

Company: Southern California Gas Company (U 904 G)  
Proceeding: 2028 General Rate Case  
Application: A.26-06-\_\_\_\_  
Exhibit: SCG-19

**PREPARED DIRECT TESTIMONY OF SARA P. MIJARES**

**(ADMINISTRATIVE & GENERAL)**

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



**June 2026**

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**SUMMARY**

<b>ADMINISTRATIVE &amp; GENERAL (In 2025 \$)<sup>1</sup></b>			
<b>O&amp;M</b>	<b>2025 Adjusted-Recorded (000s)</b>	<b>Estimated TY 2028 (000s)</b>	<b>Change (000s)</b>
Total Non-Shared Services	58,498	72,407	13,909
Total Shared Services (Incurred)	6,782	8,257	1,475
<b>Total O&amp;M</b>	<b>65,280</b>	<b>80,664</b>	<b>15,384</b>

<b>ADMINISTRATIVE &amp; GENERAL (In 2025 \$)</b>			
<b>Capital</b>	<b>Est. 2026 (000s)</b>	<b>Est. 2027 (000s)</b>	<b>Est. 2028 (000s)</b>
Results of Operation (RO) Model Project	212	168	0
<b>Total Capital</b>	<b>212</b>	<b>168</b>	<b>0</b>

**Summary of Requests**

The funding summarized above and described in this testimony is reasonable and represents the necessary operations and maintenance (O&M) and capital expenses for Southern California Gas Company’s (SoCalGas or the Company) Administrative and General (A&G), which includes Accounting and Finance (A&F), Legal, Enterprise Risk and Compliance Management, Regulatory Affairs, and certain Executive Officers costs. The following testimony supports the forecast of costs related to:

- **Accounting and Finance** analyzes, records, and maintains SoCalGas’s financial books, engages in financial and business planning, supports internal controls and compliance, manages regulatory accounts, and provides strategic financial oversight and support;
- **Legal** manages SoCalGas’s legal matters, issues, and risks; advises senior management; supports company goals in safety, reliability, and enterprise resiliency; and supports compliance with regulatory and legal requirements, including managing third-party claims and payments;

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<sup>1</sup> This table does not include the costs of Franchise Fees, which are presented in Section VIII.

- **Enterprise Risk and Compliance Management** develops, implements, and applies leading risk-management practices by integrating risk analysis into asset and investment decisions, conducting data-driven and quantitative risk assessments; oversees compliance with regulatory and company standards including Affiliate Compliance and information management policies, and manages credit-risk policies to adhere to authorized tariff rules and mitigation of credit exposure;
- **Regulatory Affairs** provides project management, policy development, regulatory guidance, forecasting, economic analysis, cost allocation, rate design, and tariff administration, while also managing proceedings and issues before the California Public Utilities Commission (CPUC) and other regulatory agencies; and
- **CEO, President and COO** expenses related to the Chief Executive Officer, President and Chief Operating Officer, who provide leadership that sets the direction for SoCalGas's employees, facilitating the delivery of safe and reliable service to customers.

This testimony also forecasts the Franchise Fees expense and provides business justification for one capital project, the Results of Operation (RO) Model Project.

The forecasted Test Year (TY) 2028 request for A&G is \$80.665 million as compared to 2025 adjusted recorded of \$65.281 million for an increase of \$15.384 million. The cost drivers behind the requested increase include:

- Labor cost increases are largely attributable to higher workload demands driven by expanding regulatory and compliance requirements. Additionally, labor cost increases are reflective of changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.
- Non-labor cost increases are largely due to an increase in outside counsel costs resulting from wildfire litigation associated with the January 2025 Los Angeles fires, as well as the shift and increase of banking fees from Sempra to SoCalGas.

In developing the forecasts for A&G, SoCalGas primarily used a base year forecast, unless otherwise noted, as the 2025 adjusted recorded levels most accurately reflect the expected

staffing and non-labor needs required to operate. Regulatory, legislative and reporting changes have, and will continue to affect future years, which makes the historical averages less relevant or reflective of future needs for this cycle.

**PREPARED DIRECT TESTIMONY OF SARA P. MIJARES  
ADMINISTRATIVE & GENERAL**

**I. INTRODUCTION**

**A. Summary of Administrative & General Costs and Activities**

My testimony supports the TY 2028 forecasts for O&M costs for both non-shared and shared services and capital costs associated with the A&G area, as well as Franchise Fees for SoCalGas.

**TABLE SM-1  
Test Year 2028 Summary of Total Costs**

<b>ADMINISTRATIVE &amp; GENERAL (In 2025 \$)</b>			
<b>O&amp;M</b>	<b>2025 Adjusted-Recorded (000s)</b>	<b>Estimated TY 2028 (000s)</b>	<b>Change (000s)</b>
Total Non-Shared Services	58,498	72,407	13,909
Total Shared Services (Incurred)	6,782	8,257	1,475
<b>Total O&amp;M</b>	<b>65,280</b>	<b>80,664</b>	<b>15,384</b>

<b>ADMINISTRATIVE &amp; GENERAL (In 2025 \$)</b>			
<b>Capital</b>	<b>Est. 2026 (000s)</b>	<b>Est. 2027 (000s)</b>	<b>Est. 2028 (000s)</b>
Results of Operation (RO) Model Project	212	168	0
<b>Total Capital</b>	<b>212</b>	<b>168</b>	<b>0</b>

**TABLE SM-2  
Summary of Franchise Fees**

<b>ADMINISTRATIVE &amp; GENERAL (In 2025 \$)</b>	<b>Estimated 2026 (000s)</b>	<b>Estimated 2027 (000s)</b>	<b>Estimated TY 2028 (000s)</b>
Franchise Fees	49,944	52,571	57,086

A&G includes Accounting and Finance (A&F), Legal, Enterprise Risk and Compliance Management, Regulatory Affairs, and certain Executive Officers costs. The functions and activities of these groups are described in my testimony and include accounting operations, financial and business planning, financial reporting and accounting, regulatory support and analysis, case management, legal and claims support and analysis, risk management, and certain

1 executive officers costs. These functions are necessary in order to meet accounting, regulatory,  
2 legal, and risk requirements, which make it possible to safely, reliably and affordably serve  
3 SoCalGas customers. In addition, my testimony includes franchise fee costs and the costs  
4 associated with one capital project, the Results of Operation (RO) Model Project.

5 My testimony discusses each of these groups in more detail below, including  
6 summarizing the core activities, presenting the forecast methodology, and identifying cost  
7 drivers. Overall, the A&G area is requesting \$80.66 million, which is an increase of \$15.384  
8 million compared to 2025 (the base year). Cost drivers necessitating adjustments to the base  
9 year include labor cost increases largely attributable to higher workload demands driven by  
10 expanding regulatory proceedings, legal matters including litigation cases, and compliance  
11 requirements and non-labor cost increases largely due to an increase in outside counsel costs  
12 resulting from wildfire litigation associated with the January 2025 Los Angeles fires, as well as  
13 the shift and increase of banking fees from Sempra to SoCalGas.

14 Examples of the factors and activities driving the need for increased labor costs include:

15 **Increased CPUC Regulatory Activity:** In 2025, SoCalGas handled an active CPUC  
16 caseload of over 50 proceedings (Applications, Orders Instituting Rulemakings (OIR), Orders  
17 Instituting Investigations (OII)) compared with around 26 proceedings in 2011 and around 37  
18 proceedings in 2022. Included in those approximately 50 proceedings were 18 Applications,  
19 with at least 11 more anticipated to be filed in 2026. Regulatory lag is also increasing the length  
20 of time that proceedings are active, which requires additional resources to address the increased  
21 volume of work (*i.e.*, data requests, CPUC meetings, etc.) associated with ongoing proceedings.

22 **Increased Complexity and Volume of Risk Related Analysis and Modeling:** Since the  
23 adoption of the Settlement Agreement Decision (D.18-12-014) in the Safety Model Assessment  
24 Proceeding (S-MAP) in 2018 – which governed the Companies’ Risk Assessment Mitigation  
25 Phase (RAMP) and RAMP integration into its TY 2024 GRC – the complexity and volume of  
26 Enterprise Risk and Compliance Management requirements have continued to expand  
27 significantly. The Commission’s Risk-Based Decision-Making Framework (RDF) has continued  
28 to evolve through adoption of a Cost-Benefit Approach (CBA) in D.22-12-027, and further in  
29 2024 with D.24-05-064. More recently, the Commission issued D.25-08-032 in August 2025.  
30 Each of these decisions has introduced new methodologies, expanded reporting obligations, and  
31 increased the analytical rigor required.

1 The tables that follow within this testimony include both shared and non-shared service  
2 costs. Non-Shared Services are activities that are performed by a utility solely for its own  
3 benefit. Corporate Center provides certain services to the utilities and to other subsidiaries. For  
4 purposes of this general rate case, SoCalGas treats costs for services received from Corporate  
5 Center as Non-Shared Services costs. As described in the Shared Services testimony (Exhibit  
6 SCG-22/SDGE-27), Shared Services are activities performed by a utility shared services  
7 department (*i.e.*, functional area) for the benefit of: (i) San Diego Gas & Electric Company  
8 (SDG&E) or SoCalGas, (ii) Sempra Corporate Center, and/or (iii) any affiliate subsidiaries. The  
9 utility providing Shared Services allocates and bills incurred costs to the entity or entities  
10 receiving those services.

11 **B. Organization of Testimony**

12 My testimony is organized as follows:

- 13 • Introduction
- 14 • Affordability & Efficiency
- 15 • Accounting and Finance Division
- 16 • Legal Division
- 17 • Enterprise Risk and Compliance Management Division
- 18 • Regulatory Affairs Division
- 19 • CEO, President and COO (Executive Officers)
- 20 • Franchise Fees
- 21 • Capital Costs
- 22 • Conclusion

23 I address the Company's A&G request by divisions. I will provide summary tables for  
24 each corresponding division (and subdivisions), which will include costs for both Utility Shared  
25 Services (USS) and Non-Shared Services (NSS). Lastly, this testimony also forecasts the  
26 Franchise Fees expense and provides business justification for one capital project. Table SM-3  
27 below breaks down NSS and USS costs by division, excluding Franchise Fees and capital costs.

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2

**TABLE SM-3**  
**TY 2028 Summary of Total Costs excluding Franchise Fees**

ADMINISTRATIVE & GENERAL (In 2025 \$)	2025 Adjusted-Recorded (000s)			TY2028 Est. (000s)			Change (000s)		
	NSS	USS	Total	NSS	USS	Total	NSS	USS	Total
ACCOUNTING AND FINANCE	16,343	-	16,343	19,352	-	19,352	3,009	-	3,009
LEGAL	36,270	1,450	37,720	46,017	2,090	48,107	9,747	640	10,387
ENTERPRISE RISK AND COMPLIANCE MANAGEMENT	4,573	479	5,052	5,643	501	6,144	1,070	22	1,092
REGULATORY AFFAIRS	1,092	4,854	5,946	1,170	5,667	6,837	78	813	891
CEO, PRESIDENT AND COO	220	-	220	225	-	225	5	-	5
<b>Total O&amp;M</b>	<b>58,498</b>	<b>6,783</b>	<b>65,281</b>	<b>72,407</b>	<b>8,258</b>	<b>80,665</b>	<b>13,909</b>	<b>1,475</b>	<b>15,384</b>

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**C. Support To and From Other Witnesses**

My testimony also references the testimony and workpapers of other witnesses, either in support of their testimony or as referential support for mine.

- Shared Services (Exhibit (Ex.) SCG-22/SDGE-27)
- SDG&E Administrative & General (Ex. SDGE-23)
- SoCalGas Environmental and Sustainability (Ex. SCG-13)

**II. AFFORDABILITY & EFFICIENCY**

A&G functions are essential to utility affordability and efficiency. They provide foundational support for regulated public utility service across financial, legal, risk, and regulatory, enabling informed decisions and sustainable operations.

- **Accounting & Finance:** promotes fiscal discipline, accurate reporting, and strategic planning to support long-term affordability.
- **Legal:** efficiently manages attorney representation and the evidentiary record in regulatory proceedings and in litigation cases, leverages internal expertise, reduces transaction costs, enforces contracts, protects property rights, and advises on environmental and permitting creating a stable and cost-effective operating environment. In addition, the Claims group reduces litigation exposure by

1 handling matters before they reach litigation, which is often more costly, and by  
2 collecting from third parties when they damage the company's infrastructure.

- 3 • **Enterprise Risk and Compliance Management:** prevents disruptions, optimizes  
4 investments, and promotes transparency in rate structures, helping support  
5 affordability to stakeholders.
- 6 • **Regulatory Affairs:** efficiently manages proceeding participation which enables  
7 the CPUC to reach just and reasonable cost recovery findings; develops equitable  
8 rate structures, such as the appropriate level of fixed cost recovery, supporting  
9 customer affordability; coordinates resources; and promotes compliance with  
10 public mandates, linking spending to customer value.

11 An example of supporting affordability includes SoCalGas seeking interim rate recovery  
12 of integrity management programs,<sup>2</sup> resulting in decreased costs to customers through a  
13 reduction in interest costs and reduction of rate shock. This effort involved a cross-functional  
14 team from A&F, Legal, and Regulatory and results in savings to ratepayers. As another  
15 example, SoCalGas's Claims Recovery team, which is responsible for billing third parties for  
16 damages they have caused to SoCalGas's infrastructure, has significantly improved its efficiency  
17 through multiple process enhancements, resulting in nearly triple the amount of recovered dollars  
18 between 2021 and 2025. In addition to delivering near-term savings, these and other initiatives  
19 are designed to create sustainable operational efficiencies that will help mitigate future cost  
20 pressures, support long-term affordability for customers, and maintain compliance and service  
21 quality over time.

### 22 **III. ACCOUNTING AND FINANCE DIVISION**

23 The A&F division is comprised of the following departments, which are described in  
24 greater detail below:

- 25 • Accounting Operations;
- 26 • Financial and Business Planning;
- 27 • Financial Reporting and Accounting; and

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<sup>2</sup> See A.25-08-008, Motion of SoCalGas for Interim Rate Recovery of Costs Recorded in the Distribution Integrity Management Program Balancing Account (August 15, 2025), which was partially approved by D.26-02-006. See also A.25-04-020, Motion of SoCalGas for Interim Rate Recovery of Costs Recorded in the Transmission Integrity Management Program Balancing Account (May 1, 2025).

- Controller & Chief Financial Officer (CFO).

The A&F divisions of SoCalGas and SDG&E are led by a shared Chief Financial Officer (CFO).<sup>3</sup> In addition, Financial and Business Planning of SoCalGas and SDG&E are led by a shared Senior Vice President (SVP) of Strategy, Financial Planning and Treasurer.

Due to an increased level of support needed to address accounting and regulatory compliance, as well as an anticipated increase in non-labor costs corresponding with the resumption of in-person CPUC hearings and workshops, necessitating travel expenses, the A&F division expects increased costs associated with the services it provides. In addition, A&F expects increased cost pressures in the future to implement and manage more rigorous accounting, regulatory, and legislative procedures and standards, implement the necessary tools to file regulatory financial accountability reports, enhance records management for regulatory standards, and other accounting and regulatory initiatives issued by the Securities Exchange Commission (SEC), CPUC, and the other prominent accounting or regulatory governing bodies. SoCalGas is seeking TY 2028 costs of \$19.353 million compared to the 2025 adjusted-recorded costs of \$16.344 million. This increase of \$3.009 million or 15.4% over 2025 costs is primarily due to adding back the full-year impact of full-time equivalents (FTEs) vacant during this period, as well as additional incremental labor needed to handle the increased volume of proceedings, data requests, audits, and New Business projects.

