Company: Southern California Gas Company (U 904 G)
Proceeding: 2028 General Rate Case
Application: A.26-06-___
Exhibit: SCG-01

# PREPARED DIRECT TESTIMONY OF RODGER R. SCHWECKE

# POLICY

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


**June 2026**

**TABLE OF CONTENTS**

# PREPARED DIRECT TESTIMONY OF RODGER SCHWECKE (POLICY)

My name is Rodger Schwecke, and I am the Interim President and Chief Operating Officer of Southern California Gas Company (SoCalGas). My testimony offers an overview of SoCalGas's test year 2028 general rate case (GRC) application, which seeks new revenue requirements for 2028 through 2031. Our application is anchored on three fundamentals: (1) limit requests to what is necessary and reasonable to deliver natural gas safely, reliably, and affordably to over 21 million consumers, and to maintain compliance with regulatory requirements, (2) demonstrate disciplined cost management for all proposed activities, and (3) apply lessons learned from prior rate cases—including improved organization of testimony and workpapers, and inclusion of clear, data-driven analyses to support the California Public Utilities Commission's (CPUC) review.

Although insurance, labor, and many other operating costs are rising, this GRC reflects the lowest percentage increase in revenue requirement proposed in over a decade. SoCalGas has taken many steps to continuously improve the way we do business in order to reduce operating costs and mitigate future cost increases; this application reflects those efforts. We strive to keep operating and maintenance costs at or below the rate of inflation, and seek to transition most safety and compliance programs away from regulatory accounts and into GRC base business. To that end, this application proposes closing several balancing accounts (including accounts for distribution and storage integrity management programs) and does not seek to create any new ones. This request is focused on essential work that is required by law or necessary to mitigate known risks, including risks to public and worker safety, risks to system reliability, and risks of technology failure. At its core, our application reflects the baseline cost of continuing to provide safe, reliable and affordable service—not an expansion beyond essential service obligations. Our application reflects a streamlined and transparent approach informed by CPUC guidance in prior proceedings, and demonstrates disciplined management of costs while continuing to meet our obligation to serve customers safely and reliably.

## I. INTRODUCTION

SoCalGas is the largest natural gas distribution utility in the country. Our service territory spans approximately 24,000 square miles, with 100,000+ miles of distribution pipeline, 3,000+ miles of high-pressure transmission pipeline, 2,000+ regulator stations, seven active

compressor stations, and four storage facilities. It is our privilege to operate a system that is designed to deliver an essential service to over 21 million consumers through almost six million meters in more than 200 cities. Our obligation to serve extends from Visalia in the North to the Mexico border in the South, and from the Colorado River in the East to the Pacific Ocean in the West. As of December 31, 2025, SoCalGas employed approximately 8,000 employees. SoCalGas's employees reflect the diversity of our service territory and live throughout southern and central California. Together, we are dedicated to service.[1]

Average annual natural gas bills for SoCalGas customers have historically been among the lowest nationwide.[2] When adjusted for inflation, natural gas rates for SoCalGas customers actually *decreased* by 25% between 2000 and 2023, the last year that relevant data were published by the California Energy Commission (CEC).[3] Natural gas serves more than 60% of household energy needs but represents less than 30% of total household energy cost. As a percent of wallet share, SoCalGas leads peer utilities in the United States, with bills on average representing 0.6% of the median household income statewide.[4] To further enhance affordability while improving safety, system resiliency and customer service, SoCalGas has been modernizing its business over the 2024 rate case cycle. By way of example:

- **Technology Adoption**. Modernized systems have enabled improved outcomes and efficiency gains. For instance, through customer call center innovations like

---

[1] We are so passionate about this ethos, we adopted "Glad to be of Service" as our motto, and trademarked the phrase in 2004.

[2] As compared to peer gas corporations. *See* American Gas Association (AGA), Annual Report of Volumes, Revenues, and Sales Consumers by Company (1997-2024). SoCalGas ranked 9th or better for 27 out of 28 years compared to a peer group of 50 largest U.S. gas corporations by number of residential consumers.

[3] Natural gas rates provided by CEC staff for SoCalGas residential rates (2023). CEC, Baseline Demand Forecast Files: "CEDU 2024 Baseline Forecast– Total State," accessed October 1, 2025. On wholesale natural gas prices this century, see U.S. Energy Information Administration (EIA), "Natural Gas Citygate Price in California (Dollars Per Thousand Cubic Feet), Monthly," released September 30, 2025.

