

Application: A.25-05-XXX  
Exhibit No.: SCG-04  
Company: J. Cortez

**PREPARED DIRECT TESTIMONY OF**  
**JULIA LEIGH CORTEZ**  
**(CHAPTER 4-NATURAL GAS RATE IMPACTS)**

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

May 9, 2025

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**Prepared Direct Testimony Of  
Julia Leigh Cortez  
(Natural Gas Rate Impacts)**

**I. PURPOSE AND OVERVIEW OF TESTIMONY**

The purpose of my prepared direct testimony on behalf of Southern California Gas Company (SoCalGas) is to propose the cost allocation method associated with the Customer Information System (CIS) Replacement Project of SoCalGas and to present the gas transportation rates and bill impacts that would result from the amortization of the balance in the CISRPBA (CIS Replacement Project Balancing Account).

**II. COST ALLOCATION METHODOLOGY**

SoCalGas proposes to recover the CISRPBA using the Equal Percentage of Authorized Margin (EPAM) cost allocation methodology, which is consistent with the allocation of current base margin pursuant to Decision (D.) 24-07-009. SoCalGas is seeking to recover operations and maintenance (O&M) costs that are incremental to those approved in SoCalGas's Test Year (TY) 2024 General Rate Case (GRC) proceeding.<sup>1</sup> For illustrative purposes, SoCalGas utilized the demand forecast from the most recently implemented Cost Allocation Proceeding (CAP) decision<sup>2</sup> to determine the illustrative cost allocation. The actual allocations that will be applied will be determined by the Cost Allocation Decision that is in effect when cost recovery occurs.

**III. RATE AND BILL IMPACTS**

Table JLC-1 below illustrates current and proposed gas transportation rates by major customer class upon recovery of costs associated with the CISRPBA. These rates are derived from the forecasted revenue requirement provided in the Prepared Direct Testimony of Rae Marie Yu (Chapter 3), which outlines the total incremental revenue requirement to be included in rates in 2026.<sup>3</sup> Over the 12-month recovery period, the typical residential bill using an average

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<sup>1</sup> D.24-12-074.

<sup>2</sup> D.24-07-009.

<sup>3</sup> Year 2026 and 2027 forecasted Revenue Requirement will be amortized in rates over a 12-month period starting July 2026 through June 2027.

1 of 36 therms per month is projected to increase by \$0.31 per month from \$74.52 to \$74.83.<sup>4</sup>

2 Table JLC-1 illustrates the rate impacts by customer class for both SoCalGas and San  
3 Diego Gas & Electric Company (SDG&E).<sup>5</sup> Specifically, SDG&E's rates for Natural Gas  
4 Vehicle (NGV), Electric Generation (EG) and Transmission Level (TLS) are impacted. Each of  
5 these three customer classes shares a single common rate developed for both utilities<sup>6</sup> and are  
6 also impacted by changes to SoCalGas's Transportation costs.

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<sup>4</sup> Rates include Franchise Fees and Uncollectibles (FF&U). The gas procurement tariff and transportation rate used in calculating Residential class average bill is from SoCalGas's Advice Letter (AL) 6430-G-A effective February 1, 2025, and the Update of Public Purpose Surcharge Rate is from AL 6393-G effective January 1, 2025. *See* AL 6430-G-A *available at*: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4919&flngId=6430-G-A&flngStatusCd=Effective>; AL 6393-G, *available at*: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4861&flngId=6393-G&flngStatusCd=Approved>.

<sup>5</sup> 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.

<sup>6</sup> SoCalGas and SDG&E system wide rates are slightly different due to different California Solar Initiative Thermal Memo Account (CSITMA), Greenhouse Gas (GHG) and California Air Resource Board (CARB) adders and FF&U.

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**Table JLC-1**  
**Illustrative Transportation Rates**  
(\$/therm, except as noted)

