

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)

SCG-01 WP

**WORKPAPERS SUPPORTING THE DIRECT TESTIMONY OF JENNIFER MORRIS
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

(CHAPTER 1 - POLICY)

Table 1

Estimated Allowance Values for Proposed Projects

		a	b	c	= a + (b x c)	d	= Subtotal x d
Project Identifier	Project Category	Applicable Annual Customer Charge	Applicable Transportation Rate	Estimated Annual Volume (therms)	Subtotal	Non-Residential Multiplier	Estimated Allowance Value ¹
A-1	Renewable Natural Gas Refueling Station	\$780	\$0.33805	1,393,080	\$471,711	3.6	\$1,600,000 ²
A-2	Renewable Natural Gas Refueling Station	\$780	\$0.33805	1,044,810	\$353,978	3.6	\$850,000 ³
A-3	Renewable Natural Gas Refueling Station	\$780	\$0.33805	696,540	\$236,245	3.6	\$850,000
B	Renewable Natural Gas Refueling Station	\$780	\$0.33805	1,160,900	\$393,222	3.6	\$468,000 ⁴
C	Renewable Natural Gas Refueling Station	\$780	\$0.33805	580,440	\$196,998	3.6	\$650,000 ⁵
D	Renewable Natural Gas Refueling Station	\$780	\$0.33805	580,450	\$197,001	3.6	\$709,000
E	Beverage Manufacturing	\$600	\$0.42055	413,940	\$174,682	3.6	\$165,000 ⁶
				5,870,160		TOTAL	\$5,292,000

Note.

¹ Allowance values are rounded to the nearest thousandth. Allowance values are illustrative estimates and are subject to change. The Applicable Annual Customer Charge is based on the current effective Schedule G-NGV, Natural Gas Service for Motor Vehicles and Schedule GT-NC, Intrastate Transportation Service. The Applicable Transportation Rate is the current Schedule G-NGV and GT-NC, effective March 1, 2026. Estimated Annual Volumes are the estimated usage provided by the customer.

²⁻⁶ In accordance with Rule 21, Section E, allowances may not exceed the estimated project costs. If the estimated allowances exceed the estimated project costs, allowance values up to the estimated project cost are provided.

Table 2*SoCalGas Allowances Calculation of Line Extension Rate by Class (for distribution level service)*

March, 2026 Rates		Core C&I	Gas A/C	Gas Engine	NGV	NonCore C&I Distribution	EG-D Tier 1	EG-D Tier 2
1	Allocated Base Margin in Transportation Rates	\$603,634,949	\$70,712	\$14,035,204	\$51,128,475	\$166,868,543	\$29,278,235	\$32,643,702
2	Non-Base Margin Items in Transportation Rates	\$192,680,177	\$24,840	(\$9,504,224)	\$23,221,363	\$82,408,288	\$2,306,848	\$763,762
3	Revenue Requirement in Transportation Rates	\$796,315,125	\$95,551	\$4,530,980	\$74,349,838	\$249,276,832	\$31,585,083	\$33,407,464
4	Items Not Used in Line Extension Rate:							
	BBT Transmission Costs	\$45,720,676	\$7,038	\$994,014	\$9,819,774	\$44,965,016	\$5,747,945	\$11,058,575
	Local Transmission Costs	\$22,188,903	\$1,577	\$158,225	\$2,617,444	\$14,771,540	\$1,735,558	\$3,305,280
	Core Storage	\$26,207,045	\$3,615	\$740,181	\$2,088,851	\$0	\$0	\$0
	Non-Base Margin items in Transport Rate	\$192,680,177	\$24,840	(\$9,504,224)	\$23,221,363	\$82,408,288	\$2,306,848	\$763,762
	Items Not Used in Line Extension Rate	\$286,796,801	\$37,070	(\$7,611,804)	\$37,747,432	\$142,144,845	\$9,790,351	\$15,127,617
5	Line Extension Basis	\$509,518,324	\$58,482	\$12,142,785	\$36,602,406	\$107,131,987	\$21,794,732	\$18,279,847
		0	0	0	0	0	0	0
6	Average Year Throughput Therms	880,319,652	140,410	19,830,000	195,898,830	894,285,227	114,668,189	220,612,196
7	Line Extension Rate (\$ per Therm)	\$0.5788	\$0.4165	\$0.6123	\$0.1868	\$0.1198	\$0.1901	\$0.0829
8	No. Customers	203,022	4	652	376	526	309	25
9	Average therms/customer	4,336	35,102	30,414	520,727	1,700,162	371,094	8,824,488
10	Average Gross Transport rate\$/therm	\$0.905	\$0.681	\$0.228	\$0.380	\$0.279	\$0.275	\$0.151

Note.

