Exhibit No: _____
Application: A.25-09-014
Witness: B. Duran
Chapter: 21

PREPARED REBUTTAL TESTIMONY OF BRANDON DURAN
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
AND SAN DIEGO GAS & ELECTRIC COMPANY
(RULE 23 MODIFICATION)

June 15, 2026

TABLE OF CONTENTS

Page

CHAPTER 21

PREPARED REBUTTAL TESTIMONY OF BRANDON DURAN

(RULE 23 MODIFICATION)

I. PURPOSE

The purpose of my rebuttal testimony on behalf of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (jointly, Applicants) is to address the direct testimony of Maricela Sierra, submitted on behalf of the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and Catherine E. Yap, submitted on behalf of the Southern California Generation Coalition (SCGC).[1]

II. CAL ADVOCATES' SCENARIO-BASED ANALYSIS AND IMPACTS TO CORE RATEPAYERS

A. Support For 10 Mw Threshold and Industry Representation

Cal Advocates identifies three primary concerns with the Applicants' proposal: (1) that a more conservative modernization threshold of 3 megawatts (MW) is more appropriate based on available testimony, while the proposed 10 MW threshold lacks sufficient support; (2) that the 20,800 therms-per-active-month usage cap functions as a safeguard against disproportionate procurement and balancing obligations on the core portfolio; and (3) that observed customer data clusters at or below 5 MW, with limited representation in the 5 MW to 10 MW range.[2]

While these observations reflect certain characteristics of the existing record, they do not support limiting the proposed update to a lower threshold or retaining outdated constraints that no longer reflect current operating realities.

With respect to the proposed 10 MW threshold, Cal Advocates' position does not fully account for the range and diversity of modern electric generation applications across critical industries. As illustrated in my direct testimony and addressed herein, energy demand is inherently tied to the scale and operational needs of facilities. For example, medical facilities,

---

[1] Given the volume of the various arguments, positions, and proposals raised by intervenors, Applicants have prioritized which issues to address in rebuttal testimony. Silence on any issue should not be construed as agreement with, or non-opposition to, that issue, as Applicants reserve the right to address additional issues not specifically mentioned in this rebuttal testimony at a later opportunity, such as evidentiary hearings and briefs.

[2] Direct Testimony of Maricela Sierra on behalf of Public Advocates Office (Ex. CA-03) at 8-9.

including hospitals and large healthcare campuses, vary significantly in size and complexity and therefore may require larger and more redundant generation systems.

Many of these facilities deploy multiple generators to meet reliability requirements. Some examples of the varying configurations include two 2.5 MW cogeneration units[3] or multiple generators with a total capacity exceeding 10 MW.[4] Similarly, other sectors, including hospitality and public infrastructure, operate generation systems in the range of 8.4 MW[5] to more than 10 MW, particularly when multiple units are installed on site.[6]

As acknowledged in SoCalGas's response to Cal Advocates' data requests, a single generator often does not represent the full operational configuration of a customer's energy system.[7] Rather, total generating capacity frequently reflects the sum of multiple units installed to provide redundancy, flexibility, and resiliency. Under existing Rule 23 eligibility criteria, customers that exceed both the 1 MW capacity threshold and applicable usage limits are no longer eligible for core service, despite serving the same functional reliability and resiliency purposes as smaller systems.[8]

SoCalGas's internal data confirms that there is an identifiable population of customers with generating capacity up to 10 MW, as well as customers exceeding that level. Figure 1 presents internal equipment size data paired with 2024 usage for the noncore Electric Generation (EG) customer base, providing a representative distribution of customer capacity and

---

[3] WDL Construction, Eisenhower Central Plant, available at: http://wdlconstruction.com/eisenhower-plant.shtml (last visited May 2026).