[4] AGA, Form EIA-857; U.S. Bureau of Labor Statistics (BLS); Federal Reserve Bank of St. Louis, Average residential natural gas bill divided by state's median household income. U.S. Census Bureau, *American Community Survey Briefs: Household Income in States and Metropolitan Areas: 2024 (Report No. ACSBR-025)* (September 11, 2025), *available at:* https://www.census.gov/library/publications/2025/acs/acsbr-025.html; EIA, *Natural Gas Annual Respondent Query System* (EIA-176 Data through - 2024, re-released February 2026), *available at:* https://www.eia.gov/naturalgas/annual/.

automated agents and other tools that better support our approximately 10 million customer interactions annually, the volume of calls answered and customer wait times have improved—allowing us to meet legally required customer service obligations in a more efficient manner. Further, successful implementation of additional self-service options for customer support the cessation of branch office operations, which, if allowed per our pending application, will save customers approximately $20 million annually.[5]

- **Workforce Optimization**. Through efforts to upskill, improve employee agility, manage attrition, and align talent to highest priorities, our workforce has been reduced by over 10% since January 1, 2024. Further, investments in technology and data analytics have greatly enhanced workforce planning, scheduling, and dispatch capabilities to manage work efficiently and effectively. Reliance on contract labor, other than for temporary or highly specialized needs, has also been reduced.
- **Continuous Improvement of Processes**. Through disciplined assessment and redesign of labor-intensive field processes, opportunities for significant savings have been generated. For instance, in 2026 we successfully consolidated certain inspection activities, and anticipate that approximately 1 million service orders could be reduced in 2026 alone as a result— potentially lowering labor and fuel costs by a significant margin. We have also reduced field technician drive time and improved emergency response time through modernized tools and processes.
- **Enhanced Procurement Capabilities**. Procurement activity at SoCalGas exceeds $2.5 billion annually, most of which is spent locally in California, and over $1 billion of which is spent with small or diverse suppliers. These materials and services are essential to safely operating, maintaining, and modernizing the natural gas system that customers rely on. Through disciplined procurement practices, including rebidding contracts, coordinating purchases with San Diego Gas & Electric Company (SDG&E) where appropriate to achieve efficiencies,

[5] A.25-05-001, Application of SoCalGas for Approval of the Branch Offices Closure Proposal (Branch Office Application) at 3-4.

and leveraging data and technology to improve transparency—SoCalGas works to secure materials and services at competitive rates, manage cost pressures, and reduce unnecessary expense, helping to limit bill impacts for customers.

These are a few examples of efforts expected to lower costs, which are reflected in our GRC forecasts.

In 2025, SoCalGas announced a new mission to affirm our focus: *Safe, Reliable, and Affordable energy delivery today. Ready for tomorrow*. This mission closely aligns our work to the essential needs of our customers and the economic realities they face. Collectively, the activities proposed in this GRC support safety, compliance, reliability, and affordability. Through the testimony of our witnesses, we demonstrate that these activities will be managed prudently and efficiently at every stage—from sourcing materials and services through execution—to help control costs and keep bills low.

While affordability is a central consideration in this GRC, it does not replace SoCalGas's fundamental obligation to provide safe and compliant service. Inherent in the obligation to serve is the need to mitigate the risk of avoidable, catastrophic incidents through investments that maintain system integrity, comply with applicable regulations, improve public, employee, and contractor safety, and reduce the risk of third-party damage.

With natural gas being a vital part of California's energy ecosystem, reliability is also paramount. Millions rely on natural gas for basic needs like cooking, bathing, and warming their homes. Businesses of all sizes—including restaurants, industrial facilities, essential services like hospitals, and even electric generators—also rely on natural gas. Investments in reliability, such as cyber defense and integrity assessments, are necessary to avoid disrupting the State's economy and the lives of millions. The requests in this GRC are intended to maintain reliable and affordable natural gas service during normal operating conditions and periods of stress, including peak demand and abnormal events.

This GRC proposal is designed to facilitate the work of the CPUC in ensuring that rates are just and reasonable, and that SoCalGas's revenue requirement enables it to "furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities […] as are necessary to promote the safety, health, comfort, and convenience of its

patrons, employees, and the public."[6] While SoCalGas's 2024 rate case included proposals focused on accelerating the clean energy transition through innovation and various sustainability initiatives, many of which were ultimately not funded, this GRC focuses on our core business needs. Our application demonstrates a disciplined approach toward minimizing operating costs while limiting investments to those which are necessary and reasonable to provide essential natural gas service, prevent safety incidents, maintain system integrity, meet compliance requirements, and optimize efficiency with a lens on affordability for our customers.[7] These investments provide lasting value to customers, today and into the future.

## II. MAINTAINING SAFE AND COMPLIANT OPERATIONS AT REASONABLE COST

### A. Our Integrated, Risk-Informed Approach to Safety and Safety-Related Investments

The responsibility to deliver natural gas safely to more than 21 million consumers is a profound one. How we build and operate our infrastructure is governed to a large degree by regulations promulgated by the U.S. Department of Transportation (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA), the California Geologic Energy Management Division (CalGem), the CPUC, and other agencies. The investments proposed in this rate request are necessary to maintain compliance with these requirements and to address known risks to public, worker, and infrastructure safety. Indeed, approximately 70% of the capital and operating and maintenance (O&M) expenses requested in this GRC relate to safety, reliability, or maintenance.