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<sup>3</sup> SoCalGas's request for labor and non-labor related to the Chief Financial Officer (CFO) can be found in SDG&E's Administrative & General testimony (Ex. SCG-23).



1 issuing, monitoring, and reporting); transferring construction work in progress (CWIP) into rate  
2 base; analyzing and developing asset classes; preparing depreciation life studies; calculating  
3 depreciation expense; forecasting plant additions; accounting for plant retirements; developing  
4 and monitoring capitalization policies; general ledger account reconciliations; and performing  
5 internal control test procedures prescribed by the Sarbanes-Oxley Act (SOX). Asset & Project  
6 Accounting is also responsible for providing accounting guidance, such as classification of  
7 expenses between capital versus O&M, FERC account assignment, allocation of overheads,  
8 gathering of information, and analytical support for data requests.

9         Asset & Project Accounting is comprised of the Plant Accounting and Fixed Asset  
10 Management subgroups. More information about each subgroup is provided below.

11         **Plant Accounting** is responsible for the accounting of the full life cycle of SoCalGas's  
12 fixed assets. These responsibilities include providing guidance to the organization on  
13 classification of capital expenses and management of a variety of plant-in-service processes. A  
14 core component of the plant accounting process is the creation of capital project work orders,  
15 which requires the group to support various departments and project teams across the Company  
16 for accurate accounting under both FERC and Generally Accepted Accounting Principles  
17 (GAAP). The group monitors and reports on the recording of project costs and status updates to  
18 comply with GAAP, FERC form reporting, and internal policies and procedures. This group is  
19 also responsible for capital additions, which is the timely recording of transfers of completed  
20 projects from CWIP to plant. In addition, Plant Accounting monitors and reports on capital  
21 project authorizations for compliance with SoCalGas's internal policies and procedures. Finally,  
22 all quarterly and annual business controls and SOX testing processes for the Accounting  
23 Operations department are coordinated through Plant Accounting to comply with the Company's  
24 accounting and regulatory policies and procedures.

25         **Fixed Asset Management** is responsible for preparing depreciation life studies  
26 (including applicable Iowa curves, average service life, and future net salvage rate of assets by  
27 account and class), calculating depreciation and amortization expense, tracking accumulated  
28 depreciation, including cost of removal, accounting for asset retirement obligations, account  
29 reconciliations, tracking all components of rate base, and computing the capital-related costs for  
30 capital balancing and memorandum accounts. The group also manages the recording and  
31 reporting processes for financing and operating leases. In the depreciation area, the group is

1 responsible for depreciation accounting as well as conducting studies of depreciation lives and  
2 net salvage rates. The group is also responsible for sponsoring depreciation testimony and  
3 analysis in connection with SoCalGas's GRC filings.

4 **b. Financial Services**

5 The Financial Services group is responsible for managing shared services and shared  
6 asset billings according to SoCalGas policy and procedures. This group sets the overhead rates  
7 and administers the cost allocations and overhead distributions of all cost categories (O&M,  
8 capital, and billings). The Financial Services group is also responsible for line extension  
9 billings, sundry products, services billings, and damage claims billings. This group issues  
10 invoices to third parties for products, services, customer advances for construction, contributions  
11 in aid of construction, and damage claims that result in reductions to expense/capital. This group  
12 also performs monthly analysis and creates reports for management to aid in the supervision of  
13 financial activities.

14 Financial Services is comprised of Affiliate Billing & Costing (ABC) and Sundry  
15 Services. More information about each subgroup is provided below.

16 **ABC** is responsible for establishing and administering SoCalGas's overhead allocation  
17 rates. This is integral to the proper allocation of costs between O&M and Capital as well as to  
18 satisfy that billings to third parties reflect appropriate overhead costs. The group also calculates  
19 and records Allowance for Funds Used during Construction (AFUDC) to work orders on a  
20 monthly basis. As subject matter experts on overhead cost allocation, ABC provides analytical  
21 support to a variety of special projects and studies used for internal management, regulatory  
22 filings, and compliance reporting. ABC is also responsible for managing a portion of the  
23 accounting close process and developing the information used to bill affiliates for shared services  
24 and shared assets provided by SoCalGas. In addition to the primary responsibilities listed above,  
25 the ABC department oversees the Company's shared services and shared assets policies and  
26 supports the annual reporting requirements related to compliance with Affiliate Transaction  
27 Rules. This group works closely with the Affiliate Compliance department to comply with  
28 regulatory decisions affecting inter-company transactions and accounting requirements. They  
29 are also responsible for establishing internal orders used for tracking and billing costs that are  
30 subject to billing to SDG&E and other affiliates.

1           **Sundry Services** is responsible for the billing of products and services provided to  
2 external customers, vendors, contractors, and other third-party groups.<sup>4</sup> This group is also  
3 responsible for billing damage claims that may result in reductions to expense/capital. In  
4 addition, Sundry Services is responsible for supporting SoCalGas with CPUC compliance,  
5 policies, and procedures related to non-tariffed products and services (NTP&S). This department  
6 conducts ongoing review and training for Sundry business management to guide compliance  
7 with regulatory policy and procedures, as well as monitors and performs quarterly and annual  
8 SOX testing of controls. Sundry Services coordinates and prepares the NTP&S annual report to  
9 present to the CPUC and participates in the internal and external audits of NTP&S.  
10 Additionally, this group is responsible for line extension billings for New Business Projects.

11           SoCalGas is requesting 2.0 incremental Staff Accountant FTEs dedicated exclusively to  
12 New Business projects to address new and materially increased financial processing  
13 requirements arising from revisions to Tariff Rules 20 and 21 pursuant to D.22-09-026. These  
14 tariff changes eliminated line-extension allowances, refunds, and discounts, requiring applicants  
15 to fund the full cost of construction subject to reconciliation. As a result, New Business projects  
16 now require significantly more intensive applicant billing, payment application, reconciliation,  
17 and audit-ready financial tracking, driving the need for additional dedicated accounting  
18 resources.

19                           **c.       Accounts Payable**

20           Accounts Payable (AP) is responsible for timely and accurate payment of service and  
21 material invoices and contract obligations for SoCalGas. AP also sees that payments are  
22 properly authorized prior to disbursement, assists in resolving payment disputes, processes  
23 employee travel and expense requests, maintains the vendor master information consistent with  
24 SOX processes and controls, and works in cooperation with the Financial & Business Planning  
25 division to post operational accruals monthly in accordance with GAAP. In addition, AP is  
26 responsible for the annual Internal Revenue Service filing of 1099 and 1042 for reportable non-  
27 employee and contractor payments. AP is also the full disbursement center for checks,  
28 Automated Clearing House, and wire payments made on behalf of SoCalGas.

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<sup>4</sup> The products and services provided exclude commodity, transportation, and delivery costs of natural gas.

1 **d. Financial Systems & Innovation**

2 Financial Systems & Innovation oversees the financial systems of the Company. The  
3 responsibilities in this area include business warehouse reporting, managing user security access,  
4 handling trouble tickets generated by the IT help desk, and providing user training. This group  
5 also supports the A&F division by providing technical resources to support large-scale system  
6 implementations, development of specifications for functional enhancements to SAP (the  
7 Company’s financial software system), and the development of information resources needed to  
8 manage key business processes. Financial Systems & Innovation also supports business  
9 innovations such as robotics process automations for mature and repetitive tasks, business  
10 process automations for streamlining and automating workflows, business intelligence  
11 dashboards for ease of exception monitoring and delivering relevant business insights in a timely  
12 manner.

13 **2. Forecast Method**

14 A base year (BY) forecast method was used for forecasting Accounting Operations costs.  
15 The BY forecast was adjusted for \$1.034 million in labor to add back the full-year impact of 5.3  
16 FTE vacancies during this period and 2.0 incremental FTEs to cover the increased workload  
17 required to process New Business projects. These expenses will be included in the TY 2028  
18 revenue requirement as forecasted. A BY forecast best represents a reasonable estimate of  
19 annual costs for this work group, which provides essential accounting for SoCalGas’s fixed  
20 assets, shared asset billing, accounts payables, and other related functions and support.

21 **3. Cost Drivers**

22 The cost drivers behind this forecast are primarily labor driven and related to necessary  
23 and mandated activities. Additional labor needs are a result of increased CPUC regulatory  
24 compliance and policy directives impacting the Company’s operations, assets, or investments.  
25 For example, the accurate and timely recording of capital expenditures as plant records, payment  
26 of all invoices, and other activities are critical requirements of GAAP and CPUC regulatory  
27 guidelines and the activity continues to increase, necessitating the filling of vacancies in the base  
28 year. In addition, the Company’s books and records are routinely audited by various regulatory  
29 agencies for compliance with GAAP and CPUC guidelines. SoCalGas is requesting \$1.034

million<sup>5</sup> in labor for 5.3 backfills, 2.0 incremental Staff Accountant FTEs to process New Business projects as a result of the increased workload to bill applicants, and \$0.018 million in non-labor due to the continued trend of resumption of in-person CPUC hearings and workshops, necessitating travel expenses for members of this workgroup.

**B. Financial & Business Planning**

**TABLE SM-6  
Financial & Business Planning Division O&M Summary of Costs**

A. ACCOUNTING AND FINANCE (In 2025 \$)	2025 Adjusted-Recorded (000s)			TY2028 Est. (000s)			Change (000s)		
	NSS	USS	Total	NSS	USS	Total	NSS	USS	Total
2. Financial & Business Planning	6,403	-	6,403	7,097	-	7,097	694	-	694

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

For TY 2028, Financial & Business Planning requests \$6.403 million, which represents an increase of \$0.694 million from 2025 adjusted-recorded costs. The Financial & Business Planning department is led by the SVP - Strategy, Financial Planning and Treasurer,<sup>6</sup> who is a shared officer with SDG&E.

The **Financial Planning** group is responsible for developing, measuring, and reporting the financial performance targets and results of SoCalGas to internal management and other stakeholders. This group directs the planning, development, and preparation of SoCalGas's financial plan, budgets, and outlooks, including the balance sheet, income statement, and cash flow statement. The group sets financial targets, consolidates the budgets of all Company areas, and prepares executive briefings to report on the Company's performance to facilitate decision-making.

Responsibilities include compiling various inputs to develop financial plans, implementing annual capital and O&M budgets, and developing reports and presentations to communicate financial results to management and other stakeholders. These results are

<sup>5</sup> An adjustment of \$0.253 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

<sup>6</sup> SoCalGas's request for labor and non-labor related to the SVP - Strategy, Financial Planning and Treasurer can be found in the Environmental and Sustainability Testimony (Ex. SCG-13).

1 measured and reported monthly. In addition, the Financial Planning group analyzes and  
2 implements strategies to optimize all aspects of debt issuances, including debt term, timing,  
3 amount of debt issuance, and dividend and equity infusions. Responsibilities also include:

- 4 • Forecasting and analyzing short-term and long-term cash flows;
- 5 • Assessing financial market conditions to minimize financing costs;
- 6 • Analyzing adequacy of liquidity to finance the Company's operations at the  
7 lowest rates possible for customers;
- 8 • Serving as witnesses and support members for the Cost of Capital, GRC, and debt  
9 financing proceedings; and
- 10 • Performing compliance functions in support of debt and dividend issuances.

11 The **Business Planning** group provides budget, accounting, and financial support to all  
12 divisions across SoCalGas. The group provides financial resources to support each division in  
13 financial consulting, project costing, process improvement, and performance measurement  
14 support and analysis. Business Planning directs the development, monitoring, and reporting of  
15 all division budgets within the Company and supports the Company's strategic decision-making  
16 and performance measurement activities, cost planning, and analysis at the division level.

17 This group is responsible for the budgeting process and incorporates affordability and  
18 efficiency savings into the resource allocation process to support a budget that deploys resources  
19 effectively as intended. The group provides accounting support for cost center maintenance,  
20 verifies internal work orders are established consistent with Company policies and accounting  
21 rules, and helps support transactions being properly recorded. In addition, the group provides  
22 substantial support with the data collection and preparation of the annual Risk Spending  
23 Accountability Report (RSAR). Business Planning personnel also provide financial support to  
24 regulatory proceedings and other compliance filings affecting their assigned division, including  
25 support for GRC proceedings as lead and support planners, which includes developing the  
26 forecast and assisting with testimony. Additionally, this group provides support and guidance  
27 for various monthly and quarterly compliance and reporting requirements.

## 28 **2. Forecast Method**

29 A BY forecast method is used for Financial & Business Planning, with an adjustment of  
30 \$0.673 million in labor added to reflect the full-year impact of 2.2 FTEs that were vacant during  
31 the year and \$0.021 million in non-labor due to an increase in travel expenses resulting from the

1 resumption of in-person CPUC hearings and workshops. These expenses will be included in the  
 2 TY 2028 revenue requirement as forecasted. This method is most appropriate because trends,  
 3 multi-year averages or other methods would not reflect the decrease in labor force that occurred  
 4 in 2024 and 2025 in direct response to the activities described above and the cost drivers  
 5 described below.

6 **3. Cost Drivers**

7 The costs in this workgroup are primarily labor driven and fluctuate depending upon new  
 8 accounting guidance, regulatory requests, and policy directives impacting the Company’s  
 9 operations. SoCalGas is requesting \$0.673 million in labor to fill 2.2 FTE vacancies in the base  
 10 year, along with an adjustment of \$0.253 million reflecting changes in connection with the  
 11 compensation modernization initiative. Please refer to the Compensation and Benefits  
 12 Testimony, Ex. SCG-16/SDGE-20. The 2.2 FTEs include 1.0 backfill Director FTE to lead the  
 13 Business Planning group, which provides financial, budgetary, and accounting support across  
 14 SoCalGas, including budget development and analysis, revenue forecasting, accounting  
 15 compliance, operational reporting, and support for regulatory proceedings, such as GRC, Risk  
 16 Spend Accountability Report, and RAMP. While the department has been operating without a  
 17 director since 2023, increased regulatory reporting, compliance, audits and data requests have  
 18 accentuated the need for additional leadership support.

19 **C. Financial Reporting & Accounting**

20 **TABLE SM-7**  
 21 **Financial Reporting & Accounting Division O&M Summary of Costs**

A. ACCOUNTING AND FINANCE (In 2025 \$)	2025 Adjusted-Recorded (000s)			TY2028 Est. (000s)			Change (000s)		
	NSS	USS	Total	NSS	USS	Total	NSS	USS	Total
3. Financial Reporting & Accounting	2,530	-	2,530	2,871	-	2,871	341	-	341

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

23 For TY 2028, the Financial Reporting & Accounting division requests \$2.871 million,  
 24 which represents an increase of \$0.341 million from 2025 adjusted-recorded costs. The division  
 25 is primarily responsible for analyzing contracts and projects, supporting technology  
 26 implementations, providing technical accounting guidance, and coordinating the monthly,

1 quarterly, and annual financial and regulatory accounting close. The department is comprised of  
2 Regulatory Accounting, Financial Accounting, and Accounting Research and Business Controls.