[4] GridInfo, Loma Linda University Cogeneration Plant, available at: https://www.gridinfo.com/plant/loma-linda-university-cogen/10206

[5] U.S. Environmental Protection Agency, Morongo Casino Cogeneration Facility Tribal Synthetic Minor NSR Permit Application, available at: https://archive.epa.gov/epa/publicnotices/morongo-casino-cogeneration-facility-tribal-synthetic-minor-nsr-permit-application.html (last visited May 27, 2026).

[6] Orange County Sanitation District, Central Power Generation System, available at: https://ocsan.gov/wp-content/uploads/2024/06/Central-Power-Generation-S.pdf (last visited May 27, 2026).

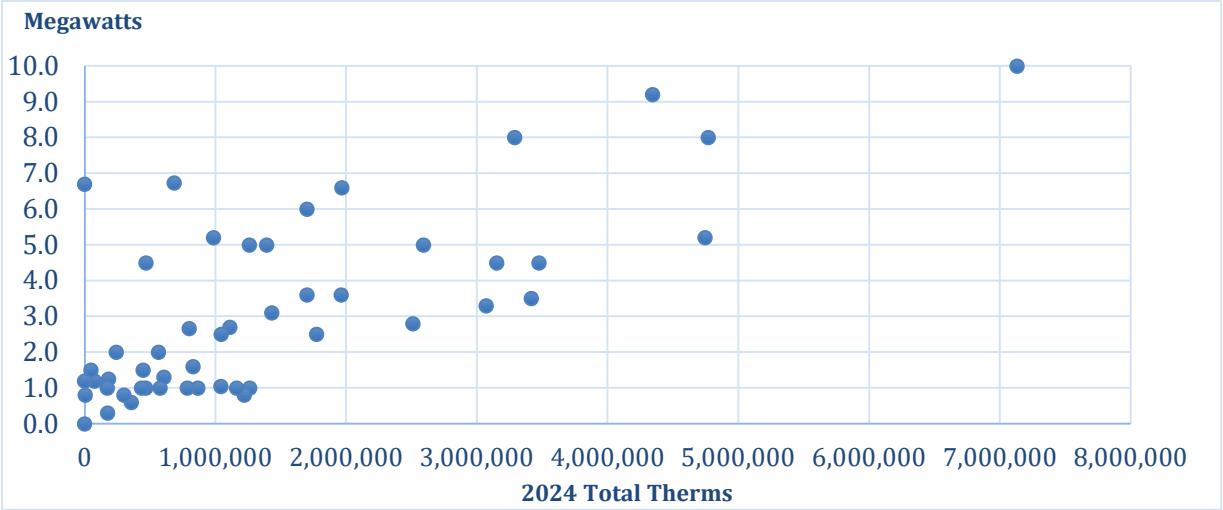
[7] Ex. CA-03 (Sierra) at 9.

[8] Southern California Gas Company, Rule No. 23 – Continuity of Service and Interruption of Delivery, Section B, Priority of Service (Core Service and Noncore Service), SoCalGas Gas Tariff, available at: https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=122 (last visited May 27, 2026).

consumption characteristics.

Figure 1

Available Non-core EG Data 10 MW and under with 2024 Usage



As illustrated in Figure 1, a significant portion of the customer population falls within the range captured by the proposed 10 MW threshold. Internal distributions further indicate that approximately 90 percent of the eligible population falls at or below 7 MW, with only a small number of customers between 7 MW and 10 MW. Although this represents a relatively small group, maintaining a lower threshold would exclude customers with materially similar operational needs.

Supporting a 10 MW threshold therefore captures a broader and more representative set of critical use customers whose operational characteristics, including reliance on onsite generation for reliability and resiliency, align with the intent of core electric generation service.

