

Company: San Diego Gas & Electric Company (U 902 M)  
Proceeding: 2024 General Rate Case  
Application: A.22-05-\_\_\_\_\_  
Exhibit: SDG&E-18

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

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



**May 2022**

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**SUMMARY**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
	<b>2021 Adjusted- Recorded (000s)</b>	<b>TY2024 Estimated (000s)</b>	<b>Change (000s)</b>
Total Non-Shared Services	34,804	37,512	2,708
Total Shared Services (Incurred)	0	0	0
<b>Total O&amp;M</b>	<b>34,804</b>	<b>37,512</b>	<b>2,708</b>

<b>INFORMATION TECHNOLOGY (IT) CAPITAL (in 2021 \$)</b>			
<b>Categories of Management</b>	<b>Estimated 2022 (\$000)</b>	<b>Estimated 2023 (\$000)</b>	<b>Estimated TY 2024 (\$000)</b>
<b>CS-OFFICE OPERATIONS</b>	<b>19,233</b>	<b>31,353</b>	<b>33,557</b>

**Summary of Requests**

San Diego Gas & Electric Company’s (SDG&E) Customer Services – Office Operations (CSOO) is requesting \$37.512 million for Test Year (TY) 2024, which represents a 7.8% change from Base Year (BY) 2021 adjusted recorded costs. The requested funding supports SDG&E’s goal of being the trusted energy advisor for business and residential customers by providing safe, convenient, responsive, efficient, and personalized customer service. SDG&E recognizes the importance of understanding customers’ changing needs and preferences and providing customers with customized, relevant information and multiple customer service channels. SDG&E strives to deliver positive, value-added customer service and experiences to its customers. This request will allow SDG&E to provide customers with Billing, Credit and Collections, Remittance Processing, Postage, Branch Offices, and Customer Contact Center among other services.

SDG&E’s request reflects the effects of the following:

- Customer growth
- Impacts from the full-year effect of vacant positions
- Customer transition to Community Choice Aggregation
- Enhancements and upgrades to the systems used in the Customer Care Centers
- Customer Information System (CIS) replacement benefits

I chose a base year forecast method for Customer Services – Office Operations. For reasons described in more detail in my testimony, a base year forecast represents the appropriate starting point to calculate TY 2024 operations and maintenance (O&M) expenses for the activities listed above. This method is most appropriate because the business functions and responsibilities of this organization most appropriately stem from the 2021 base year and build incrementally from there. My testimony also includes a request for funding an uncollectible rate based on a ten-year rolling average.

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

**I. INTRODUCTION**

**A. Summary of Customer Services – Office Operations Costs and Activities**

My testimony supports the TY 2024 forecasts for operations and maintenance (O&M) costs for non-shared services, the proposed uncollectible rate, and business justification for IT capital projects for forecast years 2022, 2023, and 2024, associated with the Customer Services – Office Operations area for SDG&E. Table SFB-1 summarizes my sponsored O&M costs and Table SFB-2 summarizes the IT capital project costs for which I sponsor the business justification.

**TABLE SFB-1<sup>1</sup>  
Test Year 2024 Summary of Total Costs**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>Categories of Management</b>	<b>2021 Adjusted-Recorded (000s)</b>	<b>TY2024 Estimated (000s)</b>	<b>Change (000s)</b>
A. Customer Services Office Operations	34,804	37,512	2,708
<b>Total Non-Shared Services</b>	<b>34,804</b>	<b>37,512</b>	<b>2,708</b>

**TABLE SFB-2  
Test Year 2024 Summary of Capital Costs**

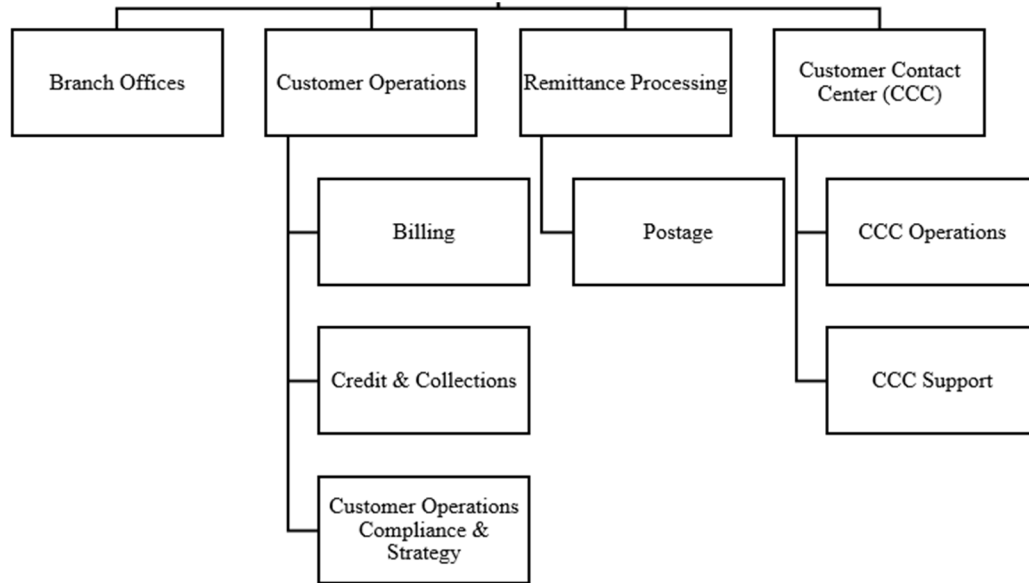
<b>INFORMATION TECHNOLOGY (IT) CAPITAL (In 2021 \$)</b>				
<b>Categories of Management</b>		<b>Estimated 2022 (000s)</b>	<b>Estimated 2023 (000s)</b>	<b>Estimated TY 2024 (000s)</b>
Customer Services Office Operations		19,233	31,353	33,557
<b>Total Capital</b>		<b>19,233</b>	<b>31,353</b>	<b>33,557</b>

Customer Services – Office Operations (CSOO) provides safe, efficient, effective, and reliable customer service to SDG&E’s business and residential customers. By employing a

<sup>1</sup> SDG&E will update labor and non-labor forecasts to reflect any significant updates related to current union organizing activity at the next opportunity.

1 customer-centric approach, SDG&E listens, understands and responds to customers’ requests,  
2 concerns, and feedback, and helps customers make informed energy choices that best suit their  
3 energy goals. SDG&E strives every day to deliver positive, value-added customer service and  
4 experiences for its customers. Customer Services Office Operations include the following  
5 organizations as shown in Figure SFB-1 below.

6 **FIGURE SFB-1**  
7 **Customer Services Office Operations Testimony Organization**



8  
9 In today’s increasingly connected, always-on, data-driven, social culture, customers have  
10 come to expect personalized service and real-time information. They expect to be able to interact  
11 over the channel, device, or platform of their choice, at any time, and receive a speedy response.  
12 This means developing and continually improving processes and tools to deliver an integrated  
13 and customized experience relevant to each customer and making it simple and seamless for a  
14 customer to transact with SDG&E.

15 SDG&E’s customers encompass a wide range of market segments with varying levels of  
16 sophistication, energy knowledge and know-how. As such, SDG&E offers customers numerous  
17 options for receiving information and interacting with SDG&E. Some examples of these options  
18 include the use of social media for the tech savvy customer who prefers a more immediate  
19 response and is likely to self-serve, compared to the Customer Contact Center for customers who  
20 prefer a more individualized personal interaction, or an Account Executive (AE) for business  
21 customers with more complex needs.

1 As the energy industry continues to gain complexity and customer service evolves,  
2 customers' needs and the level of customer service they expect will continue to increase.  
3 SDG&E needs to continue to leverage data to inform our customer service efforts, meet  
4 customers when and where they are and in the correct language and channel. Whatever the  
5 preferred experience, SDG&E continuously works to meet and exceed customers' expectations.

#### 6 **B. Support To and From Other Witnesses**

7 My testimony also references the testimony and workpapers of other witnesses, either in  
8 support of their testimony or as referential support for mine, this includes:

- 9 • Information Technology (IT) capital costs for systems and technology that  
10 supports Customer Services Office Operations are sponsored by SDG&E  
11 witness William J. Exon (Exhibit SDG&E-25, Chapter 2); however, my  
12 testimony will justify the business need for these costs.
- 13 • Implementation of a new Customer Information System, testimony sponsored  
14 by SDG&E Policy witness Therese Sacco (Exhibit SDG&E-16).
- 15 • Memorandum account proposals are sponsored by SDG&E Regulatory  
16 Accounts witness Jason Kupfersmid, (Exhibit SDG&E-43); however, I  
17 sponsor the reasonableness of costs recorded in several Memorandum  
18 Accounts.
- 19 • Forecasted electric meter growth is covered in witness Kenneth Schiermeyer's  
20 testimony (electric customer forecast), (Exhibit SDG&E-40).

#### 21 **C. Organization of Testimony**

22 My testimony is organized into four main categories: Safety Culture (Section II), Non-  
23 Shared Services Costs (Section III), Uncollectible Rate (Section IV), and Capital Projects  
24 (Section V). I will address the non-shared services for the following CSOO areas: Billing, Credit  
25 and Collection, Remittance Processing, Postage, Branch Offices and Authorized Payment  
26 Locations, Customer Contact Center Operations, Customer Contact Center Support, and  
27 Customer Operations Strategy & Compliance. In each of the non-shared sections, I present the  
28 primary activities of the workgroup, the reason for using the base year forecast method, and  
29 support for the request for each of the cost drivers.



1 I present SDG&E’s request for the uncollectible rate and rationale for how it was derived.  
2 Following that, I provide the business justification for the IT capital costs for systems and  
3 technology that supports CSOO and are sponsored by SDG&E witness William J. Exon (Ex.  
4 SDG&E-25, Ch. 2).

## 5 **II. SAFETY CULTURE**

6 Safety is a core value and SDG&E is committed to providing safe and reliable service to  
7 all its stakeholders. This safety-first culture is embedded in every aspect of the Company’s work.  
8 In 2020, SDG&E commenced development and deployment of a Safety Management System  
9 (SMS), which better aligns and integrates safety, risk, asset, and emergency management across  
10 the entire organization. The SMS takes a holistic and pro-active approach to safety and expands  
11 beyond “traditional” occupational safety principles to include asset safety, system safety, cyber  
12 safety, and psychological safety for improved safety performance and culture. SDG&E’s SMS is  
13 a systematic, enterprise-wide framework that utilizes data to collectively manage and reduce risk  
14 and promote continuous learning and improvement in safety performance through deliberate,  
15 routine, and intentional processes.

16 Customer Services Office Operations leverages the SMS framework to help advance  
17 SDG&E’s safety-first culture. Building upon numerous effective safety programs and promoting  
18 a psychologically safe culture, office employees are encouraged to report near misses. Near  
19 misses are communicated broadly to increase visibility and assist in mitigating risk and ‘at-risk’  
20 behaviors. There is also ongoing communication with employees to educate them on  
21 cybersecurity and the risks of cyber threats; and phishing tests are performed regularly. Strong  
22 engagement and follow through from leadership contribute to a successful SMS.

23 SDG&E remains focused on identifying and implementing the most cost-effective  
24 solutions with the potential to make the greatest impact on reducing GHG emissions, while  
25 maintaining a safe and reliable energy system. SDG&E believes that safety, reliability, and  
26 sustainability are inextricably linked and fundamental to the Company’s ability to continue to  
27 successfully operate. Please see the Safety, Risk and Asset Management testimony of Kenneth  
28 Deremer (Ex. SDG&E-31) for additional detail of SDG&E’s Safety Policy.