3 **Regulatory Accounting** is responsible for the development, implementation,  
4 maintenance, and analysis of regulatory balancing, tracking, and memorandum accounts, as well  
5 as other cost recovery and ratemaking mechanisms approved by the CPUC. This includes  
6 oversight of approximately 100<sup>7</sup> regulatory accounts approved in SoCalGas's current tariffs.  
7 Regulatory Accounting also provides regulatory support in proceedings before the CPUC. This  
8 includes tracking compliance of CPUC decisions, resolutions, and orders via the evaluation of  
9 actual expenses versus authorized for both O&M and capital related costs. In addition,  
10 Regulatory Accounting performs activities such as preparing responses to data requests,  
11 providing comments to proposed decisions or protests to advice letter filings, and providing  
12 testimony for cost recovery filings. This group also prepares annual amortization, revenue  
13 requirement, and related advice letter filings to recover or refund regulatory account balances. In  
14 addition, this group assists with the establishment of tariffs for new regulatory account  
15 mechanisms approved by the CPUC. Regulatory Accounting is also responsible for external  
16 reporting requirements with the CPUC and other external regulatory agencies demonstrating that  
17 the accounts are maintained in compliance with CPUC approved directives. From a financial  
18 reporting perspective, the Regulatory Accounting function promotes the integrity and accuracy  
19 of SoCalGas's financial books and records for all regulatory activities, maintaining compliance  
20 with GAAP, CPUC directives, and other applicable financial reporting standards.

21 **Financial Accounting** is responsible for the timely closing and general maintenance of  
22 SoCalGas's general ledger, recording of transactions, preparing financial statements,  
23 and reporting of monthly, quarterly, and year-end financial results of SoCalGas. The group is  
24 responsible for properly accounting for and presenting transactions in accordance with GAAP,  
25 SEC regulations, and regulatory reporting mandates under the CPUC. Financial Accounting is  
26 also responsible for recording journal entries, maintaining the accuracy and integrity of the  
27 recorded financial data through analysis and reconciliations, compiling and reporting of financial  
28 statements, and other accounting information for the SEC, CPUC, and other regulatory bodies,  
29 preparing financial reports for internal management, coordinating, testing, and executing

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<sup>7</sup> This number is as of the end of December 31, 2025.

1 financial statement internal controls prescribed by SOX regulations, implementing new  
2 accounting standards, and coordinating financial statements and other audits.

3 **Accounting Research and Business Controls** is responsible for technical accounting  
4 research for GAAP and CPUC accounting requirements and the overall oversight of financial  
5 controls of the Company. This group plays a key role in governance as it relates to the  
6 assessment of the effectiveness of financial controls and Company policy management. This  
7 group performs technical accounting reviews of contracts and complex company transactions, as  
8 well as administers and oversees SOX compliance activities. Management of the SOX process  
9 includes annual scoping, quarterly SOX attestation, internal controls testing, reporting on the  
10 status of SoCalGas's SOX compliance to management and external auditors, and providing  
11 overall coaching, training, and guidance to management responsible for performing controls.  
12 This group also oversees Company policy administration which includes reviewing and  
13 publishing new policies, as well as reviewing and updating existing policies periodically.

## 14 **2. Forecast Method**

15 A BY forecast method was used for the Financial Reporting & Accounting department,  
16 with \$0.332 million<sup>8</sup> in labor added to reflect the full-year impact of 1.5 FTEs that were  
17 vacant during the base year and \$0.009 million in non-labor due to the resumption of in-person  
18 CPUC hearings and workshops, necessitating travel expenses. These expenses will be included  
19 in the TY 2028 revenue requirement as forecasted. This method is most appropriate because  
20 trends, multi-year averages, or other methodologies would not capture the recent fluctuations in  
21 FTE levels, which need to be reflected on a go-forward basis.

## 22 **3. Cost Drivers**

23 The cost drivers behind this forecast are primarily labor driven and fluctuate as a result of  
24 changes to GAAP, SOX, or CPUC guidance, regulatory requests or policy directives impacting  
25 the Company's operations, assets, or investments.

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<sup>8</sup> An adjustment of \$0.101 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).



1 this group aims to enable A&F to meet expanding regulatory, audit, and reporting requirements  
2 with increased efficiency. All things being equal, over time, these efficiencies will help avoid  
3 higher O&M requests by allowing the Company to create capacity to absorb increased regulatory  
4 and compliance workload within existing staffing levels, supporting customer affordability.

5 **Banking Fees** include amounts paid to financial institutions for services related to bank  
6 accounts, such as: bank account maintenance fees transaction fees for activities such as wire  
7 transfers, ACH transactions, and check processing; service charges for bank account statements;  
8 lockbox services; and fraud prevention services.

9 Maintaining bank accounts is essential for core operations such as customer payments,  
10 refunds, vendor payments, and payroll. Banking fees are shifting from Corporate Center  
11 Administration to SoCalGas between 2025 and 2027. As a result, the Controller & CFO  
12 organization requests \$1.3 million in TY 2028, which is an increase of \$0.563 million compared  
13 to BY 2025 to reflect non-discounted fees. Specifically, when the banking fees were negotiated  
14 during the bank transition, a discounted fee was agreed upon, which will no longer be applicable  
15 in 2028.

## 16 **2. Forecast Method**

17 A BY forecast method was used to forecast Controller & CFO costs, including banking  
18 fees, because this forecast method relies on actual, recorded expenditures from a recent and  
19 representative operating year, providing the most accurate reflection of current business  
20 conditions and ongoing operational needs. The BY forecast was adjusted by \$0.411 million in  
21 labor to restore the full-year impact of 2.0 FTEs that were vacant during the BY, and by \$0.509  
22 million in non-labor primarily due to annualizing the banking fees. These adjustments reflect the  
23 steady-state cost of operations by eliminating non-recurring costs. The resulting expenses will  
24 be included in the TY 2028 revenue requirement as forecasted.

## 25 **3. Cost Drivers**

26 The cost drivers for the department are primarily labor driven and fluctuate depending  
27 upon organizational changes made to address new accounting guidance, regulatory compliance,  
28 and policy directives impacting the Company's operations. SoCalGas requests \$0.411 million in  
29 labor and \$0.509 million in non-labor for 2.2 vacant FTEs during BY and to address the shift of  
30 banking fees to SoCalGas from Corporate Center.

1 **IV. LEGAL DIVISION**

2 **A. Introduction**

3 SoCalGas’s Legal Division manages SoCalGas’s legal matters, issues, and risks and  
4 advises senior management and the Board of Directors on legal matters impacting the Company.  
5 Additionally, the Legal Division supports SoCalGas’s broader goals with respect to safety,  
6 reliability, and enterprise resiliency. The Legal Division consists of the following departments,  
7 which will be described in greater detail below:

- 8 • Senior Vice President & General Counsel
  - 9 - Regulatory Law
  - 10 - Commercial Law
  - 11 - Litigation Law
  - 12 - Environmental Law
  - 13 - Administrative Staff
  - 14 - Legal & Claims Strategy & Technology
- 15 • Outside Legal
- 16 • Claims Management, Claims Payments & Recovery Costs
- 17 • Claims Write-Offs

18 SoCalGas is seeking TY 2028 costs of \$48.107 million compared to the 2025 adjusted-  
19 recorded costs of \$37.720 million. This increase of \$10.387 million or 28% over 2025 costs is  
20 primarily due to an increase in non-labor costs corresponding with outside counsel litigation  
21 costs, as well as an increase in labor costs necessary to handle increasing regulatory and  
22 litigation case load and increasing compliance obligations. SoCalGas uses outside counsel to  
23 handle certain matters that require special skills or when a case/matter requires additional  
24 resources beyond the capacity of the Legal Department.

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**TABLE SM-9  
Legal Division O&M Summary of Costs**

<b>B. LEGAL (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>US S</b>	<b>Total</b>
1. Legal	10,378	19	10,397	13,434	451	13,885	3,056	432	3,488
2. Outside Legal	10,202	-	10,202	18,952	-	18,952	8,750	-	8,750
3. Claims Management, Claims Payments & Recovery Costs	11,779	1,431	13,210	11,555	1,639	13,194	(224)	208	(16)
4. Claims Write-Offs	3,911	-	3,911	2,076	-	2,076	(1,835)	-	(1,835)
<b>Total</b>	<b>36,270</b>	<b>1,450</b>	<b>37,720</b>	<b>46,017</b>	<b>2,090</b>	<b>48,107</b>	<b>9,747</b>	<b>640</b>	<b>10,387</b>

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**B. Legal Department**

**TABLE SM-10  
Legal Department O&M Summary of Costs**

<b>B. LEGAL (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
1. Legal	10,378	19	10,397	13,434	451	13,885	3,056	432	3,488
<b>Total</b>	<b>10,378</b>	<b>19</b>	<b>10,397</b>	<b>13,434</b>	<b>451</b>	<b>13,885</b>	<b>3,056</b>	<b>432</b>	<b>3,488</b>

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

For TY 2028, SoCalGas’s Legal Department forecasts expenses of \$13.885 million, representing an increase of \$3.488<sup>9</sup> million from 2025 adjusted-recorded costs.

<sup>9</sup> An adjustment of \$0.457 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

1 SoCalGas and SDG&E Legal are led by shared officers. The Senior Vice President and  
2 General Counsel oversees the legal departments of both utilities.<sup>10</sup> There are three Vice  
3 Presidents and Deputy General Counsels<sup>11</sup> who are responsible for the following functional areas  
4 of the law department at both companies: Regulatory, Commercial, Litigation, and  
5 Environmental and the practicing attorneys who are assigned to each practice area. In addition,  
6 SoCalGas has a staff of legal associate attorneys, paralegals, and administrative assistants who  
7 provide support to the attorneys. As discussed further below, the Litigation group also oversees  
8 and advises the Company’s Claims group.

9 The incremental costs requested in this area are necessary to support an increase in  
10 regulatory and litigation matters, as well as to address the impacts of increasing compliance  
11 obligations, including recently enacted Assembly Bill (AB) 1167, the “California Ratepayer  
12 Protection Act,”<sup>12</sup> which adds Section 748.3 to the California Public Utilities Code and is  
13 expected to result in an increase in labor needs for Regulatory Law, Environmental Law, and  
14 administrative support.<sup>13</sup> For both regulatory and litigation matters, caseload and other activities  
15 requiring legal support have increased, which necessitates an increase in the number of  
16 regulatory and litigation attorneys and support staff needed to handle these matters.

17 **a. Regulatory Law**

18 The Regulatory Law group primarily handles regulatory legal matters impacting the  
19 Company. This group represents SoCalGas in regulatory proceedings primarily at the CPUC and  
20 FERC, as well as in matters related to other regulatory agencies at the state and federal level  
21 (e.g., California Energy Commission (CEC), California Air Resources Board (CARB),  
22 California Geologic Energy Management Division (CalGEM), Pipeline and Hazardous Material

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<sup>10</sup> Previously SoCalGas’s and SDG&E’s legal departments were led by separate general counsels for each company. The move to shared officers promotes consistent leadership and strategic legal oversight across both utilities, leveraging the shared-officer structure to promote efficiency, coordination, and synergies.

<sup>11</sup> The request for labor and non-labor costs related to the shared Vice President & Deputy General Counsel-Commercial and Environmental and Vice President & Deputy General Counsel-Litigation, can be found in the SDG&E Administrative and General Testimony (Ex. SDGE-23). The request for labor and non-labor associated with the shared Vice President & Deputy General Counsel-Regulatory is included here.

<sup>12</sup> AB 1167 (Berman, 2025), available at: <https://legiscan.com/CA/text/AB1167/id/3272826>.

<sup>13</sup> For further discussion on AB 1167, please refer to the Compliance Testimony (SCG-30/SDGE-36).

1 Safety Administration (PHMSA), and Transportation Security Administration (TSA)). The group  
2 also advises management and operational groups within SoCalGas on rules, regulations, tariffs,  
3 rate issues, initiatives, and investigations at the regulatory agencies that SoCalGas interacts with.  
4 As part of that advice, the group also reviews proposed revisions to Company policies and  
5 procedures, Gas Standards, and Tariff Rules. Regulatory attorneys are also often involved in  
6 commercial and municipal franchise matters where those transactions and ordinances have a  
7 regulatory basis or implication. Further, regulatory attorneys advise on compliance with legislation,  
8 including dedicated resources to assist with new compliance procedures and trainings. The  
9 majority of regulatory legal matters are handled internally by the Regulatory Law group without  
10 the use of outside counsel.

11 In addition to traditional recurring CPUC proceedings (*e.g.*, RAMPs, GRCs, cost of  
12 capital applications, gas commodity filings, energy efficiency, low income, and Cost Allocation  
13 Proceeding (CAP)/rate design proceedings), SoCalGas’s regulatory attorneys are supporting a  
14 growing volume of CPUC proceedings and advice letter submissions since the last GRC cycle,  
15 including: numerous incremental stand-alone cost recovery applications arising out of the prior  
16 2024 GRC Decision (*e.g.*, CIS Incremental Funding Application, Lakeside Dairy Biomethane  
17 Pilot Project Application, Mobilehome Park Program Cost Review Application),<sup>14</sup> recurring cost  
18 recovery applications and advice letters arising out of prior GRC cycles (*e.g.*, multiple TY 2019  
19 and TY 2024 GRC Integrity Management Program filings), recurring Catastrophic Event  
20 Memorandum Account Applications, as well as emerging proceedings driven by the State’s  
21 decarbonization initiatives (*e.g.*, CPUC’s Climate Credit OIR, CARB Cap-and-Invest  
22 Rulemaking, Building Decarbonization OIR, Gas Line Extension Allowance Applications), in  
23 addition to distributed energy concepts, the Risk-Based Decision-Making Framework  
24 proceeding, Safety Culture OIR, new gas storage rules, long-term gas system planning, and  
25 various other proceedings.

26 For example, in 2025, SoCalGas handled an active CPUC caseload of over 50  
27 proceedings (including Applications, OIRs, and OIIs) compared with around 26 proceedings in  
28 2011 and around 37 proceedings in 2022. Included in those approximately 50 proceedings were  
29 18 Applications filed, with at least 11 more anticipated to be filed in 2026. Regulatory lag is also

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<sup>14</sup> D.24-12-074.

1 increasing the length of time that proceedings are active and requires additional resources to  
2 address the increased volume of work associated with ongoing proceedings (*i.e.*, data requests,  
3 CPUC meetings, etc.).

4 In addition, accountability reporting, such as RSAR, continues to require regulatory law  
5 resources to oversee and coordinate necessary filings. Regulatory attorneys also spend time on  
6 various CPUC initiatives such as confidentiality rules under General Order (GO) 66-D,  
7 accounting compliance requirements, *ex parte* rules, and support for an increase in audit activity  
8 from the CPUC's audit branch. These rules and requirements directly impact regulatory  
9 attorneys who spend time on discovery issues, potential confidentiality issues, and compliance  
10 advice. There are also matters related to changes in SoCalGas's infrastructure, service, and  
11 pipeline safety and integrity that require regulatory legal support, including for increasing  
12 discovery requests from Commission and agency staff.

13 As described above, SoCalGas is experiencing an upward trend in regulatory matters,  
14 including an increase in regulatory proceedings, and increasing compliance, advice and counsel,  
15 and audit support obligations that cannot be sufficiently supported with a team of 11 attorneys  
16 representing a large California Investor-Owned Utility (IOU), as well as jointly representing  
17 SDG&E on many proceedings. In addition, recent legislation (AB 1167) is anticipated to result  
18 in an increase in labor needs for Regulatory. SoCalGas is requesting three senior counsel (3.0  
19 FTE) positions to support the Regulatory Law group with the increase in regulatory legal and  
20 compliance work. SoCalGas also anticipates nonlabor expenses to increase because of an  
21 increase in travel expenses necessary to support regulatory matters due to an upward trend in  
22 resuming in-person CPUC evidentiary hearings, prehearing or status conferences, and  
23 workshops.

