

Exhibit No.: \_\_\_\_\_  
Application: A.22-09-015  
Witness: Michael Foster  
Chapter: 13a

**PREPARED DIRECT TESTIMONY OF**  
**MICHAEL FOSTER**  
**ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**  
**AND SAN DIEGO GAS & ELECTRIC COMPANY**

(RATE DESIGN)

September 30, 2022  
(Errata redlined dated July 24, 2023)

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
I. PURPOSE.....	1
A. Overview of Rate Design.....	1
B. Non-Margin Cost Allocation and Rate Design Proposals .....	2
C. Illustrative 2024 Rates .....	3
II. CORE RATE DESIGN.....	12
A. Residential Rates.....	13
1. SoCalGas Proposes to Phase-in an Increased Residential Fixed Customer Charge and Establish a Two-Tier Structure .....	14
2. SDG&E Proposes to Retain Its Current Residential Minimum Bill.....	20
3. Alternative Methods to Calculate Marginal Customer Connection Cost .....	20
4. Residential Bill Impacts of SoCalGas’s Proposals .....	22
5. Bill Impacts of SoCalGas’s Proposed Residential Customer Charge.....	23
6. Residential Bill Impacts of SDG&E’s CAP Proposals.....	27
7. Implementation of SoCalGas’s Phased-in Two-Tier Residential Fixed Customer Charge Proposal .....	27
B. Submeter Credit .....	28
C. Core C&I Rates.....	29
D. Natural Gas Vehicle (NGV) Compression Rate Adder .....	29
III. NONCORE RATE DESIGN .....	30
A. Noncore Distribution Rates.....	30
B. Transmission Level Service Rates .....	31
IV. OTHER PROPOSALS.....	31
A. Updated Allocation of Self Generation Incentive Program (SGIP) Funds Based on Program Participation.....	31
B. New Regulatory Accounts .....	32
1. Balancing Plus Services Memorandum Account (BPSMA) .....	32
2. San Joaquin Valley Disadvantaged Communities Balancing Account (SJVDACBA).....	32
V. QUALIFICATIONS .....	34
APPENDIX A.....	A-1
APPENDIX B .....	B-1
APPENDIX C .....	C-1

1 **CHAPTER 13**

2 **PREPARED DIRECT TESTIMONY OF SHARIM CHAUDHURY**

3 **(RATE DESIGN)**

4 **I. PURPOSE**

5 The purpose of my testimony is to present the illustrative 2024 natural gas transportation  
6 rates of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company  
7 (SDG&E) (collectively, Applicants). These proposed rates reflect revisions to present rates  
8 based on Applicants' cost allocation proposals in this proceeding to allocate each utility's  
9 authorized base margin<sup>1</sup> across customer classes, as well as the demand forecast proposals in this  
10 proceeding to determine rates. Applicants' various cost allocation proposals, based on updated  
11 cost studies, are described by witnesses Manuel Rincon and Jimmy Yen (Chapter 1), Frank Seres  
12 (Chapter 8), Marjorie Schmidt-Pines (Chapter 9), and Michael Foster (Chapter 10). Applicants'  
13 demand forecast proposals are consolidated by witness Wei Bin Guo (Chapter 5). My testimony  
14 also incorporates the recommendations provided by witness N. Jonathan Peress (Chapter 14).  
15 Finally, to be consistent with the CPUC-adopted four-year general rate cycle (GRC), starting  
16 with this cost allocation proceeding, Applicants propose a four-year cost allocation proceeding  
17 (CAP) cycle.

18 **A. Overview of Rate Design**

19 Applicants' rate design models start with the proposed allocated base margin, and then  
20 incorporate the integration of the local transmission system costs for the two utilities,<sup>2</sup> along with

---

<sup>1</sup> Base margin is authorized by the California Public Utilities Commission (Commission) in the General Rate Case (GRC) or equivalent cost of service proceedings.

<sup>2</sup> This integration reflects the splitting of total local transmission costs between the utilities by their respective percentage share of cold-year peak month throughput.

1 the unbundling of the Backbone Transportation Service (BTS) costs.<sup>3</sup> Additionally, Applicants’  
2 rate design models recover in rates all relevant Commission-authorized non-base margin costs  
3 during the cost allocation time horizon. These non-base margin costs include, but are not limited  
4 to, unaccounted-for gas (UAF),<sup>4</sup> company-use fuel, regulatory account balances (over-or-under  
5 collections), and any additional revenue requirements authorized by the Commission in  
6 proceedings outside the GRC.

7 **B. Non-Margin Cost Allocation and Rate Design Proposals**

8 Except as noted below, the methods employed to develop and allocate non-margin costs  
9 are consistent with those adopted in the 2020 Triennial Cost Allocation Proceeding (TCAP)  
10 decision, (D.) 20-02-045.

11 My testimony incorporates the following rate design and non-margin cost allocation  
12 proposals in this proceeding:

- 13 (1) Retain SoCalGas’s current \$5 per month residential non-CARE fixed  
14 customer charge in 2024, and then phase-in increases in customer charge  
15 (and commensurate decreases in volumetric rates) from \$5 to \$10 in 2025,  
16 \$10 to \$15 in 2026, \$15 to \$20 in 2027 (the corresponding proposed  
17 residential CARE fixed customer charges are \$4, \$5, \$7.50 and \$10 in  
18 2024, 2025, 2026 and 2027 respectively)<sup>5</sup>;

---

<sup>3</sup> BTS costs represent the costs of SoCalGas’s and SDG&E’s backbone transmission service from the Southern California border receipt points to SoCalGas’s Citygate.

<sup>4</sup> As described by witness Wei Bin Guo (Chapter 5), UAF gas is the difference between total receipts into SoCalGas’s and SDG&E’s respective service territories and total deliveries within SoCalGas’s and SDG&E’s respective service territories over a specified period.

<sup>5</sup> Fixed customer charges are often discussed in this testimony as a monthly charge for convenience; in practice, fixed customer charges are billed as a per-meter per-day charge, which is derived from the monthly proxy. For example, a \$5 per month fixed customer charge is billed as \$0.16438 per-meter per-day (\$5 per month \* 12 months / 365 days).

- (2) Retain SDG&E's current residential non-CARE minimum bill of \$4 per customer per month in 2024 through 2027 (the corresponding residential CARE minimum bill would be \$3.20 per month);
- (3) Update SoCalGas's and SDG&E's respective residential submeter credits;
- (4) Update SoCalGas's and SDG&E's Natural Gas Vehicle (NGV) station compression costs;
- (5) Update SoCalGas's and SDG&E's Self Generation Incentive Program (SGIP) cost allocation across customer classes; and
- (6) Propose a method to allocate SoCalGas's Storage Load Balancing Plus Function costs, described by witness Frank Seres (Chapter 8), across customer classes.
- (7) Propose a four-year CAP cycle.

**C. Illustrative 2024 Rates**

The allocated non-margin costs are added to the allocated base margin costs to derive the allocated transportation revenue requirement by customer class. The allocated transportation revenue requirements by customer class become the starting point for the development of rates for each customer class.

To be consistent with the CPUC-adopted four-year general rate cycle, starting with this cost allocation proceeding, Applicants propose a four-year CAP cycle. As such, Applicants have used four-year average gas demand forecasts (2024 through 2027) for allocating costs across customer classes, as described in the testimonies of Marjorie Schmidt-Pines for SoCalGas (Chapter 9), and Michael Foster for SDG&E (Chapter 10). Likewise, for calculating rates proposed in this CAP, Applicants have used four-year average gas demand forecasts.

1 Table 1 and Table 2 below show, respectively, SoCalGas's and SDG&E's present class-  
2 average transportation rates (as of March 1, 2022), illustrative 2023 rates, and the 2024  
3 illustrative rates proposed in this proceeding.<sup>6</sup> The rate changes between the present 2022 and  
4 2024 proposed rates can best be explained as the sum of rate changes between the present and  
5 2023 rates and rate changes between the 2023 and proposed 2024 rates.

6 Present 2022 rates reflect the cost allocation results and gas demand forecasts adopted in  
7 Applicants' 2020 TCAP decision. The 2023 rates represent the Commission-ordered<sup>7</sup> updates to  
8 the 2020 TCAP cost allocation studies reflecting more recent historical costs since the 2020  
9 TCAP.<sup>8</sup> Applicants will implement the resulting updated rates on January 1, 2023. Proposed  
10 2024 rates reflect a new set of updated cost studies and gas demand forecasts proposed in this  
11 CAP. Except for the updated cost studies, the 2023 rates are based on the same demand  
12 forecasts, base margins and regulatory account balances as in present rates. As discussed by  
13 witnesses Rose-Marie Payan (Chapter 3), Jeff Huang (Chapter 4) and Wei Bin Guo (Chapter 5),  
14 the Applicants' gas demand forecast is generally declining for customer classes relative to the  
15 forecasts adopted in the 2020 TCAP. Applicants' 2024 proposed rates are derived using the  
16 present base margins and present regulatory account balances. Witness S. Nasim Ahmed

---

<sup>6</sup> 2023 and 2024 rates are illustrative because, as of now, Applicants do not know their respective approved revenue requirements to be recovered in rates for these years. While Applicants know the 2023 base margins to be recovered in rates, they do not know the regulatory account balances at the end of 2022 to be amortized in 2023 rates. For 2024, Applicants do not know either the base margins or the regulatory account balances at the end of 2023 to be amortized in 2024 rates. Consistent with past practices, to isolate the impacts of demand forecast and cost allocation proposals, Applicants have held the respective base margins and regulatory account balances at the present 2022 levels. In this testimony, when I refer to 2023, 2024 and beyond rates, I mean illustrative rates.

<sup>7</sup> See D.21-07-019, Decision Addressing San Diego Gas & Electric Company and Southern California Gas Company Petition for Modification of Decision 20-02-045 at 16 (Ordering Paragraph (OP) 1).

<sup>8</sup> See SoCalGas Advice Letter No. 5907 for its updated cost allocation, *available at* <https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/5907.pdf>. See SDG&E Advice Letter No. 3042-G for its updated cost allocation, *available at* <https://tariff.sdge.com/tm2/pdf/3042-G.pdf>.

(Chapter 6) and witness Jason Kupfersmid (Chapter 7) discuss, respectively, the current regulatory account balances in their testimony.

Table 1 below shows SoCalGas’s present class-average transportation rates (as of March 1, 2022), illustrative 2023 rates, and the 2024 illustrative rates proposed in this CAP.

**Table 1 – SoCalGas Natural Gas Transportation Rates (2022-2024)<sup>9</sup>**

	Present Rates			Proposed Rates			Proposed Rates		
	Mar-1-22 Volumes Mth	Proposed Rate \$/therm	Mar-1-22 Revenues \$000's	Jan-1-23 Volumes Mth	Proposed Rate \$/therm	Jan-1-23 Revenues \$000's	Jan-1-24 Volumes Mth	Proposed Rate \$/therm	Jan-1-24 Revenues \$000's
<b>CORE</b>									
Residential	2,346,353	\$1.09046	\$2,558,598	2,346,353	\$1.02748	\$2,410,835	2,185,983	\$1.08409	\$2,369,804
Commercial & Industrial	992,706	\$0.63128	\$626,673	992,706	\$0.60845	\$604,009	880,320	\$0.68892	\$606,473
NGV - Post Sempra-Wide	178,769	\$0.35409	\$63,300	178,769	\$0.34973	\$62,521	167,083	\$0.44946	\$75,098
Gas A/C	416	\$0.27022	\$112	416	\$0.27037	\$113	140	\$0.43091	\$61
Gas Engine	22,302	\$0.25948	\$5,787	22,302	\$0.25950	\$5,787	19,830	\$0.26166	\$5,189
<b>Total Core</b>	<b>3,540,545</b>	<b>\$0.91920</b>	<b>\$3,254,471</b>	<b>3,540,545</b>	<b>\$0.87084</b>	<b>\$3,083,265</b>	<b>3,253,356</b>	<b>\$0.93953</b>	<b>\$3,056,624</b>
<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
Distribution Level Service	919,735	\$0.18162	\$167,045	919,735	\$0.18031	\$165,835	894,285	\$0.20069	\$179,471
Transmission Level Service	626,080	\$0.03353	\$20,994	626,080	\$0.03979	\$24,911	750,680	\$0.05321	\$39,943
<b>Total Noncore C&amp;I</b>	<b>1,545,814</b>	<b>\$0.12164</b>	<b>\$188,039</b>	<b>1,545,814</b>	<b>\$0.12340</b>	<b>\$190,746</b>	<b>1,644,965</b>	<b>\$0.13338</b>	<b>\$219,414</b>
<b>NONCORE ELECTRIC GENERATION</b>									
Distribution Post Sempra Wide	331,442	\$0.15591	\$51,675	331,442	\$0.15697	\$52,026	335,280	\$0.18255	\$61,206
Transmission Level Service	2,246,336	\$0.03273	\$73,532	2,246,336	\$0.03899	\$87,587	1,800,969	\$0.05233	\$94,253
<b>Total Electric Generation</b>	<b>2,577,778</b>	<b>\$0.04857</b>	<b>\$125,206</b>	<b>2,577,778</b>	<b>\$0.05416</b>	<b>\$139,613</b>	<b>2,136,249</b>	<b>\$0.07277</b>	<b>\$155,460</b>
	0			28%					
<b>TOTAL RETAIL NONCORE</b>	<b>4,123,593</b>	<b>\$0.07596</b>	<b>\$313,245</b>	<b>4,123,593</b>	<b>\$0.08011</b>	<b>\$330,359</b>	<b>3,781,214</b>	<b>\$0.09914</b>	<b>\$374,873</b>
<b>Total Wholesale Incl SDG&amp;E</b>	<b>1,477,881</b>	<b>\$0.02916</b>	<b>\$43,099</b>	<b>1,477,881</b>	<b>\$0.03565</b>	<b>\$52,687</b>	<b>1,244,496</b>	<b>\$0.04736</b>	<b>\$58,940</b>
<b>TOTAL NONCORE</b>	<b>5,601,473</b>	<b>\$0.06362</b>	<b>\$356,344</b>	<b>5,601,473</b>	<b>\$0.06838</b>	<b>\$383,047</b>	<b>5,025,711</b>	<b>\$0.08632</b>	<b>\$433,814</b>
Unbundled Storage			\$0			\$0			\$0
System Total (w/o BTS)	9,142,019	\$0.39497	\$3,610,815	9,142,019	\$0.37916	\$3,466,311	8,279,067	\$0.42160	\$3,490,438
Backbone Transportation Service BTS	2,532	\$0.36798	\$340,120	2,532	\$0.53705	\$496,391	2,532	\$0.49936	\$461,557
<b>SYSTEM TOTAL w/BTS</b>	<b>9,142,019</b>	<b>\$0.43217</b>	<b>\$3,950,935</b>	<b>9,142,019</b>	<b>\$0.43346</b>	<b>\$3,962,703</b>	<b>8,279,067</b>	<b>\$0.47735</b>	<b>\$3,951,995</b>
EOR Revenues	208,941	\$0.09427	\$19,696	208,941	\$0.09675	\$20,215	154,067	\$0.11226	\$17,295
<b>Total Throughput w/EOR Mth/yr</b>	<b>9,350,960</b>			<b>9,350,960</b>			<b>8,433,133</b>		

<sup>9</sup> Transportation rates are for Natural Gas Transportation Service from the Citygate to customer meters. All rates include Franchise Fees & Uncollectible charges. The average Transmission Level Service (TLS) rate is shown here. The unbundled Backbone Transportation Service (BTS) rate is for service from California border receipt points to Citygate.

	2022 to 2023 Changes			2023 to 2024 Changes			2022 to 2024 Changes		
	Revenues \$000's	Rates \$/therm	Rate change %	Revenues \$000's	Rates \$/therm	Rate change %	Revenues \$000's	Rates \$/therm	Rate change %
1 <u>CORE</u>									
2 Residential	(\$147,763)	(\$0.06298)	-5.8%	(\$41,031)	\$0.05661	5.5%	(\$188,794)	(\$0.00637)	-0.6%
3 Commercial & Industrial	(\$22,665)	(\$0.02283)	-3.6%	\$2,464	\$0.08048	13.2%	(\$20,201)	\$0.05765	9.1%
4 NGV - Post Sempra-Wide	(\$779)	(\$0.00436)	-1.2%	\$12,577	\$0.09973	28.5%	\$11,797	\$0.09537	26.9%
5 Gas A/C	\$0	\$0.00015	0.1%	(\$52)	\$0.16054	59.4%	(\$52)	\$0.16069	59.5%
6 Gas Engine	\$1	\$0.00002	0.0%	(\$599)	\$0.00215	0.8%	(\$598)	\$0.00218	0.8%
7 <b>Total Core</b>	<b>(\$171,206)</b>	<b>(\$0.04836)</b>	<b>-5.3%</b>	<b>(\$26,641)</b>	<b>\$0.06868</b>	<b>7.9%</b>	<b>(\$197,847)</b>	<b>\$0.02033</b>	<b>2.2%</b>
8									
9 <u>NONCORE COMMERCIAL &amp; INDUSTRIAL</u>									
10 Distribution Level Service	(\$1,210)	(\$0.00132)	-0.7%	\$13,636	\$0.02038	11.3%	\$12,426	\$0.01906	10.5%
11 Transmission Level Service	\$3,917	\$0.00626	18.7%	\$15,032	\$0.01342	33.7%	\$18,949	\$0.01968	58.7%
12 <b>Total Noncore C&amp;I</b>	<b>\$2,708</b>	<b>\$0.00175</b>	<b>1.4%</b>	<b>\$28,667</b>	<b>\$0.00999</b>	<b>8.1%</b>	<b>\$31,375</b>	<b>\$0.01174</b>	<b>9.7%</b>
13									
14 <u>NONCORE ELECTRIC GENERATION</u>									
15 Distribution Post Sempra Wide	\$352	\$0.00106	0.7%	\$9,180	\$0.02558	16.3%	\$9,532	\$0.02664	17.1%
16 Transmission Level Service	\$14,055	\$0.00626	19.1%	\$6,666	\$0.01334	34.2%	\$20,722	\$0.01960	59.9%
17 <b>Total Electric Generation</b>	<b>\$14,407</b>	<b>\$0.00559</b>	<b>11.5%</b>	<b>\$15,846</b>	<b>\$0.01861</b>	<b>34.4%</b>	<b>\$30,253</b>	<b>\$0.02420</b>	<b>49.8%</b>
18									
19 <b>TOTAL RETAIL NONCORE</b>	<b>\$17,114</b>	<b>\$0.00415</b>	<b>5.5%</b>	<b>\$44,514</b>	<b>\$0.01903</b>	<b>23.7%</b>	<b>\$61,628</b>	<b>\$0.02318</b>	<b>30.5%</b>
20									
21 <b>Total Wholesale Incl SDG&amp;E</b>	<b>\$9,589</b>	<b>\$0.00649</b>	<b>22.2%</b>	<b>\$6,253</b>	<b>\$0.01171</b>	<b>32.8%</b>	<b>\$15,842</b>	<b>\$0.01820</b>	<b>62.4%</b>
22									
23 <b>TOTAL NONCORE</b>	<b>\$26,703</b>	<b>\$0.00477</b>	<b>7.5%</b>	<b>\$50,767</b>	<b>\$0.01794</b>	<b>26.2%</b>	<b>\$77,470</b>	<b>\$0.02270</b>	<b>35.7%</b>
24									
25 Unbundled Storage									
26 System Total (w/o BTS)	(\$144,503)	(\$0.01581)	-4.0%	\$24,126	\$0.04244	11.2%	(\$120,377)	\$0.02663	6.7%
27 Backbone Transportation Service BTS	\$156,271	\$0.16907	45.9%	(\$34,834)	(\$0.03769)	-7.0%	\$121,437	\$0.13138	35.7%
28 <b>SYSTEM TOTAL w/BTS</b>	<b>\$11,768</b>	<b>\$0.00129</b>	<b>0.3%</b>	<b>(\$10,708)</b>	<b>\$0.04389</b>	<b>10.1%</b>	<b>\$1,060</b>	<b>\$0.04517</b>	<b>10.5%</b>
29									
30 EOR Revenues	\$519	\$0.00248	2.6%	(\$2,919)	\$0.01551	16.0%	(\$2,401)	\$0.01799	19.1%
31 <b>Total Throughput w/EOR Mth/yr</b>									

Table 1 (bottom section) shows that, relative to the present 2022 rates, SoCalGas's core customers' rates will generally decrease<sup>10</sup> and noncore customers' rates will generally increase in 2023.<sup>11</sup> With higher updated transmission and storage costs but the same revenue requirement to be recovered in rates, the 2023 rates reflect lower revenue recovered from customer-related and distribution functions. Relative to noncore customers, SoCalGas' core customers pay a significantly higher share of customer-related and distribution costs but a lower share of

<sup>10</sup> Except for Gas AC and Gas Engine customers.

<sup>11</sup> Except for noncore commercial and industrial customers with distribution level service.



