a legal requirement based on a
13 directive that is not applicable.

14 As stated in response to CLS data request CLS-005, question 6, SDG&E has in-house
15 support for the most common languages, English and Spanish, and utilizes Language Line for all
16 other languages.²⁶ Based on the Language Line data for 2021 and the fact that there is no way to

²⁵ Ex. CLS-01 (Gondai) at 35:14-15.

²⁶ Ex. CLS-01-Appendix at 80-81.

1 predict when prevalent language calls will come in, providing in-house support for prevalent
2 languages is not realistic. Finding and hiring ESS's who are multi-lingual in the multitude of
3 non-English languages (even the top five or ten) is impractical and problematic. Further, to have
4 all the multi-lingual ESS's available during and after CCC business hours for emergency calls
5 would not be cost effective, while Language Line services are available 24/7. CLS provided no
6 evidence that SDG&E Language Line services are a deterrent to customers contacting SDG&E.
7 Therefore, the Commission should reject CLS's proposal.

8 **6. Customer Contact Center Support**

9 **a. Cal Advocates**

10 Cal Advocates agreed with SDG&E's forecast for CSOO O&M.²⁷ SDG&E has
11 demonstrated that its forecasting assumptions are reasonable and justified. The Commission
12 should adopt SDG&E's forecast as reasonable.

13 **b. TURN**

14 TURN proposes \$3,787,000 for Customer Contact Center Support TY 2024, a reduction
15 of \$243,000 compared to SDG&E's TY 2024 forecast of \$4,030,000, which is \$280,000 above
16 BY 2021.²⁸ TURN objects to SDG&E's request for three additional data analysts as a result of
17 the Contact Center of the Future (CCotF). CCotF is a capital project that will deliver new
18 capabilities that enable a customer centric approach to serving customers and utilize data
19 analytics to support operational and strategic decision making and on-going continuous
20 improvement. The advanced analytics that CCotF will deliver include speech and sentiment
21 analytics, customer experience analytics, predictive analytics, and bot performance analytics,
22 which are all additional functionality and capabilities to current customer contact capabilities as
23 shown in Section IV. A. Table SB-6. The three additional analysts will manage and analyze data
24 to identify and interpret trends that will inform continuous improvement opportunities for CCC
25 operations and the customer experience. CCotF will also deliver intelligent self-service
26 capabilities, such as conversational IVR and virtual assistant. These analysts will implement and
27 manage this capability.

28 SDG&E believes that this request is reasonable and should be approved.

²⁷ Ex. CA-10 (Campbell) at 6:7-9.

²⁸ Ex. TURN-09 (Cheng) at 29:7-10.

1 **7. Customer Operations Compliance and Strategy**

2 **a. Cal Advocates**

3 Cal Advocates agreed with SDG&E’s forecast for CSOO O&M.²⁹ SDG&E has
4 demonstrated that its forecasting assumptions are reasonable and justified. The Commission
5 should adopt SDG&E’s forecast as reasonable.

6 **b. CLS**

7 SDG&E requested \$500,000 above BY 2021 for Customer Operations Compliance and
8 Strategy. CLS proposes a disallowance of \$276,000, or \$224,000 above BY 2021. CLS rejects
9 SDG&E’s requests for \$56,000 for the full year labor impact for a Customer Information
10 Management (CIM) Advisor and \$220,000 in non-labor to support the Consent to Share
11 application.

12 In response to data request CLS-003, Question 48, SDG&E indicated that a CIM Advisor
13 position was vacant during the first quarter of 2022.³⁰ While this is true, it does not correctly
14 address the vacancy during BY 2021, when an employee was on a Leave of Absence for six
15 months – April 2021 through September 2021.

16 CLS rejects SDG&E’s request for \$220,000 in non-labor to support the Consent to Share
17 application stating that SDG&E calculates the cost as if it was for a full-time employee, that
18 SDG&E does not specify if the third-party is dedicated to supporting SDG&E 40 hours per week
19 or if the developer is managing a software application licensed to numerous clients, and that
20 there are no costs related to the Consent to Share application in workpapers for 2017 – 2021.

21 The Consent to Share application was developed specifically for SDG&E. It is hosted on
22 a cloud platform and is not an application licensed to numerous clients. In BY 2021, Consent to
23 Share was funded as part of an IT capital project. In 2022 the on-going maintenance of the
24 application transitioned to Customer Services Operations and became part of base business. In
25 2022, the Consent to Share O&M non-labor costs were \$179,125 from 3/11/2022 – 12/31/2022.
26 When the 2022 cost is annualized, $\$179,125 \times 365/296 = \$220,880$, the TY 2024 forecast is
27 realistic.

²⁹ Ex. CA-10 (Campbell) at 6:7-9.

³⁰ Ex. CLS-01-Appendix at 33.

1 Based on this clarifying information related to the CIM Advisor position and Consent to
 2 Share, SDG&E believes that Commission should reject CLS’s disallowance of \$276,000 and
 3 approve SDG&E’s request of \$500,000 above BY 2021 for Customer Operations Compliance
 4 and Strategy as reasonable.

