

Company: Southern California Gas Company (U 904 G)
Proceeding: 2028 General Rate Case
Application: A.26-06-014/015
Exhibit: SCG-21.1

REVISED PREPARED DIRECT TESTIMONY OF RAE MARIE YU
(REGULATORY ACCOUNTS)

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



September 2026

TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Summary of Proposals	1
B.	Organization of Testimony	1
C.	Support To/From Other Witnesses	2
II.	AMORTIZATION OF REGULATORY ACCOUNT BALANCES	2
A.	Forecasted 2027 Ending Balance in Phase 1A Subaccounts of Safety Enhancement Expense Balancing Account (SEEBA) and Safety Enhancement Capital Cost Balancing Account (SECCBA).....	5
III.	CLOSURE OF REGULATORY ACCOUNTS.....	6
IV.	CONTINUATION OF EXISTING REGULATORY ACCOUNTS.....	7
A.	Pension Balancing Account (PBA) and Post-Retirement Benefits Other Than Pension Balancing Account (PBOPBA).....	8
B.	Pipeline Safety Enhancement Plan Memorandum Account (PSEPMA).....	8
C.	Research Royalties Memorandum Account (RRMA)	8
V.	MODIFICATION OF EXISTING REGULATORY ACCOUNTS.....	9
A.	Transmission of Integrity Management Program Balancing Account (TIMPBA).....	9
1.	Two-Way Balancing Account Proposal With Reasonableness Review	9
2.	Discontinuation of the TIMPMA on 12/31/2027.....	11
3.	50% Interim Cost Recovery Mechanism	12
B.	New Environmental Regulatory Balancing Account (NERBA)	13
1.	AB 32 Subaccount	13
2.	Discontinuation of the NERMA on 12/31/2027	14
C.	Liability Insurance Premium Balancing Account (LIPBA).....	14
1.	Under-Limits Subaccount (Modification).....	15
2.	Self-Insurance Subaccount (Modification).....	15
3.	Captive Subaccount (New)	16

D.	PBOPBA	16
E.	Gas Safety Enhancement Plan Memorandum Account (GSEPMA)	17
F.	Research, Development, and Demonstration Expense Account (RDDEA)	18
VI.	Informational Discussion of Other Regulatory Accounts.....	18
A.	Catastrophic Event Memorandum Account (CEMA).....	18
B.	Master Meter Balancing Account (MMBA).....	19
C.	San Joaquin Valley Disadvantaged Communities Balancing Account (SJVDACBA)	19
D.	Distribution Integrity Management Memorandum Account (DIMPMA) and Storage Integrity Management Program Memorandum Account (SIMPMA)	20
VII.	CONCLUSION.....	20
VIII.	WITNESS QUALIFICATIONS.....	21

APPENDICES:

APPENDIX A - Glossary of Terms.....	A-1
APPENDIX B – Chart of Test Year 2028 Regulatory Account Proposals	B-1

SUMMARY

In summary, SoCalGas is seeking Commission approval to amortize account balances for twelve (12) regulatory accounts, close four (4) regulatory accounts and three subaccounts, and modify six (6) accounts. SoCalGas' regulatory accounts proposals are as follows:

- Approve the amortization of the ending balances, as of December 31, 2027,¹ for the following regulatory accounts:
 - Avoided Cost Calculator Update Memorandum Account (ACCUMA)
 - Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)
 - California Consumer Privacy Act Memorandum Account (CCPAMA)
 - Emergency Customer Protections Memorandum Account (ECPMA)
 - Gas Line Extension Balancing Account (GLEBA)
 - Morongo Right of Way Memorandum Account (MROWMA)
 - New Environmental Regulation Balancing Account (NERBA)
 - Subpart W Subaccount
 - Leak Detection and Repair (LDAR) Subaccount
 - Municipal Separate Storm Sewer System (MS4) Subaccount
 - Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA)
 - Percentage of Income Pilot Program Memorandum Account (PIPPMA)
 - Residential Disconnection Program Memorandum Account (RDPMA)
 - Safety Enhancement Capital Cost Balancing Account (SECCBA) – Phase 1A Subaccount
 - Safety Enhancement Expense Balancing Account (SEEBA) – Phase 1A Subaccount
- Approve the closure of the following regulatory accounts:
 - Gas Line Extension Balancing Account (GLEBA)
 - Morongo Rights of Way Memorandum Account (MROWMA)

¹ For regulatory accounts presented for reasonableness review in the GRC, SoCalGas is seeking review of expenditures through 2025. Revenue requirement associated with those approved expenditures, through December 31, 2027, will be amortized into 2028 rates.

- Distribution Integrity Management Program Balancing Account (DIMPBA)
- Storage Integrity Management Program Balancing Account (SIMPBA)
- The following NERBA subaccounts:
 - Subpart W Subaccount
 - MS4 Subaccount
 - LDAR Subaccount
- Approve continuation of existing regulatory accounts:
 - Pension Balancing Account (PBA)
 - Post-Retirement Benefits Other Than Pension Balancing Account (PBOPBA)
 - Pipeline Safety Enhancement Plan Memorandum Account (PSEPMA)
 - Research Royalties Memorandum Account (RRMA)
- Approve modification of existing regulatory accounts:
 - Transmission of Integrity Management Program Balancing Account (TIMPBA)
 - New Environmental Regulatory Balancing Account (NERBA)
 - Liability Insurance Premium Balancing Account (LIPBA)
 - Gas Safety Enhancement Plan Memorandum Account (GSEPMA)
 - Research, Development, and Demonstration Expense Account (RDDEA)

**REVISED PREPARED DIRECT TESTIMONY OF RAE MARIE YU
(REGULATORY ACCOUNTS)**

I. INTRODUCTION

A. Summary of Proposals

I sponsor the Test Year 2028 General Rate Case (GRC) proposals for Southern California Gas Company's (SoCalGas) Regulatory Accounts area. Regulatory Accounts is responsible for SoCalGas's authorized regulatory balancing, tracking, and memorandum accounts, which include implementing regulatory accounting procedures for compliance with California Public Utilities Commission (CPUC or Commission) directives, quantifying and recording the monthly entries and adjustments to the Commission-authorized regulatory account mechanisms, and managing the general administration of SoCalGas's authorized regulatory accounts.

As the regulatory accounts witness, my testimony explains SoCalGas's proposals with respect to its existing regulatory accounts, including whether SoCalGas is proposing to continue, close, or modify its respective accounts. SoCalGas is not proposing to open any new regulatory accounts in this GRC. My testimony also includes SoCalGas's proposals as to whether it is seeking to amortize amounts recorded in its respective regulatory accounts. For balancing accounts where costs are recorded and authorized, this testimony contains SoCalGas's full description of its request to amortize amounts recorded therein. For regulatory accounts where costs are recorded but not yet authorized (often, but not always, memorandum accounts), this testimony contains an accounting of costs recorded in the account and SoCalGas's request to amortize those amounts, but support for recorded costs are included in other testimony as cited herein.

Appendix B is a reference chart of the regulatory accounts that are addressed in this GRC and the proposals related to those accounts. In addition, the cost allocation methodology to be used for the disposition of regulatory accounts not previously amortized is discussed in the Gas Rates testimonies (Exhibit (Ex.) SCG-29/SDGE-34).

B. Organization of Testimony

My testimony will discuss the different types of proposals we have for regulatory accounts, including

1. Amortization of balances for accounts;
2. Closure of regulatory accounts no longer needed;

3. Continuation of existing regulatory accounts;
4. Modifications to existing regulatory accounts; and
5. Other information related to certain regulatory accounts.