SoCalGas defines safety as the presence of effective controls for known hazards, the foresight to anticipate and guard against emerging risks, and a continuous drive to improve our ability to recognize and mitigate potential threats. Safety considerations shape the vast majority of operational and investment decisions, from workforce planning to major infrastructure

---

[6] Pub. Util. Code § 451.

[7] When SoCalGas filed its last rate case, our mission was to be the cleanest, safest, most innovative energy infrastructure company in America. This mission was developed in 2019 in direct response to the State's unprecedented and ambitious climate goals; we believe firmly in the direction it offered and sought resources to support it. Today, although broad support for the clean energy transition remains—and SoCalGas continues to support a transition that is equitable, risk-managed, and provides safe, reliable and affordable energy to our customers—this rate case focuses on affordability and our current, core business.

programs. Our 2028 GRC proposals will allow us to continue safety-related investments that are thoroughly considered, data-informed, and aligned to our Safety Management System (SMS), the structured framework through which we manage safety comprehensively, systematically, and in an integrated manner to improve safety performance and strengthen safety culture. The SMS embeds safety into every level of the organization through leadership commitment, employee engagement, risk-informed decision-making, and continuous improvement.

A substantial number of requests in this application were initially included in SoCalGas's Risk Assessment Mitigation Phase (RAMP) Report. As explained in the Risk Management Volume, the RAMP Report submitted for this GRC is the most robust report submitted to date.[8] The Commission's risk-based decision-making framework (RDF) has undergone more than a decade of development, and now includes new requirements for tranching, risk quantification, cost benefit methodologies, discount rate sensitivity analysis, mitigation selection transparency, and standardized data templates. Almost half (47%) of the capital and O&M requests in this GRC fund mitigations for key safety risks documented in the RAMP Report. Where applicable, SoCalGas has included benefit-cost ratios in this GRC as data points for each proposed activity that impacts safety. We have also utilized extensive integrity risk modeling where applicable to support our requests.

### B. This Rate Case Will Fund Mandated Work That is Essential to Public Safety and Infrastructure Safety

SoCalGas seeks to maintain and continuously improve programs that are essential for safe and compliant system operations. Public safety depends on the safety of our operations and infrastructure, highlighting the necessity of these continued investments.

SoCalGas's integrity management programs, which are rooted in state and federal requirements and are critical to the safety of our infrastructure, are primary examples of this work. Distribution, storage, and transmission integrity management programs are established in alignment with federal and state regulations to identify threats to pipeline and storage facilities, determine the risk posed by the threats, schedule prescribed assessments to evaluate the threats, identify mitigation measures, execute on those mitigations, and continually collect information about the condition of the pipelines and facilities. These programs are overseen by teams of

[8] Exhibit (Ex.) SCG-02/SDG&E-02.

experienced engineers and operators with expertise in risk management and system operations who are also familiar with the complexities of our system and the unique facets of our vast service territory.

As executed, these programs seek to maintain compliance with various gas infrastructure regulations and help to inform prioritization of safety-related projects, including the replacement of riskier segments of our pipeline system. They also successfully reduce the risk of catastrophic incidents like the San Bruno rupture, as well as smaller incidents that could also cause injury and property damage and disrupt system reliability. The potential for incidents involving our medium pressure pipeline system is the top operational and safety risk, and is documented in our RAMP Report, hence investments in distribution integrity management correspond to our top risk.

Our witness testimony demonstrates that our integrity management programs are managed in a risk-based, cost-effective manner and deliver measurable benefits.[9] In 2025, a third-party review of our Transmission Integrity Management Program (TIMP) found that the number of annual assessments performed, timely repairs and mitigation following those assessments, and year-over-year increases in pipeline mileage retrofitted to enable in-line inspection reflect effective planning, continuous improvement, risk mitigation, and public safety benefits.[10]

In tandem with infrastructure safety, protecting public safety requires adequately-resourced emergency management capabilities and safety-related information campaigns. For example, SoCalGas provides targeted outreach regarding safe practices during construction and home improvement activities (*e.g.*, "*call 811 before-you-dig*"). By educating the public and maintaining adequate workforce for locate and mark activities, we aim to reduce safety risks associated with commonly occurring work near gas infrastructure, a key risk driver. We also regularly disseminate information on appliance safety, leak awareness, and emergency preparedness.

---

[9] As discussed in Section VIII below, SoCalGas is also proposing to end the balancing account treatment for the Distribution Integrity Management Program (DIMP) and Storage Integrity Management Program (SIMP) programs. This will prevent later increases in costs for those programs during the GRC cycle, helping to control rates.

[10] *See* the Gas Engineering & System Integrity testimony, Ex. SCG-03 at Appendix F.