5 **IV. REBUTTAL TO PARTIES’ CAPITAL PROPOSALS**

6 **Table SB-5**

TOTAL CAPITAL - Constant 2021 (\$000)					
	2022	2023	2024	Total³¹	Difference
SDG&E	19,233	31,353	33,557	84,143	N/A
CAL ADVOCATES	19,233	31,353	33,557	84,143	0
TURN	0	316	0	316	(83,827)
UCAN	19,233	31,353	0	50,586	(33,557)

7 **A. WP# 00903B – Contact Center of the Future (CCotF)**

8 The forecast for the CCotF project for 2022, 2023, and 2024 are \$0 million, \$11.285
 9 million, and \$9.789 million, respectively.

10 **1. CAL ADVOCATES**

11 Cal Advocates reviewed SDG&E’s testimony, workpapers and data request responses
 12 and does not oppose the business rationale for the Contact Center of the Future capital project.³²

13 **2. TURN**

14 TURN recommends a wholesale rejection of 2022, 2023 and 2024 expenditures for
 15 CCotF.³³ TURN states that it is premature to request funds for CCotF because the business case
 16 has not been finalized and objects to the five-year cost.³⁴ TURN also conflates the estimated
 17 gained capacity with FTE reduction.³⁵ TURN’s recommendation ignores the need for this project
 18 and the benefits it will deliver. SDG&E disagrees with TURN’s rejection of the expenditures for
 19 this project for the reasons described below.

³¹ Note: Total Capital dollars in this table include Contact Center of the Future, Customer Energy Network, and CIS Regulatory & Enhancement 2022-2024, as presented in Ex. SDG&E-18 table SFB-28. No party took issue with the 2023 costs for Customer Energy Network.

³² Ex. CA-10 (Campbell) at 7:7-9.

³³ Ex. TURN-09 (Cheng) at 30:18-20.

³⁴ *Id.* at 30:1-4.

³⁵ *Id.* at 30:10-12.

1 SDG&E's Customer Contact Center is a vital component of SDG&E's daily customer
2 care efforts. CCotF will enable SDG&E to implement capabilities that are commonplace in
3 modern customer contact centers. The current technologies that SDG&E uses to support its
4 CCC are made up of a large stack of applications and a variety of systems that have limited
5 capabilities to address operational needs. CCotF is a project that will transfer and/or replace
6 many of the CCC legacy systems to a cloud platform allowing for more frequent and quicker
7 updates, modifications and enhancements to the CCC applications.

8 Further, the reliability of the current CCC systems is diminishing, as the main Computer
9 Telephony Interface (CTI) was first installed in 2000. The most recent upgrade to this CTI was
10 in 2015 and is a version that is no longer supported by the vendor. Other CCC related systems
11 are over a decade old and have reached, or are nearing, functional and support obsolescence, as
12 described in Exhibit SDG&E-225. A reliable and resilient CCC system is critical for utilities,
13 especially during emergency situations and to aid in ensuring the safety of customers.

14 TURN's belief that it is premature to request funds demonstrates a lack of understanding
15 of, and appreciation for, the effort required to plan a project of this magnitude. The timing of a
16 GRC may not be consistent with an IT systems development lifecycle process.³⁶ Specifically, to
17 wait until a business case is fully developed before submitting in a GRC could mean a delay of
18 four or more years for implementation of critical customer contact infrastructure systems. Based
19 on the age of the systems and an assessment performed by a highly qualified third-party
20 consultant in 2020, SDG&E believes it has enough information to include the request in this
21 GRC.

22 TURN's concern about the lack of a business case appears to be an issue related to
23 SDG&E's internal process rather than a concern for the need for this project. SDG&E has
24 modified its approval process and adopted the Agile method of project management, whereby IT
25 work is planned, assessed and implemented on a quarterly basis. SDG&E has described this
26 process in its Amended Response to data request TURN-SEU-053, Question 1b³⁷, and in Exhibit
27 SDG&E-25.

³⁶ See Appendix C at SFB-C-8 to SFB-C-10 for the IT Lifecycle Process in SDG&E response to PAO-SDGE-043, Question 1e.

³⁷ See Appendix C at SFB-C-3 to SFB-C-5 for SDG&E Response to TURN-SEU-053 Question 1b.

1 TURN’s assertion that gained capacity should result in a savings of a 60 FTE reduction
2 lacks context and foregoes any analysis of current business operations. TURN presented no
3 analysis as to how the 60 FTE reduction was derived. CCotF is not designed to deliver current
4 savings, but rather avoid potential added expenses in the future.

5 As shown above in Section III.4.C. the complexity of customer inquiries is increasing and
6 CCotF will provide the necessary capabilities to better address those complex needs. For
7 example, Intelligent Self Service (ISS) will simplify and streamline self-service for routine tasks
8 through conversational IVR or chatbot capabilities. CCotF will improve the routing of calls so
9 that complex calls are directed to qualified ESS’s sooner. The capacity created by ISS will allow
10 ESS’s the time needed to have complex conversations with customers. As stated in my prepared
11 direct testimony, CCotF will provide an omnichannel experience, which allows customers to
12 connect with SDG&E more easily in their preferred channel or the channel that is best suited to
13 their inquiry.³⁸

14 The energy landscape in California is dynamic and evolving. The State has bold long-
15 term sustainability goals, and the Commission has expectations that the IOUs will serve
16 customers in a way that will move these goals forward. To support the State’s goals and
17 Commission mandates requires a 21st century CCC system that can support the high level of
18 customer care necessary. The customer care provided by SDG&E’s CCC is essential and it
19 would be irresponsible for SDG&E to not update the systems and capabilities needed to deliver
20 customer service on a daily basis. This project is foundational for customer care now and into
21 the future.

