

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

PREPARED DIRECT TESTIMONY OF KELLY H. EDUARTE

(MISCELLANEOUS REVENUE)

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



June 2026

TABLE OF CONTENTS

| | | |
|------|--|----|
| I. | INTRODUCTION | 1 |
| | A. Summary of Proposals | 1 |
| | B. Organization of Testimony | 1 |
| | C. Support To/From Other Witnesses | 1 |
| II. | OVERVIEW OF TY 2028 FORECAST | 2 |
| III. | COMPONENTS OF MISCELLANEOUS REVENUES | 2 |
| | A. Customer Services Revenues – Account 488 | 2 |
| | 1. Service Establishment Charges (SEC)..... | 3 |
| | 2. AMI Opt-Out Program..... | 3 |
| | 3. Reconnection Charge | 4 |
| | 4. Residential Parts Program..... | 4 |
| | 5. Commercial Parts Program..... | 5 |
| | 6. Connect Appliance Program..... | 5 |
| | 7. Late Payment Charges | 5 |
| | 8. Other Customer Service Revenues | 6 |
| | B. Rent From Gas Property – Account 493..... | 7 |
| | 1. Rent From Property Used in Operations..... | 7 |
| | C. Other Gas Revenue – Account 495..... | 7 |
| | 1. Shared Assets | 8 |
| | 2. Crude Oil Sales | 8 |
| | 3. Returned Check Charge | 9 |
| | 4. Income Tax Component (ITCC) of Contributions-in-Aid-of- Construction (CIAC)..... | 9 |
| | 5. Training Activity..... | 10 |
| | 6. Line Item Billing (LIB)..... | 10 |
| | 7. Federal Energy Retrofit Program (FERP) (\$ in 000’s)..... | 11 |
| | 8. Miscellaneous Gas Revenues..... | 11 |

| | | |
|-----|---|-----|
| 9. | Microwave Bandwidth Lease Revenue | 12 |
| 10. | Ownership Charges..... | 12 |
| IV. | CONCLUSION..... | 13 |
| V. | WITNESS QUALIFICATIONS..... | 14 |
| | APPENDIX A - Glossary of Terms..... | A-1 |

SUMMARY

My testimony presents:

- A Test Year (TY) 2028 miscellaneous revenues forecast of \$141.056 million.
- A description of the components of miscellaneous revenues.

1 **SOCALGAS PREPARED DIRECT TESTIMONY OF KELLY H. EDUARTE**
2 **(MISCELLANEOUS REVENUE)**

3 **I. INTRODUCTION**

4 **A. Summary of Proposals**

5 I am sponsoring the Test Year (TY) 2028 forecast calculations and presentation of
6 historical costs for the Miscellaneous Revenue area for Southern California Gas Company
7 (SoCalGas). Table KE-1 below summarizes, by Federal Energy Regulatory Commission
8 (FERC) account, SoCalGas’s miscellaneous revenues for recorded Base Year (BY) 2025 and
9 proposed TY 2028.

10 **TABLE KE-1**

| MISCELLANEOUS REVENUE | | | |
|--------------------------------|--------------------------------|--------------------------------|-------------------|
| In 2025 \$ (000s) | | | |
| FERC Account | 2025 Base Year Recorded | 2028 Test Year Forecast | Net Change |
| 488 –Customer Service Revenues | 23,583 | 21,098 | (2,485) |
| 493 – Rent from Gas Property | 407 | 574 | 167 |
| 495 – Other Gas Revenues | 110,909 | 119,384 | 8,475 |
| Total | 134,898 | 141,056 | 6,157 |

11 **B. Organization of Testimony**

12 My testimony is organized as follows:

- 13 • Introduction;
- 14 • Overview of TY 2028 Forecast;
- 15 • Components of Miscellaneous Revenues;
- 16 • Conclusion.