B. Modest Impact to Core Portfolio

Even under a full eligibility scenario, the potential impact to the core portfolio remains modest. The total eligible population up to 10 MW represents approximately 150 million therms annually. This figure should be considered in the context of the overall core portfolio, which has

averaged approximately 3.2 billion therms annually over 2024 and 2025.[9]

As shown in Figure 2, this relationship is illustrated by comparing three key reference points: (1) a scenario in which 10 percent of the eligible population elects core service, (2) the full eligible population up to 10 MW, and (3) the total electric generation distribution load of approximately 300 million therms. Figure 2 also provides a comparison to transmission level electric generation volumes, demonstrating the relative scale and highlighting the limited incremental effect associated with the proposed 10 MW threshold.

Figure 2

Non-core EG Volume (in Million therms)

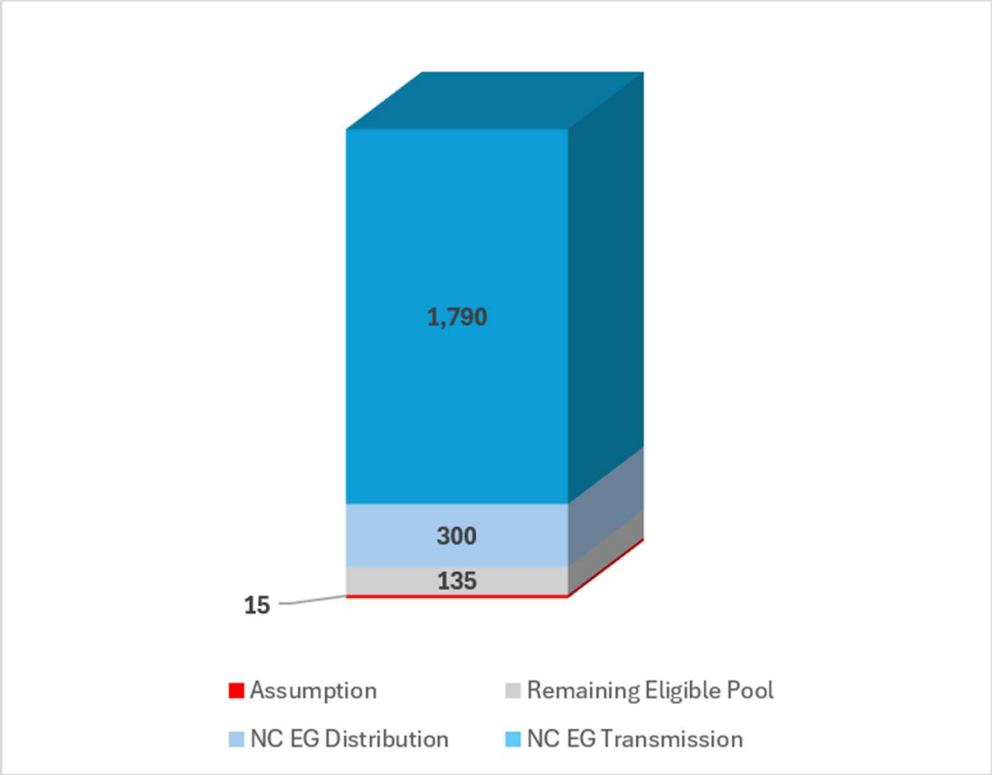


Table 1 further contextualizes these volumes by overlaying both the full eligible population and a 10 percent adoption scenario onto total core portfolio demand. Under an extreme and unlikely scenario in which the entire eligible population elects to move to core service, the incremental load would represent approximately 4.5 percent of total core demand.

[9] Direct Testimony of Eduardo Martinez (SCG-SDGE, Chapter 5 Workpapers) at 13, available at: https://www.socalgas.com/sites/default/files/2025-09/Ch5_WP_NonCore_Consolidated_Demand_2027_CAP_FINAL.pdf

While not insignificant in isolation, this reflects a theoretical upper bound rather than a realistic outcome.

