

Company: Southern California Gas Company (U 904 G)
Proceeding: Gas Line Extension Allowance Application
Application: A.25-07-001
Exhibit No.: SCG-04
Witness: Jennifer Morris

PREPARED REBUTTAL TESTIMONY OF
JENNIFER MORRIS
(CHAPTER 1 – POLICY)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

December 17, 2025

TABLE OF CONTENTS

I.	INTRODUCTION (PURPOSE)	1
II.	UPDATE TO SELECTED PROJECTS	1
III.	RESPONSE TO SIERRA CLUB’S TESTIMONY	2
A.	Line Allowances Are Not Ratepayer Subsidies	2
B.	The Customer Projects Included in the Application Do Not Seek a Categorical Exemption.....	3
C.	The General Rate Case Decision Is Distinguishable and Does Not Impact the Requirements of D.22-09-026	4
D.	The Customer Projects in the Application are Consistent with the CPUC’s Environmental and Social Justice (ESJ) Action Plan and California’s Climate Goals.....	4
IV.	CONCLUSION.....	6

Prepared Rebuttal Testimony of
Jennifer Morris

I. INTRODUCTION (PURPOSE)

The purpose of this rebuttal testimony is to address the arguments contained in the opening testimonies served on November 14, 2025, as they relate to my Policy testimony in Southern California Gas Company's (SoCalGas or SCG) Application (A.) 25-07-001.¹

II. UPDATE TO SELECTED PROJECTS

Since the submittal of A.25-07-001, the customer identified as Project F withdrew their line allowance application due to cost and feasibility limitations. The revised list of projects and the estimated allowance value is provided in Table 1. The new estimated total allowance value is now \$4,187,000. My testimony and the Prepared Rebuttal Testimony of Jason Legner refer to the eight projects listed below.

Table 1. - Projects Identified as Meeting Gas Line Allowance Exception Criteria

Project Identifier	Project Category	Estimated Allowance Value²
A	Renewable Natural Gas Refueling Station	\$103,000
B	Renewable Natural Gas Refueling Station	\$137,000
C	Renewable Natural Gas Refueling Station	\$662,000
D-1	Renewable Natural Gas Refueling Station	\$600,000 ³
D-2	Renewable Natural Gas Refueling Station	\$600,000

¹ SCG-01 (Morris).

² Allowance values are rounded to the nearest thousandth. Allowance values are illustrative estimates and are subject to change. The detailed allowance calculations can be found in the workpapers accompanying my prepared opening testimony, *see* Exhibit (Ex.) SCG-01-WP.

³ In accordance with SoCalGas Tariff Rule 21, Section E, allowances may not exceed the estimated project costs. Where the estimated allowances exceed the estimated project costs, allowance values up to the estimated project cost are provided.

Project Identifier	Project Category	Estimated Allowance Value²
E	Renewable Natural Gas Refueling Station	\$1,454,000
G	Renewable Natural Gas Refueling Station	\$288,000
H	Renewable Natural Gas Refueling Station	\$343,000
	TOTAL	\$4,187,000

III. RESPONSE TO SIERRA CLUB’S TESTIMONY

A. Line Allowances Are Not Ratepayer Subsidies

Sierra Club’s characterization of gas line allowances as a request to “charge ratepayers” the cost of the line extension allowances is inaccurate and reflects a misunderstanding of the allowance mechanism.⁴ As explained in my opening testimony, the line allowance framework reflects revenue that new customers contribute toward the gas system’s overall revenue requirement, ensuring a financially neutral or beneficial outcome for existing ratepayers.

Following the implementation of Decision (D.) 22-09-026, applicants submitting new gas line extension requests on or after July 1, 2023, are required to pay the full estimated project cost upfront.⁵ If the California Public Utilities Commission (Commission or CPUC) approves an allowance exception for a specific project, the project is subject to a three-year true-up after the ready-to-serve date. At that time, SoCalGas compares the customer’s actual usage against the contracted equipment usage. Any allowance provided depends on demonstrated usage during the three years of service and cannot exceed the actual project cost.