Line 7: The Line Extension Rate excludes certain costs from the gross rate presented in line 10. The resulting rate is the net revenue based on line extension costs.

Line 9: Average therms per customer is calculated by dividing the average year throughput by the number of customers in the appropriate categories.

Line 10: The Average Gross Transport rate reflects costs based on approved revenue requirements and current transportation rates effective March 1, 2026

1	Line Extension Rate (\$ per Therm)	Net Revenue Line Extension Rate (\$ per Therm)	\$/therm
	<i>see table 2 for details</i>	Core C/I	\$0.579
		NGV	\$0.187
		Gas A/C	\$0.417
		Gas Engine	\$0.612
		Noncore C/I	\$0.120
		EG Tier 1	\$0.190
		EG Tier 2	\$0.083
2	Average therms/customer		therms/ customer
		Core C/I	4,336
		NGV	520,727
		Gas A/C	35,102
		Gas Engine	30,414
		Noncore C/I	1,700,162
		EG Tier 1	371,094
		EG Tier 2	8,824,488
3	Average Net Revenue per Customer Type		Net revenue \$/customer
		Core C/I	\$2,510
		NGV	\$97,294
		Gas A/C	\$14,620
		Gas Engine	\$18,624
		Noncore C/I	\$203,673
		EG Tier 1	\$70,533
		EG Tier 2	\$731,194

Note.

Table 3 organizes the two primary components from Table 2: *Line Extension Rate* and *Average Therms Per Customer*

Line 3: Average Net Revenue per Customer Type - is calculated by multiplying each category's appropriate Line Extension Rate by their Average Therms (i.e. Core C/I \$0.579 x 4,336 = \$2,510).

Table 4*SoCalGas Cost of Service Factor (Rule 20 Section I and Rule 2 Section P.3.c.1)*

	2026 ROR	Current tariff	% Difference
LACC factor	9.561%	9.579%	-0.2%
O&M factor	3.760%	4.314%	-12.8%
A&G factor	2.230%	2.476%	-9.9%
FFU factor	0.290%	0.480%	-39.6%
60-year replacement multiplier	1.0370	1.0376	-0.1%
Cost of Service Factor per year	16.43%	17.48%	-6.0%
Cost of Service Factor per month	1.37%	1.46%	-6.0%

Note. Advice Letter 6639-G approved the updated Cost of Service Factor. The information presented in Table 3 is also reflected in this Advice Letter. The resulting 16.43% shown in the 2026 ROR column represents the updated factor.

Table 5*SoCalGas Non-Residential Net Revenue Multiplier Calculations*

	Net Revenue \$/customer	Cost of Service Factor	Allowance \$/Customer	Number of Customers/ rate class	Total Allowances/ rate class \$000s	Revenue Requirement in Transportation Rates/ rate class \$000s	Allowance Multiplier per rate class	Current Multiplier*	% Difference
Core C/I	\$2,510	16.43%	\$15,278	203,022	\$3,101,690	\$796,315	3.9		
NGV	\$97,294	16.43%	\$592,279	376	\$222,817	\$74,350	3.0		
Gas A/C	\$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 C/I	\$203,673	16.43%	\$1,239,858	526	\$652,165	\$249,277	2.6		
EG Tier 1	\$70,533	16.43%	\$429,370	309	\$132,675	\$31,585	4.2		
EG 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	3.1	16%

Note.

The Non Residential Multiplier resulting in 3.6 is derived by divided \$4,294,902 by \$1,189,561.

Compared to Current Multiplier, of 3.1, the update is greater than five percent (5%) change, resulting in an update to the multiplier.

The "Current Multiplier" of 3.1 was submitted in A.25-07-001 - Gas Line Extension Allowance Application.