#### 24 **b. Commercial Law**

25 The Commercial group provides legal advice and assists with documentation in  
26 connection with commercial transactions, including but not limited to, contracts for physical and  
27 financial commodity transactions, storage and hub transactions, interstate pipeline capacity,  
28 utility system interconnections, general goods and services and operations procurement,  
29 infrastructure relocations, maintenance, repairs and new construction, licensing, marketing and  
30 communications, intellectual property and technology contracts, municipal franchises,  
31 permitting, right-of-way acquisition, land use and other real estate matters, new business

1 structuring, research and development investment, credit support instruments, energy efficiency  
2 program contracts, rebates and incentives, federal and state government contracts, customer  
3 services agreements, and tariff-based contracts. In addition, commercial attorneys research,  
4 write, and edit commercial documents and internal policies, and provide commercially focused  
5 and other legal advice, including advice with respect to compliance with corporate finance  
6 arrangements and corporate governance practices, as well as with respect to antitrust, privacy,  
7 securities, and other laws.

### 8 **c. Litigation**

9 The Litigation group represents the company in civil litigation ranging from the defense  
10 of personal injury and property damages to more complex tort and business disputes. Company  
11 litigation matters are primarily handled in-house, using outside counsel when additional expertise  
12 is required, when matters have high potential exposure, or when in-house resources are not  
13 available. The Litigation group also provides pre-litigation advice including the investigation of  
14 significant incidents and supports incident response, including supporting emergency on-call and  
15 claims on call structures.

16 In addition to handling litigation and pre-litigation matters, litigation attorneys provide  
17 legal advice and counsel in support of the Company's emphasis on loss prevention as well as  
18 public and employee safety. The Litigation group also advises on a broad spectrum of Company  
19 matters, including but not limited to, review of proposed revisions to Company policies and  
20 procedures, Learning Teams lessons, modifications to Gas Standards and Tariff Rules, review of  
21 Company communications, and advice regarding implementation of new laws. Additionally,  
22 Litigation paralegals support the attorneys in assisting with case planning, development, and  
23 management. Litigation paralegals also research legal and factual issues, conduct interviews,  
24 engage in fact gathering and retrieval of information, draft and analyze legal documents, and  
25 review and proofread various filings prior to submittal. Paralegals also manage and respond to  
26 third-party subpoenas served on the Company by parties seeking production of documents or  
27 Company trial and deposition testimony.

28 SoCalGas is experiencing an increase in litigation matters necessitating an increase in  
29 internal labor. Typically, litigation lawyers handle between 12 to 14 cases per lawyer. As of the  
30 end of 2025, each litigation lawyer had a caseload of 18 or more cases. Litigation cases are also  
31 becoming more complex, involving multiple plaintiffs and multiple suits within one matter.

1 There is also an upward trend in the number of cases filed against the company. In 2023, 42  
2 litigation cases were opened. This increased to 54 cases in 2024, representing a 29%  
3 year-over-year increase. The upward trend continued in 2025, with 70 new cases opened—an  
4 additional 30% increase from the prior year.

5 In addition, the Litigation group manages and works directly with the Company’s internal  
6 Claims Department, which is responsible for investigating and resolving Company liability on  
7 certain matters, including resolving such matters short of litigation and third-party recovery.

8 To support the increase in litigation workload, SoCalGas is requesting one senior counsel  
9 (1.0 FTE), and one contract attorney (1.0 FTE).

#### 10 **d. Environmental Law**

11 The Environmental Law group represents and advises the Company in the areas of  
12 environmental compliance, litigation, enforcement, sustainability, policy, and permitting. The  
13 Environmental attorneys represent the Company in proceedings concerning environmental  
14 matters before local, state, and federal governmental agencies (*e.g.*, CARB, local air quality  
15 management districts, the California Coastal Commission, the Department of Toxic Substances  
16 Control, Certified Unified Program Agencies, California Department of Fish and Wildlife, U.S.  
17 Fish and Wildlife Service, the state and regional water quality control boards, the U.S. Army  
18 Corps of Engineers, and the CEC).

19 This includes advising the Company on obtaining environmental approvals for  
20 construction and operations and maintenance of natural gas infrastructure and other Company  
21 facilities, including regulatory-approved capital projects and pipeline integrity projects,  
22 particularly in environmentally sensitive areas where the Company has facilities (*i.e.*, wetlands,  
23 the Coastal Zone, the California desert, and other sensitive habitats and ecosystems). This work  
24 entails providing guidance and representation in regulatory proceedings where environmental  
25 review under the California Environmental Quality Act or the National Environmental Policy  
26 Act is required by the CPUC (*e.g.*, General Order 177) or other federal, state, and local agencies.

27 In addition, environmental attorneys provide comments and advise on rulemakings,  
28 proceedings, and legislation that could impact Company operations and compliance obligations.  
29 The group also advises management and operational groups within SoCalGas on environmental rules  
30 and regulations promulgated by regulatory agencies, and as part of that advice, the group reviews  
31 proposed revisions to Company policies and procedures and Gas Standards. The Environmental

1 law group also advises on emerging proceedings and regulations driven by the State’s  
2 decarbonization initiatives (e.g., Senate Bill (SB) 253, SB 261, Cap-and-Invest). Further,  
3 environmental attorneys manage environmental litigation and enforcement matters.

4 Increased compliance obligations, including AB 1167, are anticipated to result in an  
5 increase in labor needs for the Environmental law group. SoCalGas is requesting one senior  
6 counsel (1.0 FTE) position to assist with the increased workload experienced by this group.

7 **e. Administrative Staff**

8 SoCalGas’s Administrative Staff supports the Legal Department on an array of matters,  
9 including but not limited to, filings in State and Federal Court, filings at the CPUC and FERC,  
10 legal deliverables and deadlines, litigation support (e.g., motions, depositions, court appearances,  
11 etc.), and other tasks. The Administrative Staff provide general administrative support as well as  
12 specialized support depending on practice areas. They are required to be knowledgeable and  
13 proficient in civil and regulatory rules, practices, and procedures, as well as enhance their skills  
14 as technologies and business practices change. In addition, the Administrative Staff is also  
15 responsible for onboarding, as well as supporting outside counsel and claims. SoCalGas is  
16 requesting two additional Legal Administrators (2.0 FTE) to support the increased regulatory,  
17 litigation, and environmental workload and responsibilities required to assist attorneys as  
18 described in the respective sections above.

19 **f. Legal & Claims Strategy and Technology**

20 The Legal & Claims Strategy and Technology group supports the Legal Department  
21 including the Claims Management department with continuous process improvements through  
22 technological advancement and data analytics. The group evaluates current and new  
23 technologies to enhance processes and drive efficiencies, develops and implements new evolving  
24 technology systems and platforms, and develops, interprets, communicates, and manages data  
25 analytics that support the improvement of processes and procedures. For example, through a  
26 focused commitment to continuous process improvement, the group evaluated the claim recovery  
27 process and identified key opportunities to streamline and modernize operations. With the  
28 team’s guidance and direction, the recovery team more than doubled recovery-claim processing  
29 volume and reduced the average time to resolve pending recovery claims from approximately 18  
30 months to a nine month average. The improvements were driven by enhancing the  
31 claims-management systems, automating manual workflows, and consolidating reporting across

1 teams—resulting in streamlined operations, improved data accuracy, and faster, better-informed  
2 decision-making.

3 In addition, the Legal, Claims, and Technology group manages the Claims Management  
4 System, leading system development efforts, and designing and implementing technology  
5 solutions that support departmental business objectives and reporting requirements for both  
6 SoCalGas and SDG&E. This group is requesting one technology support (1.0 FTE) backfill  
7 necessitated by the increase in responsibilities and need of evolving and on-going technology  
8 support for the department.

## 9 **2. Forecast Method**

10 A BY forecast method was used for the Legal Department because the last recorded year  
11 best reflects the expense level associated with current activity levels and is the appropriate basis  
12 for forecasting TY 2028 expenses. This method is most appropriate because other methods –  
13 such as trends or multi-year averages – do not reflect the current labor level, which is generally  
14 trending upward. The use of other forecast methodologies is not reflective of the current  
15 organization’s structure and needs. Where business requirements dictate, adjustments have been  
16 made to the base year forecast to account for expected increases in labor and non-labor  
17 expenditures. The incremental FTE adjustments are in direct response to the cost drivers  
18 described below

## 19 **3. Cost Drivers**

20 As described in more detail above, the volume and complexity of legal work has had a  
21 significant increase in caseload, emerging regulatory and compliance requirements, and business  
22 upward pressures requiring additional legal staffing. As such, SoCalGas is requesting \$3.337  
23 million<sup>15</sup> in labor over the base year and \$0.151 million in non-labor over the base year.

24 The requested increase in labor O&M is for the addition of 5.0 incremental Senior  
25 Counsel FTEs (3.0 for the Regulatory Law group, 1.0 for the Litigation Law group, and 1.0 for  
26 the Environmental Law group), one contract attorney (1.0 FTE for Litigation), 1.0 FTE backfill  
27 for Legal & Claims Strategy and Technology, and 2.0 FTEs for Legal support staff to meet the  
28 increasing workload demands. The incremental FTEs will represent SoCalGas in regulatory and

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<sup>15</sup> An adjustment of \$0.467 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

litigation proceedings, as well as support the activities described above, including advice and counsel on legal issues and risks, Gas Standards and Tariff Rules, audits, and compliance issues. These positions will also support SoCalGas’s broader goals with respect to safety, reliability, and enterprise resiliency. Without these resources, SoCalGas faces a heightened risk of non-compliance, missed regulatory or litigation deadlines, and potential reputational and other consequences. Timely investment in these positions is essential to maintain compliance, uphold regulatory and other legal commitments, and safeguard the integrity of SoCalGas’s operations. The new Vice President and Deputy General Counsel position is needed to provide consistent leadership and strategic legal oversight across both utilities, leveraging the shared-officer structure to promote efficiency, coordination, and synergies. The addition of this position will enhance coordination, deepen subject-matter oversight, and improve the Law Department’s ability to meet growing demands efficiently.

The requested increase in non-labor O&M is necessary to cover an increase in travel expenses necessitated by the CPUC’s return to in-person CPUC hearings and workshops. Regulatory attorneys, as well as support staff, represent and support SoCalGas at prehearing conferences, status conferences, and evidentiary hearings. Regulatory attorneys also regularly attend proceeding workshops. Since 2020, the majority of CPUC hearings and workshops have been virtual. Recently more hearings and workshops have returned to in person and SoCalGas anticipates that this trend will continue. Many of these hearings and workshops are located in Northern California necessitating travel and associated expenses.

**C. Outside Legal**

**TABLE SM-11  
Outside Legal Summary of Costs**

<b>B. LEGAL (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
2. Outside Legal	10,202	-	10,202	18,952	-	18,952	8,750	-	8,750
<b>Total</b>	<b>10,202</b>	<b>-</b>	<b>10,202</b>	<b>18,952</b>	<b>-</b>	<b>18,952</b>	<b>8,750</b>	<b>-</b>	<b>8,750</b>

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

For TY 2028, SoCalGas’s Outside Legal forecasts expenses of \$18.952 million, represents an increase of \$8.750 million from 2025 adjusted-recorded costs. SoCalGas uses

1 outside Legal services to handle certain matters that require special skills or subject-matter  
2 expertise or when a case/matter requires additional resources beyond the capacity of the Legal  
3 Department. Retention and oversight of outside legal counsel is coordinated by Sempra  
4 Corporate Legal, on behalf of the Legal groups at SoCalGas and SDG&E. My testimony  
5 includes the costs associated with Outside Legal Services that are directly billed to SoCalGas.

6 When evaluating and selecting outside legal counsel, the Legal Department at SoCalGas  
7 seeks to achieve efficiency and cost-effectiveness relative to the associated level of risk,  
8 complexity, and scope of the legal matter at hand. Additionally, Sempra Corporate Legal, in  
9 consultation with SoCalGas, has undertaken an extensive review of the outside law firms  
10 utilized, considering a number of different attributes including excellence in work product,  
11 responsiveness, cost effectiveness, creativity, and initiative. The objective of this review was to  
12 reduce the overall number of law firms used and to concentrate work with a smaller number of  
13 firms in order to leverage Sempra's scale and purchasing power to increase efficiencies and  
14 reduce costs.

15 The analysis and forecasting of Outside Legal Services in this testimony include  
16 reasonably incurred legal costs, a standard that does not depend on whether legal activities were  
17 ultimately successful. In addition, certain Outside Legal Services costs are excluded from  
18 SoCalGas's GRC request in accordance with applicable regulations or based on prior CPUC  
19 rulings. Please refer to the Compliance Testimony (Ex. SCG-30/SDGE-36) for additional  
20 information.

## 21 **2. Forecast Method**

22 The TY 2028 forecast for Outside Legal Services is based on BY 2025 activity with an  
23 increase for additional costs anticipated to be incurred as a result of wildfire litigation associated  
24 with the January 2025 Los Angeles fires. This method was selected based on evaluation of the  
25 cost drivers for Outside Legal Services, which are discussed below.

## 26 **3. Cost Drivers**

27 Legal matters requiring the engagement of outside legal counsel are generally unique and  
28 highly variable from year to year, as outside legal counsel is typically used when the internal  
29 legal resources at SoCalGas, hired to manage standard and/or recurring legal activities associated  
30 with normal business operations, are not available or are not of sufficient expertise to litigate a  
31 specific legal matter. The ability to predict the volume, complexity, and duration of legal matters

1 that would require the use of outside counsel along with the associated costs is highly subjective.  
 2 It was determined that BY 2025 Outside Legal Services costs would be best representative of the  
 3 expected activity involving outside legal counsel for TY 2028 given these are the most recently  
 4 incurred annual costs. Adjustments were made to the base year to address an increase in outside  
 5 counsel legal spend due to wildfire related litigation.

6 In particular, SoCalGas was brought into litigation arising out of the January 2025 Los  
 7 Angeles wildfires in late 2025 and early 2026. While SoCalGas believes it has valid defenses in  
 8 both cases, it is expensive to defend against these claims, even when done prudently. The cases  
 9 have high financial stakes, are highly complex, require the use of sophisticated outside counsel  
 10 and third-party vendors, and they also involve significant contributions from internal resources.  
 11 In addition, the litigation is expected to be prolonged, meaning costs will continue to be incurred  
 12 in the test year and beyond.

13 **D. Claims Management, Claims Payment, and Recovery Costs**

14 **TABLE SM-12**  
 15 **Claims Management, Claims Payment, and Recovery Summary of Costs**

B. LEGAL (In 2025 \$)	2025 Adjusted-Recorded (000s)			TY2028 Est. (000s)			Change (000s)		
	NSS	USS	Total	NSS	USS	Total	NSS	USS	Total
Claims Management		1,431	1,431		1,639	1,639		208	208
Claims Payments & Recovery Costs	11,779		11,779	11,555		11,555	(224)		(224)
<b>Total</b>	<b>11,779</b>	<b>1,431</b>	<b>13,210</b>	<b>11,555</b>	<b>1,639</b>	<b>13,194</b>	<b>(224)</b>	<b>208</b>	<b>(16)</b>

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

17 For TY 2028, the Claims Management department requests \$13.194 million, which  
 18 represents a decrease of \$0.016 million from 2025 adjusted recorded. This department has seen  
 19 an increase in workload for Claims Management requiring additional labor, but this increase is  
 20 offset by a decrease in Claims Payments and Recovery Costs based on the five-year average.