1 transmission and storage costs. For core customers, the effects of lower customer-related and  
2 distribution costs more than offset the effects of higher transmission and storage costs. Hence,  
3 the decrease in SoCalGas's 2023 core rates. For noncore customers, the increase in transmission  
4 and storage costs more than offset the decrease in customer-related and distribution costs.  
5 Therefore, noncore rates increase in 2023.

6 Table 1 also shows that, relative to 2023 rates, the proposed 2024 rates are higher for all  
7 customer classes, except for BTS tariff. These rate increases are primarily due to the lower gas  
8 demand forecasts for customer classes in this CAP relative to the last TCAP. Proposed local  
9 transmission and storage embedded costs are higher in 2024 compared to 2023. These higher  
10 embedded costs in 2024 partially mitigate core rate increases and add to noncore rate increases in  
11 2024.

12 The 2024 rate changes from the present 2022 rates reflect the combined rate changes  
13 from 2022 to 2023 and from 2023 to 2024. Table 1 shows that the proposals in this proceeding  
14 result in rate increases (relative to 2022 rates) for all of SoCalGas's customer classes except  
15 residential class. For SoCalGas's residential class, the rate reduction in 2023 (relative to 2022)  
16 more than offsets the rate increase in 2024 (relative to 2023). For SoCalGas's other core  
17 customer classes, the rate reduction in 2023 is more than offset by the rate increase in 2024. For  
18 noncore customers, rate increases between 2022 and 2024 is the result of rates increases both in  
19 2023 (relative to 2022) and in 2024 (relative to 2023).

20 Table 2 below shows SDG&E's present class-average transportation rates (as of March 1,  
21 2022), illustrative 2023 rates, and the 2024 illustrative rates proposed in this CAP.

**Table 2 – SDG&E Natural Gas Transportation Rates (2022-2024)<sup>12</sup>**

	Present Rates			Expected Rates			At Proposed Rates		
	Mar-1-22 Volumes mtherms	Average Rate \$/therm	Mar-1-22 Revenues \$000's	Jan-1-23 Volumes mtherms	Average Rate \$/therm	Jan-1-23 Revenues \$000's	Jan-1-24 Volumes mtherms	Average Rate \$/therm	Jan-1-24 Revenues \$000's
<b>CORE</b>									
Residential	313,234	\$1.47125	\$460,846	313,234	\$1.44510	\$452,655	270,604	\$1.70231	\$460,652
Commercial & Industrial	194,777	\$0.61067	\$118,944	194,777	\$0.61090	\$118,990	178,913	\$0.64276	\$114,998
NGV Post Sempra-Wide	24,129	\$0.35496	\$8,565	24,129	\$0.35058	\$8,459	23,179	\$0.40362	\$9,355
<b>Total CORE</b>	<b>532,140</b>	<b>\$1.10564</b>	<b>\$588,355</b>	<b>532,140</b>	<b>\$1.09013</b>	<b>\$580,104</b>	<b>472,696</b>	<b>\$1.23759</b>	<b>\$585,005</b>
<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
Distribution Level Service	29,376	\$0.16284	\$4,783	29,376	\$0.17509	\$5,143	35,337	\$0.20335	\$7,186
Transmission Level Service	17,569	\$0.03423	\$601	17,569	\$0.04049	\$711	13,965	\$0.05651	\$789
<b>Total Noncore C&amp;I</b>	<b>46,945</b>	<b>\$0.11471</b>	<b>\$5,385</b>	<b>46,945</b>	<b>\$0.12472</b>	<b>\$5,855</b>	<b>49,302</b>	<b>\$0.16176</b>	<b>\$7,975</b>
<b>NONCORE ELECTRIC GENERATION</b>									
Distribution Level post SW	68,867	\$0.17756	\$12,228	68,867	\$0.17808	\$12,264	71,656	\$0.20878	\$14,960
Transmission Level Service	461,363	\$0.02990	\$13,795	461,363	\$0.03616	\$16,681	225,945	\$0.04975	\$11,241
<b>Total Electric Generation</b>	<b>530,230</b>	<b>\$0.04908</b>	<b>\$26,023</b>	<b>530,230</b>	<b>\$0.05459</b>	<b>\$28,945</b>	<b>297,600</b>	<b>\$0.08804</b>	<b>\$26,201</b>
<b>TOTAL NONCORE</b>	<b>577,175</b>	<b>\$0.05442</b>	<b>\$31,408</b>	<b>577,175</b>	<b>\$0.06029</b>	<b>\$34,800</b>	<b>346,902</b>	<b>\$0.09852</b>	<b>\$34,176</b>
<b>SYSTEM TOTAL</b>	<b>1,109,315</b>	<b>\$0.55869</b>	<b>\$619,763</b>	<b>1,109,315</b>	<b>\$0.55431</b>	<b>\$614,904</b>	<b>819,598</b>	<b>\$0.75547</b>	<b>\$619,181</b>

	2022 to 2023 Changes			2023 to 2024 Changes			2022 to 2024 Changes		
	Revenues \$000's	Rates \$/therm	Rate change %	Revenues \$000's	Rates \$/therm	Rate change %	Revenues \$000's	Rates \$/therm	Rate change %
<b>CORE</b>									
Residential	(\$8,191)	(\$0.02615)	-1.8%	\$7,997	\$0.25721	17.8%	(\$195)	\$0.23106	15.7%
Commercial & Industrial	\$46	\$0.00024	0.0%	(\$3,992)	\$0.03186	5.2%	(\$3,946)	\$0.03209	5.3%
NGV Post Sempra-Wide	(\$106)	(\$0.00438)	-1.2%	\$896	\$0.05304	15.1%	\$791	\$0.04866	13.7%
<b>Total CORE</b>	<b>(\$8,251)</b>	<b>(\$0.01551)</b>	<b>-1.4%</b>	<b>\$4,901</b>	<b>\$0.14746</b>	<b>13.5%</b>	<b>(\$3,350)</b>	<b>\$0.13195</b>	<b>11.9%</b>
<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
Distribution Level Service	\$360	\$0.01225	7.5%	\$2,042	\$0.02826	16.1%	\$2,402	\$0.04051	24.9%
Transmission Level Service	\$110	\$0.00626	18.3%	\$78	\$0.01602	39.6%	\$188	\$0.02228	65.1%
<b>Total Noncore C&amp;I</b>	<b>\$470</b>	<b>\$0.01001</b>	<b>8.7%</b>	<b>\$2,120</b>	<b>\$0.03704</b>	<b>29.7%</b>	<b>\$2,590</b>	<b>\$0.04705</b>	<b>41.0%</b>
<b>NONCORE ELECTRIC GENERATION</b>									
Distribution Level Service									
Transmission Level Service	\$2,887	\$0.00626	20.9%	(\$5,441)	\$0.01359	37.6%	(\$2,554)	\$0.01985	66.4%
<b>Total Electric Generation</b>	<b>\$2,922</b>	<b>\$0.00551</b>	<b>11.2%</b>	<b>(\$2,744)</b>	<b>\$0.03345</b>	<b>61.3%</b>	<b>\$178</b>	<b>\$0.03896</b>	<b>79.4%</b>
<b>TOTAL NONCORE</b>	<b>\$3,392</b>	<b>\$0.00588</b>	<b>10.8%</b>	<b>(\$624)</b>	<b>\$0.03822</b>	<b>63.4%</b>	<b>\$2,768</b>	<b>\$0.04410</b>	<b>81.0%</b>
<b>SYSTEM TOTAL</b>	<b>(\$4,859)</b>	<b>(\$0.00438)</b>	<b>-0.8%</b>	<b>\$4,277</b>	<b>\$0.20116</b>	<b>36.3%</b>	<b>(\$582)</b>	<b>\$0.19678</b>	<b>35.2%</b>

<sup>12</sup> Transportation rates are for Natural Gas Transportation Service from the Citygate to customer meters. All rates include Franchise Fees & Uncollectible charges. The average Transmission Level Service (TLS) rate is shown here.

1 Table 2 (bottom section) above shows that, relative to the present 2022 rates, SDG&E's  
2 core customers' rates will generally decrease,<sup>13</sup> and noncore customers' rates will increase in  
3 2023. With higher updated transmission costs but the same revenue requirement to recover in  
4 rates, the 2023 rates reflect lower revenue recovered from customer-related and distribution  
5 functions. Relative to noncore customers, SDG&E's core customers pay a significantly higher  
6 share of customer-related and distribution costs but a lower share of transmission costs. For core  
7 customers, the effects of lower customer-related and distribution costs more than offset the  
8 effects of higher transmission costs. Hence, the decrease in 2023 SDG&E residential and NGV  
9 rates. For noncore customers, the increase in transmission costs more than offset the decrease in  
10 customer-related and distribution costs. Therefore, noncore rates increase in 2023.

11 Table 2 also shows that, relative to 2023 rates, SDG&E's proposed 2024 rates are higher  
12 for all customer classes. These rate increases are primarily due the lower gas demand forecasts  
13 for customer classes in this CAP relative to the last TCAP.

14 SDG&E's 2024 rate changes from the present 2022 rates reflect the combined rate  
15 changes from 2022 to 2023 and from 2023 to 2024. Table 2 shows that the proposals in this  
16 proceeding result in rate increases (relative to 2022 rates) for all of SDG&E's customer classes.  
17 For SDG&E's residential and NGV customer classes, the rate reduction in 2023 is more than  
18 offset by the rate increase in 2024. For noncore customers, rate increases between 2022 and  
19 2024 reflect rates increases both in 2023 (relative to 2022) and 2024 (relative to 2023).

20 Appendix A and B contain, respectively, complete set of rate tables (showing current and  
21 2024 rates) for SoCalGas and SDG&E incorporating all the proposals in this CAP corresponding  
22 to Tables 1 and 2.

---

<sup>13</sup> Except for core commercial and industrial customers.

As explained in Frank Seres’ testimony (Chapter 8), Applicants are proposing in this proceeding to escalate transmission and storage costs to account for attrition year base margin increases in those years. These attrition years are 2025, 2026 and 2027. Table 3 and Table 4 show the resulting 2025, 2026 and 2027 illustrative class-average transportation rates for SoCalGas and SDG&E, respectively. These 2025-2027 proposed class-average rates are derived using the present base margins and present regulatory account balances.

**Table 3 – SoCalGas Natural Gas Transportation Rates (2025-2027)<sup>14</sup>**

	Present Rates			Proposed Rates			Proposed Rates		
	TCAP 1/1/2025	Proposed	Jan-1-25	TCAP 1/1/2026	Proposed	Jan-1-26	TCAP 1/1/2027	Proposed	Jan-1-27
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	Volumes	Rate	Revenues
	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's
	D	E	F	D	E	F	D	E	F
<b>CORE</b>									
Residential	2,185,983	\$1.08326	\$2,367,984	2,185,983	\$1.07967	\$2,360,143	2,185,983	\$1.07541	\$2,350,820
Commercial & Industrial	880,320	\$0.68854	\$606,132	880,320	\$0.68698	\$604,760	880,320	\$0.68513	\$603,130
NGV - Post Sempra-Wide	167,083	\$0.44942	\$75,090	167,083	\$0.44947	\$75,098	167,083	\$0.44953	\$75,108
Gas A/C	140,4097	\$0.43073	\$60	140,4097	\$0.43016	\$60	140,4097	\$0.42950	\$60
Gas Engine	19,830	\$0.26166	\$5,189	19,830	\$0.26166	\$5,189	19,830	\$0.26166	\$5,189
<b>Total Core</b>	<b>3,253,356</b>	<b>\$0.93886</b>	<b>\$3,054,456</b>	<b>3,253,356</b>	<b>\$0.93603</b>	<b>\$3,045,250</b>	<b>3,253,356</b>	<b>\$0.93267</b>	<b>\$3,034,308</b>
<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
Distribution Level Service	894,285	\$0.20067	\$179,461	894,285	\$0.20082	\$179,586	894,285	\$0.20098	\$179,737
Transmission Level Service (2)	750,680	\$0.05330	\$40,014	750,680	\$0.05400	\$40,536	750,680	\$0.05483	\$41,158
<b>Total Noncore C&amp;I</b>	<b>1,644,965</b>	<b>\$0.13342</b>	<b>\$219,475</b>	<b>1,644,965</b>	<b>\$0.13382</b>	<b>\$220,123</b>	<b>1,644,965</b>	<b>\$0.13429</b>	<b>\$220,895</b>
<b>NONCORE ELECTRIC GENERATION</b>									
Distribution Post Sempra Wide	335,280	\$0.18256	\$61,209	335,280	\$0.18281	\$61,291	335,280	\$0.18310	\$61,389
Transmission Level Service (2)	1,800,969	\$0.05243	\$94,425	1,800,969	\$0.05313	\$95,677	1,800,969	\$0.05395	\$97,170
<b>Total Electric Generation</b>	<b>2,136,249</b>	<b>\$0.07285</b>	<b>\$155,633</b>	<b>2,136,249</b>	<b>\$0.07348</b>	<b>\$156,969</b>	<b>2,136,249</b>	<b>\$0.07422</b>	<b>\$158,560</b>
<b>TOTAL RETAIL NONCORE</b>	<b>3,781,214</b>	<b>\$0.09920</b>	<b>\$375,108</b>	<b>3,781,214</b>	<b>\$0.09973</b>	<b>\$377,091</b>	<b>3,781,214</b>	<b>\$0.10035</b>	<b>\$379,455</b>
<b>Total Wholesale Incl SDG&amp;E</b>	<b>1,244,496</b>	<b>\$0.04745</b>	<b>\$59,053</b>	<b>1,244,496</b>	<b>\$0.04817</b>	<b>\$59,953</b>	<b>1,244,496</b>	<b>\$0.04904</b>	<b>\$61,034</b>
<b>TOTAL NONCORE</b>	<b>5,025,711</b>	<b>\$0.08639</b>	<b>\$434,161</b>	<b>5,025,711</b>	<b>\$0.08696</b>	<b>\$437,044</b>	<b>5,025,711</b>	<b>\$0.08765</b>	<b>\$440,489</b>
Unbundled Storage (4)									
System Total (w/o BTS)	8,279,067	\$0.42138	\$3,488,617	8,279,067	\$0.42061	\$3,482,295	8,279,067	\$0.41971	\$3,474,797
Backbone Transportation Service BTS (3)	2,532	\$0.50156	\$463,589	2,532	\$0.50940	\$470,835	2,532	\$0.51872	\$479,451
<b>SYSTEM TOTAL w/BTS</b>	<b>8,279,067</b>	<b>\$0.47737</b>	<b>\$3,952,206</b>	<b>8,279,067</b>	<b>\$0.47748</b>	<b>\$3,953,130</b>	<b>8,279,067</b>	<b>\$0.47762</b>	<b>\$3,954,249</b>
EOR Revenues	154,067	\$0.11229	\$17,300	154,067	\$0.11266	\$17,358	154,067	\$0.11311	\$17,426
<b>Total Throughput w/EOR Mth/yr</b>	<b>8,433,133</b>			<b>8,433,133</b>			<b>8,433,133</b>		

Table 3 shows that, holding base margin constant, SoCalGas’s core rates will decrease slightly,

<sup>14</sup> Transportation rates are for Natural Gas Transportation Service from the Citygate to customer meters. All rates include Franchise Fees & Uncollectible charges. The average Transmission Level Service (TLS) rate is shown here. The unbundled Backbone Transportation Service (BTS) rate is for service from California border receipt points to Citygate.

1 and the noncore rates will increase slightly due to the proposed escalation of transmission and  
2 storage embedded costs to account for attrition year base margin increases in 2025-2027. With  
3 higher updated transmission and storage costs but the same revenue requirement to be recovered  
4 in rates, the 2025, 2026 and 2027 rates (relative to respective prior year rates) reflect lower  
5 revenue recovered from customer-related and distribution functions. As stated earlier, relative to  
6 noncore customers, SoCalGas's core customers pay a significantly higher share of customer-  
7 related and distribution costs but a lower share of transmission and storage costs. For core  
8 customers, the effects of lower customer-related and distribution costs more than offset the  
9 effects of higher transmission and storage costs. Hence, the decrease in core rates in these years.  
10 For noncore customers, the increase in transmission and storage costs more than offset the  
11 decrease in customer-related and distribution costs. Therefore, noncore rates increase in these  
12 years.

13 Table 4 shows the 2025, 2026 and 2027 illustrative class-average transportation rates for  
14 SDG&E resulting from escalation of transmission and storage costs for attrition year base margin  
15 increases.

16 **Table 4 – SDG&E Natural Gas Transportation Rates (2025-2027)<sup>15</sup>**  
17

---

<sup>15</sup> Transportation rates are for Natural Gas Transportation Service from the Citygate to customer meters. All rates include Franchise Fees & Uncollectible charges. The average Transmission Level Service (TLS) rate is shown here.

	Present Rates			Expected Rates			Proposed Rates		
	TCAP 1/1/2025	Proposed	Jan-1-25	TCAP 1/1/2026	Proposed	Jan-1-26	TCAP 1/1/2027	Proposed	Jan-1-27
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	Volumes	Rate	Revenues
	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's
	D	E	F	D	E	F	D	E	F
1 <u>CORE</u>									
2 Residential	270,604	\$1.70176	\$460,502	270,604	\$1.69958	\$459,912	270,604	\$1.69696	\$459,203
3 Commercial & Industrial	178,913	\$0.64277	\$115,000	178,913	\$0.64325	\$115,086	178,913	\$0.64382	\$115,188
4 NGV - Post Sempra-Wide	23,179	\$0.40357	\$9,354	23,179	\$0.40362	\$9,355	23,179	\$0.40369	\$9,357
5									
6 <b>Total Core</b>	<b>472,696</b>	<b>\$1.23728</b>	<b>\$584,856</b>	<b>472,696</b>	<b>\$1.23622</b>	<b>\$584,354</b>	<b>472,696</b>	<b>\$1.23493</b>	<b>\$583,748</b>
7									
8 <u>NONCORE COMMERCIAL &amp; INDUSTRIAL</u>									
9 Distribution Level Service	35,337	\$0.20347	\$7,190	35,337	\$0.20440	\$7,223	35,337	\$0.20549	\$7,261
10 Transmission Level Service (2)	13,965	\$0.05660	\$790	13,965	\$0.05730	\$800	13,965	\$0.05813	\$812
11 <b>Total Noncore C&amp;I</b>	<b>49,302</b>	<b>\$0.16187</b>	<b>\$7,981</b>	<b>49,302</b>	<b>\$0.16273</b>	<b>\$8,023</b>	<b>49,302</b>	<b>\$0.16375</b>	<b>\$8,073</b>
12									
13 <u>NONCORE ELECTRIC GENERATION</u>									
14 Distribution Post Sempra Wide	71,656	\$0.20878	\$14,960	71,656	\$0.20899	\$14,975	71,656	\$0.20924	\$14,993
15 Transmission Level Service (2)	225,945	\$0.04984	\$11,262	225,945	\$0.05054	\$11,419	225,945	\$0.05137	\$11,606
16 <b>Total Electric Generation</b>	<b>297,600</b>	<b>\$0.08811</b>	<b>\$26,222</b>	<b>297,600</b>	<b>\$0.08869</b>	<b>\$26,395</b>	<b>297,600</b>	<b>\$0.08938</b>	<b>\$26,600</b>
17									
18 <b>TOTAL NONCORE</b>	<b>346,902</b>	<b>\$0.09859</b>	<b>\$34,203</b>	<b>346,902</b>	<b>\$0.09921</b>	<b>\$34,418</b>	<b>346,902</b>	<b>\$0.09995</b>	<b>\$34,673</b>
19									
20 <b>SYSTEM TOTAL</b>	<b>819,598</b>	<b>\$0.75532</b>	<b>\$619,059</b>	<b>819,598</b>	<b>\$0.75497</b>	<b>\$618,771</b>	<b>819,598</b>	<b>\$0.75454</b>	<b>\$618,421</b>

Table 4 shows that, holding base margin constant, SDG&E's core rates will decrease slightly, and the noncore rates will increase slightly due to the proposed escalation of transmission embedded costs to account for attrition year base margin increases in 2025-2027. With higher updated transmission costs but the same revenue requirement to be recovered in rates, the 2025, 2026 and 2027 rates (relative to respective prior year rates) reflect lower revenue recovered from customer-related and distribution functions. As stated earlier, relative to noncore customers, SDG&E's core customers pay a significantly higher share of customer-related and distribution costs but a lower share of transmission and storage costs. For core customers, the effects of lower customer-related and distribution costs more than offset the effects of higher transmission and storage costs. Hence, the decrease in core rates in these years. For noncore customers, the increase in transmission and storage costs more than offset the decrease in customer-related and distribution costs. Therefore, noncore rates increase in these years.

## II. CORE RATE DESIGN

In this section, Applicants describe their respective individual core rate updates based on their respective CAP proposals. For residential customers, the rate updates include SoCalGas's

1 proposed phase-in customer charge increases and the corresponding compensating decrease in  
2 volumetric rates. SDG&E proposes to retain the \$4 per month minimum bill for its residential  
3 customers.

