

Company: Southern California Gas Company (U 904 G)/ San Diego Gas & Electric  
Company (U 902 M)  
Proceeding: 2028 General Rate Case  
Application: A.26-06-\_\_\_\_\_  
Exhibit: SCG-29/SDGE-34

**PREPARED DIRECT TESTIMONY OF MICHAEL W. FOSTER**  
**(GAS RATES)**

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



**June 2026**

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APPENDICES

Appendix A – Glossary of Terms ..... A-1



1 (Ex. SCG-13 and Ex. SDGE-17), for California Air Resources Board’s proposed administrative  
2 fee of \$17 million for SoCalGas and \$2 million for SDG&E, the Gas Major Projects testimony  
3 (Ex. SCG-06 and SDGE-06), for Pipeline Safety Enhancement Plan costs of \$247 million for  
4 SoCalGas and \$97 million for SDG&E, and the Regulatory Accounts testimony (Ex. SCG-21  
5 and Ex. SDGE-26), for the proposed new regulatory accounts.

## 6 **II. PRESENT AND PROPOSED GAS BUNDLED REVENUES BY CUSTOMER** 7 **CLASS**

8 This section compares illustrative TY 2028-proposed bundled revenues with those in  
9 2027. Illustrative bundled revenues include the GRC base margin, Public Purpose Program  
10 Surcharge (PPPS) revenue requirement, the cost of procuring natural gas for SoCalGas’s and  
11 SDG&E’s bundled core customers, and regulatory account balances.<sup>3</sup> This GRC application  
12 affects SoCalGas’s and SDG&E’s base margin and does not impact PPPS revenue requirement,  
13 gas procurement costs, or regulatory account balances. Therefore, SoCalGas and SDG&E held  
14 these costs, excluding base margin, constant for the present versus proposed bundled revenues  
15 (and rates) comparison.<sup>4</sup>

### 16 **A. SoCalGas Revenues**

17 Table MF-1 compares SoCalGas’s illustrative 2027 revenues and the TY 2028 GRC  
18 proposed bundled revenues by major customer class. Forecasted and proposed revenue  
19 allocations reflect the cost allocation results and sales volumes adopted in SoCalGas’s 2024 cost  
20 allocation proceeding implemented on February 1, 2025.<sup>5</sup> Relative to forecasted 2027 bundled

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<sup>3</sup> Core customers are residential and small commercial/industrial customers. SoCalGas and SDG&E provide gas transportation service to all customers; for bundled core customers, it also procures natural gas.

<sup>4</sup> For illustrative purposes, the commodity price reflected in these tables are a forecast of 2026 gas prices; and the PPP surcharges were effective January 1, 2026. See SoCalGas Advice Letter Nos. 6548-G-A <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=5095&flngId=6548-G-A&flngStatusCd=Approved> and 6552-G <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=5090&flngId=6552-G&flngStatusCd=Approved> and SDG&E Advice Letter Nos. 3463-G-A <https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&flngKey=7783&flngId=3463-G-A&flngStatusCd=Approved> and 3462-G <https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&flngKey=7724&flngId=3462-G&flngStatusCd=Approved> for the commodity and PPPS charges, respectively.

<sup>5</sup> See SoCalGas Advice Letter Nos. 6430-G-A and 6430-G-B, available at: <https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&flngKey=4919&flngId=6430>

1 revenue, TY 2028 GRC proposals lead residential and core commercial/industrial customers  
 2 bundled revenue to increase by 7.3% and 5.8%, respectively.

**Table MF-1**  
**Southern California Gas Company**  
**Summary of Gas Bundled Revenues by Major Customer Class**  
**2028 General Rate Case Application**  
**(\$ Millions)**

	Customer Class	Forecast Revenue 2027	Proposed Revenues 2028	Change \$	%
1	Residential	\$4,359	\$4,678	\$320	7.3%
2	C&I	\$1,274	\$1,349	\$75	5.8%
3	Other Core	\$115	\$117	\$2	1.8%
4	Total Core	\$5,748	\$6,145	\$396	6.9%
5	Noncore C&I	\$428	\$444	\$16	3.7%
6	EG	\$238	\$244	\$6	2.5%
7	Retail Noncore Average	\$666	\$688	\$22	3.3%
8	Wholesale	\$95	\$94	\$0	-0.2%
9	Other (BTS and UBS)	\$911	\$1,042	\$131	14.4%
10	SYSTEM TOTALS	\$7,420	\$7,969	\$549	7.4%