Table 1

EG Volumes Relative to Core Portfolio

Scenario Description	Annual Therms (millions)	Percent of Core Portfolio (3.2 B therms)
Total Core Portfolio (Baseline)	3,200	100.00%
Total EG Distribution Load	300	9.40%
Eligible Population (≤ 10 MW)	150	4.50%
High Case: 100% Migration of Eligible Load	150	4.50%
Moderate Case: 10% Migration	15	0.40%
Low Case: 5% Migration	7.5	0.20%

However, customers must actively elect core service and would be subject to higher core rates, when compared to noncore transportation rates.[10] For this reason, customer migration is expected to be limited and would likely be driven by reliability or operational considerations due to the inherent economic impact. With this in mind, and as also reflected in Table 1, a more realistic scenario, in which 5 to 10 percent of eligible customers elect to transition to core service, results in an incremental load ranging from approximately 7.5 to 15 million therms annually. This represents approximately 0.2 percent to 0.4 percent of total core portfolio demand.

SoCalGas Gas Acquisition Department (Gas Acquisition) operates within a robust regulatory framework designed to provide reliable gas supplies at reasonable commodity costs for retail core customers each year, and it reports performance under the Gas Cost Incentive Mechanism (GCIM).[11] The GCIM is intended to encourage the utility to secure the best available natural gas prices while sharing savings with customers and shareholders.

As illustrated in Application A.25-06-012, Table 1, over a 30 year period net procurement volumes, measured in millions of MMBtu, have ranged from a high of approximately 432 to a low of approximately 241, with more recent years falling between about 398 and 331.[12] This demonstrates that core procurement volumes fluctuate meaningfully from

[10] Direct Testimony of Brandon Duran (SCG-SDGE, Chapter 11) at BD-13, Figure BD-2.

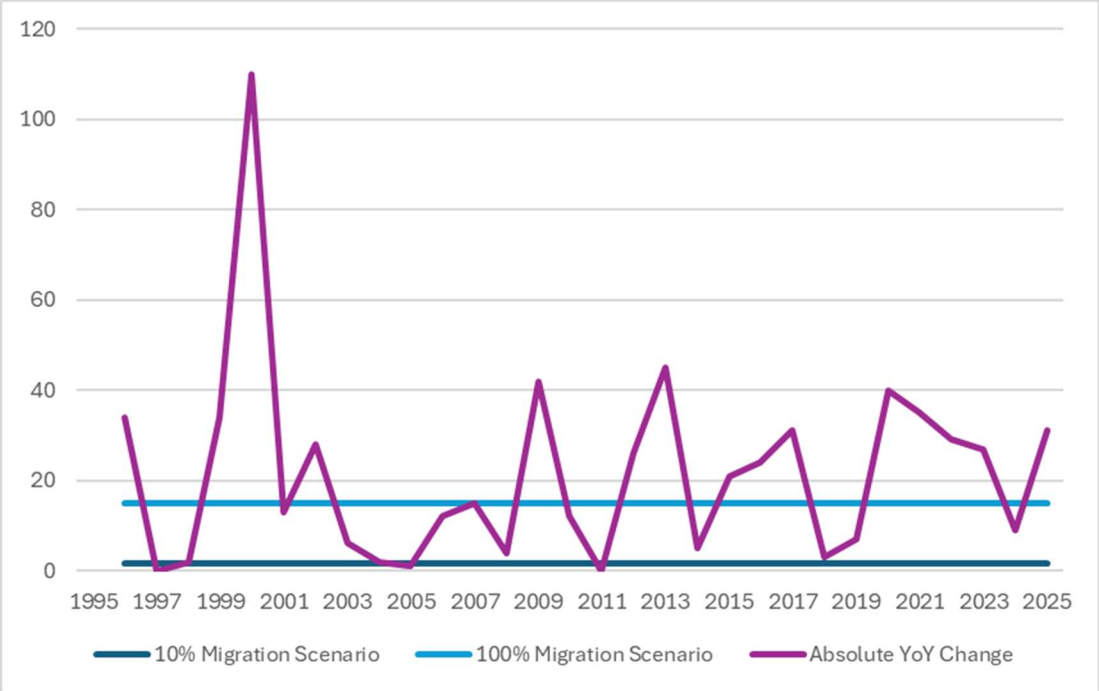
[11] A.25-06-012, SoCalGas Application Regarding Year 31 (2024–2025) of Its Gas Cost Incentive Mechanism (GCIM) (June 13, 2025) at A-8, available at: 569283808.PDF.