Protecting the public also requires a highly trained, customer-facing workforce to render safety-related services in homes and businesses. State law directs gas corporations to engage in leak investigations, customer side piping and appliance inspections, carbon monoxide investigations and pilot relights.[11] General Order 58-A implements these mandates by establishing requirements for the inspection and investigation of gas appliance conditions and customer premise safety. Our application seeks the revenue requirement necessary to meet these requirements and keep customers safe in their homes and businesses.

### C. Proposed Activities Specifically Promote Employee and Contractor Safety Aligned to Evolving Conditions and Safety Culture Objectives

SoCalGas has an integrated portfolio of research-driven, industry standard, and fit-for-purpose initiatives that support safe work execution through emphasis on preparation, identification and mitigation of risk, learning, and accountability. Examples of investments in this area include programs designed to reduce the probability of injuries that are the most common cause of lost time (*i.e.,* sprains, strains and poor body mechanics), programs that increase awareness of potentially life-altering hazards, driver-facing cameras and other tools to improve the safety of our over 4,000 unit fleet, and resources to enhance safety culture—including programs for which the CPUC and outside experts have voiced strong support.

Qualified workforce proposed in this GRC includes field safety specialists and union-represented safety advisors to provide readily accessible safety support to our frontline, enabling observations and coaching, and assistance with mitigation of identified hazards. Our safety focus also extends to contractors, with our Contractor Safety Program strengthening alignment between SoCalGas and contracted crews by establishing clear and consistent expectations and performance monitoring, consistent with the CPUC's directives in the recent safety culture proceedings.

In addition, given the rise in hostile incidents against utility workers, and with customers expressing growing concern over bad actors disguising themselves as utility employees, we recently launched a multimedia campaign to educate customers on the types of work we perform in their communities and how to identify SoCalGas employees engaged in such work.

[11] Pub. Util. Code § 963.

Collectively, these efforts and others—all aligned to our SMS—help to establish shared norms around safety, reduce avoidable incidents, and support safe and dependable service to our customers.

## III. MAINTAINING SYSTEM RELIABILITY

The natural gas system is an integral and indispensable component of Southern California's energy ecosystem. System reliability is essential for Californians to meet basic daily needs, such as cooking, bathing, and heating their homes. Natural gas system reliability also underpins the stability of commercial and industrial operations across the region, supporting businesses, hospitals, and other essential institutions that depend on consistent energy supply to function. Moreover, a reliable natural gas system plays a key role in electric generation, particularly during periods when renewable energy resources are limited or unavailable. Today, natural gas accounts for over 40% of in-state electric generation.[12] The activities proposed in this GRC continue to fund baseline operations necessary for reliability, including the availability of a qualified workforce to maintain the system and address any issues promptly and safely.

SoCalGas's extensive network of transmission and distribution pipelines are key to California's energy reliability and affordability. They not only deliver natural gas to individual customer locations but provide access to many of the largest gas supply basins. Having that access allows flexibility to buy and deliver supplies from the lowest cost basins, thereby mitigating price spikes attributable to significant weather events or other issues constraining supply at a particular basin or region.

Another key component of system reliability is SoCalGas's storage field assets, which provide operational resiliency and flexibility for the broader energy grid. These facilities enable the system to respond to hourly and daily gas demands that fluctuate and require the ability to perform gas injection or withdrawal functions at any time. Accordingly, storage fields are continually staffed with operating crews and on-call personnel 24 hours per day, 365 days per year, to support critical operations.

With minimal instate natural gas production, local underground storage assets for interstate deliveries are critical for maintaining not only reliability, but affordability. These

[12] CEC, *2024 Total System Electric Generation*, *available at* https://www.energy.ca.gov/data-reports/energy-almanac/california-electricity-data/2024-total-system-electric-generation.

assets must be able to supply large volumes of natural gas over short periods or seasonally in response to customer demand from typical seasonal weather patterns, extreme daily weather, unforeseen pipeline maintenance, or temporary reductions in interstate supplies driven by weather or pipeline conditions in other parts of the country. The availability of storage fields located in our service territory enhances reliability and flexibility by mitigating the impact of adverse pipeline conditions or gas supply basin disruption. This dependability yields savings for customers, with adequate stored reserves mitigating the impact of constrained supply and commodity price volatility.

Often, safety investments have the added benefit of promoting reliability. An example is investments required by Gas Transmission Safety Rule (GTSR) Part 1, Replacements and Hydrotests.[13] The GTSR is a PHMSA regulation designed and implemented to improve the safety of onshore gas transmission pipelines through enhanced integrity management. The GTSR supports safe operation of the gas transmission system by reconfirming Maximum Allowable Operating Pressure (MAOP), effectively validating that a pipeline can be operated safely within verified pressure limits. Because these projects are primarily located in populated areas, timely reconfirmation of MAOP through hydrotesting or replacement is especially important to confirm the pipeline is fit for service at the required pressures and reduce safety risk, while meeting compliance milestones required in the federal regulations. This work also maintains system reliability by confirming that pipelines can operate at the pressure they are designed to handle, and that is necessary to meet customer demand, thereby mitigating service disruptions and safety concerns while supporting affordability.