17 **C. Support To/From Other Witnesses**

18 My testimony also references the testimony and workpapers of several other witnesses,
19 either in support of their testimony or as support for mine. The miscellaneous revenue forecast
20 provides the basis for the forecasted and projected revenues associated with the Customer
21 Services testimony (Exhibit (Ex.) SCG-08). This testimony also references the shared assets
22 forecast as described in the Shared Services testimony (Ex. SCG-22/SDGE-27), Escalation and

1 Gas Customer Forecast testimony (Ex. SCG-20/SDGE-24) and the Income Tax Component of
 2 Contributions-in-Aid-of-Construction in the Tax testimony (Ex. SCG-25/SDGE-30).

3 **II. OVERVIEW OF TY 2028 FORECAST**

4 Miscellaneous revenues are comprised of fees and revenues collected by the utility from
 5 non-rate sources for the provision of specific products or services. They include such revenues
 6 as Service Establishment Charges (SEC), commercial and residential parts services, and other
 7 gas and non-gas related tariffed and non-tariffed services. Miscellaneous revenues are
 8 incorporated into rates as a reduction to the gas base margin revenue requirements charged to
 9 customers for utility service, thereby lowering rates.

10 For purposes of forecasting TY 2028 miscellaneous revenues, SoCalGas performed an
 11 item-by-item analysis of miscellaneous revenue accounts, including a review of historical
 12 recorded results and factors that could impact future results. The forecasts were developed using
 13 methodologies that reflect the drivers for each miscellaneous revenue item. These
 14 methodologies are explained for each component for miscellaneous revenue.

15 **III. COMPONENTS OF MISCELLANEOUS REVENUES**

16 **A. Customer Services Revenues – Account 488**

17 **TABLE KE-2**

| Customer Services Revenues – Account 488 | | | |
|---|--------------------------|--------------------------|-------------------|
| In 2025 \$ (000s) | | | |
| | 2025 Recorded | 2028 Forecast | Net Change |
| 1. Service Establishment Charges (SEC) | 16,238 | 15,196 | (1,042) |
| 2. AMI Opt-Out Program | 48 | 28 | (20) |
| 3. Reconnection Charges | 30 | 28 | (2) |
| 4. Residential Parts Program | 1,764 | 1,512 | (252) |
| 5. Commercial Parts Program | 3,375 | 3,274 | (101) |
| 6. Connect Appliance Program | 81 | 48 | (33) |
| 7. Late Payment Charges | 1,621 | 600 | (1,021) |
| 8. Other Customer Services Revenues | 426 | 411 | (15) |
| TOTAL | 23,583 | 21,098 | (2,485) |

18

1 Customer Services Revenues is a collection of program fees or charges that result from
2 non-rate based services. In TY 2028, Customer Services Revenues are forecasted to decrease
3 overall. Each of the sources of revenue that comprise this category are described in detail below.

4 **1. Service Establishment Charges (SEC)**

5 The Service Establishment Charge recorded \$16,238,000 in fee revenue in BY 2025. The
6 TY 2028 revenue forecast is \$15,196,000, a net decrease of \$1,042,000.

7 The SEC is a \$25 fee charged per customer to establish service, with the exception of
8 electric generation and wholesale customers.¹ Low-income customers who qualify for the
9 California Public Utilities Commission (CPUC)-approved California Alternate Rates for Energy
10 (CARE) program are charged \$10 for SEC.² The difference of \$15 per CARE customer service
11 fee is recovered through the CARE portion of the Public Purpose Program (PPP) charge.

12 The TY 2028 forecast is based on a five-year average and the customer growth rate to
13 reflect normal fluctuations in this activity.

14 **2. AMI Opt-Out Program**

15 The Advanced Meter (AMI) Opt-Out Program recorded \$48,000 in revenue in BY 2025.
16 The TY 2028 revenue forecast is \$28,000, a net decrease of \$20,000.