[12] A.25-06-012, SoCalGas Application Regarding Year 31 (2024–2025) of Its Gas Cost Incentive Mechanism (GCIM) (June 13, 2025) at A-4 (TABLE 1), available at: 569283808.PDF.

year-to-year. Even under the eligible pool scenario of 15 million MMBtu, equivalent to 150 million therms, the incremental change remains relatively small and falls well within the typical variation observed over the 30-year period, which averages approximately 21 million MMBtu annually.[13] In 2025 alone, the year-over-year (YoY) change was approximately 31 million MMBtu, meaning that even under a full migration scenario, the incremental volume would represent less than half of the most recent annual fluctuation.[14] Figure 3 illustrates the absolute YoY change relative to both a full migration scenario and a 10 percent migration scenario, demonstrating that these volumes are within expected operating ranges and consistent with normal annual variability observed in core portfolios.

Figure 3

Absolute YoY Change in Net Purchases vs. 10% and 100% Migration Scenario
(Million MMBtu)



Given the magnitude of both volume and price variability inherent in natural gas markets, Gas Acquisition actively manages gas costs and mitigates volatility through a combination of

[13] *Id.* Net Purchases, Million MMBtu, the absolute YoY change is 21.6 million MMBtu.

[14] *Id.*

physical and financial transactions, storage operations, and interstate pipeline capacity.[15] This approach reflects a long-standing history of successfully managing fluctuations of this scale on behalf of ratepayers, resulting in 29 consecutive years of retail core customer benefits in the form of reduced gas costs relative to the Gas Cost Incentive Mechanism benchmark.[16]

As it relates to storage, under a full migration scenario, average year demand would increase approximately 41 MMcfd compared to the average year demand reflected in Table MMD 2. The incremental changes remain modest relative to totals and do not alter the proposed capacities and allocations presented in Chapter 1.[17] Accordingly, this migration scenario further reinforces Chapter 1's recommended need for a 76 Bcf core inventory.

At both presented migration scenarios, any incremental impact to procurement, balancing, or storage planning would be negligible and well within the normal variation already reflected in core portfolio forecasting and the planning assumptions supporting the 2027 Cost Allocation Proceeding. Accordingly, the proposed expansion to 10 MW does not introduce material risk to the core portfolio and remains consistent with prudent system planning and rate stability for core customers.

C. Therm Usage Cap is not a 'Volumetric Governor' to Outsized Procurement and Balancing Obligations

Cal Advocates asserts that the 20,800 therms per active month threshold functions as a 'volumetric governor' to prevent individual customers from excessive procurement and balancing obligations on the core portfolio.[18] However, this threshold does not correspond to operational constraints or system planning requirements. Instead, it reflects a legacy benchmark of approximately 250,000 annual therms that has historically been used to distinguish between core and noncore customers.[19]

Importantly, this benchmark is not intended to represent operational limits or caps on

---

15 *Id.* at A-8, available at: 569283808.PDF.

16 *Id.* at A-4 (TABLE 1), available at: 569283808.PDF.