## 29 **III. NON-SHARED COSTS**

30 Non-Shared O&M costs represent the costs of labor and non-labor activities required to  
31 deliver services exclusively benefiting SDG&E and its customers and do not need to be allocated

to other business units. Table SFB-3 below summarizes the total non-shared O&M forecasts for the listed cost categories that I am sponsoring.

**TABLE SFB-3  
Non-Shared O&M Summary of Costs**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted-Recorded (000s)</b>	<b>TY2024 Estimated (000s)</b>	<b>Change (000s)</b>
1. Billing	6,503	6,600	97
2. Credit & Collections	2,354	2,433	79
3. Remittance Processing	761	678	-83
4. Postage	3,810	3,597	-213
5. Branch Offices	1,358	1,517	159
6. Customer Contact Center Operations	11,851	13,740	1,889
7. Customer Contact Center Support	3,750	4,030	280
8. Customer Operations Compliance & Strategy	4,417	4,917	500
<b>Total</b>	<b>34,804</b>	<b>37,512</b>	<b>2,708</b>

**A. Billing**

Table SFB-4 below summarizes SDG&E's requested TY 2024 expenses for Billing.

**TABLE SFB-4  
Forecast for Billing**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted-Recorded (000s)</b>	<b>TY 2024 Estimated (000s)</b>	<b>Change (000s)</b>
1. Billing	6,503	6,600	97
<b>Total</b>	<b>6,503</b>	<b>6,600</b>	<b>97</b>

**1. Description of Costs and Underlying Activities**

Billing Operations expenses cover the cost of calculating customer bills, maintaining accurate customer account information, issuing special bills that require manual calculations, resolving billing exceptions, addressing customer bill inquiries, and ensuring bills are prepared in accordance with applicable tariffs, statutes, customer contracts and other agreements. The Billing Operations organization has five distinct areas: Customer Billing, Manual Billing and Contracts, Customer Billing Resources, Customer Operations Analyst Support, and Customer Choice

1 Billing, which includes support for Community Choice Aggregation (CCA) programs.

2 Additional descriptions of each Billing group are provided below.

3 • Customer Billing

4 Customer Billing activities generally fall into two categories:

5 1. Exception Processing: Work items created for failed validations prior to the  
6 account creating a customer bill (e.g., high gas consumption).

7 2. Corrective Billing: Work items created to change a billing period that has already  
8 been fully processed in the billing system (e.g., customer calling in for a back dated change of  
9 account).

10 All bills are subjected to an automated validation process to ensure overall accuracy and  
11 alignment with historical usage patterns before being issued to the customer. Most billing  
12 statements successfully pass the validations and are automatically issued. However, a small  
13 percentage of bills, less than one percent, fail one or more of the validations and require further  
14 review. Like the bill validation process, completed field service orders are also validated to  
15 ensure the accuracy of customer account data. The orders that fail the validations cannot be  
16 routinely processed and must be handled manually for resolution.

17 • Manual Billing and Contracts

18 Another area of Billing Operations' responsibility is the verification of all billing  
19 attributes and management of the initial billing setup process associated with customer accounts.  
20 These responsibilities include updating and maintaining billing attributes, such as rates and  
21 baseline codes, and performing billing setup tasks for both routine accounts and specialized  
22 contract agreements and programs such as Net Energy Metering, Virtual Net Metering, Electric  
23 Vehicles, Critical Peak Pricing, Direct Access, Core Aggregation Transportation, and Collective  
24 Billing. Billing for a subset of large Commercial and Industrial (C&I) and other specialized  
25 customers includes calculations for distributed generation, monthly gas balancing, and various  
26 special contract arrangements. Processing bills for these customers is complex, beginning with  
27 the validation of measurement data and subsequently proceeding into bill calculations. Due to the  
28 unique nature of each arrangement, the billing process involves manual intervention to ensure  
29 full regulatory and tariff compliance.

1           •       Customer Billing Resources

2           All training, quality assurance, and communication functions for Billing Operations are  
3 consolidated within the Customer Billing Resources group. This team is responsible for  
4 developing and delivering training, creating, and maintaining policies and procedures,  
5 performing audits and quality assurance checks, and developing billing communications for  
6 external customers as well as internal staff. Customer Billing Resources works continuously with  
7 the leadership team to define and develop long-term strategies for providing support as billing  
8 continues to become more complex and specialized programs continue to grow and evolve.

9           •       Customer Operations Analyst Support

10          This team of Analysts and Advisors support Customer Operations and other areas of the  
11 company, such as Accounting, Regulatory, Business Services, and Legal with subject matter  
12 expertise related to regulatory proceedings that impact Customer Operations and provides overall  
13 business and operational support for the Billing and Credit teams. Key Responsibilities Include:

- 14           •       Analysis and Reporting
- 15           •       Responding to Data Requests
- 16           •       System Support
- 17           •       Contract Management
- 18           •       Compliance
- 19           •       Collection Agency Management
- 20           •       Workflow Management and Process Optimization
- 21           •       Customer Choice Billing

22          Billing activities to support customer choice and the growth of CCAs generally fall into  
23 three categories:

- 24          1.       Exception Processing: Work items created for failed validations as it pertains to  
25 Electronic Data Interchange (EDI) files passed between SDG&E and the load serving entity or  
26 CCA.
- 27          2.       Corrective Billing: Work created to update enrollment, billing, and disenrollment  
28 from CCA participation (e.g., customer requested special handling).
- 29          3.       Vendor Management: Working with the CCAs on requests for data, analysis,  
30 planning, reporting, and resolution of key issues (e.g., phased enrollment analysis, or requested  
31 changes to standardized processes such as EDIs).

The number of exceptions and amount of work required to manage CCA billing grew significantly between 2020 and 2021 and will continue to increase in the coming years as CCAs expand in SDG&E’s service area as shown in Table SFB-5.

**TABLE SFB-5  
Actual and Forecasted Growth of Community Choice Aggregation**

Actual and Forecasted Growth of Community Choice Aggregation					
Year	2020	2021	2022	2023 (Forecast)	2024 (Forecast)
<b>Customers Served by CCA</b>	7,000	130,000	825,000	1,150,000	1,150,000 – 1,290,000

The calculations for the estimated expenses for Billing are included in my workpapers (Ex. SDG&E-18-WP 100000.000).

**2. Forecast Method**

A Base Year Forecast Method is used because the business has changed significantly due to almost all customers defaulting to Time-of-Use (TOU)<sup>2</sup> and the continued increase in Net Energy Metering (NEM) customers, including NEM Aggregation and Virtual Net Metering. Also, SDG&E replaced its Customer Information System (CIS) in April 2021 and began billing all customers on interval data versus monthly reads. Therefore, the base year provides a reasonable starting point for future expenditures due to the increase in complex billing activities and transition to a new CIS.

**3. Cost Drivers**

Table SFB-6 summarizes the changes in Billing estimated expenses for TY 2024.

**TABLE SFB-6  
Changes in Billing TY 2024 Estimated Expenses**

Billing	TY 2024 – 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
a. Full Year Labor Impact of Vacancies and New Hires	566		566	6.6
b. Base Year Labor Shift	28		28	0.3
c. CCA Growth (Contract Resources)		251	251	
d. CCA Growth (2 Advisors)	237	6	243	2.0

<sup>2</sup> Time-of-use metering is a method of measuring and charging a utility customer's energy consumption based on when the energy is used.

Billing	TY 2024 – 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
e. CIS Replacement Benefit 70.1 (Complex Billing Savings)	(75)		(75)	(1.0)
f. CIS Replacement Benefit 500.1 (Operations Support)		(854)	(854)	
g. CIS Replacement Benefit New 1 (Mid-Day Program Change)	(62)		(62)	(1.0)
<b>Total TY 2024 Impact</b>	<b>694</b>	<b>(597)</b>	<b>97</b>	<b>6.9</b>

**a. Full Year Labor Impact of Vacancies and New Hires**

I am requesting \$566,000 in labor above the BY 2021 to reflect the full year labor impact for Billing. Due to the implementation of the new Customer Information System in April 2021 there was a hold on hiring for billing vacancies between Q2-2020 and Q2-2021. Due to the length and complexity of onboarding new billers, it was not prudent to hire employees to work in the legacy system.

**b. Base Year Labor Shift**

I am requesting \$28,000 in labor for 0.3 FTE billing resources above the BY 2021 due to a shift from the Vehicle Grid Integration Memorandum Account (VGIMA) to O&M in 2024.<sup>3</sup> Billing will continue to support the Power Your Drive (PYD) program, which includes manual setups for all new PYD accounts, troubleshooting and resolving accounts that do not bill, and processing rebill requests and rate changes.<sup>4</sup>

On March 31, 2016, SDG&E filed AL 2877-E<sup>5</sup> establishing the Electric Vehicle-Grid Integration (VGI) pilot program schedule pursuant to D.16-01-045.<sup>6</sup> The VGIMA was

<sup>3</sup> Decision (D.) 16-01-045 at 182, Ordering Paragraph 3(g) established the Vehicle Grid Integration Memorandum Account (VGIMA). SDG&E established the VGIMA in Advice Letter 2881-E, Establishment of the Vehicle Grid Integration Memorandum Account Pursuant to Commission Decision 16-01-045, available at: <https://tariff.sdge.com/tm2/pdf/2881-E.pdf>.

<sup>4</sup> Power Your Drive is a program started in 2017 that makes EV charging stations more accessible to apartment and condo dwellers, and workplace employees. SDG&E has installed over 3,000 charging stations at 255 locations.

<sup>5</sup> SDG&E Advice Letter 2877-E, Establishment of the Vehicle-Grid Integration (VGI) Pilot Program Schedule and Participation Payment Pursuant to Commission Decision 16-01-045, available at: <https://tariff.sdge.com/tm2/pdf/2877-E.pdf>.

<sup>6</sup> D.16-01-045 at 181, Ordering Paragraph (OP) 3(a) states in part: “The alternative VGI program terms authorizes and approves a \$45 million startup budget, plus cost recovery through future general rate

1 established to record incremental long-term O&M expenses for the VGI pilot program.<sup>7</sup> As  
2 explained in the testimony of Mr. Kupfersmid (Exhibit SDG&E-43), the VGIMA will be closed  
3 effective December 31, 2023, and the ongoing costs of the program are included in the 2024 Test  
4 Year.

5 **c. CCA Growth**

6 I am requesting \$237,000 in labor for two in-house advisors and \$257,000 in non-labor  
7 for contractor resources above the BY 2021 to handle the increased volume in CCA billing  
8 activity. There will be an increase in market transactions between SDG&E and its Load Serving  
9 Entities (LSEs) as CCA programs expand. At the end of BY 2021, SDG&E served  
10 approximately 130,000 customers on CCA service; by the end of TY 2024 this number could be  
11 over one million customers.

12 **d. CIS Replacement Benefit – Complex Billing Savings**

13 I am forecasting a reduction of \$75,000 in labor costs associated with the decrease in the  
14 amount of time for manual custom adjustments and for possible error reconciliation. A portion of  
15 the complex manual bills has been automated.

16 **e. CIS Replacement Benefit – Operations Support**

17 I am forecasting a reduction of \$854,000 in contract staffing costs originally brought on  
18 to support interval billing growth resulting from Residential Time-of-Use (RES TOU). The  
19 benefit was partially achieved in 2021 and 2022 with the implementation of the new SAP CIS  
20 and fully achieved in 2023.

