

Company: Southern California Gas Company (U 904 G)/ San Diego Gas & Electric
Company (U 902 M)
Proceeding: 2028 General Rate Case
Application: A.26-06-014/015
Exhibit: SCG-29/SDGE-34.1

**REVISED PREPARED DIRECT TESTIMONY OF MICHAEL W.
FOSTER
(GAS RATES)**

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



September 2026

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**REVISED PREPARED DIRECT TESTIMONY OF MICHAEL W. FOSTER
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I. INTRODUCTION AND SUMMARY

A. Introduction

The purpose of my testimony is to present the impacts of Southern California Gas Company's (SoCalGas) and San Diego Gas & Electric Company's (SDG&E) Test Year (TY) proposals¹ in the 2028 General Rate Case (GRC) application on: (1) bundled gas revenues by customer class, (2) bundled gas rates by customer class, and (3) average residential non-CARE² customer gas bill. In addition, my testimony proposes methods for allocating costs across customer classes for balances in regulatory accounts that don't currently have an approved allocation method in this GRC.

Based on SoCalGas's 2028 GRC proposals:

- 2028 system total bundled rates revenue is likely to increase by 7.3% relative to 2027.
- 2028 estimated average residential non-CARE bill is likely to increase by 7.6 % over a 2027 bill.

Based on SDG&E's 2028 GRC proposals:

- 2028 system total bundled rates revenue is likely to increase by 11.0% relative to 2027.
- 2028 estimated average residential non-CARE bill is likely to increase by 13.0% over the 2027 bill.

B. Support To/From Other Witnesses

My testimony relies on the Summary of Earnings testimony (Exhibit (Ex.) SCG-27 and Ex. SDGE-32) for TY 2028 proposed base margin of \$4,949 million for SoCalGas and \$893 million for SDG&E, the Administrative & General testimony (Ex. SCG-19 and Ex. SDGE-23), for proposed franchise fee rate of 1.1485% for SoCalGas and 2.0497% for SDG&E, the Customer Services testimony (Ex. SCG-08 and SDGE-12), for proposed uncollectible rate of 1.108% for SoCalGas and 0.564% for SDG&E, the Sustainability and Environmental testimony

¹ Proposals affecting base margin, franchise fee and uncollectible costs.

² California Alternative Rates for Energy (CARE) is a low-income program whereby CARE program participants receive a 20% discount on their gas bills.

(Ex. SCG-13 and Ex. SDGE-17), for California Air Resources Board's proposed administrative fee of \$17 million for SoCalGas and \$2 million for SDG&E, the Gas Major Projects testimony (Ex. SCG-06 and SDGE-06), for Pipeline Safety Enhancement Plan costs of \$247 million for SoCalGas and \$97 million for SDG&E, and the Regulatory Accounts testimony (Ex. SCG-21 and Ex. SDGE-26), for the proposed new regulatory accounts.

II. PRESENT AND PROPOSED GAS BUNDLED REVENUES BY CUSTOMER CLASS

This section compares illustrative TY 2028-proposed bundled revenues with those in 2027. Illustrative bundled revenues include the GRC base margin, Public Purpose Program Surcharge (PPPS) revenue requirement, the cost of procuring natural gas for SoCalGas's and SDG&E's bundled core customers, and regulatory account balances.³ This GRC application affects SoCalGas's and SDG&E's base margin and does not impact PPPS revenue requirement, gas procurement costs, or regulatory account balances. Therefore, SoCalGas and SDG&E held these costs, excluding base margin, constant for the present versus proposed bundled revenues (and rates) comparison.⁴

A. SoCalGas Revenues

Table MF-1 compares SoCalGas's illustrative 2027 revenues and the TY 2028 GRC proposed bundled revenues by major customer class. Forecasted and proposed revenue allocations reflect the cost allocation results and sales volumes adopted in SoCalGas's 2024 cost

³ Core customers are residential and small commercial/industrial customers. SoCalGas and SDG&E provide gas transportation service to all customers; for bundled core customers, it also procures natural gas.

⁴ For illustrative purposes, the commodity price reflected in these tables are a forecast of 2026 gas prices; and the PPP surcharges were effective January 1, 2026. See SoCalGas Advice Letter Nos. 6548-G-A <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=5095&flngId=6548-G-A&flngStatusCd=Approved> and 6552-G <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=5090&flngId=6552-G&flngStatusCd=Approved> and SDG&E Advice Letter Nos. 3463-G-A <https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&flngKey=7783&flngId=3463-G-A&flngStatusCd=Approved> and 3462-G <https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&flngKey=7724&flngId=3462-G&flngStatusCd=Approved> for the commodity and PPPS charges, respectively.

allocation proceeding implemented on February 1, 2025.⁵ Relative to forecasted 2027 bundled revenue, TY 2028 GRC proposals lead residential and core commercial/industrial customers bundled revenue to increase by 7.2% and 5.8%, respectively.