17 Direct Testimony of M. Michelle Dandridge (SCG-SDGE, Chapter 1) at MMD-1.

18 Ex. CA-03 (Sierra) at 9.

19 San Diego Gas & Electric Company, History of Gas Choice and Definitions, SDG&E Website, available at: https://www.sdge.com/history-gas-choice-and-definitions.

customer usage. All eligible core service customers, including residential and nonresidential usage, are allowed to exceed this level of consumption and remain on core service, demonstrating that the cap does not function as a binding control on procurement risk.[20] The origin of the 20,800 therm per active month thereshold traces back to the implementation of Decision (D.) 93-09-082, which addresses noncore eligibility criteria rather than serving as a basis for procurement planning, system reliability or operational risk management.[21] In that decision, the Commission found that "the record does not support a finding that the size of a customer's gas load is determinative of its ability to meet a curtailment obligation," and emphasized that classification distinctions should not rely on size-based thresholds.[22] Accordingly, reliance on a fixed therm usage cap as a proxy for procurement risk is not supported by Commission precedent and does not reflect actual system operations.

Therefore, for core electric generation customers, maintaining a therm threshold creates arbitrary outcomes that do not reflect actual system impacts, operational characteristics, or customer needs. Efficient or high utilization equipment may exceed the threshold while still serving the same reliability function as smaller systems. Removing the cap therefore aligns eligibility with operational reality rather than imposing an artificial constraint.

Cal Advocates also suggests that a 10 MW generator could consume approximately 600,000 therms per month under typical operating conditions.[23] This estimate assumes continuous operation on a 24-hour basis, which does not reflect the operating profiles of many customers. While some critical facilities such as hospitals may operate continuously, this underscores their reliance on dependable energy rather than representing a typical usage pattern across all customers. In addition, the number of customers operating near the upper end of the 10 MW range is limited, further reducing any potential impact from high usage scenarios.

---

[20] See SoCalGas Rule No. 23, Gas Service for Electric Generation Facilities, Priority 1 and Priority 2A (defining eligible core service customers), available at: https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=122.

[21] D.93-09-082 at 6-7.

[22] D.93-09-082 at 14 (Conclusion of Law (COL) 2).

[23] Ex. CA-03 (Sierra) at 9.

D. Existing Safeguards Protect Core Customers

The existing regulatory framework includes several safeguards that address concerns related to procurement, cost impacts, and system reliability. Under Rule 23, core customers are assigned priority classifications, including Priority 1 and Priority 2A, with the 20,800 therms per active month threshold historically used as one element of distinguishing customer groupings within these priority tiers.[24] This proposal does not modify those priority designations.

The Rule 23 curtailment framework incorporates a structured sequence of actions, including staged curtailment steps that prioritize residential and small commercial usage.[25] Under this framework, customers within Priority 2A, including any additional customers that may become eligible under this proposal, are the first group within the core service classification to be curtailed once curtailment progresses beyond noncore service. As such, the existing curtailment structure continues to provide the same level of protection to residential and smaller commercial customers as would exist absent this proposal. The sequencing of curtailment, rather than the therm usage threshold itself, is the primary mechanism that preserves service reliability for higher priority core customers.

From a procurement perspective, customers transitioning from noncore to core service are required to take service under the non-residential crossover rate for the first 12 months[26]. This rate reflects the higher of either the cost of core procurement or an Adjusted Border Price[27], ensuring that cost exposure associated with new load is appropriately managed. In other words, the commodity costs associated with a customer transition from noncore to core service are designed to align with or exceed the prevailing cost of commodity procurement. Customers will pay either the same procurement cost as existing core customers or, if market prices at the

---

[24] SoCalGas, Rule No. 23, Section B, Priority of Service (Priority 1 and Priority 2A), available at https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=122.

[25] SoCalGas, Rule No. 23, Section C.1, Effectuation of Curtailment (Steps (1)–(7)), available at https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=122.

[26] Southern California Gas Company, Schedule No. G-CP (Core Procurement Service), G-CPNRC, SoCalGas Gas Tariff, available at https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=52.

[27] The Border Price is equal to the average of the first of the month "Southern Cal Border Avg." index from Natural Gas Intelligence and the "Southern California Gas Co., California" index from Inside FERC. The Adjusted Border Price is equal to the Border Price, plus backbone transportation service charges as described in D.11-04-032.

benchmark are higher, a price that reflects the cost of procuring additional gas on behalf of that customer. This structure ensures that any added demand does not impose undue cost burdens on existing core customers.