Transportation		Current Rates 2/1/2025	Proposed Rates 7/1/2026	Increase (decrease)	% change
<b><u>SoCalGas Summary</u></b>		-			
<b><u>Core Rates</u></b>					
Residential	\$/therm	\$1.479	\$1.487	\$0.008	0.6%
Core Commercial & Industrial (C&I)	\$/therm	\$0.971	\$0.976	\$0.005	0.5%
Natural Gas Vehicle (NGV) (uncompressed)	\$/therm	\$0.408	\$0.409	\$0.002	0.4%
<b><u>NonCore Distribution Level Service Rates</u></b>					
NonCore C&I Distribution Tier 1	\$/therm	\$0.634	\$0.637	\$0.003	0.4%
NonCore C&I Distribution Tier 2	\$/therm	\$0.464	\$0.466	\$0.002	0.4%
NonCore C&I Distribution Tier 3	\$/therm	\$0.355	\$0.356	\$0.001	0.3%
NonCore C&I Distribution Tier 4	\$/therm	\$0.278	\$0.278	\$0.000	0.1%
Electric Generation Distribution Tier 1*	\$/therm	\$0.447	\$0.449	\$0.001	0.3%
Electric Generation Distribution Tier 2*	\$/therm	\$0.336	\$0.336	\$0.001	0.2%
<b><u>NonCore Transmission Level Service (TLS) Rates</u></b>					
TLS-C&I Class Average Rate^	\$/therm	\$0.255	\$0.255	\$0.000	0.1%
TLS-Electric Gereneration Class Average Rate*	\$/therm	\$0.255	\$0.255	\$0.000	0.1%
Backbone Transmission Service (BTS)	\$/dth/day	\$0.733	\$0.733	\$0.000	0.0%
<b>System Average Rate w/BTS</b>	<b>\$/therm</b>	<b>\$0.662</b>	<b>\$0.665</b>	<b>\$0.003</b>	<b>0.5%</b>
<b>Rates Revenue Requirement w/BTS</b>	<b>\$ millions</b>	<b>\$5,499</b>	<b>\$5,525</b>	<b>\$26</b>	<b>0.5%</b>
<i>Residential Non-CARE class average bill</i>	<i>\$/month</i>	<i>\$74.52</i>	<i>\$74.83</i>	<i>\$0.31</i>	<i>0.42%</i>
<i>Residential CARE class average bill</i>	<i>\$/month</i>	<i>\$41.68</i>	<i>\$41.85</i>	<i>\$0.17</i>	<i>0.41%</i>

\*w/California Air Resources Board (CARB), Greenhouse Gas (GHG) adders

^w/California Solar Initiative Thermal Program Memo Account (CSITMA),  
CARB and GHG adders

Transportation		Current Rates 2/1/2025	Proposed Rates 7/1/2026	Increase (decrease)	% change
<b><u>SDG&amp;E Summary</u></b>					
<b><u>Core Rates</u></b>					
Residential	\$/therm	\$2.137	\$2.138	\$0.000	0.0%
Core C&I	\$/therm	\$0.943	\$0.944	\$0.000	0.0%
NGV (uncompressed) \$/therm	\$/therm	\$0.184	\$0.186	\$0.002	0.8%
<b><u>NonCore Distribution Level Service Rates</u></b>					
NonCore C&I Distribution	\$/therm	\$0.407	\$0.407	\$0.000	0.1%
Electric Generation Distribution Tier 1*	\$/therm	\$0.446	\$0.447	\$0.001	0.3%
Electric Generation Distribution Tier 2*	\$/therm	\$0.333	\$0.334	\$0.001	0.2%
<b><u>NonCore Transmission Level Service Rates</u></b>					
TLS-C&I Class Average Rate^	\$/therm	\$0.251	\$0.252	\$0.000	0.1%
TLS-Electric Generation Class Average Rate*	\$/therm	\$0.251	\$0.252	\$0.000	0.1%
<b>System Average Rate</b>	<b>\$/therm</b>	<b>\$0.988</b>	<b>\$0.988</b>	<b>\$0.000</b>	<b>0.0%</b>
<b>Rates Revenue Requirement</b>	<b>\$ millions</b>	<b>\$809</b>	<b>\$810</b>	<b>\$0</b>	<b>0.0%</b>
<i>Residential Non-CARE class average bill</i>	<i>\$/month</i>	<i>\$66.32</i>	<i>\$66.32</i>	<i>\$0.01</i>	<i>0.01%</i>
<i>Residential CARE class average bill</i>	<i>\$/month</i>	<i>\$44.11</i>	<i>\$44.12</i>	<i>\$0.01</i>	<i>0.01%</i>

\*w/California Air Resources Board (carb), Greenhouse Gas (GHG) adders

^w/California Solar Initiative Thermal Program Memo Account (CSITMA), CARB and GHG adders

#### IV. CONCLUSION

This concludes my prepared direct testimony.

1     **V.     QUALIFICATIONS**

2             My name is Julia L. Cortez. My business address is 555 West Fifth Street, Los Angeles,  
3 California, 90013-1011. I received a Bachelor of Science degree in Business Administration  
4 with an emphasis in Human Resources from Cal Poly Pomona, California in 2007. I received a  
5 Master of Business Administration degree from the University of La Verne, California in 2013.  
6 As Principal Regulatory Economic Advisor, I support the gas transportation rates for both  
7 SoCalGas and SDG&E. This includes allocating authorized revenue requirements to customer  
8 rate classes, developing rate design for each class, calculating customer rate changes and  
9 computing customers' bill impacts. In my previous role as a Market Advisor, I was responsible  
10 for policy and rate analysis for commercial, industrial and energy markets. This included  
11 developing guidelines for customers in a competitive bypass situation, cost/benefit analysis and  
12 supporting regulatory proceeding through advice letter filings.

13             I have not previously testified before the Commission.