Table MF -1
Southern California Gas Company
Summary of Gas Bundled Revenues by Major Customer Class
2028 General Rate Case Application
(\$ Millions)

	Customer Class	Forecast Revenue 2027	Proposed Revenues 2028	Change \$	%
1	Residential	\$4,359	\$4,674	\$315	7.2%
2	C&I	\$1,274	\$1,348	\$73	5.8%
3	Other Core	\$115	\$117	\$2	1.7%
4	Total Core	\$5,748	\$6,139	\$390	6.8%
5	Noncore C&I	\$428	\$444	\$16	3.7%
6	EG	\$238	\$244	\$6	2.5%
7	Retail Noncore Average	\$666	\$688	\$22	3.2%
8	Wholesale	\$95	\$94	\$0	-0.2%
9	Other (BTS and UBS)	\$911	\$1,042	\$131	14.4%
10	SYSTEM TOTALS	\$7,420	\$7,963	\$543	7.3%

B. SDG&E Revenues

Table MF-2 compares SDG&E's illustrative 2027 revenues and the TY 2028 GRC proposed bundled revenues by major customer class. Forecasted and proposed revenue allocations reflect the cost allocation results and sales volumes adopted in SDG&E's 2024 cost

⁵ See SoCalGas Advice Letter Nos. 6430-G-A and 6430-G-B, available at: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4919&flngId=6430-G-A&flngStatusCd=Approved> and <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4934&flngId=6430-G-B&flngStatusCd=Approved>.

allocation proceeding, implemented on February 1, 2025.⁶ Relative to forecasted 2027 bundled revenue, TY 2028 GRC proposals lead residential and core commercial/industrial customers' bundled revenue to increase by 13.8% and 7.2%, respectively.

Table MF -2
San Diego Gas and Electric
Summary of Gas Bundled Revenues by Major Customer Class
2028 General Rate Case Application
(\$ Millions)

Line No.	Customer Class	Forecast Revenue	Proposed Revenues	Change	
		2027	2028	\$	%
1	Residential	\$713	\$811	\$98	13.8%
2	Core C&I	\$243	\$261	\$18	7.2%
3	NGV	\$11	\$12	\$1	5.2%
4	Total Core	\$967	\$1,084	\$116	12.0%
5	Noncore C&I	\$23	\$24	\$1	3.8%
6	EG	\$39	\$40	\$1	3.6%
7	Total Noncore	\$62	\$64	\$2	3.7%
8	SYSTEM TOTALS	\$1,080	\$1,199	\$119	11.0%

III. PRESENT AND PROPOSED GAS BUNDLED RATES BY CUSTOMER CLASS

A. SoCalGas Rates

Table MF-3 compares SoCalGas's illustrative 2027 and the TY 2028 GRC-proposed bundled rates by customer class. The GRC proposals are likely to lead to a 7.6% and 6.2% increase in bundled residential and core commercial/industrial rates, respectively, relative to illustrative 2027 rates.

⁶ See SDG&E Advice Letter No. 3392-G-A/G-B, available at: <https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&flngKey=7476&flngId=3392-G-A&flngStatusCd=Approved>.

Table MF -3
Southern California Gas Company
Summary of Gas Class Average Bundled Rates by Major Customer Class
2028 General Rate Case Application
(\$/Therm)

Customer Class		Forecast Rates 2027	Proposed Rates 2028	Change \$	%
1	Residential	\$2.12443	\$2.28494	\$0.16051	7.6%
2	Core C&I	\$1.61378	\$1.71455	\$0.10077	6.2%
3	Total Core	\$1.90593	\$2.04201	\$0.13608	7.1%
4	Noncore C&I	\$0.26049	\$0.27005	\$0.00957	3.7%
5	EG	\$0.11159	\$0.11436	\$0.00277	2.5%
6	Retail Noncore Average	\$0.21351	\$0.21924	\$0.00573	2.7%
7	Wholesale	\$0.07603	\$0.07590	-\$0.00014	-0.2%
8	BTS (\$/dth/day)	\$1.07365	\$1.23310	\$0.15945	14.9%
9	SYSTEM TOTALS	\$1.32271	\$1.40449	\$0.08178	6.2%

B. SDG&E Rates

Table MF-4 compares SDG&E's illustrative 2027 and the TY 2028 GRC-proposed bundled rates by customer class. The GRC proposals are likely to lead to a 13.2% and 6.4% increase in bundled residential and core commercial/industrial rates, respectively, relative to illustrative 2027 rates.