The estimated allowance values are based on projected revenue from the applicant, considering factors such as equipment load, operating schedule, and applicable rate schedule. This calculation is demonstrated in SCG-01-WP in A.25-07-001. These values are illustrative only; the actual allowance is determined solely by the customer’s actual usage during the first three years of service. If the customer uses less gas than projected—or does not initiate service—the allowance amount is reduced accordingly. This structure ensures that allowances

⁴ Sierra Club (Vespa/Belcher) at 1.

⁵ SoCalGas Form 3905-D, Sample Form Line Extension Contract at Section I.

1 are tied to the incremental revenues associated with new service. Accordingly, the assertion that
2 SoCalGas would charge ratepayers the cost of line allowances is unsupported by the design or
3 implementation of the allowance mechanism.

4 **B. The Customer Projects Included in the Application Do Not Seek a**
5 **Categorical Exemption**

6 Sierra Club claims that SoCalGas is “attempting to relitigate D.22-09-026” by seeking a
7 categorical exemption for Renewable Natural Gas (RNG) vehicle refueling stations.⁶ This
8 characterization misstates both the Application and the process established in D.22-09-026. That
9 decision rejected a blanket exemption at that time but simultaneously established a process for
10 reviewing individual projects that satisfy the three minimum requirements set forth therein.⁷ In
11 referencing the Commission’s denial of a categorical exemption, Sierra Club fails to
12 acknowledge that the Commission also set forth a process to evaluate individual projects where a
13 gas line allowance might still be justified—and this proceeding is that process.⁸ Consistent with
14 D.22-09-026, SoCalGas has submitted eight individual projects—each with unique facts and
15 circumstances—that meet the three minimum requirements. The Application does not seek a
16 categorical exemption and does not rely on any form of blanket treatment. Each project is
17 presented separately for the Commission’s review.

18 Furthermore, while D.22-09-026 denied blanket exemptions for all categories of projects
19 that were recommended in that proceeding, it recognized that categorical exemptions may be
20 appropriate and stated that the Commission “may revisit the need for categorical exemptions at a
21 later time.”⁹ The Commission further noted that “[t]he IOUs may propose potential categorical
22 exemptions in their annual filings after two application cycles.”¹⁰ Regardless, the Application
23 does not seek any categorical exemption. Instead, in this proceeding, each of the eight customer
24 projects are distinct and presented separately for the Commission’s review and approval.

⁶ Sierra Club (Vespa/Belcher) at 1-2.

⁷ D.22-09-026 at 52-56.

⁸ *Id.* at 56.

⁹ *Id.* at 58.

¹⁰ *Id.*

1 **C. The General Rate Case Decision Is Distinguishable and Does Not Impact the**
2 **Requirements of D.22-09-026**

3 Sierra Club conflates the allowance review process established under D.22-09-026 with
4 issues that were addressed in SoCalGas's General Rate Case (GRC).¹¹ Prior decisions such as
5 D.19-09-051 and D.24-12-074 focused on utility-owned assets and direct ratepayer funding for
6 SoCalGas's internal Alternative Fuel Vehicle fleet and fueling infrastructure. Those
7 determinations related to utility capital investments, *not* to customer-initiated projects evaluated
8 under the line extension allowance framework.

9 In contrast, this proceeding concerns allowances for customer-owned RNG refueling
10 stations under the process approved in D.22-09-026. The allowance mechanism evaluates the
11 customer's usage and the associated revenues when determining whether an allowance is
12 warranted following the true-up period. Thus, the considerations in the GRC regarding utility-
13 owned fleet investments do not apply to customer projects evaluated under D.22-09-026.

14 Because allowances under this framework are determined based on incremental usage
15 associated with each applicant's project, prior GRC determinations related to SoCalGas's
16 internal operations are inapplicable here. Sierra Club's attempt to apply determinations
17 regarding utility activity to customers in this Application is therefore misplaced and inconsistent
18 with the Commission-established process for reviewing unique projects that meet the three
19 minimum criteria.