4 **A. Residential Rates**

5 Residential rates apply to three categories of residential customers: single-family, multi-  
6 family, and small master-metered dwellings. SoCalGas's current residential transportation rate  
7 structure consists of a fixed customer charge of about \$5 per customer per month for customers  
8 who are not in the California Alternative Rates for Energy (CARE) program;<sup>16</sup> and a two-tiered  
9 volumetric rate, baseline and non-baseline, with the baseline rate lower than the non-baseline  
10 rate. The baseline rate and the non-baseline rates are related to each other through the concept of  
11 the Composite rate, where a Composite rate is defined by adding the gas price and the customer  
12 charge revenues per unit of baseline volume to the baseline rate. The non-baseline rate is  
13 derived as 115% of the Composite rate less the gas price.

14 For SDG&E, the current residential rate structure consists of a two-tiered volumetric rate,  
15 baseline and non-baseline, with an approximately \$4 per customer per month<sup>17</sup> minimum bill.<sup>18</sup>

---

<sup>16</sup> The Commission adopted the current \$5 per month fixed customer charge for non-CARE customers in the 1993 BCAP (see D.94-12-052). In SoCalGas's tariff, the fixed customer charge is implemented as per-meter per-day charge (currently at \$0.16438). Hence, the monthly fixed customer charge varies slightly around \$5 from month to month depending on the number of days in a month. The current fixed customer charge for CARE customers is around \$4 per month, reflecting a 20% discount.

<sup>17</sup> The Commission adopted the \$4 per month minimum bill in the last TCAP (see D.20-20-045) for non-CARE customers. In SDG&E's tariff, the minimum bill charge is implemented as per-meter per-day charge (currently at \$0.13151). Hence, the monthly minimum bill varies slightly around \$4 from month to month depending on the number of days in a month.

<sup>18</sup> For SDG&E, a non-CARE residential customer pays, at a minimum, a \$4 per-month gas bill. If the customer's calculated gas bill based on the volume of gas used, comprising cost of gas, gas transportation cost and public purpose program surcharge (PPPS), exceeds \$4 per month, then the \$4 minimum bill no longer applies, and the customer pays the calculated bill. Under minimum bill, a customer pays either the \$4 or the calculated bill whichever is higher. For CARE customers, the minimum bill is around \$3.20 per month.

1                   **1.     SoCalGas Proposes to Phase-in an Increased Residential Fixed**  
2                   **Customer Charge and Establish a Two-Tier Structure**

3                   SoCalGas proposes to implement residential non-CARE fixed customer charge increases  
4 in a phased-in approach over the CAP horizon: retain the \$5 customer charge in 2024; increase it  
5 from \$5 to \$10 in 2025; from \$10 to \$15 in 2026; and from \$15 to \$20 in 2027.<sup>19</sup>

6                   In the 2020 TCAP decision, the Commission did not adopt SoCalGas’s recommendation  
7 to increase its non-CARE fixed customer charge to \$10 per month.<sup>20</sup> In doing so, however, the  
8 Commission found that SoCalGas’s showing complied with the guidelines adopted in the D.17-  
9 09-035.<sup>21</sup> In D.17-09-035, the Commission made several key determinations which provided  
10 prescriptive guidance on how electric utilities should calculate and present fixed customer charge  
11 proposals. Notably, that guidance applies to establishing *new* fixed customer charges for *electric*  
12 utilities, while SoCalGas, a gas-only utility, already has a fixed customer charge. Nonetheless,  
13 in this application, SoCalGas’s fixed customer charge proposal adheres to the same guidelines,  
14 while enhancing the proposal to reflect concerns enumerated in the 2020 TCAP decision as well  
15 as advancements in ratemaking policy.

16                   In the 2020 TCAP decision, the Commission gave two primary reasons for not  
17 authorizing SoCalGas to increase its residential fixed customer charge: (i) that the then-  
18 upcoming Gas Planning Rulemaking proceeding (R.20-01-007) would be the appropriate  
19 proceeding to address residential fixed customer charges and (ii) the affordability of bill impacts  
20 attributable to Applicants’ fixed customer charge proposal was in question. I address these  
21 issues below.

---

<sup>19</sup> As with SoCalGas’s current tariffs, this charge would be implemented as per-meter per-day charge.

<sup>20</sup> D.20-02-045 at 100 (Conclusions of Law (COL) 36).

<sup>21</sup> *Id.* at 94 (Findings of Fact (FOF) 82).



1 In the 2020 TCAP decision, the Commission stated, “The long-term gas reliability  
2 rulemaking, as opposed to this TCAP application, is the appropriate venue to determine overall  
3 policies regarding rate design for recovering gas infrastructure costs, including whether to adopt  
4 fixed monthly charge.”<sup>22</sup> While Track 1 of the Gas Planning rulemaking proceeding has  
5 completed recently, the cost allocation and rate design principles are to be addressed in Track  
6 2B. However, now over 2.5 years from the issuance of the Gas Planning rulemaking proceeding,  
7 Track 2B has not yet begun. Given the considerable delay in addressing cost allocation and rate  
8 design issues in the Gas Planning rulemaking, and the future uncertainty as to when the  
9 Commission might rule on these issues in the Gas Planning rulemaking, SoCalGas proposes to  
10 address the appropriate level of cost-based residential fixed customer charge in this proceeding.

11 A second reason articulated by the Commission behind rejecting the Applicants’  
12 residential fixed customer charge proposal in the last TCAP was that “The Applicants’ request  
13 for a \$10 fixed monthly residential customer charge for SDG&E and SoCalGas customers does  
14 not meet the objective of affordability.”<sup>23</sup> SoCalGas has modified its residential fixed customer  
15 charge proposal in this proceeding to minimize gas bill increases for its low-income customers,  
16 as represented by CARE customers. To mitigate the bill impacts for CARE customers,  
17 SoCalGas proposes to establish a separate, lower fixed customer charge for CARE customers.  
18 Currently, CARE customers receive a 20% bill discount on gas charges, including a 20%  
19 discount on customer charges, volumetric transportation charges, and gas costs. In the last  
20 TCAP, Applicants did not propose to increase the CARE discount from the 20% level to mitigate  
21 bill increases for CARE customers with low gas usage. In this proceeding, SoCalGas proposes

---

<sup>22</sup> *Id.* at 95 (FOF 89).

<sup>23</sup> *Id.* at 94 (FOF 83).

1 to establish a separate, lower CARE fixed customer charge which, when taking into account the  
 2 20% CARE discount, will be effectively 50% below the non-CARE fixed customer charge.  
 3 SoCalGas will maintain the currently effective 20% CARE discount on volumetric transportation  
 4 charges and gas costs. While the 20% discount afforded to CARE customers will continue to be  
 5 collected through Public Purpose Program Surcharge (PPPS) rates pursuant to other Commission  
 6 decisions, the lower CARE fixed customer charge will be recovered through residential  
 7 transportation rate design. That is to say, the baseline and non-baseline transportation rates will  
 8 be set to fully recover SoCalGas’s authorized revenue requirement allocated to the residential  
 9 class based on the two-tier fixed customer charge structure. Table 5 below summarizes  
 10 SoCalGas’s residential fixed customer charge proposals.

11 **Table 5: Current and Proposed Residential Fixed Customer Charge**  
 12 **and Volumetric Rates**

	Non-CARE Fixed customer charge \$/month	CARE Fixed customer charge \$/month	Effective CARE Fixed customer charge After 20% CARE Discount \$/month	Baseline Rate \$/th	Non- Baseline Rate \$/th	Baseline Rate After 20% CARE Discount \$/th	Non- Baseline Rate After 20% CARE Discount \$/th
2024	\$5	\$5	\$4	\$0.79131	\$1.21713	\$0.63305	\$0.97371
2025	\$10	\$6.25	\$5	\$0.59594	\$1.21677	\$0.47675	\$0.97341
2026	\$15	\$9.375	\$7.50	\$0.37233	\$1.21350	\$0.29786	\$0.97080
2027	\$20	\$12.50	\$10	\$0.15343	\$1.20950	\$0.12274	\$0.96760

1           There is an additional impetus for the Commission to grant SoCalGas its proposed two-  
2 tier residential fixed customer charge structure. In June 2022, Assembly Bill (AB) 205 was  
3 passed into law. AB 205 addresses various residential rate reforms for California electric  
4 utilities. AB205 would: (i) require the CPUC to authorize a fixed customer charge for default  
5 residential rates no later than July 1, 2024; (ii) eliminate the \$10 and \$5 fixed customer charge  
6 caps; (iii) require the fixed customer charge to be established on at least a three income-  
7 graduated basis, ensuring low-income customers pay a smaller fixed customer charge; and (iv)  
8 allow the CARE discount to exceed 35%. These electric rate reform initiatives are conceptually  
9 transferable to gas utilities. The lower fixed customer charges for CARE customers relative to  
10 non-CARE customers, as proposed in my testimony, is essentially a two-tier income-graduated  
11 fixed customer charge, consistent with the policy direction of AB 205.

12           In prior cost allocation proceedings, parties have expressed concern that increases in  
13 residential fixed customer charges would dampen the conservation price signal. Parties warned  
14 that, if volumetric rates are reduced, then customers would be less incented to reduce their use of  
15 natural gas. Further, reduced volumetric rates could provide less of an incentive to invest in  
16 more Energy Efficient appliances.

17           As discussed previously, SoCalGas's baseline and non-baseline rates are calculated using  
18 the Composite tier differential, where non-baseline rates are set at 115% of the Composite rate  
19 less gas price. Commission policy credits all fixed customer charge revenue to baseline rates in  
20 this equation – that is to say, as fixed customer charges increase, baseline rates decrease and non-  
21 baseline rates stay relatively the same. Table 5 above depicts this result. As SoCalGas proposes  
22 to increase the residential fixed customer charge in 2025, 2026, and 2027, the baseline rate  
23 declines with each change. On the contrary, the non-baseline rate is generally unchanged in each

1 scenario. As a result, customers using more natural gas than their baseline allowances will see  
2 no change in the marginal price of gas as a result of a higher fixed customer charge, maintain the  
3 conservation price signal.<sup>24</sup>

4 Meeting California's decarbonization goal is likely to lead to significant reduction in  
5 natural gas demand in the future, particularly for residential customers. To mitigate rates and bill  
6 impacts during this transition, it is imperative that the Commission address residential rate design  
7 issues, particularly the appropriate level of residential fixed charge. In the past, in considering  
8 whether to introduce/increase a residential fixed customer charge, the Commission had focused  
9 on immediate bill impacts. Transitions in the gas industry with forthcoming significant  
10 residential gas load and customer departure to electrification require that the Commission  
11 address the negative rates and bill impacts in the distant future of not introducing the appropriate  
12 level of fixed charge now.

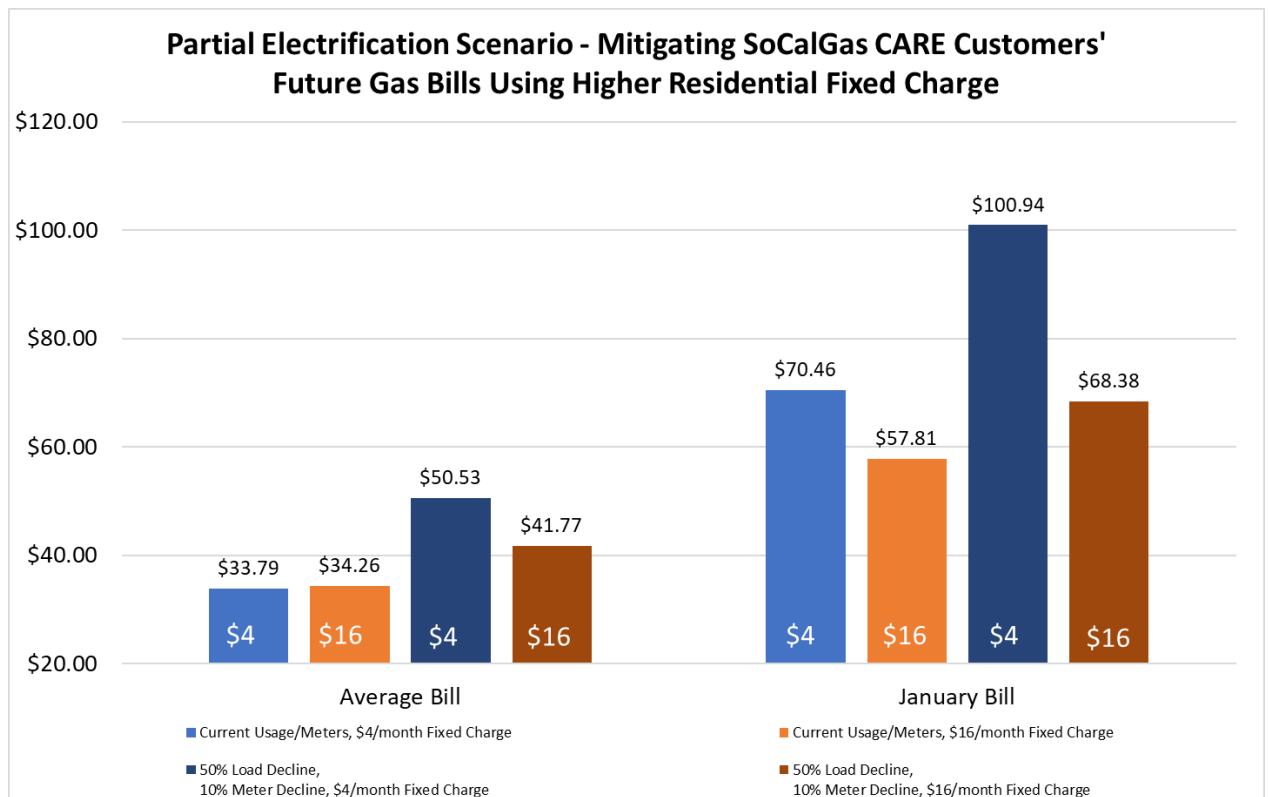
13 To highlight the importance of setting the appropriate level of residential fixed charge  
14 now to mitigate the bill impacts for remaining low-income customers in the distant future (say, in  
15 2035), SoCalGas conducted a hypothetical analysis assuming a partial electrification scenario.  
16 In this scenario, SoCalGas assumed that by 2035, SoCalGas would lose 50% of residential gas  
17 load and 10% of residential customers to electrification. It may be reasonable to assume that  
18 major gas appliances, such as, space and water heating would be replaced with electric versions;  
19 however, the majority of current gas customers could retain gas service for lifestyle appliances,  
20 such as, gas ranges and fireplaces. SoCalGas assumed that low-income CARE customers are  
21 less likely to replace gas appliances with electric appliances due to budget constraints, making

---

<sup>24</sup> To the extent these customers' net bills decrease for the same usage level, as a result of increased residential fixed customer charges, it would be because the baseline rate component of their bill would be decreasing.

1 CARE customers relatively high gas usage customers in 2035. SoCalGas also assumed that  
 2 SoCalGas’s residential customers’ share of revenue requirement would remain at the current  
 3 2022 level. Under these assumptions, SoCalGas estimated the impacts of a \$4 and a \$16 per  
 4 month CARE fixed customer charge (representing a 20% CARE discount under the current  
 5 residential rate design method) on an average-usage residential CARE customer’s bill now  
 6 (current usage and customer counts) and in 2035 (50% gas load and 10% customer count  
 7 reduction) as shown in Chart 1 below.

8 **Chart 1: Partial Electrification Scenario: CARE Bill Impacts Now And 2035**



9  
 10 Chart 1 shows that for an average-usage CARE customer, the introduction of higher fixed  
 11 customer charge of \$16 per month (and lower volumetric rates) would increase the average  
 12 monthly gas bill from \$33.79 to \$34.26 and decrease the January gas bill from \$70.46 to \$57.81.  
 13 In the distant future, due to declining load and customer counts, the monthly gas bill would be

1 higher under both the \$4 and the \$16 per month residential CARE fixed customer charges.  
2 However, Chart 1 shows that in the distant future average monthly bill would be lower under the  
3 \$16 per month fixed customer charge (\$41.77 per month versus \$50.53 per month under the \$4  
4 fixed customer charge). In the distant future, the bill would be even lower under the \$16 per  
5 month fixed customer charge in January (\$68.38 per month versus \$100.94 per month under the  
6 \$4 fixed customer charge). In the distant future, with higher cost-based fixed customer charge,  
7 low usage customers including presumably non-CARE customers with lifestyle gas appliances  
8 with minimal gas usage, would pay their share of fixed costs, eliminating the cross subsidy from  
9 relatively high usage customers in the distant future including average-usage CARE customers.  
10 Average-Usage CARE customers, therefore, would benefit from cost-based higher customer  
11 charge.

## 12 **2. SDG&E Proposes to Retain Its Current Residential Minimum Bill**

13 In this proceeding, SDG&E proposes to retain the current \$4 per month residential  
14 minimum bill even though SDG&E continues to believe that cost-based residential fixed  
15 customer charge, rather than minimum bill, reflects superior rate design principle. Considering  
16 AB 205 discussed above, SDG&E will focus on the implementation of a residential fixed  
17 customer charge on its electric customers before implementing a residential fixed customer  
18 charge on its gas customers in a future proceeding.

## 19 **3. Alternative Methods to Calculate Marginal Customer Connection** 20 **Cost**

21 In Ordering Paragraph 8 of D.20-02-045 states, “San Diego Gas & Electric Company and  
22 Southern California Gas Company shall continue to provide customer cost allocation results in  
23 future Triennial Cost Allocation Proceeding applications using the Long Run Marginal Cost

1 Method and the four approaches, as previously directed in Decision 17-09-035.”<sup>25</sup> The four  
2 approaches referenced above for calculating the capital component (gas service line, regulator  
3 and meter) of marginal customer-related costs are the (i) Rental method, (ii) new Customer Only  
4 (NCO) method; (iii) Adjusted Rental method 1 (ARM1) and (iv) Adjusted Rental method 2  
5 (ARM2). In the last TCAP decision, the Commission adopted the Rental method for allocating  
6 the capital component of customer-related costs.

7 The Rental method calculates the capital component of marginal customer-related cost as  
8 the incremental cost of hooking up an additional customer. The NCO method calculates the  
9 same component as the total hookup costs for new customers divided by the total customers,  
10 both existing and new. The ARM1 and ARM2 are the two alternative methods that the  
11 Commission’s Energy Division proposed in PG&E’s GRC Phase 2 (A.16-06-013) by making  
12 certain adjustments to the Rental method.<sup>26</sup> Applicants discussed extensively these four  
13 approaches, identifying the shortcomings of the NCO and ARM1 and ARM2 methods in the last  
14 TCAP. Appendix C contains excerpts from the last TCAP Chaudhury testimony (Chapter 12)  
15 containing the discussion of the four approaches for calculating the capital component of  
16 customer-related costs, which I adopt again as my testimony here.<sup>27</sup>

17 Applicants have applied the Commission direction to calculate and present marginal  
18 customer-related costs that could be recovered in residential customer fixed charge under these

---

<sup>25</sup> D.20-02-045 at 104 (OP 8).

<sup>26</sup> D.17-09-035 at 34-39, contains a discussion of these methods. Also, see the Energy Division Staff Proposal on Adjusted Rental Method for Marginal Customer Cost in PG&E GRC Phase 2 (A.16-06-013) Second Fixed Cost Workshop (November 2, 2016).

<sup>27</sup> See Chaudhury Testimony (Chapter 12) at 11-17 in the 2020 TCAP.

1 four approaches. Table 6 (for SoCalGas) and Table 7 (for SDG&E) show the estimated costs  
 2 derived under the four methods.<sup>28</sup>

<b>Table 6: SoCalGas’s Residential Minimum Connection Cost Per Month<sup>29</sup></b>				
	<b>Rental Method</b>	<b>NCO Method</b>	<b>Adjusted Rental Method 1</b>	<b>Adjusted Rental Method 2</b>
	\$22.69	\$19.68	\$13.73	\$20.68
<b>Table 7: SDG&amp;E’s Residential Minimum Connection Cost Per Month<sup>30</sup></b>				
	<b>Rental Method</b>	<b>NCO Method</b>	<b>Adjusted Rental Method 1</b>	<b>Adjusted Rental Method 2</b>
	\$17.74	\$24.71	\$6.99	\$14.72

3 As shown in Table 6, even the minimum estimates of the range of estimated customer-related costs would  
 4 support about \$14 per month fixed customer charges for SoCalGas. This Table shows that the Rental method would  
 5 support a fixed residential customer charge as high as approximately \$23 for SoCalGas. As discussed earlier,  
 6 SDG&E is not proposing a residential fixed customer charge in this CAP. SDG&E’s residential minimum  
 7 connection cost provided in Table 7 is for compliance with D.20-02-045 and not for seeking a residential fixed  
 8 customer charge for SDG&E’s gas customers.

9 **4. Residential Bill Impacts of SoCalGas’s Proposals**

10 Table 8 below shows the 2024 through 2027 residential bills for non-CARE and CARE  
 11 customers consistent with SoCalGas’s proposals in this proceeding. Unlike prior cost allocation  
 12 proceedings, SoCalGas is seeking Commission’s approval for increasing residential customer  
 13 charge and escalating embedded transmission and storage costs over the CAP horizon. As such,  
 14 SoCalGas is showing residential bill impacts for all the years spanning this CAP.