17 The AMI Program is an option for SoCalGas residential customers. It includes an
18 enrollment fee of \$75 for non-CARE customers or \$10 for CARE customers, followed by
19 monthly fees of \$10 for non-CARE customers and \$5 for CARE customers.³ The fee is
20 applicable for a period of three years from the date the residential customer enrolls in the AMI
21 Opt-Out Program.⁴

22 The TY 2028 forecast is based on the current count of customers enrolled in the program
23 and the fees that remain to be charged, as well as the estimated count of new customers expected
24 to enroll. There are approximately 7,400 customers currently enrolled in the AMI Opt-Out
25 Program. SoCalGas estimates that 0.1% of these customers re-enroll after moving into a new

¹ SoCalGas Tariff Rule No. 10 (SoCalGas Rule 10) at Sheet 1, Section A, *available at*:
blob:https://tariffsprd.socalgas.com/54343d12-d13e-4e6b-84be-0de3a9c3bdde.

² *Id.*

³ SoCalGas Schedule No. G-AMOP (Residential Advanced Meter Opt-Out Program) at Sheet 1,
available at: blob:https://tariffsprd.socalgas.com/0afbbc0f-84a1-4e57-a607-d48ed09aed54.

⁴ *Id.*

1 residence, based on the 2023-2025 average. This starts a new enrollment period, and SoCalGas
2 charges these customers for another three years. SoCalGas estimates to have 6-9 new customers
3 per month enrolling in the AMI Opt-Out Program.

4 **3. Reconnection Charge**

5 The Reconnection Charge recorded \$30,000 in revenue in BY 2025. The TY 2028
6 revenue forecast is \$28,000, a net decrease of \$2,000.

7 The Reconnection Charge is a \$16 fee to re-establish service subsequent to the closing of
8 a customer account for non-payment, pursuant to SoCalGas's Tariff Rule 10, Section B.⁵
9 Additionally, SoCalGas may charge and collect for unusual costs in excess of the \$16 based on
10 customers' actions or negligence.⁶

11 Reconnection charges were suspended beginning March 4, 2020, in response to the
12 COVID-19 pandemic. Also, Order Instituting Rulemaking (OIR) 18-07-005 from June 11, 2020
13 Decision (D.) 20-06-003 eliminated reconnection fees for Residential accounts. The
14 reconnection fee will only be assessed for Non-Residential accounts.

15 The TY 2028 forecast represents a return to pre-COVID levels where Non-Residential
16 accounts for 2% of all reconnections.

17 **4. Residential Parts Program**

18 The Residential Parts Program recorded \$1,764,000 in revenue in BY 2025. The TY
19 2028 revenue forecast is \$1,512,000, a net decrease of \$252,000.

20 The Residential Parts Program provides limited parts replacement for residential-type gas
21 appliances (e.g. ranges, water heaters, and space heaters). The parts being replaced include items
22 such as appliance connectors, shut-off valves, thermocouples, pilot tubing, and gas light mantles.
23 SoCalGas does not promote part sales but offers to replace a part when the need is evident during
24 an appliance service request (customer-facing order types). These orders experienced a
25 significant decline beginning in 2020 likely due to the COVID-19 pandemic, with a 24% drop
26 from 2019 to 2020, followed by an additional 6% decrease in 2021. Although there was a
27 modest recovery in 2022 (+3%) and 2023 (+1%), order volumes declined again in 2024 by 7%
28 and by 4% in 2025. Therefore, the downward trend is expected to continue.

⁵ SoCalGas Rule 10 at Sheet 1, Section B(1).

⁶ *Id.* at Sheet 2, Section B(2).

1 The TY 2028 forecast is based on a 5% annual decline. This approach reflects the
2 expected gradual recovery of Nonpay Turn On orders, which will offset reductions in other
3 customer-facing orders.

4 **5. Commercial Parts Program**

5 The Commercial Parts Program recorded \$3,375,000 in revenue in BY 2025. The TY
6 2028 revenue forecast is \$3,274,000, a net decrease of \$101,000.

