

Company: Southern California Gas Company (U 904 G)
Proceeding: 2028 General Rate Case
Application: A.26-06-_____
Exhibit: SCG-09

**PREPARED DIRECT TESTIMONY OF FRANK LOPEZ
(CUSTOMER & EXTERNAL RELATIONS)**

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



June 2026

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SUMMARY

| CUSTOMER & EXTERNAL RELATIONS O&M (In 2025 \$) | | | |
|---|--------------------------------------|--------------------------------|----------------------|
| Categories of Management | 2025 Adjusted-Recorded (000s) | TY2028 Estimated (000s) | Change (000s) |
| Total Non-Shared Services | 27,902 | 31,743 | 3,841 |
| Total O&M | 27,902 | 31,743 | 3,841 |

Summary of Requests

Southern California Gas Company's (SoCalGas) Customer and External Relations (CER) is requesting \$31.743 million for Test Year (TY) 2028 to fund essential and incremental CER activities to enhance safety, reliability, and affordability. The operations and maintenance (O&M) costs associated with CER cost categories represent an increase of \$3.841 million over base year levels to address expanded emergency response and incident support, evolving customer communication preferences, and Commission-directed stakeholder engagement. CER is comprised of Public Education and Communications (PEC), Regional Public Affairs (RPA), Energy and Environmental Policy (EEP), Customer Solutions (CS), and Customer Programs & Assistance (CPA). CER enhances the safety and reliability of SoCalGas's operations and system, facilitates compliance with regulatory requirements, and keeps customers, employees and stakeholders informed about essential services and programs. Approval of \$31.743 million in non-shared O&M costs, primarily consisting of labor costs for the following:

- Development and delivery of clear, accessible communications about safety, emergency preparedness, service, and operations while supporting compliance and customers;
- Evaluation of energy and environmental policies to assess impacts on compliance, operations, and long-term planning;
- Engagement with local governments, communities, environmental and social justice groups, disadvantaged communities, and tribal nations to advance projects, secure approvals, and support emergency preparedness and operations;

- Providing customer account management related to compliance, tariffs, and market trends to support customer energy objectives including a system integration and automation plan for certain customer-notification processes; and
- Delivery of customer programs, including appliance testing, rebates, energy conservation initiatives, and bill assistance for income-qualified customer.

PREPARED DIRECT TESTIMONY OF FRANK LOPEZ
CUSTOMER AND EXTERNAL RELATIONS

I. INTRODUCTION

A. Summary of CER Costs and Activities

My testimony supports the TY 2028 forecasts for O&M costs associated with the CER organization for Southern California Gas Company (SoCalGas). Table FL-1 summarizes my sponsored costs.¹

TABLE FL-1
TY 2028 Summary of Total Costs

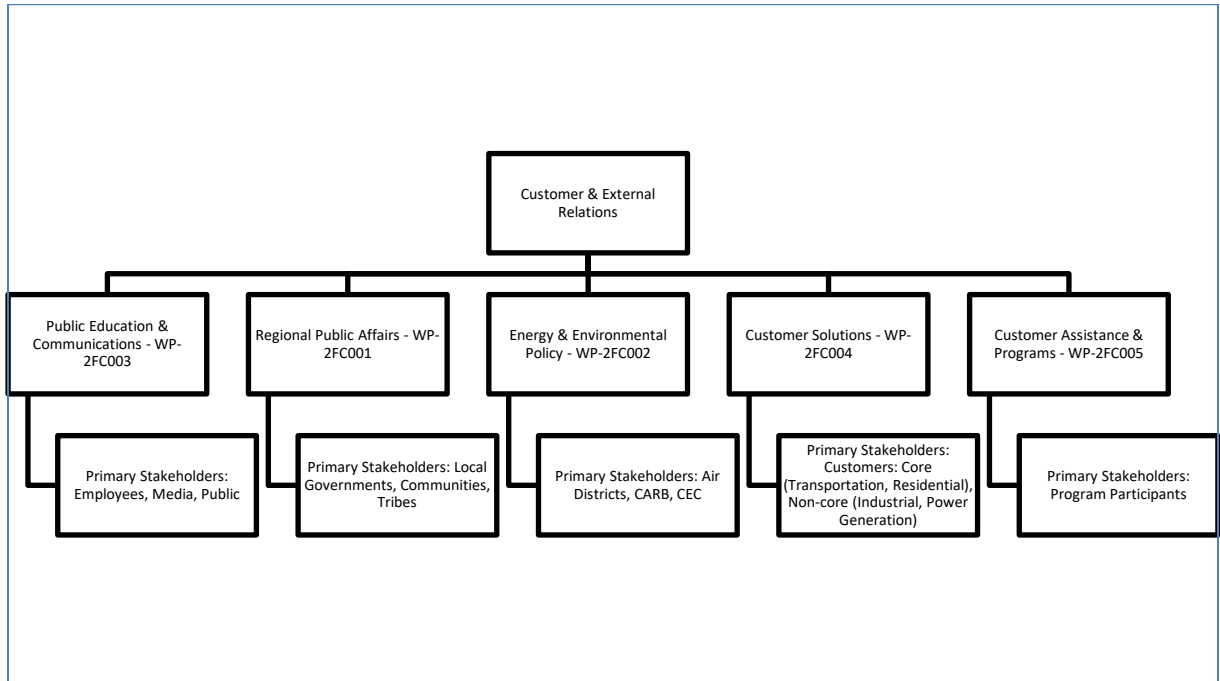
| CER (In 2025 \$) | | | |
|----------------------------------|--------------------------------------|---------------------------|----------------------|
| Categories of Management | 2025 Adjusted-Recorded (000s) | TY2028 Est. (000s) | Change (000s) |
| Total Non-Shared Services | 27,902 | 31,743 | 3,841 |
| Total Shared Services (Incurred) | 0 | 0 | 0 |
| Total O&M | 27,902 | 31,743 | 3,841 |

CER is responsible for communications between SoCalGas and key stakeholders such as customers, employees, community organizations, regulatory agencies, and local governments, through multiple platforms and channels, such as webpages, social media, email, printed materials, public meetings, and community events. The focus of this group is to enhance the safety, reliability, and affordability of our service, and facilitate a seamless engagement experience for our stakeholders. Figure FL-1 illustrates how the CER organization is comprised of five functions and its primary stakeholders.

¹ SoCalGas has removed costs for political, civic, and related activities, and other nonallowable expenses, as well as program funding and customer benefits that are addressed and recovered in separate proceedings.

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**FIGURE 1FL-1
CER and Primary Stakeholders**



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The five core functions of CER include:

- **PEC:** Develops and delivers clear, accurate, and accessible information across multiple channels to customers, employees, and the public about natural gas safety, emergency preparedness, available services and programs, and operational activities to build awareness, support compliance, and enhance customer experience.
- **RPA:** Serves as the primary liaison to local governments, tribal nations, and communities, advances projects (i.e., permits, fees, and franchise rights), and supports emergency preparedness activities and operations.
- **EEP:** Evaluates energy and environmental policies and regulations to assess their impact on compliance, operations, and planning.
- **CS:** Delivers tailored account management and programs to diverse customer segments to meet their energy objectives, by offering information regarding compliance, tariffs, and market trends.

- **CPA:** Administers customer programs that provide natural gas appliance testing, deliver financial rebates, and/or energy conservation to customers, as well as bill assistance to income-qualified residential customers.

My testimony presents estimated TY 2028 expenses to support ongoing activities and seeks authorization for incremental costs to enhance stakeholder engagement, strengthen public safety and emergency preparedness, expand data-driven customer outreach and digital self-service tools, and increase Natural Gas Appliance Testing (NGAT) costs consistent with the 2028–2033 Energy Savings Assistance (ESA) Program Application. In addition, this testimony supports the business justification for continued use of the following regulatory accounts: Avoided Cost Calculator Update Memorandum Account (ACCUMA), Percentage of Income Payment Plan Memorandum Account (PIPPMA), and San Joaquin Valley Disadvantaged Communities Balancing Account (SJV DACBA).

B. Organization of Testimony

My testimony is organized as follows:

- **Affordability & Efficiency:** Discusses how CER applies proactive planning and coordination of internal and external communications.
- **Non-Shared O&M Costs:** Details forecasted costs and activities for CER’s five subdivisions (i.e., PEC, RPA, EEP, CS, and CPA).
- **Regulatory Accounts:** Provides activity descriptions and demonstrates compliance with applicable Commission decisions.

C. Support To and From Other Witnesses

My testimony also refers to the following testimony:

- Regulatory Accounts testimony (Exhibit (Ex.) SCG-21): summarizes costs for ACCUMA, PIPPMA, and SJV DACBA.
- Compliance testimony (Ex. SCG-30/SDGE-36): describes compliance activities associated with the implementation of the TY 2024 General Rate Case (GRC) Decision.
- Gas Engineering & System Integrity testimony (Ex. SCG-03): describes community engagement activities related to the Climate Adaptation Vulnerability Assessment (CAVA) and Clean Transportation Program activities.

- Information Technology testimony (Ex. SCG-10/SDGE-14): The SoCalGas Chatbot content described in this testimony relates to the technology enhancements covered therein.
- Customer Services testimony (Ex. SCG-08): the Customer Notification Plan described in this testimony is related to the Universal Notification System activities covered therein.

II. AFFORDABILITY & EFFICIENCY

SoCalGas has prioritized cost efficiency within CER by consolidating functions, leveraging internal resources, and improving coordination across teams, enabling the Company to meet expanding regulatory and safety requirements while managing cost growth. CER supports SoCalGas's commitment to providing safe, reliable, and affordable service by managing public education, communications, and engagement in a cost-effective manner. Through proactive planning and coordination, CER minimizes reactive work that can increase costs. CER also prioritizes the use of internal resources to develop, implement, and execute communications, tools, and programs where possible and, where external support is needed, relies on competitive solicitations and standardized contracting practices to further minimize costs.

To further optimize activities and promote cost efficiency, SoCalGas consolidated customer and stakeholder engagement functions under CER. This included CS and CPA, which manage large commercial and industrial accounts and administer customer programs. Prior to consolidation, CS and CPA both partnered with vendors to offer and implement energy efficiency measures to help customers reduce energy usage and bills. While CPA and RPA engaged many of the same non-profit, community-based organizations, and local governments, CS and RPA operated in overlapping geographic regions serving many of the same customers. Each group worked closely with PEC to develop and disseminate customer information about programs, emergencies, and engagement opportunities.

Consolidating these functions under a single organization has strengthened coordination across teams, improved outreach and vendor interactions, and enabled more efficient use of both internal and contracted resources. These efficiencies support cost control, improve the consistency and effectiveness of customer communications, and promote customer affordability.

1 These efforts allow SoCalGas to maintain essential communication and engagement capabilities
 2 while minimizing incremental cost impacts to customers.

3 **III. NON-SHARED O&M COSTS**

4 “Non-Shared Services” are activities that are performed by a utility solely for its own
 5 benefit. Corporate Center provides certain services to the utilities and to other subsidiaries. For
 6 purposes of this GRC, SoCalGas treats costs for services received from Corporate Center as
 7 Non-Shared Services costs. Table FL-2 summarizes the total non-shared O&M forecasts for the
 8 listed cost categories.

9 **TABLE FL-2**
 10 **TY 2028 Summary of Non-Shared O&M Summary of Costs²**

| CER (In 2025 \$) | | | |
|----------------------------------|--------------------------------------|--------------------------------|----------------------|
| Categories of Management | 2025 Adjusted-Recorded (000s) | TY2028 Estimated (000s) | Change (000s) |
| A. RPA | 4,681 | 5,620 | 939 |
| B. EEP | 1,080 | 1,124 | 44 |
| C. PEC | 11,747 | 14,239 | 2,492 |
| D. CS | 7,957 | 6,988 | (969) |
| E. CPA | 2,437 | 3,772 | 1,335 |
| Total Non-Shared Services | 27,902 | 31,743 | 3,841 |

11 **A. PEC**

12 Table FL-3 below summarizes the O&M costs associated with SoCalGas’s PEC
 13 activities.

14 **TABLE FL-3**
 15 **PEC Non-Shared O&M Summary of Costs**

| CER (In 2025 \$000’s) | | | |
|------------------------------|-------------------------------|--------------------------|---------------|
| CER Subdivision | 2025 Adjusted-Recorded | TY 2028 Estimated | Change |
| 1. PEC | 11,747 | 14,239 | 2,492 |
| Total | 11,747 | 14,239 | 2,492 |

² SoCalGas has removed costs for political, civic activities, and other nonallowable expenses.

1 **1. Description of Costs and Underlying Activities**

2 PEC serves as SoCalGas’s central hub for developing, coordinating, and delivering
3 information to approximately 21 million customers, 7,400 employees, and stakeholders across
4 over 500 communities within SoCalGas’s service territory. PEC plays a critical role in
5 communicating information related to safety, operations, and customer programs in a clear,
6 accessible, and transparent manner. These activities help customers take appropriate actions to
7 maintain safety, manage energy usage, and better understand and manage their energy bills. In
8 addition, PEC supports real-time response during unplanned events, such as wildfires or other
9 emergencies, by developing and distributing critical information regarding safety, service
10 impacts, and available resources. The following sections describe how PEC performs these
11 activities.

12 **a. Customer Communications and Insights**

13 The Customer Communications and Insights function within PEC designs and produces
14 materials that help customers stay safe, manage energy use, and understand SoCalGas programs
15 and services. These efforts include:

- 16 • Safety education materials addressing topics such as natural gas leak
17 recognition, infrastructure awareness, employee identification, seasonal
18 tips, and safe appliance use;
- 19 • Program education resources that help customers access energy efficiency
20 incentives, rebates, and bill assistance programs; and
- 21 • Bill education resources that improve customer understanding of natural
22 gas charges and usage.

23 These materials are developed in coordination with other SoCalGas groups and are
24 informed by customer research and analytics, including surveys, focus groups, and data analysis.
25 Insights from these activities are used to refine messaging, improve program design, and enhance
26 the overall customer experience. As an example, in April 2023, SoCalGas conducted a
27 qualitative research study that identified key findings and lessons learned regarding customer
28 communications.³ In D.26-02-058, the Commission provided that it commends SoCalGas for

³ Decision (D.) 26-02-058 at 117-118, 128.

1 the analysis and that all gas utilities should ensure that their communication tools best meet
2 customer needs,⁴ underscoring the value of these research-driven practices.

3 PEC produces materials in multiple formats (*e.g.*, print, digital, and video) and are
4 designed to be accessible, including translation into multiple languages, adherence to disability
5 access requirements, and alignment with cultural and community needs. PEC also supports
6 compliance with Commission proceedings that increasingly emphasize and require customer
7 engagement. For example, in Application (A.) 25-05-001⁵, the Commission required SoCalGas
8 to conduct Public Participation Hearings (PPH) and to notify customers of those hearings
9 through multiple channels, including direct mailers sent in advance of the first PPH, separate
10 email notifications with clear subject lines and approved content, posted notices on its website,
11 branch offices, alternate payment locations, and announcements on all of its social media
12 platforms.⁶

13 In August 2025, SoCalGas launched a customer insight research effort focused on small
14 business customers, surveying approximately 70,000 customers on issues of affordability,
15 payment options, and savings opportunities. This effort was undertaken pursuant to D.24-12-
16 074, which adopted the Customer Services Information (CSIN) Settlement Agreement dedicating
17 a portion of the test year forecast to developing this research.⁷ The results of the study are
18 attached to my testimony as Appendix B.

19 **b. Digital Engagement**

20 PEC manages and maintains SoCalGas's digital communication platforms, including
21 approximately 1,750 webpages and multiple social media platforms (*e.g.*, socialgas.com, My
22 Account, GasLines (intranet site), and mobile web). Through these platforms, PEC:

- 23 • Develops, updates, and publishes digital content related to safety,
24 operations, regulatory updates, and customer programs;

⁴ D.26-02-058 at 137.

⁵ A.25-05-001, Application of SoCalGas for Approval of the Branch Offices Closure Proposal (May 2, 2025).

⁶ A.25-05-001, Administrative Law Judge's (ALJ) Ruling Resolving Southern California Gas Company's October 29, 2025, Motion Regarding Public Participation Notices at Alternate Payment Locations (October 30, 2025).

⁷ D.24-12-074 at 919-924, 1085 (Conclusions of Law (COL) 316-318) and Appendix C.

- Supports integration of digital customer information tools, including SoCalGas Chatbot functionality to respond to frequently asked questions; and
- Provides continuous 24 hours a day, seven days a week (24/7) digital communication capabilities, particularly during emergencies.

Digital platforms also enable two-way communication, allowing SoCalGas to receive and incorporate customer feedback to improve programs and services.

c. Employee Communications

PEC manages internal communications to keep employees informed and equipped to provide safe, reliable, and affordable service. PEC disseminates information through email, intranet, newsletters, digital displays, and company-wide town halls, covering:

- Safety updates and protocols;
- Organizational changes, policies, and programs; and
- Information related to customer initiatives and operations.

These communications also support employee awareness of evolving safety, security, and operational risks, including cyber and physical security considerations, helping to reinforce safe work practices and support timely, coordinated responses to operational events.

PEC provides timely updates to employees located near incidents to support safety and situational awareness and enables employees to effectively respond to operational conditions and customer needs. These efforts support safe execution of field activities, compliance, and consistent service delivery across SoCalGas’s service territory.