22 SDG&E believes it is reasonable and prudent to perform periodic modernization of its
23 business capabilities to support the critical obligation to serve customers and this capital project
24 and associated O&M expenses should be approved. SDG&E provides further justification for the
25 Capital costs associated with CCotF in its Information Technology rebuttal testimony,
26 Ex. SDG&E-225 (Gordon/Exon).

³⁸ Ex. SDG&E-18 (Baule) at SFB-38.

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**TABLE SB-6
Contact Center of the Future Capabilities**

Capability	Current	CCotF
Intelligent Self Service		
Conversational IVR		X
Virtual Assistant		X
Voice to Digital Deflection		X
Orchestration & Routing		
Predictive Intent Detection		X
Enhanced/Intelligent Routing		X
In Queue Experiences and Virtual Hold	X	X
Omni-Channel Contextual Continuity		X
Employee Development		
Remote Worker Experience Manger		X
Knowledge and Content Management	X	X
Next Best Action		X
Training and Coaching	X	X
Real-Time Intent Listening and Script Adherence		X
Advanced Analytics		
Performance Reporting and Dashboards	X	X
Speech and Sentiment Analytics		X
Customer Experience Analytics		X
Predictive Insights		X
Bot Performance Analytics		X
Next-Gen Operations		
Workforce Management	X	X
Automated Quality Monitoring		X
Real-Time Agent Status	X	X
Single Agent Front-End		X
Real-Time Internal Collaboration	X	X
Document Sharing and Co-Browse		X

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3. UCAN

UCAN recommends a disallowance of \$9,789,000 for TY 2024 capital expenditures for CCotF. SDG&E disagrees with UCAN’s rejection of the expenditures for this project for the reasons described above in Section IV. A. II. Moreover, the assertion that this project will be “outmoded, obsolete, and stranded within this GRC period,”³⁹ is incorrect and baseless. UCAN

³⁹ Ex. UCAN (Woychik) at 279-280.

1 has provided no factual evidence to substantiate its assertion. SDG&E provides further
2 justification for the Capital costs associated with the CCotF project in Exhibit SDG&E-225.

3 **B. WP# 00903G – CIS Regulatory and Enhancements**

4 The forecast for the CIS Regulatory & Enhancements project for 2022, 2023, and 2024
5 are \$19.233 million, \$19.752 million, and \$23.768 million, respectively.⁴⁰

6 **1. CAL ADVOCATES**

7 Cal Advocates reviewed SDG&E’s testimony, workpapers and data request responses
8 and does not oppose the business rationale for the CIS Regulatory and Enhancements capital
9 project. SDG&E has demonstrated that its forecasting assumptions are reasonable and justified.
10 The Commission should adopt SDG&E’s forecast as reasonable.

11 **2. TURN**

12 TURN recommends a wholesale rejection of 2022, 2023 and 2024 expenditures for CIS
13 Regulatory and Enhancements.⁴¹ TURN objects to the six-year cost and asserts that the
14 enhancements should have been delivered as part of SDG&E’s CIS replacement project.⁴²
15 TURN states that SDG&E did not conduct a business case or cost-benefit analysis and asserts
16 that there should be cost savings for enhancements that support operational efficiencies.⁴³
17 SDG&E disagrees with TURN’s rejection of the expenditures for this project for the reasons
18 described below.

19 SDG&E’s CIS Replacement project replaced a system that was more than 20 years old
20 and that would have been unable to support current and future regulatory requirements. As
21 stated in SDG&E’s CIS Replacement application, “Taking action now to modernize SDG&E’s
22 CIS will transform the way the company does business and elevate the service and support
23 customers receive in this changing environment for decades to come.”⁴⁴ The new CIS is
24 foundational for SDG&E in supporting California’s policy goals related to improved customer

⁴⁰ Requested in Ex. SDG&E-25 and SDG&E-25-CWP-R, workpapers 903E, 903F, and 903G.

⁴¹ Ex. TURN-09 (Cheng) at 33:2-4.

⁴² *Id.* at 31:16-19.

⁴³ *Id.* at 32:7-19.