Cybersecurity, identified as SoCalGas's 2nd highest operational and safety risk and included in its RAMP report, is another significant driver of investment necessary to sustain system reliability and safety. Utilities across the country face an increasingly complex threat environment characterized by more frequent and sophisticated cyberattacks on operational technology, including those sponsored by nation-state actors. SoCalGas serves regions with millions of people, a large network of hospitals and first responders, one of the nation's busiest ports, critical military bases, defense contractors, and a diverse array of businesses dependent on natural gas. This risk profile is further elevated by the global visibility associated with major

[13] Pipeline Safety: Safety of Hazardous Liquid Pipelines, 84 Fed. Reg. 190,52260 (October 1, 2019), *available at:* https://www.govinfo.gov/content/pkg/FR-2019-10-01/pdf/2019-20458.pdf

events like the 2028 Olympics.[14] In the event of a successful cyber-attack, gas service could be significantly disrupted with the system shut down or damaged. Worse yet, the system could be weaponized if the proper protections are not in place. Significant loss of service or a critical safety event could have cascading consequences throughout the State.

The cybersecurity investments outlined in this application, together with proposed investments for hardening of physical sites (including sites deemed critical by the U.S. Transportation Security Administration and subject to heightened requirements), are designed to strengthen system protection in alignment with best practices, prevent unauthorized access, and support the ability to detect, respond to, and neutralize threats in order to preserve safety and reliability. Many of the cybersecurity RAMP activities include benefit-cost ratios well over 1, with some showing that every dollar spent on certain activities mitigates over $200 of negative impact on SoCalGas and its ratepayers.[15]

## IV. MEETING CUSTOMER NEEDS TODAY AND IN THE FUTURE

SoCalGas must meet its obligation to serve both today and in the future. The proposed activities will position our workforce and operations to maintain safety, reliability and resiliency throughout the 2028 rate case cycle and beyond, delivering on the "*ready for tomorrow*" aspect of our mission.

SoCalGas is making targeted investments to strengthen operational resilience and efficiency both near and long-term. Examples include investments aligned to our Climate Adaptation and Vulnerability Assessment (CAVA), which helps to measure vulnerability of critical assets to climate-related hazards so that mitigations are appropriately prioritized. The proliferation of extreme weather events and wildfires require a proactive approach to improvements that protect system resilience.

Another future-ready investment is the continued migration of data and applications to cloud technologies, which will enhance resiliency, scalability, and technology lifecycle support, while also improving cost-efficiency and reducing reliance on aging, onsite infrastructure. This

---

[14] Los Angeles Department of Water & Power (LADWP), *LADWP's Sixth Annual Utility Trends Briefing on Preparation for the 2028 Olympic Games, Legislative and Program Updates*, LADWP News (January 10, 2024), *available at:* https://www.ladwpnews.com/ladwps-sixth-annual-utility-trends-briefing-on-preparation-for-the-2028-olympic-games-legislative-and-program-updates/.

[15] Benefit Cost Ratios (BCRs) are the CPUC-mandated metric for comparing an activity's benefit per dollar spent.

transition helps mitigate technology obsolescence risks and supports compatibility with modern applications and services, many of which are increasingly only available through cloud integration.

SoCalGas must also continue to modernize the gas control center and associated infrastructure via enhancements to Distribution Regulator Stations (DRS) and High-Consequence Area (HCA) methane detection systems.[16] Deploying advanced, real-time monitoring and control capabilities at select locations, paired with improved leak detection along the transmission system, strengthens overall system safety and reliability by providing a more comprehensive, real-time view of the network and enabling faster identification of and response to abnormal operating conditions, promoting both infrastructure and public safety.

SoCalGas remains prepared to support California's long-term climate and energy policy objectives. We recognize that achieving these goals must be balanced with affordability considerations, as the pace and scale of change raise important affordability and reliability considerations for customers. Our existing infrastructure and highly skilled workforce will play a critical role in maintaining reliability, resiliency, and affordability as energy needs change and new technologies emerge.

## V. MAINTAINING AFFORDABLE BILLS FOR CUSTOMERS

Southern Californians are facing cost pressures in many aspects of daily life. Although inflation has moderated from post-pandemic peaks observed in 2021–2022, the cost of certain goods and services remains elevated.[17] Even within this context, natural gas continues to be a relatively low-cost energy source, and should be leveraged to promote overall energy affordability. Investment in the gas system as proposed in this GRC will support affordability in the near term by maintaining reliable, cost-effective service. Maintaining a safe and reliable system also supports California's long-term climate and energy policy objectives by providing the flexibility needed to support the broader energy system as it evolves.