With these capabilities, employees have increased visibility into safety conditions, operational priorities, and emerging risks, which enhance safe operations, compliance, and service reliability.

d. Emergency and Incident Communications

PEC plays a critical role in responding to unplanned events by developing and deploying timely communications that inform customers, employees, and stakeholders. Specifically, PEC:

- Manages a Public Information Office (24/7) to maintain situational awareness, conduct proactive stakeholder outreach, and coordinated communications during unplanned events;

- Monitors more than 6,000 Message Center Reports⁸ each year and responds to applicable incidents with targeted communications strategies tailored to affected communities and stakeholders;
- Supports cross-functional coordination during major incidents and projects, consistent with SoCalGas’s Safety Management System (SMS); and
- Develops strategy and disseminates communications during unplanned events across digital and traditional channels, while monitoring news and social media, issuing press releases, and responding to media and public inquiries, to provide timely operational updates.

e. Community Engagement

PEC administers SoCalGas’s employee volunteerism programs and provides administrative support for community engagement activities as follows:⁹

- Coordinates employee volunteer participation and connecting employees with nonprofit organizations across SoCalGas’s service territory;
- Supports the planning and execution of volunteer and community engagement activities; and
- Administers a Community Advisory Committee (CAC) composed of nonprofit and community leaders that provides input on engagement strategies, such as support for vulnerable populations (*e.g.*, homeless), Science, Technology, Engineering, and Math (STEM) education access in low income and disadvantaged communities, and emergency preparedness.

These efforts improve awareness, participation, and access to programs that help customers reduce or manage their energy costs, while supporting effective communication of safety, assistance, and operational information.

⁸ The Company’s Message Center Reporting serves as the central hub for receiving and documenting information related to reportable incidents, emergencies, and natural disasters that impact the Company. The Message Center Report (MCR) communicates relevant information to the appropriate personnel to support timely evaluation and any necessary Company action.

⁹ While charitable contributions are shareholder-funded, PEC’s role is limited to administrative coordination functions that support these efforts.

1 **2. Forecast Method**

2 SoCalGas is requesting \$14.239 million for PEC. The forecast method developed for
3 PEC is a five-year average, with adjustments of \$2.492 million applied to reflect incremental
4 labor and non-labor needs. This method is appropriate because PEC’s activities are subject to
5 year-to-year variability driven by both cyclical programs and unplanned events that are not
6 reflected in base year. Use of a base year forecast would under-represent the level of resources
7 required to provide timely, accurate, and accessible communications critical to safety and
8 compliance. Accordingly, a five-year average provides the most representative basis for
9 forecasting expected costs over the TY 2028 GRC cycle.

10 **3. Cost Drivers**

11 PEC’s forecast reflects increased demands driven by evolving customer expectations,
12 expanded emergency response requirements, and ongoing safety and compliance communication
13 obligations. First, customer communication preferences continue to shift toward digital
14 platforms, including social media, SoCalGas.com, video content, and emerging tools such as
15 analytics driven digital interfaces and automated customer interaction capabilities. These
16 channels require ongoing content development, monitoring, and technology enhancements to
17 support timely, accurate, and accessible information. Second, PEC is experiencing increased
18 scale, frequency, and duration of emergency and incident-related communications across the
19 service territory. These events require rapid customer notifications, continuous situational
20 updates, and sustained stakeholder engagement, resulting in increased workload. Third,
21 SoCalGas must continue to provide customer education related to safety, programs, and
22 emergency preparedness. Customer expectations for real-time, multi-channel communications
23 continue to increase, requiring PEC to maintain and enhance its communication capabilities.

24 These trends are reflected in increasing digital engagement and communication activity.
25 In 2025, SoCalGas.com received more than 21 million visitors, a 4.7% increase from the prior
26 year, with significant growth in mobile usage requiring additional accessibility enhancements.
27 Customers are also increasingly utilizing digital tools such as the SoCalGas Chatbot, which
28 requires expanded content to address customer inquiries and support call volume management.
29 In addition, PEC produced more than 1,000 emergency or incident related communications in
30 2025, reflecting increased demand for timely and coordinated outreach.

1 To address these drivers, SoCalGas is requesting funding for the following resources:

- 2 • \$330,000 – Compensation Modernization: Reflects adjustments
3 associated with the compensation modernization initiative, as discussed in
4 further detail in the Compensation and Benefits testimony (Ex. SCG-
5 16/SDGE-20).
- 6 • \$167,000 – 1 FTE (Safety and Compliance Communications Advisor):
7 Supports development and delivery of communications required for
8 safety, regulatory, and municipal notifications, including outreach related
9 to pipeline work, construction, and emergency activities. Increased
10 incident activity and long-duration projects require additional resources to
11 meet compliance obligations and maintain timely stakeholder
12 communication.
- 13 • \$150,000 – 1 FTE (Multimedia Content Advisor): Supports the transition
14 to higher-impact digital communications, including short-form video and
15 visual storytelling focused on safety, affordability, and community
16 initiatives. This shift requires specialized skills, increased production
17 time, and expanded content development. Engagement metrics
18 demonstrate increased reach and interaction, necessitating dedicated
19 resources to sustain and expand these efforts.
- 20 • \$120,000 – Non-Labor (Video and Media Tools and Equipment):
21 Resources that are necessary for the multimedia content advisor FTE to
22 support increased demand for high-quality digital content, including video
23 production, licensed media, and industry-standard tools required for
24 compliant and accessible communications. Media Equipment and
25 Connectivity for professional-grade multimedia equipment and supporting
26 infrastructure (e.g., cameras, audio equipment, storage, and connectivity)
27 necessary to produce, manage, and distribute high-quality content,
28 including livestreams and emergency communications.
- 29 • \$50,000 – Non-Labor (Accessible Content Development): Supports the
30 development of informational content that is visually accessible, including
31 captioning and accessible design elements, so communications are

1 accessible by individuals with disabilities and comply with applicable
2 accessibility standards.

- 3 • \$275,000 – Non-Labor (Chatbot Content Development): Incremental
4 vendor support for the development and ongoing management of
5 high-quality, curated content for a smarter, more reliable chatbot that
6 provides customers with timely, accurate, and consistent information.
7 This enables PEC to design, structure, and validate content that improves
8 customer self-service, supports safety and emergency communications,
9 reduces call-center demand, and make certain responses align with
10 requirements, and approved messaging.
- 11 • \$150,000 – Non-Labor (Contractor and Customer Safety Initiative):
12 Supports targeted outreach to contractors and customers regarding safe
13 practices during construction, maintenance, and home improvement
14 activities. This initiative promotes pipeline safety, leak awareness,
15 appliance safety, and emergency preparedness, reducing avoidable safety
16 risks.
- 17 • \$125,000 – Non-Labor (Customer Requirements Assessment): Supports
18 the implementation of a customer requirements assessment to identify and
19 evaluate customer expectations and experiences.
- 20 • \$500,000 – Non-Labor (Customer Premise Safety Initiative): Supports a
21 multimedia initiative to educate customers on identifying SoCalGas
22 employees and understanding work performed in their home and/or
23 business. This effort addresses customer concerns identified through
24 research, enhances transparency, and reduces risks associated with
25 impersonation or unauthorized access.

26 **B. RPA**

27 Table FL-4 below summarizes the O&M costs associated with SoCalGas's RPA
28 activities.

TABLE FL-4
RPA Non-Shared O&M Summary of Costs

| CER (In 2025 \$000's) | | | |
|------------------------------|--|------------------------------|---------------|
| CER Subdivision | 2025 Adjusted- Recorded | TY 2028 Estimated | Change |
| 2. RPA | 4,681 | 5,620 | 939 |
| Total | 4,681 | 5,620 | 939 |

1. Description of Costs and Underlying Activities

RPA serves as SoCalGas’s primary liaison to over 230 local governments and 500 communities across SoCalGas’s service territory. RPA is responsible for direct relationship-based engagement with local governments, public officials, community organizations and other local stakeholders, providing area-specific information regarding SoCalGas’s operations, proposed projects, and programs. With staff located across SoCalGas’s service territory, RPA maintains a visible local presence that enables responsive, in-person engagement and coordination across diverse regions. RPA also responds to inquiries from local governments related to operations and complex customer issues, such as leaks, outages, and service disconnections, while gathering feedback regarding operations and proposed projects and programs.

RPA supports safety and emergency response by coordinating directly with public officials, first responders, and impacted customers and communities during and after emergency incidents. RPA staffs government emergency operations centers, facilitates compliance with SoCalGas’s first responder training programs, and provides required notifications to public officials regarding High Consequence Areas (HCA) in accordance with federal pipeline notification requirements.¹⁰ In addition, RPA shares educational information with stakeholders related to programs aimed to prevent damage to SoCalGas infrastructure such as the General Safety Education and Awareness Program.¹¹ During operational emergencies, RPA serves as SoCalGas’s on-the-ground representative, including acting as SoCalGas spokespersons and staffing customer information booths to keep customers informed.

¹⁰ U.S. Department of Transportation, *Pipeline Safety Stakeholder Communications*, available at: <https://primis.phmsa.dot.gov/comm/FactSheets/FSHCA.htm?nocache=4708>.

¹¹ SoCalGas’s Safety website, available at: <https://www.socalgas.com/safety>.

1 RPA supports customer affordability by collaborating with CS and CPA to conduct
2 targeted, local government and community-based outreach on energy efficiency, customer
3 assistance, and clean energy programs. Through public meetings and local events, RPA helps
4 connect customers with available resources, including the Renewable Natural Gas Tariff, ESA
5 Program, Gas Assistance Fund (GAF), and Medical Baseline Allowance (MBL). RPA also
6 supports cost-effective operations and regulatory compliance by coordinating with SoCalGas
7 operations to facilitate local permitting for complex construction activities. These activities help
8 minimize delays, permitting challenges, and stakeholder conflicts that can increase project costs.
9 RPA also manages more than 248 franchise agreements and supports addressing permitting
10 requirements or fees that are inconsistent with franchise rights and may otherwise increase costs
11 for ratepayers.

12 In addition, RPA supports implementation of Commission-directed stakeholder
13 engagement activities, including PPH, workshops, and community meetings. RPA develops
14 engagement plans, identifies stakeholders, coordinates logistics, and facilitates meetings,
15 supporting effective participation, while coordinating with PEC on notifications and
16 communications.

17 **2. Forecast Method**

18 For TY 2028, SoCalGas is requesting a total of \$5.620 million for RPA. The forecast
19 method developed for RPA is a base year forecast, with adjustments of \$0.939 million. The
20 forecast method developed for this cost category is a base year forecast with adjustments applied
21 to account for incremental labor and non-labor needs. This method is most appropriate because
22 2025 provides the most representative forecast for projecting annual O&M costs. Using
23 historical-average data would not be appropriate because it does not reflect operational
24 efficiencies not present in prior years.¹² Accordingly, a base year forecast is a reasonable basis
25 on which to build the TY 2028 forecast.

26 **3. Cost Drivers**

27 The primary cost drivers for RPA are labor to maintain adequate coverage across
28 SoCalGas's large service territory, and non-labor costs associated with travel and miscellaneous
29 expenses. SoCalGas's request includes incremental costs of \$0.939 million which are driven by:

¹² See Section II.

1 (1) increased Commission-directed stakeholder engagement requirements, (2) expanded
2 emergency response and incident support, (3) the need to protect and enforce franchise rights
3 amid increasing local permitting challenges, and (4) rising travel costs.

4 First, the Commission is increasingly directing stakeholder engagement activities in
5 connection with regulatory proceedings.¹³ These requirements include developing project-
6 specific community engagement plans,¹⁴ holding PPHs,¹⁵ information sessions,¹⁶ public
7 workshops,¹⁷ and other community meetings. For example, D.20-08-046 directs SoCalGas to
8 develop a Community Engagement Plan for its CAVA,¹⁸ convene and compensate stakeholders
9 to gather feedback, conduct targeted outreach to tribes and Disadvantaged and Vulnerable
10 Communities (DVCs), and recover associated costs in this GRC. The Commission has also
11 directed increased integration of its Environmental and Social Justice (ESJ) Action Plan¹⁹ into
12 stakeholder engagement efforts.²⁰ Collectively, these requirements increase the complexity and
13 duration of RPA’s engagement activities, driving incremental labor and non-labor needs.

14 Second, local permitting requirements are increasing in complexity and cost, as more
15 jurisdictions seek to impose fees and conditions that may conflict with SoCalGas’s franchise
16 rights. These increasing permitting fees and conditions are often in response to the jurisdiction’s
17 limited understanding of SoCalGas’s franchise rights and local government budget deficits.
18 Additional RPA resources are needed to monitor, evaluate, and address these proposals, and to

¹³ Examples of regulatory proceedings: Climate Adaptation Order Instituting Rulemaking (OIR) (R.18-04-019); Long-Term Gas Planning (R.24-09-012); TY 2019 GRC (A.17-10-008); SoCalGas Branch Offices Closure (A.25-05-001); and Hydrogen Blending Demonstration (A.22-09-006).

¹⁴ D.20-08-046 at 120-122 (OP 5).

¹⁵ R.24-09-012, ALJ’s Ruling Setting Public Participation Hearings (June 12, 2025); A.25-05-001, ALJ’s Ruling Setting Public Participation Hearings (September 16, 2025); and A.22-09-006, ALJ’s Ruling Setting Public Participation Hearings (May 23, 2025).

¹⁶ D.25-12-042, Decision Designating Initial Priority Neighborhood Decarbonization Zones (December 23, 2025) at 61-62 (OP 3).

¹⁷ D.19-09-051 at 783 (OP 30); R.24-09-012, ALJ’s Ruling Providing Workshop Notice (October 21, 2024); and R.24-09-012, ALJ’s Ruling Noticing Interim Actions Workshops and Directing SoCalGas to file a Workshop Report (July 23, 2025).

¹⁸ D.20-08-046 at 120-122 (OP 5).

¹⁹ D.22-12-027 at 65-67 (OP 5).

²⁰ D.19-09-051 at 783 (OP 30); D.22-12-027 at 65-67 (OP 5).

1 coordinate with internal stakeholders to resolve disputes and avoid unnecessary costs to
2 ratepayers.

3 Third, the frequency and duration of emergency incidents continue to increase, driving
4 higher labor demands. In 2025, RPA responded to approximately 300 incidents across the
5 service territory, including on-site response, coordination with public officials, staffing
6 emergency operations centers, and supporting customer and media communications. Larger and
7 more complex incidents often require extended support during evenings and weekends, limiting
8 RPA's ability to maintain consistent coverage across all jurisdictions.

9 To address these cost drivers, SoCalGas requests the following incremental resources:

- 10 • \$193,000 – Compensation Modernization Initiative: Reflects changes in
11 connection with the compensation modernization initiative. Please refer
12 to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.
- 13 • \$167,000 – 1 FTE (Public Affairs Manager): Provides additional
14 coverage in the southeast Los Angeles region, including areas with high
15 concentrations of DVCs and increased franchise-related challenges. This
16 role supports local government engagement, emergency response, and
17 efforts to mitigate cost impacts associated with permitting and
18 construction.
- 19 • \$167,000 – 1 FTE (Tribal and DVC Liaison): Dedicated to building and
20 managing relationships with tribal governments and organizations serving
21 DVCs and ESJ communities. Responsibilities include supporting
22 compliance with tribal consultation requirements, integrating cultural
23 resource considerations into project planning, aligning with the
24 Commission's ESJ Action Plan, and supporting engagement in
25 proceedings such as RAMP and CAVA.
- 26 • \$75,000 – 0.5 FTE (Project Manager): Supports development and
27 implementation of Community Engagement Plans and stakeholder
28 processes required for CAVA and similar proceedings. Responsibilities
29 include managing advisory groups, coordinating stakeholder engagement
30 activities, and supporting PPH, workshops, and information sessions.

- \$63,000 – Non-Labor (Travel Costs): Supports increased travel associated with expanded coverage, in-person stakeholder engagement, and emergency response activities.
- \$105,000 – Non-Labor (CAVA Community-Based Organization (CBO) Compensation): Provides funding to compensate CBOs for participation in CAVA engagement activities, consistent with Commission requirements, R.18-04-019.
- \$83,000 – Non-Labor (CAVA Outreach Materials): Supports development of informational materials for community workshops, stakeholder meetings, focus groups, and outreach activities.
- \$75,000 – Non-Labor (CAVA Research Study): Supports qualitative research (e.g., focus groups and interviews) to better understand how customers and communities perceive and respond to climate-related risks, complementing technical analyses as directed by the Commission in D.20-08-046.

C. EEP

Table FL-05 below summarizes the O&M costs associated with SoCalGas’s EEP activities.

**TABLE FL-5
EEP Non-Shared O&M Summary of Costs**

| CER (In 2025 \$000’s) | | | |
|------------------------------|-------------------------------|--------------------------|---------------|
| CER Subdivision | 2025 Adjusted-Recorded | TY 2028 Estimated | Change |
| 3. EEP | 1,080 | 1,124 | 44 |
| Total | 1,080 | 1,124 | 44 |

1. Description of Costs and Underlying Activities

EEP supports compliance with applicable laws, regulations, and requirements, and evaluates the potential impacts of those requirements on the gas system, including implications for safe, reliable service and customer costs. EEP monitors and analyzes regulatory developments at the regional, state, and federal levels, including proceedings such as the Integrated Energy Policy Report (IEPR) and Cap-and-Invest program, and provides technical analysis and guidance to various organizations within SoCalGas.