⁴⁴ A.17-04-027, *Application of San Diego Gas & Electric for Authority to Implement the Customer Information System* (April 28, 2017) at 2, available at: <https://www.sdge.com/sites/default/files/Application-of-SDGE-for-Authority-to-Establish-the-Customer-Information-System.pdf>,

1 choice, deployment of advanced technologies and increased reliance on distributed energy
2 resources. It allows SDG&E greater configurability and flexibility when responding to the
3 dynamic, ever-evolving energy landscape, regulatory requirements, and customer service needs.
4 The CIS Replacement project did not include the replacement of the systems or enhancements
5 proposed in the CCotF project. The CIS Replacement project set the foundation to replace the
6 CCC systems and help enable the new capabilities from CCotF. TURN was a party to the
7 Settlement Agreement which authorized ongoing support costs that fall within SDG&E's current
8 GRC cycle (2019 – 2023) and directed SDG&E to include post-implementation costs outside of
9 the Settlement Agreement in subsequent GRC applications.⁴⁵

10 TURN's argument that CIS Regulatory and Enhancements lacks a business case reflects
11 its lack of understanding of a Customer Information System (CIS). SDG&E stated in response to
12 data request TURN-SEU-053 Question 2a, that this request is for on-going product
13 enhancements for a foundational system that will be utilized for decades, rather than a project
14 with a finite timeline.⁴⁶ The designs and functionality delivered by the CIS Replacement project
15 were based on the known requirements and assumptions prior to April 2021, when the system
16 went live. As with any system, on-going support, maintenance, and enhancements are required
17 to meet new regulatory directives and orders and changing operational and customer needs.

18 SDG&E's legacy CIS would often require 12-18 months to implement new rates and
19 programs. The new CIS allows SDG&E to keep pace with changes in the California energy
20 industry and implement mandated changes to rate structures and rate options more efficiently. In
21 its CIS application, SDG&E forecasted a cost avoidance benefit of approximately \$240 million
22 over the useful life of the new CIS system (\$16 million per year). This cost avoidance benefit is
23 related to implementation of future regulatory requirements by using SAP Customer
24 Relationship and Billing (CR&B) and is included in Exhibit SDG&E-16. This cost avoidance is
25 being achieved through the decrease in the time needed to design, build, and deploy system
26 changes. However, system changes and enhancements are still required to implement new
27 programs and rates that have been mandated post CIS implementation.

⁴⁵ A.17-04-027, *Joint Motion for Adoption of Settlement Agreement* (April 28, 2017), available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M209/K870/209870276.PDF>.

⁴⁶ See Appendix C at SFB-C-6 for SDG&E response to TURN-SEU-053 Question 2a.

1 Tables SB-7, SB-8 and SB-9 include examples of enhancements, in addition to what is
 2 presented in SDG&E’s prepared direct testimony (Ex. SDG&E-18) that have been identified
 3 and/or implemented since the April 2021 go-live. In fact, year 2022 CIS enhancements have
 4 been implemented and are in-service. Similarly, many of year 2023 CIS enhancements are either
 5 completed or underway.

6 **Table SB-7**
 7 **CIS Regulatory and Enhancements – 2022**

CIS Regulatory and Enhancements 2022				
Enhancement	Category			
	Customer Transition to CCAs	Regulatory and Compliance	Self Service and Security	Business Operations / Automation
Enhancements to existing CCA reports to capture additional customer attribute data.	X			X
System changes and performance testing to support 2022 CCA Transition	X			
System changes to support the transition for customers on the Levelized Pay Program, enabling settlement balances to transfer with the transition and incorporate CCA billing charges.	X	X		X
CCA Payment Allocation and Financial Reporting to support additional requirements from the CCAs.	X			X
System changes to SDG&E’s MyAccount platform to incorporate requested billing charge detail and messaging for Community Choice Aggregation.	X	X	X	
California Arrearage Payment Program (CAPP): implemented new programs to apply two rounds of payments (2022, 2023) for eligible customers in need of debt relief.		X		X
Enhancements and monitoring to further support 24-month payment plans		X		X
“Two-Factor Authentication” within MyAccount to help secure and protect customer information.			X	
System changes in SDG&E’s IVR to tailor information to a specific customer to better meet their needs and streamline customer inquiries.	X	X	X	X
MyAccount security enhancements and monitoring			X	
System testing and validations to support SDG&E 2022 SAP Product Upgrades.			X	X

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**Table SB-8
CIS Regulatory and Enhancements – 2023**

CIS Regulatory and Enhancements 2023				
Enhancement	Category			
	Customer Transition to CCAs	Regulatory and Compliance	Self Service and Security	Business Operations / Automation
A new capability to extract near-real time customer usage data requested by the CCAs, as referenced in Real Time Pricing proceeding.	X	X		X
System changes and performance testing to support 2023 CCA Transition	X			
System changes to SDG&E’s MyAccount platform to incorporate requested billing charge detail and messaging for Community Choice Aggregation.	X	X	X	
Changes to support the Building Decarbonization OIR, requiring collection and reporting of customer space and water heating information.		X	X	X
Changes to support the CPUC authorized Untiered TOU-ELEC rate option for customers, which required configuration within SDG&E’s billing system and MyAccount platform.		X	X	
System changes to support an acceleration of the gas and electric Climate Credit distribution to residential and small business customers, as was authorized under D.23.02-014.		X	X	X
Collections Resumption system changes to support the recent CPUC Decision requiring additional program offerings, messaging and corresponding compliance reporting for collections activities		X	X	X
Enhancements to SDG&E’s customer survey process to account for new programs and also tailor to the customer’s specific transactions, allowing SDG&E to obtain direct customer feedback that drives continuous improvement efforts.				X
System testing and validations to support SDG&E 2023 SAP Product Upgrades.			X	X
MyAccount security enhancements and monitoring.			X	
Automation of Sarbanes-Oxley (SOX) testing processes to ensure overall compliance of business controls.			X	X
System enhancements to improve MyAccount functionality for residential and small business customers (CCA, bill-to-date/forecast, conditional messaging).	X		X	X
Changes to implement the Modified Cost Allocation Mechanism (MCAM) as authorized under D.19-11-016.		X		
Enhancements to SDG&E’s service order process to ensure field employees are provided real-time information about the jobs and customers they are supporting				X