7 The Commercial Parts Program provides replacement parts for food industry-type
8 appliances located in restaurants, hospitals, rest homes, schools, churches, and in-plant food
9 preparation facilities. These appliances include dishwashers, broilers, griddles, hot food tables,
10 ovens, braising pans, deep fat fryers, pressure fryers, steam cookers, and similar equipment.
11 Common parts offered include thermostats, connectors, and control valves.

12 These orders experienced a significant decline beginning in 2020 due to the COVID-19
13 pandemic. Although there has been a modest recovery since then, the long-term trend continues
14 to show a slight decline.

15 **6. Connect Appliance Program**

16 The Connect Appliance Program recorded \$81,000 in revenue in BY 2025. The TY 2028
17 revenue forecast is \$48,000, a net decrease of \$33,000.

18 The Connect Appliance Program provides, upon customer request, connection of new
19 and used portable appliances such as gas ranges, dryers, and barbecues pursuant to SoCalGas's
20 Commission-approved Tariff Rule 10. The parts utilized to perform this service include shut-off
21 valves and connectors.

22 The TY 2028 forecast reflects that the revenue has been steadily declining since 2021.
23 This downward trend is expected to continue due to several market and regulatory factors.
24 General decline in customer-facing order counts, increased competition from appliance retailers
25 offering competitively priced connection services upon delivery, combined with the proliferation
26 of DIY resources such as step-by-step video guides from retailers and manufacturers, has
27 enabled customers to install appliances themselves. Given these factors, the forecast for TY
28 2028 assumes a continued decline in revenue at a rate of 16% annually.

29 **7. Late Payment Charges**

30 Late Payment Charges recorded \$1,621,000 in revenue BY 2025. The TY 2028 revenue
31 forecast is \$600,000, a net decrease of \$1,021,000.

1 SoCalGas’s Tariff Rule 12, Rendering and Payment of Bills, Section F, authorizes a late-
2 payment charge for non-residential accounts. The current Late Payment Charge is 0.7% of the
3 balance owed.

4 Late payment charges were suspended for small businesses beginning in March 2020 due
5 to COVID-19 emergency customer protections. SoCalGas resumed the charging of late payment
6 charges for small businesses in April 2022. Collections is in the process of returning to normal
7 capacity and increasing the arrearage management efforts. The TY 2028 forecast is consistent
8 with pre pandemic levels. While post pandemic volumes remained relatively in line with
9 historical activity, the suspension of collections during the pandemic caused outstanding
10 balances to accumulate significantly. As a result, the higher balances directly contributed to the
11 increase in Late Payment Charges in recent years.

12 **8. Other Customer Service Revenues**

13 Other Customer Service Revenues recorded \$426,000 revenue in BY 2025. The TY
14 2028 revenue forecast is \$411,000, a net decrease of \$15,000.

15 Other Customer Service Revenues consist of smaller revenue accounts related to
16 Customer Service Field activities, including Timed Appointments, Seismic and Non-Seismic
17 Restores, and the Seismic Services Program.

- 18 a. Set Time Appointments – Prior to 2026, customers were able to choose to
19 pay a fee for a specific time appointment when scheduling a service order. Advice Letter 6486-A was approved via Final Resolution G-3619
20 regarding Rule 10, removal of the 1-hour Timed Appointment window
21 with an effective date of 1/1/2026. SoCalGas does not propose a revenue
22 forecast for Set Time Appointments.
23
- 24 b. Seismic Services – SoCalGas removes customer owned seismic valves
25 found installed on SoCalGas equipment rather than the customer’s
26 houseline and charges for this service. A five-year average was used to
27 forecast this account to account for normal fluctuation in this activity.
- 28 c. Seismic Restores – This activity is to restore gas service after an
29 accidental closure of an earthquake valve. A five-year average was used
30 to forecast this account to account for normal fluctuation in this activity.
- 31 d. Non-Seismic Restores – This activity is to restore gas service after a third
32 party turns the gas off or when service is interrupted for the customer to
33 make upgrades or changes to their system. A five-year average was used
34 to forecast this account to account for normal fluctuation in this activity.