21 **f. CIS Replacement Benefit – Mid-Day Program Change**

22 I am forecasting a reduction of \$62,000 due to manual portions of the Net Energy  
23 Metering setup process resulting in a reduction in staffing requirements. The CIS system that  
24 was just replaced could only calculate entire bill periods on new rates or programs. This means  
25 that when a customer became approved for Net Energy Metering in the middle of a billing period  
26 and a meter program update was required to begin collecting both consumption and generation  
27 meter data, a manual workaround was necessary to complete the enrollment and billing for the

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case proceedings for justified capital and operations and maintenance expenses, for San Diego Gas & Electric Company (SDG&E) to implement the “2016 Vehicle VGI Pilot Program,” which is patterned after the Proposed Settlement, with the additional modifications made by this decision.

<sup>7</sup> See *supra* FN 2.

1 first month of NEM Billing. SAP allows the start of new rates or programs to occur mid-month  
2 eliminating this manual workaround.

3 **4. Memorandum Account – Wildfire Consumer Protections**  
4 **Memorandum Account (WCPMA)**

5 I am providing the business justification for the costs incurred for wildfire consumer  
6 protection activities from 2018 through March 31, 2022, that have been posted to the WCPMA.  
7 This memorandum account was established pursuant to Resolution (Res.) M-4835.<sup>8</sup> The  
8 WCPMA is used to record the incremental costs and waived charges for customers whose home  
9 or business was destroyed during a wildfire incurred by SDG&E associated with providing  
10 emergency customer protections to support the victims of the December 2017 Lilac Fire.<sup>9</sup> Table  
11 SFB-7 below show the activity in this memorandum account.

12 **Table SFB-7**  
13 **Wildfire Emergency Customer Protections Memo Account (WCPMA)**

Year	Electric Waived Charges	Gas Waived Charges
2018	7,625	2,714
2019	-	-
2020	-	-
2021	-	-
Jan-Mar 2022	-	-

14 Wildfire emergency protections expenses are for waived electric and gas charges for  
15 customers impacted by the December 2017 Lilac Fire.

16 Based on the foregoing, the costs recorded by SDG&E are in compliance with Resolution  
17 (Res.) M-4835, are reasonable, and should be approved by the Commission. Additional  
18 information regarding regulatory accounts is provided in the direct testimony of SDG&E  
19 Regulatory Account witness Mr. Kupfersmid (Ex. SDG&E-43).

20 **B. Credit and Collections**

21 Table SFB-8 below summarizes SDG&E’s requested TY 2024 expenses for Credit &  
22 Collections.

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<sup>8</sup> See SDG&E Advice Letter 3177-E/2645-G, Emergency Residential and Non-Residential and Non-Residential Customer Protections for December Wildfire Victims, *available at*: <https://tariff.sdge.com/tm2/pdf/3177-E.pdf>.

<sup>9</sup> Res. M-4835 at 16 (OP 4).



**TABLE SFB-8**  
**Forecast for Credit & Collections**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted- Recorded (000s)</b>	<b>TY 2024 Estimated (000s)</b>	<b>Change (000s)</b>
3. Credit & Collections	2,354	2,433	79
<b>Total</b>	<b>2,354</b>	<b>2,433</b>	<b>79</b>

**1. Description of Costs and Underlying Activities**

Credit & Collection consists of Credit and Collections, Customer Payment Services, and Meter Revenue Protection.

- Credit and Collection

Credit and Collections activities encompass credit office functions, including:

- Credit policy and procedure development and review
- Skip tracing (research to locate a customer after a service disconnection and the final bill reaches delinquent status) and final bill collection
- Collection of delinquent residential and small commercial accounts
- Bankruptcy processing
- Escheatment pursuant to California unclaimed property laws and processing of customer refunds

Credit and Collections is also responsible for assessing credit risk for active residential customer accounts and offering options for payment arrangements and extensions; as well as assessing risk associated with business customers and attempting to reduce bad debt exposure for the benefit of all customers.

Customer Payment Services

Customer Payment Services handles all exception payments and performs daily reconciliation of all payment sources to respective SDG&E bank accounts. An exception payment is defined as a payment that cannot automatically post in the Customer Information System. Examples include customers providing incorrect SDG&E customer account numbers or payments returned for insufficient funds.

1           Meter Revenue Protection (MRP)

2           MRP investigates leads associated with potential customer energy theft and, more  
3 importantly, remediates any related employee and public safety issues. Bypasses or unauthorized  
4 attachments create unsafe conditions for SDG&E crews as well as public safety officers and first  
5 responders. The first order of business when encountering these conditions is corrective action  
6 relative to safety. The unauthorized attachments are not standard and violate the electrical code  
7 and local building ordinances. These connections present the potential for fire, electrical shock or  
8 even the risk of electrocution to SDG&E service technicians, law enforcement, firefighters, city  
9 or county officials, occupants of the residence, and/or the community. Additionally, MRP  
10 performs credit assists which typically result from a new customer attempting to initiate service  
11 at a premise immediately after disconnection for non-payment, and thus MRP performs a field  
12 visit to confirm a change in residency and customer identification.

13           The calculations for the estimated expenses for Credit and Collections are included in my  
14 workpapers (Ex. SDG&E-18-WP 100001.000 and Ex. SDG&E-18-WP 100001.001).

15                   **2.       Forecast Method**

16           I used a base year forecast method for TY 2024 for Credit and Collections because the  
17 last recorded year accurately reflects the expense level associated with current and forecasted  
18 departmental activity. Business processes have changed due to the Order Instituting Rulemaking  
19 (OIR) to Consider New Approaches to Disconnections and Reconnections to Improve Energy  
20 Access and Contain Costs decision that was issued in 2020.<sup>10</sup> These changes impacted various  
21 aspects of the credit application and fee processes along with<sup>11</sup> new programs must also be  
22 offered to customers at risk of disconnection.<sup>12</sup> A citation program to ensure compliance with all  
23 the OIR requirements.<sup>13</sup> For these reasons, a base year methodology is reasonable as a starting  
24 point to forecast.

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<sup>10</sup> On June 16, 2020, the CPUC issued D.20-06-003, adopting rules and other changes to reduce residential customer disconnections for the larger California-jurisdictional energy utilities. Decision (D.) 20-06-003 orders the four major investor-owned utilities to implement a variety of policies and rule changes that build upon the disconnections protections passed by the CPUC in December 2018. As a result, the disconnection practices have changed since 2018.

<sup>11</sup> D.20-06-003 at 145-146 (OP 1).

<sup>12</sup> *Id.*

<sup>13</sup> D.20-06-003 at 137-138.

1                   **3. Cost Drivers**

2                   Table SFB-9 summarizes the changes in Credit and Collections estimated expenses for  
3 TY 2024.

4                                   **TABLE SFB-9**  
5                   **Changes in Credit and Collections TY 2024 Estimated Expenses**

Credit and Collections	TY 2024 - 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
a. Full Year Labor Impact of Vacancies	62		62	0.8
b. Customer Growth	36	20	56	0.5
c. Collection Agency Commissions		104	104	
d. Reduced Contractor Usage		(131)	(131)	
e. CIS Replacement Benefit 87.1 (Payment Status Validation)	(6)	(6)	(12)	(0.1)
<b>Total TY 2024 Impact</b>	<b>92</b>	<b>(13)</b>	<b>79</b>	<b>1.2</b>

6                                   **a. Full Year Labor Impact of Vacancies**

7                   I am requesting \$62,000 in labor above BY 2021 to reflect a full year salary for staff  
8 hired during 2021. Without this adjustment labor costs would not be accurately reflected in TY  
9 2024.

10                                  **b. Customer Growth**

11                   I am requesting \$36,000 in labor and \$20,000 in associated non-labor above the BY 2021  
12 due to increased credit activities resulting from customer growth. Forecasted electric meter  
13 growth is 2.78% and is covered in the Electric Customer Forecast testimony of Kenneth  
14 Schiermeyer (Exhibit SDG&E-40). Activities include ensuring timely and responsive customer  
15 service supporting the increased volume of transactions, confirming tenancy changes and other  
16 verifications as part of new service requests, final bill collections and managing excessively  
17 delinquent customer accounts.

18                                  **c. Collection Agency Commissions**

19                   I am requesting \$104,000 in non-labor above the BY 2021 for collection agency  
20 commission payments. The drivers for this are the projected increase in the number of unpaid  
21 accounts due to customer growth, and the increase in unpaid accounts over a longer period due to  
22 the COVID-19 pandemic, starting in March 2020, resulting in higher unpaid balances. SDG&E  
23 expects the increase in unpaid accounts related to the COVID-19 pandemic and the extended  
24 moratorium on disconnection for non-payment to be sent to collection agencies well beyond

1 2024. Collection agencies are compensated based on a percentage of the monies they recover,  
2 thus the increase in the number and value of delinquent bills creates an increase in these  
3 commission payments.

4 **d. Contractor Savings**

5 I am forecasting a reduction of \$131,000 in non-labor due to a decrease in the use of  
6 external contractor resources.

7 **e. CIS Replacement Benefit – Payment Status Validation**

8 I am forecasting a reduction of \$12,000 due to improved validation prior to certain  
9 transactions such as payment transfers or refunds. This results in a reduction in labor costs  
10 associated with the reduction in manual workarounds and cash flow optimization by sending and  
11 receiving payments more efficiently.

12 **4. Memorandum Account – Residential Disconnection Protections**  
13 **Memorandum Account (RDPMA)**

14 I am providing the business justification for the costs incurred for residential  
15 disconnection protections activities from 2020 through March 31, 2022, that have been posted to  
16 the RDPMA. This memorandum account was established pursuant to Ordering Paragraph 95 of  
17 D.20-06-003.<sup>14</sup> The RDPMA is used to record the incremental costs associated with  
18 implementing the customer protections and other items required by the Decision.<sup>15</sup> Table SFB-  
19 10 below show the activity in this memorandum account.

20 **Table SFB-10**  
21 **Residential Disconnections Protections Memo Account (RDPMA)**

Year	Electric O&M	Gas O&M
2020	26,076	15,982
2021	421,334	258,237
Jan-Mar 2022	-	-

22 D.20-06-003 required implementation of the Arrearage Management Payment (AMP)  
23 Plan prior to the end of the Customer Protections period.<sup>16</sup> The implementation timing permitted  
24 SDG&E to implement AMP consistent with Energy Division’s direction and to make any

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<sup>14</sup> D.20-06-003 at 165 (OP 95). *See also*, SDG&E Advice Letter 3613-E / 2906-G, Establishment of the Electric and Gas Residential Disconnect Protections Memorandum Account (RDPMA) in Compliance with Decision 20-06-003, *available at*: <https://tariff.sdge.com/tm2/pdf/3613-E.pdf>.

<sup>15</sup> *Id.*

<sup>16</sup> D.20-06-003 at 30.

1 necessary operational changes. On December 17, 2020, pursuant to Resolution E-5114, the  
2 Commission approved SDG&E's advice letter (AL) 3602-E/2902-G, for the implementation of  
3 the Arrearage Management Payment (AMP) plan.<sup>17</sup> The activities necessary to implement AMP  
4 were charged to the RDPMA.

5 At that time, SDG&E was in the process of deploying its new Customer Information  
6 System (CIS), scheduled to go online in April 2021. Due to a system freeze through April 2021,  
7 SDG&E implemented AMP on an entirely manual basis on February 1, 2021. The manual  
8 implementation of AMP required additional resources that performed eligibility checks,  
9 customer communication and education, calculation and processing of debt forgiveness,  
10 processing of monthly acknowledgement correspondence, tracking, and overall program  
11 management. These resources were also responsible for providing ongoing support to customers  
12 during the AMP program. In addition, marketing, education, and outreach materials to promote  
13 AMP and an AMP specific page on sdge.com were developed.

14 Based on the foregoing, the costs recorded by SDG&E are in compliance with D. 20-06-  
15 003, are reasonable and should be approved by the Commission. Additional information  
16 regarding regulatory accounts is provided in the direct testimony of SDG&E Regulatory Account  
17 witness Mr. Kupfersmid (Ex. SDG&E-43).