<sup>28</sup> The NCO method includes replacement costs of service lines, regulators and meters for 1.5% of existing service lines (both SoCalGas and SDG&E), 3.0% of SoCalGas’s meters and regulators, and 2.4% of SDG&E’s meters and regulators.

<sup>29</sup> Source: witness Schmidt-Pines’ (Chapter 9) workpapers.

<sup>30</sup> Source: witness Foster’s (Chapter 10) workpapers.



**Table 8 – SoCalGas Average Residential Bills**

SCG Residential Bill (Zone 1)	Average Therms/Month	Average Monthly Bills				
		2022	2024	2025	2026	2027
non-CARE Monthly Average	36	\$56.08	\$55.56	\$55.57	\$54.91	\$54.36
CARE Monthly Average	27	\$32.15	\$31.76	\$32.17	\$32.06	\$32.04

Table 8 shows that for both SoCalGas CARE and non-Care customers average monthly bill will decrease slightly between 2022 and 2024, primarily due to a decrease in residential transportation rates in 2024 as shown in Table 1. Small bill changes in subsequent years (2025, 2026 and 2027) reflect the combined effects of escalating embedded transmission and storage costs and increases of the two-tier residential fixed customer charges over the CAP horizon.

**5. Bill Impacts of SoCalGas’s Proposed Residential Customer Charge**

As discussed earlier, SoCalGas proposes to phase-in residential customer charge increases over this CAP horizon: retain the \$5 customer charge in 2024; increase it from \$5 to \$10 in 2025; from \$10 to \$15 in 2026 and from \$15 to \$20 in 2027. To evaluate the bill impacts of its fixed customer charge proposal, SoCalGas has focused on the gas bill of its CARE customers. Based on 2021 gas usage data for CARE customers, SoCalGas estimated monthly bills for CARE customers under four alternative gas usage scenarios: average, median, 10<sup>th</sup> percentile and 90<sup>th</sup> percentile usage.<sup>31</sup> SoCalGas chose the 10<sup>th</sup> percentile usage scenario to represent low usage customers and the 90<sup>th</sup> percentile usage scenario to represent high usage customers. For each usage scenario, there are three bill impacts lines (relative to \$4 per month

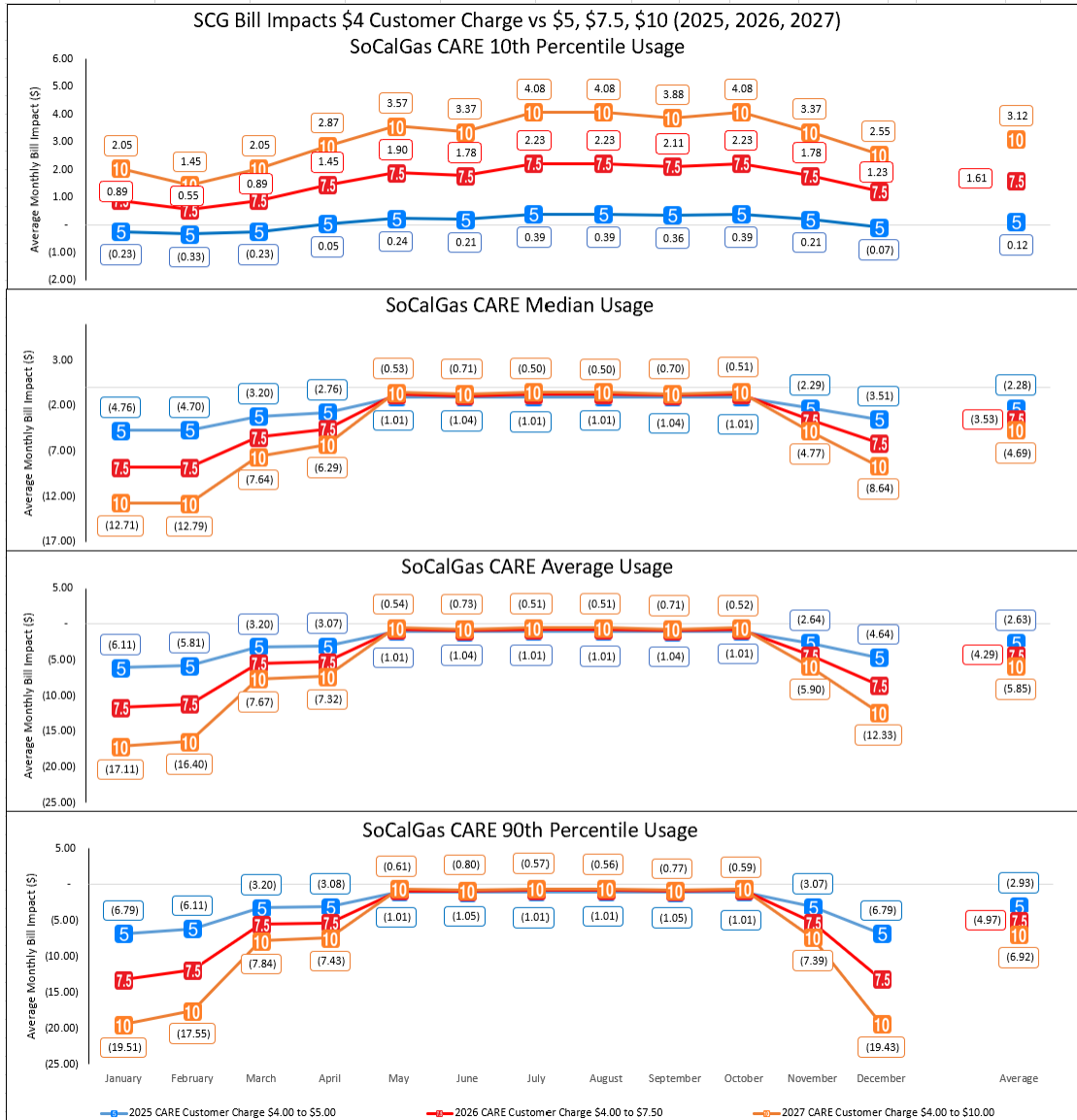
<sup>31</sup> 10<sup>th</sup> percentile usage means that 10% of the CARE customers’ gas usage is at or below the 10<sup>th</sup> percentile usage level. 90<sup>th</sup> percentile usage means that 90% of the CARE customers’ gas usage is at or below the 90<sup>th</sup> percentile usage level (10% of the CARE customers gas usage is above the 90<sup>th</sup> percentile usage level). As of December 2021, SoCalGas had 1,785,962 CARE customers.

1 CARE residential fixed customer charge in 2024) each representing proposed effective  
2 residential CARE fixed customer charge for 2025 (blue line representing \$5 per month), 2026  
3 (red line representing \$7.5 per month) and 2027 (red line representing \$10.0 per month). Chart 2  
4 below shows these monthly bill impacts for CARE customers.

1

### Chart 2: Illustrative SoCalGas Annual Bill Impacts

2



3

4

Chart 2 shows bill impact for each month, as well as average monthly bill impact for

5

SoCalGas' CARE customers for the scenarios I described above. The bill impacts capture the

6

difference in bills between SoCalGas's proposed residential CARE fixed customer charges in

7

2025, 2026 and 2027 versus the status quo \$4 per month fixed customer charge. A positive

1 monthly bill impact value reflects that the monthly bill will increase under the proposed fixed  
2 customer charge relative to the status quo \$4 per month CARE residential fixed customer charge.  
3 Similarly, a negative monthly bill impact value reflects that the monthly bill will decrease under  
4 the proposed fixed customer charge relative to the status quo \$4 per month fixed customer  
5 charge.

6 In response to the 2020 TCAP decision's finding regarding low-income customer  
7 affordability, as discussed earlier, in this proceeding, SoCalGas proposes to establish a separate,  
8 lower CARE fixed customer charge that, when taking into account the 20% CARE discount, will  
9 be effectively 50% below the non-CARE fixed customer charge. For low gas usage (10<sup>th</sup>  
10 percentile) CARE customers, Chart 2 shows that the 2025 monthly bills under the proposed \$5  
11 per month CARE fixed customer charge (\$10 for non-CARE customers) is expected to remain  
12 virtually the same as under the status quo \$4 per month CARE fixed customer charge (\$5 for  
13 non-CARE customers) due to the introduction of the two-tier fixed customer charge. The 2026  
14 average monthly bill under \$7.5 per month CARE fixed customer charge (\$15 for non-CARE  
15 customers) is expected to increase by \$1.61 per month. The 2027 average monthly bill under  
16 \$10 per month CARE fixed customer charge (\$20 for non-CARE customers) is expected to  
17 increase by \$3.12 per month.

18 For all median, mean and 90<sup>th</sup> percentile usage CARE customers, the bills are expected to  
19 be lower with higher CARE fixed customer charges of \$5, \$7.5 and \$10, for 2025, 2026 and  
20 2027, respectively, with the bill reduction being significant in winter months when the bills are  
21 high. It is important to note that these low-income customers with average or high gas usage  
22 would benefit from the Applicants' proposed two-tiered monthly customer charges.

**6. Residential Bill Impacts of SDG&E’s CAP Proposals**

Table 9 below shows the 2024 through 2027 residential bills for non-CARE and CARE customers consistent with SDG&E’s proposals in this proceeding. Unlike prior cost allocation proceedings, SDG&E is seeking Commission’s approval for escalating embedded transmission costs over the CAP horizon. As such, SDG&E is showing residential bill impacts for all the years spanning this CAP.

**Table 9 – SDG&E Average Residential Bills**

<b>SDG&amp;E Residential</b>	<b>Average Therms/Month</b>	<b>Average Monthly Bills</b>				
		<b>2022</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
non-CARE Monthly Average	24	\$47.23	\$52.60	\$52.59	\$52.56	\$52.52
CARE Monthly Average	20	\$30.02	\$33.52	\$33.52	\$33.50	\$33.47

Table 9 shows that for both SDG&E CARE and non-CARE customers average monthly bill will increase between 2022 and 2024, primarily due to the significant increase in residential transportation rates in 2024 as shown in Table 2. SDG&E’s residential bills remain essentially the same in the subsequent years 2025, 2026 and 2027.

**7. Implementation of SoCalGas’s Phased-in Two-Tier Residential Fixed Customer Charge Proposal**

As shown in Table 5 above, SoCalGas proposes, beginning in 2025, to increase the residential fixed customer charge and to establish a two-tier structure, which will necessarily require billing modifications. In SoCalGas’s General Rate Case proceeding (A.22-05-015), SoCalGas has proposed to replace its legacy Customer Information System (CIS) with a new, modern billing platform. If SoCalGas’s CIS proposal is adopted in the GRC, SoCalGas will be required to establish a “freeze” period, whereby changes to the legacy CIS can no longer be made. At this time, that freeze period is anticipated to begin around January 2025. SoCalGas

1 currently estimates the two-tier residential fixed customer charge proposal in this proceeding can  
2 be implemented in approximately six months. Accordingly, so long as a decision is issued in this  
3 proceeding before April 1, 2024, SoCalGas anticipates being able to complete the necessary  
4 billing upgrades before the CIS freeze. If the decision is issued after April 1, 2024, SoCalGas  
5 will need to adjust the implementation phase-in to account for any identified freeze period, and  
6 will likely incorporate the change in the new CIS solution, anticipated for 2026. Alternatively, if  
7 the Commission adopts modifications to the residential rate design that differ from those  
8 presented in my testimony, SoCalGas will need to analyze the impacts of the adopted solution to  
9 determine the appropriate implementation schedule. Either way, to be sure, SoCalGas will not  
10 implement an increased residential fixed customer charge without the corresponding ability to  
11 implement the two-tier structure.

12 **B. Submeter Credit**

13 Submeter credits apply to utility customers with a master meter who provide gas service  
14 to residential sub-units (*e.g.*, multi-family dwelling units and mobile home parks). D.04-04-043  
15 established a method for calculating submeter credits. In that decision, certain categories of  
16 costs were defined as “Utility Avoided Costs”--the costs that utilities avoid for which a master  
17 meter customer is reimbursed through the submeter credit provided by the utility.<sup>32</sup> In this  
18 proceeding, the Applicants’ proposed submeter credits are based on updated studies in  
19 compliance with the methodology set forth in D.04-04-043, and as was used most recently to  
20 update the submeter credits in the 2020 TCAP approved by D.20-02-045. Currently, SoCalGas’s  
21 submeter credit is set at \$0.28800 /meter/day and SoCalGas proposes to set it at

---

<sup>32</sup> To the extent these costs do not exceed the average costs that a utility would have incurred in providing direct service to sub-unit customers.

1 \$0.33271/meter/day for 2024. With residential customer charge increasing in 2025, 2026 and  
2 2027, the submeter credits in these years will be \$0.16767, \$0.0 and \$0.0, respectively.<sup>33</sup>

3 SDG&E's submeter credits are currently set at \$0.58060/meter/day for multi-family (GS)  
4 customers and \$0.60099/meter/day for mobile home (GT) customers. SDG&E proposes to set  
5 them at \$0.82422/meter/day and \$0.85085/meter/day, respectively, for this CAP term.

### 6 **C. Core C&I Rates**

7 SoCalGas and SDG&E each have a single tariff serving its core commercial and  
8 industrial (C&I) customers, Schedule G-10 for SoCalGas and Schedule GN-3 for SDG&E.  
9 Presently, SoCalGas's G-10 rate design consists of a \$15 customer charge and three tiers of  
10 declining block volumetric rates. SDG&E's GN-3 rate design consists of a \$10 customer charge  
11 and three tiers of declining block volumetric rates.

12 In D.20-02-045, the Commission retained the current rate structure for the different tiers  
13 within SoCalGas's G-10 rate design and SDG&E's GN-3 rate design. Neither SoCalGas nor  
14 SDG&E proposes any changes to the current methodology.

### 15 **D. Natural Gas Vehicle (NGV) Compression Rate Adder**

16 A compression surcharge or compression rate adder is intended to cover the cost of  
17 providing compressed natural gas (CNG) to motor vehicles fueling at public access CNG vehicle  
18 refueling stations owned and operated by Applicants. The compression rate adder is charged to  
19 customers on a volumetric basis. This adder is incremental to the uncompressed commodity  
20 charge and transportation charge. The compression rate adder reflects the capital and operating  
21 costs of compressing the natural gas and providing public access to CNG fuel for NGV owners.

---

<sup>33</sup> Per the method for calculating submeter credit, SoCalGas's proposed increases in customer charge has the effect of lowering submeter credits in 2025, 2026 and 2027.

1 Additional state fuel tax, federal excise tax, and utility user taxes, which can vary by location, are  
2 also charged to customers. Currently, there is a Sempra California Utilities-wide<sup>34</sup> compression  
3 rate adder across both SoCalGas and SDG&E. Therefore, the compression rate adders for  
4 SoCalGas and SDG&E are nearly identical, with only a small difference due to differences in the  
5 Franchise Fees and Uncollectibles between the utilities.

6 In this CAP, Applicants have updated the NGV compression rate adders to reflect current  
7 costs. These costs are composed of a capital-related revenue requirement for public-access  
8 refueling equipment and a fully-loaded O&M-related revenue requirement. The Sempra  
9 California Utilities-wide NGV compression rate adder is derived by dividing the combined  
10 SoCalGas and SDG&E compression cost revenue requirements by the combined demand  
11 forecast for compressed NGV volumes.<sup>35</sup> The resulting NGV compression rate adders proposed  
12 for this TCAP term are \$0.91453 per therm and \$0.92010 per therm for SoCalGas and SDG&E,  
13 respectively.

### 14 **III. NONCORE RATE DESIGN**

#### 15 **A. Noncore Distribution Rates**

16 Applicants' current distribution-level services for noncore C&I and electric generation  
17 (EG) customers are provided under Schedule GT-NC for SoCalGas and Schedules GTNC and  
18 EG for SDG&E. The current noncore C&I rate design consists of a customer charge of \$350 per  
19 month for both the utilities, four tiers of declining block volumetric rates for SoCalGas and a  
20 single tier volumetric rate for SDG&E. For EG customers, there are Sempra California Utilities-

---

<sup>34</sup> Sempra California Utilities-wide rate refers to the calculation of a single rate between SoCalGas and SDG&E for a customer class, before applying utility-specific adders, such as Franchise Fees and Uncollectibles.

<sup>35</sup> The compressed NGV volumes are presented by witness Rose-Marie Payan (Chapter 3).



1 wide rates; small EG customers pay a \$50 customer charge and a volumetric rate, and large EG  
2 customers pay a lower volumetric rate. Neither SoCalGas nor SDG&E proposes any changes to  
3 the current methodology.

4 **B. Transmission Level Service Rates**

5 Applicants' current Sempra California Utilities-wide rates for transmission-level service  
6 customers are provided under Schedule GT-TLS for SoCalGas and Schedule TLS for SDG&E.  
7 The current rate design consists of a class-average volumetric rate option and a reservation rate  
8 option for customers served from the transmission system. Neither SoCalGas nor SDG&E  
9 proposes any changes to the current methodology.

10 **IV. OTHER PROPOSALS**

11 **A. Updated Allocation of Self Generation Incentive Program (SGIP) Funds**  
12 **Based on Program Participation**

13 The last TCAP decision, in Ordering Paragraph 9, ordered Applicants to allocate SGIP  
14 costs using a hybrid method by allocating half of the SGIP costs to the host customer classes and  
15 the other half to the receiving customer classes. Tables 10 and 11 below show the current SGIP  
16 cost allocation percentages and the proposed updated SGIP cost allocation percentages based on  
17 the recent three years' program participation across customer classes for SoCalGas and SDG&E,  
18 respectively.

**Table 10: SoCalGas SGIP Cost Allocation**  
SoCalGas SGIP Cost Allocation

<b>Class</b>	<b>Recent 3 Year Total Incentives Paid</b>	<b>Proposed % Allocation</b>	<b>Current % Allocation</b>
Residential	\$ 9,973,556	37.1%	8.3%
Core C&I	\$ 11,530,507	42.9%	34.0%
NonCore EG	\$ 4,557,683	16.9%	40.0%
NonCore C&I	\$ 838,662	3.1%	17.7%
Other Core	\$0	0.0%	0.0%
<b>Total</b>	<b>\$26,900,409</b>	<b>100.0%</b>	<b>100.0%</b>

**Table 11: SDG&E SGIP Cost Allocation**

<b>SDG&amp;E Customer Class</b>	<b>Recent 3 Year Total Incentives Paid</b>	<b>Proposed % Allocation</b>	<b>Current % Allocation</b>
Residential	\$ 13,464,818	62%	12%
Core C&I	\$ 7,525,459	35%	68%
NonCore EG	\$ 563,386	3%	20%
<b>Grand Total</b>	<b>\$ 21,553,664</b>	<b>100%</b>	<b>100%</b>

**B. New Regulatory Accounts**

**1. Balancing Plus Services Memorandum Account (BPSMA)**

As discussed in Chapter 6 (Ahmed), SoCalGas is proposing to establish the Balancing Plus Services Memorandum Account (BPSMA). The purpose of the BPSMA is to record incremental revenues charged to customers for the Balancing Plus Service. SoCalGas proposes to allocate the BPSMA balance across customer classes based on each class's share of average year throughput (i.e., equal cents per therm), the same method currently used for allocating storage load balancing costs.

**2. San Joaquin Valley Disadvantaged Communities Balancing Account (SJV DACBA)**

Pursuant to Decision 18-12-015, SoCalGas submitted Advice Letter (AL) 5414 to establish the San Joaquin Valley Disadvantaged Communities Balancing Account (SJV DACBA)

1 to record costs associated with the SJVDAC's pilot projects. The SJVDACBA has two  
2 subaccounts: (i) To-The-Meter (TTM) subaccount to record the revenue requirement associated  
3 with all TTM costs for recovery in transportation rates; and (ii) Beyond-The-Meter (BTM)  
4 subaccount to record BTM non-leveraged costs for recovery in Public Purpose Program (PPP)  
5 surcharge rates. SoCalGas submitted AL 5414-A replacing AL 5414 in its entirety to propose to  
6 use the equal percent of authorized margin (EPAM)<sup>36</sup> methodology to amortize the  
7 SJVDACBA. California Public Advocates' Office protested the use of EPAM and suggested the  
8 use of equal cents per therm (ECPT)<sup>37</sup> method. Resolution E-5055 addressed the protest but  
9 decided that the issue of whether EPAM or ECPT method is the appropriate cost allocation  
10 method for recovering SJVDAC pilot costs should be addressed in SoCalGas' next cost  
11 allocation proceeding. In this proceeding, SoCalGas is proposing to use the ECPT method to  
12 amortize the balance in SJVDACBA.

13 This concludes my prepared direct testimony.

---

<sup>36</sup> Under EPAM method, each customer class pays its share of authorized margin.

<sup>37</sup> Under ECPT method, each customer class pays its share of average-year gas usage.