21 The Claims department has handled an average of 5,900 claims per year over the past  
 22 five years. The Claims group performs a key risk mitigation function, handling and resolving  
 23 matters before those matters progress into more costly litigation matters. The Claims

1 Management department is organized into two functional groups: Claims Liability and Claims  
2 Recovery. These groups are responsible for investigating claims involving property damage,  
3 bodily injury, and loss of revenue or business. These groups are also responsible for collecting  
4 and documenting evidence into the claims management database, determining Company liability  
5 or third-party liability of a recovery matter, processing payments and/or billing requests,  
6 retaining experts (as needed), and ultimately bringing closure and resolution to each type of  
7 claim in an expeditious and professional manner.

8 The Claims Management department also performs loss control and prevention activities  
9 designed to reduce the frequency and severity of accidents. These activities support the  
10 mitigation of utility operational expenses, reduce costs borne by ratepayers, and promote public  
11 safety. This is accomplished through collaboration with Operations and other key departments to  
12 analyze claim trends, share lessons learned, and disseminate actionable insights that support  
13 preventative measures and process improvements. In addition, the department pursues cost  
14 recovery related to third-party damage incidents, further offsetting utility costs. Lastly,  
15 SoCalGas adjusters are cross trained to assess liability, bodily injury, motor vehicle accident, and  
16 third-party damage/recovery claims.

17 SoCalGas requests one claims adjuster (1.0 FTE) backfill to the recovery claims group.  
18 This claims adjuster is needed to assist in getting higher recoveries from third parties. This work  
19 supports the Company's affordability and efficiency business objectives.

## 20 **2. Forecast Method**

21 The Claims Management Department's shared services utilizes a BY forecast  
22 methodology. This method is the most appropriate because it reflects the increase in workload  
23 and the continued technology adoption that significantly enhances the effectiveness of  
24 investigating claims, collecting and maintaining evidence, assessing liability, and negotiating  
25 settlements in the BY.

26 For non-shared services related to claims payments and recovery, a five-year average  
27 (2021–2025) is used to forecast TY 2028. The five-year average provides the most reasonable  
28 estimate of annual costs given the year-to-year variability and the cyclical nature of these  
29 expenses. The Company's trend of litigation and claims does not necessarily predict the future.  
30 To predict and plan for claim payments to third parties for TY 2028 is challenging, given the

1 nature, unpredictability, and volatility of events that could occur that would cause the Company  
2 to incur additional unanticipated costs.

3 Historically, SoCalGas has seen the claims vary significantly from one year to the next.  
4 While SoCalGas manages its operations to mitigate the impact of third-party claims as much as  
5 possible, the exposure to claims will always be a risk to the Company given its large presence of  
6 property, assets, and resources across a wide geographic region. As such, it is important that any  
7 forecast of claims captures a period that is long enough to reflect the highs and lows of activity  
8 that cannot be easily predicted or controlled. Accordingly, a five-year historical average is  
9 appropriate to capture a reasonable cycle of Claims Payments and Recovery Expense activity.  
10 This methodology has been consistently applied to this department in prior SoCalGas GRCs.

### 11 **3. Cost Drivers**

12 SoCalGas is experiencing a sustained increase in third party claims and its attendant  
13 workload. The Claims Management department’s caseload has increased to almost 5,900 claims  
14 investigated in 2025 compared to an average of 3,900 in the prior 2024 GRC cycle. As outlined  
15 in the Litigation section, litigation matters continue to rise, and this trend is mirrored in liability-  
16 related claims, which is also experiencing increased volumes and workload. For example,  
17 liability claims nearly doubled over the period – growing from approximately 1,200 claims  
18 opened in 2021 to 2,400 claims opened in 2025.

19 As for recovery claims, there has been a modest increase in overall volume, rising from  
20 approximately 3,200 claims opened in 2021 to 3,500 claims in 2025, a 9% increase over the  
21 period. The Claims Recovery group is responsible for recovering damages to SoCalGas facilities  
22 from third parties, which directly reduces costs to ratepayers. With support from the Legal &  
23 Claims Strategy and Technology group, the Claims Recovery team has significantly improved its  
24 efficiency through multiple process enhancements, resulting in nearly triple the amount of  
25 recovered dollars between 2021 and 2025. Data also indicates a strong relationship between  
26 billing timeliness and recovery success—the sooner a third party is billed for damages, the more  
27 likely the recovery is to be collected.

28 In order to sustain the important work that Claims performs, including investigating  
29 claims, collecting and maintaining evidence, assessing liability and negotiating settlements, the

claims group needs more support. SoCalGas’s request for \$1.616 million<sup>16</sup> in labor and \$11.578 million in non-labor includes funding for one claim adjuster (1.0 FTE) backfill for the Claims Management Department. As noted above, these requests are offset by the Claims Payments and Recovery Costs.

**E. Claims Write-Offs**

**TABLE SM-13  
Claims Write-Offs Summary of Costs**

<b>B. LEGAL (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
4. Claims Write-Offs	3,911	-	3,911	2,076	-	2,076	(1,835)	-	(1,835)
<b>Total</b>	<b>3,911</b>	<b>-</b>	<b>3,911</b>	<b>2,076</b>	<b>-</b>	<b>2,076</b>	<b>(1,835)</b>	<b>-</b>	<b>(1,835)</b>

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

For TY 2028, Claims Write-Offs requests \$2.076 million, which represents a decrease of \$1.835 million from 2025 adjusted recorded. The change is primarily driven by the use of a five-year average forecast method in claims write-off expenses that best accounts for the unpredictable nature of these activities.

Claims Write-Offs are unpaid claims for damaged SoCalGas facilities. Such incidents typically result from third parties causing harm to underground pipelines or assets during excavation activities. When these situations arise, SoCalGas makes the necessary repairs and bills the party responsible, whenever possible. While reasonable efforts are made to identify the responsible party and recover these expenses, not all attempts are successful. Once a claim is determined to be uncollectible, the invoice is written off.

**2. Forecast Method**

A five-year average (2021–2025) is used to forecast TY 2028. The five-year average provides the most reasonable estimate of annual costs given the year-to-year variability of these expenses. SoCalGas used a five-year average rather than a three-year average to better reflect

<sup>16</sup> An adjustment of \$0.058 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

1 the efficiencies achieved by implementing the new process in 2025 discussed in the section  
2 below.

3 **3. Cost Drivers**

4 Claims write-off expenses are primarily driven by the aging of unpaid claims receivable  
5 balances associated with third-party damage to SoCalGas facilities.

6 SoCalGas’s request reflects lower projected write-off expenses, and continued refinement  
7 of collection practices. Specifically, Claims Management implemented a targeted billing  
8 approach under which invoices are issued only in cases where there is a high probability of  
9 successful recovery. By limiting collection efforts to more viable claims, the department reduces  
10 exposure to uncollectible accounts and associated write-off expenses, while continuing to pursue  
11 cost recovery where appropriate. This approach helps stabilize write-off costs over time and  
12 mitigates volatility driven by fluctuations in claims activity and payment outcomes.

13 **V. ENTERPRISE RISK AND COMPLIANCE MANAGEMENT DIVISION**

14 Included in this section of testimony are activities and associated O&M expenses to  
15 address Enterprise Risk and Compliance Management activities. SoCalGas is seeking TY 2028  
16 costs of \$6.144 million compared to the 2025 adjusted-recorded costs of \$5.052 million. This  
17 increase of \$1.092 million or 22% over 2025 costs is primarily due to additional labor needed to  
18 address increased data collection and reporting requirements required by the Commission’s  
19 evolving Risk-Based Decision-Making Framework (RDF), perform complex modeling and data  
20 analysis as required by the Commission’s RDF, strengthen controls, monitoring, and governance  
21 of compliance activities at the enterprise level, and maintain compliance with new or expanded  
22 legal and regulatory requirements.

23 These activities and expenses are summarized in Table SM-14 below.

1  
2

**TABLE SM-14**  
**Enterprise Risk and Compliance Management Summary of Costs**

<b>C. ENTERPRISE RISK AND COMPLIANCE MANAGEMENT (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
1. Enterprise Risk and Compliance Management	4,573	479	5,052	5,643	501	6,144	1,070	22	1,092
<b>Total</b>	<b>4,573</b>	<b>479</b>	<b>5,052</b>	<b>5,643</b>	<b>501</b>	<b>6,144</b>	<b>1,070</b>	<b>22</b>	<b>1,092</b>

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**1. Description of Costs and Activities**

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The Enterprise Risk and Compliance Management division is led by the Vice President - Chief Risk Officer and Chief Compliance Officer, a shared officer, whose role is to oversee the implementation of prudent enterprise risk and compliance management practices for SoCalGas and SDG&E.<sup>17</sup> This role is responsible for implementation of compliance programs to adhere to legal, regulatory, and Company standards and policies, as well as developing and setting risk management policy to assist SoCalGas in managing its risks through a structured, increasingly data-driven approach that identifies threats and hazards, assesses and prioritizes risks, implements mitigation efforts, and engages in assessments and reviews to understand risk mitigation effectiveness. SoCalGas’s risk philosophy is discussed in the Risk Management volume (Ex. SCG-02/SDGE-02).

14  
15  
16

The Enterprise Risk and Compliance Management department is organized into three functional groups: Enterprise Risk Management (ERM), Enterprise Compliance Management (ECM), and Credit Risk Management (CRM) which are described below:

17

**a. Enterprise Risk Management (ERM)**

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The ERM group oversees the assessment and monitoring of enterprise risks. It promotes the integration of risk concepts and analysis in asset management and investment processes to support the strengthening of SoCalGas’s safety culture. In addition, the ERM group supports

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<sup>17</sup> Previously SoCalGas’s and SDG&E’s Enterprise Risk and Compliance Management activities were led by separate risk officers at each company. The move to a shared officer promotes consistent leadership and oversight across both utilities, leveraging the shared-officer structure to promote efficiency, coordination, and synergies.

1 effective governance over risk management activities and identification of continuous  
2 improvement opportunities by facilitating quarterly Enterprise Risk and Compliance Committee  
3 (ERCC) meetings, including the development and maintenance of a committee charter and the  
4 preparation of agendas and meeting materials focused on risk and compliance issues at the  
5 enterprise level. The ERCC is chaired by the VP - Chief Risk Officer and Chief Compliance  
6 Officer and is comprised of senior officers. The purpose of the ERCC is to establish risk  
7 management policy and governance, oversee the management of ongoing and emerging risks,  
8 encourage operationalization of SoCalGas's comprehensive ERM Framework, foster risk-  
9 informed decision-making, and promote continuous improvement of the ERM Framework.

10 The ERM group is also responsible for the Company's compliance with and  
11 implementation of the CPUC's RDF. Since the TY 2024 GRC filing, the regulatory framework  
12 for quantifying risk and mitigation effectiveness has grown more complex, in particular, under  
13 recent decisions in the CPUC's RDF Proceeding (R.20-07-013).<sup>18</sup> Key changes include the  
14 adoption of an advanced risk mitigation monetization framework that replaced Risk Spend  
15 Efficiency metrics with Benefit-Cost Ratios (BCRs) as part of evaluating mitigation investments.  
16 This advanced monetization framework incorporates greater mathematical complexity, such as  
17 enhanced tranching requirements and Consequence of Risk Event (CoRE) distribution analysis  
18 to support convex societal risk-aversion scaling. Additionally, new regulatory requirements  
19 require sensitivity and scenario analyses, as well as replication of BCR calculations under three  
20 distinct discount rate scenarios. Collectively, these changes have substantially increased both  
21 computational volume and analytical complexity.

22 Most recently, the Commission issued D.25-08-032, which introduced further  
23 refinements to the RDF including the use of probabilistic distributions for all risk models,  
24 implementation of back-casting, and the development of Risk Reporting Units and RAMP Data  
25 Templates, among other changes that will directly impact SoCalGas's 2029 RAMP filing.  
26 Additionally, new requirements, outside of RAMP and GRC applications, are also anticipated,  
27 such as Risk Mitigation Accountability Report (RMAR) requirements, which require annual  
28 evaluation of forecasted mitigation benefits, monetized outcomes, results, and projections.

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<sup>18</sup> See, e.g., D.25-08-032.

1 To meet the Commission’s expanded RDF requirements, the ERM group includes a  
2 dedicated Quantitative Risk Management (QRM) function that applies data-driven, probabilistic,  
3 and quantitative methods to assess risk, evaluate the effectiveness of risk mitigation strategies,  
4 and advance compliance with the Commission’s evolving RDF and other regulatory  
5 requirements. QRM collaborates with departments across the organization to enhance risk-  
6 related processes and provide guidance on risk modeling that meets external regulatory  
7 requirements, while aligning with SoCalGas’s commitment to continuous improvement.

8 **b. Enterprise Compliance Management (ECM)**

9 The ECM group oversees the Company’s enterprise compliance management function, as  
10 well as the implementation of specific programs to support the Company’s compliance with  
11 specific legal, regulatory, and Company standards and policies, including those related to  
12 Affiliate Compliance regulations, the Company’s document retention and information  
13 management policies, and those related to compliance and reporting requirements. SoCalGas’s  
14 ECM function is informed by regulatory guidelines and best practices, including the U.S.  
15 Department of Justice Evaluation of Corporate Compliance Programs, U.S. Federal Sentencing  
16 Guidelines, and International Standard for Compliance Management Systems ISO 37301, with  
17 an emphasis on continuous improvement. Consistent with the September 2024 U.S. Department  
18 of Justice Guidance,<sup>19</sup> the ECM function includes periodic assessment of enterprise compliance  
19 risk and evaluation of the effectiveness of compliance management practices. Among other  
20 recommendations, this September 2024 update establishes the expectation that effective  
21 corporate compliance programs will include increased resources to gather and leverage data for  
22 compliance purposes, utilize data analytics and tools to measure the effectiveness of the  
23 company’s compliance program, and include a process for identifying and managing internal and  
24 external risks that could impact the company’s ability to comply with the law, including risks  
25 related to the use of new technologies. The ECM group also partners with organizations  
26 throughout the Company to support the development of enhanced compliance management  
27 practices and programs implemented by other departments.

28 Affiliate Compliance activities include overseeing business processes and controls  
29 intended to achieve ongoing compliance with State and Federal regulations and reporting

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<sup>19</sup> U.S. Department of Justice – Criminal Division, *Evaluation of Corporate Compliance Programs*,  
(September 2024), available at: <https://www.justice.gov/criminal/criminal-fraud/page/file/937501/dl>.

1 requirements. Records retention and Information Management activities include implementation  
2 of an annual record review and certification process, annual training, and a process for  
3 responding to employee questions and concerns related to recordkeeping and information  
4 management, which are designed to preserve, protect, organize, store, and dispose of company-  
5 related records in compliance with legal, regulatory, and Company requirements.

6 Compliance activities also include the enhancement, implementation, and continuous  
7 improvement of the Company's processes for compliance with State laws and regulations. These  
8 compliance activities include annual employee training, annual compliance risk assessments, as  
9 well as monitoring and reporting.

10 ECM also supports efforts to foster an ethical culture of compliance among employees  
11 through employee trainings, as well as communication activities, including maintenance of an  
12 enterprise compliance resource site for employees, and publication of a quarterly enterprise  
13 compliance newsletter.