##### 18 **5. Memorandum Account – Emergency Customer Protections** 19 **Memorandum Account (ECPMA)**

20 I am providing the business justification for the costs incurred for emergency customer  
21 protections activities from 2018 through March 31, 2022, that have been posted to ECPMA. This  
22 memorandum account was established pursuant to D.18-08-004, Resolution (Res.) M-4833 and  
23 Res. 4835.<sup>18</sup> The ECPMA is used to record the incremental costs and waived charges incurred  
24 by SDG&E associated with providing residential and non-residential emergency customer  
25 protections.<sup>19</sup> Table SFB-11 below show the activity in this memorandum account.

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<sup>17</sup> See SDG&E's Advice Letter 3602E/2902G, Implementation of San Diego Gas & Electric Company's Arrearage Management Payment (AMP) Plan in Compliance with D.20-06-003, *available at*: <https://tariff.sdge.com/tm2/pdf/3602-E.pdf>.

<sup>18</sup> Decision (D) 18-08-004, Ordering Paragraph (OP) 3. *See also*, SDG&E Advice Letter 3269-E/2702-G, Establishment of the Gas and Electric Emergency Customer Protections Memorandum Account (ECPMA) Pursuant to Ordering Paragraph 3 of Decision 18-08-004, *available at*: <https://tariff.sdge.com/tm2/pdf/3269-E.pdf>.

<sup>19</sup> *Id.*

**Table SFB-11**  
**Emergency Customer Protection Memo Account (ECPMA)**

Year	Electric O&M	Gas O&M
2018	-	-
2019	-	-
2020	17,629	1,959
2021	-	-
Jan-Mar 2022	-	-

Emergency customer protections expenses are for system enhancements necessary to manage customers enrolled in California Alternate Rates for Energy (CARE), or Family Electric Rate Assistance (FERA), or Medical Baseline (MBL) and impacted by a wildfire or other natural disaster event so that no action is required by the customer to maintain the discount these rates provide. Specific activities include creating a new “natural disaster” table to store the account and impact dates, coding to add accounts to the new “natural disaster” table, creating a new flag for impacted accounts, disabling letters and alerts based on the presence of the natural disaster flag, and disabling the online application for impacted customers.

Based on the foregoing, the costs recorded by SDG&E are in compliance with D.18-08-004, Resolution (Res.) M-4833 and Res. M-4835, are reasonable, and should be approved by the Commission. Additional information regarding regulatory accounts is provided in the direct testimony of SDG&E Regulatory Account witness Mr. Kupfersmid (Ex. SDG&E-43).

**C. Remittance Processing**

Table SFB-12 below summarizes SDG&E’s requested TY 2024 expenses for Remittance Processing.

**TABLE SFB-12**  
**Forecast for Remittance Processing**

<b>CS - OFFICE OPERATIONS</b>			
<b>(In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted-Recorded (000s)</b>	<b>TY 2024 Estimated (000s)</b>	<b>Change (000s)</b>
4. Remittance Processing	761	678	(83)
<b>Total</b>	<b>761</b>	<b>678</b>	<b>(83)</b>

**1. Description of Costs and Underlying Activities**

Remittance Processing includes the expense for paper, envelopes, and vendor fees to deliver customer bills.

1 The calculations for the estimated expenses for Remittance Processing are included in my  
2 workpapers (Ex. SDG&E-18-WP 100002.000).

3 **2. Forecast Method**

4 I chose to use a base year forecast method for TY 2024 for Remittance Processing  
5 because this workpaper group includes non-labor costs of software maintenance for My Account,  
6 vendor’s fees for electronic bill delivery to customers’ home banking websites, and billing forms  
7 and envelopes for paper bills and notices. These costs are driven by the volumes of bills, notices  
8 and payments that are impacted by customer growth as well as customer choice of billing and  
9 payment channels. For these reasons, the base year provides a reasonable starting point for future  
10 expenditures.

11 **3. Cost Drivers**

12 Table SFB-13 below summarizes the changes in Remittance Processing Estimated  
13 Expenses for TY 2024.

14 **TABLE SFB-13**  
15 **Changes in Remittance Processing TY 2024 Estimated Expenses**

Remittance Processing	TY 2024 - 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
a. Vendor costs for Consolidator e-bill delivery		(24)	(24)	
b. Forms & Envelopes		(59)	(59)	
<b>Total TY 2024 Impact</b>		<b>(83)</b>	<b>(83)</b>	

16 **a. Vendor Costs for Consolidator e-bill Delivery**

17 I am forecasting a reduction of \$24,000 in non-labor compared to the BY 2021 due to  
18 decreased vendor costs for the delivery of electronic bills to SDG&E’s customers’ home banking  
19 websites.

20 **b. Forms and Envelopes**

21 The Remittance Processing TY 2024 forecast reflects a reduction of \$59,000 in non-labor  
22 due to a reduction in the number of forms and envelopes due to suppressed bills<sup>20</sup> and electronic  
23 bills.

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<sup>20</sup> Suppressed bills are bills that are not mailed to customers because they have indicated they no longer need a paper bill.

1 **D. Postage**

2 Table SFB-14 below summarizes SDG&E’s requested TY 2024 expenses for Postage.

3 **TABLE SFB-14**  
4 **Forecast for Postage**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted- Recorded (000s)</b>	<b>TY 2024 Estimated (000s)</b>	<b>Change (000s)</b>
5. Postage	3,810	3,597	-213
<b>Total</b>	<b>3,810</b>	<b>3,597</b>	<b>-213</b>

5 **1. Description of Costs and Underlying Activities**

6 Postage includes the expense for mailing customer bills and notices through the United  
7 States Postal Service (USPS).

8 The calculations for the estimated expenses for Postage are included in my workpapers  
9 (Ex. SDG&E-18-WP 100002.001).

10 **2. Forecast Method**

11 I chose a base year forecast method for TY 2024 for postage because expenses depend on  
12 postage rates that are determined by the USPS, and the volume of paper bills and notices, which  
13 are impacted by customer growth as well as electronic bill adoption levels. The last recorded  
14 year accurately reflects the expense level associated with these costs therefore, the base year  
15 provides a reasonable starting point for future expenditures.

16 **3. Cost Drivers**

17 Table SFB-15 summarizes the changes in estimated Postage expense for TY 2024.

18 **TABLE SFB-15**  
19 **Changes in Postage TY 2024 Estimated Expenses**

<b>Postage</b>	<b>TY 2024- 2021 Change (000s)</b>				
	<b>Labor</b>	<b>Non- Labor</b>	<b>NSE</b>	<b>Total</b>	<b>FTEs</b>
a. Postage Cost Increase - Meter Growth			318	318	
b. Postage Savings – Paperless			(527)	(527)	
c. Postage Savings – Rate Changes			(4)	(4)	
<b>Total TY 2024 Impact</b>			<b>(213)</b>	<b>(213)</b>	



1 **a. Postage Cost Increase – Meter Growth**

2 I am requesting an incremental \$318,000 in postage costs due to an anticipated increase  
3 in paper bills resulting from forecasted meter growth.

4 **b. Postage Savings – Paperless**

5 The TY 2024 Postage forecast reflects a \$527,000 reduction in postage due to the  
6 anticipated increase in customer paperless adoption.

7 **c. Postage Savings – Rate Changes**

8 The TY 2024 Postage forecast reflects a net savings of \$4,000 in postage due to postage  
9 rate changes.

10 **E. Branch Offices and Authorized Payment Locations (APL)**

11 Table SFB-16 below summarizes SDG&E’s requested TY 2024 expenses for Branch  
12 Offices and Authorized Payment Locations (APLs).

13 **TABLE SFB-16**  
14 **Forecast for Branch Offices and APLs**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted- Recorded (000s)</b>	<b>TY 2024 Estimated (000s)</b>	<b>Change (000s)</b>
6. Branch Offices	1,358	1,517	159
<b>Total</b>	<b>1,358</b>	<b>1,517</b>	<b>159</b>

15 **1. Description of Costs and Underlying Activities**

16 SDG&E provides local payment offices and customer services through a network of  
17 Branch Offices and APLs. SDG&E operates five dedicated Branch Office facilities and one  
18 shared Branch Office facility.<sup>21</sup> Additionally, SDG&E contracts with a third-party vendor that  
19 provides a network of approximately 50 APLs. These APLs provide similar payment services in  
20 addition to credit and debit card options (at select APLs), convenient locations, and extended  
21 hours for SDG&E customers.

22 The calculations for the estimated expenses for Branch Offices are included in my  
23 workpapers (Ex. SDG&E-18-WP 100003.000).

<sup>21</sup> SDG&E filed application A.21-11-017 on 11/22/2021 requesting permission to close the National City Branch Office and the shared Downtown Branch Office. If approved, the cost savings for the leases for these offices will be represented in the Real Estate, Land Services & Facility Operations testimony of Dale Tattersall (Exhibit SDG&E-23).

1 **2. Forecast Method**

2 I chose to use a base year forecast method for TY 2024 for Branch Offices. The COVID-  
3 19 pandemic forced the temporary closure of the branch offices to the public for 26 months in  
4 compliance with the State’s safety protocols for the COVID-19 pandemic to ensure the safety of  
5 customers and employees. During the pandemic, while some customers continued to utilize  
6 payment drop boxes at the branch office locations, many other customers became more  
7 comfortable with other channels with which to communicate and transact moving more towards  
8 MyAccount, Authorized Payment Locations (APLs) or reaching SDG&E by phone. Utilizing an  
9 average of past years as a basis for forecasting future costs may overstate the costs needed to  
10 operate the branch offices in a post-pandemic environment. Therefore, the base year method  
11 serves as the most reasonable starting point for future expenses.

12 **3. Cost Drivers**

13 Table SFB-17 summarizes the changes in Branch Offices estimated expenses for TY  
14 2024.

15 **TABLE SFB-17**  
16 **Changes in Branch Offices TY 2024 Estimated Expenses**

Branch Offices	TY 2024 - 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
a. Contract Resources		159	159	
<b>Total TY 2024 Impact</b>		159	<b>159</b>	

17 **a. Contractor Resources**

18 I am requesting a \$159,000 increase in non-labor above the BY 2021 for staff  
19 augmentation, which is necessary due to staff attrition that was not backfilled and to maintain  
20 service levels when the branch offices reopen to the public in May 2022.

21 **F. Customer Contact Center Operations**

22 Table SFB-18 below summarizes SDG&E’s requested TY 2024 expenses for Customer  
23 Contact Center (CCC) Operations.

**TABLE SFB-18**  
**Forecast for CCC Operations**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted- Recorded (000s)</b>	<b>TY 2024 Estimated (000s)</b>	<b>Change (000s)</b>
7. Customer Contact Center Operations	11,851	13,740	1,889
<b>Total</b>	<b>11,851</b>	<b>13,740</b>	<b>1,889</b>

**1. Description of Costs and Underlying Activities**

The CCC costs are for a variety of customer interactions, including answering telephone calls; responding to incoming email; responding to customer inquiries through online chat features; answering written customer correspondence regarding customer account activity; following up on all California Public Utility Commission (CPUC) telephone referrals and informal and formal customer complaints; and responding to other customer account-related inquiries.

Through a variety of toll-free telephone numbers, SDG&E responds to emergency calls 24 hours per day, 365 days per year from a myriad of residential, commercial, industrial, and agricultural customers.

SDG&E CCC agents, or Energy Service Specialist (ESS), are not purely transaction-focused, but also provide customer support on complex billing issues, applicable pricing plan choices, and the offering of tools and solutions to aid in energy or bill reduction. Calls are routed to the first available ESS with the right skillset to address the customer’s need. SDG&E’s representatives provide telephone service in English, Spanish, and Vietnamese as well as for the hearing impaired via text telephone (TTY). SDG&E also provides services in other languages via Language Line Services.