1 EEP tracks agency proceedings, workshops, and rulemakings; summarizes regulatory
2 requirements; and provides subject matter expertise on climate programs, emissions standards,
3 and compliance obligations. Agencies monitored by EEP include the California Energy
4 Commission (CEC), California Air Resources Board (CARB), Pipeline and Hazardous Materials
5 Safety Administration (PHMSA), U.S. Department of Energy (DOE), and regional air quality
6 districts. These activities enable SoCalGas to understand regulatory requirements, maintain
7 compliance, and align operational and planning activities accordingly.

8 EEP also supports SoCalGas’s technical participation in agency proceedings. For
9 example, EEP participates in the CEC’s biennial Demand Forecast and IEPR proceedings by
10 responding to data requests and providing system demand information that informs state-wide
11 energy planning and rate development.²¹ Accurate demand data is critical to system planning
12 and providing safe and reliable service to customers. Although the IEPR is conducted biennially,
13 related updates and workshops occur annually, requiring ongoing EEP engagement.

14 EEP similarly supports compliance with CARB’s Cap-and-Invest program by analyzing
15 regulatory requirements and evaluating potential impacts on customer costs. As a covered entity,
16 SoCalGas must comply with program obligations, with associated costs passed through to
17 ratepayers. EEP assesses how program design elements, such as allowance allocations and
18 compliance requirements, may affect customer bills and operational planning, and provides
19 technical support as needed to inform regulatory processes. Through these activities, EEP
20 enables compliance, supports system planning, and helps manage costs on behalf of customers.

21 **2. Forecast Method**

22 For TY 2028, SoCalGas requests \$1.124 million for EEP. This forecast is based on a
23 base year methodology using 2025 expenditures, with an adjustment of \$44,000 to reflect labor
24 adjustments. The base year approach is appropriate because 2025 costs most accurately reflect
25 current EEP operations and ongoing workload. Using historical-average data would not be
26 appropriate because it does not reflect current operations. Accordingly, a base year forecast is a
27 reasonable basis for the TY 2028 forecast.

²¹ CEC’s California Energy Demand Forecast (CED) consists of both statewide and regional electricity and natural gas long-term forecasts that depend on interconnected inputs and assumptions for both sets of forecasts. The gas and electric forecasts are developed in tandem, and the outcomes are dependent on each other.

1 **3. Cost Drivers**

2 EEP’s primary cost drivers are the volume, frequency, and complexity of regulatory
3 proceedings, rulemakings, and reports issued by regional, state, and federal agencies. Each year,
4 EEP monitors more than thirty active proceedings and major reports, many of which include
5 multiple workshops and ongoing data requests. These activities range from single-day
6 workshops to multi-year proceedings and collectively require continuous review, analysis, and
7 coordination.

8 EEP’s workload is largely anchored in recurring, cyclical proceedings, including the
9 IEPR, Senate Bill (SB) 100²² implementation activities, CARB’s Scoping Plan, and the South
10 Coast Air Quality Management District’s Air Quality Management Plan (AQMP). Because
11 these proceedings follow established schedules, EEP can plan and prioritize resources efficiently,
12 while maintaining flexibility to address emerging regulatory developments. The \$44,000
13 incremental adjustment reflects compensation-related changes and is further described in the
14 Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.

15 **D. CS**

16 Table FL-6 below summarizes the O&M costs associated with SoCalGas’s CS activities.

17 **TABLE FL-6**
18 **CS Non-Shared O&M Summary of Costs**

| CER (In 2025 \$000’s) | | | |
|------------------------------|-------------------------------|--------------------------|---------------|
| CER Subdivision | 2025 Adjusted-Recorded | TY 2028 Estimated | Change |
| 4. CS | 7,957 | 6,988 | (969) |
| Total | 7,957 | 6,988 | (969) |

19 **1. Description of Costs and Underlying Activities**

20 CS serves as the primary interface for a broad range of customers who rely on
21 SoCalGas’s natural gas system for their operations, including large industrial and commercial
22 customers, electric power generation, natural gas producers, and clean transportation fleets. CS
23 provides segment-specific, end-to-end support to the various customer segments listed in
24 Table FL-7, confirming relevant information, services, products, programs, and other offerings
25 are provided to meet and manage customers’ energy and clean transportation needs. To support

²² SB 100 (De León, 2018), available at:
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB100.

1 these activities, CS collaborates with various SoCalGas groups, including Engineering, PEC,
 2 RPA, and EEP, to develop and implement solutions such as energy efficiency improvements,
 3 renewable natural gas (RNG) integration, and emerging decarbonization technologies.²³

4 **TABLE FL-7**
 5 **Customer Solutions Segments**

| Segment | Description |
|--|--|
| Energy Markets | Large electric generation, wholesale, international, and enhanced oil recovery customers; California gas and renewable gas producers interconnected or seeking interconnection to the SoCalGas system. |
| Commercial & Industrial – Select Industry | Noncore or noncore-eligible customers (>250,000 therm/year), including manufacturers, large hospitals, petroleum refineries, and Federal, State, and Municipal and County accounts. |
| Commercial & Industrial – | Hotels, hospitals, small manufacturers, grocery chains, colleges, and most customers consuming >100,000 therm/year. |
| Clean Transportation | Fleet operators, RNG fueling station operators, and transit providers. |
| Small & Medium Business | Medium nonresidential customers (>10,000 therm/year and <100,000 therm/year) and small nonresidential customers (<10,000 therm/year). |

6 CS informs customers of tariff requirements and service options, including applicable
 7 rate structures and curtailment provisions. CS supports customers in managing both planned and
 8 unplanned curtailments by providing timely communication and balancing system operational
 9 needs while minimizing customer impacts. CS also supports customers with new business
 10 requests, billing, interconnections, metering, emissions compliance, decarbonization solutions,
 11 and broader energy planning considerations. Through ongoing engagement, CS develops a
 12 detailed understanding of customer needs and provides tailored guidance across customer
 13 segments. For clean transportation customers, CS provides targeted outreach, education, and

²³ For details regarding the clean transportation market development initiatives, please refer to the SoCalGas Gas Engineering & System Integrity testimony (Ex. SCG-03) at Section III.B Gas Decarbonization.

1 technical support related to RNG, fueling infrastructure, and emerging technologies.²⁴ CS also
2 informs customers of funding opportunities, operational considerations, and market
3 developments to support adoption across freight, transit, and goods movement sectors.

4 In addition to customer-facing activities, CS supports tariff and rate analysis, contract
5 support, regulatory compliance (including customer data privacy), market assessments, and data
6 governance. Collectively, these activities enable CS to deliver comprehensive, compliant, and
7 forward-looking support across customer segments. As a result, customers are better positioned
8 to understand and respond to evolving energy and climate requirements while maintaining safe,
9 reliable, and affordable service.

10 **2. Forecast Method**

11 For TY 2028, SoCalGas is requesting a total of \$6.989 million for CS. The forecast
12 method developed for this cost category is base year with an adjustment of (\$0.969) million to
13 reflect operational efficiencies and nonlabor costs associated with system integration and
14 automation of certain customer-notification processes. This method is most appropriate because
15 2025 provides the most representative forecast for projecting annual O&M costs required to
16 continue to provide account management and costs that best reflect future expectations. Using
17 historical-average data would not be appropriate because it does not reflect evolving business
18 needs, process improvements, system consolidation, or new activities not present in prior years.
19 Accordingly, a base year forecast is a reasonable basis on which to build the TY 2028 forecast.

20 **3. Cost Drivers**

21 CS activities are essential to maintaining effective customer communication, operational
22 readiness, and compliance across customer segments. These functions support customers' ability
23 to manage operations, mitigate service disruptions, and adapt to evolving energy and policy
24 requirements. Absent these efforts, customers may face increased operational risk, reduced
25 access to energy solutions, and potential service impacts. CS has implemented structural
26 efficiencies to manage these responsibilities, including resource consolidation and workload
27 distribution. While these efficiencies have reduced labor needs, they also require more
28 streamlined and scalable communication processes. To support these needs, CS is requesting
29 \$100,000 for Curtailment Notification Modernization Plan (CNMP). This effort will support

²⁴ The development and design of these activities are managed by Clean Transportation Market Development (*see* the Gas Engineering & System Integrity testimony, Ex. SCG-03).

1 timeliness, accuracy, and reliability of emergency and maintenance-related curtailment
2 notifications and align CS processes with Universal Customer Notification platforms while
3 maintaining all compliance obligations.²⁵ An adjustment of \$284,000 reflects changes in
4 connection with the compensation modernization initiative. Please refer to the Compensation
5 and Benefits testimony, Ex. SCG-16/SDGE-20. The CNMP will include:

- 6 • Evaluating and implementing automated solutions to replace manual
7 processes, enhancing efficiency, transparency, and compliance during
8 curtailment events; and
- 9 • Developing near-term enhancements to existing curtailment notification
10 processes and protocols;
- 11 • Establishing a CNMP which integrates with Universal Customer
12 Notification and other standardized customer notifications.

13 **E. CPA**

14 CPA administers programs that provide bill assistance, energy efficiency incentives, and
15 targeted outreach to support affordability and equitable access for vulnerable and underserved
16 customer segments. These services include managing enrollment in assistance programs,
17 coordinating with community-based organizations, and delivering education and resources to
18 help customers reduce energy costs and improve resilience, consistent with statute and CPUC
19 requirements.²⁶ The activities described here reflect administrative and operational support
20 necessary to deliver these programs and meet regulatory requirements.

21 Table FL-8 below summarizes the O&M costs associated with SoCalGas's CPA
22 activities.

²⁵ See SoCalGas Rule Nos. 01 (Definitions), 18 (Notices), 23 (Continuity of Service and Interruption of Delivery), 30 (Transportation of Customer-Owned Gas), and 41 (Utility System Operation), available at: <https://tariffsprd.socalgas.com/scg/tariffs/content/?utilId=SCG&bookId=GAS§Id=G-RULES>. For a description of the Universal Customer Notification System, refer to the Information Technology testimony (Ex. SCG-10/SDGE-14).

²⁶ Pub. Util. Code § 739.1(a) (d).

**TABLE FL-8
CPA Non-Shared O&M Summary of Costs**

| CER (In 2025 \$000's) | | | |
|------------------------------|--|------------------------------|---------------|
| CER Subdivision | 2025 Adjusted- Recorded | TY 2028 Estimated | Change |
| 5. CPA | 2,437 | 3,772 | 1,335 |
| Total | 2,437 | 3,772 | 1,335 |

1. Description of Costs and Underlying Activities

The CPA area consists of the activity for the administration of assistance programs offered to income eligible residential customers and/or certain medical conditions. As discussed in D.05-04-052, “[W]here a cost is one the utility would have to incur regardless of the presence of the low-income programs, it should be funded in base rates, rather than by the limited/earmarked Public Purpose Programs Surcharge.”²⁷ Pursuant to this decision, O&M activities described below are costs allocated for recovery in base rates.

- NGAT: NGAT is a safety-related program for ESA Program participants. Under NGAT, SoCalGas conducts carbon monoxide testing on homes weatherized through the ESA Program in accordance with the Statewide ESA Program Installation Standards and the Statewide ESA Program Policy and Procedures Manual. SoCalGas submitted in their ESA 2028 – 2033 application a proposal to charge the costs for the NGAT to the public purpose funds rather than to base rates. If the proposal is approved, SoCalGas plans to adjust the costs for NGAT to be removed from base rates.
- MBL Program: The MBL Program is a Commission-mandated program that provides additional natural gas at the lowest rate to households with a member who have medical conditions that requires additional heating to sustain the individual’s health.²⁸ SoCalGas’s MBL activities include

²⁷ R.04-01-006, OIR on the Commission’s Proposed Policies and Programs Governing post-2003 Low-Income Assistance Programs, D. 05-04-052 at 52, 96 (COL 12).

²⁸ R.18-07-005, OIR to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs, D.20-06-003 at 74-75.

1 customer outreach, enrollment and application processing, customer
2 support, and participant recertification.

- 3 • GAF: The GAF provides up to \$100 per year in bill assistance to
4 customers experiencing financial hardship. The GAF is funded by non-
5 GRC contributions from SoCalGas shareholders, employees, and
6 customers. The United Way of Greater Los Angeles administers the
7 program and provides grants through a network of community-based
8 organizations that identify and qualify eligible customers. SoCalGas
9 solicits contributions from shareholders, employees, and customers,
10 informs customers about the GAF, and coordinates the administration of
11 the GAF with the United Way of Greater Los Angeles.

12 **2. Forecast Method**

13 SoCalGas is requesting a total of \$3.772 million for CPA. The forecast method
14 developed for this cost category is base year, with incremental adjustments of \$1.335 million
15 applied to account for non-labor costs related to the NGAT program. This method is most
16 appropriate because 2025 provides the most representative forecast for projecting annual O&M
17 costs required to administer customer assistance programs and incorporates costs that best reflect
18 future and increased regulatory requirements. Using historical-average data would not be
19 appropriate because it reflects a forecast that is higher than what is necessary for future activities.
20 Accordingly, a base year forecast is a reasonable basis on which to build the TY 2028 forecast.

21 **3. Cost Drivers.**

22 CPA activities support the delivery of safe, reliable, and affordable service through the
23 administration of income-qualified and medical baseline programs, customer outreach, bill
24 payment assistance, and compliance with CPUC goals. These activities remain a necessary cost
25 driver due to the continued growth in program participation, expanding regulatory obligations,
26 and increasing customer affordability needs. Subsequently, an increase based on significant
27 changes to the ESA Program's goals, targets and design proposed in ESA's 2028 – 2033
28 application is also necessary. SoCalGas forecasts weatherizing approximately 80,774 homes
29 between 2028 and 2033, of which 85 percent (68,658) could require NGAT. SoCalGas estimates

1 a \$45.04 per unit cost for NGAT as approved in the TY 2024 GRC.²⁹ The unit cost is based on
2 assumptions for the average time required to conduct each test and estimated wages for qualified
3 resources. SoCalGas filed A.26-03-018, requesting to include the NGAT funding within the
4 proceeding.³⁰ Should this request be granted, the NGAT costs would be removed from GRC in a
5 subsequent update. Additionally, an incremental \$13,000 is requested for changes in connection
6 with the compensation modernization initiative.

7 **IV. REGULATORY ACCOUNTS**

8 **A. ACCUMA**

9 The ACCUMA is an interest-bearing memorandum account recorded on SoCalGas's
10 financial statements. The ACCUMA tracks the costs incurred by SoCalGas for Commission-
11 retained consultants/vendors/contractors that perform the annual Avoided Cost Calculator
12 (ACC)³¹ update and provide technical assistance or research to support future refinement of cost-
13 effective methodologies.³² Costs recorded in the ACCUMA are proportional to SoCalGas's
14 Energy Efficiency allocation adopted in R.13-11-005 or its successor proceeding. Pursuant to
15 D.16-06-007, D.23-11-087, and D.24-04-010, SoCalGas was authorized to seek reimbursements
16 of actual expenses recorded in the ACCUMA in the GRC proceeding. Table FL-9 provides
17 SoCalGas's ACCUMA annual O&M costs incurred from 2022 to 2025.

18 **TABLE FL-9 ACCUMA Incurred Costs (in 000s)**

| Year | O&M |
|--------------|----------------|
| 2022 | \$35 |
| 2023 | \$12 |
| 2024 | \$19 |
| 2025 | \$32 |
| Total | \$97 |

²⁹ D.24-12-074 at 919-924.

³⁰ A.26-01-011, Application of SoCalGas for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2028-2033 (January 16, 2026), Application at 15.

³¹ In D.16-06-007, the Commission adopted the ACC as a standardized, transparent analytical tool for estimating the marginal costs that electric and gas utilities avoid when demand-side resources, such as energy efficiency, demand response, storage, or distributed generation, and reduce or shift load. The ACC quantifies avoided generation energy and capacity, transmission and distribution capacity, ancillary services, and policy compliance costs on a time and location-specific basis, enabling consistent evaluation of resource cost-effectiveness across proceedings.

³² D.16-06-007 at 27 (OP 8).

As of December 31, 2025, SoCalGas’s portion of the costs reimbursed to the Commission for its work as well as its contractors’ work to update the ACC is \$0.097 million. The costs recorded by SoCalGas to the ACCUMA are reasonable and in compliance with D.16-06-007, D.23-11-087, and D.24-04-010 and should be approved by the Commission. Cost details for the ACCUMA are further described in the Regulatory Accounts testimony (Ex. SCG-21).

B. PIPPMA

PIPPMA is an interest-bearing memorandum account that is recorded on SoCalGas’s financial statements. In D.21-10-012, the Commission authorized the establishment of a Percentage of Income Payment Plan (PIPP) pilot program to reduce the number of low-income households at risk for disconnection, encourage participation in energy saving and energy management programs, improve access to essential levels of energy service. The program is designed to support affordability for CARE-eligible customers by limiting their monthly energy bills to approximately 4% of household income. Table FL-10 and FL-11 provide SoCalGas’s PIPPMA annual Capital and O&M costs incurred from 2022 to 2025.