Additionally, customers switching from noncore to core service are subject to a five-year minimum procurement commitment.[28] This requirement prevents frequent switching between service classes and supports stability in portfolio planning. Together, these mechanisms ensure that any incremental load added to the core portfolio is managed in a way that maintains ratepayer protections and system reliability.

E. Response to Cal Advocates on RNG Pilot "Crowd Out" Concerns

Cal Advocates asserts that expanding eligibility to 10 MW may result in crowding out participation in the voluntary renewable natural gas tariff (VRNGT) pilot due to a finite supply of available renewable natural gas.[29] Specifically, Cal Advocates suggests that a single large electric generation customer could consume volumes equivalent to multiple smaller core subscribers and therefore limit broader participation.[30]

This assertion is not supported by the record. The VRNGT, a pilot program, has yet to launch, and SoCalGas has not indicated that there is a fixed or constrained supply of renewable natural gas available for the pilot. Nor has Cal Advocates provided evidence quantifying any such limitation or demonstrating that participation is restricted through the approved program structure. The VRNGT, as adopted by the Commission, to date has not been structured with participation caps that restrict access based on customer size or consumption levels.[31]

The program pilot is also currently limited to non-residential customers, meaning residential customers are not eligible to participate. Within the eligible nonresidential customer

---

[28] Southern California Gas Company, Schedule No. G-CP (Core Procurement Service), Special Condition 4, SoCalGas Gas Tariff, available at https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=52.

[29] Ex. CA-03 (Sierra) at 12.

[30] *Id*.

[31] SoCalGas Advice Letter (AL) 6434-G – Implementation of the Voluntary Pilot Renewable Natural Gas Tariff Program Pursuant to Decision (D.) 20-12-022 (February 22, 2025), available at: https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4918&flngId=6434-G&flngStatusCd=Approved.

class, all customers who meet the qualification criteria may elect to participate. Limiting participation based on speculative concerns regarding consumption levels would introduce restrictions that are not part of the Commission approved framework. Moreover, participation in the program is driven by customer interest and willingness to procure renewable natural gas. Any coincident increased participation, including from larger customers, would only serve to strengthen demand signals in the renewable natural gas market, support the development of additional supply and further California's decarbonization objectives.

For these reasons, Cal Advocates' concern regarding potential crowd out effects is speculative and does not provide a sufficient basis to limit the proposed expansion of eligibility to 10 MW.

F. Comments to Cal Advocates' Recommended Modifications

Cal Advocates proposes a series of recommended modifications to the proposal, including: (1) capping capacity at 3 MW; (2) retaining the 20,800 therms per active month cap or a modest increase; (3) requiring pre implementation analysis; (4) capping aggregate enrollment for the service offering; (5) instituting annual reporting requirements on tariff participation and usage; and (6) providing additional clarification regarding the VRNGT rationale. [32] Respectfully, these recommendations are not supported by the record and unnecessary. The proposed 3 MW limitation is not indicative of current customer demands and would unnecessarily constrain service selection. In addition, the proposed reporting requirements would impose unnecessary operational and administrative burdens. Cal Advocates also raises unsubstantiated concerns over participation in the yet-to-launch VRNGT pilot. However, as discussed, this falls outside of the scope of this proceeding and should not arbitrarily be used to limit core eligibility.

The 10 MW threshold is reasonable and supported by publicly available industry data and Applicants' internal analysis in this testimony, which indicates a limited number of customers at this level. By contrast, Cal Advocates' proposal relies on a Self-Generation Incentive Program (SGIP) 3 MW threshold established in 2008,[33] which will likely not support the needs of customers today and unnecessarily restrict customer service selection. Notably, that referenced

[32] Ex. CA-03 (Sierra) at 12-13.