The calculations for the estimated expenses for CCC operations are included in my workpapers (Ex. SDG&E-18-WP 100004.000).

**2. Forecast Method**

I chose to use a base year forecast method for TY 2024 for CCC Operations because the last recorded year accurately reflects the expense level associated with current departmental activities. The dynamics of various communication channels (phone, Interactive Voice Response (IVR) and web), continuous improvements in self-service, ESS training – with a focus on

1 effective call handling, level of service (LOS), average handle times (AHT), agent occupancy,<sup>22</sup>  
 2 shrinkage,<sup>23</sup> standardized call scripting, and the new Customer Information System (CIS) that  
 3 was put into service in April 2021 collectively impact CCC Operations. Additionally, the 2021  
 4 base year performance results were preferred over historical averages because changes in  
 5 customer preferences of communication channel (phone, web, email, chat, mobile) and self-  
 6 service channel improvements (IVR, web and mobile) have impacted ESS-handled calls in the  
 7 last five years. The BY 2021 individual transactions per electric meter (Table SFB-19 below) is  
 8 applied to projected electric meter volumes to obtain ESS transaction volumes (Table SFB-20  
 9 below).

10 **TABLE SFB-19**  
 11 **ESS Historical Call Volume and Forecast**

**ESS Historical Call Volume and Forecast**

<b>Year</b>	<b>Total ESS Calls</b>	<b>Electric Meters</b>	<b>Calls Per Meter</b>
<b>2014</b>	1,833,573	1,412,939	1.30
<b>2015</b>	1,587,919	1,421,829	1.12
<b>2016</b>	1,490,751	1,430,175	1.04
<b>2017</b>	1,554,902	1,438,964	1.08
<b>2018</b>	1,504,660	1,453,179	1.04
<b>2019</b>	1,587,054	1,464,572	1.08
<b>2020</b>	1,521,589	1,476,867	1.03
<b>2021</b>	1,450,943	1,489,949	0.97
<b>2022 (FCST)</b>	1,462,995	1,502,325	0.97
<b>2023 (FCST)</b>	1,476,577	1,516,272	0.97
<b>2024 (FCST)</b>	1,491,247	1,531,337	0.97
	<b>Average (2014-2024) Calls Per Meter</b>		<b>1.05</b>

12  
 22 Agent occupancy, also known as agent utilization, is defined as a percentage of time call agents spend handling incoming calls, including after call work against the staff time or total amount of time they are plugged in and ready and waiting for calls to arrive. Occupancy is calculated by dividing call-handling time, including after call work by staff time.

23 Shrinkage is defined as the time for which call agents are paid during which they are not available to handle calls. It is a measure of how much time is lost in the CCC to things like vacation, breaks, lunch, holidays, sick time, absenteeism, training, meetings, etc. Shrinkage is calculated by dividing total lost time by total paid time.

1  
2

**TABLE SFB-20**  
**Total Customer Contacts and Transactions**

Total Customer Contacts and Transactions  
2017 – TY 2024

Year	ESS Calls	% of Total	IVR Calls	% of Total	Web & Mobile	% of Total	Email	% Of Total	Chat	% Of Total	Total Contacts
2017	1,554,902	39.81%	827,541	21.19%	1,424,873	36.48%	68,065	1.74%	30,321	0.78%	3,905,702
2018	1,504,660	33.00%	833,554	18.28%	2,144,223	47.02%	36,495	0.80%	41,186	0.90%	4,560,118
2019	1,587,054	14.67%	1,217,055	11.25%	7,944,789	73.45%	24,350	0.23%	42,870	0.40%	10,816,118
2020	1,521,589	13.40%	1,386,504	12.21%	8,386,686	73.85%	18,973	0.17%	43,154	0.38%	11,356,906
2021	1,450,943	10.70%	1,117,061	8.24%	10,948,869	80.78%	15,085	0.11%	22,378	0.17%	13,554,336
2022 (FCST)	1,462,995	10.70%	1,126,340	8.24%	11,039,814	80.78%	15,210	0.11%	22,564	0.17%	13,666,923
2023 (FCST)	1,476,577	10.70%	1,136,796	8.24%	11,142,303	80.78%	15,352	0.11%	22,773	0.17%	13,793,801
2024 (FCST)	1,491,247	10.70%	1,148,091	8.24%	11,253,008	80.78%	15,504	0.11%	23,000	0.17%	13,930,850

3

The base year forecast method is also used for CCC Operations non-labor because the last recorded year accurately reflects the expense level associated with current departmental activities. These non-labor expenses primarily consist of employee-related expenses such as, office supplies, office furniture, and headsets. Communications, annual software maintenance, and telecommunication costs are captured under the CCC Support non-labor category.

4

**3. Cost Drivers**

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Table SFB-21 summarizes the changes in the CCC Operations estimated expenses for TY 2024.

10

11

**TABLE SFB-21**  
**Changes in CCC Operations TY 2024 Estimated Expenses**

12

13

CCC Operations	TY 2024 - 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
a. Customer Growth - Call Volume Increase	159		159	2.5
b. Full Year Labor Impact of Vacancies and New Hires	2,024	-447	1,577	31.9
c. CIS Replacement Benefit 119.1 (Business Services ESS Efficiency)	-29		-29	-0.5
d. CIS Replacement Benefit 16.1 (Business Services Self-Service Enablement)	-12		-12	-0.1
e. CIS Replacement Benefit 50.1 (Business Services Inflow Call Reduction)	-40		-40	-0.4
f. CIS Replacement Benefit 68.1 (Rate Analysis Productivity)	-40		-40	-0.4
g. CIS Replacement Benefit 139.1 (Business Services Customer Support Transactions)	-180		-180	-1.8

CCC Operations	TY 2024 - 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
h. Capital Project Impacts - Contact Center of the Future	442	12	454	4.7
<b>Total TY 2024 Impact</b>	<b>2,324</b>	<b>-435</b>	<b>1,889</b>	<b>35.9</b>

**a. Customer Growth – Call Volume Increase**

I am requesting \$159,000 in labor above the BY 2021 for 2.6 FTEs to support the increase in call volume expected due to customer growth. Forecasted electric meter growth is 2.78% and is covered in the Electric Customer Forecast testimony of Kenneth Schiermeyer (Exhibit SDG&E-40). Based on this forecast, it is estimated that call volume will increase by approximately 43,365 calls in TY 2024, therefore requiring additional FTEs to support customer needs. These FTEs will respond to billing and payment inquiries and requests for customer assistance program information, offer appropriate rate options to customers, provide energy conservation solutions, and other miscellaneous requests.

**b. Full Year Effect of Vacancies and New Hires**

I am requesting a net increase of \$1.577 million in labor above the BY 2021 to reflect the full-year impact of vacancies and new hires for CCC Operations. Due to the Customer Information System replacement project staffing attrition was not backfilled between Q2-2020 and Q2-2021, during which time current ESS's were being trained on the new system.

I am forecasting a reduction in non-labor costs of \$447,000, which funded an external call center for two months in 2021 that was utilized during the CIS implementation and is no longer needed.

**c. CIS Replacement Benefit – Business Services ESS Efficiency**

I am forecasting a reduction in labor costs of \$29,000 due to the business CCC agents no longer needing to do manual workarounds required in the legacy CIS to analyze and pull information together to assist customers.

**d. CIS Replacement Benefit – Business Services Self-Service Enablement**

I am forecasting a reduction in labor costs of \$12,000 associated with reduced call volumes and lower average handle times due to more self-service options for customers to process orders, book appointments, and change schedules in real-time.

1                                   **e.      CIS Replacement Benefit – Business Services Inflow Call**  
2                                   **Reduction**

3                   I am forecasting a reduction in labor costs of \$40,000 associated with benefits of reduced  
4 inflow of calls due to improved integration of self-service applications to guide customers to  
5 useful or necessary information.

6                                   **f.      CIS Replacement Benefit – Rate Analysis Productivity**

7                   I am forecasting a reduction in labor costs of \$40,000 associated with benefits of reduced  
8 call volume due to quicker turnaround time to implement new types of rate analysis and ability  
9 for customers to access self-service rate analysis.

10                                  **g.      CIS Replacement Benefit – Business Services Customer**  
11                                  **Support Transactions**

12                   I am forecasting a reduction in labor costs of \$180,000 associated with benefits of  
13 improved efficiencies and productivity for the handling of business customer inquiries.

14                                  **h.      Capital Project Impacts – Contact Center of the Future**

15                   I am requesting \$442,000 in labor and \$12,000 in associated non-labor above BY 2021  
16 for one project manager, two supervisors, and two associate supervisors. SDG&E hired a project  
17 manager mid-year to oversee the development of the Contact Center of the Future (CCotF)  
18 project<sup>24</sup> and will continue to support the project during implementation and maintenance;  
19 because this position was not on staff for the entirety of the BY the full year labor effect is  
20 included. In addition, a consultant was engaged to develop a strategy for the CCC, which  
21 included a recommendation to decrease the supervisor to ESS ratio to improve the customer  
22 experience.

23                   **G.      Customer Contact Center Support**

24                   Table SFB-22 below summarizes SDG&E’s requested TY 2024 expenses for Customer  
25 Contact Center Support.

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<sup>24</sup> The Contact Center of the Future project is a digital transformation of SDG&E’s Customer Contact Center. *See* Section V. CAPITAL of this chapter for a description of the project and the business justification.

1  
2

**TABLE SFB-22**  
**Forecast for CCC Support**

<b>CS - OFFICE OPERATIONS (In 2021 \$)</b>			
<b>A. Customer Services Office Operations</b>	<b>2021 Adjusted- Recorded (000s)</b>	<b>TY 2024 Estimated (000s)</b>	<b>Change (000s)</b>
8. Customer Contact Center Support	3,750	4,030	280
<b>Total</b>	<b>3,750</b>	<b>4,030</b>	<b>280</b>

3

**1. Description of Costs and Underlying Activities**

4

CCC Support cost center activities include resource planning and scheduling; technology support (including software licensing, maintenance, and support service); training; quality assurance; policy and procedures support; planning and analysis functions; complaint resolution and clerical support.

8

The calculations for the estimated expenses for CCC Support are included in my workpapers (Ex. SDG&E-18-WP 100005.000).

10

**2. Forecast Method**

11

I chose to use a base year forecast method for TY 2024 for CCC Support because the last recorded year accurately reflects the expense level associated with current departmental activities. Furthermore, while labor has remained constant over the years, non-labor has fluctuated due to technological implementation for new and/or outdated systems. Therefore, the base year provides a reasonable starting point for future expenditures.

16

**3. Cost Drivers**

17

Table SFB-23 summarizes the changes in the CCC Support estimated expenses for TY 2024.

18



**TABLE SFB-23**  
**Changes in CCC Support TY 2024 Estimated Expenses**

CCC Support	TY 2024 - 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
a. CIS Replacement Benefit 200.1 (Training Costs)	-50		-50	-0.6
b. Full Year Labor Impact of Vacancies	87		87	0.9
c. Capital Project Impacts - CCotF: Analytics and Reporting Labor Costs	234	9	243	3.0
<b>Total TY 2024 Impact</b>	<b>271</b>	<b>9</b>	<b>280</b>	<b>3.3</b>

**a. CIS Replacement Benefit – Training Costs**

I am forecasting a reduction of \$50,000 related to benefits derived from improved system interfaces and refinements in the training scripting.

**b. Full Year Labor Impact**

I am forecasting an increase of \$87,000 in labor costs to add back the full year salary for 0.9 FTE. Without this adjustment, labor costs would not be accurately reflected in TY 2024.

