

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY
& SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS
IN THE 2027 COST ALLOCATION PROCEEDING (A.25-09-014)
DATA REQUEST SET 16 FROM CAL ADVOCATES – PUBADV-SCG_SDGE-016-MS
DATED: MARCH 13, 2026
SOCALGAS RESPONSE DATED: MARCH 27, 2026**

Subject: Chapter 12: Rate Design

Question 1.

How does SCG justify imposing a \$10 fixed charge for CARE customers when its own data explicitly shows that 18-20% of the lowest-usage, most vulnerable CARE households will experience total bill increases?

- a. Please provide the specific data sets, models, workpapers, or analyses that demonstrate the 18-20% bill increase for the lowest-usage CARE households.

Response 1.

SoCalGas objects to the extent the question assumes facts not in evidence, specifically that the “lowest usage” CARE households are also the “most vulnerable.” Notwithstanding this objection, and subject thereto, SoCalGas responds as follows.

Applicants’ analysis shows that the lowest-usage CARE customers have the most affordable bills of all SoCalGas residential customers yet are still being subsidized by other residential CARE (and non-CARE) customers who have higher bills. Applicants further show that, after the residential fixed charge is increased to \$10, total average monthly bills for these customers will remain the most affordable, only requiring between 0.6 and 1.3 hours of labor at minimum wage (HM) per month (see Chart MF-4).

Response 1.a

Please refer to Excel file, “Revised_SCG Fixed Cost Analysis__12-29-2025” workbook, tabs “SCG CARE Bill Impact 1-20th” and “SCG Bill Impact-per Deciles.”

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Question 2.

How does SCG justify forcing bill increases on the lowest deciles of usage, doesn't the \$20 non-CARE and \$10 CARE fixed charge phase-in unfairly penalize households that have successfully controlled their energy costs through extreme conservation?

Response

Customers who will face bill increases as a result of an increase in the fixed customer charge are those customers with the most affordable bills and are those customers who are being subsidized by other residential customers with less affordable bills. While these customers may have engaged in “extreme conservation,” they should still be paying their total cost of service and should not continue to be subsidized by customers with less affordable bills.

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Question 3.

SCG claims the current \$5 fixed charge creates an intraclass subsidy where high-usage customers subsidize the fixed costs of low-usage customers. If correcting this subsidy is an urgent matter of equity, please explain how SDG&E can justify retaining its \$4 minimum bill and taking no action to correct it simply because the focus is on electric rate design.

Response

At the time of the application, SDG&E was already in the midst of implementing a fixed customer charge for its electric residential customers. From a purely economic perspective, applicants agree with Cal Advocates that SDG&E residential customers should migrate to a rate design method that includes a fixed charge component that covers the fixed cost of service. However, applicants believe it makes more sense to phase one fixed charge in at a time. From both a customer communication perspective as well as a system implementation perspective, applicants believe the process would go smoother if the fixed charges were increased one at a time instead of simultaneously.

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Question 4.

The CPUC rejected a much lower \$10 fixed charge proposal in 2020 because it did "not meet the objectives of affordability". What fundamental changes in low-income affordability justify SCG pushing for an even higher \$20 fixed charge now?

Response

Applicants have shown that their fixed charge proposal enhances all CPUC mandated and utility defined supplemental affordability metrics.

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Question 5.

The CPUC previously stated in the 2024 CAP decision that a fundamental change to the structure of residential gas rates is premature and should be addressed holistically in the long-term Gas Planning Rulemaking (R.24-09-012). Please explain why SCG is proposing a \$20 fixed charge in this specific CAP proceeding rather than addressing the issue in the broader rulemaking.

Response

While the 2024 CAP decision did acknowledge that this issue should be considered in the Gas Planning Rulemaking (R.20-01-007, replaced subsequently by 24-09-012), SoCalGas proposes to institute an enhanced fixed charge in its 2027 CAP for the following reasons, among others:

1. As discussed in Chapter 12a at page MF-31 beginning at Line 11, this issue was addressed directly by Commissioner Karen Douglas (Assigned Commissioner overseeing R.20-01-007 and now R.24-09-012). In essence, Commissioner Douglas expressed a perspective that the existence of the gas planning rulemaking should not preclude the Commission from addressing issues in real time as such issues are brought in other appropriate and timely forums.
2. While the enhanced fixed charge is likely to provide more just, reasonable, and equitable rates whereby gas customers overall are paying a fairer share of their costs of service through a given long-term energy transition scenario involving gas end use fuel substitution, which is a potentially relevant issue for R.24-09-012, the proposal presented in the 2027 CAP Application does not rely on these benefits but rather demonstrates the immediate, back-tested affordability benefits available today.
3. While R.24-09-012 does include work in Phase 2 including but not limited to, “actions and metrics related to decarbonization goals, rates and affordability, safety and reliability, workforce, and equity,” by nature of falling under Phase 2, it is related to “Long-Term Gas Transition Planning.”¹ In addition to only addressing one secondary consideration having to do with long-term transition planning rather than the more urgent immediate affordability benefits demonstrated in the current CAP Application (as discussed above),