#### 14 **c. Credit Risk Management (CRM)**

15 The Credit Risk Management group<sup>20</sup> establishes and implements policies and  
16 procedures to promote compliance with authorized credit-related tariff rules and mitigate credit  
17 risk. CRM responsibilities include, but are not limited to, implementation of policies and  
18 procedures to manage risk associated with Gas Acquisition energy procurement activities, the  
19 Contracted Marketer program, the Core Transport Agent program, Capacity Products energy  
20 market activities, and contractual and/or tariff transactions with California Producers, and Large  
21 Commercial and Industrial Customers. This support includes several activities, including, but  
22 not limited to:

- 23 • Establishing and monitoring credit
- 24 • Mitigating credit risk
- 25 • Managing cash and non-cash collateral
- 26 • Negotiating contract credit terms
- 27 • Monitoring accounts receivable

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<sup>20</sup> The CRM group was previously part of the Credit and Collections department and was transitioned to Enterprise Risk & Compliance from Customer Services-Office Operations in 2023.

1 In addition, the group is involved in the review of contracts and tariffs that require credit  
2 provisions, as well as the review of SoCalGas's use of various credit instruments such as  
3 Parental Guarantees, Letters of Credit, Surety Bonds, and other credit mitigation agreements.

## 4 **2. Forecast Method**

5 The forecast method developed for the Enterprise Risk and Compliance Management  
6 cost category of labor and non-labor expense is the Base Year method. This forecasting  
7 methodology serves to represent this division's growth more accurately. Incremental  
8 adjustments focus on support for ERM for compliance, monitoring, reporting, analytical,  
9 operational, and quantitative activities and for ECM to comply with regulatory compliance  
10 activities, compliance risk, and compliance program effectiveness enhancement and monitoring.  
11 SoCalGas requests incremental costs to respond to growing activities required to satisfy  
12 increasing compliance and reporting requirements to be implemented within this group, which  
13 requires additional staffing, capabilities, and resources. An average trend would not account for  
14 anticipated growth in the activities.

## 15 **3. Cost Drivers**

16 SoCalGas is requesting labor of \$1.042 million<sup>21</sup> and non-labor of \$0.051 million over  
17 the base year. The key labor cost drivers behind this forecast are the resources necessary to  
18 continue to develop and implement practices to meet increasing compliance requirements  
19 described in the ERM and ECM sections above.

20 With the expansion and increasing complexity of regulatory requirements, the size of the  
21 group must grow to support the new activities as described. SoCalGas is requesting funding to  
22 add:

- 23 • One Enterprise Risk Project Manager III resource to further the development and  
24 implementation of ERM data collection, assessment, and reporting processes.  
25 This includes identifying and assessing operational and infrastructure risks,  
26 benchmarking industry best practices, and the development of risk frameworks in  
27 partnership with business units. This position will also provide guidance to meet  
28 risk-related regulatory requirements including the Commission's RDF

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<sup>21</sup> An adjustment of \$0.133 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

1 proceedings, RAMP proceeding, GRC proceeding, and the annual RSAR. Other  
2 responsibilities include coordination of input from and participation with various  
3 departments within the Company as needed to support risk-informed decision-  
4 making and guide consistency in enterprise risk management practices.

- 5 • Two Data Science & BI Senior Project Manager II resources to the ERM/QRM  
6 group. Beyond the annual RMAR requirements noted above, new obligations  
7 under D.25-08-032 include portfolio optimization scenario analysis, CoRE  
8 distribution modeling, residual risk evaluation, back-casting, and expanded  
9 quantitative support for RAMP data templates and Risk Reporting Units. These  
10 known and other potential additional mandates from future RDF phases or other  
11 proceedings will further increase workload and complexity. Timely investment in  
12 these positions is essential to maintain compliance, uphold regulatory  
13 commitments, and safeguard the integrity of SoCalGas's quantitative risk  
14 management infrastructure (*i.e.*, databases, models, and analytical frameworks).
- 15 • One Enterprise Compliance Project Manager III resource for the ECM group is  
16 needed to meet anticipated regulatory compliance and reporting activities related  
17 to new legislation, as well as to address the 2024 U.S. Department of Justice  
18 Evaluation of Corporate Compliance Programs guidance. This resource will  
19 support continuous improvement of the enterprise compliance management  
20 function in alignment with increasing Federal regulatory expectations.

21 The increase in non-labor is primarily driven by the need to obtain support from experts  
22 within the industry, allowing SoCalGas to continue to mature its enterprise risk management  
23 practices. Specifically, the requirements of D.25-08-032 expanded RAMP requirements related  
24 to quantifying risk. These requirements are complex and dynamic. The ERM team is working to  
25 modify internal practices and drive changes across the enterprise to meet evolving regulatory  
26 requirements and expectations, which often requires the assistance of outside technical experts.

## 27 **VI. REGULATORY AFFAIRS DIVISION**

### 28 **A. Regulatory Affairs**

29 The Regulatory Affairs division is comprised of the following departments, which are  
30 described in greater detail below:

- 31 • Director of Regulatory Affairs;

- Regulatory Tariffs and Information;
- Regulatory Case Management;
- Gas Rates and Analysis;
- Gas Demand Forecasting and Economic Analysis; and
- GRC Revenue Requirements.

Regulatory Affairs provides project management, policy development, regulatory strategy, gas demand forecasting, economic analysis, gas cost allocation, gas rate design, and tariff administration services. Regulatory Affairs also manages proceedings and issues before the CPUC and other agencies.

Regulatory Affairs TY 2028 forecast is \$6.836 million, compared to the 2025 BY of \$5.945 million. This increase of \$0.891 million or 15% over 2025 costs is primarily due to an increase in labor costs necessary to handle increasing proceeding obligations, as well as an increase in non-labor costs corresponding with the resumption of in person CPUC hearings and workshops, necessitating travel expenses.

**TABLE SM-15  
Regulatory Affairs Summary of Costs**

<b>D. REGULATORY AFFAIRS (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
1. Regulatory Tariffs and Information	1,092	-	1,092	1,170	-	1,170	78	-	78
2. Director - Regulatory Affairs	-	258	258	-	267	267	-	9	9
3. Regulatory Case Management	-	1,852	1,852	-	2,149	2,149	-	297	297
4. Gas Rates and Analysis	-	593	593	-	750	750	-	157	157
5. Gas Demand Forecasting and Economic Analysis	-	615	615	-	776	776	f-	161	161
6. GRC & Revenue Requirements	-	1,535	1,535	-	1,724	1,724	-	189	189
<b>Total</b>	<b>1,092</b>	<b>4,853</b>	<b>5,945</b>	<b>1,170</b>	<b>5,666</b>	<b>6,836</b>	<b>78</b>	<b>813</b>	<b>891</b>

**B. Director of Regulatory Affairs**

For TY 2028, the Director of Regulatory Affairs requests \$0.267 million, an increase of \$0.007 million from 2025 adjusted-recorded costs. The Director of Regulatory Affairs is a shared service.

**TABLE SM-16  
Director – Regulatory Affairs Summary of Costs**

<b>D. REGULATORY AFFAIRS (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
2. Director - Regulatory Affairs	-	258	258	-	267	267	-	9	9
<b>Total</b>	-	<b>258</b>	<b>258</b>	-	<b>267</b>	<b>267</b>	-	<b>9</b>	<b>9</b>

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

The Director of Regulatory Affairs oversees, leads, and directly manages the other functional areas within the Regulatory Affairs division (with the exception of GRC Revenue Requirements). The Director is responsible for development and implementation of the Company’s key regulatory priorities and business objectives, including in the areas of safety, reliability, compliance, incremental revenue requirements, rates analysis, demand forecasting, tariff management, cost recovery, new business initiatives, and other energy issues. In addition, the Director is responsible for maintaining adequate supervision and staffing of the other functional areas so that the Company’s priorities and business objectives can be adequately presented before regulators. The Director is also directly involved in the preparation of regulatory policies, business proposals, testimony, and analysis presented to external stakeholders. The Director collaborates with other SoCalGas and SDG&E leadership, as well as with other functional groups to support various regulatory-driven initiatives and requirements.

**2. Forecast Method**

A BY forecast methodology was used for forecasting the Director of Regulatory Affairs costs. These expenses will be included in the TY 2028 revenue requirement as forecasted. The use of a BY forecast method is appropriate and provides a reasonable basis for developing a forecast of TY 2028 costs for the department because it best represents anticipated costs in this area.

1 **3. Cost Drivers**

2 Current responsibilities are consistent with base year activity. An adjustment of \$0.009  
 3 million reflects changes in connection with the compensation modernization initiative. Please  
 4 refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

5 **C. Regulatory Tariffs and Information**

6 **TABLE SM-17**  
 7 **Regulatory Tariffs and Information Summary of Costs**

<b>D. REGULATORY AFFAIRS (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
1. Regulatory Tariffs and Information	1,092	-	1,092	1,170	-	1,170	78	-	78
<b>Total</b>	<b>1,092</b>	<b>-</b>	<b>1,092</b>	<b>1,170</b>	<b>-</b>	<b>1,170</b>	<b>78</b>	<b>-</b>	<b>78</b>

8 For TY 2028, Regulatory Tariffs and Information requests \$1.170 million, an increase of  
 9 \$0.078 million from 2025 adjusted-recorded costs. The Regulatory Tariffs and Information  
 10 department is a non-shared service.

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

12 The Regulatory Tariffs and Information department is primarily responsible for  
 13 maintaining and updating SoCalGas’s tariff book. The department prepares and submits Advice  
 14 Letters; prepares and submits responses to Advice Letter protests and draft resolutions; provides  
 15 guidance to other company departments on tariff interpretation and regulatory compliance; and  
 16 responds to CPUC staff inquiries. In this capacity, Regulatory Tariffs and Information is  
 17 responsible for SoCalGas’s compliance with GO 96-B, the Commission order that contains the  
 18 various rules that govern Advice Letters submittals. Additionally, the Tariffs department  
 19 provides case management for CPUC complaint proceedings, when applicable, as well as  
 20 providing tariff support to Regulatory Case Management in major proceedings before the CPUC  
 21 and tracking certain regulatory compliance requirements.

22 In addition to these activities, Regulatory Tariffs and Information includes non-labor  
 23 charges for SoCalGas’s regulatory noticing requirements. Rule 3.2(c) and 3.2(d) of the CPUC’s  
 24 Rules of Practice and Procedure require SoCalGas to include notices of new application filings  
 25 with customer rate impacts in a newspaper publication in each of the 12 counties in which the

1 Company provides service, as well as to include a notice of the new application filing in each of  
2 the roughly 2 million paper bills SoCalGas mails. Additionally, Rule 13.1(b) requires notices to  
3 be published in newspapers ahead of public participation hearings, and Rule 13.1(c) affords the  
4 presiding officer of a CPUC proceeding to require additional noticing, such as through bill  
5 inserts.

6 As a result of the increased regulatory activity discussed in other sections of this  
7 testimony, the costs for the required Rule 3.2 regulatory noticing have increased substantially,  
8 resulting in \$0.780 million in nonlabor expenses in the BY. Regulatory activity requiring Rule  
9 3.2 noticing is anticipated to remain significantly elevated when compared to the five-year  
10 average, with the 2025 recorded nonlabor costs being indicative of anticipated costs going  
11 forward.

## 12 **2. Forecast Method**

13 A BY forecast methodology was used for forecasting Regulatory Tariffs and Information.  
14 These expenses will be included in the TY 2028 revenue requirement as forecasted. The use  
15 of a BY forecast methodology is appropriate and provides a reasonable basis for developing a  
16 forecast of TY 2028 costs for the department given the increased expense for Rule 3.2 noticing  
17 requirements SoCalGas incurred in 2025, which resulted from an increase in regulatory activity  
18 that is anticipated to continue into TY 2028, and which would not be captured by a forecast  
19 based on historical averages.

## 20 **3. Cost Drivers**

21 The cost driver behind the Regulatory Tariffs and Information forecast increase is a labor  
22 adjustment. The BY forecast was adjusted for \$0.078 million<sup>22</sup> in labor to add back the full-year  
23 impact of a partial FTE vacant during this period.

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<sup>22</sup> An adjustment of \$0.014 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

**D. Regulatory Case Management**

**TABLE SM-18  
Regulatory Case Management Summary of Costs**

<b>D. REGULATORY AFFAIRS (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
3. Regulatory Case Management	-	1,852	1,852	-	2,149	2,149	-	297	297
<b>Total</b>	<b>-</b>	<b>1,852</b>	<b>1,852</b>	<b>-</b>	<b>2,149</b>	<b>2,149</b>	<b>-</b>	<b>297</b>	<b>297</b>

For TY 2028, Regulatory Case Management requests \$2.149 million, an increase of \$0.297 million from the 2025 adjusted-recorded costs. This increase is primarily due to 1.0 incremental FTE and \$0.015 million in non-labor for employee and travel costs due to increased in-person CPUC hearings and workshops. The Regulatory Case Management and Regulatory Affairs Manager cost centers are shared services between SoCalGas and SDG&E.

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

The Regulatory Case Management department facilitates SoCalGas’s participation in all regulatory proceedings and related activities before the CPUC. These proceedings include rate and non-rate related applications, CPUC-initiated investigations and rulemakings, and formal complaint proceedings. Regulatory Case Management collaborates with the Legal Department to coordinate the interdepartmental teams necessary to support preparation of written and oral testimony, drafting of regulatory filings, production of responses to discovery, and responding to orders and directives from presiding officers. Regulatory Case Management also coordinates SoCalGas’s compliance with CPUC directives and requirements, including implementing orders from CPUC decisions and resolutions. The case management department maintains effective working relationships with CPUC staff in order to be responsive to their requests for information or assistance. As needed, Regulatory Case Management is responsible for many of these same activities for applicable FERC proceedings.

Case management of CPUC proceedings is an ever increasing and challenging obligation. As detailed in the Regulatory Law section above, the CPUC is presently addressing numerous large policy questions that span multiple years/phases and require significant post-decision

1 implementation work. Regulatory Case Management provides case management support for  
2 many of the recurring proceedings identified previously, including gas commodity filings,  
3 customer programs like energy efficiency and low income, and CAP. In 2025, SoCalGas  
4 supported 18 applications with the CPUC, many arising out of the prior 2024 GRC Decision,  
5 including the CIS Incremental Funding Application, Integrity Management Program filings, and  
6 the Lakeside Dairy Biomethane Pilot Project Application. The State’s decarbonization initiatives  
7 are also driving increased case management work, including the Biomethane OIR, Building  
8 Decarbonization OIR, and long-term gas system planning. While the number of applications  
9 was high in 2025, it is not anticipated that SoCalGas will return to that historical average. In  
10 2026, at least 11 applications are anticipated, supporting the request in this testimony for  
11 additional case management support.

12 Also present in the summary of costs for Regulatory Case Management is the Regulatory  
13 Affairs Manager workpaper. The Regulatory Affairs Manager provides guidance on all aspects  
14 of SoCalGas’s interactions with the CPUC, including all regulatory filings and proceedings,  
15 promoting compliance with regulatory mandates, and facilitating positive regulatory outcomes.  
16 They also manage relationships with CPUC staff, supporting inquiries and facilitating CPUC  
17 oversight.

18 The increase in regulatory work has tested the demands on the Regulatory Case  
19 Management department and results in the need for strong staffing with relevant experience and  
20 specialized skills.

## 21 **2. Forecast Method**

22 A BY forecast method was used for forecasting the Regulatory Case Management costs  
23 as it best reflects the current organization and cost structure. These expenses will be included in  
24 the TY 2028 revenue requirement as forecasted. The use of a BY forecast  
25 methodology is appropriate and provides a reasonable basis for developing a forecast of TY  
26 2028 costs for the department.