**c. Capital Project Impacts – CCotF: Analytics and Reporting**

I am requesting \$234,000 in labor and \$9,000 in associated non-labor above BY 2021 for three analysts to provide support as a result of CCotF. New capabilities that will be delivered by CCotF will require resources with data analytics skills necessary to support operational and strategic decision making and enable continuous improvement.

**H. Customer Operations Compliance and Strategy**

Table SFB-24 below summarizes SDG&E’s requested TY 2024 expenses for Customer Operations Compliance and Strategy.

**TABLE SFB-24**  
**Forecast for Customer Operations Compliance and Strategy**

CS - OFFICE OPERATIONS (In 2021\$)			
A. Customer Services Office Operations	2021 Adjusted-Recorded (000s)	TY 2024 Estimated (000s)	Change (000s)
9. Customer Operations Compliance and Strategy	4,417	4,917	500
<b>Total TY 2024 Impact</b>	<b>4,417</b>	<b>4,917</b>	<b>500</b>

1                                   **1.       Description of Costs and Underlying Activities**

2                   Customer Operations Compliance and Strategy is responsible for implementing and  
3 managing SDG&E’s customer choice programs, Customer Services risk and compliance  
4 management functions, and Customer Services project/program management.

5                   The Customer Choice program team administers the electric Direct Access (DA),  
6 Community Choice Aggregation (CCA), the Noncore Gas Transportation Program for large  
7 customers, and the Core Aggregation Transportation (CAT) Program. The Customer Choice  
8 group performs a wide variety of functions to enroll customers, provide operational support to  
9 Load Serving Entities (LSEs), and educate customers seeking these alternate energy services.<sup>25 26</sup>  
10 Customer Choice staff interfaces with all LSEs in the region, including Electric and Gas Energy  
11 Service Providers (ESPs) and three local Community Choice Energy providers, to provide  
12 internal and external education, and proactive communication regarding the applicability and  
13 operations of the programs. In addition, this staff is responsible for policy support and  
14 compliance, as well as customer and ESP contract management administration.

15                   The Customer Services Risk and Compliance Management team includes SDG&E’s  
16 Office of Customer Privacy and tariff policy and compliance functions. This team supports  
17 company operations by translating complex compliance obligations into actionable work  
18 activities and managing controls to promote and sustain compliance and reduce risk. The team is  
19 responsible for SDG&E privacy practices, governance, risk, and compliance activities. The team  
20 also develops, implements, and manages training and engagement for customer privacy, tariff  
21 policy, and compliance activities. The team conducts privacy impact assessments, facilitates  
22 privacy incident follow-up, and participates in evaluation, design, and implementation of new  
23 privacy controls.

24                   The Customer Services Project Management Office (CSPMO) objectives are to achieve  
25 successful project/program implementations. The CSPMO has a focus on business  
26 responsibilities throughout the project/program lifecycle including, but are not limited to,

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<sup>25</sup> D.10-03-022 approved a limited reopening of DA for non-residential customers. SDG&E continues to transport and deliver electricity to all customers on DA service.

<sup>26</sup> In 2002, California State Legislature enacted Assembly Bill 117, establishing Community Choice Aggregation in California. Decision 04-12-046 and 05-12-041 created the CCA programs at the CPUC under the provisions of AB 117.

1 business case development, business process re-engineering, business requirements  
2 development, user acceptance testing, change management, and post-implementation support.

3 The calculations for the estimated expenses for Customer Operations Compliance and  
4 Strategy are included in my workpapers (Ex. SDG&E-18-WP 100006.000).

## 5 **2. Forecast Method**

6 A base year forecast method was utilized for TY 2024 for Customer Operations  
7 Compliance and Strategy because the last recorded year accurately reflects the expense level  
8 associated with current departmental activity. At the end of BY 2021, SDG&E had  
9 approximately 130,000 customers served by a CCA. As noted above, this is exponentially  
10 increasing with projections that SDG&E will have over 800,000 customers served by a CCA by  
11 the end of 2022, and an additional 300,000 plus customers forecasted to transition in 2023.<sup>27</sup> As  
12 complexities increase due to the transition of customers to CCA and as the business focus on  
13 compliance and privacy increases, it is expected that labor requirements will increase as well.  
14 Therefore, the base year provides a reasonable starting point for future expenditures.

## 15 **3. Cost Drivers**

16 Table SFB-25 summarizes the changes in Customer Operations Compliance and Strategy  
17 estimated expenses for TY 2024.

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<sup>27</sup> The forecast is based on revised implementation plans filed by San Diego Community Power and Clean Energy Alliance in December 2021, to expand their service to three new cities and the county of San Diego in 2023.

**TABLE SFB-25**  
**Changes in Customer Operations Compliance and Strategy TY 2024 Estimated Expenses**

Customer Operations Compliance and Strategy	TY 2024 - 2021 Change (000s)			
	Labor	Non-Labor	Total	FTEs
a. Full Year Labor Impact of Vacancies, Leaves and New Hires	330		330	2.8
b. Customer Privacy consent to share maintenance		220	220	
c. Office of Customer Privacy & Tariff Policy and Compliance Growth	520	15	535	5.0
d. Labor shift from California Consumer Privacy Act Memorandum Account (CCPAMA)	236	15	251	2.4
e. CIS Replacement Benefit 156.1 (Eliminate CISCO, CRM and My Account Support)	(372)	(632)	(1,004)	(3.0)
f. CIS Replacement Benefit 71.1 (Test Bill Enhancement)	(75)		(75)	(1.0)
g. CCA Growth and Support for Policy, Customer Engagement and Expansion efforts	237	6	243	2.0
<b>Total TY 2024 Impact</b>	<b>876</b>	<b>(376)</b>	<b>500</b>	<b>8.2</b>

**a. Full Year Effect of Labor Vacancies**

I am requesting \$330,000 in labor above the BY 2021 to add back full-year salaries for employees. In BY 2021, there were employees who worked only a partial year because of personal and long-term disability leave, and there were positions that were filled only mid-year. Without this adjustment, true labor costs would not be accurately reflected.

**b. Customer Privacy Consent to Share Maintenance**

I am requesting \$220,000 in non-labor for costs related to managing defects and minor enhancements to SDG&E’s Consent to Share application, the company’s system for tracking Letters of Authorizations, including Customer Information Service Request (CISR) forms.

**c. Office of Customer Privacy and Tariff Policy & Compliance Growth**

I am requesting \$520,000 in labor for five FTEs described below and \$15,000 in associated non-labor above the BY 2021 to address an increase in work related to customer privacy and Customer Services tariff compliance. The California Consumer Privacy Act (CCPA), and subsequent California Privacy Rights Act (CPRA) established new privacy control and compliance requirements that require resources to adequately address. The CPRA is an

1 expansion of the CCPA implemented Jan 1, 2020. CPRA seeks to protect more types of privacy  
2 information, provide additional rights for consumers, establish an oversight entity, and detail  
3 rights specific to minors.<sup>28</sup> CCPA grants California consumers specific rights regarding the  
4 collection, use, storage, and sale of personal data by businesses.<sup>29</sup> These new laws combined  
5 with an increase in existing privacy-related work, require talented and well-trained personnel to  
6 achieve critical compliance mandates and company goals. The positions necessary to manage the  
7 increase in scope and volume of work include:

8 1. Awareness and Training Advisor: \$111,000 in labor and \$3,000 in associated  
9 non-labor for one advisor to develop, implement and manage a growing set of customer privacy  
10 and tariff compliance training and engagement activities. Additional responsibilities include  
11 managing campaigns and training materials; developing, designing, and maintaining operational  
12 and executive dashboards; collecting data and metrics to measure and manage the effectiveness  
13 of SDG&E’s customer privacy and tariff compliance programs. This position is necessary to  
14 address training-related findings in the GRC Privacy and Security Assessment that is required by  
15 D.11-07-056.<sup>30</sup>

16 2. Privacy and Tariff Compliance Analyst: \$172,000 in labor and \$6,000 in  
17 associated non-labor for two analysts to manage SDG&E’s third-party customer data disclosure  
18 processes, including Privacy GreenLight, Consent to Share, and the Green Button onboarding  
19 process.

20 Decision 14-05-016, commonly known as the Energy Data Access Rules, requires  
21 utilities to maintain procedures that allow certain types of third-parties access to energy usage  
22 and usage-related data without customer consent in a process known as the “Data Request and  
23 Release Process” (Attachment A).<sup>31</sup> SDG&E refers to this process internally as Privacy  
24 GreenLight and has expanded its use to include service providers it is required to report on in its  
25 Annual Privacy Report, as well as for CCPA categorization purposes. Privacy GreenLight has

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<sup>28</sup> California Privacy Rights Act, Cal. Civ. Code § 1798 (2020).

<sup>29</sup> *Id.*

<sup>30</sup> D.11-07-056 at 163-164 (OP 4).

<sup>31</sup> D.14-05-016, Decision Adopting Rules to Provide Access to Energy Usage and Usage-related Data While Protecting Privacy of Personal Data, *available at*:  
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M090/K845/90845985.PDF>.

1 experienced an average annual increase of 20 requests per year, with just 20 requests in 2014 and  
2 139 requests in 2021.

3 Consent to Share is SDG&E's repository for customers to create, store and manage their  
4 letters of authorization, which is required for SDG&E to disclose customer data to third-parties  
5 when consent is required, including the Customer Information Service Request (CISR) form. The  
6 number of CISR forms currently being managed is surpassing 90,000 up from approximately  
7 14,000 in 2018.

8 SDG&E's Green Button process was created to give customers timely access to their  
9 energy data. The Green Button Connect My Data allows customers to send their energy use data  
10 to third party applications. The Green Button onboarding process includes educating and  
11 validating third parties that want to be added to the Connect My Data third-party list, as well as  
12 configuring the third-party for inclusion. Being validated and configured is necessary for a third-  
13 party to be added to the published list that allows customers to share their data with the third-  
14 party in a self-service fashion.

15 Finally, SDG&E's Customer Services tariff policy and compliance team is experiencing  
16 growth in, and complexity of, tariff inquiries and compliance-related matters, from 36 inquiries  
17 in 2019 to over 69 in 2021, requiring expert analysis for operationalizing new mandates.

18 3. Privacy Policy and Standards Advisor: \$111,000 in labor and 3,000 in associated  
19 non-labor for one advisor to support an increase in quantity and complexity of Privacy Impact  
20 Assessments (PIA), which are essential to ensuring new projects and programs meet privacy and  
21 compliance requirements and regulations. This role is necessary to perform follow-up on  
22 reported privacy incidents, which have increased in complexity and volume, from nine in 2016 to  
23 twenty-three in 2021. A typical PIA includes project discovery, research and analysis of  
24 applicable controls, recommendations for approval, validation, and testing. Projects that  
25 represent greater risk require more time and effort to complete this process.

26 4. Privacy and tariff compliance business architect: \$126,000 in labor and \$3,000 in  
27 associated non-labor for one business architect that will align strategic business goals with  
28 privacy and compliance objectives. This position will work with the customer privacy and tariff  
29 compliance teams to identify, implement, and integrate new enterprise controls into company-  
30 wide business processes. This includes customer privacy services, tools and applications, tariff

1 compliance, and compliance risk products. This position will also ensure new and existing  
2 enterprise privacy and compliance controls are applied appropriately across business processes.

3 **d. Labor Shift from CCPAMA to O&M**

4 I am requesting \$236,000 in labor and \$15,000 in associated non-labor over BY 2021 as a  
5 shift from refundable to O&M as part of base business. In 2019, the CPUC authorized capturing  
6 costs related to the California Consumer Privacy Act (CCPA) in a memorandum account.<sup>32</sup>  
7 Several capabilities, including a CCPA webpage and associated webform, a data subject request  
8 workflow, policy and governance products, training and related CCPA processes have since been  
9 operationalized and are being managed by incremental labor resources.