1 **V. QUALIFICATIONS**

2  
3 My name is Michael Foster. My business address is 555 West Fifth Street, Los Angeles,  
4 California, 90013-1011.

5 I am employed by SoCalGas as the Rate Design and Demand Forecasting Manager  
6 within the CPUC/Federal Energy Regulatory Commission (FERC) Gas Regulatory Affairs  
7 Department, which supports gas regulatory activities of both SoCalGas and SDG&E. I have been  
8 employed with the Companies since December 2001. I have held my current position managing  
9 the rates and demand forecasting groups since February 2023. Previously, I held various  
10 positions of increasing responsibility, most recently as a Principal Economic Advisor for the gas  
11 Rate Design function for both SoCalGas and SDG&E, from December 2016 through February  
12 2023.

13 I received a Bachelor of Arts degree in Economics from the University of California,  
14 Santa Barbara in 1995 and a Master of Business Administration degree from the Darden School  
15 of Business at the University of Virginia in 2000.

16 I have previously testified before the Commission.

# APPENDIX A

**TABLE 1**  
**Natural Gas Transportation Rates**  
**Southern California Gas Company**  
**January, 2024 Rates**

07/10/23  
 TCAP 1/1/2024

	Present Rates			Proposed Rates			Changes		
	Mar-1-22	Proposed	Mar-1-22	Jan-1-24	Proposed	Jan-1-24	Revenue	Rate	% Rate
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	Change	Change	change
	Mth	\$/therm	\$000's	Mth	\$/therm	\$000's	\$000's	\$/therm	%
	D	E	F	D	E	F	G	H	I
1 <b>CORE</b>									
2 Residential	2,346,353	\$1.09046	\$2,558,598	2,185,983	\$1.08409	\$2,369,804	(\$188,794)	(\$0.00637)	-0.6%
3 Commercial & Industrial	992,706	\$0.63128	\$626,673	880,320	\$0.68892	\$606,473	(\$20,201)	\$0.05765	9.1%
4									
5 NGV - Pre Sempra-Wide	178,769	\$0.36605	\$65,438	167,083	\$0.46316	\$77,386	\$11,948	\$0.09711	26.5%
6 Sempra-Wide Adjustment	178,769	(\$0.01196)	(\$2,138)	167,083	(\$0.01369)	(\$2,288)	(\$150)	(\$0.00174)	14.5%
7 NGV - Post Sempra-Wide	178,769	\$0.35409	\$63,300	167,083	\$0.44946	\$75,098	\$11,797	\$0.09537	26.9%
8									
9 Gas A/C	416	\$0.27022	\$112	140	\$0.43091	\$61	(\$52)	\$0.16069	59.5%
10 Gas Engine	22,302	\$0.25948	\$5,787	19,830	\$0.26166	\$5,189	(\$598)	\$0.00218	0.8%
11 <b>Total Core</b>	<b>3,540,545</b>	<b>\$0.91920</b>	<b>\$3,254,471</b>	<b>3,253,356</b>	<b>\$0.93953</b>	<b>\$3,056,624</b>	<b>(\$197,847)</b>	<b>\$0.02033</b>	<b>2.2%</b>
12									
13 <b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
14 Distribution Level Service	919,735	\$0.18162	\$167,045	894,285	\$0.20069	\$179,471	\$12,426	\$0.01906	10.5%
15 Transmission Level Service (2)	626,080	\$0.03353	\$20,994	750,680	\$0.05321	\$39,943	\$18,949	\$0.01968	58.7%
16 <b>Total Noncore C&amp;I</b>	<b>1,545,814</b>	<b>\$0.12164</b>	<b>\$188,039</b>	<b>1,644,965</b>	<b>\$0.13338</b>	<b>\$219,414</b>	<b>\$31,375</b>	<b>\$0.01174</b>	<b>9.7%</b>
17									
18 <b>NONCORE ELECTRIC GENERATION</b>									
19 Distribution Level Service									
20 Pre Sempra-Wide	331,442	\$0.16782	\$55,623	335,280	\$0.19380	\$64,977	\$9,354	\$0.02598	15.5%
21 Sempra-Wide Adjustment	331,442	(\$0.01191)	(\$3,949)	335,280	(\$0.01125)	(\$3,771)	\$178	\$0.00067	-5.6%
22 Distribution Post Sempra Wide	331,442	\$0.15591	\$51,675	335,280	\$0.18255	\$61,206	\$9,532	\$0.02664	17.1%
23 Transmission Level Service (2)	2,246,336	\$0.03273	\$73,532	1,800,969	\$0.05233	\$94,253	\$20,722	\$0.01960	59.9%
24 <b>Total Electric Generation</b>	<b>2,577,778</b>	<b>\$0.04857</b>	<b>\$125,206</b>	<b>2,136,249</b>	<b>\$0.07277</b>	<b>\$155,460</b>	<b>\$30,253</b>	<b>\$0.02420</b>	<b>49.8%</b>
25									
26 <b>TOTAL RETAIL NONCORE</b>	<b>4,123,593</b>	<b>\$0.07596</b>	<b>\$313,245</b>	<b>3,781,214</b>	<b>\$0.09914</b>	<b>\$374,873</b>	<b>\$61,628</b>	<b>\$0.02318</b>	<b>30.5%</b>
27									
28 <b>WHOLESALE</b>									
29 Wholesale Long Beach (2)	79,646	\$0.02859	\$2,277	91,703	\$0.04954	\$4,543	\$2,266	\$0.02095	73.3%
30 Wholesale SWG (2)	66,431	\$0.02859	\$1,900	74,685	\$0.04954	\$3,700	\$1,800	\$0.02095	73.3%
31 Wholesale Vernon (2)	96,890	\$0.02859	\$2,771	97,040	\$0.04954	\$4,808	\$2,037	\$0.02095	73.3%
32 International (2)	116,299	\$0.02859	\$3,326	139,490	\$0.04954	\$6,911	\$3,585	\$0.02095	73.3%
33 Total Wholesale & International	359,267	\$0.02859	\$10,273	402,918	\$0.04954	\$19,961	\$9,688	\$0.02095	73.3%
34 SDG&E Wholesale	1,118,614	\$0.02934	\$32,826	841,578	\$0.04632	\$38,979	\$6,154	\$0.01697	57.8%
35 <b>Total Wholesale Incl SDG&amp;E</b>	<b>1,477,881</b>	<b>\$0.02916</b>	<b>\$43,099</b>	<b>1,244,496</b>	<b>\$0.04736</b>	<b>\$58,940</b>	<b>\$15,842</b>	<b>\$0.01820</b>	<b>62.4%</b>
36									
37 <b>TOTAL NONCORE</b>	<b>5,601,473</b>	<b>\$0.06362</b>	<b>\$356,344</b>	<b>5,025,711</b>	<b>\$0.08632</b>	<b>\$433,814</b>	<b>\$77,470</b>	<b>\$0.02270</b>	<b>35.7%</b>
38									
39 Unbundled Storage (4)			\$0			\$0	\$0		
40 System Total (w/o BTS)	9,142,019	\$0.39497	\$3,610,815	8,279,067	\$0.42160	\$3,490,438	(\$120,377)	\$0.02663	6.7%
41 Backbone Transportation Service BTS (3)	2,532	\$0.36798	\$340,120	2,532	\$0.49936	\$461,557	\$121,437	\$0.13138	35.7%
42 <b>SYSTEM TOTAL w/BTS</b>	<b>9,142,019</b>	<b>\$0.43217</b>	<b>\$3,950,935</b>	<b>8,279,067</b>	<b>\$0.47735</b>	<b>\$3,951,995</b>	<b>\$1,060</b>	<b>\$0.04517</b>	<b>10.5%</b>
43									
44 EOR Revenues	208,941	\$0.09427	\$19,696	154,067	\$0.11226	\$17,295	(\$2,401)	\$0.01799	19.1%
45 <b>Total Throughput w/EOR Mth/yr</b>	<b>9,350,960</b>			<b>8,433,133</b>					

1) These rates are for Natural Gas Transportation Service from "Citygate to Meter." The Backbone Transportation Service (BTS) rate is for service from Receipt Point to Citygate.  
 2) These Transmission Level Service (TLS) amounts represent the average transmission rate, see Table 7 for detailed list of TLS rates.  
 3) BTS charge (\$/dth/day) is proposed as a separate rate. Core will pay through procurement rate, noncore as a separate charge. Charge is for both core and noncore customers  
 4) Unbundled Storage costs are not part of the Core Storage or Load Balancing functions (those are included in transport rates).  
 5) All rates include Franchise Fees & Uncollectible charges.

**TABLE 2**  
**Residential Transportation Rates**  
**Southern California Gas Company**  
07/10/23  
TCAP 1/1/2024

	Present Rates			Proposed Rates			Changes		
	Mar-1-22 Volumes Mth A	Average Rate \$/th B	Mar-1-22 Revenue \$000's C	Jan-1-24 Volumes Mth D	Rate \$/th E	Jan-1-24 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change % I
1 <b>RESIDENTIAL SERVICE</b>									
2 Customer Charge									
3 Single Family	3,808,652	\$5.00	\$228,519	3,905,273	\$5.00	\$234,316	\$5,797	\$0.00000	0.0%
4 Multi-Family	1,784,011	\$5.00	\$107,041	1,825,058	\$5.00	\$109,503	\$2,463	\$0.00000	0.0%
5 Small Master Meter	121,819	\$5.00	\$7,309	123,305	\$5.00	\$7,398	\$89	\$0.00000	0.0%
6 Submeter Credit-\$/unit/day	141,547	(\$0.28800)	(\$14,879)	128,003	(\$0.33271)	(\$15,545)	(\$665)	(\$0.04471)	15.5%
7 <b>Volumetric Transportation Rate Exclude CSITMA and CAT:</b>									
8 Baseline Rate	1,619,181	\$0.71401	\$1,156,106	1,458,094	\$0.67214	\$980,043	(\$176,063)	(\$0.04187)	-5.9%
9 Non-Baseline Rate	718,079	\$1.12791	\$809,927	719,874	\$1.09796	\$790,396	(\$19,531)	(\$0.02994)	-2.7%
10	2,337,260	\$0.98150	\$2,294,023	2,177,968	\$0.96701	\$2,106,112	(\$187,910)	(\$0.01449)	-1.5%
11 NBL/BL Ratio:									
12 Composite Rate \$/th		\$1.40891			\$1.30407			(\$0.10484)	-7.4%
13 Gas Rate \$/th		\$0.49233			\$0.40172			(\$0.09062)	-18.4%
14 NBL/Composite rate ratio (4) =		1.150000000			1.150000000				
15 NBL- BL rate difference \$/th		0.41390			0.42582			\$0.01192	2.9%
16									
17 Large Master Meter Rate (Excludes Rate Adders for CAT):									
18 Customer Charge	49	\$547.28	\$325	53	\$547.28	\$345	\$20	\$0.00	0.0%
19 Baseline Rate	7,787	\$0.44153	\$3,438	5,868	\$0.32801	\$1,925	(\$1,514)	(\$0.11352)	-25.7%
20 Non-Baseline Rate	1,306	\$0.69748	\$911	2,147	\$0.53581	\$1,150	\$240	(\$0.16167)	-23.2%
21	9,093	\$0.51397	\$4,673	8,015	\$0.42670	\$3,420	(\$1,253)	(\$0.08726)	-17.0%
22									
23 <b>Residential Rates Include CSITMA, CARB and GHG Excludes CAT:</b>									
24 CSITMA Adder to Volumetric Rate	1,686,545	\$0.00032	\$540	1,507,908	\$0.00034	\$506	(\$33)	\$0.00002	4.9%
25 CARB Adder to Volumetric Rate	2,346,353	\$0.00143	\$3,363	2,185,983	\$0.00160	\$3,499	\$136		
26 GHG End User Adder to Volumetric Rate	2,346,353	\$0.10911	\$255,999	2,185,983	\$0.11723	\$256,267	\$267		
27 Residential:									
28 Customer Charge		\$5.00			\$5.00			\$0.00000	0.0%
29 Baseline \$/therm		\$0.82487			\$0.79131			(\$0.03356)	-4.1%
30 Non-Baseline \$/therm		\$1.23877			\$1.21713			(\$0.02163)	-1.7%
31 Average NonCARE Rate \$/therm		\$1.09236			\$1.08618			(\$0.00618)	-0.6%
32 Large Master Meter:									
33 Customer Charge		\$547.28			\$547.28			\$0.00	0.0%
34 Baseline Rate		\$0.55239			\$0.44717			(\$0.10521)	-19.0%
35 Non-Baseline Rate		\$0.80834			\$0.65498			(\$0.15336)	-19.0%
36 Average NonCARE Rate \$/therm		\$0.62483			\$0.54587			(\$0.07895)	-12.6%
37 <b>Residential Rates Include CSITMA &amp; CAT:</b>									
38 CAT Adder to Volumetric Rate	27,389	\$0.00000	\$0	23,460	\$0.00000	\$0	\$0	\$0.00000	
39 Residential:									
40 Customer Charge		\$5.00			\$5.00			\$0.00000	0.0%
41 Baseline Rate		\$0.82487			\$0.79131			(\$0.03356)	-4.1%
42 Non-Baseline Rate		\$1.23877			\$1.21713			(\$0.02163)	-1.7%
43 Large Master Meter:									
44 Customer Charge		\$547.28			\$547.28			\$0.00000	0.0%
45 Baseline Rate		\$0.55239			\$0.44717			(\$0.10521)	-19.0%
46 Non-Baseline Rate		\$0.80834			\$0.65498			(\$0.15336)	-19.0%
47 <b>Other Adjustments:</b>									
48 TCA for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	4.9%
49 California Climate Credit - April Bill		(\$44.17)			(\$44.17)				
50 <b>TOTAL RESIDENTIAL</b>	<b>2,346,353</b>	<b>\$1.09046</b>	<b>\$2,558,598</b>	<b>2,185,983</b>	<b>\$1.08409</b>	<b>\$2,369,804</b>	<b>(\$188,794)</b>	<b>(\$0.00637)</b>	<b>-0.6%</b>

See footnotes, Table 1.

**TABLE 3**  
**Core Nonresidential Transportation Rates**  
**Southern California Gas Company**  
07/10/23  
TCAP 1/1/2024

	Present Rates			Proposed Rates			Changes			
	Mar-1-22 Volumes Mth A	Average Rate \$/th B	Mar-1-22 Revenue \$000's C	Jan-1-24 Volumes Mth D	Rate \$/th E	Jan-1-24 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change I	
1	<b>CORE COMMERCIAL &amp; INDUSTRIAL</b>									
2	Customer Charge 1	141,378	\$15.00	\$25,448	141,954	\$15.00	\$25,552	\$104	\$0.00	0.0%
3	Customer Charge 2	62,136	\$15.00	\$11,185	61,060	\$15.00	\$10,991	(\$194)	\$0.00	0.0%
4	<b>Volumetric Transportation Rate Exclude CSITMA &amp; CAT:</b>									
5	Tier 1 = 250th/mo	202,399	\$0.95104	\$192,490	182,276	\$1.04131	\$189,806	(\$2,684)	\$0.09027	9.5%
6	Tier 2 = next 4167 th/mo	449,431	\$0.49692	\$223,331	386,664	\$0.54480	\$210,653	(\$12,678)	\$0.04788	9.6%
7	Tier 3 = over 4167 th/mo	340,876	\$0.19243	\$65,595	311,380	\$0.21189	\$65,977	\$382	\$0.01945	10.1%
8		992,706	\$0.52186	\$518,049	880,320	\$0.57136	\$502,978	(\$15,070)	\$0.04950	9.5%
9	<b>Volumetric Transportation Rate Include CSITMA &amp; GHG, Exclude CAT:</b>									
10	CSITMA Adder to Volumetric Rate	984,422	\$0.00032	\$315	871,854	\$0.00034	\$293	(\$22)	\$0.00002	4.9%
11	GHG Adder to Volumetric Rate	992,706	\$0.10911	\$108,309	880,320	\$0.11723	\$103,201			
12	Tier 1 = 250th/mo		\$1.06047			\$1.15888			\$0.09841	9.3%
13	Tier 2 = next 4167 th/mo		\$0.60634			\$0.66236			\$0.05602	9.2%
14	Tier 3 = over 4167 th/mo		\$0.30186			\$0.32945			\$0.02760	9.1%
15			\$0.63128			\$0.68893			\$0.05765	
16	<b>Volumetric Transportation Rate Include CSITMA &amp; CAT:</b>									
17	CAT Adder to Volumetric Rate	139,308	\$0.00000	\$0	98,391	\$0.00000	\$0	\$0	\$0.00000	
18	Tier 1 = 250th/mo		\$1.06047			\$1.15888			\$0.09841	9.3%
19	Tier 2 = next 4167 th/mo		\$0.60634			\$0.66236			\$0.05602	9.2%
20	Tier 3 = over 4167 th/mo		\$0.30186			\$0.32945			\$0.02760	9.1%
21			\$0.63128			\$0.68893			\$0.05765	9.1%
22	<b>Other Adjustments:</b>									
23	TCA for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	4.9%
24	GHG Fee Credit \$/th		(\$0.10911)			(\$0.11723)				
25	<b>TOTAL CORE C&amp;I</b>	<b>992,706</b>	<b>\$0.63128</b>	<b>\$626,673</b>	<b>880,320</b>	<b>\$0.68892</b>	<b>\$606,473</b>	<b>(\$20,201)</b>	<b>\$0.05765</b>	<b>9.1%</b>
26	<b>NATURAL GAS VEHICLES (a sempra-wide rate)</b>									
27	Customer Charge, P-1	263	\$13.00	\$41	221	\$13.00	\$34	(\$7)	\$0.00000	0.0%
28	Customer Charge, P-2A	115	\$65.00	\$90	162	\$65.00	\$127	\$37	\$0.00000	0.0%
29	Uncompressed Rate Exclude CSITMA, GHG & CAT	178,769	\$0.22599	\$40,400	167,083	\$0.27333	\$45,669	\$5,268	\$0.04734	20.9%
30	Total Uncompressed NGV	178,769	\$0.22672	\$40,531	167,083	\$0.27429	\$45,830	\$5,299	\$0.04757	21.0%
31	Compressed Rate Adder	2,833	\$1.04173	\$2,951	10,232	\$0.91453	\$9,357	\$6,406	(\$0.12720)	-12.2%
32	Low Carbon Fuel Standard (LCFS) Credit		(\$1.22702)			(\$0.39682)			\$0.83020	
33	<b>Uncompressed Rate Include CSITMA, CARB and GHG Exclude CAT</b>									
34	CSITMA Adder to Volumetric Rate	178,769	\$0.00032	\$57	167,071	\$0.00034	\$56	(\$1)	\$0.00002	4.9%
35	CARB Adder to Volumetric Rate	178,769	\$0.00143	\$256	167,083	\$0.00160	\$267			
36	GHG End User Adder to Volumetric Rate	178,769	\$0.10911	\$19,505	167,083	\$0.11723	\$19,587			
37	Uncompressed Rate \$/therm		\$0.33685			\$0.39250			\$0.05565	16.5%
38	Combined transport & compressor adder & LCFS Credit \$/th		\$0.15156			\$0.91021			\$0.75865	500.6%
39	<b>Other Adjustments:</b>									
40	TCA for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	4.9%
41	<b>TOTAL NGV SERVICE</b>	<b>178,769</b>	<b>\$0.35409</b>	<b>\$63,300</b>	<b>167,083</b>	<b>\$0.44946</b>	<b>\$75,098</b>	<b>\$11,797</b>	<b>\$0.09537</b>	<b>26.9%</b>
42	<b>RESIDENTIAL NATURAL GAS VEHICLES (optional rate)</b>									
43	Customer Charge	216	\$10.00	\$26	195	\$10.00	\$23	(\$2)	\$0.00000	0.0%
44	Uncompressed Rate Exclude CSITMA & CAT	166	\$0.38664	\$64	151	\$0.38747	\$58	(\$6)	\$0.00082	0.2%
45	Uncompressed Rate Include CSITMA, Exclude CAT	166	\$0.54240	\$90	151	\$0.54260	\$82	(\$8)	\$0.00021	0.0%
46	CSITMA Adder to Volumetric Rate	166	\$0.00032	\$0	151	\$0.00034	\$0		\$0.00002	4.9%
47	CARB Adder to Volumetric Rate	166	\$0.00143	\$0	151	\$0.00160	\$0			
48	GHG End User Adder to Volumetric Rate	166	\$0.10911	\$18	151	\$0.11723	\$18			
49	Uncompressed Rate \$/therm		\$0.49750			\$0.50664			\$0.00913	1.8%
50	<b>Uncompressed Rate Include CSITMA &amp; CAT</b>									
51	CAT Adder to Volumetric Rate	0	\$0.00000	\$0	0	\$0.00000	\$0	\$0	\$0.00000	
52	Uncompressed Rate		\$0.49750			\$0.50664			\$0.00913	1.8%
53	<b>Other Adjustments:</b>									
54	TCA for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	4.9%
55	<b>TOTAL RESIDENTIAL NATURAL GAS VEHICLES</b>	<b>166</b>	<b>\$0.65326</b>	<b>\$109</b>	<b>151</b>	<b>\$0.66177</b>	<b>\$100</b>	<b>(\$9)</b>	<b>\$0.00852</b>	<b>1.3%</b>



