Application: A.26-07-XXX
Exhibit No: SCG-01
Witness: Jennifer Morris
Chapter: 1

Application of Southern California Gas Company (U904G), on Behalf of its Customers, for Approval of Gas Line Extension Allowances.	Application 26-07-XXX (Filed July 1, 2026)

DIRECT TESTIMONY OF

JENNIFER MORRIS

ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

(CHAPTER 1 - POLICY)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

July 1, 2026

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DIRECT TESTIMONY OF
JENNIFER MORRIS

CHAPTER 1 - POLICY

I. PURPOSE AND OVERVIEW

The purpose of my direct testimony is to support the Application of Southern California Gas Company (SoCalGas), on Behalf of its Customers, for Approval of Gas Line Extension Allowances (Application) pursuant to Decision (D.) 22-09-026 (Decision). SoCalGas has identified seven projects that meet the three eligibility criteria set forth in the Decision. The estimated total allowance value for the proposed projects is $5,292,000.[1]

My testimony provides the background behind gas line extension allowances, the elimination of such allowances, and the application process for limited exceptions as directed in D.22-09-026. I will then present seven eligible non-residential projects and the estimated allowance amounts for each. I will also discuss the proposed update to the non-residential allowance multiplier per D.22-09-026 and detail how the allowance will be applied.

II. BACKGROUND

On September 15, 2022, the California Public Utilities Commission (Commission) issued D.22-09-026 adopting Energy Division's staff proposal to eliminate gas line extension allowances, the 10-year refundable payment option, and the 50 percent discount payment option for all customer classes effective July 1, 2023.[2] D.22-09-026 established an exception process and directs the gas investor-owned utilities to file an annual application by July 1, on behalf of its customers, with the Commission to seek approval for gas line extension allowances for specific, unique non-residential projects that meet the three criteria provided for in the Decision. The three criteria are:

a) The project shows a demonstrable reduction in greenhouse gas emissions;[3]

b) The project's gas line extension is consistent with California's climate goals, including those articulated in Senate Bill 32 (Pavley, 2016);[4] and

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1 Allowance values are rounded to the nearest thousandth. Allowance values are illustrative estimates and are subject to change.

2 D.22-09-026 at 81 (Ordering Paragraph (OP) 1).

3 *Id.* at 82 (OP 2(a)).

4 *Id.* at 82 (OP 2(b)).

c) The project demonstrates that it has no feasible alternatives to the use of natural gas, including electrification.[5]

The Decision also requires each investor-owned gas utility to include an update to the non-residential gas line extension allowance calculations based on the then-current methodology, including all inputs used, in its annual filing. Further discussion regarding the allowance calculation methodology, including an update to the Non-Residential Allowance Net Revenue Multiplier pursuant to OP 2 of D.22-09-026, is provided in Sections IV and V of my testimony.

This filing represents SoCalGas's second application, on behalf of its customers, seeking Commission approval of gas line extension allowances under D.22-09-026. The first application, A.25-07-001, submitted on July 1, 2025, requested approval for allowances for seven projects and an update to the non-residential gas line extension allowance multiplier to 3.1 for the approved projects.[6] No decision has yet been issued in A.25-07-001.

III. OVERVIEW OF SELECTED PROJECTS

Pursuant to D.22-09-026, SoCalGas reviewed 64 applications submitted by customers seeking non-residential gas line extension allowance exceptions between April 2025 and February 2026. Each customer application was evaluated to determine whether the proposed project substantiated the ability to meet the three eligibility criteria for gas line extension allowances, as set forth in the Decision. Of the 64 customer applications reviewed, seven projects were identified as meeting the eligibility criteria outlined in the Decision.

The selected projects, summarized in Table 1, consist of six renewable natural gas (RNG) refueling stations and one beverage manufacturer. The direct testimony of Jason Legner (Chapter 2) provides further detail on how each project satisfies the three eligibility criteria and "demonstrates the factual basis for the project applicants' assertions, and confirm[s] that the minimum requirements have been met," as required by OP 3 of the Decision.[7]

Table 1 - Projects Identified as Meeting Gas Line Extension Allowance Exception Criteria

Project Identifier[8]	Project Category	Estimated Allowance Value[9]
A-1	RNG Refueling Station	$1,600,000
A-2	RNG Refueling Station	$850,000

Project Identifier[8]	Project Category	Estimated Allowance Value[9]
A-3	RNG Refueling Station	$850,000
B	RNG Refueling Station	$468,000
C	RNG Refueling Station	$650,000
D	RNG Refueling Station	$709,000
E	Beverage Manufacturing	$165,000
	TOTAL	$5,292,000

IV. ALLOWANCE IMPLEMENTATION

Gas line extension allowances are determined based on the net revenue anticipated from the customer, calculated using factors such as equipment load, projected usage, and applicable tariff rates. The allowance amount is derived either by dividing the net revenue by the Cost-of-Service (COS) factor or by applying a Non-Residential Allowance Net Revenue Multiplier (Multiplier), as specified in Section C of SoCalGas Rule No. 20.[10] As incremental load is added to the gas system, economies of scale can lower per-customer costs, supporting a beneficial outcome for existing ratepayers.

Following the implementation of D.22-09-026, applicants submitting new gas line extension allowance requests on or after July 1, 2023, are required to pay the full estimated project cost upfront. If the Commission approves an allowance exception for a specific project, the project is subject to a three-year true-up after the ready-to-serve date. At that time, SoCalGas

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5 *Id.* at 82 (OP 2 (c)).

6 Nine projects were originally proposed in A.25-07-001. Two projects withdrew due to cost issues.

7 D.22-09-026 at 82 (OP 3).

8 Project identifiers are used in place of project names to preserve customer confidentiality. Project names can be found in the confidential version of the Direct Testimony of Jason Legner (Chapter 2).