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**Table SB-9
CIS Regulatory and Enhancements – 2024**

CIS Regulatory and Enhancements 2024				
Enhancement	Category			
	Customer Transition to CCAs	Regulatory and Compliance	Self Service and Security	Business Operations / Automation
System changes and performance testing to support 2024 CCA Transition	X			
System enhancements to provide additional notification capabilities for customers based upon their communication preferences.			X	X
System enhancements to help reduce back-office handle time for work item exceptions.				X
Changes to help improve overall transaction speed for SDG&E MyAccount.			X	
Changes to monitor and support the Modified Cost Allocation Mechanism (MCAM) as authorized under D.19-11-016.		X		
Changes to enhance Rate Comparison capabilities for SDG&E MyAccount and back-office processes.			X	X
Implementation of customer self-service dashboards for medium and large C&I customers.			X	X
Continued enhancements to SDG&E's customer survey process to account for new programs and also tailor to the customer's specific transactions, allowing SDG&E to obtain direct customer feedback that drives continuous improvement efforts.				X
MyAccount security enhancements and monitoring.			X	
System testing and validations to support SDG&E 2024 SAP Product Upgrades.			X	X
Continued enhancements to SDG&E's service order process to ensure field employees are provided real-time information about the jobs and customers they are supporting				X

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3. UCAN

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UCAN recommends a disallowance of \$23,768,000 for TY 2024 expenditures. SDG&E disagrees with UCAN's rejection of the expenditures for this project for the reasons described above in Section IV. B. II. Moreover, the assertion that this project will be "outmoded, obsolete, and stranded within this GRC period," is incorrect and baseless. UCAN has provided no factual evidence to substantiate its assertion. SDG&E provides further justification for the Capital costs associated with CIS Regulatory and Enhancements in Ex. SDG&E-225 (Gordon/Exon).

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V. CONCLUSION

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To summarize, Cal Advocates does not take issue with SDG&E's TY 2024 forecast. For the reasons described above, the intervening parties (TURN, CLS, and UCAN) have failed to show their proposals are valid. SDG&E has addressed the proposed disallowances presented by TURN, CLS, and UCAN and provided facts to demonstrate their proposals are not warranted.

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1 TURN, CLS, and UCAN proposed disallowances to SDG&E's TY 2024 request for Customer
2 Services – Office Operations should be rejected by the Commission. SDG&E's forecasts reflect
3 sound judgment to continuously support and enhance the safe, reliable, and efficient operation of
4 the SDG&E customer Service – Office Operations business units at a reasonable cost. SDG&E's
5 TY 2024 forecast of \$37,512,000 should be approved.

6 This concludes my prepared rebuttal testimony.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A
GLOSSARY OF TERMS

<u>ACRONYM</u>	<u>DEFINITION</u>
BY	Base Year
Cal Advocates	Public Advocates Office of the California Public Utilities Commission
CCA	Community Choice Aggregator
CR&B	Customer Relationship & Billing
CLS	Community Legal Services
CPUC or Commission	California Public Utilities Commission
CSOO	Customer Services – Office Operation
CTI	Computer Telephony Interface
D	Decision
EX	Exhibit
FTE	Prevalent Languages Wildfire Compliance Communications Plan
GRC	General Rate Case
IOU	Investor-Owned Utilities
IT	Information Technology
IVR	Interactive Voice Response
O&M	Operations & Maintenance
PLWCCP	Prevalent Languages Wildfire Compliance Communications Plan
SDG&E	San Diego Gas & Electric Company
SoCalGas or SCG	Southern California Gas Company
TURN	The Utility Reform Network
TY	Test year
UCAN	The Utility Consumers Action Network
CIS	Customer Information System
CCotF	Contact Center of the Future

APPENDIX B
CUSTOMER CONTACT CENTER DATA

APPENDIX B
CUSTOMER CONTACT CENTER DATA

Call Type	2019			
	Call Volume	AHT (seconds)	Total HT	% of Total
BILLING	250,412	412	103,169,744	15%
MOVE	374,416	434	162,496,544	22%
CSR /MISC.	316,362	354	111,992,148	18%
CREDIT	472,372	335	158,244,620	27%
SOLAR	27,580	693	19,112,940	2%
EV	9,999	673	6,729,327	1%

Call Type	2020			
	Call Volume	AHT (seconds)	Total HT	% of Total
BILLING	306,776	391	119,949,416	19%
MOVE	474,814	446	211,767,044	29%
CSR /MISC.	289,802	351	101,720,502	18%
CREDIT	260,456	323	84,127,288	16%
SOLAR	29,367	721	21,173,607	2%
EV	6,770	675	4,569,750	0%