1 **3. Cost Drivers**

2 The cost driver behind the increase in the Regulatory Case Management forecast is  
 3 primarily labor. SoCalGas is requesting \$0.282 million<sup>23</sup> in labor for 1.0 incremental Case  
 4 Manager FTE and necessary adjustment to reflect the full- year impact of 0.4 FTE. In addition,  
 5 SoCalGas is requesting \$0.015 million in non-labor for travel costs due to increased in-person  
 6 CPUC hearings and workshops. As described above, in recent years, there have been increasing  
 7 CPUC, intervenor, and state protocols and requirements, as well as regulatory proceedings  
 8 underway that require more coordination and coverage.

9 **E. Gas Rates and Analysis**

10 **TABLE SM-19**  
 11 **Gas Rates and Analysis Summary of Costs**

<b>D. REGULATORY AFFAIRS (In 2025 \$)</b>	<b>2025 Adjusted-Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
4. Gas Rates and Analysis	-	593	593	-	750	750	-	157	157
<b>Total</b>	-	<b>593</b>	<b>593</b>	-	<b>750</b>	<b>750</b>	-	<b>157</b>	<b>157</b>

12 For TY 2028, Gas Rates and Analysis requests \$0.750 million, an increase of \$0.157  
 13 million from the 2025 adjusted-recorded costs. This increase is primarily due to the addition of  
 14 1.0 incremental FTE due to increased CPUC requirements. The Gas Rates and Analysis  
 15 department is a shared service between SoCalGas and SDG&E.

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

17 The Gas Rates and Analysis department is a shared service that is staffed with a manager  
 18 (who also oversees Gas Demand Forecasting and Economic Analysis) and three analysts. Their  
 19 activities, which are completed on behalf of both SoCalGas’s and SDG&E’s gas operations,  
 20 include policy support, gas rate design, analysis, and coordination/consultation for use in  
 21 establishing transportation rate schedules, business development, and regulatory proceedings.  
 22 These activities are used in the development of gas revenue requirement cost allocations across

<sup>23</sup> An adjustment of \$0.075 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits testimony, Ex. SCG-16/SDGE-20.

1 customer classes and customer rate designs for CPUC-required filings, proceedings, and ad hoc  
2 requests. Gas Rates and Analysis also aids in providing witness testimony on rate design and  
3 cost allocation issues.

4 SoCalGas requests an additional advisor for this area to support increased activity. Since  
5 the 2024 test year, SoCalGas and SDG&E have initiated multiple proceedings that directly affect  
6 the workload of the Gas Rates and Analysis team. In 2025, SoCalGas and SDG&E combined to  
7 file 12 applications requiring gas rate witness support, including the substantial recurring Cost  
8 Allocation Proceeding. This was the same number of applications requiring gas rate support as  
9 all the applications filed from 2020-2024 combined. Additionally, the rates team supports an  
10 increasing number of compliance activities in support of affordability. For example, pursuant to  
11 D.22-08-023 and reaffirmed in D.25-12-044, both issued within the CPUC’s Affordability OIR  
12 (R.18-07-006), SoCalGas and SDG&E are now required to submit a quarterly Gas Cost and Rate  
13 Tracker. Further, AB 3264 (2024) requires SoCalGas and SDG&E to publish a visual  
14 representation of the cost categories included in residential gas rates for the succeeding calendar  
15 year.<sup>24</sup> The CPUC’s Energy Division has required the utilities to publish “Rate Alerts” for each  
16 rate change, describing the nature of the rate impact for customers. Finally, the CPUC adopted  
17 D.26-02-058, issued in its investigation into high winter gas prices (I.23-03-008), requiring  
18 SoCalGas and SDG&E to, among other things, alert customers of “gas price spike events” within  
19 24 hours of identifying such an event with a reasonable estimate of the bill increase. All these  
20 examples, coupled with maintaining the accurate collection of utility authorized revenue  
21 requirements across two major utilities, support the additional staff requested.

## 22 2. Forecast Method

23 A BY forecast method was used for forecasting the Gas Rates and Analysis costs as it  
24 best reflects the current organization and cost structure. These expenses will be included in the  
25 TY 2028 revenue requirement as forecasted. The use of a BY forecast  
26 methodology is appropriate and provides a reasonable basis for developing a forecast of TY  
27 2028 costs for the department given that a historical average would not reflect the increase in  
28 workload that this area is experiencing.

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<sup>24</sup> AB 3264 (Petrie-Norris, 2024), available at: <https://legiscan.com/CA/text/AB3264/id/3023441>.

1 **3. Cost Drivers**

2 The cost driver behind the increase in the Gas Rates and Analysis forecast is primarily  
 3 labor. SoCalGas is requesting \$0.157 million<sup>25</sup> in labor for 1.0 incremental rates analyst FTE.  
 4 As described in detail above, increased regulatory activity and analysis surrounding affordability  
 5 require additional staff support.

6 **F. Gas Demand Forecasting and Economic Analysis**

7 **TABLE SM-20**  
 8 **Gas Demand Forecasting and Economic Analysis Summary of Costs**

D. REGULATORY AFFAIRS (In 2025 \$)	2025 Adjusted-Recorded (000s)			TY2028 Est. (000s)			Change (000s)		
	NSS	USS	Total	NSS	USS	Total	NSS	USS	Total
5. Gas Demand Forecasting and Economic Analysis	-	615	615	-	776	776	-	161	161
<b>Total</b>	-	<b>615</b>	<b>615</b>	-	<b>776</b>	<b>776</b>	-	<b>161</b>	<b>161</b>

9  
 10 For TY 2028, the Gas Demand Forecasting and Economic Analysis department requests  
 11 \$0.776 million, an increase of \$0.161 million from 2025 adjusted-recorded costs. The BY  
 12 forecast was adjusted in labor to add back the full year impact of 1.1 FTEs vacant during this  
 13 period. Gas Demand Forecasting and Economic Analysis is a shared service between SoCalGas  
 14 and SDG&E.

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

16 The Gas Demand Forecasting and Analysis department supports multiple compliance activities.  
 17 As a shared service, these activities are completed on behalf of both SoCalGas’s and SDG&E’s gas  
 18 operations. The primary product of the department is the production of the CPUC-mandated California  
 19 Gas Report (CGR). Prepared every other year, the CGR presents a comprehensive outlook on natural gas  
 20 demand and supplies for California, as well as reports on historical gas demand and recorded gas  
 21 requirements. In preparing the CGR, the team analyzes economic data, demographics, and customer  
 22 forecasts. Long-term forecasts are prepared for both average temperature conditions, as well as peak

<sup>25</sup> An adjustment of \$0.027 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

1 demand conditions. As California progresses its climate goals, the forecasts prepared by the  
2 department have become more complex. This has required the integration of additional factors  
3 into the analyses, including accounting for climate change and policies related to fuel  
4 substitution. Forecasts must take into consideration multiple policy objectives, many of which  
5 have high degrees of uncertainty.

6 In addition to preparing the CGR, the department supports other activities. The  
7 department prepares load forecasts used to set transportation rates during the Cost Allocation  
8 Proceeding. In addition, the department prepares a Daily Load Forecast Model for use by the  
9 Gas Acquisition Department in order to procure reliable supplies and adequately balance those  
10 supplies against bundled core demand. Pursuant to CPUC requirements, SoCalGas is required to  
11 maintain adequate backbone capacity to meet the average day in a 1-in-10 cold and dry year  
12 standard.<sup>26</sup> The department is responsible for preparing the demand forecast against which the  
13 compliance obligation is met. Finally, the department supports the company in many other  
14 ways, including through providing expert witness testimony regarding cost escalation, economic  
15 and demographic trends, and customer/demand forecasting; preparing analysis for use in  
16 business development and regulatory proceedings; and analyzing policy implications on gas  
17 demand.

## 18 **2. Forecast Method**

19 A BY forecast method was used for forecasting the Gas Forecasting and Analysis costs.  
20 The BY forecast was adjusted for \$0.161 million<sup>27</sup> in labor to add back the full-year impact of  
21 1.1 FTEs vacant during this period. These expenses will be included in the TY 2028 revenue  
22 requirement as forecasted. The use of a BY forecast methodology is more appropriate than the  
23 five-year average that was previously used because it reflects the current organization and  
24 activities, as well as the resources needed for the workload performed by the department, which  
25 has become more complicated.

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<sup>26</sup> See D.22-07-002 at 50 (Ordering Paragraph (OP) 4). This decision was issued in the CPUC's Long-Term Gas System Planning OIR, R.20-01-007.

<sup>27</sup> An adjustment of \$0.023 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

1 **3. Cost Drivers**

2 The cost driver behind the Gas Demand Forecasting and Economic Analysis forecast  
 3 increase is a labor adjustment. The BY forecast was adjusted for \$0.161 million in labor to add  
 4 back the full-year impact of the FTE vacancies during this period.

5 **G. GRC and Revenue Requirements**

6 **TABLE SM-21**  
 7 **GRC & Revenue Requirements Summary of Costs**

D. REGULATORY AFFAIRS (In 2025 \$)	2025 Adjusted-Recorded (000s)			TY2028 Est. (000s)			Change (000s)		
	NSS	USS	Total	NSS	USS	Total	NSS	USS	Total
6. GRC & Revenue Requirements	-	1,535	1,535	-	1,724	1,724	-	189	189
<b>Total</b>	<b>-</b>	<b>1,535</b>	<b>1,535</b>	<b>-</b>	<b>1,724</b>	<b>1,724</b>	<b>-</b>	<b>189</b>	<b>189</b>

8 For TY 2028, the GRC and Revenue Requirements department requests \$1.724 million,  
 9 an increase of \$0.170 million from 2025 adjusted-recorded costs. The BY forecast was adjusted  
 10 in labor to add back the full-year impact of 1.0 FTE vacant during this period and increase non-  
 11 labor by \$0.019 million to reflect increased in-person CPUC activity, and to support the  
 12 Regulatory Management System (RMS).

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

14 The GRC and Revenue Requirements department is a shared service department that is  
 15 responsible for the management and coordination of SoCalGas’s and SDG&E’s major revenue  
 16 requirement proceedings before the CPUC. Major proceedings managed by this department  
 17 include the GRC, including the immediate TY 2028 case, the Cost of Capital proceeding,  
 18 RAMP, the RDF, and other cost recovery-related applications. In addition to these critical  
 19 proceedings, this department supports various reports filed at the CPUC including the RSAR and  
 20 Safety Performance Metrics Report (SPMR). These proceedings continue to evolve and involve  
 21 significant undertakings due to their considerable size, scope, and duration getting more  
 22 complicated and complex each year.

1 Beyond procedural management of the cases, the GRC & Revenue Requirements team  
2 provides essential regulatory guidance support to SoCalGas's business units. Specifically, the  
3 GRC & Revenue Requirements department:

- 4 • Oversees and coordinates the Company's GRC forecasting efforts, and, in  
5 conjunction with Legal, assists in development of witness testimony and  
6 discovery responses, evidentiary hearings, and RSAR and SPMR filings;
- 7 • Develops and maintains GRC database software and oversees the RMS;
- 8 • Coordinates and responds to numerous intervenor and CPUC inquiries;
- 9 • Participates in and facilitates workshops at the CPUC;
- 10 • Provides detailed analysis of utility revenues, expenses, and investments in plant  
11 and equipment to appropriately establish revenue requirements for SoCalGas and  
12 SDG&E; and
- 13 • Evaluates CPUC decisions and directives, and communicates the compliance  
14 obligations, including GRC authorized revenue, to the broader organization.

## 15 **2. Forecast Method**

16 A BY forecast method was used for forecasting the GRC & Revenue Requirements costs.  
17 The BY methodology best represents the annual future costs given the increased regulatory  
18 proceedings managed by this organization. Given the variability of staffing levels, using a  
19 forecast methodology based on historical averages would not accurately represent the current  
20 or future costs of the GRC & Revenue Requirements organization.

21 SoCalGas is requesting \$0.170 million<sup>28</sup> in labor above the BY forecast to backfill 1.0  
22 FTE and increase non-labor by \$0.019 million to reflect increased in-person CPUC hearings and  
23 workshops, and to reflect Amazon Web Services (AWS) cloud consumption to support RMS  
24 features.

## 25 **3. Cost Drivers**

26 The responsibilities of the GRC and Revenue Requirements department continue to  
27 increase as a result of new regulatory requirements. Since the last GRC filing, this department  
28 has managed the RAMP and RDF proceeding filings, as well as the RSAR and SPMR reporting

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<sup>28</sup> An adjustment of \$0.060 million reflects changes in connection with the compensation modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-16/SDGE-20).

1 requirements in collaboration with the CPUC and others resulting in a need for additional  
2 resources. Thus, the GRC cycle now involves multiple intensive proceedings and accountability  
3 reporting requirements:

- 4 • The RDF proceedings<sup>29</sup> – one of which was recently initiated by the CPUC<sup>30</sup> –  
5 and associated CPUC decisions. Although this new proceeding is in the  
6 beginning phases, SoCalGas anticipates further changes to existing processes for  
7 risk-related items to continue with this new proceeding, as well as the initiation of  
8 new reporting requirements, such as the Risk Mitigation Accountability Report.  
9 These new procedural elements are in addition to the new requirements that were  
10 adopted in the previous RDF proceedings Phases 3<sup>31</sup> and 4.<sup>32</sup> Examples of these  
11 requirements include a climate whitepaper, measurement of residual risk as Risk  
12 Reporting Units (RRUs) and construction of four Optimization Portfolios.
- 13 • The RAMP report and application requirement, which is filed one year prior to  
14 each GRC.
- 15 • The GRC application, which continues to increase in complexity.
- 16 • Annual RSARs, which were recently expanded to include all GRC related  
17 spending.
- 18 • Annual SPMRs, for which the scope was revised and expanded by D.21-11-009 to  
19 include numerous new reportable safety performance metrics.
- 20 • Anticipated new accountability reporting in the Risk Mitigation Accountability  
21 Report including the newly created RRUs.
- 22 • Cost of Capital application for both SoCalGas and SDG&E.

23 All the above proceedings and reporting requirements have increased in complexity in  
24 recent years. For example, the RAMP process now utilizes a different, more quantitative risk  
25 methodology that adds significant technical regulatory requirements to the GRC presentation,

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<sup>29</sup> R.20-07-013, OIR to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities (July 16, 2020).

<sup>30</sup> R.26-04-016, OIR to Refine the Risk Based Decision Making Framework for Electric and Gas Utilities (April 30, 2026).

<sup>31</sup> D.24-05-064.

<sup>32</sup> D.25-08-032.

1 compared to the risk methods relied upon in SoCalGas’s prior GRC. The RAMP report and  
 2 application process also include additional steps, including one or more public workshops prior  
 3 to and after submission, as well as more granular analysis requirements.

4 In addition to the above processes and proceedings, the GRC and Revenue Requirement  
 5 department is committed to improving its regulatory-related tools. This effort will allow  
 6 SoCalGas and SDG&E to enhance internal regulatory-related records and provide timely and  
 7 user-friendly interfaces for discovery. Specifically, RMS is an IT, cloud-based system for both  
 8 SoCalGas and SDG&E that enables collaboration on documents, a regulatory library, and an  
 9 external discovery portal. As the amount of regulatory activity in the State increases (*e.g.*, an  
 10 increase in regulatory proceedings), so does the amount of regulatory information managed by  
 11 SoCalGas and SDG&E. Support staff is also needed to maintain the new IT systems and  
 12 discovery platforms. As such, SoCalGas is requesting \$0.170 million in labor and \$0.019  
 13 million in non-labor for 1.0 Project Manager FTE to manage its RMS. The one additional FTE  
 14 is needed to maintain the RMS and enhancements thereof.