C. Support To/From Other Witnesses

In sponsoring SoCalGas's regulatory account proposals, other witness areas provide business justification for some of the proposals included in my testimony, including reasonableness review of costs and justification for modifications of existing regulatory accounts. The following testimony chapters are cross-referenced in this testimony:

- Gas Engineering & Systems Integrity (Ex. SCG-03)
- Gas Major Projects (Ex. SCG -06)
- Customer Services (Ex. SCG-08)
- Customer & External Relations testimony (Ex. SCG-09)
- Environmental Services testimony (Ex. SCG-13)
- Insurance testimony (Ex. SCG-15/SDGE-19)
- Pension & PBOP testimony (Ex. SCG-17/SDGE-21)
- Gas Rates testimony (Ex. SCG-29/SDGE-34)

II. AMORTIZATION OF REGULATORY ACCOUNT BALANCES

There are twelve (12) regulatory accounts with balances as of year-end 2025 that will be subject to amortization through this GRC. Amortization involves either the recovery of undercollected balances from ratepayers or the refund of overcollected balances to ratepayers. Recovery or refund of regulatory account balances from/to ratepayers occurs through gas transportation rates. Table RY-1 summarizes the regulatory account balances as of December 31, 2025 and, where reasonableness review is required, identifies the corresponding SoCalGas testimony where details and support for underlying incurred costs are discussed. SoCalGas will continue to record any on-going capital-related revenue requirement associated with projects being reviewed in this TY 2028 GRC, as well as applicable interest. Accordingly, SoCalGas

proposes to recover the balances recorded in these accounts as of December 31, 2027.^{2,3}
 Additionally, descriptions and links to the Preliminary Statements of the 12 regulatory accounts
 are found in Appendix B.

TABLE RY-1
Southern California Gas Company
Balances as of December 31, 2025
\$ in thousands

Account Name	O&M Costs	Capital Revenue Requirement	Interest	Amortization ⁴	Ending Balance	SCG Testimony
ACCUMA ⁵	98	-	10	-	108	Customer & External Relations Ex. SCG-09
CAVAMA ⁶	3,080	-	321	-	3,401	Gas Engineering & Systems Integrity Ex. SCG-03
CCPAMA ⁷	0	542	73	-	615	Customer Services Ex. SCG-08
ECPMA ⁸	3,313	-	156	-	3,469	Customer Services Ex. SCG-08
GLEBA	-	0	(1)	-	(1)	N/A
MROWMA ⁹	-	113	1,015	-	1,128	Gas Engineering & Systems Integrity Ex. SCG-03

² Since the assets placed into service through December 31, 2025 and associated with projects undergoing a reasonableness review are proposed for inclusion in rate base as part of SoCalGas's TY 2028 GRC, SoCalGas will discontinue recording the capital revenue requirement associated with these assets in the respective regulatory account upon implementation of the TY 2028 GRC Decision to avoid double recovery.

³ Additionally, for purposes of memorandum accounts or other required reasonableness reviews throughout this testimony, SoCalGas is seeking reasonableness reviews of expenditures through 2025, and recovery of revenue requirement associated with those approved expenditures through December 31, 2027.

⁴ Amounts amortized into rates in 2025.

⁵ The undercollected balance is from January 2022 through December 31, 2025.

⁶ The undercollected balance is from September 2021 through December 31, 2025.

⁷ The undercollected balance is from January 2022 through December 31, 2025.

⁸ The undercollected balance is from January 2022 through December 31, 2025. The ECPMA O&M balance of \$3.3M is inclusive of \$2.7M of billing adjustments provided to customers pursuant to the Emergency Disaster Relief Program adopted in Decision (D.) 19-07-015.

⁹ The undercollected balance is from June 2023 through December 31, 2025.

Account Name	O&M Costs	Capital Revenue Requirement	Interest	Amortization ⁴	Ending Balance	SCG Testimony
NERBA – AB32 ¹⁰	27,358	-	139	(24,618)	2,879	N/A
NERBA – SUBPART W ¹¹	135	-	(71)	(203)	(139)	N/A
NERBA – LDAR ¹²	19,923	-	1,774	(13,197)	8,500	N/A
NERBA – MS4	-	-	(64)	-	(64)	N/A
NGLAPMA ¹³	9,745	-	1,260	-	11,005	Gas Engineering & Systems Integrity Ex. SCG-03
PIPPMA ¹⁴	1,483	1,065	184	-	2,732	Customer & External Relations Ex. SCG-09
RDPMA ¹⁵	10,760	58	1,499	-	12,317	Customer Services Ex. SCG -08
SECCBA—Phase 1A ¹⁶	-	24,716	1,480	(10,263)	15,933	Gas Major Projects Ex. SCG -06
SEEBA—Phase 1A ¹⁷	10,225	-	445	(9,705)	965	Gas Major Projects Ex. SCG -06

¹⁰ The NERBA is a one-way balancing account. If there is an overcollected balance at the end of December 31, 2027, the balance will be refunded in rates; otherwise, undercollected balances will be transferred to the New Environmental Regulation Memorandum Account (NERMA).

¹¹ *Id.*

¹² *Id.*

¹³ The undercollected balance is from September 2018 through December 31, 2025.

¹⁴ The undercollected balance is from January 2022 through December 31, 2025.

¹⁵ The undercollected balance is from January 2022 through December 31, 2025. The RDPMA O&M balance of \$10.8M is inclusive of \$5.105M of waived reconnection charges pursuant to D.20-06-003 and Advice Letter (AL) 5672 (effective August 30, 2020).

¹⁶ The ending balance presented in the SECCBA and SEEBA Phase 1A regulatory accounts are partial balances recorded to the account and represent the portion of the balance being requested for recovery in customers' gas transportation rates in this TY 2028 GRC. The amounts in the "Amortization" column are the amounts already included in SoCalGas's rates and are therefore not included in SoCalGas's TY 2028 GRC Regulatory Accounts request; however, for the amounts amortized for the SECCBA and SEEBA Phase 1A regulatory accounts are subject to a reasonable review and potential refund.

¹⁷ *Id.*

A. Forecasted 2027 Ending Balance in Phase 1A Subaccounts of Safety Enhancement Expense Balancing Account (SEEBA) and Safety Enhancement Capital Cost Balancing Account (SECCBA)

The SEEBA and SECCBA are one-way interest-bearing balancing accounts recorded on SoCalGas's financial statements. The purpose of the SEEBA and SECCBA are to track the O&M and capital revenue requirement, respectively, associated with SoCalGas's Pipeline Safety Enhancement Program (PSEP) for Phase 1A and Phase 1B projects. SEEBA and SECCBA each have a Phase 1A Subaccount and Phase 1B Subaccount to track and record costs associated with each phase. The Phase 1B Subaccount balances of the SEEBA and SECCBA are amortized through SoCalGas's annual regulatory account balance update filing and therefore are not included in SoCalGas's TY 2028 GRC Regulatory Accounts proposals.¹⁸ The Phase 1A Subaccounts of the SEEBA and SECCBA are subject to a 50% interim recovery mechanism where SoCalGas is authorized to recover 50% of the actual balances in the Phase 1A Subaccounts annually, subject to refund upon CPUC reasonableness review.¹⁹ Table RY-1 above provides the actual ending balances in the Phase 1A Subaccounts of SEEBA and SECCBA as of December 31, 2025. SoCalGas will continue to employ the 50% interim recovery on this balance for the years 2026 and 2027, and therefore is seeking amortization of the remaining balances that have not already been recovered through the interim recovery mechanism.

TABLE RY-2
Southern California Gas Company
Estimated 2026 and 2027 SEEBA Phase 1A Subaccount Remaining Balances²⁰
\$ in Thousands

Year	Beginning Balance	Amortization	Interest	Remaining Balance
2026	965	(428)	27	564
2027	564	(278)	13	299

¹⁸ See D.19-03-025 at 67 and Ordering Paragraph (OP) 19.

¹⁹ D.16-08-003 at OP 2.

²⁰ "Remaining Balances" represents estimated amounts not already recovered through the interim recovery mechanism.