10 **e. CIS Replacement Benefit - Eliminate CISCO, CRM and My**  
11 **Account support**

12 I am forecasting a reduction of \$372,000 in labor (3.0 FTE's) and a reduction of  
13 \$632,000 in non-labor due to the elimination the of legacy systems of CISCO, CRM and the  
14 MyAccount, and related labor support.

15 **f. CIS Replacement Benefit - Test Bill Enhancement**

16 I am forecasting a reduction of \$75,000 in labor (1 FTE) associated with the reduced  
17 amount of time to create test data, confirm changes, and implement changes as compared to the  
18 legacy CIS system.

19 **g. CCA Growth and Support for Policy, Customer Engagement**  
20 **and Expansion efforts**

21 I am requesting \$237,000 in labor (2 FTE's) and \$6,000 in associated non-labor to  
22 support ongoing expansion of CCA activities in SDG&E's service territory. A Project Manager  
23 and Project Advisor will be necessary to handle the shifts in policy, compliance, and customer  
24 experience as SDG&E transitions from having approximately 10% of customers in 2021 to  
25 possibly 80% or more of customers, projected to take service from CCAs by the end of 2024.  
26 The additional staff will support external stakeholder management and related customer  
27 experience strategy, as well as company compliance with the CCA Code of Conduct, updates to,

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<sup>32</sup> D.19-09-026 at 14, OP 1; *See also* SDG&E Advice Letter Advice Letter 3434-E and 2800-G Establishment of the Electric and Gas California Consumer Privacy Act Memorandum Accounts (CCPAMA) in Compliance with D.19-09-026 available at: <https://tariff.sdge.com/tm2/pdf/3434-E.pdf>.

1 and compliance with, CCA related tariffs and rules, and support for Commission proceedings  
 2 where CCA activity within the SDG&E business landscape is considered.

3 **4. Memorandum Accounts – California Consumer Privacy Act**  
 4 **Memorandum Account (CCPAMA)**

5 I am providing the business justification for the costs incurred for activities related to  
 6 consumer privacy from 2019 through March 31, 2022, that have been posted to the CCPAMA.  
 7 This memorandum account was established pursuant to D.19-09-026 to record the incremental  
 8 costs associated with complying with consumer privacy obligations as required by the California  
 9 Consumer Privacy Act of 2018 (CCPA).<sup>33</sup> On November 6, 2020, a majority of Californians  
 10 voted to approve Proposition 24, “California Privacy Rights Act of 2020” (CPRA). The CRPA  
 11 will go into effect on January 1, 2023 and applies to all personal information (PI) collected on or  
 12 after January 1, 2022. The CCPAMA was modified to record the additional costs of  
 13 implementing the CPRA<sup>34</sup>; however, no CPRA activities are reflected in the account for the  
 14 period specified. Table SFB-26 below show the activity in this memorandum account.

15 **Table SFB–26**  
 16 **California Consumer Privacy Act Memo Account (CCPAMA)**

Year	Electric O&M	Electric Capital-Related Costs	Gas O&M	Gas Capital-Related Costs
2019	500,958	-	307,039	-
2020	659,434	(465,291)	404,169	(352,875)*
2021	198,275	1,166,449	121,523	606,369
Jan-Mar 2022	74,402	288,375	32,196	123,034

17 \*The capital cost credits in 2020 are related to self-developed software deduction benefits.

<sup>33</sup> D.19-09-026 at 14 (OP 1); See also SDG&E Advice Letter 3434-E/2800-G, Establishment of the Electric and Gas California Consumer Privacy Act Memorandum Accounts (CCPAMA) in Compliance with D.19-09-026: available at <https://tariff.sdge.com/tm2/pdf/3434-E.pdf>.

<sup>34</sup> SDG&E Advice Letter 3784-E/2988-G, Modifications to San Diego Gas and Electric and Gas California Consumer Privacy Act Memorandum Accounts (CCPAMA) available at: <https://tariff.sdge.com/tm2/pdf/3784-E.pdf>.



1 Consumer privacy expenses are for activities described in the following three categories:

- 2 1. CCPA Capital project that developed, tested, and implemented technologies and  
3 business processes to comply with the CCPA. This work included the initial  
4 implementation of the workflow application used to process CCPA data subject  
5 requests forms, collect associated consumer personal information for personal  
6 information reports, automate and track the progress of requests and integrating  
7 the new CCPA capabilities with other privacy controls and business processes, for  
8 example Privacy GreenLight (PGL). Expenses also include the contract labor to  
9 perform business analysis, user testing, and security testing necessary to  
10 implement the program.
- 11 2. 2020 CCPA Phase 2 work that implemented new, additional regulatory mandates  
12 directed by the California Attorney General as a direct result of CCPA.
- 13 3. Contractor resources that supported the new CCPA controls through governance  
14 documentation, data minimization, employee engagement and privacy training,  
15 data inventory and analysis, attestation, and other related areas.

16 Based on the foregoing, the costs recorded by SDG&E are in compliance with D.19-09-  
17 026, are reasonable, and should be approved by the Commission. Additional information  
18 regarding regulatory accounts is provided in the direct testimony of SDG&E Regulatory Account  
19 witness Mr. Kupfersmid (Ex. SDG&E-43).

#### 20 **IV. UNCOLLECTIBLE RATE**

21 I am requesting that SDG&E's uncollectible rate for Test Year 2024 be set at .219%. This  
22 reflects the 10-Year rolling average (2012 – 2021) methodology as authorized in the TY2019  
23 GRC. The volatility or cyclical nature of the uncollectible rate depends on macroeconomic,  
24 microeconomic, and regional economic factors, changes to the economy from the COVID-19  
25 pandemic, and the variability of seasonal energy bills (hotter summers mean higher electric bills  
26 for air conditioning, and colder winters mean higher natural gas bills for heating). However, the  
27 precise incremental impact to the uncollectible rate due to each of the independent variables is  
28 difficult to quantify and correlate. The COVID-19 pandemic has had a dramatic impact on our  
29 customers' ability to pay their bills in 2020 and 2021 resulting in a higher than historical  
30 uncollectible rate. However, pursuant to D.20-06-003 SDG&E established the Residential  
31 Uncollectible Balancing Account (RUBA) to balance uncollectible costs net of revenue collected

1 from residential customers who have been in arrears and uncollectible for the Arrearage  
 2 Management Payment (AMP) plan.<sup>35</sup> RUBA is part of the Annual Account Update filing and is  
 3 trued-up on an annual basis, refunding any overcollections or collecting any necessary additional  
 4 funding. SDG&E continues to support the annual true-up of the uncollectible 10-year rolling  
 5 average mechanism. The Table SFB-27 below displays the historical uncollectible rate from  
 6 2012-2021, and a 10-year, 5-year and 3-year average.

7 **TABLE SFB-27**  
 8 **SDG&E Uncollectible Data 2012-2021**

<b>Recorded Uncollectible Expense: 2012-2021</b>			
<b>Year</b>	<b>Recorded Uncollectible Expense (a)</b>	<b>Sales Revenue (b)</b>	<b>Uncollectible Rate (a) / (b)</b>
2012	\$ 5,027,626	\$ 3,030,246,377	0.166%
2013	\$ 4,911,906	\$ 3,225,416,802	0.152%
2014	\$ 5,309,773	\$ 3,779,062,099	0.141%
2015	\$ 6,455,318	\$ 4,033,166,170	0.160%
2016	\$ 6,427,130	\$ 3,737,413,809	0.172%
2017	\$ 6,500,662	\$ 3,984,777,398	0.163%
2018	\$ 7,815,235	\$ 4,233,059,153	0.185%
2019	\$ 6,121,705	\$ 4,172,249,811	0.147%
2020	\$ 10,236,392	\$ 4,299,420,991	0.238%
2021	\$ 26,308,604	\$ 4,443,082,421	0.592%
<b>10 Year Average</b>	<b>\$ 85,114,351</b>	<b>\$ 38,937,895,031</b>	<b>0.219%</b>
<b>5 Year Average</b>	<b>\$ 56,982,598</b>	<b>\$ 21,132,589,774</b>	<b>0.270%</b>
<b>3 Year Average</b>	<b>\$ 42,666,702</b>	<b>\$ 12,914,753,223</b>	<b>0.330%</b>

9 **V. CAPITAL**

10 I am sponsoring the business justification for each of the following IT capital projects.  
 11 The estimated capital expense requests are included in the testimony and capital workpapers of  
 12 William J. Exon (Ex SDG&E-25, Ch 2). Table SFB-28 summarizes the total capital forecasts for  
 13 2022, 2023, and TY 2024.

<sup>35</sup> D.20-06-003 at 164 (Ordering Paragraphs 89 and 91); *See also* SDG&E Advice Letter 3621-E/2912-G, 3621-E-B/2912-G-B, Establishment of the Electric and Gas Residential Uncollectible Balancing Account (RUBA) in Compliance with Decision 20-06-003, *available at*: <https://tariff.sdge.com/tm2/pdf/3621-E.pdf>.

**TABLE SFB-28**  
**Capital Expenditures Summary of Costs**

<b>IT CAPITAL (in 2021\$)</b>	<b>Estimated 2022 (\$000)</b>	<b>Estimated 2023 (\$000)</b>	<b>Estimated TY2024 (\$000)</b>
A. Contact Center of the Future (CCotF) CWP 00903B	0	11,285	9,789
B. Customer Energy Network (Product) CWP 00903D	0	316	0
C. CIS Regulatory & Enhancement 2022- 2024 CWP 00903E, 009003F, 00903G	19,233	19,752	23,768
<b>Total</b>	<b>19,233</b>	<b>31,353</b>	<b>33,557</b>

**A. Contact Center of the Future (CCotF)**

**1. Business Justification**

The forecast for Contact Center of the Future (CCotF) for 2022, 2023, and 2024 are \$0, \$11,285,000, and \$9,789,000, respectively. See Ex SDG&E-25-CWP 00903B.

This project is a digital transformation of SDG&E’s Customer Contact Center moving technology to a cloud-hosted environment and leveraging artificial intelligence (AI). Building on the new Customer Information System placed in service in 2021, CCotF will empower employees and customers with tools that further align with SDG&E’s customer-centric focus. This digital transformation will support an informed and holistic view of the customer journey and data-led actions to provide a relevant and streamlined interaction. This project advances SDG&E’s goal of providing customers with an omnichannel experience while creating a framework for continuous improvement. CCotF will also enhance the reliability, resiliency and security of systems and data which is essential during emergency events.

CCotF is vital for SDG&E to meet customer expectations. As technology evolves, consumers expect integrated service channels and 24/7 support from companies they interact with. They have become accustomed to the ease and connectivity that comes from multiple channels such as chat, online or by phone with a live agent, as well as the ability to easily self-serve, depending on their needs and preferences and expect to move between the channel seamlessly. As energy choices for SDG&E customers become increasingly more complicated due to options related to pricing plans, commodity providers – such as CCAs, and legislative and regulatory mandates there will be an increase in relational interactions that address the changing needs of customers. CCotF will deliver the following:

- 1) A cloud-based Contact Center to enhance the stability, reliability and resiliency of systems and applications and strengthen cyber security. This includes:
  - Eliminating on-site servers, hardware, and software used for CCC
  - Shifting responsibility for hosting and maintenance to a cloud provider
- 2) AI enhancements to enable more self-service and improve the customer experience through more intuitive technology and a more holistic view of the customer for an ESS. This includes:
  - Implementing virtual agent (i.e., chat bots) functionality
  - Implementing a conversational Interactive Voice Response (IVR) system with Natural Language Processing (NLP) to increase the speed and efficiency of IVR transactions
  - Implementing speech-to-text transcription to support an omnichannel experience and enhance quality assurance
  - Increasing multi-language support for chat bots and the IVR
- 3) Modernization of training via eLearning to better enable a remote workforce and support on-going skill proficiency. This includes:
  - Utilization of an advanced authoring tool for digitalization of content and a digital learning platform that allows for better, faster, and more efficient self-led training
- 4) An organizational structure and capabilities that support increasingly complex customer needs. This includes:
  - Leveraging new tools such as Agent Assist, which provides automated assistance instead of manual searching, to support ESSs with handling more specialized, sophisticated calls
  - Cultivating a more skilled team and innovating customer care

Contact Center of the Future is fundamental to support a customer centric approach to serving customers and leveraging data analytics to enable continuous improvements.