Call Type	2021			
	Call Volume	AHT (seconds)	Total HT	% of Total
BILLING	352,587	468	165,010,716	22%
MOVE	438,311	498	218,278,878	28%
CSR /MISC.	235,156	491	115,461,596	15%
CREDIT	168,452	399	67,212,348	11%
SOLAR	35,426	834	29,545,284	2%
EV	9,908	773	7,658,884	1%

Call Type	2022			
	Call Volume	AHT (seconds)	Total HT	% of Total
BILLING	341,371	605	206,529,455	24%
MOVE	324,777	590	191,618,430	23%
CSR /MISC.	269,431	515	138,756,965	19%
CREDIT	198,027	514	101,785,878	14%
SOLAR	42,313	914	38,674,082	3%
EV	10,566	877	9,266,382	1%

Appendix C - SDG&E Responses to Data Requests

Appendix C - SDG&E's Response to TURN-SEU-053
Questions 1b and 2a

Question 1-Continued

b. Please identify each level of SDG&E management review and approval obtained for the project and associated costs, the job title of each person whose approval or review was obtained in the management approval process, and the date on which each approval was provided.

SDG&E Amended Response 1b:

The following information lays out the SDG&E capital planning process and provides more details on the Agile methodology, which informs the specific responses contained herein.

SDG&E's information technology (IT) organization has developed a strategy to support the Company's missions of decarbonization and digitalization. The strategy consists of four key pillars, one of which is "Transform How We Work." This pillar builds alignment and collaboration between business and technology teams through Agile practices, which are based on iterative development where requirements and solutions evolve through collaboration and include methods such as Scrum and Kanban. Scrum is a methodology where work is done in short cycles; and Kanban which is a workflow management method that allows for optimizing work delivery across multiple teams and handle complex projects in a single environment. These transformation practices ensure business priorities are quickly incorporated into technology delivery and provide a mechanism for continuous feedback so that adjustments can be made as needed in a timely fashion. For more information on the IT strategy and pillar please see Testimony of Ben W. Gordon (Ex. SDG&E-25, pages BWG-2 thru BWG-4).

Before an IT capital project is funded and moves into development, it must go through SDG&E's IT capital project approval process, and is referenced in SDG&E's Rate Base testimony of Steven P. Dais (Ex. SDG&E-35, paged SPD-2 and SPD-3), and has the following distinct stages as described in SDG&E Testimony of Tia L. Ballard and William J. Exon (Ex. SDG&E-25, pages TLB/WJE-22 and TLB/WJE-23):

1. IT Division Capital Plan Development: In this stage a proposed set of capital projects for the upcoming year are identified. IT and business unit teams develop a project Concept that is used to prioritize and approve projects to move to Business Case development.
2. Concepts: Concepts are high-level assessments developed for review during the capital planning process.

Question 1 - Continued

3. Project Prioritization and Approval: In this stage the concepts are prioritized through a ranking process, which occurs during the Capital Planning calibration meeting that includes the following roles: Director of Digital Workspace & Automation, Director of Enterprise Services, Director of Digital & SDG&E Customer, Director of Systems & Technology, Director of Innovation & End User Experience, Director of Utility Operations, and Director of Network & Cyber Technology Services. The prioritized list of projects is submitted to Central Planning who facilitates the calibration meeting between the business units to review the portfolio of projects and the project justifications. The calibration meeting includes the following roles: Director of Portfolio & Project Management, Director of Gas Operations, Director of Digital & SDG&E Customer, Director of Customer Strategy & Transformation, Director of Support Services and Director of Financial Planning who approve the projects to move forward for business case development. After the calibration meeting, the capital planning committee allocates budgets to the IT portfolio for each business unit. The IT leadership submits the list of planned IT projects.

4. Business Case: In this stage, a business case for the approved concepts is developed jointly by the IT department and the sponsoring business department. Business cases are reviewed and approved by the Portfolio Governance Committee (PGC), which includes the following roles: Director of Digital Workspace & Automation, Director of Enterprise Services, Director of Digital & SDG&E Customer, Director of Systems & Technology, Director of Innovation & End User Experience, Director of Utility Operations, Director of Network & Cyber Technology Services, Director of Customer Legacy Systems, and Director of Performance Management and Organizational Strategy. There are also proxies who attend to approve should the directors not be available. Approvals occur verbally during the meeting and are reflected on the Notes slide of the presentation, which precedes the cover slide. Approval must occur before work begins.

5. Work Order Authorization (WOA): At the WOA stage, there are approvals for the estimated project costs from the IT Portfolio Managers, Director, and the Senior Vice President, Chief Information Officer & Chief Digital Officer. Additional approvals would be received when SDG&E has formalized contracts for the project.

Question 1 - Continued

The concept for Contact Center of the Future is in stage 3 of the IT capital project approval process – Project Prioritization and Approval. As the project is in Stage 3, there is no PGC deck or WOA and the business case is currently in development.