B. Rent From Gas Property – Account 493

TABLE KE-3

| Rent From Gas Property – Account 493 | | | |
|---|--------------------------|---------------------------|-------------------|
| In 2025 \$ (000s) | | | |
| | 2025 Recorded | 2028 Test Year | Net Change |
| 1. Rent From Property Used in Operations | 407 | 574 | 167 |
| Total | 407 | 574 | 167 |

1. Rent From Property Used in Operations

Rent From Gas Property recorded revenue of \$407,000 in BY 2025. The revenue forecasted in TY 2028 is \$574,000, an increase of \$167,000.

Rent From Gas Property is income received from third-party use of utility-owned properties, primarily associated with telecommunications equipment at SoCalGas communication sites. The TY 2028 forecast reflects revenues from current rental agreements and expected renewals, incorporating adjustments for contractual escalation provisions.

C. Other Gas Revenue – Account 495

TABLE KE-4

| Other Gas Revenue – Account 495 | | | |
|---|----------------------|-----------------------|-------------------|
| In 2025 \$ (000s) | | | |
| | 2025 Recorded | 2028 Test Year | Net Change |
| 1. Shared Assets | 87,226 | 103,227 | 16,001 |
| 2. Crude Oil Sales | 2,130 | 2,767 | 637 |
| 3. Returned Check Charges | 1,240 | 1,113 | (127) |
| 4. Income Tax Component of Contributions-in-Aid-of-Construction | 7,187 | 7,187 | 0 |
| 5. Training Activity | 546 | 673 | 127 |
| 6. Line Item Billing (LIB) | 7,866 | 133 | (7,686) |
| 7. Federal Energy Retrofit Program (FERP) | 609 | 480 | (129) |
| 8. Miscellaneous Gas Revenues | 1,290 | 1,067 | (223) |
| 9. Microwave Bandwidth Lease | 27 | 0 | (27) |
| 10. Ownership Charges | 2,788 | 2,736 | (52) |
| TOTAL | 110,909 | 119,384 | 8,475 |

1 **1. Shared Assets**

2 Shared Assets recorded revenue of \$87,226,000 in BY 2025. The revenue forecast for
3 TY 2028 is \$103,227,000 a net increase of \$16,001,000.

4 Revenue from shared assets reflects the use of SoCalGas assets, primarily hardware,
5 software, and communication equipment, by San Diego Gas & Electric Company (SDG&E) and
6 Sempra Energy (Sempra) and its unregulated affiliates. The company that receives the majority
7 of the benefit from a shared asset shall own such asset and bill other affiliates for its use.⁷ For
8 each type of shared asset, an assignment of a casual/beneficial relationship is determined (e.g.,
9 number of users, square footage, etc.). The asset is then allocated to affiliates based on their
10 share of the benefit from that asset according to the applicable utilization methodology. More
11 detailed information on the nature of the shared assets and the methodology used to allocate the
12 charges between SDG&E, Sempra, and its unregulated affiliates, is presented in the Shared
13 Services testimony (Ex. SCG-22/SDGE-27). The amounts billed to the affiliates are recorded as
14 SoCalGas miscellaneous revenue. Since these assets are established on SoCalGas’s financial
15 records, a significant revenue requirement is allocated back to SDG&E.

16 The forecast for TY 2028 reflects the development of a revenue requirement associated
17 with these assets, including depreciation, property taxes, federal and state income taxes, and a
18 return on rate base. The portion of the shared asset costs allocated to SDG&E, Sempra, and its
19 unregulated affiliates is based on methodologies used to measure utilization.

20 **2. Crude Oil Sales**

21 Crude Oil Sales recorded revenue of \$2,130,000 in BY 2025. The revenue forecast for
22 2028 is \$2,767,000, an increase of \$637,000.

23 Crude Oil Sales represent the revenue from the sale of crude oil produced at SoCalGas’s
24 Aliso Canyon, Honor Rancho, and Playa Del Rey storage fields. Production volume forecasts
25 are based on assumptions on the utilization of the fields’ gas withdrawal capacities and
26 anticipated work on oil production wells.