## **B. Customer Energy Network (CEN)**

### **1. Business Justification**

The forecast for Customer Energy Network (CEN) for 2022, 2023, and 2024 are \$0, \$316,210 and \$0, respectively. See Ex. SDG&E-25-CWP 00903D.

1 This project replaces the Customer Energy Network application with a framework to  
2 support the needs of increased reliability in customer data delivery, as required by Rule 34, to a  
3 growing population of authorized Third Parties and customer enrollments. The project will  
4 update the processes which deliver customer data to Third Parties, update the management of  
5 Third-Party authorizations and subscriptions, and implement system monitoring of data delivery  
6 to ensure reliability. Lastly, the project will implement user self-service functionality and  
7 process automation to recover from system issues resulting in customer data not sent.

8 The new framework will improve the Third Party and Customer Engagement experience  
9 for Green Button programs, Consent to Share, Demand Response Programs and Click-Through  
10 solutions with increased reliability in delivery of customer data. The framework will also  
11 improve business and IT response times to data delivery errors and have a measurable reduction  
12 in IT O&M support for data delivery troubleshooting and recovery.

13 Should the project not move forward, the performance and reliability of the current  
14 Customer Energy Network application may continue to decline, resulting in a poor experience  
15 for customers and putting SDG&E at risk of being out of compliance with Rule 34.

## 16 **C. Customer Information System (CIS) Enhancements**

### 17 **1. Business Justification**

18 The forecast for CIS Enhancements for 2022, 2023, and 2024 are \$19,233,000,  
19 \$19,752,000, and \$23,768,000, respectively. See Ex. SDG&E-25-CWP 00903E, 00903F and  
20 00903G.

21 In 2021, SDG&E successfully implemented and stabilized its new CIS, the SAP  
22 Customer Relationship and Billing (CR&B) system. This implementation replaced a 20-year-old  
23 legacy system, with an up-to-date CIS and an updated online MyAccount system. This new CIS  
24 is the technological platform that will enable continual operational improvements that will  
25 simplify the customer and employee experience, as well as support compliance with regulatory  
26 and legislative requirements, such as new programs and rate offerings. Enhancements to the CIS  
27 platform align with SDG&E's Digital Energy IT transformation, which is focused on delivery

1 via agile processes and modern technologies.<sup>36</sup> Under the agile delivery methodology,<sup>37</sup> CIS  
2 Enhancement projects will focus on the following:

3 1. Customer Transition to Customer Choice Aggregation (CCA)

4 During 2022 and 2023, SDG&E will support the transition of most of its customer base to  
5 a CCA, which requires significant system support due to the large amount of required usage data  
6 and customer data that is transferred between SDG&E and the CCAs daily. To ensure a seamless  
7 transition and long-term system support, SDG&E will need to make several changes and  
8 enhancements to support the high volume of data and customers. This includes:

- 9 • Upgrades to system processing capabilities to support the hundreds of millions  
10 of pieces of interval usage data and customer data provided to the CCAs daily  
11 through the Electronic Data Interchange (EDI) transactions
- 12 • Streamlining the CCA transition process to provide greater flexibility and  
13 options tailored to the CCA's timing, as well as providing the functionality  
14 needed to allow Net Energy Metering customers to transition on their  
15 respective true-up dates
- 16 • Enhancements to improve daily file reconciliation to ensure overall customer  
17 billing timeliness
- 18 • Automation of existing manual processes associated with handling system  
19 exceptions for CCAs
- 20 • Enhancements to provide information regarding a customer's CCA transition  
21 status for Customer Contact Center ESS's to support customer inquiries
- 22 • Upgrades to SDG&E's MyAccount system to provide customers who have  
23 transitioned to Community Choice Aggregation, relevant messaging, billing  
24 charge displays and bill forecasts

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<sup>36</sup> Agile is described in the testimony of Information Technology Policy witness Ben Gordon (Exhibit SDG&E-25 Chapter 1)

<sup>37</sup> Agile project management is an iterative approach to delivering a project throughout its life cycle. Iterative or agile life cycles are composed of several iterations or incremental steps towards the completion of a project.

1           2.     Regulatory and Compliance

2           During the GRC period of 2022, 2023 and 2024, there will be a number of regulatory  
3 initiatives that SDG&E will have to support, and which require making changes to its CIS.  
4 SDG&E will need to configure and thoroughly test its CIS to ensure overall compliance with  
5 decisions and regulatory initiatives, such as:

- 6           •       General Rate Case Phase 2
- 7           •       Rate Design Window
- 8           •       Triennial Cost Allocation Proceeding

9           3.     Customer Self Service and Security Enhancements

- 10          •       SDG&E has identified several enhancements that will provide new  
11 functionality to its MyAccount system, which will improve the  
12 customer experience. This includes:
  - 13          •       Expanding the “Moves” functionality that will allow for a higher  
14 number of customers to take advantage of self-service when they are  
15 moving to a new location
  - 16          •       Improvements to the presentment of customer usage and billing  
17 information that will allow customers to better understand their energy  
18 usage and charges
  - 19          •       Implementing a new capability that will allow customers to request a  
20 service order/field visit online, such as for annual gas pilot relighting
  - 21          •       Upgrades to rate comparison functionality that allows for more  
22 customized analyses
  - 23          •       Enhanced data visualization for customers who are participating on  
24 Net Energy Metering that will provide more insights into charges and  
25 billing
  - 26          •       Continued security enhancements to ensure SDG&E’s MyAccount  
27 system protects customer information against new cyber threats

28          4.     Automation and Streamlining of Business Operations

29          With the implementation of its new CIS, SDG&E is now able to automate and simplify  
30 internal business processes, that will enable a quicker resolution to customer inquiries. This  
31 includes:

- 1 • Automation of several lower complexity billing exceptions and billing  
2 processes that will allow the SDG&E Billing team to focus on the  
3 more complex items
- 4 • Streamline and automate the processing of program applications, such  
5 as for California Alternate Rates for Energy (CARE), Family Electric  
6 Rate Assistance (FERA), Medical Baseline<sup>38</sup> and Percentage of  
7 Income Payment Plan (PIPP)<sup>39</sup>
- 8 • Usability improvements to the CIS views for Contact Center ESS's  
9 that will better support their ability to handle a variety of increasingly  
10 complex calls
- 11 • Enhancements and automation that support the creation and  
12 completion of service orders and streamline cross-functional handoffs  
13 and processing

14 As the California energy industry continues to gain complexity, these enhancements are  
15 necessary for SDG&E to provide a high level of customer service more effectively and  
16 efficiently and comply with legislative and regulatory requirements and mandates.

## 17 **VI. CONCLUSION**

18 My SDG&E Customer Services – Office Operations O&M and Capital project  
19 justifications were carefully developed and reviewed and represent a projection of the level of  
20 funding necessary to support SDG&E's organizational focus for the TY 2024 GRC cycle. The  
21 focus being the trusted energy advisor and providing safe, efficient, effective, timely and  
22 personalized customer service to SDG&E's business and residential customers.

23 This concludes my prepared direct testimony.

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<sup>38</sup> See D.21-06-015 at 44-45.

<sup>39</sup> See D.21-10-012.



1 **VII. WITNESS QUALIFICATIONS**

2 My name is Sandra Baule. I am employed by SDG&E as the Customer Programs  
3 Strategy and Contract manager. My business address is 8335 Century Park Court, San Diego,  
4 California, 92123. My current responsibilities include overseeing SDG&E's Customer Programs  
5 Contract Management Office and business strategy. I assumed my current position in April  
6 2019. I have been employed by SDG&E since 2001, and have held positions in Customer  
7 Communications, Smart Meter program, Business Services and Customer Programs. I received  
8 a Bachelor of Business Administration degree from Loyola University and an MBA from  
9 National University.

10 I have not previously testified before this Commission.

**APPENDIX A**

**GLOSSARY OF TERMS**

**APPENDIX A**  
**Glossary of Terms**

Acronym	Definition
AB	Assembly Bill
ACCUMA	Avoided Cost Calculator Update Memorandum Account
ACT	Advanced Clean Trucks
ADA	American with Disabilities Act
AHT	Average Handle Time
AI	Artificial Intelligence
AL	Advice Letter
APL	Authorized Payment Location
AMP	Arrearage Management Program
AQMP	Air Quality Management Plan
AR	Account Representative
BuS	Business Services
BY	Base Year
CalEPA	California Environmental Protection Agency
CARB	California Air Resources Board
CARE	California Alternate Rates for Energy
CCA	Community Choice Aggregation
CCC	Customer Contact Center
C&I	Commercial and Industrial
CIA	Customer Insights and Analytics
CIS	Customer Information System
CMS	Content Management System
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSF	Customer Service Field
CSPMO	Customer Service Program Management Office
CX	Customer Experience
D	Decision
DAC	Disadvantaged Communities
DASR	Direct Access Service Request
DBE	Diverse Business Enterprise
DER	Distributed Energy Resource
EBPP	Electronic Bill Presentment and Payment
EDI	Electronic Data Interchange
EPA	Environmental Protection Agency
ESAP	Energy Savings Assistance Program

<b>Acronym</b>	<b>Definition</b>
ESP	Energy Service Provider
ESS	Energy Service Specialist
Ex.	Exhibit
FAQ	Frequently Asked Questions
FERA	Family Electric Rate Assistance
FTEs	Full Time Equivalents
GHG	Greenhouse Gas
GRC	General Rate Case
IT	Information Technology
IOU	Investor Owned Utility
IVR	Interactive Voice Response
LOS	Level of Service
LSE	Load Serving Entity
MBL	Medical Baseline
MCS	Measurement Collection System
MDM	Meter Data Management
MRP	Meter Revenue Protection
NEM	Net Energy Metering
NGAT	Natural Gas Appliance Testing
NGV	Natural Gas Vehicles
NLP	Natural Language Processing
NO <sub>x</sub>	Nitrogen Oxide
OAR	Otherwise Applicable Rate
OBR	Off But Registering
O&M	Operations and Maintenance
OEHHA	Office of Environmental Health Hazard Assessment
PA/PE	Payment Arrangements/Payment Extensions
PDF	Portable Document Format
PIPP	Percentage of Income Payment Plan
PMO	Project Management Office
RAMP	Risk Assessment Mitigation Phase
SB	Senate Bill
SCE	Southern California Edison Company
SCG	Southern California Gas Company
SDG&E	San Diego Gas & Electric Company
Sempra	Sempra Energy
SMB	Small, Medium Business
SMS	Short Messaging Service
SoCalGas	Southern California Gas Company
TOU	Time Of Use

Acronym	Definition
TY	Test Year
USPS	United States Postal Service
UX/UI	User Experience/User Interface
WP	Workpaper
YOY	Year Over Year
ZNE	Zero Net Energy