**TABLE 4**  
**Core Nonresidential Transportation Rates (continued)**  
**Southern California Gas Company**

07/10/23  
TCAP 1/1/2024

	Present Rates			Proposed Rates			Changes			
	Mar-1-22 Volumes Mth A	Average Rate \$/th B	Mar-1-22 Revenue \$000's C	Jan-1-24 Volumes Mth D	Rate \$/th E	Jan-1-24 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change I	
1										
2										
3	<b>NON-RESIDENTIAL GAS A/C</b>									
4	Customer Charge	8	\$150	\$14	4	\$150	\$7	(\$7)	\$0.00000	0.0%
5	Volumetric Rate	416	\$0.23531	\$98	140	\$0.37929	\$53	(\$45)	\$0.14399	61.2%
6		416	\$0.26990	\$112	140	\$0.43057	\$60	(\$52)	\$0.16067	59.5%
7	<b>Volumetric Rates Include CSITMA, Exclude CAT</b>									
8	CSITMA Adder to Volumetric Rate	416	\$0.00032	\$0	140	\$0.00034	\$0	(\$0)	\$0.00002	4.9%
9	Volumetric		\$0.23563			\$0.37963			\$0.14400	61.1%
10	<b>Volumetric Rates Include CSITMA &amp; CAT</b>									
11	CAT Adder to Volumetric Rate	0	\$0.00000	\$0	0	\$0.00000	\$0	\$0	\$0.00000	
12	Gas A/C Rate		\$0.23563			\$0.37963		\$0	\$0.14400	61.1%
13	<b>Other Adjustments:</b>									
14	TCA for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	4.9%
15										
16	<b>TOTAL A/C SERVICE</b>	<b>416</b>	<b>\$0.27022</b>	<b>\$112</b>	<b>140</b>	<b>\$0.43091</b>	<b>\$61</b>	<b>(\$52)</b>	<b>\$0.16069</b>	<b>59.5%</b>
17										
18	<b>GAS ENGINES</b>									
19	Customer Charge	711	\$50	\$427	652	\$50	\$391	(\$35)	\$0.00000	0.0%
20	Volumetric Exclude CSITMA & CAT	22,302	\$0.24003	\$5,353	19,830	\$0.24159	\$4,791	(\$562)	\$0.00156	0.7%
21		22,302	\$0.25917	\$5,780	19,830	\$0.26133	\$5,182	(\$598)	\$0.00216	0.8%
22	<b>Volumetric Rates Include CSITMA, Exclude CAT</b>									
23	CSITMA Adder to Volumetric Rate	22,302	\$0.00032	\$7	19,830	\$0.00034	\$7	(\$0)	\$0.00002	4.9%
24	Volumetric		\$0.24035			\$0.24193			\$0.00158	
25	<b>Volumetric Rates Include CSITMA &amp; CAT</b>									
26	CAT Adder to Volumetric Rate	0	\$0.00000	\$0	0	\$0.00000	\$0	\$0	\$0.00000	
27	Gas Engine Rate		\$0.24035			\$0.24193		\$0	\$0.00158	0.7%
28	<b>Other Adjustments</b>									
29	TCA for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	4.9%
30										
31	<b>TOTAL GAS ENGINES</b>	<b>22,302</b>	<b>\$0.25948</b>	<b>\$5,787</b>	<b>19,830</b>	<b>\$0.26166</b>	<b>\$5,189</b>	<b>(\$598)</b>	<b>\$0.00218</b>	<b>0.8%</b>
32										
33	<b>STREET &amp; OUTDOOR LIGHTING (equals average Non-CAT CCI Rate)</b>									
34	Street & Outdoor Lighting Base Rate		\$0.63128			\$0.68893			\$0.05765	9.1%
35										
36	<b>CORE ELECTRIC GENERATION (EG) (optional rate)</b>									
37	Customer Charge		\$50.00			\$50.00			\$0.00	
38	Rate excluding CAT		\$0.32677			\$0.38028			\$0.05351	
39	<b>Volumetric Rates Include CAT</b>									
40	CAT Adder to Volumetric Rate	0	\$0.00000	\$0	0	\$0.00000	\$0	\$0	\$0.00000	
41	Core EG Rate		\$0.32677			\$0.38028		\$0	\$0.05351	

**TABLE 5**  
**Noncore Commercial & Industrial Rates**  
**Southern California Gas Company**

07/10/23  
 TCAP 1/1/2024

	Present Rates			Proposed Rates			Changes		
	Mar-1-22 Volumes Mth A	Average Rate \$/th B	Mar-1-22 Revenue \$000's C	Jan-1-24 Volumes Mth D	Rate \$/th E	Jan-1-24 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change % I
1 <b>NonCore Commercial &amp; Industrial Distribution Level</b>									
2 Customer Charge	563	\$350.00	\$2,367	526	\$350.00	\$2,209	(\$157)	\$0.00000	0.0%
3									
4 <b>Volumetric Rates Include CARB Fee, Exclude GHG, and CSITMA</b>									
5 Tier 1 = 250kth/yr	124,403	\$0.29279	\$36,424	118,870	\$0.33468	\$39,783	\$3,360	\$0.04189	14.3%
6 Tier 2 = 250k to 1000k	217,228	\$0.18422	\$40,018	207,858	\$0.20928	\$43,500	\$3,482	\$0.02506	13.6%
7 Tier 3 = 1 to 2 million th/yr	118,763	\$0.11477	\$13,631	114,904	\$0.12906	\$14,830	\$1,199	\$0.01429	12.5%
8 Tier 4 = over 2 million th/yr	459,341	\$0.06514	\$29,923	452,654	\$0.07174	\$32,473	\$2,550	\$0.00660	10.1%
9 Volumetric totals (excl itcs)	919,735	\$0.13047	\$119,995	894,285	\$0.14602	\$130,586	\$10,591	\$0.01556	11.9%
10									
11 <b>Volumetric Rates Include CARB, GHG, CSITMA</b>									
12 CSITMA Adder to Volumetric Rate		\$0.00032	\$293		\$0.00034	\$299	\$6	\$0.00002	4.9%
13 GHG Adder to Volumetric Rate		\$0.10911	\$44,391		\$0.11723	\$46,377	\$1,987	\$0.00813	
14 Tier 1 = 250kth/yr		\$0.40221			\$0.45224			\$0.05003	12.4%
15 Tier 2 = 250k to 1000k		\$0.29365			\$0.32685			\$0.03320	11.3%
16 Tier 3 = 1 to 2 million th/yr		\$0.22420			\$0.24663			\$0.02243	10.0%
17 Tier 4 = over 2 million th/yr		\$0.17457			\$0.18931			\$0.01474	8.4%
18 <b>Other Adjustments:</b>									
19 TCA for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	4.9%
20 CARB Fee Credit \$/th		(\$0.00143)			(\$0.00160)			(\$0.00017)	11.7%
21 GHG Fee Credit \$/th		(\$0.10911)			(\$0.11723)			(\$0.00813)	
22 <b>NCCI - DISTRIBUTION LEVEL</b>	919,735	\$0.18162	\$167,045	894,285	\$0.20069	\$179,471	\$12,426	\$0.01906	10.5%
23									
24 <b>NCCI-TRANSMISSION LEVEL Incl CARB &amp; GHG Fee Excl CSITMA (1)</b>	3,661	\$0.03003	\$110	4,219	\$0.05114	\$216	\$106	\$0.02111	70.3%
25 <b>NCCI-TRANSMISSION LEVEL Incl CARB &amp; GHG Fee, SGIP and CSITMA</b>	622,419	\$0.03035	\$20,884	746,461	\$0.05148	\$39,727	\$18,843	\$0.02113	69.6%
26 <b>NCCI-TRANSMISSION LEVEL (2)</b>	626,080	\$0.03353	\$20,994	750,680	\$0.05321	\$39,943	\$18,949	\$0.01968	58.7%
27									
28 <b>TOTAL NONCORE C&amp;I</b>	<b>1,545,814</b>	<b>\$0.12164</b>	<b>\$188,039</b>	<b>1,644,965</b>	<b>\$0.13338</b>	<b>\$219,414</b>	<b>\$31,375</b>	<b>\$0.01174</b>	<b>9.7%</b>

**TABLE 6**  
**Noncore Electric Generation Rates and Enhanced Oil Recovery Rates**  
**Southern California Gas Company**  
07/10/23  
TCAP 1/1/2024

	Present Rates			Proposed Rates			Changes			
	Mar-1-22 Volumes Mth A	Average Rate \$/th B	Mar-1-22 Revenue \$000's C	Jan-1-24 Volumes Mth D	Rate \$/th E	Jan-1-24 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change % I	
1	<b>ELECTRIC GENERATION</b>									
2										
3										
4										
5	<b>Small EG Distribution Level Service (a Sempra-Wide rate) Exclude CARB &amp; GHG Fee &amp; CSITMA:</b>									
6	Customer Charge	308	\$50.00	\$185	309	\$50.00	\$185	\$0	\$0.0000	0.0%
7	Volumetric Rate	88,449	\$0.17290	\$15,292	114,668	\$0.17950	\$20,583	\$5,291	\$0.00660	3.8%
8	Small EG Distribution Level Service	88,449	\$0.17499	\$15,477	114,668	\$0.18112	\$20,768	\$5,291	\$0.00613	3.5%
9										
10	<b>Large EG Distribution Level Service (a Sempra-Wide rate) Exclude CARB &amp; GHG Fee &amp; CSITMA</b>									
11	Customer Charge	30	\$0.00	\$0	25	\$0.00	\$0	\$0	\$0.00000	
12	Volumetric Rate	242,993	\$0.09864	\$23,968	220,612	\$0.11405	\$25,160	\$1,192	\$0.01541	15.6%
13	Large EG Distribution Level Service	242,993	\$0.09864	\$23,968	220,612	\$0.11405	\$25,160	\$1,192	\$0.01541	15.6%
14										
15	EG Distribution excl CARB Fee & CSITMA	331,442	\$0.11901	\$39,445	335,280	\$0.13699	\$45,928	\$6,483	\$0.01797	15.1%
16										
17	<b>Volumetric Rates Include CARB &amp; GHG Fee, Exclude CSITMA</b>									
18	CARB Fee Cost Adder	330,876	\$0.00143	\$474	294,526	\$0.00160	\$471	(\$3)	\$0.00017	11.7%
19	GHG Cost Adder	107,739	\$0.10911	\$11,755	126,300	\$0.11723	\$14,806	\$3,051	\$0.00813	
20	EG-Distribution Tier 1 w/CARB Fee		\$0.28343			\$0.29833			\$0.01490	5.3%
21	EG-Distribution Tier 2 w/CARB Fee		\$0.20917			\$0.23288			\$0.02370	11.3%
22	Total - EG Distribution Level	331,442	\$0.15591	\$51,675	335,280	\$0.18255	\$61,206	\$9,532	\$0.02664	17.1%
23	CARB Fee Credit \$/th		(\$0.00143)			(\$0.00160)			(\$0.00017)	11.7%
24	GHG Fee Credit \$/th		(\$0.10911)			(\$0.11723)			(\$0.00813)	
25										
26	EG Transmission Level Service Excl CARB & GHG Fee & CSITMA (1)	2,246,336	\$0.02859	\$64,233	1,800,969	\$0.04954	\$89,223	\$24,990	\$0.02095	73.3%
27	EG Transmission Level CARB Fee	634,285	\$0.00143	\$909	226,362	\$0.00160	\$362	(\$547)	\$0.00017	
28	EG Transmission Level Service - GHG End User Fee	24,990	\$0.10911	\$2,727	19,998	\$0.11723	\$2,344			
29	EG Transmission Level Service - SGIP	2,246,336	\$0.00252	\$5,664	1,800,969	\$0.00129	\$2,324			
30	EG Transmission Level Service Incl CARB & GHG Fee, Exclude CSITMA (1)									
31	EG Transmission Level (2)	2,246,336	\$0.03273	\$73,532	1,800,969	\$0.05233	\$94,253	\$20,722	\$0.01960	59.9%
32										
33	<b>TOTAL ELECTRIC GENERATION</b>	<b>2,577,778</b>	<b>\$0.04857</b>	<b>\$125,206</b>	<b>2,136,249</b>	<b>\$0.07277</b>	<b>\$155,460</b>	<b>\$30,253</b>	<b>\$0.02420</b>	<b>49.8%</b>
34										
35	<b>EOR Rates &amp; revenue Exclude CARB Fee &amp; CSITMA:</b>									
36	Distribution Level EOR:									
37	Customer Charge	23	\$500.00	\$138	18	\$500.00	\$108	(\$30)	\$0.00000	0.0%
38	Volumetric Rate Excl CARB & GHG Fee & CSITMA	151,758	\$0.11810	\$17,923	110,501	\$0.13601	\$15,029	(\$2,894)	\$0.01791	15.2%
39										
40	<b>Volumetric Rates Include CARB &amp; GHG Fee, Exclude CSITMA</b>									
41	CARB Fee		\$0.00143			\$0.00160				
42	GHG Fee		\$0.10911			\$0.11723				
43	Volumetric Rate Incl CARB Fee & Excl CSITMA		\$0.22864			\$0.25484			\$0.02620	11.5%
44	Distribution Level EOR	151,758	\$0.11901	\$18,061	110,501	\$0.13699	\$15,137	(\$2,924)	\$0.01797	15.1%
45	CARB Fee Credit \$/th		(\$0.00143)			(\$0.00160)			(\$0.00017)	11.7%
46	GHG Fee Credit \$/th		(\$0.10911)			(\$0.11723)			(\$0.00813)	
47	Transmission Level EOR Exclude CARB & GHG Fee & CSITMA	57,184	\$0.02859	\$1,635	43,565	\$0.04954	\$2,158	\$523	\$0.02095	73.3%
48	<b>Total EOR</b>	<b>208,941</b>	<b>\$0.09427</b>	<b>\$19,696</b>	<b>154,067</b>	<b>\$0.11226</b>	<b>\$17,295</b>	<b>(\$2,401)</b>	<b>\$0.01799</b>	<b>19.1%</b>

1) CSITMA - Noncore C&I D Tariff rate Include CSITMA. Customers exempt, including Constitutionally Exempt, receive Transportation Charge Adjustment (TCA).  
EG Tariff Rate Exclude CSITMA, since EG customers are exempt.  
2) CARB & GHG Fees - EG-D and NCCI-D rates include CARB & GHG Fees.  
3) EOR customers tariff Include CARB & GHG Fees and Excludes CSITMA; since EOR customers are exempt from CSITMA and get a credit for CARB & GHG Fees.  
See footnotes, Table 1.

**TABLE 7**  
**Transmission Level Service Transportation Rates**  
**Southern California Gas Company**  
07/10/23

	Present Rates			Proposed Rates			Changes		
	Mar-1-22 Volumes Mth A	Average Rate \$/th B	Mar-1-22 Revenue \$000's C	Jan-1-24 Volumes Mth D	Rate \$/th E	Jan-1-24 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change % I
<b>1 Rate Excluding CSITMA &amp; CARB Fee:</b>									
2 Reservation Service Option (RS):									
3 Daily Reservation rate \$/th/day		\$0.01070			\$0.02359			\$0.01289	120.5%
4 Usage Charge for RS \$/th		\$0.01274			\$0.01258			(\$0.00016)	-1.3%
5 Class Average Volumetric Rate (CA)									
6 Volumetric Rate \$/th		\$0.01584			\$0.03696			\$0.02112	133.3%
7 Usage Charge for CA \$/th		\$0.01274			\$0.01258			(\$0.00016)	-1.3%
8 Class Average Volumetric Rate (CA) \$/th		\$0.02858			\$0.04954			\$0.02096	73.3%
9									
10 115% CA (for NonBypass Volumetric NV) \$/th		\$0.03287			\$0.05697			\$0.02410	73.3%
11 135% CA (for Bypass Volumetric BV) \$/th		\$0.03859			\$0.06688			\$0.02829	73.3%
12 <b>Total Transmission Level Service (NCCI, EOR, EG)</b>	<b>2,872,415</b>	<b>\$0.02859</b>	<b>\$82,135</b>	<b>2,551,649</b>	<b>\$0.04954</b>	<b>\$126,413</b>	<b>\$44,278</b>	<b>\$0.02095</b>	<b>73.3%</b>
13									
14 <b>C&amp;I Rate Including CSITMA &amp; CARB &amp; GHG &amp; SGIP Fee:</b>									
15 CSITMA Adder to Usage Charge	622,419	\$0.00032	\$199	746,461	\$0.00034	\$251	\$51	\$0.00002	
16 CARB Fee Adder	1,260,365	\$0.00143	\$1,807	977,042	\$0.00160	\$1,564		\$0.00017	
17 GHG Fee Adder	32,596	\$0.10911	\$3,556	29,117	\$0.11723	\$3,413		\$0.00813	
18 SGIP Adder	626,080	\$0.00186	\$1,165	750,680	\$0.00031	\$231		(\$0.00155)	
19 Reservation Service Option (RS):									
20 Daily Reservation rate \$/th/day		\$0.01070			\$0.02359		\$0	\$0.01289	120.5%
21 Usage Charge for RS \$/th		\$0.12546			\$0.13206		\$0	\$0.00660	5.3%
22 Class Average Volumetric Rate (CA)									
23 Volumetric Rate \$/th		\$0.01584			\$0.03696		\$0	\$0.02112	133.3%
24 Usage Charge for CA \$/th		\$0.12546			\$0.13206		\$0	\$0.00660	5.3%
25 Class Average Volumetric Rate (CA) \$/th		\$0.14130			\$0.16902		\$0	\$0.02771	19.6%
26									
27 115% CA (for NonBypass Volumetric NV) \$/th		\$0.14559			\$0.17645		\$0	\$0.03086	21.2%
28 135% CA (for Bypass Volumetric BV) \$/th		\$0.15131			\$0.18635		\$0	\$0.03505	23.2%
29 <b>Other Adjustments:</b>									
30 Transportation Charge Adj. (TCA) for CSITMA exempt customers		(\$0.00032)			(\$0.00034)			(\$0.00002)	
31 California Air Resources Board (CARB) Fee Credit \$/th		(\$0.00143)			(\$0.00160)			(\$0.00017)	
32 GHG Fee Credit		(\$0.10911)			(\$0.11723)			(\$0.00813)	
33 <b>Total Transmission Level Service Include CSITMA &amp; CARB &amp; GHG &amp; SGIP</b>	<b>2,872,415</b>	<b>\$0.03094</b>	<b>\$88,862</b>	<b>2,551,649</b>	<b>\$0.05168</b>	<b>\$131,873</b>	<b>\$43,010</b>	<b>\$0.02074</b>	<b>67.1%</b>
34									
35 <b>EG &amp; EOR Rate Including CARB Fee &amp; GHG, excluding CSITMA:</b>									
36 CARB Fee Adder		\$0.00143			\$0.00160			\$0.00017	
37 GHG Fee Adder		\$0.10911			\$0.11723			\$0.00813	
38 SGIP Adder	2,246,336	\$0.00252	\$5,664	1,800,969	\$0.00129	\$2,324			
39 Reservation Service Option (RS):									
40 Daily Reservation rate \$/th/day		\$0.01070			\$0.02359		\$0	\$0.01289	120.5%
41 Usage Charge for RS \$/th		\$0.12580			\$0.13270		\$0	\$0.00690	5.5%
42 Class Average Volumetric Rate (CA)									
43 Volumetric Rate \$/th		\$0.01584			\$0.03696		\$0	\$0.02112	133.3%
44 Usage Charge for CA \$/th		\$0.12580			\$0.13270		\$0	\$0.00690	5.5%
45 Class Average Volumetric Rate (CA) \$/th		\$0.14164			\$0.16966		\$0	\$0.02802	19.8%
46									
47 115% CA (for NonBypass Volumetric NV) \$/th		\$0.14593			\$0.17709		\$0	\$0.03116	21.4%
48 135% CA (for Bypass Volumetric BV) \$/th		\$0.15165			\$0.18700		\$0	\$0.03535	23.4%
49									
50 <b>Other Adjustments:</b>									
51 California Air Resources Board (CARB) Fee Credit \$/th		(\$0.00143)			(\$0.00160)			(\$0.00017)	11.7%
52 Greenhouse Gas (GHG) Fee Credit \$/th		(\$0.10911)			(\$0.11723)			(\$0.00813)	7.4%
53									
54 <b>Rate Excluding CSITMA, CARB, GHG Fee, &amp; Uncollectibles (applicable to Wholesale &amp; International):</b>									
55 Reservation Service Option (RS):									
56 Daily Reservation rate \$/th/day		\$0.01067			\$0.02353			\$0.01286	120.5%
57 Usage Charge for RS \$/th		\$0.01270			\$0.01255			(\$0.00016)	-1.3%
58 Class Average Volumetric Rate (CA)									
59 Volumetric Rate \$/th		\$0.01580			\$0.03686			\$0.02106	133.3%
60 Usage Charge for CA \$/th		\$0.01270			\$0.01255			(\$0.00016)	-1.3%
61 Class Average Volumetric Rate (CA) \$/th		\$0.02850			\$0.04940			\$0.02090	73.3%
62									
63 115% CA (for NonBypass Volumetric NV) \$/th		\$0.03278			\$0.05681			\$0.02403	73.3%
64 135% CA (for Bypass Volumetric BV) \$/th		\$0.03848			\$0.06669			\$0.02821	73.3%
65 <b>Total Transmission Level Service (WS &amp; Int'l)</b>	<b>359,267</b>	<b>\$0.02859</b>	<b>\$10,273</b>	<b>402,918</b>	<b>\$0.04954</b>	<b>\$19,961</b>	<b>\$9,688</b>	<b>\$0.02095</b>	<b>73.3%</b>
66									
67 <b>Average Transmission Level Service</b>	<b>3,231,682</b>	<b>\$0.03243</b>	<b>\$104,799</b>	<b>2,954,567</b>	<b>\$0.05218</b>	<b>\$154,157</b>	<b>\$49,359</b>	<b>\$0.01975</b>	<b>60.9%</b>

**TABLE 8**  
**Backbone Transmission Service and Storage Rates**  
**Southern California Gas Company**  
07/10/23

	Present Rates			Proposed Rates			Changes		
	Mar-1-22	Average	Mar-1-22	Jan-1-24	Rate	Jan-1-24	Revenue	Rate	% Rate
	Volumes	Rate	Revenue	Volumes	Rate	Revenue	Change	Change	change
	Mth	\$/th	\$000's	Mth, Mdth	\$/th	\$000's	\$000's	\$/th	%
	A	B	C	D	E	F	G	H	I
1	<b>Backbone Transmission Service RTS</b>								
2	2,532	\$0.36798	\$340,120	2,532	\$0.49936	\$461,557	\$121,437	\$0.13138	35.7%
3		\$0.29438			\$0.39949				
4		\$0.07360			\$0.09987				
5		\$0.36798			\$0.49936			\$0.13138	35.7%
6									
7									
8	<b>Storage Costs: (incl. HRSMA)</b>								
9			\$114,299			\$145,825	\$31,525		
10			\$74,383			\$115,275	\$40,893		
11			\$0			\$0	\$0		
12			\$188,682			\$261,100	\$72,418		

See footnotes, Table 1.