15 Further, SoCalGas anticipates that the CPUC will increase the frequency of in-person  
 16 activities. Accordingly, SoCalGas requests \$0.019 million to reflect increased in-person CPUC  
 17 activities (*e.g.*, hearings and workshops) in the future.

18 **VII. CEO, President and COO**

19 **TABLE SM-22**  
 20 **CEO/President and COO Summary of Costs**

<b>E. CEO/PRESIDENT AND COO (In 2025 \$)</b>	<b>2025 Adjusted- Recorded (000s)</b>			<b>TY2028 Est. (000s)</b>			<b>Change (000s)</b>		
	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>	<b>NSS</b>	<b>USS</b>	<b>Total</b>
1. CEO/President and COO	220	-	220	225	-	225	5	-	5
<b>Total</b>	<b>220</b>	<b>-</b>	<b>220</b>	<b>225</b>	<b>-</b>	<b>225</b>	<b>5</b>	<b>-</b>	<b>5</b>

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

22 The Chief Executive Officer (CEO) and/or President, and Chief Operating Officer (COO)  
 23 provide executive leadership within SoCalGas (“Executive Officers”). The CEO and/or  
 24 President is the highest-ranking officer at SoCalGas. The COO directs the activities of  
 25 SoCalGas in accordance with policies, goals, and objectives established by the CEO and/or

1 President. These officers are ultimately responsible and accountable for the performance of  
2 SoCalGas. Leadership executes the direction utility employees follow in providing safe and  
3 reliable service to customers.

4 Costs in this workgroup exclude officer compensation, as defined under CPUC  
5 Resolution E-4963, pursuant to Cal. Pub. Util. Code § 706 (as modified by SB 901). Costs  
6 include 1.2 FTE Executive Administrative Assistants and general non-labor expenses that  
7 support day-to-day administrative activities, enabling executives to effectively perform their  
8 duties.

## 9 2. Forecast Method

10 The forecast method chosen for this category is base year recorded costs. This method  
11 was selected as the recorded costs for 2025 most appropriately reflect the expected staffing levels  
12 and non-labor requirements to operate this area. The function of this area has changed in recent  
13 years, and the BY method is a more appropriate representation of the expectation for TY 2028  
14 rather than an average or linear trend.

## 15 3. Cost Drivers

16 An adjustment of \$0.005 million reflects changes in connection with the compensation  
17 modernization initiative. Please refer to the Compensation and Benefits Testimony (Ex. SCG-  
18 16/SDGE-20).

# 19 VIII. FRANCHISE FEES

## 20 A. Introduction

21 The purpose of this section is to provide background and analysis for SoCalGas's  
22 Franchise Fees as estimated for TY 2028.

23 **TABLE SM-23**  
24 **Summary of Franchise Fees**

<b>ADMINISTRATIVE &amp; GENERAL (In 2025 \$)</b>	<b>Estimated 2026 (000s)</b>	<b>Estimated 2027 (000s)</b>	<b>Estimated TY 2028 (000s)</b>
Franchise Fees	49,944	52,571	57,086

## 25 1. Description of Underlying Costs

26 Franchise fees are payments made to counties and incorporated cities pursuant to local  
27 ordinances granting a franchise to the Company to place utility property in public rights of way.

1 These facilities include pipes and appurtenances for transmitting and distributing gas. As of  
2 April 15, 2026, SoCalGas had paid franchise fees for the year 2025 to 244 cities and counties.  
3 Franchise fees are calculated using two formulas: (1) the “Broughton Act” formula, and (2) the  
4 “Percent of Gross Receipts” formula. The Broughton Act formula, as prescribed by CPUC  
5 guidelines, is calculated based upon the summarized receipts within each city or county as  
6 allocated by gas pipeline mileage in their public rights-of-way, and the applicable franchise fee  
7 rate pursuant to the franchise fee ordinance. The Percent of Gross Receipts formula is calculated  
8 based upon the summarized receipts within each city or county and the applicable franchise fee  
9 rate pursuant to the franchise fee ordinance.

10 The franchise agreement with each taxing authority specifies which of the above methods  
11 SoCalGas will use to determine its franchise fee liability. The majority of agreements require  
12 that the franchise fee be calculated under both methods with SoCalGas paying the higher of the  
13 two calculated fees. The remaining agreements specify that only the Broughton Act or Percent  
14 of Gross Receipts method be used.

## 15 **2. Forecast Method**

16 The total payments to all taxing authorities were summed and divided by total receipts to  
17 arrive at a system-wide franchise fee factor. The system-wide franchise fee factors for the most  
18 recent five years were then averaged to yield a forecasted average franchise fee factor for TY  
19 2028. The average franchise fee factor for TY 2028 is projected to be 1.1485% based on the  
20 trend from actual 2021-2025 franchise fees.<sup>33</sup> The estimated franchise fees for 2026-2028 were  
21 determined by applying 1.1485% to forecasted revenue requirement. This methodology has been  
22 consistently applied in prior SoCalGas GRCs.

## 23 **3. Cost Drivers**

24 As noted above, the change in franchise fee expense from 2025 to 2028 results from  
25 changes in franchise agreements and changes in revenue requirement.

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<sup>33</sup> The forecast methodology used to estimate the franchise fee factor does not reflect ongoing or upcoming negotiations with local jurisdictions, the results of which may be implemented during this GRC cycle.

1 **IX. CAPITAL**

2 **A. Introduction**

3 Table SM-24 summarizes the capital forecasts for 2026 through 2031, where applicable.  
4 The particular in-service date for the capital expenditures that underly these forecasts is provided  
5 in workpapers. Appendix B to this testimony provides a table that illustrates the capital  
6 expenditures that are estimated to have in-service dates between 2026 and Test Year  
7 2028. Capital expenditures that are in-service between 2026-2028 will contribute to the Test  
8 Year 2028 revenue requirement request presented in the Summary of Earnings testimony (Ex.  
9 SCG-27). Capital expenditures with in-service dates in the post-test years (*i.e.*, 2029-2031) are  
10 also included in Appendix B. The post-test year revenue requirement request is included in the  
11 Post-Test Year Ratemaking testimony (Ex. SCG-28).

12 **TABLE SM-24**  
13 **Capital Expenditures Summary of Costs**

<b>ADMINISTRATIVE &amp; GENERAL (In 2025 \$)</b>			
<b>Capital</b>	<b>Est. 2026 (000s)</b>	<b>Est. 2027 (000s)</b>	<b>Est. 2028 (000s)</b>
A. Results of Operation (RO) Model Project	212	168	0
<b>Total Capital</b>	<b>212</b>	<b>168</b>	<b>0</b>

14 **A. Results of Operations Model Project**

15 **1. Description**

16 SoCalGas plans to build and place in service the Results of Operations Model (RO  
17 Model) Project by the Test Year.<sup>34</sup> This capital project enhances the existing RO Model to  
18 improve regulatory compliance, transparency, and alignment with Commission guidance.<sup>35</sup>

19 The project focuses on two key enhancements. First, SoCalGas is implementing a  
20 Capital Overhead Pools Dynamic Adjustment mechanism that proportionally scales overhead  
21 allocations in relation to changes in the capital base, so that overhead costs remain accurate and  
22 consistent as capital investments fluctuate. Second, the project introduces Post-Test Year (PTY)  
23 Forecast Integration, which enables the RO Model to incorporate forecasted costs and calculate

<sup>34</sup> For additional information about the RO model, please refer to the Summary of Earnings testimony (Ex. SCG-27).

<sup>35</sup> D.24-12-074 at 1098 (OP 38).

1 revenue requirements beyond the Test Year. This enhancement aligns SoCalGas’s modeling  
2 capabilities with those currently implemented by peer utilities and reflects Commission direction  
3 to incorporate forward-looking cost recovery mechanisms.

4 The scope of work includes modifications across key model components, including O&M  
5 inputs, shared services allocation methodologies, capital modules, tax calculations, and summary  
6 reporting outputs. Additionally, the project includes comprehensive documentation, testing,  
7 validation, and deployment of the enhanced model. Together, these enhancements enable  
8 SoCalGas and SDG&E to accurately calculate revenue requirements across the GRC cycle,  
9 including PTYs. Additional project details are provided in the A&G capital workpapers.

## 10 **2. Forecast Method**

11 The forecast method developed for this cost category is Zero-Based. Under this  
12 approach, SoCalGas partnered with consultants to develop the forecast by identifying  
13 workstreams required to implement the RO Model enhancements and estimating the labor hours  
14 necessary to complete each task. These hours were then multiplied by a blended labor rate to  
15 derive total forecasted costs. Both labor and non-labor components were developed using this  
16 zero-based methodology.

17 This method is most appropriate because the RO Model enhancements represent new  
18 functionality that does not have a historical cost baseline. The introduction of PTY Forecast  
19 Integration and the Capital Overhead Pools Dynamic Adjustment mechanism requires  
20 incremental design, development, and validation efforts that are not reflected in prior period  
21 expenditures. As such, historical trending or escalation methods would not produce dependable  
22 or representative cost estimates.

23 The zero-based approach allows for a more accurate and transparent estimate by directly  
24 tying costs to defined activities, including O&M integration, shared services updates, capital and  
25 tax module enhancements, summary file development, and internal testing and validation. It also  
26 enables clear traceability between forecasted costs and the underlying scope of work, which  
27 supports auditability and regulatory review.

## 28 **3. Cost Drivers**

29 The primary cost drivers for the RO Model Project are the scope, complexity, and level  
30 of effort required to design, develop, test, and deploy the enhanced model functionality. Costs  
31 are largely driven by the complexity of integrating PTY forecasting across multiple model

1 components, including O&M, shared services, capital, tax, and summary files. This requires  
2 substantial coding, structural updates, and validation to promote accuracy and consistency across  
3 the model. In addition, total costs reflect the estimated labor hours needed across all  
4 workstreams, including model updates, documentation, and deployment activities.

5 The project also depends on specialized external consulting support for model design,  
6 coding, and implementation of PTY functionality. Vendor rates and level of effort are key  
7 contributors to overall cost. Internal utility staff resources further contribute through system  
8 testing, debugging, quality assurance, and validation to confirm the model performs as intended  
9 and meets regulatory requirements.

10 Finally, because the RO Model is jointly utilized by SoCalGas and SDG&E, additional  
11 coordination and validation are required to meet the needs of both utilities, increasing the overall  
12 level of effort. Supporting documentation for these cost drivers, including task-level estimates  
13 and assumptions, is provided in my capital workpapers.

#### 14 **X. CONCLUSION**

15 SoCalGas requests that the CPUC adopt the O&M TY 2028 forecasts and capital project  
16 requests presented in this testimony. SoCalGas's TY 2028 A&G forecasts were carefully  
17 developed and scrutinized to reflect a prudent level of funding needed for critical functions and  
18 activities. The functions and activities discussed in my testimony are necessary in order to meet  
19 accounting, regulatory, legal, and risk requirements, which make it possible to safely, reliably,  
20 and affordably serve our customers. The amount requested for TY 2028 of \$80.664 million,  
21 which is \$15.384 million more than base year 2025, is necessary to meet the needs of utility  
22 operations, meet increasing reporting obligations and workload demands, and see that the  
23 Company meets compliance and safety requirements. In addition, my request includes \$57,086  
24 million for franchise fees.

25 This concludes my prepared direct testimony.

1 **XI. WITNESS QUALIFICATIONS**

2 My name is Sara P. Mijares. My business address is 555 W. 5<sup>th</sup> Street, Los Angeles, CA  
3 90013. I am employed at SoCalGas as the Vice President – Chief Accounting Officer and  
4 Controller. In this role, I am responsible for overseeing SoCalGas’s compliance process with  
5 relevant accounting, financial, and regulatory rules and regulations in accordance with GAAP,  
6 including those mandated by SOX, SEC, FERC, and CPUC.

7 I have been employed by SoCalGas since June 2020. Prior to my time at SoCalGas, I  
8 worked for PricewaterhouseCoopers from 2003 to 2020 in the Consumer Products Audit group.  
9 I hold a Bachelor of Science Degree in Accounting from Loyola Marymount University. I am a  
10 Certified Public Accountant (CPA).

11 I have previously testified before the CPUC.

**APPENDIX A**  
**GLOSSARY OF TERMS**

## APPENDIX A

### Glossary of Terms

A&F – Accounting and Finance  
A&G – Administrative and General  
A&PA – Asset & Project Accounting  
AB – Assembly Bill  
ABC – Affiliate Billing & Costing  
AFUDC – Allowance for Funds Used During Construction  
AP – Accounts Payable  
BCR – Benefit-Cost Ratio  
BY – Base Year  
CARB – California Air Resource Board  
CBA – Cost-Benefit Approach  
CEC – California Energy Commission  
CAO – Chief Accounting Officer  
CEO – Chief Executive Officer  
CFO – Chief Financial Officer  
COO – Chief Operating Officer  
CGR – California Gas Report  
CIS – Customer Information System  
CoRE – Consequence of Risk Event  
CR – Credit Risk  
CWIP – construction work in progress  
ECM – Enterprise Compliance Management  
ERCC – Enterprise Risk and Compliance Committee  
ERM – Enterprise Risk Management  
FERC – Federal Energy Regulatory Commission  
FTE – full-time equivalent  
GAAP – Generally Accepted Accounting Principles  
GO – General Order

GRC – General Rate Case  
IT – information technology  
NSS – Non-Shared Services  
NTP&S - non-tariffed products and services  
OII – Order Instituting Investigations  
OIR – Order Instituting Rulemakings  
O&M – operations and maintenance  
QRM – Quantitative Risk Management  
RAMP – Risk Assessment Mitigation Phase  
RDF – Risk-Based Decision-Making Framework  
RMAR – Risk Mitigation Accountability Reports  
RMS – Regulatory Management System  
RRU – Risk Reporting Units  
RSAR – Risk Spending Accountability Report  
SDG&E – San Diego Gas & Electric Company  
SEC – Securities Exchange Commission  
Sempra/Corporate Center – Sempra Corporate Center  
SB – Senate Bill  
SCG/SoCalGas/Company – Southern California Gas Company  
SOX – The Sarbanes-Oxley Act  
SPMR – Safety Performance Metrics Report  
SVP – Senior Vice President  
TY – Test Year  
USS – Utility Shared Services

## **APPENDIX B**

### **CAPITAL EXPENDITURES**

**Southern California Gas Company**  
**Capital Expenditures**  
**(In Thousands of 2025 \$)**

<b>Administrative &amp; General</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
<b>Total Capital</b>	<b>212</b>	<b>168</b>	-	-	-	-
2026 - 2028 Capital Request	212	168	-	-	-	-
Post-Test Year Capital Forecast	-	-	-	-	-	-

**Southern California Gas Company**  
**Capital Expenditures**  
**(In Thousands of 2025 \$)**

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**Administrative & General**  
**2026 - 2028 Capital Request**

Category	Workpaper Sub	Workpaper Description	In-Service Date	2026	2027	2028
2028 GRC RO Model Enhancement	Z0749A.001	Results of Operations Model Project	7/31/2027	212	168	-
<b>2028 GRC RO Model Enhancement Total</b>				<b>212</b>	<b>168</b>	<b>-</b>
<b>Grand Total</b>				<b>212</b>	<b>168</b>	<b>-</b>