TABLE RY-3
Southern California Gas Company
Estimated 2026 and 2027 SECCBA Phase 1A Subaccount Remaining Balances²¹
\$ in Thousands

Year	Beginning Balance	On-going Capital Revenue Requirement	Amortization	Interest	Remaining Balance
2026	15,933	10,770	(6,084)	656	21,275
2027	21,275	10,636	(8,725)	668	23,854

As shown in Tables RY-2 and RY-3 above, SoCalGas estimates total 2026 through 2027 amortizations of \$706 thousand for SEEBA and \$14.809 million for SECCBA. After accounting for the future amortization, the ending balances as of December 31, 2027 associated with the O&M and capital expenditures being reviewed in this TY 2028 GRC are estimated to be approximately \$299 thousand undercollected for SEEBA and \$23.854 million undercollected for SECCBA.

III. CLOSURE OF REGULATORY ACCOUNTS

SoCalGas proposes to close four (4) regulatory accounts as well as three (3) subaccounts. Upon amortization of balances in these accounts, SoCalGas will no longer have a need for these accounts. Accordingly, SoCalGas proposes to transfer any residual balances remaining at the end of each account's respective amortization period to the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA), and to subsequently eliminate these accounts. SoCalGas notes that descriptions and links to the Preliminary Statements of these accounts are found in Appendix B.

Accounts proposed for closure:

1. Gas Line Extension Balancing Account (GLEBA)
2. Morongo Rights of Way Memorandum Account (MROWMA)
3. Distribution Integrity Management Program Balancing Account (DIMPBA)
4. Storage Integrity Management Program Balancing Account (SIMPBA)
5. The following NERBA subaccounts:

²¹ *Id.*

- a) Subpart W Subaccount,
- b) Municipal Separate Storm Sewer System (MS4) Subaccount, and
- c) Leak Detection and Repair (LDAR) Subaccount.

SoCalGas continued to record costs associated with renewal efforts for expiring rights-of-way within the Morongo Reservation through 2023. Now that those efforts are complete, SoCalGas seeks amortization of the remaining balance and subsequent closure of the MROWMA regulatory account (*see* Gas Engineering and System Integrity testimony at Ex. SCG-03).

For DIMPBA, SIMPBA, and the NERBA Subpart W and LDAR Subaccounts, SoCalGas is proposing, via this TY 2028 GRC, to remove the costs associated with these subaccounts from balancing account treatment and include them in base business. For the NERBA subaccounts, the rationale for such treatment is included in SoCalGas's Environmental Services testimony (Ex. SCG-13). For the DIMBA and SIMPBA regulatory balancing accounts, the rationale for base business treatment is included in SoCalGas's Gas Engineering and System Integrity testimony (Ex. SCG-03).²²

SoCalGas is requesting closure of the NERBA MS4 Subaccount because no costs were recorded during the prior GRC cycle and no forecasted costs are included for the current cycle. Similarly, SoCalGas requests closure of the GLEBA due to the absence of forecasted activity in the current GRC cycle.

IV. CONTINUATION OF EXISTING REGULATORY ACCOUNTS

SoCalGas is proposing a continuation of ratemaking treatment for each of the regulatory accounts in this section.

²² An Application for the cost recovery of the undercollected balance in the DIMPBA (*see* Application (A.) 25-08-008, Application of SoCalGas to Recover Costs Recorded in the DIMPBA From January 1, 2019 to December 31, 2023 (August 15, 2025)) and a Tier 3 advice letter for the SIMPBA (*see* AL 6442-G (submitted February 7, 2025)) associated with the TY 2019 GRC cycle are currently pending CPUC approval. Upon approval and disposition of the remaining balances in the DIMPBA and SIMPBA balances, SoCalGas will transfer any remaining residual balances to the CFCA and NFCA and eliminate the DIMPBA and SIMPBA.

1 **A. Pension Balancing Account (PBA) and Post-Retirement Benefits Other Than**
2 **Pension Balancing Account (PBOPBA)**

3 The PBA and PBOPBA are two-way interest-bearing balancing accounts recorded on
4 SoCalGas's financial statements. The PBA balances any differences between forecasted and
5 actual contributions to SoCalGas's pension fund, while the PBOPBA reconciles the annual
6 PBOP costs embedded in authorized rates with the lesser of (1) PBOP costs calculated under
7 Accounting Standards Codification 715, not less than zero to the extent the plan is in an income
8 position, or (2) actual tax-deductible contributions to the PBOP trust. Forecasted pension and
9 PBOP costs are addressed in the Pension & PBOP testimony (Ex. SCG-17/SDGE-21).

10 Pursuant to D.09-09-011, SoCalGas amortizes PBA and PBOPBA balances annually
11 through its regulatory account update advice letter filing. This filing includes detailed
12 workpapers with recorded data and forecasts based on the latest actuarial studies. SoCalGas
13 proposes to continue the current ratemaking treatment and annual recovery process for both
14 accounts in the TY 2028 GRC.

15 **B. Pipeline Safety Enhancement Plan Memorandum Account (PSEPMA)**

16 The PSEPMA is an interest-bearing memorandum account recorded on SoCalGas's
17 financial statements. SoCalGas requests continuation of this account.

18 **C. Research Royalties Memorandum Account (RRMA)**

19 The RRMA is an interest-bearing memorandum account recorded on SoCalGas's
20 financial statements. The purpose of the RRMA is to record ratepayers' share of revenues from
21 ratepayer-funded research programs. Pursuant to D.97-07-054, ratepayers are allocated 100% of
22 revenues from projects underway or completed prior to January 1, 1998 and 50% for projects
23 commencing between January 1, 1998 through December 31, 2007. For projects commencing
24 on or after January 1, 2008 through December 31, 2011, a revenue sharing mechanism was
25 adopted that allocated 60% of revenues to ratepayers. For projects commencing on or after
26 January 1, 2012 through present, a revenue sharing mechanism was approved that allocated 75%
27 of revenues to ratepayers. SoCalGas proposes to maintain this current structure—75% to
28 ratepayers and 25% to shareholders to be recorded in the RRMA.

1 **V. MODIFICATION OF EXISTING REGULATORY ACCOUNTS**

2 SoCalGas proposes modifications to six (6) regulatory accounts in this section for
3 consideration. To the extent the Commission rejects SoCalGas's requested modifications,
4 SoCalGas seeks continuation of the current ratemaking treatment for these accounts.

5 **A. Transmission of Integrity Management Program Balancing Account**
6 **(TIMPBA)**

7 The TIMPBA is a one-way interest-bearing balancing account recorded on SoCalGas's
8 financial statements. The purpose of this account is to track the difference between authorized
9 and actual revenue requirement associated with SoCalGas's Transmission Integrity Management
10 Program (TIMP). In the TY 2024 GRC cycle, the Commission converted SoCalGas's TIMPBA
11 from a two-way to a one-way balancing account, with above-authorized costs to be recorded in a
12 memorandum account (TIMPMA) subject to reasonableness review in an application, stating that
13 "this ensures a reduction in the amounts that may be recovered in rates in balancing accounts
14 through advice letters and provides the rate recovery of any above-authorized costs will occur via
15 the more thorough reasonableness review application process that will better protect
16 ratepayers."²³ Because implementation of the one-way balancing account and separate
17 memorandum account has resulted in unnecessary inefficiencies, SoCalGas proposes to
18 implement a two-way balancing account structure with reasonableness review on all above-
19 authorized costs, thus maintaining the intent and functional result of D.24-12-074.

20 Separately, SoCalGas proposes an interim cost recovery mechanism, subject to refund,
21 that will allow SoCalGas to recover 50% of the TIMPBA above-authorized balance annually to
22 save interest costs and smooth rates for ratepayers and avoid adverse financial impacts, such as a
23 downgrade of SoCalGas's credit rating which would result in higher interest costs for ratepayers.