Table MF -4
San Diego Gas and Electric
Summary of Gas Class Average Bundled Rates by Major Customer Class
2028 General Rate Case Application
(\$/Therm)

Line No.	Customer Class	Forecast Rates	Proposed Revenues	Change	
		2027	2028	\$	%
1	Residential	\$2.75552	\$3.11880	\$0.36328	13.2%
2	Core C&I	\$1.56923	\$1.67016	\$0.10093	6.4%
3	NGV	\$0.92409	\$0.95941	\$0.03532	3.8%
4	Total Core	\$2.21094	\$2.45884	\$0.24790	11.2%
5	Noncore C&I	\$0.50643	\$0.52451	\$0.01808	3.6%
6	EG	\$0.12956	\$0.13418	\$0.00462	3.6%
7	Noncore Average	\$0.36375	\$0.37029	\$0.00654	1.8%
8	SYSTEM TOTALS	\$1.64058	\$1.79298	\$0.15240	9.3%

IV. RESIDENTIAL CUSTOMER BILL IMPACTS

A. SoCalGas Impacts

Table MF-5 provides estimates of average monthly gas bill for SoCalGas residential non-CARE customers, comprising gas commodity, transportation and PPPS costs. The bill is estimated using an average residential non-CARE customer usage of 35 therms per month based on the most recent five-year historical usage.⁷ As shown in the table below, under the GRC proposals, the average monthly bill for a residential customer would increase by \$5.59 per month, or 7.6% when compared to 2027 rates.

⁷ The estimated bill does not include California greenhouse gas climate credit distribution to residential customers.

Table MF-5
Southern California Gas Company
Average Monthly Residential non-CARE Gas Bills (35 Therms Average Monthly Usage)
2028 General Rate Case Application
(\$/Month)

	Estimated Revenues 2027	Proposed 2028	Change \$	Change %
Average Bill	\$73.44	\$79.03	\$5.59	7.6%

B. SDG&E Impacts

Table MF-6 provides estimates of average monthly gas bill for SDG&E residential non-CARE customers, comprising gas commodity, transportation and PPPS costs. The bill is estimated using an average residential non-CARE customer usage of 24 therms per month based on the most recent five-year historical usage.⁸ As shown in the table below, under the GRC proposals, the average monthly bill for a residential would increase by \$8.46 per month, or 13.0% when compared to 2027 rates.

Table MF-6
San Diego Gas and Electric
Average Monthly Residential non-CARE Gas Bills (24 Therms Average Monthly Usage)
2028 General Rate Case Application
(\$/Month)

	Estimated 2027	Proposed 2028	Change \$	Change %
Average Bill	\$64.85	\$73.31	\$8.46	13.0%

V. PROPOSED COST ALLOCATION METHODS FOR REGULATORY ACCOUNTS

The SoCalGas Regulatory Accounts testimony (Ex. SCG-21) describes the amortization of the following regulatory accounts that don't currently have approved allocation methods of four regulatory accounts. These accounts are Climate Adaptation Vulnerability Assessment

⁸ The estimated bill does not include California greenhouse gas climate credit distribution to residential customers.

1 Memorandum Account (CAVAMA), Natural Gas Leak Abatement Program Memorandum
2 Account (NGLAPMA), Percentage of Income Payment Plan Memorandum Account (PIPPMA)
3 and Gas Line Extension Balancing Account (GLEBA).

4 The SoCalGas Regulatory Accounts testimony (Ex. SCG-21) summarizes the purpose of
5 these accounts. SoCalGas proposes to allocate the balances in CAVAMA, NGLAPMA, and
6 GLEBA across customer classes using the Equal Percent Authorized Margin (EPAM).
7 According to the EPAM method, the balances in these accounts will be allocated across
8 customer classes based on each customer class's share of total GRC base margin allocated to that
9 customer class. This proposed method is consistent with how a regulatory account balance that
10 benefits all customer classes is allocated.⁹ SoCalGas proposes to allocate the PIPPMA using the
11 Equal Cents Per Therm (ECPT) method. SoCalGas is currently using the ECPT method for the
12 allocation across customer classes of its existing Percentage of Income Payment Plan Balancing
13 Account (PIPPBA).

14 The SDG&E Regulatory Accounts testimony (Ex. SDGE-26) describes the amortization
15 of the following regulatory accounts that don't currently have approved allocation methods of
16 nine regulatory accounts. These accounts are Avoided Cost Calculator Update Memorandum
17 Account (ACCUMA), Climate Adaptation Vulnerability Assessment Memorandum Account
18 (CAVAMA), California Consumer Privacy Act Memorandum Account (CCPAMA), Emergency
19 Customer Protections Memorandum Account (ECPMA), Percentage of Income Payment Plan
20 Memorandum Account (PIPPMA), Residential Disconnection Protections Memorandum
21 Account (RDPMA), and New Environmental Regulation Balancing Account (NERBA), Safety
22 Enhancement Expense Balancing Account (SEEBA) and Safety Enhancement Capital Balancing
23 Account (SECCBA).