[16] Authorized in D.19-09-051 and D.24-12-074.

[17] BLS, "Consumer Price Index for All Urban Consumers (CPI-U): All items in U.S. city average, all urban consumers, not seasonally adjusted," 2016-2025.

In Southern California, on average, natural gas serves more than 60% of household energy needs but represents less than 30% of total household energy cost.[18] For SoCalGas customers in particular, average residential bills typically rank in the top quartile of lowest bills among peer utilities.[19] Moreover, our residential bills are a low percent of wallet share, representing only 0.6% of the median household income in California—helping to keep overall energy costs lower for those less able to afford it.[20] Although natural gas service is affordable relative to other household expenses, we are not complacent.[21]

SoCalGas recognizes that any increase in customer bills is meaningful and remains focused on managing the costs within its control while continuing to meet essential safety, reliability, and compliance requirements. SoCalGas has taken many actions over the last rate case cycle to continuously improve the way we do business in order to optimize efficiency, reduce operating costs, and moderate cost pressures for customers, while maintaining safety and reliability. Through the testimony of our witnesses, we identify and explain some of the most impactful efforts. These efficiency gains were viewed positively in a CPUC-ordered evaluation conducted by Accenture. The study concluded: "Based on interviews and documentation reviewed, SoCalGas has made progress in embedding efficiency as a core operating principle across the strategic areas addressed in this study and in capturing the value of initiatives.

---

[18] Household energy use based on 6,424 kWh for Southern California Edison and 358 therms for SoCalGas from CEC, "2019 California Residential Appliance Saturation Study (RASS)". Energy conversion factor based on 29.3 kWh per therm. Natural gas residential rate of $1.69 per therm provided by CEC staff for SoCalGas residential rates (2023$), and electric rate of 30.416 cents per kWh based on 2024 IEPR Demand Forecast Southern California Edison residential rate (2023$). Average bills do not include fixed charges.

[19] AGA, *Annual Report of Volumes, Revenues, and Sales Consumers by Company, (1997-2024), available at:* https://www.aga.org/research-policy/resource-library/annual-report-of-volumes-revenues-and-customers-by-company-2002-2020/. SoCalGas ranked 9th or better for 27 out of 28 years compared to a peer group of 50 largest U.S. gas corporations by number of residential consumers.

[20] *See* n.4, *supra.*

[21] SoCalGas also offers a suite of programs to provide direct bill relief to customers experiencing financial hardship, and to promote efficient use of energy to help all customers manage bills. Collectively, these programs enhance affordability, advance equity across communities, and help families heat their homes and cook meals with less financial strain.

SoCalGas has also successfully responded to regulatory requirements and, in some cases, exceeded requirements to uncover efficiency opportunities[.]"[22]

SoCalGas's GRC application considered the economic realities for households and businesses and the need to balance necessary infrastructure investments with affordable rates. Collectively, the investments promote energy affordability, safety and reliability—both today and longer term—creating value for customers.

Specifically, a safe and reliable pipeline system gives SoCalGas customers the benefit of access to multiple gas supply basins, promoting access and pricing flexibility. Similarly, California's underground storage facilities are a vital source of daily energy supply, which is especially critical in times of overall strained energy. This was illustrated during Winter Storm Fern in January 2026. SoCalGas's storage capacity allowed Southern Californians to mitigate exposure to price volatility caused by high demand in other parts of the country.[23]

The value created through investments in safe and reliable infrastructure is enduring. Natural gas infrastructure is not expected to need significant expansion to meet future energy needs, with investments primarily tied to safety, reliability, and compliance—the same investments required to maintain the system present day. Moreover, because pipelines are primarily underground, exposure to severe weather and other damaging conditions is mitigated, making these assets useful over a long period of time. Reliable natural gas infrastructure will also continue to support cost-effective, reliable electricity in California. As a dispatchable energy source, natural gas complements intermittent solar and wind, supplying 40% of instate electric generation in 2024.[24]

In summary, natural gas remains one of the lowest-cost energy options, providing relatively low monthly costs, helping moderate overall energy expenses, and supporting energy reliability during periods of constrained supply or high demand. To keep rates affordable, SoCalGas is focused on managing the costs within its control without compromising safe and

---

[22] *See* Ex. SCG-30/SDGE-36, Appendix E.

[23] Analyzed based on daily SoCalGas storage withdrawals as reported on ENVOY and a comparison of Henry Hub and SoCal Citygate prices as reported by Natural Gas Intelligence for January 23, 2026, through January 31, 2026.

[24] CEC, *2024 Total System Electric Generation, available at:* https://www.energy.ca.gov/data-reports/energy-almanac/california-electricity-data/2024-total-system-electric-generation.

reliable service. Those efforts, some of which are noted in this policy testimony, are explained in detail in our witness testimony and workpapers.