**B. SDG&E Revenues**

3  
 4 Table MF-2 compares SDG&E’s illustrative 2027 revenues and the TY 2028 GRC  
 5 proposed bundled revenues by major customer class. Forecasted and proposed revenue  
 6 allocations reflect the cost allocation results and sales volumes adopted in SDG&E’s 2024 cost  
 7 allocation proceeding, implemented on February 1, 2025.<sup>6</sup> Relative to forecasted 2027 bundled  
 8 revenue, TY 2028 GRC proposals lead residential and core commercial/industrial customers’  
 9 bundled revenue to increase by 13.8% and 7.2%, respectively.

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<https://tariffsprd.socalgas.com/view/filing/?utilId=SCG&bookId=GAS&fmgKey=4934&fmgId=6430>  
[-G-B&fmgStatusCd=Approved.](#)

<sup>6</sup> See SDG&E Advice Letter No. 3392-G-A/G-B, available at:  
[https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&fmgKey=7476&fmgId=3392-G-A&fmgStatusCd=Approved.](https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&fmgKey=7476&fmgId=3392-G-A&fmgStatusCd=Approved)

**Table MF-2**  
**San Diego Gas and Electric**  
**Summary of Gas Bundled Revenues by Major Customer Class**  
**2028 General Rate Case Application**  
**(\$ Millions)**

Line No.	Customer Class	Forecast Revenue	Proposed Revenues	Change	Change
		2027	2028	\$	%
1	Residential	\$713	\$811	\$98	13.8%
2	Core C&I	\$243	\$261	\$18	7.2%
3	NGV	\$11	\$12	\$1	5.2%
4	Total Core	\$967	\$1,084	\$116	12.0%
5	Noncore C&I	\$23	\$24	\$1	3.8%
6	EG	\$39	\$40	\$1	3.6%
7	Total Noncore	\$62	\$64	\$2	3.7%
8	SYSTEM TOTALS	\$1,080	\$1,199	\$119	11.0%

**III. PRESENT AND PROPOSED GAS BUNDLED RATES BY CUSTOMER CLASS**

**A. SoCalGas Rates**

Table MF-3 compares SoCalGas's illustrative 2027 and the TY 2028 GRC-proposed bundled rates by customer class. The GRC proposals are likely to lead to a 7.7% and 6.3% increase in bundled residential and core commercial/industrial rates, respectively, relative to illustrative 2027 rates.

**Table MF-3**  
**Southern California Gas Company**  
**Summary of Gas Class Average Bundled Rates by Major Customer Class**  
**2028 General Rate Case Application**  
**(\$/Therm)**

Line No.	Customer Class	Forecast Rates	Proposed Rates	Change	Change
		2027	2028	\$	%
1	Residential	\$2.12443	\$2.28709	\$0.16267	7.7%
2	Core C&I	\$1.61378	\$1.71580	\$0.10203	6.3%
3	Total Core	\$1.90593	\$2.04380	\$0.13787	7.2%
4	Noncore C&I	\$0.26049	\$0.27018	\$0.00970	3.7%
5	EG	\$0.11159	\$0.11439	\$0.00280	2.5%
6	Retail Noncore Average	\$0.21351	\$0.21931	\$0.00580	2.7%
7	Wholesale	\$0.07603	\$0.07590	-\$0.00013	-0.2%
8	BTS (\$/dth/day)	\$1.07365	\$1.23308	\$0.15943	14.8%
9	SYSTEM TOTALS	\$1.32271	\$1.40522	\$0.08252	6.2%

**B. SDG&E Rates**

Table MF-4 compares SDG&E's illustrative 2027 and the TY 2028 GRC-proposed bundled rates by customer class. The GRC proposals are likely to lead to a 13.2% and 6.4% increase in bundled residential and core commercial/industrial rates, respectively, relative to illustrative 2027 rates.