Table FL-10 PIPPMA Incurred Capital Costs (in 000s)

| Description (\$ in thousands) | PIPPMA ACCOUNT | | | | |
|----------------------------------|----------------|-----------|----------|----------|------------|
| | 2022 | 2023 | 2024 | 2025 | Total |
| Capital Labor | 326 | 43 | - | - | 369 |
| Capital Non-Labor | 245 | (25) | - | - | 219 |
| Capital Direct Costs | 570 | 18 | - | - | 588 |
| Capital Indirect Costs | 294 | 53 | - | - | 347 |
| Capital Total | 864 | 71 | - | - | 935 |

Table FL-11 PIPPMA Incurred O&M Costs (in 000s)

| Description (\$ in thousands) | PIPPMA ACCOUNT | | | | |
|----------------------------------|----------------|------------|------------|------------|--------------|
| | 2022 | 2023 | 2024 | 2025 | Total |
| O&M Labor | 11 | 203 | 113 | 76 | 403 |
| O&M Non-Labor | - | 345 | 273 | 169 | 787 |
| O&M Direct Costs | 11 | 548 | 386 | 245 | 1,190 |
| O&M Indirect Costs | 9 | 141 | 86 | 57 | 293 |
| O&M Total | 20 | 689 | 472 | 302 | 1,483 |

1 As of December 31, 2025, SoCalGas has incurred \$0.935 million and \$1.483 million in
2 capital and O&M costs, respectively. Pursuant to D.21-10-012, SoCalGas was authorized to
3 record administrative costs associated with the PIPP pilot program in its PIPPMA.³³ Authorized
4 activities include: (1) program implementation and administration, (2) marketing, education,
5 outreach and enrollment,³⁴ (3) development of evaluation metrics and evaluation reports,³⁵ and
6 (4) implementation of modifications to the pilot program.³⁶ The PIPP pilot program was
7 approved in January 2021 and is currently scheduled to end on January 30, 2027. The future of
8 the PIPP pilot program is being determined in R.18-07-005. SoCalGas is seeking to recover the
9 O&M and Capital revenue requirement recorded to the PIPPMA as of 2025 as stated in the
10 Regulatory Accounts testimony (Ex. SCG-21).

11 C. SJVDACBA

12 SJVDACBA is an interest-bearing balancing account that is recorded on SoCalGas's
13 financial statements.³⁷ The SJVDACBA was authorized pursuant to D.18-12-015, which
14 approved the San Joaquin Valley disadvantaged communities pilot projects in R.15-03-010 and
15 allowed utilities to track related incremental costs. The San Joaquin Valley Disadvantaged
16 Communities initiative and the California City Pilot Project aim to reduce energy burdens and
17 improve health, comfort, and safety for residents in underserved San Joaquin Valley
18 communities. The SJVDACBA consists of two subaccounts: (1) the To-the-Meter (TTM)
19 subaccount and (2) the Beyond-the-Meter (BTM) Subaccount. The TTM Pilot replaces less
20 efficient fuels with natural gas by installing service lines and the BTM Pilot provides energy-
21 efficient appliances at no cost to households. Expected benefits include up to 84% lower annual
22 heating costs, reduced greenhouse gas emissions, improved reliability during power outages, and
23 enhanced opportunities for economic development. These projects also serve as test cases to
24 gather data on energy usage, customer engagement, and replicability for other disadvantaged
25 communities.

³³ D.21-10-012 at 91 (OP 11).

³⁴ *Id.* at 90 (OP 4).

³⁵ *Id.* at 90 (OP 5-6).

³⁶ *Id.* at 90-91 (OP 7).

³⁷ D.18-12-015 at 162 (OP 5), 169 (OP 24), 171 (OP 29).

1 SoCalGas’s role in these pilot projects is primarily program oversight and coordination of
2 the program. It maintains regulatory compliance and manages scheduling, budgeting, and
3 reporting for the program. While SoCalGas handles TTM infrastructure planning and safety
4 standards, most physical work, such as trenching, household conversions, and appliance
5 installations, is performed by qualified third-party contractors. SoCalGas also leads community
6 outreach, customer onboarding into assistance programs, and post-pilot evaluations.

7 SoCalGas proposes to include all TTM assets placed into service through December 31,
8 2025, for inclusion in rate base as part of SoCalGas’s TY 2028 GRC. As a result, SoCalGas will
9 discontinue recording in the SJVDACBA the ongoing capital revenue requirement associated
10 with these assets upon implementation of the TY 2028 GRC Decision to avoid double recovery
11 and keep the SJVCDBA open to record any future charges.

12 **V. CONCLUSION**

13 The TY 2028 CER forecasts represent a reasonable request necessary to support safety,
14 reliability, affordability, and compliance. The requested funding reflects prudent planning and
15 cost-effective methods to sustain essential communications, emergency response, and customer
16 engagement activities that benefit customers and communities throughout SoCalGas’s service
17 territory. Accordingly, SoCalGas respectfully requests approval of the costs and regulatory
18 account treatments presented in this testimony.

19 This concludes my prepared direct testimony.

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Frank Lopez. My business address is 555 West 5th Street, Los Angeles,
3 California, 90013. I am Director of Government Relations for SoCalGas. In this capacity, I am
4 responsible for overseeing RPA and CS, and I work closely with PEC, EEP and CPA groups on
5 many of the activities in my testimony. During my 11-year tenure at SoCalGas, I have led
6 multiple cross-functional teams and initiative within CER. I bring more than 20 years of
7 professional experience in public affairs, public policy, communications, and stakeholder
8 engagement. I hold a Bachelor of Arts degree in Business Economics from the University of
9 California at Santa Barbara and a Master of Arts degree in Public Policy from the University of
10 California at Los Angeles.

11 I have not testified in front of the Commission before.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A

Glossary of Terms

| ACRONYM | DEFINITION |
|---------|---|
| A | Application |
| ACC | Avoided Cost Calculator |
| ACCUMA | Avoided Cost Calculator Update Memorandum Account |
| AQMP | South Coast Air Quality Management District's Air Quality Management Plan |
| BTM | Beyond-the-Meter |
| CARB | California Air Resources Board |
| CAVA | Climate Adaptation Vulnerability Assessment |
| CAC | Community Advisory Committee (CAC) |
| CBO | Community-Based Organization |
| CEC | California Energy Commission |
| CER | Customer and External Relations |
| CPA | Customer Programs & Assistance |
| CNMP | Curtailed Notification Modernization Plan |
| CS | Customer Solutions |
| CSIN | Customer Services Information |
| D | Decision |
| DACs | Disadvantaged Communities |
| DOE | U.S. Department of Energy |
| DVCs | Disadvantaged and Vulnerable Communities |
| EEP | Energy and Environmental Policy |
| ESA | Energy Savings Assistance |
| ESJ | Environmental and Social Justice |
| Ex | Exhibit |
| FTEs | Full Time Equivalent |
| GAF | Gas Assistance Fund |
| GRC | General Rate Case |
| HCA | High Consequence Areas |
| IEPR | Integrated Energy Policy Report |
| MBL | Medical Baseline Allowance |
| NGAT | Natural Gas Appliance Testing |
| O&M | Operations and Maintenance |
| PEC | Public Education and Communications |
| PHMSA | Pipeline and Hazardous Materials Safety Administration |
| Pilot | California City Pilot Project |
| PIPP | Percentage of Income Payment Plan |
| PIPPMA | Percentage of Income Payment Plan Memorandum Account |
| PPH | Public Participation Hearings |
| R | Rulemaking |
| RNG | Renewable Natural Gas |

| ACRONYM | DEFINITION |
|----------|--|
| RPA | Regional Public Affairs |
| SB | Senate Bill |
| SJVDACBA | San Joaquin Valley Disadvantaged Communities Balancing Account |
| SMS | Safety Management System |
| STEM | Science, Technology, Engineering, and Math |
| TTM | To-the-Meter |
| TY | Test Year |

APPENDIX B

**CUSTOMER INSIGHT RESEARCH SURVEY FOR
SMALL BUSINESS CUSTOMERS**



Small And Medium Business Payment Options And Affordability Survey

September 2025



About the Survey

Objectives:

- A one-time customer insight research effort was conducted with Small and Medium Business (SMB)* customers that addressed issues of affordability, payment options and saving options



Online Survey hosted on the Qualtrics platform



Survey was distributed via a SoCalGas sponsored emailed to 73,789 SoCalGas SMB* customers. 508 customers responded equating to a 0.7% response rate



Less than 10 minutes to complete



Field Dates: August 25 – September 5, 2025

Key Findings

SMB customer attributes

- Over two-thirds (69%) of respondents indicate their business serves **individual customers**, while slightly over one-out-of-ten (11%) respondents work **with non-profit organizations**
- More than one-third (38%) of respondents indicate that their **primary business goal for the** next year is to increase sales. Almost one-third of respondents (32%) **noted their goal is to reduce costs**
- Respondents noted a variety of business challenges; however, over two-in-ten (21%) respondents agreed that **material costs** is the biggest challenge their business is currently facing. **Taxes and fees** (16%) also pose a challenges to respondents
- Over one-third (34%) of respondents have **no plans for growth** at this time.

SMB customer experience

- Almost three-quarters (73%) of respondents either **somewhat or strongly agree that SoCalGas is easy to do business with and has an overall good reputation**. Additionally, a large majority (70%) of respondents either **somewhat or strongly agree that SoCalGas is a company you can trust**
- The majority of respondents are extremely (52%) or somewhat (28%) **satisfied with the service SoCalGas provides**
- Over half (55%) of respondents note **high cost** as a challenge they face with their natural gas service. Almost a quarter (23%) of respondents note that **customer service** is a challenge

Key Findings

Affordability

- Despite almost half of respondents previously citing high cost of natural gas service as a business challenge, almost two-thirds (62%) of respondents indicate that their current **natural gas service is very** (24%) or **somewhat** (38%) **affordable**
- The majority (70%) of respondents indicate that their **SoCalGas bill accounts for less than 10% of their monthly business expenses**
- A large portion (69%) of respondents indicate that their SoCalGas bill is **either much more** (38%) or **slightly more** (31%) **affordable when compared to other energy utility providers**
- Over half (56%) of respondents are **not familiar at all with SoCalGas offers of exclusive savings, incentives and rebates for business customers**
 - Of those respondents who have at least some familiarity with the programs and incentives offered to businesses by SoCalGas, the majority (80%) **have not participated** in any of them.
 - Of the respondents who are either unaware of the programs and incentives offered by SoCalGas or are aware but are not currently participating, over half (53%) are either **extremely** (30%) or **very** (23%) **interested in the offerings**
- The majority (62%) of respondents are **not currently looking for a more affordable fuel source option**
- Almost all (70%) respondents note that **lower rates would make their natural gas bill more affordable**. Almost one-third (31%) of respondents believe **energy efficiency programs would play a part in making bills more affordable**.
- About two-thirds (64%) of respondents indicate that they are **not currently looking for cleaner fuel source options for their business**

Key Findings

Billing and Payment

- The majority (92%) of respondents are **always involved in paying their SoCalGas bill**
- Most (60%) respondents **receive their SoCalGas bill electronically via email or the online portal**. A small portion (20%) of respondents **receive a paper bill**, and an even smaller share (19%) **receive their bill both electronically and by paper**
- Over half (54% of respondents find the bill either **somewhat** (25%) or **very** (34%) **easy to understand**.
- More than two-thirds (67%) of respondents are aware of and have paid their bill using the **SoCalGas website** making the online platform the most used method for payment. Conversely, a large portion (63%, 64% and 60% respectively) of respondents are aware of paying a bill through a **phone call with a customer service representative, through an automated phone call or in person at a branch office of authorized payment location** but have not used those methods
- Almost three-quarters (73%) of respondents noted **convenience** is a highly influential factor when choosing a payment method. A smaller portion (38% and 36%) of respondents noted **speed of transaction** and security as an influence when picking a payment method
- A small portion (11%) of respondents provided **suggestions of improvements to the existing payment options**

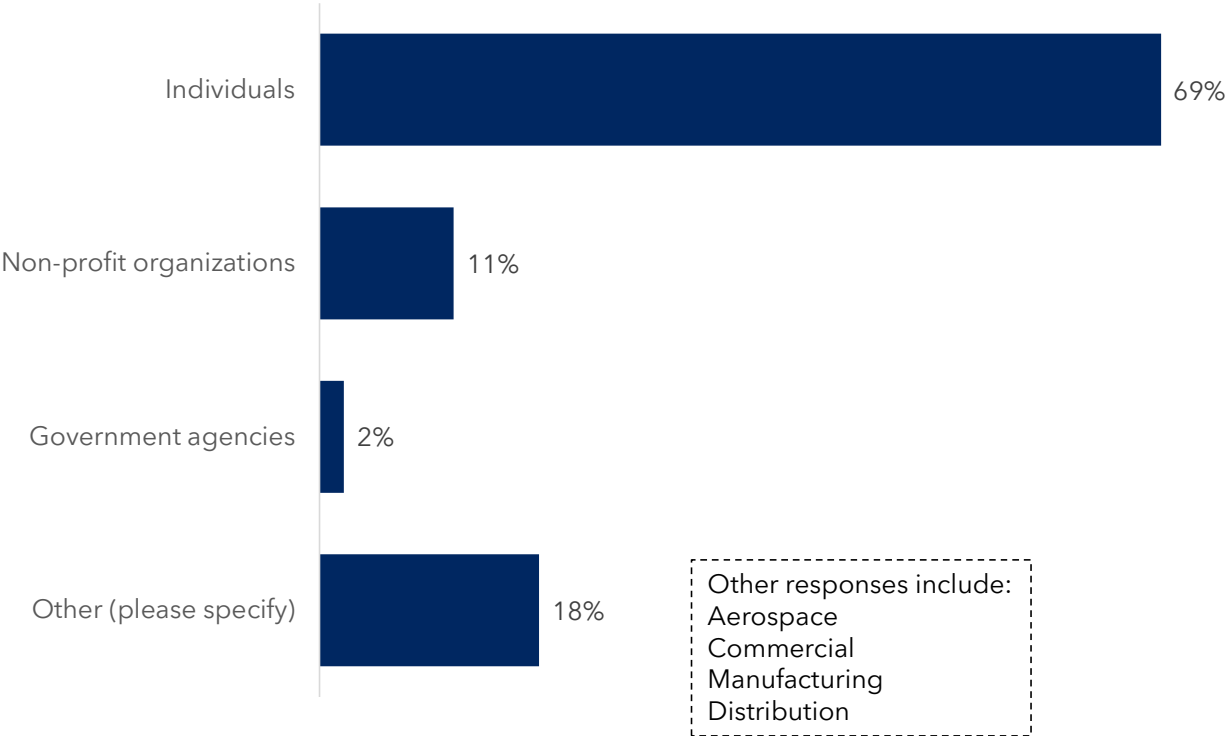
Detailed Findings

SMB customer attributes



Primary customers

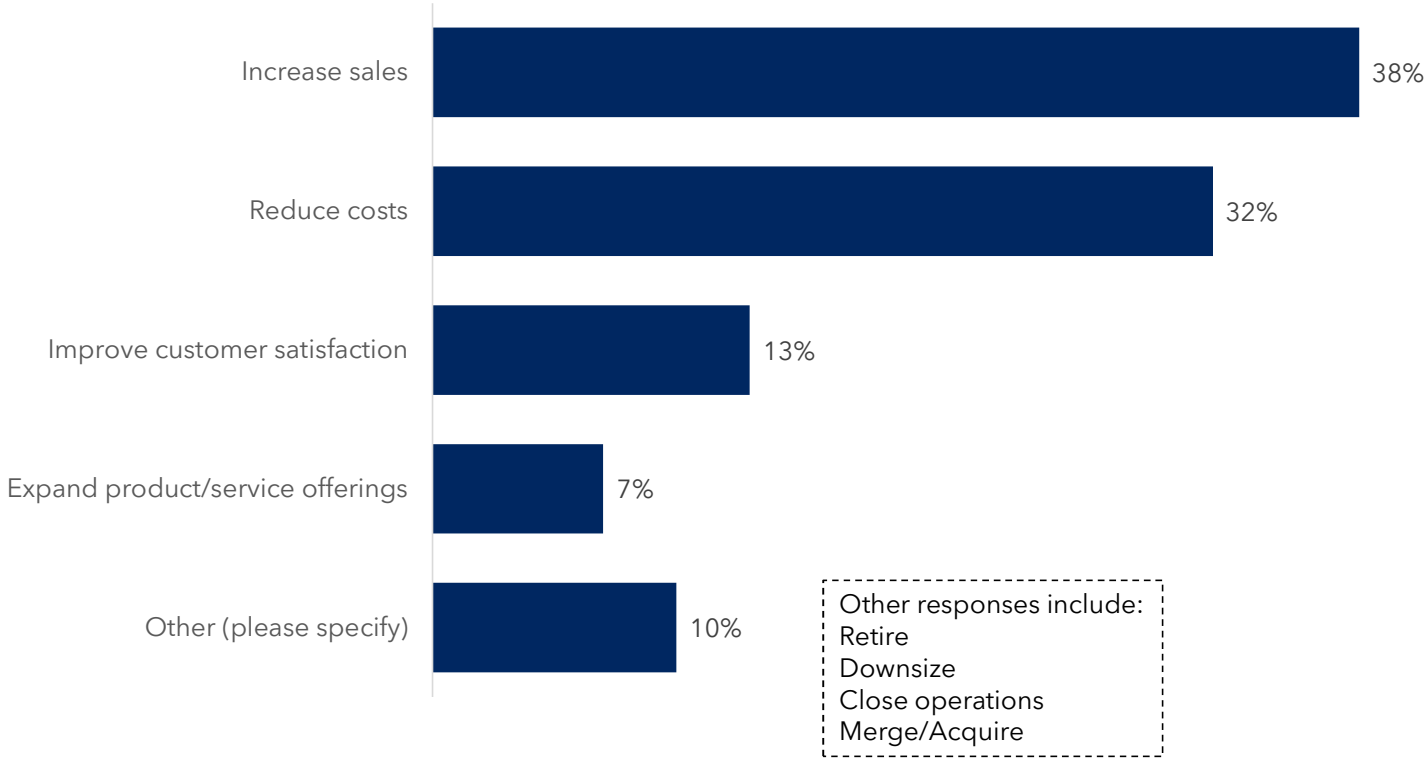
Over two-thirds (69%) of respondents indicate their business serves individual customers, while slightly over one-in-ten (11%) respondents work with non-profit organizations