20 **D. The Customer Projects in the Application are Consistent with the CPUC's**
21 **Environmental and Social Justice (ESJ) Action Plan and California's Climate**
22 **Goals**

23 Sierra Club asserts that RNG refueling station projects located in Disadvantaged
24 Communities (DACs) do not align with the CPUC's ESJ Action Plan.¹² This assertion is
25 incorrect. Although alignment with the CPUC's ESJ Action Plan is not among the criteria set
26 forth in D.22-09-026 - and the Commission expressly declined to include location within an ESJ
27 community as a criterion¹³ - these projects nonetheless align with the objectives of the CPUC's
28 ESJ Action Plan.

¹¹ Sierra Club (Vespa/Belcher) at 5.

¹² *Id.* at 8-9.

¹³ D.22-09-026 at 57.

1 Relative to diesel, RNG refueling stations paired with certified near-zero engines provide
2 significant and immediate reductions in nitrogen oxides (NOx), particulate matter (PM), and
3 climate-forcing emissions. These benefits are particularly important in DACs, which often bear
4 disproportionate pollution burdens associated with heavy-duty transportation, freight activity,
5 and goods movement. These projects not only align with but actively advance the goals of the
6 ESJ Action Plan by supporting multiple objectives related to environmental equity and public
7 health. In addition, the discussion below also demonstrates how these same ESJ-aligned benefits
8 directly support the State’s climate and air quality objectives.

9 For instance, the adoption of RNG fueling stations can increase investments in clean
10 energy resources, especially to improve local air quality and public health (ESJ Goal 2),¹⁴ and
11 increase climate resiliency in ESJ Communities (ESJ Goal 4).¹⁵ Many DAC communities—
12 particularly those adjacent to ports, freight corridors, and industrial zones—disproportionately
13 suffer from the health impacts of heavy-duty diesel vehicle emissions.¹⁶ RNG, when used in
14 commercially available near-zero engines, is a cleaner alternative to diesel and can be deployed
15 immediately to reduce emissions.¹⁷ South Coast AQMD’s 2022 Air Quality Management Plan
16 shows that on-road mobile sources are a dominant contributor to the region’s NOx and PM
17 burdens,¹⁸ and emphasizes that transitioning to both zero-emission technologies, and the cleanest
18 available technologies where zero-emission technologies are not feasible, will substantially
19 reduce emissions of diesel particulate matter and other mobile source pollutants.¹⁹
20 The air quality concerns presented by Sierra Club²⁰ are discussed in Jason Legner’s rebuttal
21 testimony, with recent data showing NOx reductions exceeding 90% compared to diesel

¹⁴ CPUC, *ESJ Action Plan Version 2.0* at 23 (April 7, 2022), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.

¹⁵ *Id.* at 24.

¹⁶ South Coast Air Quality Management District (AQMD), *2022 Air Quality Management Plan* at 8-1 (December 2, 2022), available at: [final-2022-aqmp.pdf](https://www.aqmd.net/2022-aqmp).

¹⁷ EPA, *An Overview of Renewable Natural Gas From Biogas* at 11 (January 2024), available at: https://www.epa.gov/system/files/documents/2024-01/lmop_rng_document.pdf.

¹⁸ South Coast AQMD, *2022 Air Quality Management Plan* at ES-2 (December 2, 2022), available at: [final-2022-aqmp.pdf](https://www.aqmd.net/2022-aqmp).

¹⁹ *Id.* at 8-2.

²⁰ Sierra Club (Vespa/Belcher) at 9-10.

1 engines.²¹ By locating RNG refueling infrastructure in DACs, these projects help reduce
2 localized pollution burdens, enhance climate resilience, and support equitable access to cleaner
3 transportation technologies. Denying DACs access to currently available near-zero technologies
4 would unnecessarily delay critical public health improvements.

5 **IV. CONCLUSION**

6 This concludes my prepared rebuttal testimony.

²¹ SCG-02 (Legner) at 6-7.