27 The TY 2028 production volume forecast assumes similar levels of utilization of the
28 storage fields as in 2025 and an oil production decline of 3% per year. The TY 2028 oil price
29 forecast is based on February 25, 2026, Intercontinental Exchange (ICE) Brent Crude Futures,

⁷ See Ex. SCG-22/SDGE-27 Shared Services testimony.

1 adjusted for the differential between Brent crude oil price and the effective price received at the
2 various storage fields. The price varies by storage field because of the differences in the quality
3 of crude oil and trucking charges. The forecast includes an administrative fee reimbursement for
4 all costs and expenses incurred in the operation of the Playa Del Rey storage field including,
5 without limitation, lifting, reworking, and redrilling expenses, and improvement and
6 maintenance of surface equipment under agreement. This reimbursement is a feature of the oil
7 production sharing agreement between SoCalGas and other entities.

8 **3. Returned Check Charge**

9 The Returned Check Charge recorded revenue of \$1,240,000 in BY 2025. The 2028
10 revenue forecast is \$1,113,000, a decrease of \$127,000.

11 The Returned Check Charge is \$7.50 and is assessed to customers whose checks are
12 returned for insufficient funds pursuant to SoCalGas's Commission-authorized Tariff Rule 12.

13 The TY 2028 forecast is based on a three-year historical average (2023-2025) excluding
14 2021-2022 which were COVID-19 impacted years. The increase in returned check fees in recent
15 years is primarily driven by customers' inability to pay higher outstanding balances. This
16 challenge was further intensified during the pandemic, when service disconnections were
17 suspended, allowing balances to accumulate even more. Returned Check Charges generated
18 \$1,240,000 in revenue in the BY 2025.

19 **4. Income Tax Component (ITCC) of Contributions-in-Aid-of-** 20 **Construction (CIAC)**

21 Income Tax Component of Contributions (ITCC) recorded revenue of \$7,187,000 in BY
22 2025. The TY 2028 revenue forecast is \$7,187,000, with no reflected changes⁸.

23 ITCC represents the tax gross-up for contributions-in-aid-of-construction (CIAC) which
24 became taxable under the Tax Reform Act of 1986. These tax gross-up amounts reflect the
25 present value cost of tax paid upon receipt of CIAC, offset by the future tax benefits to be
26 received through tax depreciation over the tax life of the constructed property. ITCC is included
27 as a reduction to rate base and is amortized to miscellaneous revenue over the tax life of the
28 constructed property as ordered in D.87-09-026. The TY 2028 forecast is based on the ongoing

⁸ See Ex. SCG-25/SDGE-30 Tax testimony.

1 amortization of the ITCC collected from 1987 through 2025 and the amortization of the
2 forecasted ITCC to be collected from 2026-2028.

3 **5. Training Activity**

4 Training Activity recorded revenue of \$546,000 in 2025. The TY 2028 revenue forecast
5 is \$673,000, an increase of \$127,000.

6 SoCalGas receives revenue for providing training, particularly welding training and
7 welding re-certification/re-qualifying to various third-party companies/contractors, and other
8 utilities involved in such activities.

9 The TY 2028 forecast is based on a five-year average, plus revenue from an additional
10 qualification in 2027 for High Stress Shield Metal Arc (HSSMA), to account for normal
11 fluctuation in revenue for this activity.

12 **6. Line Item Billing (LIB)**

13 Line-Item Billing (LIB) recorded \$7,866,000 in BY 2025. The TY 2028 revenue forecast
14 is \$133,000, a net decrease of \$7,733,000.