Q2 - First we would like to know a little bit about your business. Who are your primary customers?
n=508

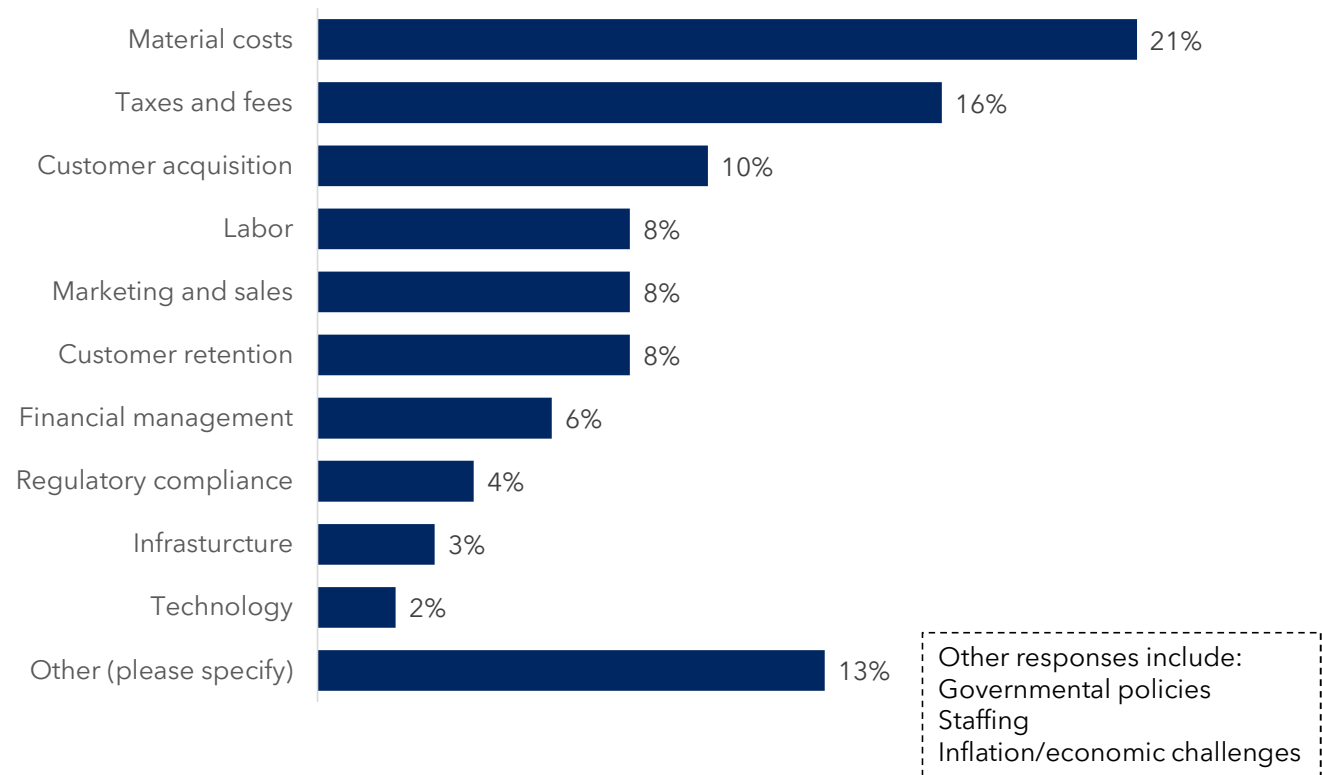
Primary business goal for the next year

Over one-third (38%) of respondents indicate that their primary business goal for the next year is to increase sales. Almost one-third of respondents (32%) note their goal is reducing costs



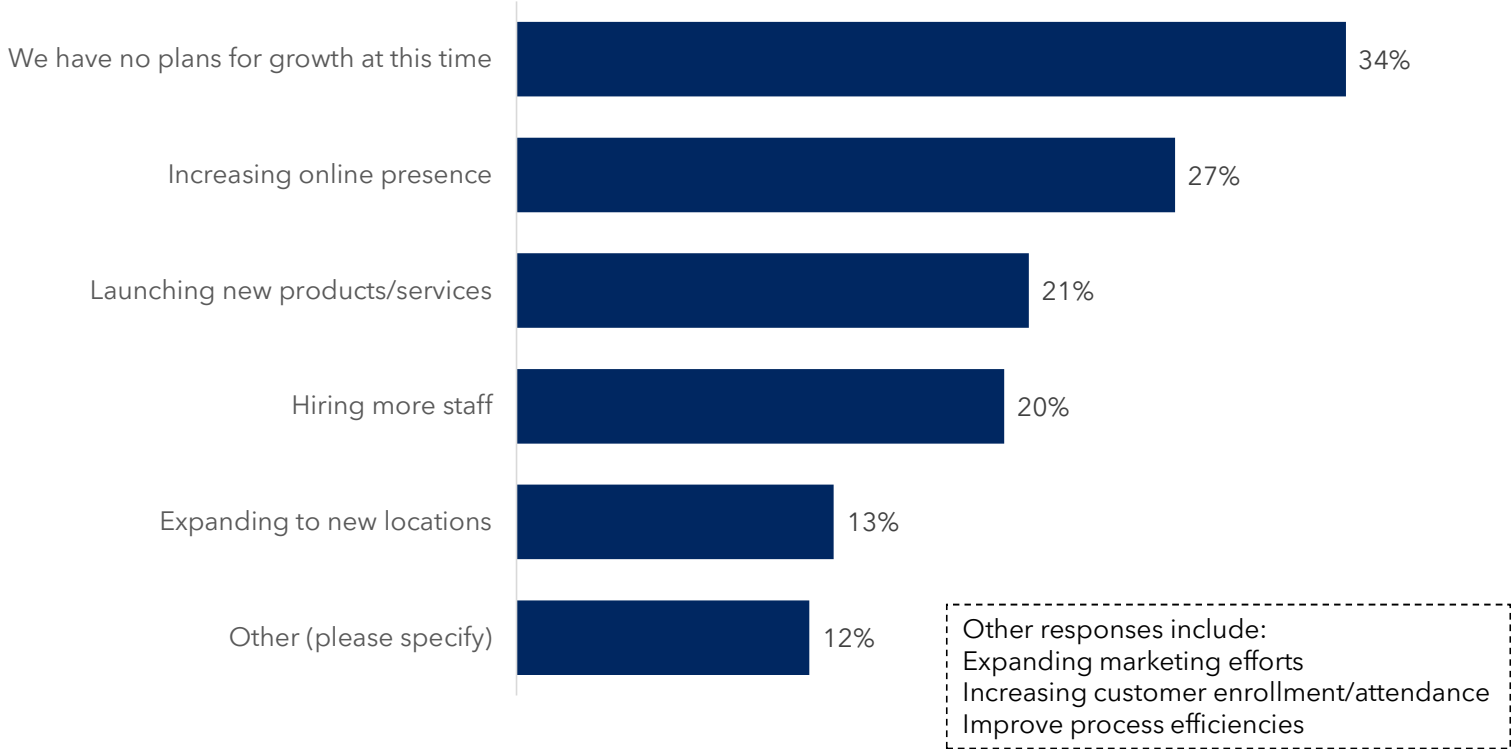
Biggest business challenge

Respondents noted a variety of business challenges, however the over two-in-ten (21%) respondents agreed that material costs is the biggest challenge their business is currently facing. Taxes and fees (16%) and customer acquisition (10%) also pose challenges



Growth plans for the next 3-5 years

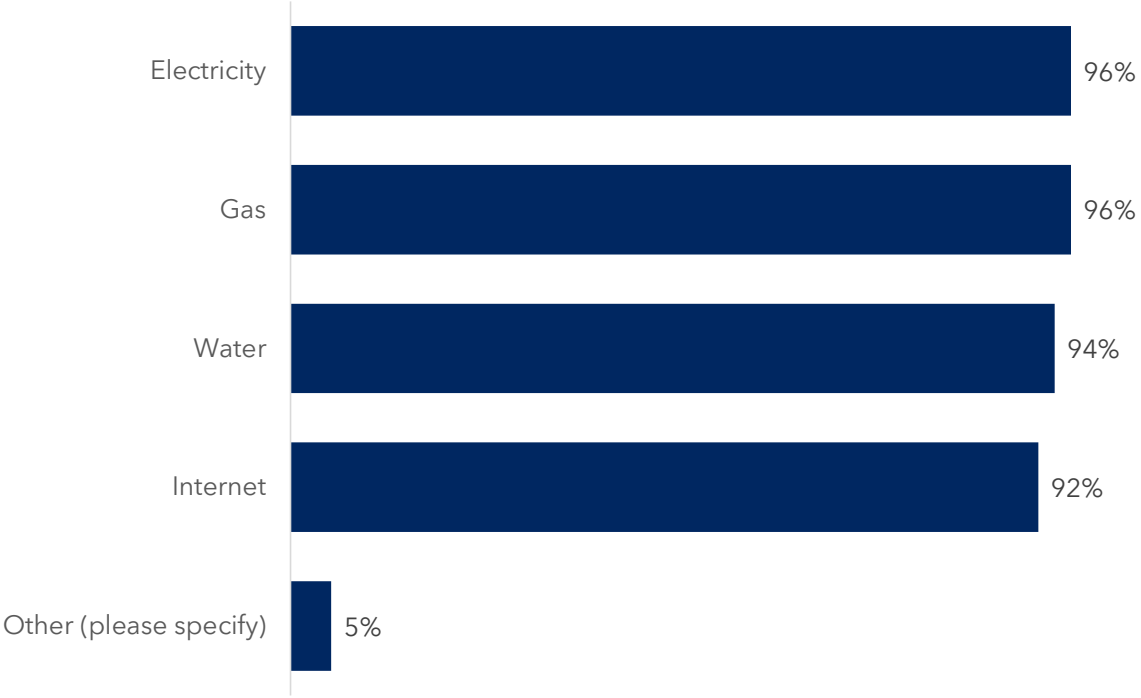
Over one-third (34%) of respondents have no plans for growth at this time. However, over one-quarter (27%) of respondents have a goal to increase their online presence



Q5 - What are your plans for growth in the next 3-5 years? (Select all that apply)
n=508

Utilities used by business

Almost all respondents note that they use electricity (96%), gas (96%), water (94%) and internet (92%) for their business



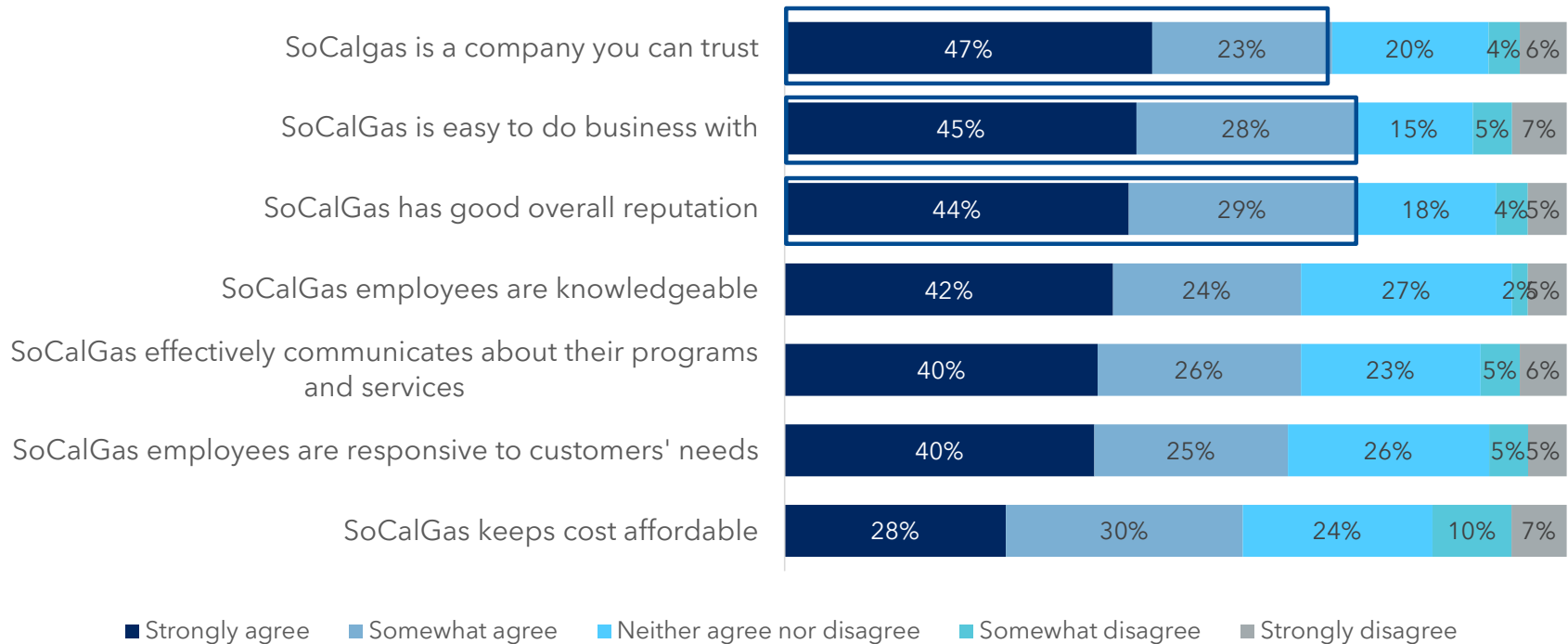
Q6 - What types of utilities does your business use? (Select all that apply)
n=508

SMB Customer Experience



SoCalGas experience ratings

Almost three-quarters (73%) of respondents either somewhat or strongly agree that SoCalGas is easy to do business with and has an overall good reputation. Additionally, a large majority (70%) of respondents either somewhat or strongly agree that SoCalGas is a company you can trust

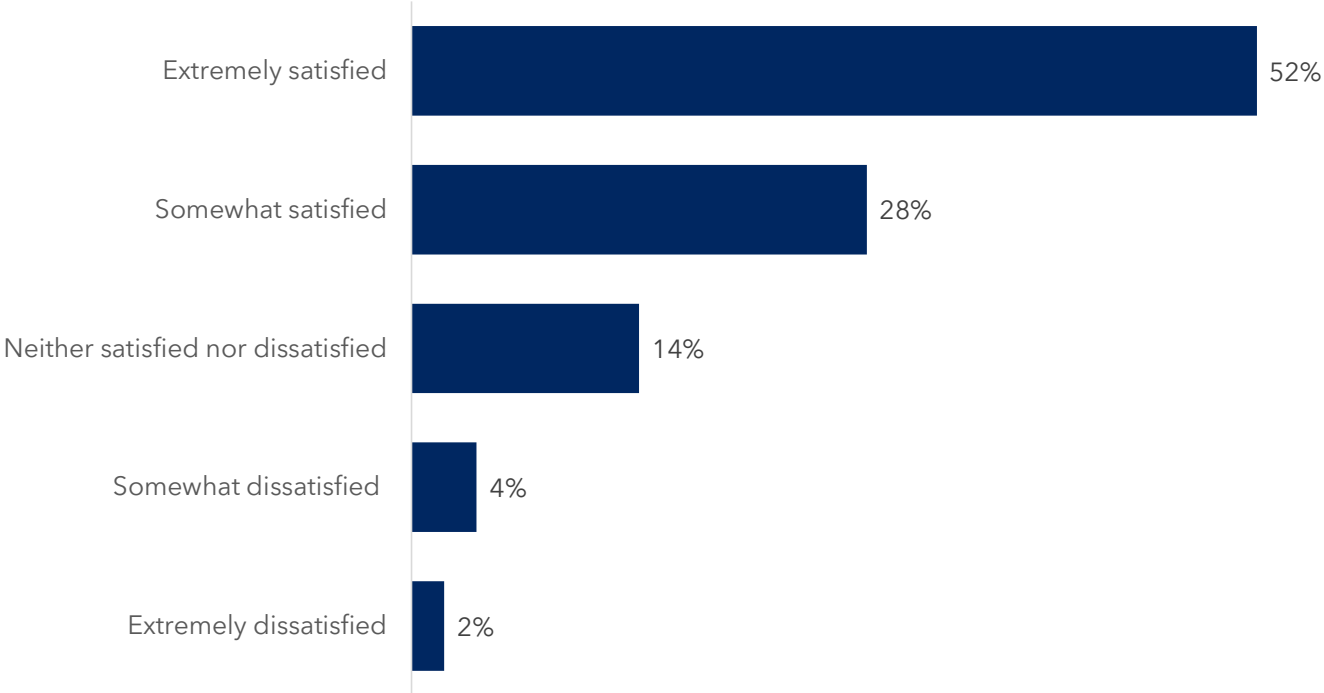


Q7 - Now we would like to ask some questions specifically about your experience with SoCalGas. Thinking about your experience with SoCalGas, how much would you agree or disagree with the following statements?
n=508