- 1) CSITMA - NCCI and EG-TLS Tariff rates include CSITMA. Customers exempt (Constitutional Exempt and EG) receive Transportation Charge Adjustment (TCA).
- 2) CARB Fee - TLS NCCI, EOR and EG Tariff rates include CSITMA, TLS NCCI, EOR and EG customers exempt as they pay CARB Fees directly receive credit.
- 3) Wholesale Customers excludes CSITMA and CARB Fee since these customers are exempt.

# APPENDIX B

**TABLE 1**  
**Natural Gas Transportation Rate Revenues**  
**San Diego Gas & Electric**  
**January, 2024 Rates**  
07/05/23  
TCAP 1/1/2024

	At Proposed Rates			At Proposed Rates			Changes		
	Mar-1-22 Volumes mtherms D	Average Rate \$/therm E	Mar-1-22 Revenues \$000's F	Jan-1-24 Volumes mtherms D	Average Rate \$/therm E	Jan-1-24 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>CORE</b>									
Residential	313,234	\$1.47125	\$460,846	270,604	\$1.70231	\$460,652	(\$195)	\$0.23106	15.7%
Commercial & Industrial	194,777	\$0.61067	\$118,944	178,913	\$0.64276	\$114,998	(\$3,946)	\$0.03209	5.3%
NGV - Pre Sempra-Wide	24,129	\$0.26582	\$6,414	23,179	\$0.30430	\$7,053	\$640	\$0.03849	14.5%
Sempra-Wide Adjustment	24,129	\$0.08914	\$2,151	23,179	\$0.09931	\$2,302	\$151	\$0.01017	11.4%
NGV Post Sempra-Wide	24,129	\$0.35496	\$8,565	23,179	\$0.40362	\$9,355	\$791	\$0.04866	13.7%
<b>Total CORE</b>	<b>532,140</b>	<b>\$1.10564</b>	<b>\$588,355</b>	<b>472,696</b>	<b>\$1.23759</b>	<b>\$585,005</b>	<b>(\$3,350)</b>	<b>\$0.13195</b>	<b>11.9%</b>
<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
Distribution Level Service	29,376	\$0.16284	\$4,783	35,337	\$0.20335	\$7,186	\$2,402	\$0.04051	24.9%
Transmission Level Service (2)	17,569	\$0.03423	\$601	13,965	\$0.05651	\$789	\$188	\$0.02228	65.1%
<b>Total Noncore C&amp;I</b>	<b>46,945</b>	<b>\$0.11471</b>	<b>\$5,385</b>	<b>49,302</b>	<b>\$0.16176</b>	<b>\$7,975</b>	<b>\$2,590</b>	<b>\$0.04705</b>	<b>41.0%</b>
<b>NONCORE ELECTRIC GENERATION</b>									
Distribution Level Service									
Pre Sempra-Wide	68,867	\$0.11988	\$8,256	71,656	\$0.15584	\$11,167	\$2,911	\$0.03596	30.0%
Sempra-Wide Adjustment	68,867	\$0.05768	\$3,973	71,656	\$0.05294	\$3,794	(\$179)	(\$0.00474)	-8.2%
Distribution Level post SW	68,867	\$0.17756	\$12,228	71,656	\$0.20878	\$14,960	\$2,732	\$0.03122	17.6%
Transmission Level Service (2)	461,363	\$0.02990	\$13,795	225,945	\$0.04975	\$11,241	(\$2,554)	\$0.01985	66.4%
<b>Total Electric Generation</b>	<b>530,230</b>	<b>\$0.04908</b>	<b>\$26,023</b>	<b>297,600</b>	<b>\$0.08804</b>	<b>\$26,201</b>	<b>\$178</b>	<b>\$0.03896</b>	<b>79.4%</b>
<b>TOTAL NONCORE</b>	<b>577,175</b>	<b>\$0.05442</b>	<b>\$31,408</b>	<b>346,902</b>	<b>\$0.09852</b>	<b>\$34,176</b>	<b>\$2,768</b>	<b>\$0.04410</b>	<b>81.0%</b>
<b>SYSTEM TOTAL</b>	<b>1,109,315</b>	<b>\$0.55869</b>	<b>\$619,763</b>	<b>819,598</b>	<b>\$0.75547</b>	<b>\$619,181</b>	<b>(\$582)</b>	<b>\$0.19678</b>	<b>35.2%</b>

- 1) These rates are for Natural Gas Transportation Service from "Citygate to Meter." The Backbone Transportation Service (BTS) rate is for service from Receipt Point to Citygate. The BTS rate is a SoCalGas tariff and service is purchased from SoCalGas.
- 2) The average Transmission Level Service (TLS) rate is shown here, see Rate Table 6 for detailed list of TLS rates.
- 3) All rates include Franchise Fees & Uncollectible charges.

**TABLE 2**  
**Core Gas Transportation Rates**  
**San Diego Gas & Electric**  
**January, 2024 Rates**  
07/05/23  
TCAP 1/1/2024

	At Present Rates			At Proposed Rates			Changes		
	Mar-1-22 Volumes mtherms A	Average Rate \$/therm B	Mar-1-22 Revenues \$000's C	Jan-1-24 Volumes mtherms D	Average Rate \$/therm E	Jan-1-24 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
1 <b>Residential_RATES_Schedule GR,GM</b>									
2 <b>Rates Exclude CSITMA &amp; CAT</b>									
3 <b>Minimum Bill/Customer Charge</b>	874,067	\$4.00	\$1,816	909,359	\$4.00	\$1,428	(\$388)		
4									
5 Baseline \$/therm	255,260	\$1.33274	\$340,195	192,242	\$1.52933	\$294,002,712	(\$46,193)	\$0.19659	14.8%
6 Non-Baseline \$/therm	57,974	\$1.60650	\$93,136	78,361	\$1.82786	\$143,233,487	\$50,098	\$0.22136	13.8%
7 Average Rate \$/therm	313,234	\$1.38921	\$435,147	270,604	\$1.62106	\$438,664	\$3,517	\$0.23185	16.7%
8 NBL/BL Ratio									
9 Composite Rate \$/th		\$ 1.83219			\$1.94062			\$0.10843	
10 Gas Rate \$/th		\$ 0.49233			\$0.40386			-\$0.08847	-18.0%
11 NBL/Composite rate ratio		1.1455335			1.1500000				
12 NBL- BL rate difference \$/th		0.27376			\$0.29852			\$0.02476	
13									
14 <b>Rates Include CSITMA, CARB and GHG Adders, Excludes CAT</b>									
15 CSITMA Adder to Volumetric Rate	246,343	\$0.00162	\$399	203,713	\$0.00183	\$373	(\$26)	\$0.00021	13.0%
16 CARB Adder to Volumetric Rate	313,234	\$0.00137	\$429	270,604	\$0.00115	\$311			
17 GHG End User Adder to Volumetric Rate	313,234	\$0.09628	\$30,158	270,604	\$0.10546	\$28,538			
18 Baseline \$/therm		\$1.43201			\$1.63777			\$0.20576	14.4%
19 Non-Baseline \$/therm		\$1.70577			\$1.93630			\$0.23053	13.5%
20 Average NonCARE Rate \$/therm		\$1.48848			\$1.72950			\$0.24102	16.2%
21									
22 <b>Sub Meter Credit_Schedule GS,GT</b>									
23 GS Unit Discount \$/day	5,879	(\$0.58060)	(\$1,246)	5,879	(\$0.82422)	(\$1,768)	(\$523)	(\$0.24362)	42.0%
24 GT Unit Discount \$/day	26,104	(\$0.60099)	(\$5,726)	26,104	(\$0.85085)	(\$8,107)	(\$2,381)	(\$0.24986)	41.6%
25									
26 <b>Schedule GL-1</b>									
27 LNG Facility Charge, domestic use \$/month	293	\$14.79	\$52	262	\$14.79	\$47		\$0.00000	0.0%
28 LNG Facility Charge, non-domestic \$/mth/mbtu		\$0.05480			\$0.05480			\$0.00000	0.0%
29 LNG Volumetric Surcharge \$/th	76	\$0.16571	\$13	78	\$0.16571	\$13		\$0.00000	0.0%
30			\$65			\$59			
31 <b>Volumetric Rates Include All Adders &amp; CAT</b>									
32 CAT Adder to Volumetric Rate	2,253	\$0.00002	\$0	1,336	\$0.00002	\$0.029	(\$0)	\$0.00000	
33 Baseline \$/therm		\$1.43203			\$1.63780			\$0.20577	14.4%
34 Non-Baseline \$/therm		\$1.70579			\$1.93632			\$0.23053	13.5%
35 Average Rate \$/therm		\$1.48849			\$1.72952			\$0.24103	16.2%
36									
37 <b>Other Adjustments:</b>									
38 Employee Discount			(\$367)			\$606	\$973		
39 SDFFD			\$1,987			\$1,975	(\$12)		
40									
41 Credit for CSITMA Exempt Customers:		(\$0.00162)			(\$0.00183)			(\$0.00021)	13.0%
42									
43 California Climate Credit - April Bill		(\$43.06)			(\$43.06)				
44 <b>Total Residential</b>	<b>313,234</b>	<b>\$1.47125</b>	<b>\$460,846</b>	<b>270,604</b>	<b>\$1.70231</b>	<b>\$460,651,618</b>	<b>(\$195)</b>	<b>\$0.23106</b>	<b>15.7%</b>

See footnotes, Table 1.



**TABLE 3**  
**Natural Gas Transportation Rate Revenues**  
**San Diego Gas & Electric**  
**January, 2024 Rates**  
**TCAP 1/1/2024**

	At Present Rates			At Proposed Rates			Changes		
	Mar-1-22 Volumes mtherms A	Average Rate \$/therm B	Mar-1-22 Revenues \$000's C	Jan-1-24 Volumes mtherms D	Average Rate \$/therm E	Jan-1-24 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>CORE COMMERCIAL &amp; INDUSTRIAL RATES Schedule GN-3</b>									
Customer Charge \$/month	30,937	\$10.00	\$3,712	30,488	\$10.00	\$3,659	(\$54)	\$0.00000	0.0%
<b>Rates Exclude CSITMA &amp; CAT</b>									
Tier 1 = 0 to 1,000 therms/month	87,627	\$0.72694	\$63,700	80,437	\$0.75272	\$60,547	(\$3,153)	\$0.02578	3.5%
Tier 2 = 1,001 to 21,000 therms/month	88,939	\$0.48348	\$43,000	81,765	\$0.51752	\$42,315	(\$685)	\$0.03404	7.0%
Tier 3 = over 21,000 therms/month	18,211	\$0.41470	\$7,552	16,711	\$0.45107	\$7,538	(\$14)	\$0.03637	8.8%
<b>Rates Includes CSITMA, Excludes CAT</b>									
CSITMA Adder to Volumetric Rate	185,415	\$0.00162	\$300	169,551	\$0.00183	\$310	\$10	\$0.00021	13.0%
Tier 1 = 0 to 1,000 therms/month		\$0.72856			\$0.75455			\$0.02599	3.6%
Tier 2 = 1,001 to 21,000 therms/month		\$0.48510			\$0.51935			\$0.03425	7.1%
Tier 3 = over 21,000 therms/month		\$0.41632			\$0.45290			\$0.03658	8.8%
<b>Rates Include CSITMA &amp; CAT</b>									
CAT Adder to Volumetric Rate	39,978	\$0.00002	\$1	31,043	\$0.00002	\$1	(\$0)	\$0.00000	
Tier 1 = 0 to 1,000 therms/month		\$0.72858			\$0.75457			\$0.02600	3.6%
Tier 2 = 1,001 to 21,000 therms/month		\$0.48512			\$0.51937			\$0.03425	7.1%
Tier 3 = over 21,000 therms/month		\$0.41634			\$0.45292			\$0.03658	8.8%
<b>Other Adjustments:</b>									
Adjustment for SDFFD			\$679			\$629	(\$50)		
Credit for CSITMA Exempt Customers:		(\$0.00162)			(\$0.00183)			(\$0.00021)	13.0%
<b>Total Core C&amp;I</b>	<b>194,777</b>	<b>\$0.61067</b>	<b>\$118,944</b>	<b>178,913</b>	<b>\$0.64276</b>	<b>\$114,998</b>	<b>(\$3,946)</b>	<b>\$0.03209</b>	<b>5.3%</b>

1) CSITMA - Tariff rate includes CSITMA, exempt customers (including CARE participants and Constitutionally Exempt) receive Credit for CSITMA. CARE participants receive 20% CARE discount (Tariff rate less Credit for CSITMA Exempt Customers)\*20%  
See footnotes, Table 1.

**TABLE 4**  
**Other Core Gas Transportation Rates**  
**San Diego Gas & Electric**  
07/05/23  
**January, 2024 Rates**  
TCAP 1/1/2024

	At Present Rates			At Proposed Rates			Changes		
	Mar-1-22	Average	Mar-1-22	Jan-1-24	Average	Jan-1-24	Revenues	Rates	Rate
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	\$000's	\$/therm	change
	A	B	C	D	E	F	G	H	I
<b>1 NATURAL GAS VEHICLE RATES G-NGV &amp; GT-NGV</b>	Sempra-Wide NGV Rates			Sempra-Wide NGV Rates					
2 Customer Charge									
3 P1 \$/month	15	\$13.00	\$2	15	\$13.00	\$2	\$0	\$0.00	0.0%
4 P2A \$/month	13	\$65.00	\$10	21	\$65.00	\$16	\$6	\$0.00	0.0%
5									
6 <b>Uncompressed Rate Exclude CSITMA &amp; CAT \$/therm</b>	24,129	\$0.22737	\$5,486	23,179	\$0.27499	\$6,374	\$888	\$0.04763	20.9%
7 <b>Compressor Adder \$/therm exclude CSITMA &amp; CAT</b>	628	\$1.04808	\$658	471	\$0.92010	\$433	(\$225)	(\$0.12797)	-12.2%
8 Combined transport & compressor adder \$/th		\$1.27544			\$1.19510			(\$0.08035)	-6.3%
9 <b>Low Carbon Fuel Standard (LCFS) Credit</b>		(\$1.23449)			(\$0.39924)				
10 <b>Volumetric Rates Include CSITMA, CARB and GHG excludes CAT</b>									
11 CSITMA Adder to Volumetric Rate	24,129	\$0.00162	\$39	23,179	\$0.00183	\$42	\$3	\$0.00021	13.0%
12 CARB Adder to Volumetric Rate	24,129	\$0.00137	\$33	23,179	\$0.00115	\$27			
13 GHG End User Adder to Volumetric Rate	24,129	\$0.09628	\$2,323	23,179	\$0.10546	\$2,444			
14 <b>Uncompressed Rate \$/therm</b>		\$0.32664			\$0.38343			\$0.05680	17.4%
15 <b>Combined transport &amp; compressor adder &amp; LCFS Credit \$/th</b>		\$0.14022			\$0.90430			\$0.76408	544.9%
16									
17 <b>Volumetric Rates Include CSITMA &amp; CAT</b>									
18 CAT Adder to Volumetric Rate		\$0.00000			\$0.00000				
19 <b>Uncompressed Rate \$/therm</b>		\$0.32664			\$0.38343			\$0.05680	17.4%
20 <b>Combined transport &amp; compressor adder \$/th</b>		\$1.37471			\$1.30354			(\$0.07118)	-5.2%
21 <b>Other Adjustments:</b>									
22 Adjustment for SDFFD			\$12			\$16	\$3		
23 Credit for CSITMA Exempt Customers \$/th		(\$0.00162)			(\$0.00183)			(\$0.00021)	13.0%
24 <b>Low Carbon Fuel Standard (LCFS) Credit</b>		(\$1.23449)			(\$0.39924)				
25 <b>Total NGV</b>	<b>24,129</b>	<b>\$0.35496</b>	<b>\$8,565</b>	<b>23,179</b>	<b>\$0.40362</b>	<b>\$9,355</b>	<b>\$791</b>	<b>\$0.04866</b>	<b>13.7%</b>
26									
27 <b>RESIDENTIAL NATURAL GAS VEHICLES (optional rate)</b>									
28 Customer Charge	15	\$5.00	\$1	12	\$5.00	\$1	(\$0)	\$0.00	0.0%
29 <b>Uncompressed Rate w/o CSITMA &amp; CAT \$/therm</b>	9	\$1.91063	\$18	7	\$2.38718	\$18	(\$0)	\$0.47655	24.9%
30	9	\$2.00711	\$19	7	\$2.48366	\$19	(\$0)	\$0.47655	23.7%
31									
32 <b>Volumetric Rates Including CSITMA , Excluding CAT</b>									
33 CSITMA Adder to Volumetric Rate	9	\$0.00162	\$0	7	\$0.00183	\$0		\$0.00021	13.0%
34 CARB Adder to Volumetric Rate	9	\$0.00137	\$0	7	\$0.00115	\$0			
35 GHG End User Adder to Volumetric Rate	9	\$0.09628	\$1	7	\$0.10546	\$1			
36 <b>Uncompressed Rate \$/therm</b>		\$2.00990			\$2.49562			\$0.48572	24.2%
37									
38 <b>Volumetric Rates Include CSITMA &amp; CAT</b>									
39 CAT Adder to Volumetric Rate	0	\$0.00002	\$0	0	\$0.00002	\$0	\$0	\$0.00000	
40 <b>Uncompressed Rate \$/therm</b>		\$2.00992			\$2.49565		\$0	\$0.48572	24.2%
41									
42 <b>Other Adjustments:</b>									
43 Adjustment for SDFFD			\$0			\$0	\$0		
44 Credit for CSITMA Exempt Customers \$/th		(\$0.00162)			(\$0.00183)			(\$0.00021)	13.0%
45									
46 <b>Total Residential NGV</b>	<b>9</b>	<b>\$2.10638</b>	<b>\$20</b>	<b>7</b>	<b>\$2.59210</b>	<b>\$19</b>	<b>(\$0)</b>	<b>\$0.48572</b>	<b>23.1%</b>

1) CSITMA - Tariff rate includes CSITMA, exempt customers (including CARE participants and Constitutionally Exempt) receive Credit for CSITMA.