## VI. REVENUE REQUIREMENT, BILL IMPACT, AND KEY DRIVERS

### A. Revenue Requirement and Bill Impact of Rate Case Proposals

To meet the operational needs of SoCalGas presented throughout this application, SoCalGas requests that the Commission authorize a test year revenue requirement of $5.1 billion to be effective January 1, 2028. If approved, this revenue requirement would be an increase of $485 million (or 10.5%) over the estimated 2027 revenue requirement.[25]

If the 2028 revenue requirement identified above is approved by the Commission, an average non-CARE[26] residential customer (using 35 therms per month) can expect a bill increase of $5.67 per month (or +7.7%), as compared to estimated 2027 rates. CARE customers can expect a bill increase of $3.26 per month (or +7.8%), as compared to estimated 2027 rates. These increases are less than half the increase requested in the prior two GRCs.

SoCalGas also proposes a post-test year (PTY) ratemaking mechanism for 2029, 2030, and 2031 that differentiates between O&M expenses and capital-related costs through a two-part attrition mechanism. This approach is intended to better align authorized revenues with the distinct underlying cost drivers. As explained in the post-test year witness testimony, under this framework, the PTY O&M revenue requirements would be adjusted by applying a utility inflation-based escalator to the authorized test year O&M levels, including a separate adjustment for medical expenses. This reflects the generally stable and predictable relationship between O&M costs and revenue requirement that makes a simple PTY mechanism based on revenue requirement escalation appropriate for O&M. In contrast, capital-related revenue requirements would be updated by escalating the authorized test year capital additions forecast rather than applying a simple escalation to the revenue requirement. This distinction recognizes that capital costs evolve in a non-linear manner, driven by the timing and cumulative nature of investment placed in service over the rate cycle. By tying PTY adjustments to capital additions, the mechanism more accurately captures the revenue needed during the PTY period. The proposed post-test year revenue requirement increases are $315 million (6.2%) in 2029, $312 million

[25] Refer to the Summary of Earnings testimony, Ex. SCG-27.

[26] California Alternate Rates for Energy (CARE).

(5.8%) in 2030, and $314 million (5.5%) in 2031. The proposed approach aligns funding with capital investment needs and ongoing operations and maintenance requirements.

It is essential that authorized test year activities continue to be funded in the post-test years, as these efforts predominantly support critical safety and reliability objectives. To aid the assessment of this request, particularly given the complexity associated with capital additions impacts, SoCalGas is providing detailed forecasts for all capital projects planned in the post-test year period in its testimony and supporting workpapers. These forecasts enhance transparency and illustrate the need for the proposed post-test year mechanism to ensure continuity of funding for approved activities during the GRC cycle.

## VII. KEY COST DRIVERS

We recognize that any increase must be well-reasoned, and as such, testimony addressing direct costs includes additional context regarding cost drivers and actions taken to mitigate.[27] Key cost drivers in this rate case include baseline costs for safety and reliability, technology that improves safety and efficiency, and necessary (but growing) costs like insurance. By way of example:

- **Targeted Infrastructure Investments**. Risk-informed investments in our infrastructure—including needs identified through our integrity management programs, pipeline safety programs, and compliance obligations—support public safety and system reliability both short and long term. These activities include the inspection, repair, replacement, and modernization of pipelines. For this GRC period, SoCalGas also plans integrity investments on high priority, high pressure distribution pipelines. For distribution pipelines, programs like DIMP and leak abatement aim to prevent and fix leaks, while the locate-and-mark program helps avoid pipeline damage during excavation. Compressor station modernization projects also support reliability and compliance.
- **Technology-Enabled Operations and Productivity Improvements.** Continued investment in IT, digital tools and system modernization is needed to support

[27] This information is also provided in compliance with D.24-12-074, OP 12 ("Southern California Gas Company and San Diego Gas & Electric Company shall utilize the results of their Affordability Metric calculations to continue seeking ways to make their rates more affordable for the customers most impacted by their proposed rate increases. They shall also include information on the actions taken to make rates more affordable in their next general rate case.").

SoCalGas operations, workforce productivity, and customer service. These investments include replacement of aging systems, communication and controls systems for grid and asset management, and customer applications. Examples are tools that support workforce planning and forecasting, scheduling and dispatch optimization, data analytics, and customer tools for self-services and billing.