Satisfaction with service SoCalGas provides

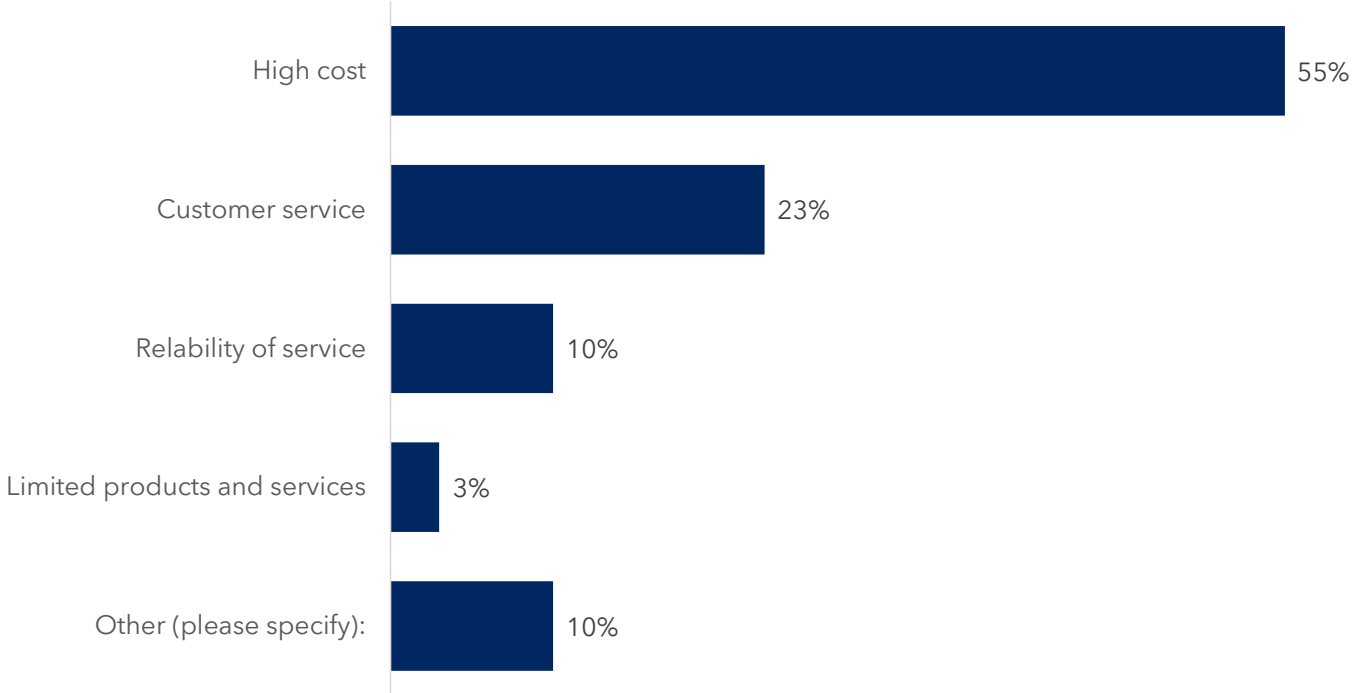
The majority of respondents are extremely (52%) or somewhat (28%) satisfied with the service SoCalGas provides



Q8 - Overall, how satisfied are you with the service SoCalGas provides your business?
n=508

Challenges with natural gas service

Over half (55%) of respondents note high cost as a challenge they face with their natural gas service. Almost a quarter (23%) of respondents note that customer service is a challenge



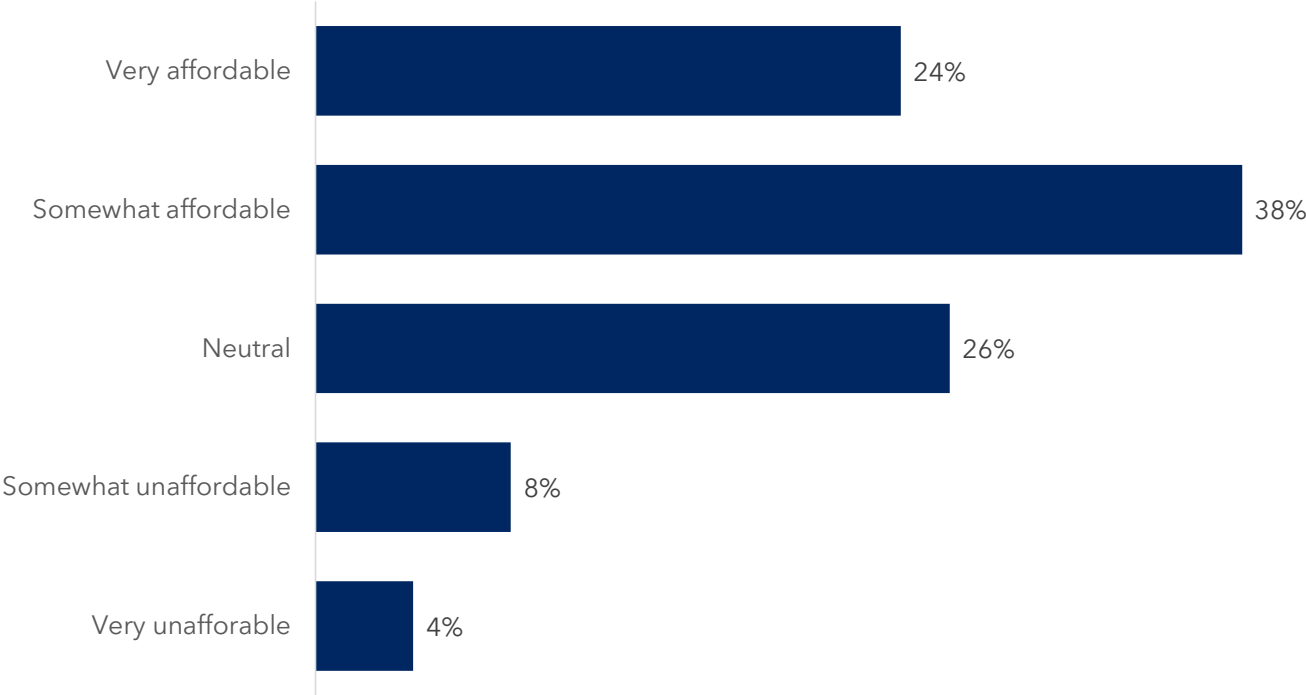
Q9 - What challenges do you face with your natural gas services? (Select all that apply)
n=508

Affordability



Affordability of current service

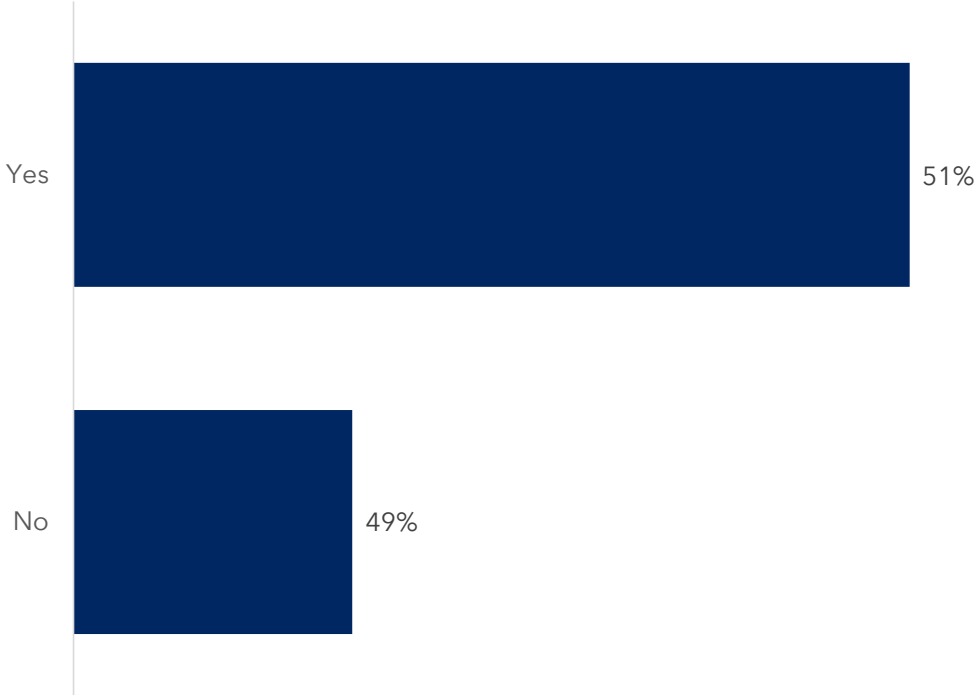
Despite almost half of respondents previously citing high cost of natural gas service as a business challenge, almost two-thirds (62%) of indicate that their current natural gas service is very (24%) or somewhat (38%) affordable



Q10 - How would you rate the affordability of your current natural gas services?
n=508

Difficulty paying gas bill

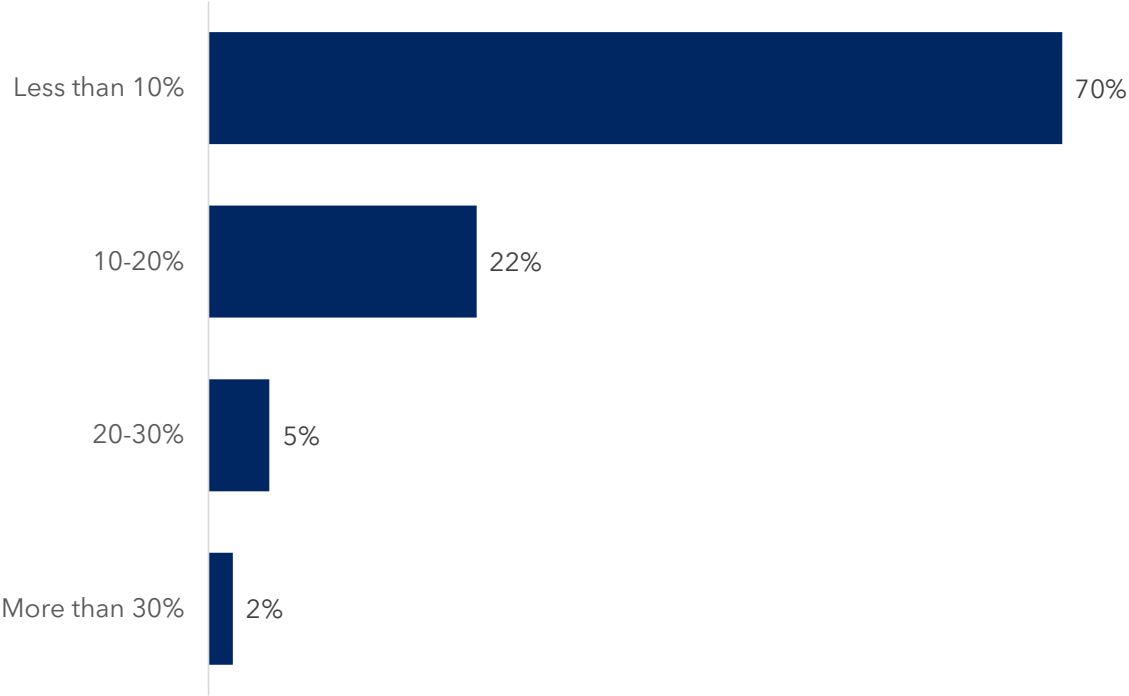
Of the respondents who previously indicated they find their SoCalGas bill somewhat or very unaffordable, half (51%) note they have had difficulty paying their natural gas bill in the past year



Q11 - Have you had difficulty paying your natural gas bill in the past year?
n=61

SoCalGas bill as a percentage of monthly expenses

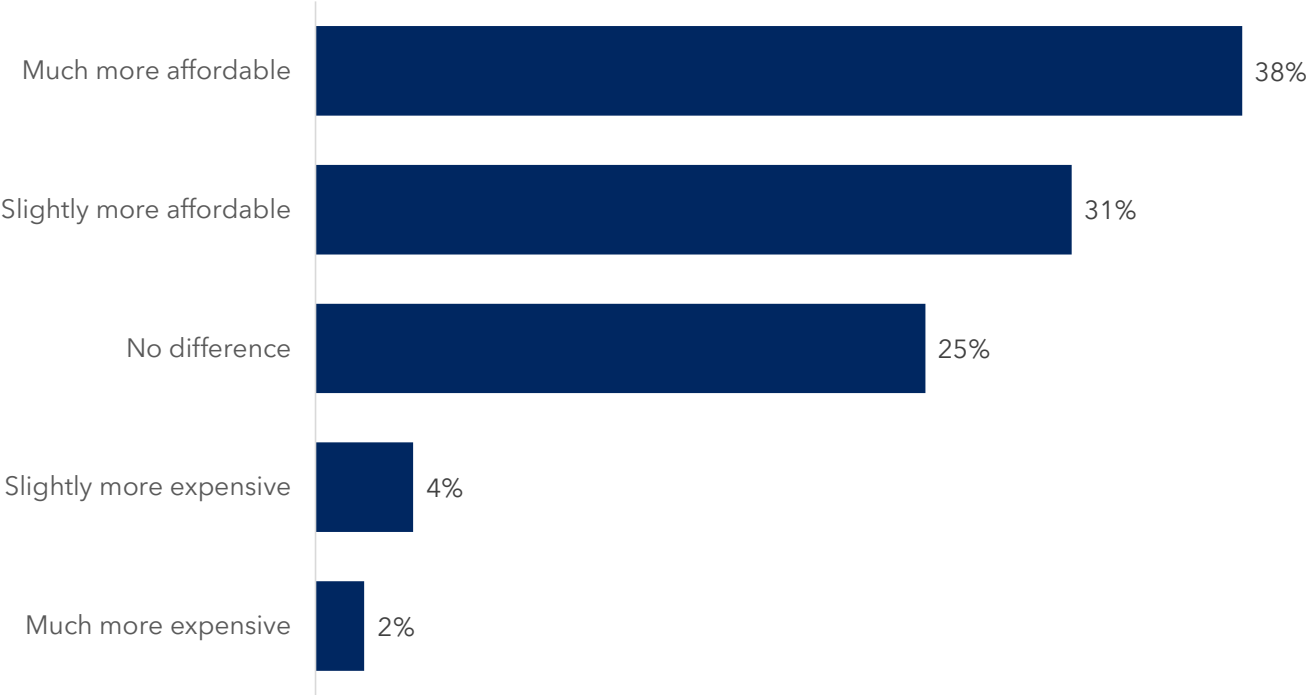
The majority (70%) of respondents indicate that their SoCalGas bill accounts for less than 10% of their monthly business expenses



Q12 - On average, what percentage of your monthly business expenses does your SoCalGas bill account for?
n=508

SoCalGas affordability compared to other energy utility provides

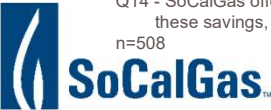
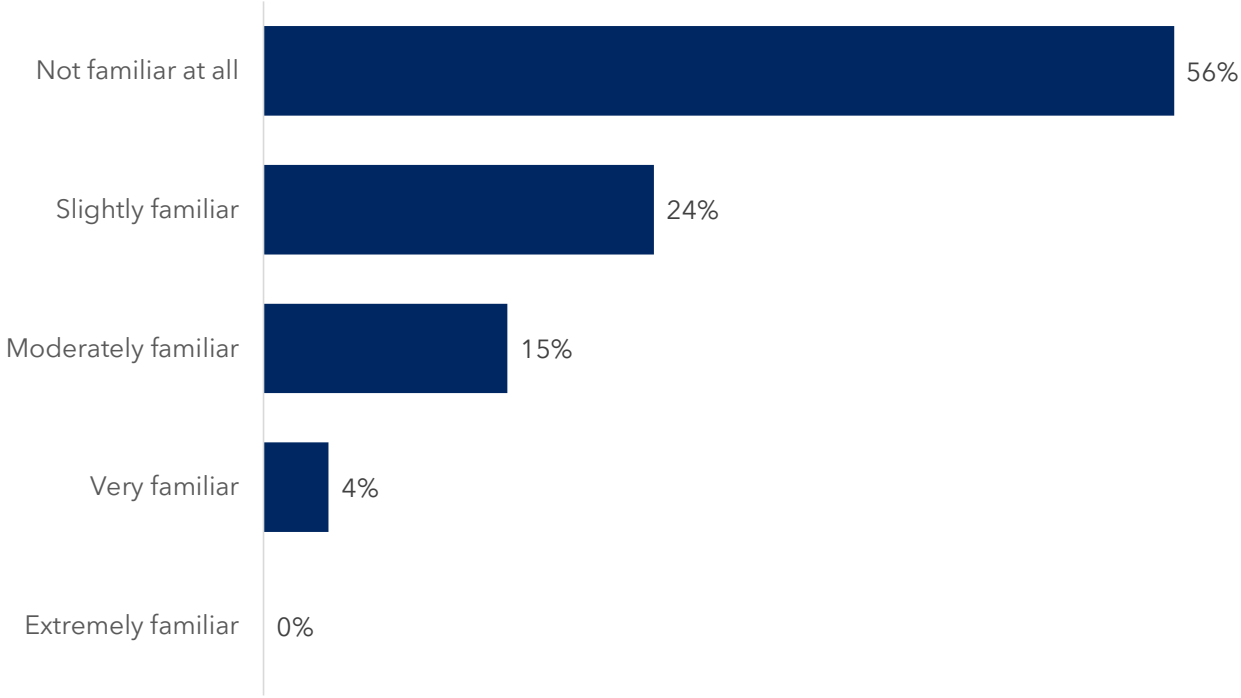
A majority (69%) of respondents indicate that their SoCalGas bill is either much more (38%) or slightly more (31%) affordable when compared to other energy utility provides