**Table MF-4**  
**San Diego Gas and Electric**  
**Summary of Gas Class Average Bundled Rates by Major Customer Class**  
**2028 General Rate Case Application**  
**(\$/Therm)**

Line No.	Customer Class	Forecast Rates	Proposed Revenues	Change	Change
		2027	2028	\$	%
1	Residential	\$2.75552	\$3.11828	\$0.36276	13.2%
2	Core C&I	\$1.56923	\$1.67002	\$0.10079	6.4%
3	NGV	\$0.92409	\$0.95967	\$0.03558	3.9%
4	Total Core	\$2.23358	\$2.31508	\$0.08150	3.6%
5	Noncore C&I	\$0.50643	\$0.52448	\$0.01805	3.6%

6	EG	\$0.12956	\$0.13423	\$0.00468	3.6%
7	Noncore Average	\$0.36375	\$0.37033	\$0.00658	1.8%
8	SYSTEM TOTALS	\$1.64058	\$1.79280	\$0.15222	9.3%

1 **IV. RESIDENTIAL CUSTOMER BILL IMPACTS**

2 **A. SoCalGas Impacts**

3 Table MF-5 provides estimates of average monthly gas bill for SoCalGas residential non-  
4 CARE customers, comprising gas commodity, transportation and PPS costs. The bill is  
5 estimated using an average residential non-CARE customer usage of 35 therms per month based  
6 on the most recent five-year historical usage.<sup>7</sup> As shown in the table below, under the GRC  
7 proposals, the average monthly bill for a residential customer would increase by \$5.67 per  
8 month, or 7.7% when compared to 2027 rates.

**Table MF-5**  
**Southern California Gas Company**  
**Average Monthly Residential non-CARE Gas Bills (35 Therms Average Monthly Usage)**  
**2028 General Rate Case Application**  
**(\$/Month)**

	<b>Estimated Revenues</b>	<b>Proposed</b>	<b>Change</b>	<b>Change</b>
	2027	2028	\$	%
Average Bill	\$73.44	\$79.11	\$5.67	7.7%

9 **B. SDG&E Impacts**

10 Table MF-6 provides estimates of average monthly gas bill for SDG&E residential non-  
11 CARE customers, comprising gas commodity, transportation and PPS costs. The bill is  
12 estimated using an average residential non-CARE customer usage of 24 therms per month based  
13 on the most recent five-year historical usage.<sup>8</sup> As shown in the table below, under the GRC  
14 proposals, the average monthly bill for a residential would increase by \$8.45 per month, or  
15 13.0% when compared to 2027 rates.

<sup>7</sup> The estimated bill does not include California greenhouse gas climate credit distribution to residential customers.

<sup>8</sup> The estimated bill does not include California greenhouse gas climate credit distribution to residential customers.

**Table MF-6**  
**San Diego Gas and Electric**  
**Average Monthly Residential non-CARE Gas Bills (24 Therms Average Monthly Usage)**  
**2028 General Rate Case Application**  
**(\$/Month)**

	Estimated 2027	Proposed 2028	Change \$	Change %
Average Bill	\$64.85	\$73.30	\$8.45	13.0%

**V. PROPOSED COST ALLOCATION METHODS FOR REGULATORY ACCOUNTS**

The SoCalGas Regulatory Accounts testimony (Ex. SCG-21) describes the amortization of the following regulatory accounts that don't currently have approved allocation methods of four regulatory accounts. These accounts are Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA), Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA), Percentage of Income Payment Plan Memorandum Account (PIPPMA) and Gas Line Extension Balancing Account (GLEBA).

The SoCalGas Regulatory Accounts testimony (Ex. SCG-21) summarizes the purpose of these accounts. SoCalGas proposes to allocate the balances in CAVAMA, NGLAPMA, and GLEBA across customer classes using the Equal Percent Authorized Margin (EPAM). According to the EPAM method, the balances in these accounts will be allocated across customer classes based on each customer class's share of total GRC base margin allocated to that customer class. This proposed method is consistent with how a regulatory account balance that benefits all customer classes is allocated.<sup>9</sup> SoCalGas proposes to allocate the PIPPMA using the Equal Cents Per Therm (ECPT) method. SoCalGas is currently using the ECPT method for the allocation across customer classes of its existing Percentage of Income Payment Plan Balancing Account (PIPPBA).

The SDG&E Regulatory Accounts testimony (Ex. SDGE-26) describes the amortization of the following regulatory accounts that don't currently have approved allocation methods of nine regulatory accounts. These accounts are Avoided Cost Calculator Update Memorandum

<sup>9</sup> For example, the balance in SoCalGas's Distribution Integrity Management Plan Balancing Account (DIMPBA) is allocated across all customer classes using the EPAM method.