- **Cybersecurity**. The significance and frequency of cyber threats facing utilities is escalating. To safeguard the gas system, SoCalGas employs a number of defenses, including perimeter and internal defenses, protection of sensitive data, security for operational technology systems, lifecycle management to address obsolescence risks, and advanced threat mitigation capabilities.
- **Insurance**. A significant driver of increased operating expense in this application is insurance, as rates for liability coverage have risen over the last rate case cycle driven by a more complex and costly litigation environment, and the need for wildfire coverage triggered by the 2025 Los Angeles wildfires and ensuing litigation. Coverage must be adequate to protect ratepayers.
- **Medical.** SoCalGas offers medical insurance coverage to employees but has experienced significant upward pressure in medical costs. Industry surveys indicate that medical cost trends will continue to exceed historical norms.
- **Efficient Field Process**. This rate case will support continued improvements in processes like leak management pursuant to our Natural Gas Leak Abatement Program, reducing the duration that non-hazardous leaks remain open, thereby lowering the long-term cost of managing leak inventory. Further, expanded consolidation and streamlining of required field activities will reduce duplication and lower operating cost, with an approximate $9.5 million annual labor cost avoidance.

SoCalGas will continue to leverage technology and process improvements to manage capital and operating expenses efficiently while sustaining safety, compliance, and reliability through the activities in this GRC.

## VIII. PROPOSED EARNINGS SHARE MECHANISM

To further support affordability and allow customers to benefit from strong operational performance, SoCalGas proposes a symmetrical earnings sharing mechanism that maintains

incentives for efficient utility operations while providing customers with more timely benefits when performance is strong. The mechanism also includes safeguards to ensure fairness in the case of extraordinary events. As explained in the post-test year ratemaking testimony, this symmetrical sharing framework is designed to balance ratepayer protection with maintaining appropriate incentives for cost discipline and operational performance. The proposed mechanism would apply during each of the post-test years (2029 through 2031). At the end of each post-test year, this sharing mechanism would provide ratepayers a share of productivity benefits while still providing SoCalGas a fair opportunity to earn its authorized rate of return, with a reciprocal structure applying in the event of significant downside.

## IX. RESPONSIVENESS TO CPUC INPUT

Following the decision in the last GRC, SoCalGas considered where adjustments in the case presentation could better align with CPUC expectations and made several modifications accordingly.

First, the Commission expressed concern with the "proliferation of regulatory accounts." In this GRC, SoCalGas does not request to create any new balancing accounts. In fact, SoCalGas is proposing to close six balancing accounts. This includes the DIMP and SIMP balancing accounts, which SoCalGas is proposing to convert to base business given the more predictable nature of the costs for those programs. The same is true for SoCalGas's natural gas leak abatement program, which we propose to move to base business. Any cost pressures that arise associated with the execution of these programs will be managed within SoCalGas's overall revenue requirement, thus benefiting ratepayers.

Second, to highlight where efficiencies and savings are expected to result from certain activities, all cost testimony includes a section on affordability and efficiencies. These sections identify activities within that respective witness area where ratepayers are receiving particular value from SoCalGas's operation.

Third, to streamline the presentation of testimony, SoCalGas has reduced the number of witness areas. In the 2024 GRC, SoCalGas had 44 witness areas for direct testimony. In this GRC, SoCalGas reduced the witness areas to 30. In addition, SoCalGas has identified more witnesses that have broader areas of responsibility than in the past, allowing witnesses to discuss more issues without needing to direct questions to other witnesses. We have also brought

business justification and cost information together rather than offering business justification throughout the application while addressing costs in a separate section.

We appreciate the lessons learned and hope this presentation makes the CPUC's work simpler and more expedient.

## X. CONCLUSION

SoCalGas's general rate case application presents a disciplined, transparent, and reasonable request grounded in our core mission to safely, reliably, and affordably serve 21 million consumers. The proposed investments are carefully targeted to sustain system integrity, protect public and worker safety, maintain compliance with federal and state regulations, enhance reliability, and manage evolving risks, while reflecting a continued commitment to cost control, operational efficiency, and affordability. Through workforce optimization and technologies, SoCalGas is delivering measurable value to customers today while preparing responsibly for tomorrow. We respectfully request that the Commission approve this application so that SoCalGas can continue to provide essential energy service in a manner that is prudent, efficient, and fully aligned with the needs of the communities we serve.

This concludes my prepared direct testimony.

## XI. WITNESS QUALIFICATIONS

My name is Rodger Schwecke. I am employed by Southern California Gas Company (SoCalGas) as the Interim President and Chief Operation Officer. My business address is 555 West Fifth Street, Los Angeles, California, 90013. I have worked in a variety of positions since I began working at SoCalGas and its affiliates in June 1983, including SVP/Chief Infrastructure Officer, Vice President Transmission and Storage, Vice President Customer Solutions, General Manager/Vice President, Vice President Marketing, Senior Pipeline Products Manager, Project Manager, Account Executive Supervisor, Market Planner Analyst, and Energy Systems Engineer. During my employment, I have been responsible for various aspects of utility development and operations, sales and marketing, regulatory matters, and customer relations.

I graduated in 1983 from California State University, Long Beach, with a Bachelor of Science in Chemical Engineering. I have previously testified before the California Public Utilities Commission.