Q13 - How would you rate the affordability of your SoCalGas bill compared to other energy utility providers?
n=508

Familiarity with SoCalGas offers of savings, incentives and rebates

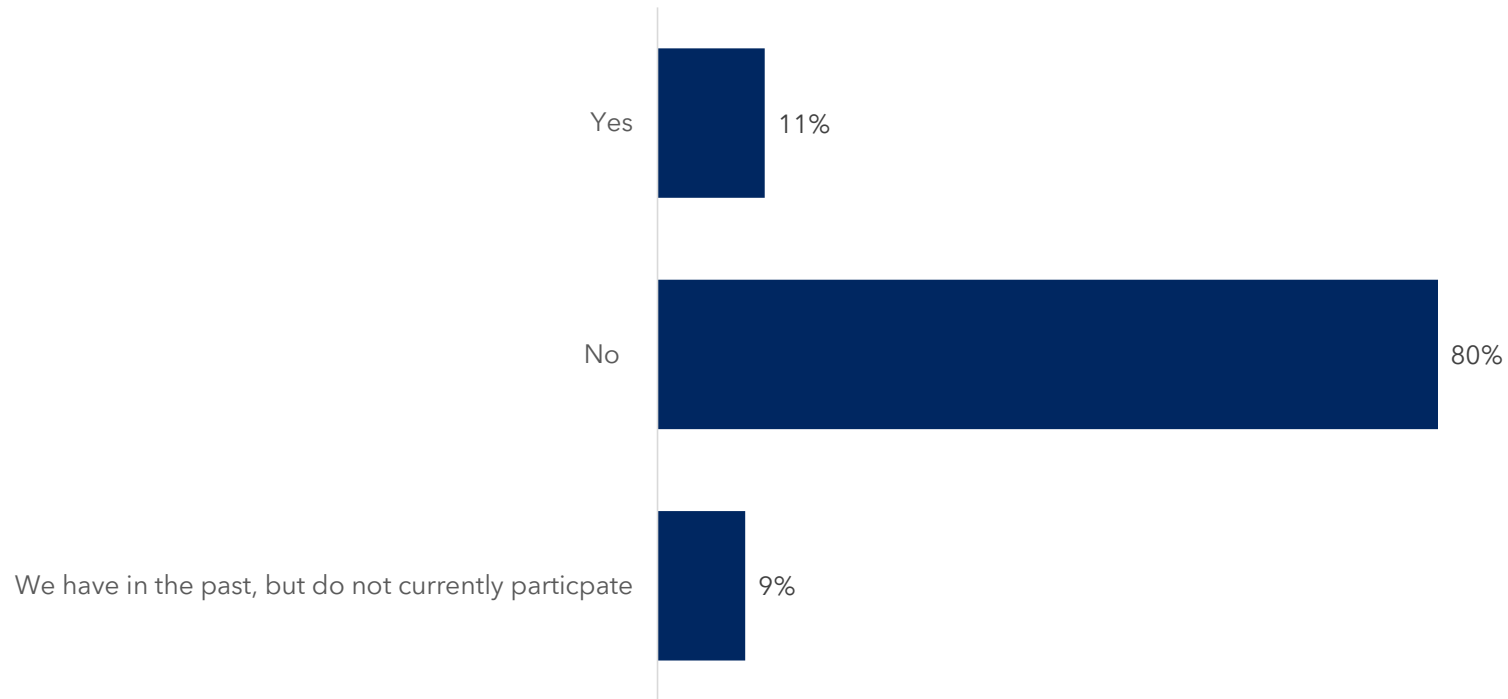
Over half (56%) of respondents are not familiar at all with SoCalGas offers of exclusive savings, incentives and rebates for business customers



Q14 - SoCalGas offers exclusive savings, incentives and rebates to our business customers. How familiar are you with these savings, incentives, and rebate programs?
n=508

Program or incentive participation

Of those respondents who have at least some familiarity with the programs and incentives offered to businesses by SoCalGas, the majority (80%) have not participated in any of them. The remaining 20% of respondents consist of 11% who are currently participating in a program or incentive and 9% have in the past but are not currently participating in a program or incentive

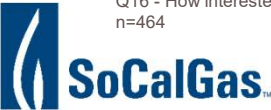
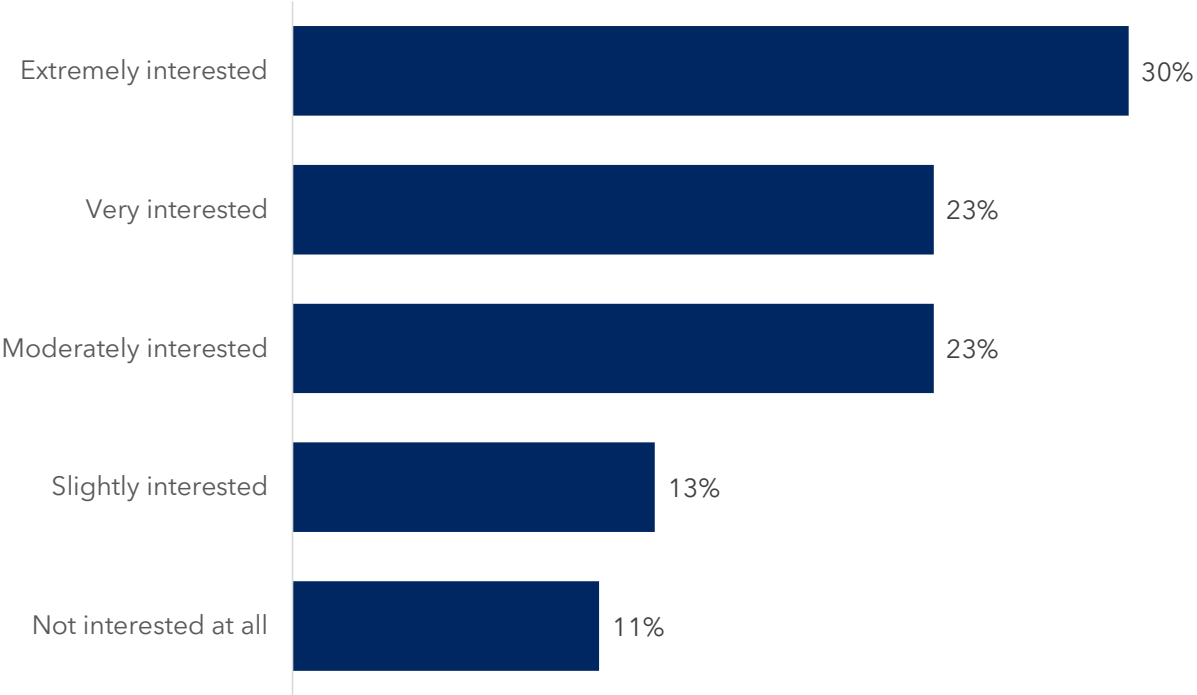


Q15 - Does your business participate in any of the programs or incentives offered by SoCalGas?
n=221



Interest in programs and incentives by non-participants

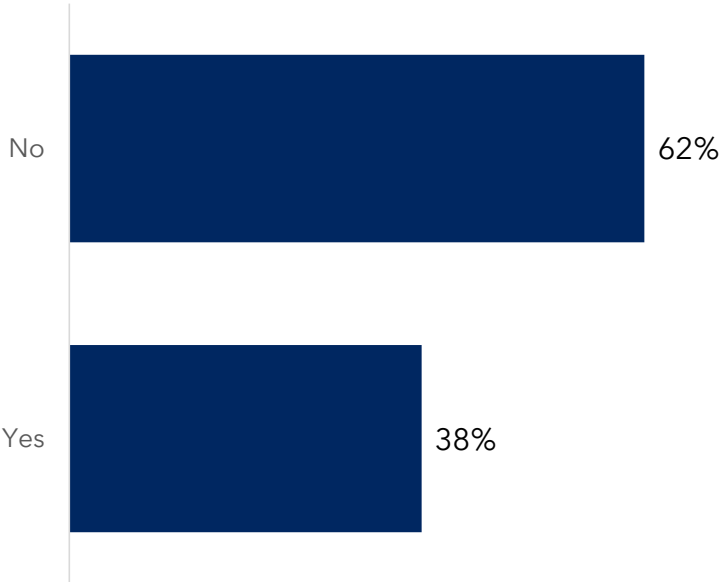
Of the respondents who are either unaware of the programs and incentives offered by SoCalGas or are aware but are not currently participating, over half (53%) are either extremely (30%) or very (23%) interested in the offerings



Q16 - How interested are you in programs or incentives to reduce your natural gas costs?
n=464

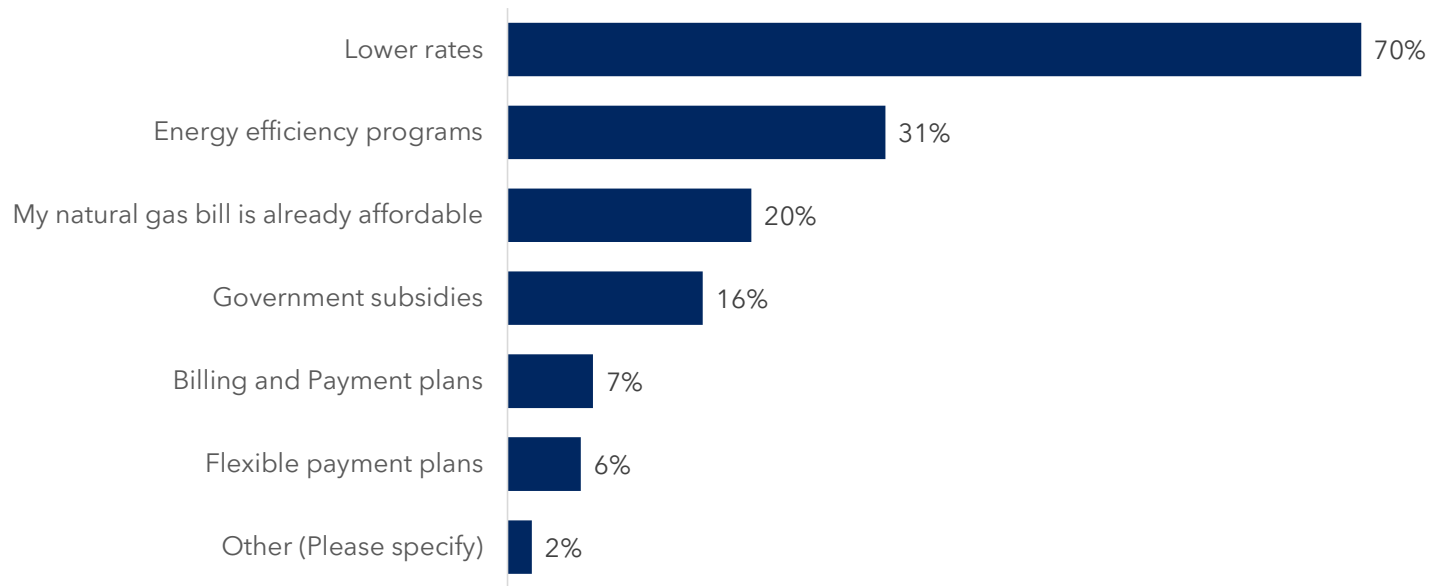
Interest in more affordable fuel source options

The majority (62%) of respondents are not currently looking for a more affordable fuel source option



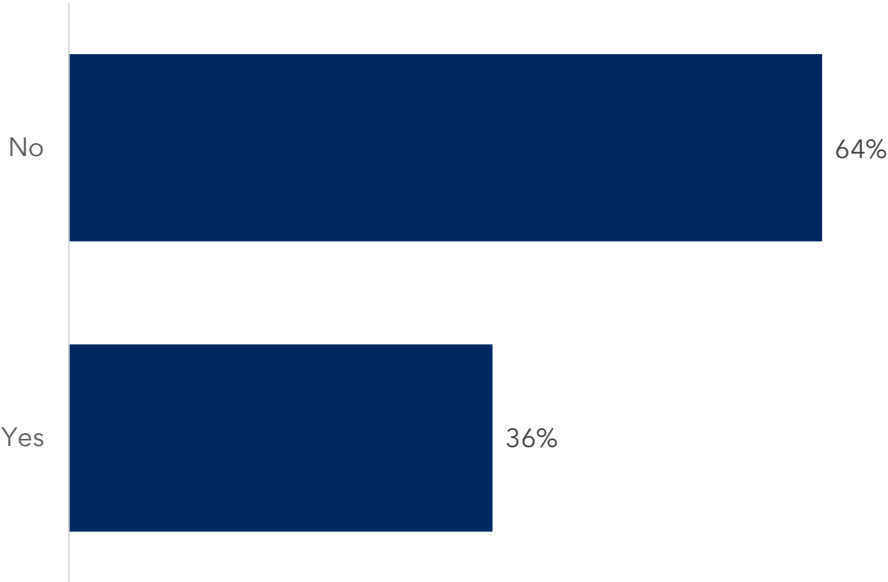
Factors that would make a natural gas bill more affordable

Almost all (70%) respondents note that lower rates would make their natural gas bill more affordable. Almost one-third (31%) of respondents believe energy efficiency programs would play a part in making bills more affordable.



Interest in cleaner fuel source options

Almost two-thirds (64%) of respondents indicate that they are not currently looking for cleaner fuel source options for their business

