

Application: A.25-04-XXX
Exhibit No.: SCG-04
Witness: M. Schmidt-Pines

Application of Southern California Gas
Company (U 904 G) to Recover Costs
Recorded in the Transmission Integrity
Management Program Balancing Account from
January 1, 2019 to December 31, 2023.

A.25-04-XXX

CHAPTER IV
PREPARED DIRECT TESTIMONY OF
MARJORIE SCHMIDT-PINES
(RATES)
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

April 30, 2025

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CHAPTER IV
PREPARED DIRECT TESTIMONY OF MARJORIE SCHMIDT-PINES
(Rates)

I. PURPOSE AND OVERVIEW OF TESTIMONY

The purpose of my prepared direct testimony on behalf of Southern California Gas Company (SoCalGas) is to describe the cost allocation method for the Transmission Integrity Management Program Balancing Account (TIMPBA) of SoCalGas, as provided in Commission Resolution G-3499 and Cost Allocation Proceeding (CAP), Decision (D.) 24-07-009, and to present the Transportation rates, Backbone Transportation Service (BTS) and Residential bundled rate and bill impacts that would result from the amortization of the balance in the TIMPBA.

II. GAS RATE AND BILL IMPACTS

Pursuant to Commission Resolutions G-3499, G-3533, and G-3600, as SoCalGas and San Diego Gas & Electric Company (SDG&E) have an integrated transmission system and rate recovery mechanism, SoCalGas proposes to recover the under collected balance of the TIMPBA based on a functionalized allocation of transmission-related costs adopted in SoCalGas's most recent Cost Allocation Proceeding (CAP), D.24-07-009. The SoCalGas TIMPBA under-collection balance of \$173.8 million (without Franchise Fees & Uncollectibles (FF&U)) is being allocated to SoCalGas's Backbone Transportation Service (BTS) and to SoCalGas and SDG&E local transmission system due to the integrated nature of the SoCalGas and SDG&E transmission systems and rate recovery mechanisms. The BTS rate is for transportation service from receipt points to SoCalGas City Gate. The local transmission service revenue requirement is for transportation service in SoCalGas service territory and is allocated to SoCalGas and SDG&E customers.

Table MSP-1 provides the illustrative transportation and BTS rates and bill impacts. The rate tables are shown for both SoCalGas and SDG&E. SDG&E's rates are impacted due to the functionalized allocation of transmission, SoCalGas's Transportation cost. SDG&E's gas rates are also impacted by SoCalGas and SDG&E-wide rates for Natural Gas Vehicle (NGV), Electric Generation (EG) and Transmission Level Service (TLS). SoCalGas and SDG&E-wide rates imply that, for each of these three customer classes, a single common rate is developed for both SDG&E and SoCalGas.¹ The rates shown assume the actual revenue requirement provided in the Prepared Direct Testimony of Rae Marie Yu (Chapter III).

Table MSP-1
Illustrative Transportation Rates
\$/therm (except as noted)

Transportation	2/01/2025 Rates	Proposed Rates	Increase (decrease)	% change
<u>SoCalGas Summary</u>				
<u>Core Rates</u>				
Residential	\$1.479	\$1.489	\$0.010	0.7%
Core Commercial & Industrial (C&I)	\$0.971	\$0.979	\$0.007	0.7%
Natural Gas Vehicle (NGV) (uncompressed)	\$0.367	\$0.371	\$0.005	1.3%
<u>NonCore Distribution Level Service Rates</u>				
NonCore C&I Distribution Tier 1	\$0.634	\$0.639	\$0.005	0.8%
NonCore C&I Distribution Tier 2	\$0.464	\$0.469	\$0.005	1.1%
NonCore C&I Distribution Tier 3	\$0.355	\$0.360	\$0.005	1.4%
NonCore C&I Distribution Tier 4	\$0.278	\$0.283	\$0.005	1.8%
Electric Generation (EG)-Distribution - Tier 1 w/California Air Resources Board (carb), Greenhouse Gas (GHG) adders	\$0.447	\$0.452	\$0.005	1.1%
EG-Distribution - Tier 2 w/carb, GHG	\$0.336	\$0.341	\$0.005	1.5%

¹ Due to the Commission's continuation of shared rate design for certain rate classes pursuant to the Cost Allocation Proceeding Decision, D.24-07-009, the SoCalGas proposed rate change associated with this Application will also impact certain cost allocations that impact SDG&E rates. SoCalGas and SDG&E wide rates are slightly different between the SoCalGas and SDG&E due to different California Solar Initiative Thermal Memo Account (CSITMA), California Air Resource Board (CARB) and Greenhouse Gas (GHG) adders and FF&U.

NonCore Transmission Level Service (TLS) Rates				
TLS-C&I Class Average (CA) Rate (w/California Solar Initiative Thermal Program Memo Account (csitma), carb, GHG)				
	\$0.255	\$0.260	\$0.005	2.1%
TLS-EG CA Rate (w/carb and GHG adders)	\$0.254	\$0.259	\$0.005	2.1%
Backbone Transmission Service (BTS)\$/dth/day				
	\$0.733	\$0.870	\$0.137	18.7%
System Average Rate w/BTS \$/therm	\$0.662	\$0.683	\$0.021	3.1%
Rates Revenue Requirement \$ millions	\$5,499	\$5,671	\$171	3.1%