Please see the following documents which contain Confidential and Protected Materials which are provided pursuant to PUC Section 583, D.21-09-020 and GO 66-D (Revision (Rev.) 2) and/or an executed Non-Disclosure Agreement for this Proceeding:

- TURN-SEU-053_ATTACH_Q1a_CONFIDENTIAL
- TURN-SEU-053_ATTACH_Q1b_CONFIDENTIAL
- TURN-SEU-053_ATTACH_Q1a_PUBLIC
- TURN-SEU-053_ATTACH_Q1b_PUBLIC
-

SDG&E qualifies that an identified project may not commence execution or achieve completion or may be deferred for various reasons after a Business Case has been approved. Those reasons include, but are not limited to, other competing business priorities, system vulnerabilities, scope changes, internal and vendor resources availability, and management discretion. In addition, submitted budget documentation to the PGC and in the WOA is different from the GRC request as the financial computations included in the attachments and the GRC forecasts in this proceeding are not calculated the same. GRC capital requests include labor and non-labor directs, and GRC Vacation and Sick (V&S) on internal labor only. The WOA forms include, but are not limited to; directs, indirects, overheads and AFUDC.

2. Starting from Ex. SDGE-18, p. SFB-40, SDG&E describes its capital request for CIS Enhancements.

a. Please indicate whether SDG&E conducted a business case or cost-benefit analysis for the project. If yes, please provide the analyses conducted and all supporting documentation.

SDG&E Response 2a:

The enhancements for the new CIS are product enhancements, rather than a project with a finite timeline. There was no formal business case or cost-benefit analysis conducted because the CIS will be utilized to support the ever-evolving business operations and regulatory requirements for the foreseeable future. Further, the CIS Product team is an agile software development team that uses the scrum project management methodology to deliver work in short cycles, as described in the SDG&E testimony (Chapter 1, section I, subsection B. page BWG-3) of Ben W. Gordon, Tia L. Ballard and William J. Exon (Ex. SDGE-25). Planning and specific requirements are determined quarterly based on business operations priorities and regulatory requirements.

Appendix C - SDG&E's Response to PAO-SDGE-043
Question 1e

Data Request Number: PAO-SDGE-043-LMW

Proceeding Name: A2205015_016 - SoCalGas and SDGE 2024 GRC

Publish To: Public Advocates Office

Date Received: 8/22/2022

Date Responded: 9/6/2022

c. Does the project provide any cost savings? If no, then why not? If yes, the amount of savings, support for the calculation of those savings, and where in the current GRC those savings are recognized.

SDG&E Response 1c:

SDG&E objects to this request pursuant to Rule 10.1 of the Commission's Rules of Practice and Procedure on the grounds that it is vague and ambiguous as to the definition of "cost savings" and calls for speculation. Subject to and without waiving these objections, SDG&E responds by answering Question 1c as follows:

IT projects are developed to support the Company's operations and capture a variety of benefits for business operations and customers. See SDG&E testimony (Chapter 1, section I, subsection A; Chapter 2, section I, subsection A and C) of Ben W. Gordon, Tia L. Ballard and William J. Exon (Ex. SDG&E-25). By their nature, technology solutions are woven into everyday activities. To the extent savings may be present, any potential savings related to a particular project may be tangible and/or intangible and can range from avoided costs to enablement of business efficiencies. For example, users are forced to leverage less efficient workarounds when services are not available. By providing more reliable technology services, IT enables SDG&E business units to improve their operations rather than being less productive when the systems are not available and ready for their usage.

d. A project timeline showing start date, completion milestones, and completion date.

SDG&E Response 1d:

The estimated timeline provided for each identified project in response to Question 1d reflects the start date, completion milestones, and completion date where applicable. Please see the Attachment accompanying response to Question 1a for the related project. SDG&E developed its project timeline based on subject matter experts and proprietary vendor input.

e. At what stage is the project in its project life cycle? In providing an answer, please describe SDG&E's project life cycle process, phases, and a description of what each phase means.

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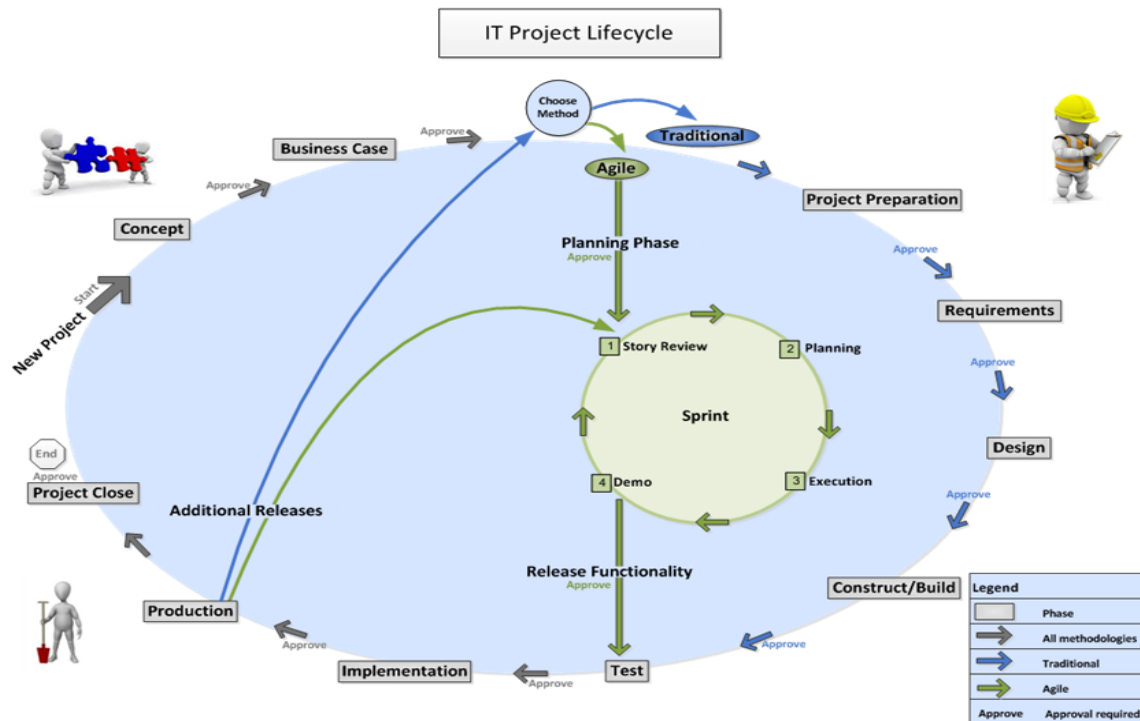
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SDG&E Response 1e:

Please see the “Project Status” field in the table provided in response to Question 1a above. SDG&E further provides the following a visual of the IT Project Lifecycle:



Below are descriptions of the activities that occur in various phases within the IT Project Lifecycle. This agile project timeline is represented in short cycles, as described in the SDG&E testimony (Chapter 1, section I, subsection B) of Ben W. Gordon, Tia L. Ballard, and William J. Exon (Ex. SDG&E-25).

Concept

Investigate technology and new business opportunities to recommend whether or not to develop and implement technology products. Provide early high-level analysis of potential solutions, costs, and benefits.

Business Case

Data Request Number: PAO-SDGE-043-LMW

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Defines the scope of work and total cost of project. The primary purpose of this phase is to provide a detailed analysis to present the business value of a project along with its budget, schedule, and ongoing support requirements.

Execution

Project Preparation Phase:

Complete the preparations necessary to plan and mobilize resources needed for the completion of the project as approved in the Business Case.

Requirements Phase:

Develop detailed requirements to define and document client's needs. Obtain agreement from IT, the requestor(s), and the stakeholders. Define the risks and dependencies and, if necessary, update the estimated effort.

Design Phase:

Develop product design and operating specification in preparation for the Construct/Build Phase. Consider sourcing options Initiate security design. Evaluate the overall design effort for ability to trace requirements and any missing requirements needed to deliver the Business Case.

Construct/Build Phase:

Complete the steps necessary to establish a product which meets client requirement specifications and system design specifications. Complete the deliverables necessary to prepare for testing the product and for training personnel to use and support it.

Test Phase:

Test and verify end-to-end functionality of the product. Verify all requirements are implemented and at an acceptable level of quality. Perform test cases to assure that each component of the product executes without errors.

Implementation

Implement new and enhanced application systems and infrastructure hardware/software into production support environment. Provide storm period support as partnership between project team and production support organizations.

Production Phase:

Provides the baseline service level required to sustain normal operations of the production environment for application and infrastructure hardware and software.

Project Closeout:

Formally close out the project financials (work orders, invoices, etc.), review the project to determine best practices and lessons learned.

Data Request Number: PAO-SDGE-043-LMW

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Agile software development:

Agile software development refers to a group of software development methodologies based on iterative development, where requirements and solutions evolve through collaboration between self-organizing cross-functional teams.

f. Were any alternatives considered? If no, then why not? If yes, then provide a description of the alternative considered, the cost, and why SDG&E chose not to adopt the alternative.

SDG&E Response 1f:

Pursuant to Rule 10.1 of the Commission's Rules of Practice and Procedure, SDG&E objects to this request on the grounds that the request seeks information not relevant to the subject matter involved in the pending proceeding and therefore, the burden, expense and intrusiveness of this request outweighs the likelihood that the information sought will lead to the discovery of admissible evidence. SDG&E also objects on the grounds that it is vague and ambiguous. In particular, this request seeks information concerning costs associated with "alternatives considered." Subject to and without waiving this objection, SDG&E responds as follows answering Question 1(f):

Please see the Attachment accompanying response to Question 1a for the related project for the response to Question 1f.

g. Were any of the project costs subject to competitive bidding? If no, then why not? If yes, then please provide the metrics used and results of the bidding process.

SDG&E Response 1g:

Pursuant to Rule 10.1 of the Commission's Rules of Practice and Procedure, SDG&E objects to this request on the grounds that the request seeks information not relevant to the subject matter involved in the pending proceeding and therefore, the burden, expense and intrusiveness of this request outweighs the likelihood that the information sought will lead to the discovery of admissible evidence. In particular, this request seeks information concerning "project costs subject to competitive bidding," "metrics used" and "results of the bidding process." Subject to and without waiving this objection, SDG&E responds as follows answering Question 1(g):

Please see the Attachment accompanying response to Question 1a for the related project for the response to Question 1g.

h. In reference to project 218810 Smart Meter 2.0, were SDG&E's previous Smart Meter projects subject to memorandum account treatment. If yes, what were the reasons for recording the costs to a memorandum account as opposed to inclusion in a GRC?