**TABLE 5**  
**NonCore Gas Transportation Rates**  
**San Diego Gas & Electric**  
07/05/23  
**January, 2024 Rates**  
TCAP 1/1/2024

	At Present Rates			At Proposed Rates			Changes		
	Mar-1-22 Volumes mtherms A	Average Rate \$/therm B	Mar-1-22 Revenues \$000's C	Jan-1-24 Volumes mtherms D	Average Rate \$/therm E	Jan-1-24 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>NonCore Commercial &amp; Industrial Distribution Level</b>									
Customer Charges \$/month	44	\$350.00	\$185	53	\$350.00	\$223	\$38	\$0.00	0.0%
<b>Volumetric Charges Exclude CARB, GHG, CSITMA</b>									
CSITMA Adder to Volumetric Rate	29,376	\$0.07162	\$2,104	35,337	\$0.10392	\$3,672	\$1,568	\$0.03230	45.1%
GHG Adder to Volumetric Rate	24,049	\$0.00162	\$39	30,010	\$0.00183	\$55	\$16	\$0.00021	13.0%
		\$0.09628	\$2,456		\$0.10546	\$3,236	\$780	\$0.00918	
<b>Volumetric Charges Include CARB, GHG, and CSITMA</b>									
Volumetric Rates \$/therm		\$0.16952			\$0.21121			\$0.04170	24.6%
<b>Other Adjustments:</b>									
SDFFD									
Credit for CSITMA Exempt Customers \$/th		(\$0.00162)			(\$0.00183)			(\$0.00021)	13.0%
Credit for CARB Fee Exempt Customers \$/th		(\$0.00137)			(\$0.00434)			(\$0.00297)	216.4%
Credit for GHG Fee Exempt Customers \$/th		(\$0.09628)			(\$0.10546)			(\$0.00918)	
<b>NCCI-Distribution Total</b>	<b>29,376</b>	<b>\$0.16284</b>	<b>\$4,783</b>	<b>35,337</b>	<b>\$0.20335</b>	<b>\$7,186</b>	<b>\$2,402</b>	<b>\$0.04051</b>	<b>24.9%</b>
<b>NCCI-Transmission Total (1)</b>	<b>17,569</b>	<b>\$0.03159</b>	<b>\$601</b>	<b>13,965</b>	<b>\$0.05361</b>	<b>\$789.12</b>	<b>\$188</b>	<b>\$0.02202</b>	<b>69.7%</b>
<b>NCCI-Transmission Class Average</b>	<b>17,569</b>	<b>\$0.03423</b>	<b>\$601</b>	<b>13,965</b>	<b>\$0.05651</b>	<b>\$789</b>			
<b>Total NonCore C&amp;I</b>	<b>46,945</b>	<b>\$0.11471</b>	<b>\$5,385</b>	<b>49,302</b>	<b>\$0.16176</b>	<b>\$7,975</b>	<b>\$2,590</b>	<b>\$0.04705</b>	<b>41.0%</b>
<b>ELECTRIC GENERATION</b>									
<b>Small EG Distribution Level Service (a Sempra-Wide rate) exclude CARB, GHG, and CSITMA</b>									
Customer Charge, \$/month	69	\$50.00	\$41	80	\$50.00	\$48	\$7	\$0.00	0.0%
Volumetric Rate \$/therm	24,662	\$0.17395	\$4,290	31,429	\$0.18059	\$5,676	\$1,386	\$0.01	3.8%
<b>Large EG Distribution Level Service (a Sempra-Wide rate) exclude CARB, GHG, and CSITMA</b>									
Customer Charge, \$/month		\$0.00			\$0.00			\$0.00	
Volumetric Rate (Incl ITCS) \$/th	44,206	\$0.09924	\$4,387	40,227	\$0.11474	\$4,616	\$229	\$0.02	15.6%
EG Distribution exclude CARB & GHG Fee, CSITMA	68,867	\$0.12659	\$8,718	71,656	\$0.14429	\$10,339	\$1,621	\$0.02	14.0%
<b>Volumetric Rates Includes CARB Fee, GHG Fee Excludes CSITMA:</b>									
CARB Fee Cost Adder - Small	24,560	\$0.00137	\$34	31,429	\$0.00434	\$136	\$103	\$0.00297	
CARB Fee Cost Adder - Large	44,206	\$0.00137	\$61	40,227	\$0.00434	\$174			
GHG Fee Cost Adder - Small	23,556	\$0.09628	\$2,268	30,020	\$0.10546	\$3,166	\$898	\$0.00918	
GHG Fee Cost Adder - Large	11,921	\$0.09628	\$1,148	10,848	\$0.10546	\$1,144			
EG-Distribution Tier 1 Incl CARB & GHG Fee, Excl CSITMA		\$0.27160			\$0.29039			\$0.01879	6.9%
EG-Distribution Tier 2 Incl CARB & GHG Fee, Excl CSITMA		\$0.19689			\$0.22454			\$0.02765	14.0%
Total - EG Distribution Level	68,867	\$0.17756	\$12,228	71,656	\$0.20878	\$14,960	\$2,732	\$0.03122	17.6%
Credit for CARB Fee Exempt Customers \$/th		(\$0.00137)			(\$0.00434)				
Credit for GHG Fee Exempt Customers \$/th		(\$0.09628)			(\$0.10546)				
EG Transmission Level Service Excl CARB & GHG fee & CSITMA	461,363	\$0.02859	\$13,192	225,945	\$0.04954	\$11,194	(\$1,999)	\$0.02095	73.3%
EG Transmission Level Service - CARB	39,584	\$0.00137	\$54	7,223	\$0.00224	\$16	(\$38)	\$0.00087	63.2%
EG Transmission Level Service - GHG	2,963	\$0.09628	\$285	0	\$0.10546	\$0			
EG Transmission Level Service - SGIP	461,363	\$0.00057	\$263	225,945	\$0.00014	\$31			
EG Transmission Level Service Incl CARB & GHG Fee & CSITMA									
EG Transmission Level Service - Average (1)	461,363	\$0.02990	\$13,795	225,945	\$0.04975	\$11,241			
<b>TOTAL ELECTRIC GENERATION</b>	<b>530,230</b>	<b>\$0.04908</b>	<b>\$26,023</b>	<b>297,600</b>	<b>\$0.08804</b>	<b>\$26,201</b>	<b>\$178</b>	<b>\$0.03896</b>	<b>79.4%</b>

1) CSITMA - Tariff rate include CSITMA, exempt customers (including CARE participants and Constitutionally Exempt) receive Credit for CSITMA. Schedule EG Tariff Rate exclude CSITMA, since EG customers are exempt.  
2) CARB - GTNC and EG Tariff rates include CARB. Those EG and GTNC customers that are exempt will receive CARB credit.  
3) GHG - GTNC and EG Tariff rates include GHG. Those EG and GTNC customers that are exempt will receive GHG credit.  
See footnotes, Table 1.

**TABLE 6**  
**Transmission Level Service Gas Transportation Rates**  
**San Diego Gas & Electric**  
07/05/23  
**January, 2024 Rates**  
TCAP 1/1/2024

	At Present Rates			At Proposed Rates			Changes		
	Mar-1-22 Volumes mtherms A	Average Rate \$/therm B	Mar-1-22 Revenues \$000's C	Jan-1-24 Volumes mtherms D	Average Rate \$/therm E	Jan-1-24 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>1 Transmission Level Service Rate Excluding CSITMA, CARB, and GHG Fees</b>									
2 Reservation Service Option (RS):									
3 Daily Reservation rate \$/th/day		\$0.01077			\$0.02374			\$0.01297	120.5%
4 Usage Charge for RS \$/th		\$0.01282			\$0.01266		(\$0.00016)		-1.3%
5									
6 Class Average Volumetric Rate (CA)									
7 Volumetric Rate \$/th		\$0.01594			\$0.03718		\$0.02125		133.3%
8 Usage Charge for CA \$/th		\$0.01282			\$0.01266		(\$0.00016)		-1.3%
9 Class Average Volumetric Rate CA \$/th		\$0.02876			\$0.04984		\$0.02108		73.3%
10									
11 115% CA (for NonBypass Volumetric NV) \$/th		\$0.03307			\$0.05732		\$0.02425		73.3%
12 135% CA (for Bypass Volumetric BV) \$/th		\$0.03882			\$0.06729		\$0.02846		73.3%
13									
14 <b>Average Transmission Level Service</b>	<b>478,932</b>	<b>\$0.02859</b>	<b>\$13,695</b>	<b>239,910</b>	<b>\$0.04954</b>	<b>\$11,886</b>	<b>(\$1,809)</b>	<b>\$0.02095</b>	<b>73.3%</b>
15 <b>C&amp;I Rate Include CSITMA, CARB, and GHG Fees</b>									
16 CSITMA Adder to Usage Rate \$/th	17,569	\$0.00162	\$28	13,965	\$0.00183	\$26	(\$3)	\$0.00021	13.0%
17 CARB Cost Adder	57,153	\$0.00137	\$78	21,188	\$0.00224	\$47		\$0.00087	
18 GHG Cost Adder	3,446	\$0.09628	\$332	384	\$0.10546	\$40		\$0.00918	
19 SGIP Adder	17,569	\$0.00000	\$0	13,965	\$0.00000	\$0			
20									
21 Reservation Service Option (RS):									
22 Daily Reservation rate \$/th/day		\$0.01077			\$0.02374		\$0	\$0.01297	120.5%
23 Usage Charge for RS \$/th		\$0.11209			\$0.12219		\$0	\$0.01010	9.0%
24									
25 Class Average Volumetric Rate (CA)									
26 Volumetric Rate \$/th		\$0.01594			\$0.03718		\$0	\$0.02125	133.3%
27 Usage Charge for CA \$/th		\$0.11209			\$0.12219		\$0	\$0.01010	9.0%
28 Class Average Volumetric Rate CA \$/th		\$0.12803			\$0.15937		\$0	\$0.03134	24.5%
29									
30 115% CA (for NonBypass Volumetric NV) \$/th		\$0.13234			\$0.16684		\$0	\$0.03450	26.1%
31 135% CA (for Bypass Volumetric BV) \$/th		\$0.13809			\$0.17681		\$0	\$0.03872	28.0%
32									
33 <b>Other Adjustments:</b>									
34 Credit for CSITMA Exempt Customers \$/th		(\$0.00162)			(\$0.00183)			(\$0.00021)	13.0%
35 CARB Fee Credit for Exempt Customers \$/th		(\$0.00137)			(\$0.00224)			(\$0.00087)	63.2%
36 GHG Fee Credit for Exempt Customers \$/th		(\$0.09628)			(\$0.10546)			(\$0.00918)	
37									
38 <b>EG Rate Include CARB &amp; GHG Fees, excludes CSITMA:</b>									
39 CARB Fee Cost Adder		\$0.00137			\$0.00224			\$0.00087	
40 GHG Fee Cost Adder		\$0.09628			\$0.10546			\$0.00918	
41 SGIP Adder	461,363	\$0.00057	\$263	225,945	\$0.00014	\$31			
42 Reservation Service Option (RS):									
43 Daily Reservation rate \$/th/day		\$0.01077			\$0.02374		\$0	\$0.01297	120.5%
44 Usage Charge for RS \$/th		\$0.11104			\$0.12049		\$0	\$0.00945	8.5%
45									
46 Class Average Volumetric Rate (CA)									
47 Volumetric Rate \$/th		\$0.01594			\$0.03718		\$0	\$0.02125	133.3%
48 Usage Charge for CA \$/th		\$0.11104			\$0.12049		\$0	\$0.00945	8.5%
49 Class Average Volumetric Rate CA \$/th		\$0.12698			\$0.15767		\$0	\$0.03070	24.2%
50									
51 115% CA (for NonBypass Volumetric NV) \$/th		\$0.13129			\$0.16515		\$0	\$0.03386	25.8%
52 135% CA (for Bypass Volumetric BV) \$/th		\$0.13704			\$0.17512		\$0	\$0.03808	27.8%
53									
54 <b>Other Adjustments:</b>									
55 CARB Fee Credit for Exempt Customers \$/th		(\$0.00137)			(\$0.00224)			(\$0.00087)	63.2%
56 GHG Fee Credit for Exempt Customers \$/th		(\$0.09628)			(\$0.10546)			(\$0.00918)	
57									
58 <b>Average Transmission Level Service</b>	<b>478,932</b>	<b>\$0.03006</b>	<b>\$14,396</b>	<b>239,910</b>	<b>\$0.05014</b>	<b>\$12,030</b>	<b>(\$2,366)</b>	<b>\$0.02008</b>	<b>66.8%</b>

See footnotes Table 1

# APPENDIX C

In D.17-09-035, the Commission defines marginal customer cost as the cost of providing service to an additional customer.<sup>38</sup> The Commission also identifies that “[n]ew connections costs are composed of costs associated with the investment required to provide access to a new customer . . .”<sup>39</sup> Algebraically, this can be expressed in basic marginal cost definition as follows:

$$\text{Marginal customer capital cost} = \frac{\Delta \text{ in total capital cost}}{\Delta \text{ in one additional customer}}$$

Marginal cost is defined for small additional units, in this case gas service to an additional customer. This is precisely how the Rental method calculates marginal customer capital cost. Trying to express the NCO method algebraically shows that it is inconsistent with the basic definition of marginal cost:

$$\text{NCO method customer capital cost} = \frac{\Delta \text{ in total capital cost for all new customers}}{\text{all customers (existing and new)}}$$

As the above equation shows, the denominator captures all customers, not a change in the number of customers, let alone change in one additional customer. NCO is an average cost method, not a marginal cost method. If the Commission is seeking to determine a true marginal customer cost, it must reject the NCO method, as it does not calculate the cost of providing service to an additional customer.

---

<sup>38</sup> See D.17-09-035 at 18, n.29. See also D.92-12-058 at 11 and 38.

<sup>39</sup> D.17-09-035 at 55 (FOF 9).

**a. Adjusted Rental Methods**

In A.16-06-013, the Commission’s Energy Division proposed two alternative methods by adjusting marginal capital-related customer cost derived by the Rental method: Adjusted Rental Method 1 (ARM1) and Adjusted Rental Method 2 (ARM2).<sup>40</sup>

As a conceptual matter, underlying the proposed Adjusted Rental methods, and the notion that they would produce legitimate marginal capital cost, renowned Economist Alfred Kahn was quoted as a supporting source. The quote states in part, “. . . marginal cost is the cost of producing one more unit; it can equally be envisaged as the cost that will be saved by producing one less unit.”<sup>41</sup> This quote was applied in the context of marginal customer related cost as “. . . marginal cost is the cost of connecting one more customer; it can equally be envisaged as the cost that would be saved by connecting one fewer customer.”<sup>42</sup> This application of Dr. Kahn’s quote leads to the belief that neither the Rental nor the NCO method satisfied the basic symmetry property of marginal cost in that “[t]he cost of a new hookup (embodied in both methods) is not the same as the cost saved due to a permanent loss of an existing customer hookup.”<sup>43</sup>

The rationale appears to be that since the cost of a new hookup is not the same as the cost saved due to a permanent loss of an existing customer, and the fact that both Rental and NCO methods rely on new hookup costs only, these methods are not appropriately calculating capital-related marginal customer costs. Accordingly, in such situations one must somehow include

---

<sup>40</sup> The ARM1 and ARM2 methods are being addressed here because I am providing an illustrative analysis guided by the directives articulated by the Commission in D.17-09-035 for electric utilities should they propose a fixed customer charge. I am not suggesting that Energy Division is a party to this TCAP or that ARM1 and ARM2 methods are being proposed in this proceeding.

<sup>41</sup> See Energy Division Staff Proposal on Adjusted Rental Method for Marginal Customer Cost in PG&E GRC Phase 2 (A.16-06-013) Second Fixed Cost Workshop (November 2, 2016), Appendix B at 2, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M170/K336/170336343.PDF>.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.* at 6.

both the cost of new hookup and the cost saved due to a permanent loss of an existing customer to derive appropriate capital-related customer cost.

In fact, Dr. Kahn does not discuss any such symmetry property of marginal cost. To provide the proper context of Dr. Kahn's discussion of marginal cost, I provide from Dr. Kahn's book the expanded quote:

. . . marginal cost is the cost of producing one more unit; it can equally be envisaged as the cost that would be saved by producing one less unit. Looked at the first way, it may termed incremental cost—the added cost of (a small amount of) incremental output. Observed the second way, it is synonymous with avoidable cost—the cost that would be saved by (slightly) reducing output. (Although these three terms are often used synonymously, marginal cost, strictly speaking, refers to the additional cost of supplying a single, infinitesimally small additional unit, while “incremental” and “avoidable” are sometimes used to refer to the average additional cost of a finite and possibly a large change in production or sales.) Why does the economist argue that, ideally, every buyer ought to pay a price equal to the cost of supplying one incremental unit?<sup>44</sup>

Clearly, Dr. Kahn does not state or imply that the cost of producing one more unit must equal the cost that would be saved by producing one less unit. The last sentence in the quote is consistent the with definition of capital-related customer cost as the capital cost of one additional hookup. The cost of providing access to an additional customer will be different than the cost saved due to removing access to an existing customer.

---

<sup>44</sup> Kahn, Alfred E., *The Economics of Regulation, Principles and Institutions*, The MIT Press, Cambridge, Massachusetts and London, England, 1988, at 65-66.



Mathematically, I attempt to show why ARM1 and ARM2 would not produce a true marginal cost result.

**i. ARM1**

ARM1 is mathematically depicted as follows:

$$ARM1\ MCAC = r1 * Rental\ MCAC \quad (1)$$

Where,<sup>45</sup>

$$r1 = \frac{TSM\ rate\ base\ value}{TSM\ replacement\ cost\ new\ value}$$

The ARM1 method adjusts the Rental capital-related marginal customer cost downward by an adjustment factor (r1) which is the ratio of system-wide TSM rate base value to all TSM (existing and new) valued at the Rental method capital-related marginal customer cost. Energy Division proposed this adjustment factor to be at the system level; however, at least conceptually, it is more appropriate to develop this adjustment factor using residential TSMs only since our focus here is on residential TSM marginal cost. For the analysis below, I assume that the adjustment factor is based on residential TSMs only, not system-wide TSMs. The Rental MCAC in the equation (1) above can be rewritten as:

$$Rental\ MCAC = TSM\ replacement\ cost\ new\ value * \left( \frac{RECC}{All\ residential\ customers} \right) \quad (2)$$

Plugging in this expression for Rental MCAC into ARM1 in equation (1) above result in:

---

<sup>45</sup> MCAC is the capital-related component of marginal customer access cost, r1 is a system value and not customer-class specific, TSM is final line transformer, service drop and meter, replacement cost new value is the rental calculation (before RECC is applied) summed over all the Utilities' customers, and RECC is real economic carrying cost. Note: O&M are added after MCAC is calculated for both ARM1 MCAC and ARM2 MCAC.

$$ARM1 MCAC = \left( \frac{TSM \text{ rate base value}}{TSM \text{ replacement cost new value}} \right) * TSM \text{ replacement cost new value} \\ * \left( \frac{RECC}{All \text{ residential customers}} \right) \quad (3)$$

Cancelling the TSM replacement cost new value in the numerator and the denominator in equation (3) leads to:

$$ARM1 MCAC = TSM \text{ ratebase value} * \frac{RECC}{All \text{ residential customers}} \quad (4)$$

ARM1 is supposed to reflect an adjustment to new connection cost under the Rental method with the adjustment being “correction” to the Rental method for violating the “basic symmetry property” of marginal cost. However, equation (4) shows that ARM1 new connection cost does not depend on new connection cost at all; rather, it depends on the rate base value of residential TSMs attributable to all past customer hookups. ARM1, therefore, is a backward-looking embedded cost method, not a forward-looking marginal cost method. In D.17-09-035, the Commission made it clear that new connection costs are forward-looking.<sup>46</sup>

## ii. ARM2

ARM2 is mathematically depicted as follows:

$$ARM2 MCAC = r2 * Rental MCAC \quad (5)$$

where,

$$r2 = \frac{TSM \text{ replacement cost new value less depreciation}}{TSM \text{ replacement cost new value}},$$

The ARM2 method adjusts the Rental capital-related marginal customer cost downward by an adjustment factor (r2) which is the ratio of TSM replacement cost new value less

---

<sup>46</sup> See D.17-09-035 at 17, Table 1.

depreciation to TSM replacement cost new value. Again, this adjustment factor is proposed to be at the system level. As with ARM1, it is more appropriate to develop this adjustment factor using residential TSMs only since our focus here is on residential TSM marginal cost. Using similar steps described for ARM1 above, the ARM2 can be rewritten, assuming the r2 adjustment factor should be based on residential TSMs, not system-wide TSMs, as follows:

$$\begin{aligned}
 \text{ARM2 MCAC} &= \text{TSM replacement cost new less depreciation} \\
 &\quad * \frac{\text{RECC}}{\text{All residential customers}} \qquad (6)
 \end{aligned}$$

While ARM2 still requires the calculation of Rental capital-related marginal customer cost, lowering this marginal cost by an adjustment representing depreciation costs attributable to all past customer hookups violates the concept that new connection cost should be forward-looking.

As discussed above, the proposed adjustment to Rental method-based new connection cost to retain the so-called basic symmetry property of marginal cost is unsupported. Additionally, as demonstrated above, ARM1 simply depends on backward-looking rate base value, and, hence, an embedded cost method. By adjusting Rental method-based new connection cost using backward-looking depreciation, ARM2 does not portray a forward-looking concept of marginal cost. Therefore, if the Commission is seeking a true marginal cost, the Adjusted Rental methods would not produce this result.