¹ See ASSIGNED COMMISSIONER’S SCOPING MEMO AND RULING for R.24-09-012 dated January 31, 2025 at page 3 (available here: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M555/K960/555960635.PDF>)

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this phase of work in R.24-09-012 has been deferred to at least Q3 2026 and it remains unclear when a Decision will be available.²

4. In addition to these ongoing potential considerations of rate design issues in R.24-09-012, fixed charges were directly discussed in response to the Administrative Law Judges’ Ruling Seeking Comments Regarding Interim Actions date November 13, 2024 (Phase 1). In this Ruling, the following question was asked:
“Fixed Charges. Should the Commission require gas utilities to propose rate options with and without a fixed charge in their next rate case? If so, how large should the fixed charge be?”

SoCalGas responded to these questions in its related opening and reply comments, in a manner which is aligned with our 2027 CAP proposal. It is also important to consider that such rate issues are not within the scope of our general rate case. Additionally, no decision was issued following these comments, and there is not a well-defined timeline for a Phase 1 decision in R.24-09-012.³

Given the lack of clarity on if or when this issue could be addressed in R.24-09-012, and the urgency to offer energy affordability solutions for our customers, SoCalGas feels strongly that the 2027 CAP is the appropriate venue to address an enhanced fixed charge.

² See SECOND AMENDED ASSIGNED COMMISSIONER’S SCOPING MEMO AND RULING REQUESTING COMMENTS ON PILOT PROGRAM dated October 16, 2025 at page 8 (available here: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M583/K959/583959017.PDF>)

³ Id at page 8, Phase 1 Proposed Decision is listed as “TBD but no earlier than Q3 2026”

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Question 6.

SCG proposes dropping its residential submeter credit to exactly \$0.00 in 2028 and 2029 due to the mathematical offset of the new fixed charge. How does a \$0.00 credit legally reimburse master-meter operators (like mobile home parks and apartment owners) for the avoided costs they provide to the utility, such as maintaining sub-unit infrastructure and handling billing?

Response

SoCalGas proposes to introduce a floor on the submeter credit of \$0.00 (i.e. the submeter credit cannot become a negative, or “charge” value).

In instances where the calculated submeter credit would otherwise be a charge, this limit allows master-meter owners to be reimbursed above the minimum requirement. This is because the calculation of the submeter credit considers the effective fixed customer charge. When the fixed charge is higher than the avoided cost of service, the submeter credit becomes negative and is effectively a charge. While master meters are generally passing on to their customers the same rates charged to them, the master meter is allowed to charge each customer the monthly fixed charge, while SoCalGas only charges the fixed charge to the master meter customer once. At certain levels of fixed charges, this imbalance causes fixed charge revenues to be above the avoided cost of service, resulting in a negative submeter credit (i.e., a charge).

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Question 7.

SCG proposes eliminating the core gas air conditioning schedules and moving the 3 remaining meters to the standard Schedule G-10 commercial rate. What bill impact analysis has been done for these specific customers, and why is there no proposal to grandfather these accounts to protect them from severe rate shock during summer cooling months?

Response

Using the three active Gas Air Conditioning (G-AC) accounts—whose combined usage results in an average annual consumption of 50,760 therms—the cost analysis shows that transitioning from the Gas Air Conditioning (G-AC) rate to the Schedule G-10 rate will result in cost savings for the customer. Under the current GN-AC tariff, estimated annual charges are approximately \$95,000, compared with about \$62,000 under the GN-10 rate.

The primary factor driving this savings is the higher PPPS charge embedded in the G-AC rate compared to the G-10 rate. Therefore, moving these meters to the G-10 schedule is expected to reduce overall annual gas costs.

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Question 8.

SCG proposes a 3-year CAP cycle using a static 3-year average of gas demand forecasts (2027 through 2029) to set rates. Given that the utilities forecast a steep year-over-year decline in residential demand over this period, please explain whether using a 3-year average masks this rapid decline and results in ratepayers overpaying in the final years of the cycle.

Response

Applicants propose to continue to use the average of the cycle amounts, which is consistent with how the CPUC has addressed demand forecasts in CAP decisions. California ratemaking is decoupled, which means net utility revenues are not affected by changes in sales. Assuming the forecast comes to fruition, rates would be based on forecast volumes slightly lower than actuals in the early part of the cycle, which all else being equal would lead to an overcollection, offset by rates based on a forecast slightly higher than actuals in the latter part of the cycle, which all else being equal would lead to an undercollection. These over- and undercollected amounts are balanced annually in the Core Fixed Cost Account (CFCA), Noncore Fixed Cost Account (NFCA), and Integrated Transmission Balancing Account (ITBA), meaning customers will ultimately pay only the authorized revenue requirement and no more.

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Question 9.

If SCG and SDG&E cannot provide the requested information to answer the questions above, state the reason in the response.

Response

N/A.