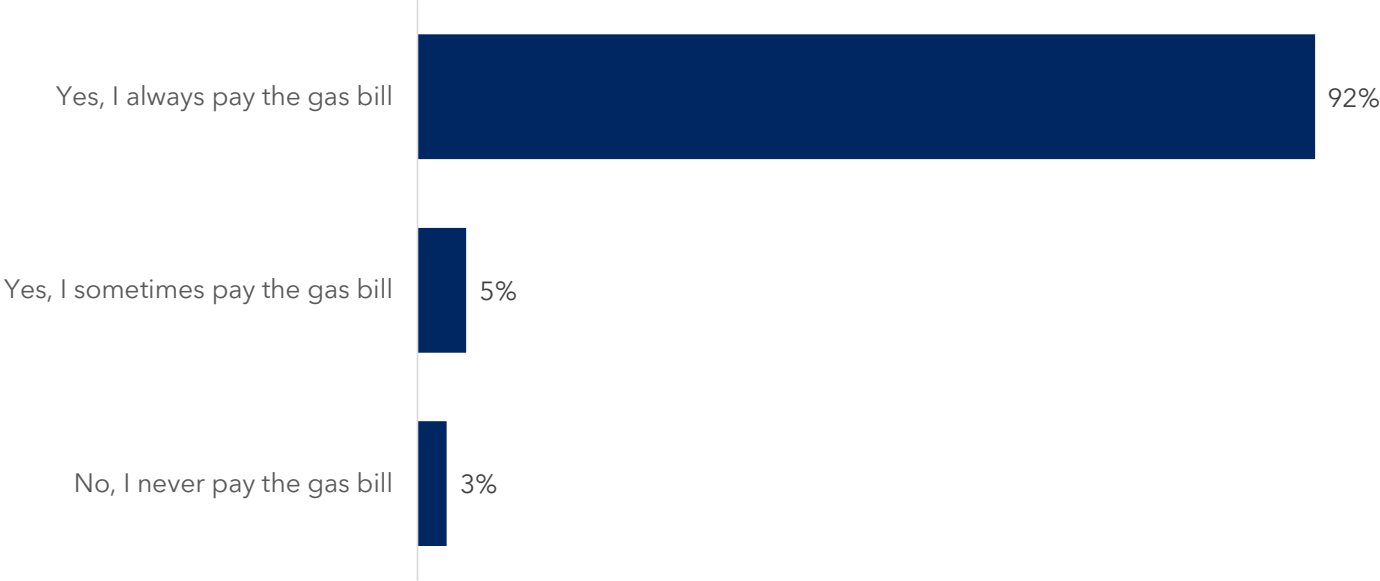


Billing and Payment



Involvement in bill pay

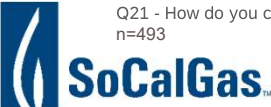
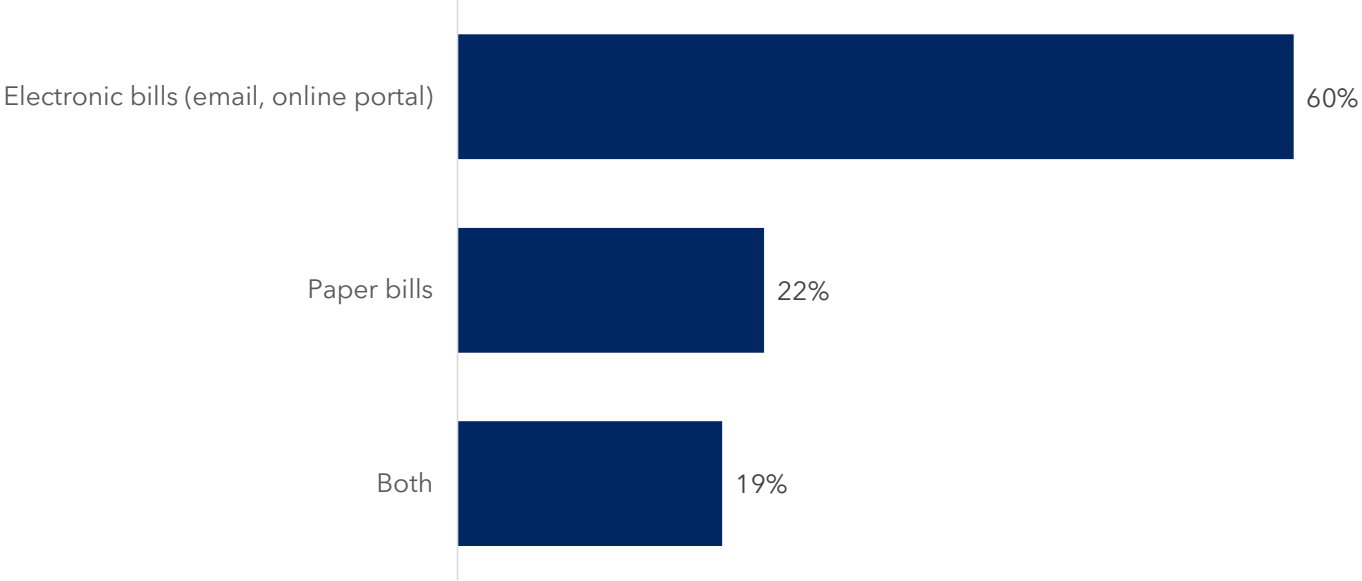
The majority (92%) of respondents are always involved in paying their SoCalGas bill



Q20 - Now we would like to ask some questions about your SoCalGas bill. Are you involved in payment of your company's SoCalGas bill?
n=508

Bill delivery type

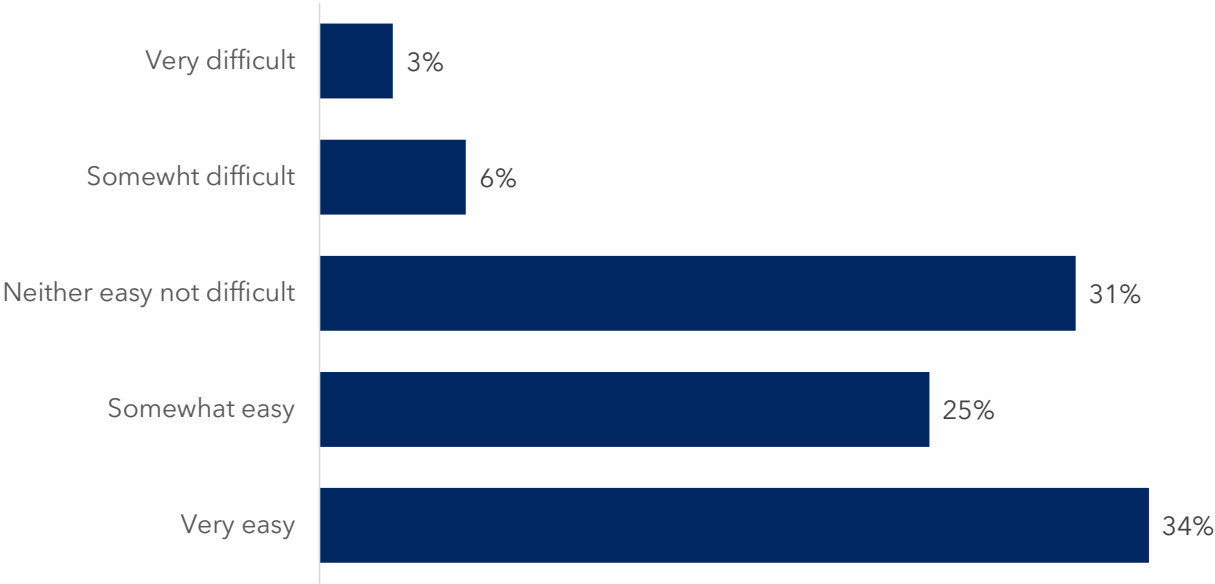
Most (60%) respondents receive their SoCalGas bill electronically via email or the online portal. A small portion (20%) of respondents receive a paper bill, and an even smaller share (19%) receive their bill by both methods



Q21 - How do you currently receive your SoCalGas bill?
n=493

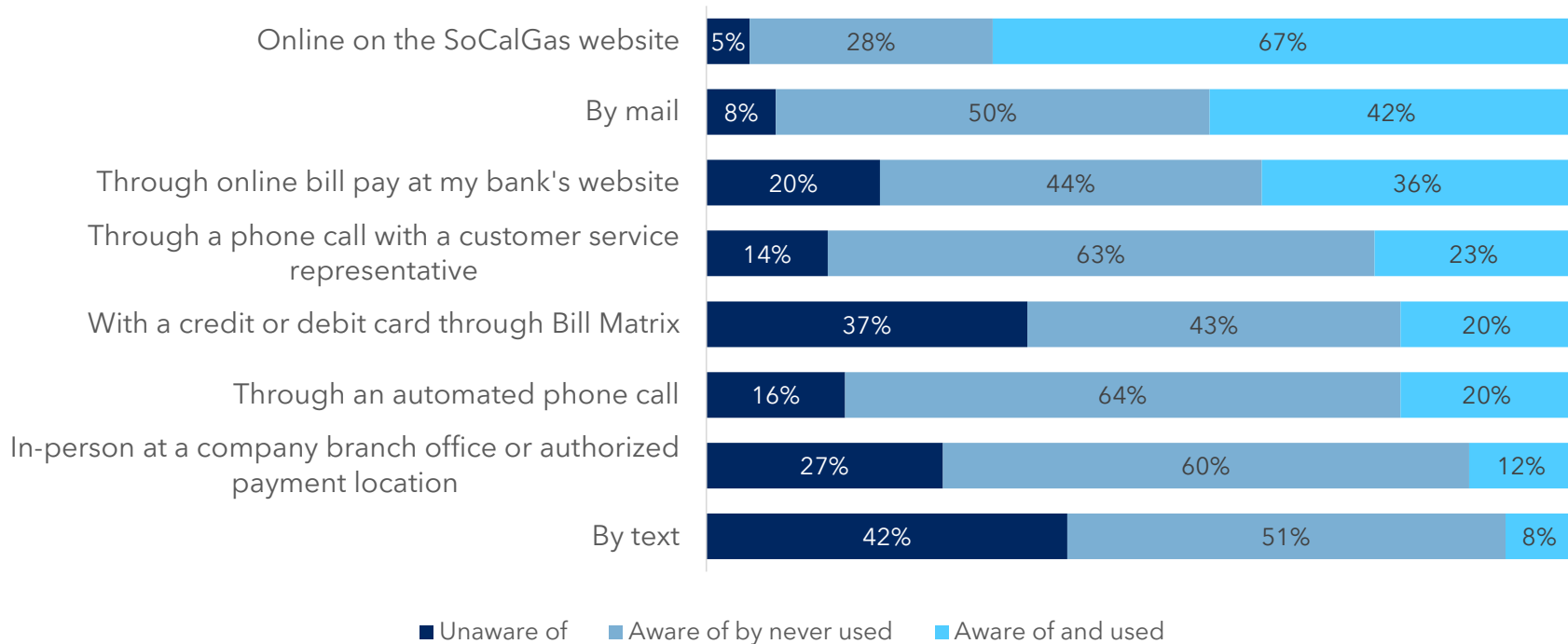
Ease of understanding the bill

Only a small (3%) portion of respondents find the bill very difficult to understand. Conversely, over half (54%) of respondents find the bill either somewhat (25%) or very (34%) easy to understand.



Awareness and usage of payment methods

Over two-thirds (67%) of respondents are aware of and have paid their bill using the SoCalGas website, making the online platform the most used method for payment. Conversely, a large portion (63%, 64% and 60% respectively) of respondents are aware of paying a bill through a phone call with a customer service representative, through an automated phone call or in person at a branch office or authorized payment location, but have not used those methods

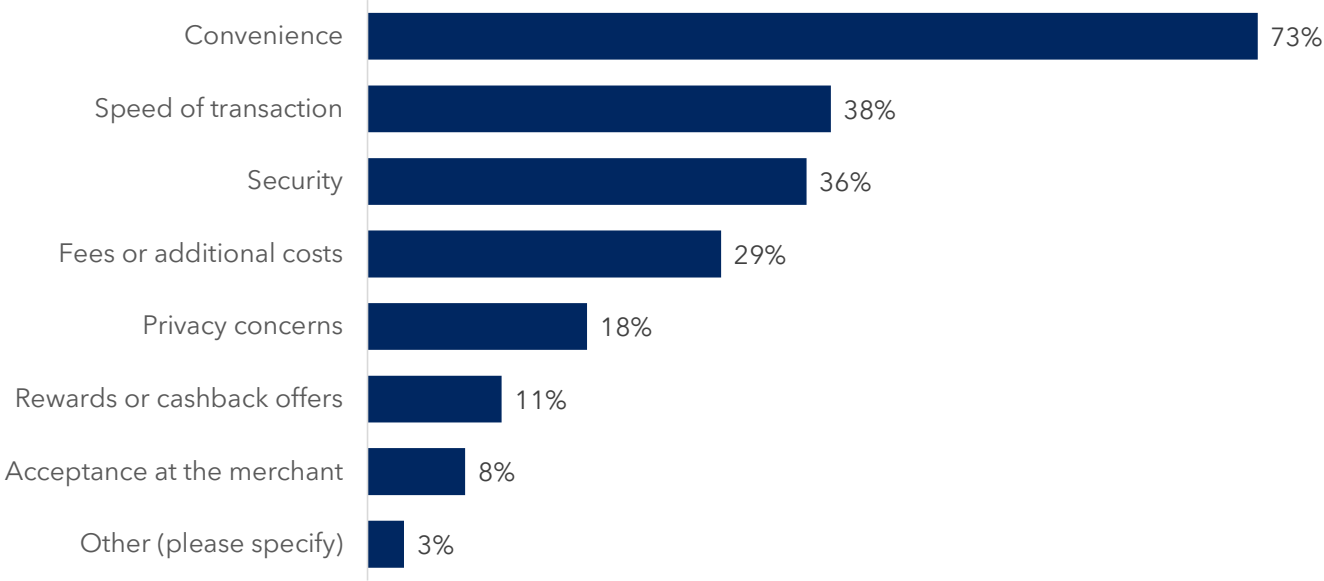


Q23 - How would you describe your awareness and usage of the following methods to pay your SoCalGas bill?
n=493



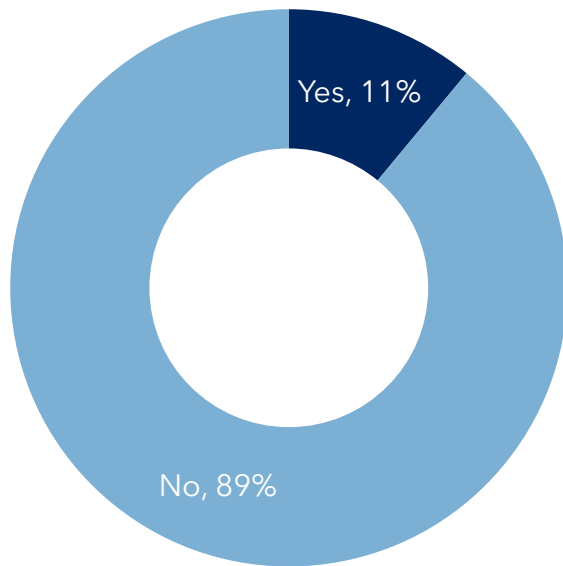
Influential factors in choosing a payment method

Almost three-quarters (73%) of respondents noted convenience is a highly influential factor when choosing a payment method. A smaller portion (38% and 36%) of respondents noted speed of transaction and security as an influence when picking a payment method



Suggested improvements to SoCalGas payment options

A small portion (11%) of respondents provided suggestions of improvements to the existing payment options. Below is a sampling of those suggested improvements customers would like to see



Allow payment by credit card

Expand payment options

Provide an emailed receipt of payment

Speed up the timeframe in which payments are received and posted

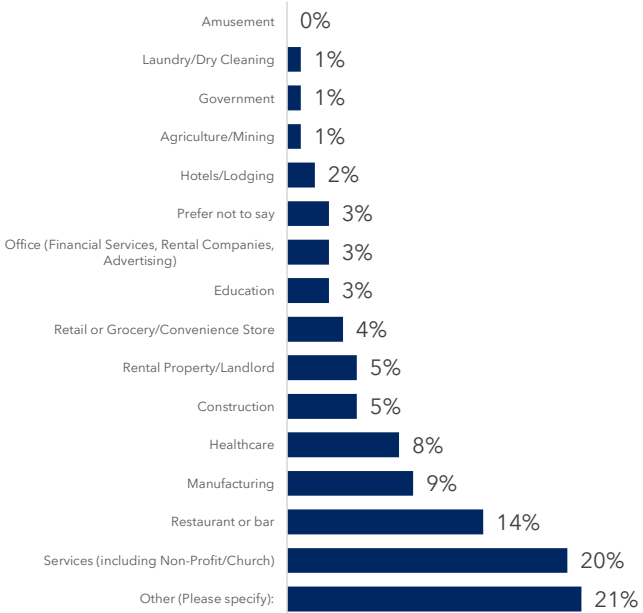
Provide a phone number which bypasses recording allows direct access to a customer service representative

Develop a rewards program for on-time payment

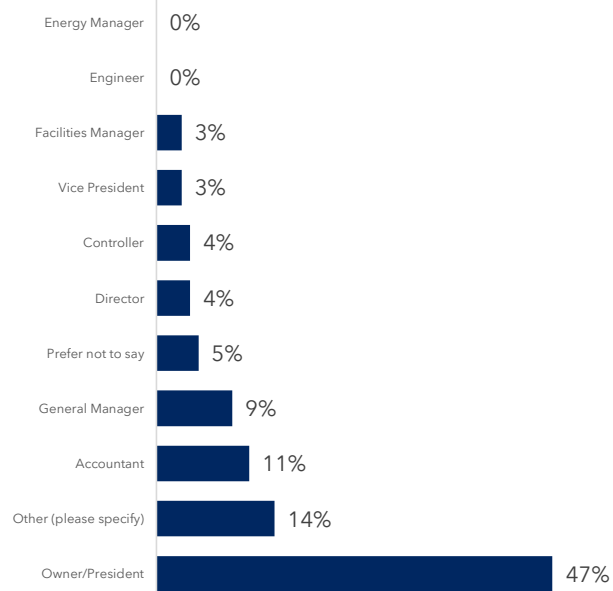
Firmographics



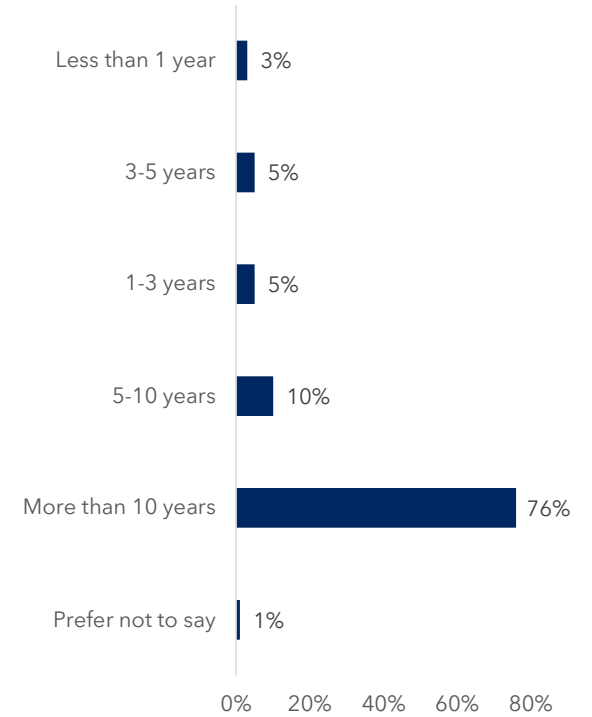
Business Industry



Job Title



Business Operation Tenure



Appendix



Questionnaire



Q26 Open-end
responses