1 Account (ACCUMA), Climate Adaptation Vulnerability Assessment Memorandum Account  
2 (CAVAMA), California Consumer Privacy Act Memorandum Account (CCPAMA), Emergency  
3 Customer Protections Memorandum Account (ECPMA), Percentage of Income Payment Plan  
4 Memorandum Account (PIPPMA), Residential Disconnection Protections Memorandum  
5 Account (RDPMA), and New Environmental Regulation Balancing Account (NERBA), Safety  
6 Enhancement Expense Balancing Account (SEEBA) and Safety Enhancement Capital Balancing  
7 Account (SECCBA).

8 The SDG&E Regulatory Accounts (Ex. SDGE-26) testimony summarizes the purpose of  
9 these accounts. SDG&E proposes to allocate the balances in ACCUMA, CAVAMA, CCPAMA,  
10 ECPMA, and NERBA across customer classes using the EPAM method. According to the  
11 EPAM method, the balances in these accounts will be allocated across customer classes based on  
12 each customer class's share of total GRC base margin allocated to that customer class. This  
13 proposed method is consistent with how a regulatory account balance that benefits all customer  
14 classes is allocated.<sup>10</sup> PIPPMA and RDPMA will be transferred to the Core Fixed Cost Account  
15 (CFCA) and the Non-Core Fixed Cost Account (NFCA) upon approval. For purposes of  
16 allocating costs between Core and Non-Core customers, the Equal Cents Per Therm (ECPT)  
17 method will be applied. Similarly, SEEBA and SECCBA will also be transferred to the CFCA  
18 and NFCA, with costs allocated between Core and Non-Core customers in accordance with the  
19 approved PSEP functional allocation methodology.

20 **VI. CONCLUSION**

21 This concludes my prepared direct testimony.

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<sup>10</sup> For example, the balance in SoCalGas's Distribution Integrity Management Plan Balancing Account (DIMPBA) is allocated across all customer classes using the EPAM method.

1 **VII. WITNESS QUALIFICATIONS**

2 My name is Michael W. Foster. My business address is 555 West Fifth Street, Los  
3 Angeles, California, 90013-1011. I am employed by SoCalGas as the Rate Design and Demand  
4 Forecasting Senior Manager within the CPUC/Federal Energy Regulatory Commission (FERC)  
5 Gas Regulatory Affairs Department, which supports gas regulatory activities of both SoCalGas  
6 and SDG&E. I have been employed with the Companies since December 2001.

7 I have held my current position managing the rates and demand forecasting groups since  
8 February 2023. Previously, I held various positions of increasing responsibility, most recently as  
9 a Principal Economic Advisor for the gas Rate Design function for both SoCalGas and SDG&E,  
10 from December 2016 through February 2023. I received a Bachelor of Arts degree in Economics  
11 from the University of California, Santa Barbara in 1995. I received a Master of Business  
12 Administration degree from the Darden School of Business at the University of Virginia,  
13 Charlottesville in 2000.

14 I have previously testified before the Commission.

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

## APPENDIX A

### Glossary of Terms

ACRONYM	DEFINITION
ACCUMA	Avoided Cost Calculator Update Memorandum Account
CARE	California Alternative Rates for Energy
CAVAMA	Climate Adaptation Vulnerability Assessment Memorandum Account
CCPAMA	California Consumer Privacy Act Memorandum Account
CFCA	Core Fixed Cost Account
ECPMA	Emergency Customer Protections Memorandum Account
ECPT	Equal Cents Per Therm
EPAM	Equal Percent of Authorized Margin
GLEBA	Gas Line Extension Balancing Account
GRC	General Rate Case
NCFA	Non-Core Fixed Cost Account
NERBA	New Environmental Regulation Balancing Account
NGLAPMA	Natural Gas Leak Abatement Program Memorandum Account
PIPPBA	Percentage of Income Payment Plan Balancing Account
PIPPMA	Percentage of Income Payment Plan Memorandum Account
PPPS	Public Purpose Program Surcharge
RDPMA	Residential Disconnection Protections Memorandum Account
SECCBA	Safety Enhancement Capital Cost Balancing Account
SEEBA	Safety Enhancement Expense Balancing Account
SoCalGas	Southern California Gas Company
TY	Test Year