

Application: A.25-08-XXX
Exhibit No.: SCG-04
Witness: M. Schmidt-Pines

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

A.25-08-XXX

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

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

August 15, 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 provide the cost allocation method and proposed rates for the Distribution Integrity Management Program Balancing Account (Post-2011 DIMPBA or DIMPBA) and to present the gas transportation rates and bill impacts that would result from the amortization of the balance in the DIMPBA.

II. GAS RATE AND BILL IMPACTS

SoCalGas recovers the DIMPBA using the Equal Percentage of Authorized Margin (EPAM) cost allocation methodology, which is consistent with the approved allocation methodology in SoCalGas's most recent Cost Allocation Proceeding Decision (D.) 24-07-009.¹

Tables MSP-1 and MSP-2 below shows current and proposed gas transportation rates by major customer class upon recovery of costs associated with the DIMPBA. The rates shown assume the actual revenue requirement provided in the Prepared Direct Testimony of Rae Marie Yu (Chapter III).² The backbone transmission service rate is for transportation service from receipt points to SoCalGas City Gate. The other listed transportation rates are for service from SoCalGas City Gate to end-use customers' meters.

¹ Pursuant to Ordering Paragraph 20 of D.13-05-010, SoCalGas closed out its previous distribution integrity management program balancing account where the remaining balance in that regulatory account was amortized in gas transportation rates on an equal percent of authorized margin basis, and any residual balances after the amortization period were transferred to SoCalGas's Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA).

² 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 SoCalGas AL 6430-G-A, *available at*: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4919&flngId=6430-G-A&flngStatusCd=Approved>; SoCalGas AL 6393-G, *available at*: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4861&flngId=6393-G&flngStatusCd=Approved>.

1 The rate tables below are shown for both SoCalGas and San Diego Gas & Electric
2 Company (SDG&E).³ SDG&E's rates are impacted due to SoCalGas's Transportation cost.
3 SDG&E's gas rates are also impacted by SoCalGas and SDG&E-wide rates for Natural Gas
4 Vehicle (NGV), Electric Generation (EG) and Transmission Level Service (TLS). SoCalGas and
5 SDG&E wide rates imply that, for each of these three customer classes, a single common rate is
6 developed for both SDG&E and SoCalGas.⁴

³ 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.

⁴ 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.

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

Transportation		July 1, 2025 Rates	Proposed Rates	Increase (decrease)	% change
<u>SoCalGas Summary</u>					
<u>Core Rates</u>					
Residential	\$/therm	\$1.463	\$1.483	\$0.020	1.4%
Core Commercial & Industrial (C&I)	\$/therm	\$0.960	\$0.972	\$0.012	1.2%
Natural Gas Vehicle (NGV) (uncompressed)	\$/therm	\$0.401	\$0.405	\$0.004	0.9%
<u>NonCore Distribution Level Service Rates</u>					
NonCore C&I Distribution Tier 1*	\$/therm	\$0.627	\$0.633	\$0.007	1.0%
NonCore C&I Distribution Tier 2*	\$/therm	\$0.457	\$0.461	\$0.004	0.8%
NonCore C&I Distribution Tier 3*	\$/therm	\$0.348	\$0.350	\$0.002	0.6%
NonCore C&I Distribution Tier 4*	\$/therm	\$0.271	\$0.272	\$0.001	0.3%
NCCI-D Class Average	\$/therm	\$0.275	\$0.278	\$0.002	0.9%
Electric Generation Distribution Tier 1*	\$/therm	\$0.440	\$0.443	\$0.003	0.7%
Electric Generation Distribution Tier 2*	\$/therm	\$0.329	\$0.330	\$0.002	0.5%
EG-D Class Average	\$/therm	\$0.263	\$0.265	\$0.002	0.8%
<u>NonCore Transmission Level Service (TLS) Rates</u>					
TLS-C&I Class Average Rate^	\$/therm	\$0.248	\$0.248	\$0.001	0.3%
TLS-Electric Generation Class Average Rate*	\$/therm	\$0.247	\$0.248	\$0.001	0.3%
Backbone Transmission Service (BTS)	\$/dth/day	\$0.580	\$0.580	\$0.000	0.0%
System Average Rate w/BTS	\$/therm	\$0.637	\$0.644	\$0.007	1.1%
Rates Revenue Requirement w/BTS	\$ millions	\$5,290	\$5,350	\$60	1.1%
<i>Residential Non-CARE class average bill</i>	<i>\$/month</i>	<i>\$73.39</i>	<i>\$74.11</i>	<i>\$0.72</i>	<i>0.98%</i>
<i>Residential CARE class average bill</i>	<i>\$/month</i>	<i>\$41.05</i>	<i>\$41.45</i>	<i>\$0.40</i>	<i>0.97%</i>

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

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

Table MSP-2
Illustrative Transportation Rates - SDG&E
\$/therm (except as noted)

Transportation		July 1, 2025 Rates	Proposed Rates	Increase (decrease)	% change
<u>SDG&E Summary</u>					
<u>Core Rates</u>					
Residential	\$/therm	\$2.124	\$2.124	\$0.001	0.0%
Core C&I	\$/therm	\$0.933	\$0.934	\$0.001	0.1%
NGV (uncompressed) \$/therm	\$/therm	\$0.177	\$0.181	\$0.004	2.0%
<u>NonCore Distribution Level Service Rates</u>					
NonCore C&I Distribution	\$/therm	\$0.400	\$0.401	\$0.001	0.2%
Electric Generation Distribution Tier 1*	\$/therm	\$0.438	\$0.442	\$0.003	0.7%
Electric Generation Distribution Tier 2*	\$/therm	\$0.326	\$0.328	\$0.002	0.5%
EG-D Class Average	\$/therm	\$0.298	\$0.300	\$0.002	0.8%
<u>NonCore Transmission Level Service Rates</u>					
TLS-C&I Class Average Rate^	\$/therm	\$0.244	\$0.245	\$0.001	0.3%
TLS-Electric Generation Class Average Rate*	\$/therm	\$0.251	\$0.245	\$0.001	0.3%
System Average Rate	\$/therm	\$0.978	\$0.979	\$0.001	0.1%
Rates Revenue Requirement	\$ millions	\$801	\$802	\$1	0.1%
<i>Residential Non-CARE class average bill</i>	<i>\$/month</i>	<i>\$65.62</i>	<i>\$65.64</i>	<i>\$0.02</i>	<i>0.03%</i>
<i>Residential CARE class average bill</i>	<i>\$/month</i>	<i>\$43.64</i>	<i>\$43.66</i>	<i>\$0.02</i>	<i>0.05%</i>

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

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

The SoCalGas bill amount for the average residential bundled Non-California Alternate Rates for Energy (Non-CARE) customer that uses an average of 36 therms per month would increase by \$0.72 or 0.98% to \$74.11 per month, from a current monthly bill of \$73.39. The SDG&E bill amount for the average residential bundled Non-CARE customer that uses an average of 24 therms per month would increase by \$0.02 or 0.03% to \$65.64 per month, from a current monthly bill of \$65.62.

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 a 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.