[33] D.08-04-049 at 18-19.

3MW SGIP cap was an incentive payment limit rather than an actual customer equipment size limitation. As discussed in my previous testimony, the overall program equipment size limit at that time was 5 MW, which was subsequently removed in 2011, further demonstrating that such limits are outdated and not representative of present-day operating conditions.[34]

Cal Advocates stated that the Commission should not accept this proposal, without supporting data to ensure it will produce only modest effects on the core portfolio.[35] With respect to Cal Advocates' concerns, the resulting impacts presented herein are limited in magnitude and do not materially affect the overall core portfolio. Cal Advocates also acknowledged that participation is elective and inherently uncertain.[36] This testimony has addressed this uncertainty through scenario analysis at both 100 percent and 10 percent participation levels, reflecting extreme and reasonable cases.

Cal Advocates further argues that Applicants should provide pre-implementation scenarios.[37] The record developed here should satisfy the information requested by the Cal Advocates, including the requested pre-implementation scenarios, provide the necessary evidentiary support and justify the Commission's approval of the 10 MW threshold.

Cal Advocates' request to cap aggregate enrollment would inappropriately restrict access to core service and constrain customer choice. Similarly, requesting the Applicants to institute annual reporting mandates are not warranted, as the regulatory frameworks identified in this testimony already address the concerns raised by Cal Advocates. As demonstrated through scenario migrations in this testimony, any impacts and load changes will be modest. Applicant's response to Cal Advocates data requests further indicates that, as historical data becomes available, any level of migration would be incorporated into future Cost Allocation Proceeding forecasts.[38]

---

[34] SCG-SDGE, Chapter 11 (Duran) at BD-3.

[35] Ex. CA-03 (Sierra) at 11.

[36] *Id.*

[37] *Id*. at 12.

[38] SCG response to data request PubAdv-SCG_SDGE-006-MS, Question 19 (December 10, 2025), available at: Response_Cal_Advocates_PubAdv-SCG_SDGE-006-MS.pdf.

III. SCGC INCORRECTLY ASSERTS THE PROPOSAL ENCOURAGES AND EXPANDS USAGE WHILE CONFLICTING WITH RETAIL SALES OF ELECTRICITY IN CALIFORNIA

The Southern California Generation Coalition (SCGC) asserts that the proposal should be denied on the basis that it would encourage expansion of electric generation gas usage and reduce the likelihood of curtailment, allegedly conflicting with the intent of Senate Bill (SB) 100 and promoting unnecessary microgrid development.[39] This is an incorrect characterization of the proposed changes.

The proposal does not incentivize or expand natural gas usage. Customers currently utilizing onsite generation are already being served under either core or noncore service. This proposal does not alter their underlying usage patterns but instead provides eligible customers with greater flexibility in selecting the service option that best aligns with their operational needs. In other words, customers would be expected to continue using similar volumes and making the same business decisions they would have otherwise considered absent the proposal.

The examples and justification for this proposal center on customers that rely on onsite generation for reliability and resilience purposes, not on dispatchable generation serving the electric grid. Further, SB 100 applies to retail sales of electricity in California.[40] The customers contemplated under this proposal are not retail sellers of electricity, nor would facilities of 10 MW or less typically be considered dispatchable resources participating in wholesale or retail electricity markets.

Accordingly, SCGC's arguments do not accurately reflect the intent of the proposal or the characteristics of the customer base it is designed to support. The proposal is narrowly focused on service flexibility and reliability, not on expanding gas consumption or undermining state policy objectives.

This concludes my rebuttal testimony.

---

[39] Ex. SCGC-01 (Yap) at 15-16.

[40] SB 100 at Section 1(b), 2017-2018 Reg Sess. (Cal. 2018), available at: Bill Text - SB-100 California Renewables Portfolio Standard Program: emissions of greenhouse gases.