24 **1. Two-Way Balancing Account Proposal With Reasonableness Review**

25 For the TY 2028 GRC cycle, SoCalGas requests the Commission revert the TIMPBA to a
26 two-way balancing account, but with a reasonableness review of above-authorized amounts
27 recorded in the TIMPBA. For clarity, SoCalGas is not seeking a two-way balancing account
28 without a reasonableness review or restoration of the mechanism under which SoCalGas was
29 previously authorized to recover undercollections associated with up to 35% of actual

²³ D.24-12-074 at 248.

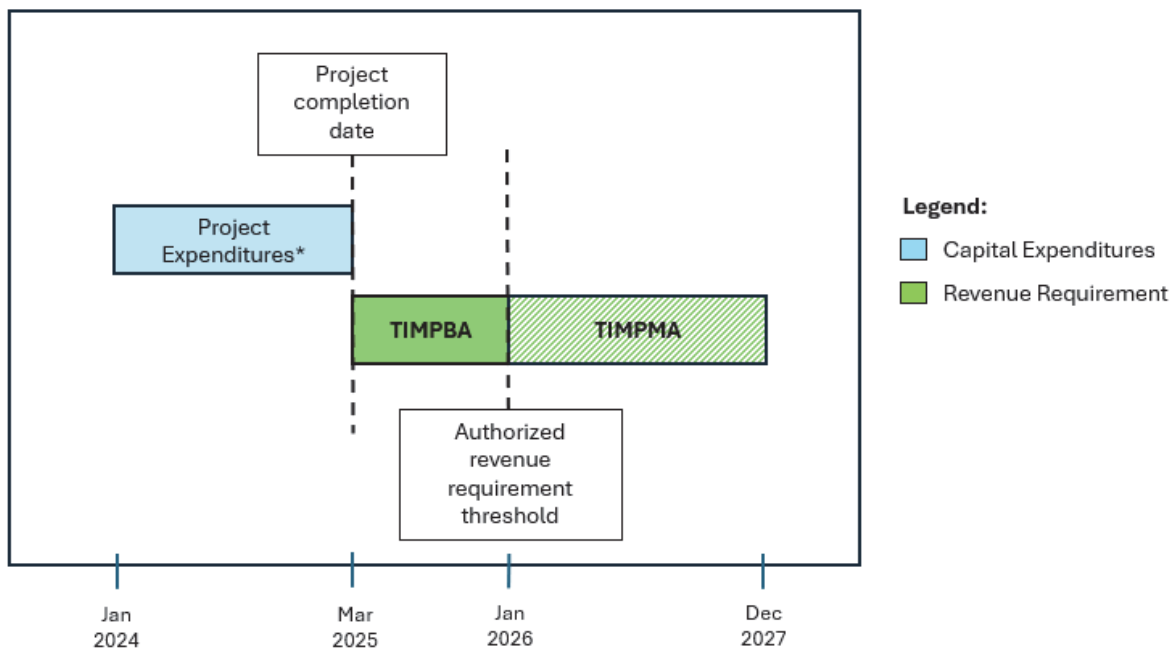
1 expenditures greater than authorized expenditures through a Tier 3 advice letter. SoCalGas's
2 proposal is simply to allow SoCalGas to continue recording above-authorized amounts in the
3 same account rather than require above-authorized amounts to be recorded in a separate
4 memorandum account (the TIMPMA). Pursuant to this proposal, all above-authorized amounts
5 will remain in the TIMPBA, rather than be transferred to the TIMPMA, but will be subject to the
6 same reasonableness review process as required for amounts in the TIMPMA. As described
7 below, the rationale behind this request is to avoid duplicative efforts and inefficiencies, improve
8 accounting controls, and support reasonableness reviews of TIMP projects.

9 The TIMPBA was created to record costs associated with on-going compliance with Title
10 49 Code of Federal Regulations (CFR) Section (§) 192, Subpart O and the potential for future
11 changes in pipeline inspection requirements. And importantly, due to the nature of TIMP, there
12 is expected to be hundreds of TIMP projects, with TIMP associated costs, that will occur during
13 the 2028 through 2031 GRC cycle. These projects may be on-going from the previous cycle,
14 they may occur entirely within the bounds of this GRC cycle, or they may be initiated in this
15 GRC cycle and conclude in a future GRC cycle. From an accounting standpoint, the
16 introduction of a separate account to record above-authorized revenue requirement has added a
17 significant level of complication. The current TIMP memorandum account requirement means
18 that many project costs are being recorded across two accounts. That is, some project costs may
19 be recorded in the TIMPBA (if initiated when SoCalGas was still within the approved revenue
20 requirement), then in the TIMPMA (when SoCalGas began to record above-authorized
21 amounts).

22 The chart below attempts to illustrate the execution of a balancing account with
23 accompanying memorandum account, and specifically the situation where capital expenditures
24 were incurred within authorized expenditure limits, but capital revenue requirement associated
25 with the project are still recorded across both a balancing account and a memorandum account.
26 The example depicts a common situation in the 2024 GRC where the forecasts are found to be
27 reasonable, but only the revenue requirement associated with the Test Year is approved.²⁴ Thus,
28 a project that is authorized for spending is only partially authorized for recovery up until the

²⁴ See, e.g., D.24-12-074 at 246 (“...the Commission finds the uncontested TIMP Capital funding amounts of \$134.132 million, \$134.982 million, and \$167.841 million to be reasonable and adopts them for 2022, 2023, and 2024 respectively.”).

authorized revenue requirement threshold for the balancing account is reached. Thereafter, the project's on-going capital-related revenue requirement is recorded to a memorandum account and is subject to a reasonableness review application despite the project's expenditures being within authorized limits. This is not a reasonable or effective method of accounting for utility costs.



*Capital expenditures are not recorded to balancing or memorandum accounts.

To resolve this issue, the Commission should eliminate the mismatch between approved capital costs and authorized revenue requirement. For purposes of SoCalGas's regulatory accounts, the Commission should approve the use of two-way balancing accounts with a reasonableness review for above-authorized amounts, where appropriate, including for purposes of the TIMPBA. A two-way balancing account with reasonableness review via an application for all above-authorized revenue requirement achieves the same result with respect to review of costs as a one-way balancing account paired with a memorandum account, but removes the accounting and cost tracking complexities that come with two separate accounts to manage numerous projects within a single continuous program.

2. Discontinuation of the TIMPMA on December 31, 2027

As discussed above, the Commission modified the TIMPBA from a two-way to a one-way balancing account in D.24-12-074, and created a new memorandum account—the

1 TIMPMA—to record above-authorized costs that would then require a reasonableness review.²⁵
2 Consistent with SoCalGas’s request herein to modify the TIMPBA from a one-way to a two-way
3 balancing account, with reasonableness review on above-authorized costs, SoCalGas requests
4 that the Commission discontinue the TIMPMA on December 31, 2027 for purposes of recording
5 new costs. SoCalGas is seeking this treatment to allow the account to remain open pending a
6 reasonableness review of the costs recorded therein, but SoCalGas proposes to cease recording
7 costs in the account on December 31, 2027. If the Commission does not approve SoCalGas’s
8 proposal to modify the TIMPBA from a one-way balancing account to a two-way balancing
9 account, SoCalGas requests to continue the current ratemaking treatment for TIMPMA.

10 **3. 50% Interim Cost Recovery Mechanism**

11 SoCalGas proposes an interim cost recovery mechanism permitting recovery of 50% of
12 the actual, above-authorized balance in the TIMPBA on an annual basis, subject to refund. This
13 interim cost recovery mechanism would allow SoCalGas partial, interim recovery to fund the
14 continuation of necessary safety and compliance work, and balance smoother rates for
15 customers.