15 Line Item Billing Revenue is made up of two components:

- 16 a. Line-Item Billing Third Party Revenue is a service offered to third parties
17 providing energy-related services to residential and small commercial
18 industrial customers within SoCalGas's service territory. The billing
19 statement for SoCalGas customers displays the charges for the service
20 provided by the third-party client on a single line item. The TY 2028
21 forecast methodology was based on the five-year average percentage
22 change which was calculated by taking the year-over-year percentage
23 changes from 2021–2025.
- 24 b. Line-Item Billing Non-Tariff Third Party Revenue is a service offered to
25 third parties providing energy-related and home-safety-related products
26 and/or services to residential and small commercial industrial customers
27 within the SoCalGas service territory, pursuant to Advice Letter 2669-B.
28 The billing statement for SoCalGas customers displays the charges
29 provided by the third-party client on a single line item for each product or
30 service. The decrease in revenue is largely due to a 2022 settlement
31 agreement entered between the vendor and the California Department of
32 Insurance (CDI) which discontinues the use of on-bill programs for
33 insurance policies. Therefore, nearly all of the existing 460,000 policies
34 will no longer be billed by SoCalGas under the LIB Program beginning on
35 January 1, 2027. Additionally, the CDI has prohibited the marketing of
36 new policies since October 1, 2024. An estimated 1,700 policies are
37 allowed to be billed under the Bureau of Household Goods and Services
38 (BHGS) which will continue to be serviced under this program. The TY

1 2028 forecast includes the BHGS policies and assumes an average growth
2 of 50 policies per month with 1,000 existing policies in 2025.

3 **7. Federal Energy Retrofit Program (FERP)**

4 The Federal Energy Retrofit Program (FERP) recorded revenue of \$609,000 in BY 2025.
5 The TY 2028 revenue forecast is \$480,000, a decrease of \$129,000.

6 FERP is an initiative designed to improve energy efficiency in federal buildings.
7 SoCalGas currently performs project management under one FERP contract.⁹ The amount
8 recorded to miscellaneous revenues reflects the difference between the revenues collected from
9 the government agencies less the costs incurred to perform the work.

10 The TY 2028 forecast is based on the forecasted net revenue from the current Utility
11 Energy Service Contract (UESC). SoCalGas does not anticipate execution of additional
12 contracts during the test year period.

13 **8. Miscellaneous Gas Revenues**

14 Miscellaneous Gas Revenues recorded revenue of \$1,290,000 in BY 2025. The TY 2028
15 revenue forecast is \$1,067,000, a net decrease of \$223,000.

16 Miscellaneous Gas Revenues is comprised of four agreements/contracts:

- 17 a. *Aliso Canyon* property revenues include revenues received through a Joint
18 Use Agreement (JUA) with two oil extraction operators in and around the
19 Aliso Canyon Storage Field, the Termo Company (Termo) and Crimson
20 Resource Management (Crimson). These revenues are generated from
21 tank rentals, road access fees, and wastewater disposal operations. Tank
22 rental and road access fees are fixed revenues, while water disposal
23 revenues vary based on water volume. SoCalGas has recently completed a
24 revision of the JUA with Termo and Crimson, including a phased increase
25 in road access fees.
- 26 b. *Gas Land Right of Way* revenue relates to revenue collected to process
27 land right document requests from entities outside SoCalGas. These fees
28 are established pursuant to Gas Standard 106.0022 Land & Right of Way
29 Fee Rate Schedule in accordance with Tariff Rule No. 34 Provision of
30 Utility Right-of-Way Information and range from \$300 to \$500 per
31 request. In cases where the request is for granting of permanent or
32 temporary rights of way over Company property, the fair market value of
33 the property rights granted to the outside party will be collected in addition

⁹ Pursuant to 42 U.S.C. § 8256, SoCalGas has entered into federal contracts to work with third parties to implement cost-effective energy and water conservation measures.

1 to an administrative fee. A five-year average was used to forecast this
2 account to account for normal fluctuation in this activity.

3 c. *Geographic Services* revenue is collected from miscellaneous customer
4 map and service-related requests and customer will-serve letters. These
5 are builder services used in developer preconstruction activities.
6 SoCalGas charges \$13.50/page per map and \$45 per letter upon request
7 from a customer. This is an established service, and SoCalGas does not
8 anticipate any material change in revenue for this activity. A five-year
9 average was used to forecast this account to account for normal fluctuation
10 in this activity.