Transportation	2/01/2025 Rates	Proposed Rates	Increase (decrease)	% change
<u>SDG&E Summary</u>				
<u>Core Rates</u>				
Residential	\$2.137	\$2.147	\$0.010	0.5%
Core C&I	\$0.943	\$0.951	\$0.008	0.8%
NGV (uncompressed) \$/therm	\$0.364	\$0.369	\$0.005	1.3%
<u>NonCore Distribution Level Service Rates</u>				
NonCore C&I Distribution	\$0.407	\$0.412	\$0.005	1.3%
EG-Distribution - Tier 1 w/carb, GHG	\$0.446	\$0.451	\$0.005	1.2%
EG-Distribution - Tier 2 w/carb, GHG	\$0.333	\$0.338	\$0.005	1.5%
<u>NonCore Transmission Level Service Rates</u>				
TLS-C&I CA Rate (w/ csitma, carb, GHG)	\$0.251	\$0.257	\$0.005	2.1%
TLS-EG CA Rate (w/carb and GHG adders)	\$0.251	\$0.256	\$0.005	2.1%
System Average Rate	\$0.988	\$0.995	\$0.007	0.7%
Rates Revenue Requirement \$ millions	\$809	\$815	\$6	0.7%

Customers who directly purchase firm BTS capacity from SoCalGas will be impacted by a higher BTS rate as shown in Table MSP-1. However, most end-use customers do not directly pay the BTS rate. SoCalGas and SDG&E core customers indirectly pay for BTS through the core procurement tariff. Core Aggregation Transportation and noncore customers who procure their gas commodity from a marketer or at the Citygate indirectly pay for BTS. Since these customers' transportation (*i.e.*, Citygate-to-meter) rates are not impacted by this Application, an alternative method of illustrating the rate impact of SoCalGas's TIMPBA under collection is to observe bundled rate impacts that include a proxy gas commodity price. The BTS rate impact from Table MSP-1 of \$0.137 per decatherm (converted to \$0.0137 per therm for Table MSP-2 and MSP-3) is added to bundled rates to approximate the impact of the under-collection.

Illustrative residential bundled rate² impacts, including BTS impacts, are shown in Table MSP-2 and Table MSP-3 below.

Table MSP-2
Bundled Residential Rate Impacts SoCalGas

Customer Class	02/01/2025 Rates	Proposed Rates	Change	
			\$	%
Gas Procurement (including BTS)	\$0.472	\$0.486	\$0.014	2.9%
Transportation CA Rate	\$1.479	\$1.489	\$0.010	0.7%
Residential PPPS	\$0.119	\$0.119	\$0.000	0.0%
Total (\$/th)	\$2.070	\$2.093	\$0.024	1.1%

Table MSP-3
Bundled Residential Rate Impacts SDG&E

Customer Class	02/01/2025 Rates	Proposed Rates	Change	
			\$	%
Gas Procurement (including BTS)	\$0.478	\$0.492	\$0.014	2.9%
Transportation CA Rate	\$2.137	\$2.147	\$0.010	0.5%
Residential PPPS	\$0.115	\$0.115	\$0.000	0.0%
Total (\$/th)	\$2.731	\$2.755	\$0.024	0.9%

As shown in Table MSP-4 below, the SoCalGas bill amount for the average residential customer that uses an average of 36 therms per month would increase by \$0.86 or 1.2% to \$75.38 per month, from a current monthly bill of \$74.52. Table MSP-4 provides an estimate of a SoCalGas residential bundled Non-CARE average customer monthly gas bill for commodity and transportation costs. Table MSP-5 provides an estimate of a SoCalGas residential bundled Non-CARE average customer monthly gas bill for commodity and transportation costs.

² Rates include FF&U. The gas procurement tariff and transportation rate used in calculating Residential class average bill is from SoCalGas Advice Letters (AL) 6430-G-A and 6393-G. See SoCalGas AL 6430-G-A (January 29, 2025), available at: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4919&flngId=6430-G-A&flngStatusCd=Effective>, see also SoCalGas AL 6393-G (October 31, 2024), available at: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4861&flngId=6393-G&flngStatusCd=Approved>.

**Table MSP-4
SoCalGas Bill Impact**

Typical Usage	Average Monthly Bill		Change	
	Present	Proposed	\$	%
36 therms	\$74.52	\$75.38	\$0.86	1.2%

**Table MSP-5
SDG&E Bill Impact**

Typical Usage	Average Monthly Bill		Change	
	Present	Proposed	\$	%
28 therms	\$66.32	\$66.89	\$0.58	0.9%

This concludes my prepared direct testimony.

1 **III. QUALIFICATIONS**

2 My name is Marjorie A. Schmidt-Pines. My business address is 555 West Fifth Street,
3 Los Angeles, California, 90013-1011. I am Senior Principal Regulatory Economic Advisor in
4 the CPUC/FERC Gas Regulatory Affairs Department, Gas Rates team for SoCalGas and
5 SDG&E as of December 2017. I joined the Gas Rates team in September 2009 as Principal
6 Regulatory Economic Advisor.

7 I hold a Bachelor of Science degree in Business Administration with an emphasis in
8 Accounting from California State University at Northridge, California. I have been employed by
9 SoCalGas since 1981 and have held positions of increasing responsibilities as an Accountant and
10 Senior Accountant in the Accounting & Finance department, as an Analyst and a Budget
11 Coordinator in the Gas Supply department, as a Market Advisor for the Marketing and Customer
12 Services departments and Principal Regulatory Economic Advisor in the Regulatory Affairs
13 Department.

14 As Senior Principal Regulatory Economic Advisor, I represent the Gas Rate Design
15 Group for both SoCalGas and SDG&E in the role of Project Manager, Senior Analyst and
16 witness in various major regulatory proceedings and filings dealing with allocating authorized
17 revenue requirements to functions and customer rate classes, developing the design of the rate
18 for each class, calculating customer rate changes, and computing the impact on customers'
19 monthly bills.

20 I have previously testified before the Commission.