16 The CPUC previously approved this type of interim recovery for SoCalGas’s PSEP in
17 D.16-08-003, citing Staff’s concerns regarding rate shock as they understood PSEP had the
18 potential to lead to delayed recovery of necessary compliance costs.²⁶ Most recently, the CPUC
19 also approved interim cost recovery of regulatory account balances pending completion of a
20 reasonableness review and subject to refund in D.24-03-006, D.24-09-003, and D.26-02-006. In
21 these Decisions, the CPUC recognizes interest cost savings for ratepayers and indicates that
22 interim rate increases provide the opportunity to avoid negative financial consequences and rate
23 shock to customers, promoting fairness to both the utility and ratepayers.²⁷ The same benefits
24 will accrue to SoCalGas and SoCalGas ratepayers with interim recovery of TIMP balances.²⁸

²⁵ *Id.* at OP 10(c).

²⁶ D.16-08-003 at 9.

²⁷ D.24-03-006 at 21-31; D.24-09-003 at 15-16; D.26-02-006 at 11-13.

²⁸ *See* SoCalGas AL 6060-G-A (effective May 30, 2024), and A.25-04-020, Application of SoCalGas to Recover Costs Recorded in the TIMPBA from January 1, 2019 to December 31, 2023 (April 30, 2025).

1 The requested 50% interim cost recovery mechanism does not relieve SoCalGas of the
2 need to justify any above-authorized costs for its TIMP. SoCalGas still bears the burden of proof
3 to justify, via an application, the reasonableness of any above-authorized TIMP costs incurred.
4 Any amounts recovered through the 50% interim cost recovery mechanism would be subject to
5 refund depending on the outcome of the reasonableness review.

6 **B. New Environmental Regulatory Balancing Account (NERBA)**

7 The NERBA is a one-way interest-bearing balancing account recorded on SoCalGas's
8 financial statements. The purpose of the account is to balance the difference between actual and
9 authorized costs associated with certain new and proposed federal and state environmental
10 regulations. The NERBA consists of five subaccounts:

- 11 1) Assembly Bill (AB) 32²⁹ Administration Fees Subaccount (AB 32),
- 12 2) Subpart W Subaccount,
- 13 3) Municipal Separate Storm Sewer System (MS4) Subaccount,
- 14 4) Leak Detection and Repair (LDAR) Subaccount, and
- 15 5) Natural Gas Leak Abatement Program (NGLAP) Subaccount.

16 As discussed in Section III above, SoCalGas proposes to eliminate the Subpart W, MS4,
17 and LDAR Subaccounts. SoCalGas proposes modification of the AB 32 Subaccount. The
18 NERBA NGLAP Subaccount is ongoing and recovery is addressed outside of the GRC.³⁰

19 **1. AB 32 Subaccount**

20 The purpose of the AB 32 Subaccount is to record actual administrative fees paid to the
21 California Air Resources Board (CARB) and fund the authorized cost in base rates. Pursuant to
22 D.24-12-074, the AB 32 Subaccount of the NERBA was converted from a two-way to a one-way
23 balancing account. For the reasons described in the Environmental Services testimony (*see* Ex.
24 SCG-13), SoCalGas requests to modify the AB 32 Subaccount from a one-way to a two-way

²⁹ AB 32 (Nunez, 2006), *available at*:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200520060AB32.

³⁰ For clarity, SoCalGas notes that it has included NGLAP costs in its TY 2028 GRC forecasts because balancing treatment of these costs will cease after 2027. SoCalGas will continue recording NGLAP costs in the NGLAP Subaccount for the years 2026 and 2027 and seek disposition of the final balance in the subaccount via the Tier 3 advice letter process approved in D.17-06-015 once all costs have been recorded.

1 balancing account. SoCalGas proposes to amortize the balance in this subaccount through its
2 annual regulatory account balance update filing.

3 **2. Discontinuation of the NERMA on December 31, 2027**

4 The NERMA was created when the Commission modified the NERBA from a two-way
5 to a one-way balancing account in D.24-12-074. NERMA records above-authorized costs and
6 requires a reasonableness review.³¹ Consistent with SoCalGas's request herein to modify the
7 NERBA AB 32 Subaccount from a one-way to a two-way balancing account, with
8 reasonableness review on above-authorized costs, SoCalGas proposes to cease recording costs in
9 the NERMA on December 31, 2027, and to seek closure of the NERMA after a reasonableness
10 review of costs recorded therein. If the Commission does not approve SoCalGas's proposal to
11 modify the NERBA AB 32 Subaccount from a one-way balancing account to a two-way
12 balancing account, SoCalGas requests to continue the current ratemaking treatment for NERMA.

13 **C. Liability Insurance Premium Balancing Account (LIPBA)**

14 The LIPBA is a two-way interest-bearing balancing account recorded on SoCalGas's
15 financial statements. The purpose of the account is to balance the difference between the
16 authorized revenue requirement related to liability insurance premiums (LIP) charged to
17 SoCalGas from Corporate Center and the actual expenses incurred and charged to SoCalGas.
18 Pursuant to D.24-12-074, SoCalGas may also track costs and funding associated with a Self-
19 Insurance fund. Forecasted LIP costs are discussed in the Insurance testimony (*see* Ex. SCG-
20 15/SDGE-19). The LIPBA is currently comprised of three subaccounts:

- 21 1) Under-Limits Subaccount,
- 22 2) Over-Limits Subaccount, and
- 23 3) Self-Insurance Subaccount

24 SoCalGas proposes to continue the three sub-accounts approved in D.24-12-074, and
25 proposes modifications to the process associated with the Under-Limits Subaccount, Self-
26 Insurance Subaccount, and the creation of a new subaccount for the TY 2028 GRC.

³¹ D.24-12-074 at OP 10(a).

1 **1. Under-Limits Subaccount (Modification)**

2 The Under-Limits subaccount records the difference between the authorized and actual
3 recorded costs for liability insurance.³² D.24-12-074 approved different advice letter processes
4 to address the balance in the under-limits subaccount depending on whether claims exist.³³ For
5 this GRC, SoCalGas proposes a single process—a Tier 2 advice letter—to address the balance in
6 this account. This simplification is consistent with the process approved in D.19-09-051.³⁴

7 **2. Self-Insurance Subaccount (Modification)**

8 Pursuant to the Insurance Settlement approved in D.24-12-074, the purpose of the Self-
9 Insurance Subaccount is to administer accruals and costs associated with wildfire self-
10 insurance.³⁵ Consistent with TY 2024 GRC, Sempra exercised the self-insurance option as of
11 June 2025 and any accruals that remain in SoCalGas’s Self-Insurance Subaccount as of
12 December 31, 2027, will remain in the account.³⁶ Amounts rolled over will offset approved self-
13 insurance costs so that no more than the self-insurance coverage authorized in the TY 2028 GRC
14 is recovered from ratepayers.

15 As further discussed in the Insurance testimony (Ex. SCG-15/SDGE-19), SoCalGas seeks
16 authorization to modify the LIPBA Self-Insurance Subaccount to permit a new replenishment
17 mechanism in the event of wildfire claims. Currently, this subaccount requires that, in the event
18 of wildfire claims, SoCalGas must file a Tier 3 advice letter to seek recovery of self-insurance
19 costs and replenishment of self-insurance accruals. SoCalGas seeks modification to permit
20 SoCalGas to establish a formulaic replenishment mechanism when shortages exist.
21 Replenishment will not exceed the total coverage elected and will be recovered consistent with
22 the schedule outlined in the Insurance testimony (*see* Ex. SCG-15/SDGE-19). If this formulaic
23 replenishment mechanism is applied, SoCalGas will include the application of the mechanism in
24 its year-end consolidated advice letter filing, and include details of the recovery of the

³² Liability Insurance Premium Balancing Account Preliminary Statement, Sheet 1, *available at*:
<https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=591>.

³³ D.24-12-074 at 915-916.

³⁴ D.19-09-051, OP 7.

³⁵ D.24-12-074, Appendix B (Settlement on Insurance) at 13.

³⁶ *Id.* at 11.