11 d. RECLAIM Emissions Credit Sales are revenues related to the sale of
12 surplus NOx RECLAIM Trading Credits (RTC) from six facilities subject
13 to the South Coast Air Quality Management District (SCAQMD)
14 RECLAIM regulation. This program is expected to sunset but the date is
15 unknown. The RTC forecast is based on a five-year average.

16 **9. Microwave Bandwidth Lease Revenue**

17 The Microwave Bandwidth Lease Revenue recorded revenue of \$27,000 in BY 2025.
18 The TY 2028 forecast is for \$0, a net decrease of \$27,000.

19 This revenue is for leasing excess capacity on the Company's microwave network to a
20 third party (El Paso Energy). This lease has a right-to-terminate clause if the capacity is needed
21 for internal use by SoCalGas. This contract was terminated effective December 31, 2025, and
22 SoCalGas is not seeking renewal.

23 **10. Ownership Charges**

24 The Ownership Charges recorded revenue of \$2,788,000 in BY 2025. The TY 2028
25 revenue forecast is \$2,736,000, a net decrease of \$52,000.

26 The Ownership Charges recover the cost of operating and maintaining customer-financed
27 facilities with an unrefunded balance pursuant to SoCalGas's Tariff Rules 20 and 21. The
28 Ownership Charge includes property taxes, Operation and Maintenance (O&M), Administrative
29 and General (A&G), Franchise Fees and Uncollectibles (FF&U), property insurance, and
30 maintenance for 60 years. A monthly Ownership Charge is derived by applying the cost-of-
31 ownership rate to the unrefunded refundable balance after the first thirty-six months from the
32 date the facility becomes operational. The Ownership Charges are taken into consideration in
33 deriving the refunds and the forfeitures at the end of the project life.

34 The TY 2028 forecast used a rolling average of the 2025 recorded revenues and 2026-
35 2027 forecasted revenues.

1 | **IV. CONCLUSION**

2 | This concludes my prepared direct testimony.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Kelly Eduarte. I am employed by SoCalGas. My business address is 1801 S
3 Atlantic Blvd, Monterey Park, California 91754. In my current role as Finance Manager in
4 Remittance Processing, I am responsible for all payments that come to SoCalGas (gas and non
5 gas). This includes maintaining proper access controls and auditing entries to support timely and
6 accurate processing of payment and bank account deposits. I received a Bachelor of Science in
7 Business Administration degree from California Polytechnic State University, Pomona and a
8 Master of Business Administration degree from California State University, Los Angeles. I
9 began my employment with SoCalGas in 2007 holding various positions of increasing
10 responsibility in Plant Accounting, Pipeline Integrity, Advanced Meter, and Operational
11 Planning before assuming my current role.

12 I have not previously testified before this Commission.

APPENDIX A - Glossary of Terms

| ACRONYM | DEFINITION |
|----------------|---|
| A&G | Administrative and General |
| AMI | Advanced Metering Infrastructure |
| BY | Base Year |
| CARE | California Alternate Rates for Energy |
| CIAC | Contributions in Aid of Construction |
| CPUC | California Public Utilities Commission |
| Crimson | Crimson Resource Management |
| FERC | Federal Energy Regulatory Commission |
| FF&U | Franchise Fees and Un Collectibles |
| HSSMA | High Stress Shield Metal Arc |
| ICE | Intercontinental Exchange |
| ITCC | Income Tax Component of Contributions |
| O&M | Operation and Maintenance |
| PPP | Public Purpose Program |
| RECLAIM | Regional Clean Air Incentives Market |
| RTC | RECLAIM Trading Credit |
| SCAQMD | South Coast Air Quality Management District |
| SEC | Service Establishment Charges |
| SDG&E | San Diego Gas & Electric Company |
| Termo | The Termo Company |
| TY | Test Year |
| UESC | Utility Energy Service Contract |