24 The SDG&E Regulatory Accounts (Ex. SDGE-26) testimony summarizes the purpose of
25 these accounts. SDG&E proposes to allocate the balances in ACCUMA, CAVAMA, CCPAMA,
26 ECPMA, and NERBA across customer classes using the EPAM method. According to the
27 EPAM method, the balances in these accounts will be allocated across customer classes based on
28 each customer class's share of total GRC base margin allocated to that customer class. This
29 proposed method is consistent with how a regulatory account balance that benefits all customer

⁹ For example, the balance in SoCalGas's Distribution Integrity Management Plan Balancing Account (DIMPBA) is allocated across all customer classes using the EPAM method.

1 classes is allocated.¹⁰ PIPPMA and RDPMA will be transferred to the Core Fixed Cost Account
2 (CFCA) and the Non-Core Fixed Cost Account (NFCA) upon approval. For purposes of
3 allocating costs between Core and Non-Core customers, the Equal Cents Per Therm (ECPT)
4 method will be applied. Similarly, SEEBA and SECCBA will also be transferred to the CFCA
5 and NFCA, with costs allocated between Core and Non-Core customers in accordance with the
6 approved PSEP functional allocation methodology.

7 **VI. CONCLUSION**

8 This concludes my prepared direct testimony.

¹⁰ For example, the balance in SDG&E's Distribution Integrity Management Plan Balancing Account (DIMPBA) is allocated across all customer classes using the EPAM method.

1 **VII. WITNESS QUALIFICATIONS**

2 My name is Michael W. Foster. My business address is 555 West Fifth Street, Los
3 Angeles, California, 90013-1011. I am employed by SoCalGas as the Rate Design and Demand
4 Forecasting Senior Manager within the CPUC/Federal Energy Regulatory Commission (FERC)
5 Gas Regulatory Affairs Department, which supports gas regulatory activities of both SoCalGas
6 and SDG&E. I have been employed with the Companies since December 2001.

7 I have held my current position managing the rates and demand forecasting groups since
8 February 2023. Previously, I held various positions of increasing responsibility, most recently as
9 a Principal Economic Advisor for the gas Rate Design function for both SoCalGas and SDG&E,
10 from December 2016 through February 2023. I received a Bachelor of Arts degree in Economics
11 from the University of California, Santa Barbara in 1995. I received a Master of Business
12 Administration degree from the Darden School of Business at the University of Virginia,
13 Charlottesville in 2000.

14 I have previously testified before the Commission.

APPENDIX A

GLOSSARY OF TERMS

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Glossary of Terms

ACRONYM	DEFINITION
ACCUMA	Avoided Cost Calculator Update Memorandum Account
CARE	California Alternative Rates for Energy
CAVAMA	Climate Adaptation Vulnerability Assessment Memorandum Account
CCPAMA	California Consumer Privacy Act Memorandum Account
CFCA	Core Fixed Cost Account
ECPMA	Emergency Customer Protections Memorandum Account
ECPT	Equal Cents Per Therm
EPAM	Equal Percent of Authorized Margin
GLEBA	Gas Line Extension Balancing Account
GRC	General Rate Case
NCFA	Non-Core Fixed Cost Account
NERBA	New Environmental Regulation Balancing Account
NGLAPMA	Natural Gas Leak Abatement Program Memorandum Account
PIPPBA	Percentage of Income Payment Plan Balancing Account
PIPPMA	Percentage of Income Payment Plan Memorandum Account
PPPS	Public Purpose Program Surcharge
RDPMA	Residential Disconnection Protections Memorandum Account
SECCBA	Safety Enhancement Capital Cost Balancing Account
SEEBA	Safety Enhancement Expense Balancing Account
SoCalGas	Southern California Gas Company
TY	Test Year

SCG and SDG&E 2028 GRC Testimony Revision Log – September 2026

Page	Line or Table	Revision Detail
1	Line 13	Changed 7.4% to 7.3%
1	Line 16	Changed 7.7% to 7.6%
1	Line 24	Changed \$4,955 million to \$4,949 million
1	Line 28	Changed 0.565% to 0.564%
3	Line 2	Changed 7.3% to 7.2%
3	Table 1	Updated table
4	Table 2	Updated table
4	Line 8	Changed 7.7% to 7.6% and 6.3% to 6.2%
4-5	Table 3	Updated table
5	Table 4	Updated table
6	Lines 7-8	Changed \$5.67 to \$5.59 and 7.
6	Table 5	Updated table
6	Line 14	Changed \$8.45 to \$8.46
7	Table 6	Updated table
8	FN 10	Changed "SoCalGas's" to "SDG&E's"