1 replenishment amounts over a two-year period in the event that wildfire losses result in a
2 shortfall (*e.g.*, undercollected balance) in the Self-Insurance Subaccount.

3 As described in the Insurance testimony (Ex. SCG-15/SDGE-19), SoCalGas is also
4 seeking flexibility with respect to the layer of self-insurance of \$50 million in a given year.
5 Should the Commission grant such flexibility, SoCalGas will notify the Commission and
6 implement this through its year-end consolidated advice letter processes.

7 **3. Captive Subaccount (New)**

8 SoCalGas proposes creation of a new Captive Subaccount within LIPBA. The Captive
9 Subaccount will record incremental costs associated with a feasibility study to assess the cost-
10 effectiveness of establishing a captive insurer and implementation costs should SoCalGas and
11 SDG&E exercise the captive option. Details of the captive proposal are discussed in the
12 Insurance testimony (Ex. SCG-15/SDGE-19). The balance in the Captive Subaccount will be
13 addressed in a future GRC or other applicable proceeding.

14 **D. PBOPBA**

15 The Corporate Center Pension and PBOP testimony (Ex. SCG-17/SDGE-21) discusses
16 SoCalGas's surplus position in its PBOP trust, and SoCalGas's proposal to redeploy a portion of
17 the surplus. If approved, redeployed surplus would be utilized to offset other employee benefit
18 costs borne by ratepayers, such as active employee medical benefit costs. Accordingly,
19 SoCalGas proposes to expand the scope of PBOPBA to include the tracking of: 1) incremental
20 costs associated with the evaluation and implementation to redeploy the surplus, including legal
21 and other advisory costs, and the potential for tax indemnity insurance if redeployment is
22 determined by SoCalGas to be prudent and a net positive benefit to ratepayers, and 2) ratepayer
23 benefits that result from the redeployment of the surplus for other employee benefits. SoCalGas
24 expects redeployment of the surplus to benefit ratepayers, but a detailed evaluation must occur
25 first as described in more detail in the Pension and PBOP testimony (Ex. SCG-17/SDGE-21).
26 To facilitate this expansion, SoCalGas proposes a subaccount structure with the following
27 subaccounts:

- 28 1. PBOP-GRC Subaccount: The PBOP-GRC Subaccount will continue the
29 current authorized ratemaking treatment.
- 30 2. Redeployment Subaccount: The Redeployment Subaccount will (i) track
31 incremental costs associated with the evaluation and implementation of
32 the surplus redeployment, and (ii) record ratepayer benefits resulting from

1 redeployment use of surplus funds for other employee benefits. SoCalGas
2 requests that the disposition of the balance of the Redeployment
3 Subaccount be subject to SoCalGas's annual regulatory account update
4 filing.

5 **E. Gas Safety Enhancement Plan Memorandum Account (GSEPMA)**

6 The GSEPMA is an interest-bearing memorandum account recorded on SoCalGas's
7 financial statements. The purpose of the account is to record above-authorized revenue
8 requirement associated with the Gas Safety Enhancement Plan (GSEP), and specifically the
9 incremental, substantial, and non-speculative costs resulting from PHMSA amendments to
10 federal regulations. Balances in the GSEPMA are subject to reasonableness review in a future
11 GRC or other applicable proceeding.

12 As discussed in the Gas Engineering and System Integrity testimony (*see* Ex. SCG-03),
13 the GSEP may be impacted by federal, state, and local regulatory changes that are issued mid-
14 GRC cycle and many such regulations are outside of the current cost recovery authorization
15 provided by the GSEPMA, which applies only to compliance costs associated with federal
16 regulations. Accordingly, SoCalGas proposes to create a subaccount structure for GSEPMA to
17 manage and report GSEP costs, whether from federal, state, or local rules and regulations, as
18 follows:

- 19 1. GSEP-GRC Subaccount – The GSEP-GRC Subaccount would record
20 above-authorized amounts associated with PHMSA amendments to
21 federal regulations.
- 22 2. Regulation-specific subaccounts (specific names to be determined) - The
23 additional proposed subaccounts, if any, will record costs associated with
24 compliance with any new or amended state or local pipeline safety
25 regulatory requirements. SoCalGas proposes to create new subaccounts
26 for new or amended state or local requirements.

27 SoCalGas does not have control over the effective dates of new rules or amendments,
28 which are generally subject to change until enacted. Therefore, SoCalGas proposes to file a Tier
29 1 advice letter to: 1) notify the Commission once new rules, regulations, or amendments have
30 been enacted and 2) to modify the GSEPMA Preliminary Statement to add a new subaccount
31 under GSEPMA specific to the new rule, regulation, or amendment. In the regulation-specific
32 subaccount, SoCalGas will track incremental revenue requirement associated with O&M and
33 capital expenditures that were not forecasted in the TY 2028 GRC cycle as a result of the change

discussed in the Tier 1 advice letter. Balances in all GSEPMA subaccounts will be subject to reasonableness reviews in a future GRC or other applicable proceeding.

F. Research, Development, and Demonstration Expense Account (RDDEA)

The RDDEA is an interest-bearing one-way memorandum account recorded on SoCalGas's financial statements. The purpose of this account is to record the difference between actual and authorized costs associated with non-public research, development, and demonstration (RD&D) programs pursuant to D.24-12-074. In compliance with D.19-09-051, OP 30 and D.24-12-074, SoCalGas is required to file annual RD&D Research Plans for approval by the CPUC.³⁷ As of the date of this application, SoCalGas has filed four RD&D Research Plans for the years 2024-2027 in AL 6495-G-A, AL 6496-G-A, AL 6645-G, and AL 6646-G, respectively. All four ALs are pending a final resolution from the CPUC. Without a final resolution on the 2024-2027 RD&D Research Plans, SoCalGas has not been able to completely utilize the funding authorized in D.24-12-074. As a result, the balance recorded in the RDDEA as of December 31, 2025 associated with the TY 2024 GRC cycle is an overcollection of \$38.1 million. At this time, SoCalGas anticipates additional delays in authorization of future RD&D Research Plans for the remainder of the TY 2024 GRC cycle and will not seek disposition of the overcollected balance in the RDDEA in this application. Instead, SoCalGas proposes a modification to allow it to address the disposition of the RDDEA in a future proceeding once the annual RD&D Research Plans for 2024 through 2027 have been approved and SoCalGas has had the opportunity to perform and expend in accordance with the approved Research Plans.

VI. Informational Discussion of Other Regulatory Accounts

The following sections do not include any proposals for approval within this testimony. Instead, proposals related to the accounts in this section are addressed in other witness testimony. Additional discussion included herein is for informational purposes only.

A. Catastrophic Event Memorandum Account (CEMA)

The CEMA is an interest-bearing memorandum account recorded on SoCalGas's financial statements. The purpose of the CEMA is to allow for recovery of the costs of restoring utility services to SoCalGas customers; repairing, replacing, or restoring damaged facilities; and complying with governmental agency orders in connection with events which are officially

³⁷ See D.24-12-072 at 328.

1 declared disasters by competent state or federal authorities. Pursuant to D.25-07-009, SoCalGas
2 was authorized recovery for Subaccount A – 2017 Winter Storms, Subaccount B – 2017
3 Wildfires, Subaccount C – 2018 Wildfires, and Subaccount D – 2019 Winter Storms. Since
4 assets associated with these Subaccounts and placed in service through December 31, 2025 are
5 proposed for inclusion in rate base as part of SoCalGas’s TY 2028 GRC, SoCalGas will
6 discontinue recording in these subaccounts the capital-related revenue requirement associated
7 with these assets upon implementation of the TY 2028 GRC Decision to avoid double recovery.