9 Allowance values are rounded to the nearest thousandth. Allowance values are illustrative estimates and are subject to change. The detailed allowance calculations can be found in my accompanying workpapers, *see* Exhibit (Ex.) SCG-01-WP.

10 SoCalGas Rule No. 20 – Gas Main Extensions at Sheet 5, *available at:* https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=119,

compares the customer's actual usage against the contracted equipment usage. Any allowance provided depends on demonstrated usage during the three years of service and cannot exceed the actual project cost.

The estimated allowance values are based on projected revenue from the applicant, considering factors such as equipment load, operating schedule, and the applicable rate schedule. These calculations are set forth in my workpapers. Those values are illustrative only; the actual allowance is determined solely by the customer's actual usage during the first three years of service. If the customer uses less gas than projected—or does not initiate service—the allowance amount is reduced accordingly. This structure ensures that any allowance ultimately provided is tied to the incremental revenues generated by the new service.

V. NON-RESIDENTIAL ALLOWANCE NET REVENUE MULTIPLIER UPDATE

OP 2 of D.22-09-026 directs each investor-owned gas utility in its annual filing to include an update to the non-residential gas line extension allowance calculations based on the then current methodology (including all inputs used).

SoCalGas reviewed the factors used to determine non-residential line extension allowances and identified changes that exceeded the five percent threshold requiring adjustment under the methodology authorized by the Commission in D.07-07-019 and SoCalGas Rule No. 20, Section H.2.[11] These updates include revised values for both the Multiplier and the COS factor, the latter of which was updated in SoCalGas Advice Letter (AL) No. 6639-G.

The Multiplier, defined in SoCalGas Rule No. 20, Section I, is used to determine non-residential line extension allowances by applying a revenue-based factor to net revenues from non-residential customers. These net revenues support line extension costs and exclude fuel, transmission, storage, and other non-extension costs.

The Multiplier is determined by dividing the total of average allowances per rate class by the total revenue requirement per rate class. This year's calculation reflects updated data from SoCalGas's current and effective transportation rates as of March 1, 2026, in conjunction with the pending COS factor submitted in SoCalGas AL 6639-G.

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[11] D.07-07-019 at 4.

Table 2 - Non-Residential Allowance Net Revenue Multiplier Calculation

	Net Revenue $/Customer	Cost-of-Service Factor	Allowance $/Customer	Number of Customers / Rate Class	Total Allowances/ Rate Class $000s	Revenue In Transportation Rates/ Rate Class $000s	Allowance Multiplier Per Rate Class
Core Commercial/Industrial	$2,510	16.43%	$15,278	203,022	$3,101,690	$796,315	3.9
Natural Gas Vehicle	$97,294	16.43%	$592,279	376	$222,817	$74,350	3.0
Gas Air Conditioning	$14,620	16.43%	$89,002	4	$356	$96	3.7
Gas Engine	$18,624	16.43%	$113,373	652	$73,919	$4,531	16.3
Noncore Commercial/Industrial	$203,673	16.43%	$1,239,858	526	$652,165	$249,277	2.6
Electric Generation Tier 1	$70,533	16.43%	$429,370	309	$132,675	$31,585	4.2
Electric Generation Tier 2	$731,194	16.43%	$4,451,139	25	$111,278	$33,407	3.3
Non-Residential Multiplier				**204,914**	**$4,294,902**	**$1,189,561**	**3.6**

Because this change exceeds the five percent threshold, an adjustment is required as shown in Table 3 below:

Table 3 - Non-Residential Allowance Net Revenue Multiplier Update

Factor	Current	Updated	% Change	Update Required Based On >5% Threshold? (Yes/No)
Non-Residential Allowance Multiplier	3.4[12]	3.6	6%	Yes

[12] As of this submission, the update to the Multiplier in A.25-07-001 remains pending. Therefore, the currently effective Multiplier is 3.4, as approved in AL 5452-G, effective May 5, 2019.

The Chapter 1 workpapers further illustrate the methodology underlying the calculations of the non-residential line extension allowances.

VI. CONCLUSION

SoCalGas requests Commission approval of seven customer projects that are eligible for gas line extension allowances. SoCalGas has evaluated these seven projects under the criteria set forth in D.22-09-026. SoCalGas also proposes to update the non-residential gas line extension allowance calculations consistent with Commission-authorized methodology. The direct testimony of Rae Marie Yu, Maria E. Becerra, and Julia L. Cortez (Chapter 3) further explains revenue requirements and proposed cost recovery. SoCalGas respectfully requests that the Commission approve gas line extension allowances for the seven customer projects and the update to the Multiplier of 3.6.

This concludes my direct testimony.

VII. QUALIFICATIONS

My name is Jennifer Morris. I am employed by SoCalGas as a Senior Supervisor in the Customer Energy Solutions Department. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I received a bachelor's degree in International Studies with an emphasis in Political Science from the University of California, San Diego, and a master's degree in International Affairs with an emphasis in Energy Policy from Columbia University. At SoCalGas, I have worked in the Customer Programs and Assistance, External Affairs & Environmental Strategy, and Integrity Management departments. I have previously prepared and submitted written testimony for consideration in a proceeding before this Commission.

VIII. CERTIFICATION

I prepared, or caused to be prepared under my supervision, this testimony and the supporting workpapers accompanying it. The facts stated in this testimony are true and correct to the best of my knowledge and belief as of the date set forth below. To the extent this testimony contains opinions or judgments, those opinions or judgments reflect my best professional judgment as of that date. The supporting workpapers accompanying this testimony are true and correct to the best of my knowledge and belief as of that date.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on July 1, 2026 in Los Angeles, California.

/s/ *Jennifer Morris*

Jennifer Morris