8 **B. Master Meter Balancing Account (MMBA)**

9 The MMBA is an interest-bearing two-way balancing account recorded on SoCalGas’s
10 financial statements. The purpose of the MMBA is to record the incremental costs associated
11 with the conversion of master-metered service at mobile home parks and manufactured housing
12 committees to direct utility service as part of a three-year pilot program authorized by the
13 Commission in D.14-03-021 and later extended in D.20-04-004.³⁸ Since all “to the meter”
14 (TTM) assets placed into service through December 31, 2025 are proposed for inclusion in rate
15 base as part of SoCalGas’s TY 2028 GRC, SoCalGas will discontinue recording in the MMBA
16 the capital-related revenue requirement associated with these assets upon implementation of the
17 TY 2028 GRC Decision to avoid double recovery. Capital-related revenue requirement
18 associated with TTM assets placed in service after December 31, 2025 will continue to be
19 balanced in the MMBA.

20 **C. San Joaquin Valley Disadvantaged Communities Balancing Account**
21 **(SJVDACBA)**

22 The SJVDACBA is a one-way, interest-bearing balancing account recorded on
23 SoCalGas’s financial statements. The purpose of the SJVDACBA is to record costs associated
24 with programs and pilot projects designed to improve energy access for disadvantaged
25 communities in the San Joaquin Valley. The SJVDACBA consists of two subaccounts: (1) the
26 To-the-Meter (TTM) Subaccount and (2) the Beyond-the-Meter (BTM) Subaccount. Since all
27 TTM assets placed into service through December 31, 2025 are proposed for inclusion in rate
28 base as part of SoCalGas’s TY 2028 GRC, SoCalGas will discontinue recording in the
29 SJVDACBA the capital-related costs associated with these assets upon implementation of the
30 TY 2028 GRC Decision to avoid double recovery.

³⁸ D.20-04-004 at 15, note 23; *see also* Resolution (Res.) E-4878 (September 28, 2017) at 16.

1 **D. Distribution Integrity Management Memorandum Account (DIMPMA) and**
2 **Storage Integrity Management Program Memorandum Account (SIMPMA)**

3 Consistent with SoCalGas's proposal to discontinue recording DIMP and SIMP costs to
4 the DIMPBA and SIMPBA effective with the TY 2028 GRC cycle, SoCalGas does not
5 anticipate a need to continue the mechanisms authorized for DIMPMA and SIMPMA in the TY
6 2028 GRC. However, SoCalGas is not requesting closure of the accounts at this time. The
7 accounts will remain open for recording the revenue requirement associated with the 2024 GRC
8 cycle (through December 31, 2027). SoCalGas will file an application to seek recovery of any
9 balances and will seek closure of the accounts in those cost recovery proceedings.

10 **VII. CONCLUSION**

11 The ratemaking treatment for the regulatory accounts discussed above is reasonable and
12 should be adopted as proposed, subject to any necessary reasonableness review of costs as
13 sponsored by the various witnesses referenced throughout this testimony.

14 This concludes my prepared direct testimony.

1 **VIII. WITNESS QUALIFICATIONS**

2 My name is Rae Marie Yu. I am employed by SoCalGas. My business address is 555
3 West Fifth Street, Los Angeles, California, 90013-1011. I am currently the Financial Reporting
4 Manager of the Regulatory Accounts group within the Accounting Department. I am responsible
5 for managing SoCalGas's authorized regulatory balancing, memorandum, and tracking accounts.
6 My responsibilities include: implementation of regulatory accounting procedures for compliance
7 with Commission directives; quantifying and recording the monthly entries and adjustments to
8 the Commission-authorized regulatory account mechanisms; and managing the general
9 administration of SoCalGas's authorized regulatory accounts. I received my Bachelor of Science
10 degree in Accounting from San Diego State University in 2007. I am also a Certified Public
11 Accountant. I began my employment with SoCalGas in 2007 in the Accounting and Finance
12 Department where I have held various positions of increasing responsibility in Accounts
13 Payable, Plant Accounting, Business Controls, Regulatory Accounts, Fixed Assets, and
14 Operational Planning before assuming my current position.

15 I have previously testified before the California Public Utilities Commission.

APPENDIX A - Glossary of Terms

Acronym	Definition
AB	Assembly Bill
AB 32	AB 32 Administration Fees
ACCUMA	Avoided Cost Calculator Update Memorandum Account
AL	Advice Letter
BTM	Beyond the Meter
CAVAMA	Climate Adaptation Vulnerability Assessment Memorandum Account
CCPAMA	California Consumer Privacy Act Memorandum Account
CEMA	Catastrophic Event Memorandum Account
CFCA	Core Fixed Cost Account
CFR	Code of Federal Regulations
CPUC	California Public Utilities Commission
D.	Decision
DIMP	Distribution Integrity Management Program
DIMPBA	Post-2011 Distribution Integrity Management Program Balancing Account
DIMPMA	Distribution Integrity Management Program Memorandum Account
Ex.	Exhibit
ECPMA	Emergency Customer Protections Memorandum Account
GLEBA	Gas Line Extension Balancing Account
GSEP	Gas Safety Enhancement Plan
GSEPMA	Gas Safety Enhancement Plan Memorandum Account
GRC	General Rate Case
IMP	Integrity Management Program
LDAR	Leak Detection and Repair
LIP	Liability Insurance Premiums
LIPBA	Liability Insurance Premium Balancing Account
MMBA	Master Meter Balancing Account
MROWMA	Morongo Rights of Way Memorandum Account
MS4	Municipal Separate Storm Sewer System

Acronym	Definition
NERBA	New Environmental Regulatory Balancing Account
NERMA	New Environmental Regulatory Memorandum Account
NFCA	Noncore Fixed Cost Account
NGLAP	Natural Gas Leak Abatement Program
NGLAPMA	Natural Gas Leak Abatement Program Memorandum Account
OP	Ordering Paragraph
O&M	Operations & Maintenance
PBA	Pension Balancing Account
PBOP	Post-retirement Benefits Other than Pension
PBOPBA	Post-Retirement Benefits Other than Pension Balancing Account
PIPPMA	Percentage of Income Payment Plan Memorandum Account
PSEP	Pipeline Safety Enhancement Plan
PSEPMA	Pipeline Safety Enhancement Plan Memorandum Account
RD&D	Research, Development and Demonstration
RDDEA	Research, Development, and Demonstration Expense Account
RDPMA	Residential Disconnection Protections Memorandum Account
RRMA	Research Royalties Memorandum Account
SDG&E	San Diego Gas & Electric Company
SECCBA	Safety Enhancement Capital Cost Balancing Account
SEEBA	Safety Enhancement Expense Balancing Account
SIMPBA	Storage Integrity Management Program Balancing Account
SIMPMA	Storage Integrity Management Program Memorandum Account
SJVDACBA	San Joaquin Valley Disadvantaged Communities Balancing Account
SoCalGas	Southern California Gas Company
TIMP	Transmission Integrity Management Program
TIMPBA	Transmission Integrity Management Program Balancing Account
TIMPMA	Transmission Integrity Management Program Memorandum Account
TTM	To The Meter
TY	Test Year

APPENDIX B – Chart of Test Year 2028 Regulatory Account Proposals

APPENDIX B – Chart of Test Year 2028 Regulatory Account Proposals

Line	Account	Balancing/ Memo	1 or 2- Way	Proposal	Preliminary Statement
1	SEEBA (Phase 1A Subaccount)	Balancing	2-Way	Amortize/Continue	The purpose of the Phase 1A Subaccount of the SEEBA is to track the O&M associated with SoCalGas's PSEP for Phase 1A projects. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=500
2	SECCBA (Phase 1A Subaccount)	Balancing	2-Way	Amortize/Continue	The purpose of the Phase 1A Subaccount SECCBA is to track the capital revenue requirement associated with SoCalGas's PSEP for Phase 1A projects. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=499
3	ACCUMA	Memo	N/A	Amortize/Continue	The purpose of the ACCUMA is to track the costs allocated to the utilities for contractors hired by the Commission to perform annual Avoided Cost Calculator updates and to provide technical assistance or research for the purpose of advancing future refinement of cost-effective methods. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=551
4	CAVAMA	Memo	N/A	Amortize/Continue	The purpose of the CAVAMA is to record the costs directly related to the climate vulnerability assessments and any incremental costs related to the community engagement, the community engagement plans, and the related community engagement surveys, as authorized in D.20-08-046. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=598
5	CCPAMA	Memo	N/A	Amortize/Continue	The purpose of the CCPAMA is to record the incremental costs associated with complying with consumer privacy obligations as required by AB 375. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=589
6	ECPMA	Memo	N/A	Amortize/Continue	The purpose of the ECPMA is to record incremental costs associated with complying with providing residential and non-residential emergency customer protections. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=568
7	GLEBA	Balancing	1-Way	Amortize/Closure	The purpose of the GLEBA is to track any difference between authorized and actual capital revenue requirement from the elimination of line extension subsidies in D.22-09-026 for certain gas line extension projects, with any overcollection returned to ratepayers. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=630
8	MROWMA	Memo	N/A	Amortize/Closure	The purpose of the MROWMA is to record the costs associated with the evaluation of the potential relocation of transmission and distribution pipelines that run underneath the Morongo Band of Mission Indians near Cabazon, California and corresponding costs associated with the renewal of the expiring rights of way. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=592
9	NGLAPMA	Memo	N/A	Amortize/Continue	The purpose of the NGLAPMA is to record the incremental administrative costs associated with implementation of the Natural Gas Leak Abatement Program (NGLAP).

Line	Account	Balancing/ Memo	1 or 2- Way	Proposal	Preliminary Statement
					https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=555
10	PIPPMA	Memo	N/A	Amortize/Continue	The purpose of the PIPPMA is to record administrative costs associated with the implementation of the Percentage of Income Payment Plan pilot program. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=610
11	RDPMA	Memo	N/A	Amortize/Continue	The purpose of the RDPMA is to record the incremental costs associated with implementing the customer protections required by D.20-06-003. The RDPMA will also track incremental costs pursuant to D.25-06-012 which implements Senate Bill 1142 and directs the California-jurisdictional energy utilities to propose targeted disconnection reduction measures in areas prone to extreme heat events. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=597
12	DIMPBA	Balancing	1-Way	Closure	The purpose of the DIMPBA is to track the difference between authorized and actual revenue requirement associated with SoCalGas's Distribution Integrity Management Program. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=485
13	SIMPBA	Balancing	1-Way	Closure	The purpose of the SIMPBA is to track the difference between authorized and actual revenue requirement associated with SoCalGas's Storage Integrity Management Program. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=541
14	PBA	Balancing	2-Way	Continue	The purpose of the PBA is to balance the difference between forecasted and actual contributions to SoCalGas' pension fund. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=339
15	PBOPBA	Balancing	2-Way	Continue/ Modification	The purpose of the PBOPBA is to reconcile the annual PBOP costs embedded in authorized rates with the lesser of (1) PBOP costs calculated under Accounting Standards Codification 715 or (2) actual tax-deductible contributions to the PBOP trust. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=340
16	GSEPMA	Memo	N/A	Continue	The purpose of the GSEPMA is to record the revenue requirement associated with operation and maintenance (O&M) and capital expenditures in excess of the amounts authorized for the Gas Safety Enhancement plan. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=635
17	DIMPMA	Memo	N/A	Informational	The purpose of the DIMPMA is to record the actual revenue requirement above authorized levels associated with SoCalGas's Distribution Integrity Management Program (DIMP). https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=633
18	SIMPMA	Memo	N/A	Informational	The purpose of the SIMPMA is to record the actual revenue requirement above authorized levels associated with SoCalGas's Storage Integrity Management Program (SIMP).

Line	Account	Balancing/ Memo	1 or 2- Way	Proposal	Preliminary Statement
					https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=634
19	PSEPMA (PSEP-GRC Subaccount)	Memo	N/A	Continue	The purpose of the PSEP-GRC Subaccount of the PSEPMA is to record cost overruns in excess of the amounts authorized in D.24-12-074. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=593
20	RRMA	Memo	N/A	Continue	The purpose of the RRMA is to record ratepayer's share of revenues from ratepayer-funded research programs. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=358
21	TIMPBA	Balancing	1-Way	Modification	The purpose of the TIMPBA is to track the difference between authorized and actual revenue requirement associated with SoCalGas's Transmission Integrity Management Program. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=484
22	NERBA (AB 32 Subaccount)	Balancing	1-Way	Amortization/Modification	The purpose of the AB 32 Admin Fees Subaccount of the NERBA records actual administrative fees paid to the California Air Resources Board and the authorized cost in base rates. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=483
23	NERBA (NGLAP Subaccount)	Balancing	2-Way	Continue	The purpose of the NGLAP Subaccount of the NERBA is to record the costs associated with implementation of Best Practices of the Natural Gas Leak Abatement Program approved in D.17-06-015. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=483
24	NERBA (LDAR Subaccount)	Balancing	1-Way	Closure	The purpose of the Leak Detection And Repair (LDAR) Subaccount of the NERBA is to record costs associated with compliance with the rules and procedures under Senate Bill 1371 and other new emergent regulatory requirements governing gas leakage abatement for gas infrastructure. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=483
25	NERBA (Subpart W Subaccount)	Balancing	1-Way	Closure	The purpose of the Subpart W Subaccount of the NERBA is to record operations and maintenance (O&M) associated with the monitoring and reporting requirements of Subpart W to the GHG Mandatory Reporting Rule issued by the US Environmental Protection Agency and the associated authorized costs in base rates. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=483
26	NERBA (MS4 Compliance Subaccount)	Balancing	1-Way	Closure	The purpose of the MS4 Compliance Subaccount is to record costs associated with compliance with MS4 local ordinance requirements, which addresses the cleanliness of SoCalGas' parking lots and potential storm water runoff and discharge from company facilities. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=483
27	LIPBA	Balancing	2-Way	Continue/ Modification	The purpose of the LIPBA is to balance the difference between the authorized revenue requirement related to liability insurance premiums (LIP) charged to SoCalGas from Corporate Center and the actual expenses incurred and charged to SoCalGas.

Line	Account	Balancing/ Memo	1 or 2- Way	Proposal	Preliminary Statement
					https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=591
28	RDDEA	Memo	1-Way	Modification	The purpose of the RDDEA is to record the difference between actual and authorized costs associated with non-public research, development, and demonstration (RD&D) programs pursuant to D.24-12-074. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=349
29	CEMA	Memo	N/A	Informational	The purpose of the CEMA is to allow for recovery of Utility's costs of restoring Utility services to its customers; repairing, replacing, or restoring damaged Utility facilities; and complying with governmental agency orders in connection with events which are officially declared disasters by competent state or federal authorities. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=352
30	MMBA	Balancing	2-Way	Informational	The purpose of the MMBA is to record the incremental costs associated with the conversion of master-metered service at mobile home parks and manufactured housing communities to direct utility service as part of a three-year pilot program authorized by the Commission in D.14-03-021 and later extended in D.20-04-004. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=497
31	SJVDACBA	Balancing	1-Way	Informational	The purpose of the SJVDACBA is to record costs associated with programs and pilot projects designed to improve energy access for disadvantaged communities in the San Joaquin Valley. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=580
32	NERMA	Memo	N/A	Informational	The purpose of the NERMA is to record the actual revenue requirement above authorized levels associated with new environmental regulations. https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=631
33	TIMPMA	Memo	N/A	Informational	The purpose of the TIMPMA is to record the actual revenue requirement above authorized levels associated with SoCalGas's Transmission Integrity Management Program (TIMP). https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=632

SoCalGas 2028 GRC Testimony Revision Log – September 2026

Page	Line or Table	Revision Detail
4	RY-1	Revised account values
5	RY-2	Revised account values
6	RY-3	Revised values
6	Lines 8 and 11	Revised account values