

Company: Southern California Gas Company (U 904 G)
Proceeding: 2024 General Rate Case
Application: A.22-05-015 /-016 (consolidated)
Exhibit: SCG-201

**REBUTTAL TESTIMONY OF
MARYAM BROWN
(GAS POLICY)**

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



May 2023

TABLE OF CONTENTS

I. INTRODUCTION1

II. SOCALGAS SUPPORTS CUSTOMER AFFORDABILITY AND THE
COMMUNITIES WE SERVE1

III. SOCALGAS SUPPORTS THE CLEAN ENERGY TRANSITION5

IV. THE PROPOSED HEADCOUNT IS NECESSARY TO SUPPORT THE WORK
PROPOSED IN THIS GRC.....6

V. CONCLUSION.....8

APPENDIX A – GLOSSARY OF TERMSMSB-A-1

1 To support customers, SoCalGas offers programs for those who may have trouble paying
2 their gas bill. The California Alternate Rates for Energy (CARE) program provides a 20%
3 discount on the gas bill for qualifying households; the Level Pay Plan (LPP), averages annual
4 natural gas use and costs over 12 months; the Ways to Save tool can help customers with energy
5 savings options through a personalized savings plan; the Energy Savings Assistance Program
6 provides home improvements to qualifying customers to help reduce their gas bills; Arrearage
7 Management Plans can further help CARE customers who are behind on their bills; and the
8 percentage of income pilot program (PIPP) caps a customer's utility bill at a percentage of
9 monthly household income. The GAF (Gas Assistance Fund) provides a one-time grant to
10 customers who are experiencing financial hardship and the Medical Baseline Program provides
11 additional gas usage at the lowest rate for customers with qualifying medical conditions. These
12 programs help SoCalGas provide safe, reliable, and increasingly renewable natural gas to its 21.1
13 million customers while protecting the most vulnerable.

14 A broader action that SoCalGas has taken to address affordability is SoCalGas's
15 residential transportation rate design proposal in the pending Cost Allocation Proceeding.¹ In
16 that proceeding, SoCalGas has proposed an enhanced two-tier, income-based residential fixed
17 charge. The fixed customer charge for non-CARE customers (i.e., customers who do not qualify
18 for the CARE discount) would increase in a phased-in approach from its current \$5 per month to
19 \$10 per month in 2025, \$15 per month in 2026, and \$20 per month in 2027. SoCalGas also
20 proposes to establish a separate, lower CARE fixed customer charge which, when taking into
21 account the 20% CARE discount, will be effectively 50% below the non-CARE fixed customer
22 charge.² This proposal for enhanced fixed charges has the effect of reducing month-to-month
23 bill volatility by decreasing winter bills and collecting more transportation-related revenue
24 requirement in the non-winter months. In addition, in the long-run, enhanced fixed charges will
25 help to remedy the inherent cost shift as some customer loads begin to shift away from gas
26 service via fuel substitution (e.g., appliance electrification). Rather than expose remaining
27 customers to volumetric rate pressures caused by demand reduction, this proposal results in

¹ A.22-09-015, Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) for authority to revise their natural gas rates and implement storage proposals effective January 1, 2024 in this Cost Allocation Proceeding (September 30, 2022).

² A.22-09-015, Prepared Direct Testimony of Iftekharul (Sharim) Chaudhury on behalf of Southern California Gas Company (Chapter 13) at 16, 26.

1 customers who partially bypass the gas system continuing to pay a fair share of the fixed costs
2 associated with maintaining their gas service. This will help promote affordability as gas
3 demand declines. Commission action on this proposal would support affordability while
4 maintaining conservation price signals.

5 During this proceeding, customers also faced an unprecedented impact on natural gas
6 prices. The 2022-2023 winter caused a hardship for many Southern Californians, including our
7 most vulnerable. During that time SoCalGas undertook many measures to help with those
8 impacted by the prices. In addition to the above programs, SoCalGas committed \$11 million in
9 shareholder funding to help customers with bill assistance and to support community resources
10 that aid those struggling financially. Five million dollars in funding was provided to the Gas
11 Assistance Fund, a program administered by United Way that provides direct financial assistance
12 to help income-qualified customers to pay their gas bills. This was the largest contribution in the
13 fund's 40-year history, and it allowed the program to expand income eligibility and increased the
14 grant amount available to each qualified customer from \$100 to up to \$400 (with the elderly
15 being eligible for extra funding) for the remainder of the 2023 program. Another \$4 million
16 went toward launching the Fueling Our Communities program, a collaboration with local food
17 banks and non-profits to provide meals and groceries to Southern Californians. Finally, \$1
18 million went to the Restaurants Care Resilience Fund. In addition, SoCalGas supported the
19 acceleration of the California Climate Credit, a credit to gas customers for their February or
20 March gas bills. In order to mitigate against similar events in the future, SoCalGas is actively
21 engaged in the Winter Gas Prices proceeding.³ As stated in that proceeding, "SoCalGas []
22 share[s] the Commission's interest in understanding the factors underlying the recent market
23 events to inform development of policies and reforms that might serve to protect against the risk
24 of future similar events and mitigate adverse impacts on consumers."⁴ SoCalGas hopes that
25 positive affordability measures will come out of the proceeding.

³ Investigation (I.) 23-03-008, Order Instituting Investigation on the Commission's Own Motion into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets (March 20, 2023).

⁴ I.23-03-008, Joint Response of Southern California Gas Company (U904 G) and San Diego Gas & Electric Company (U 902 G) to Order Instituting Investigation on the Commission's Own Motion into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets (April 19, 2023) at 1-2.

1 In addition to these programs and efforts, SoCalGas does its part to manage its operations
2 efficiently, regularly implementing process improvements. For example, through the Company’s
3 Transforming Our Business (TOB) program, Gas Distribution “identified ways to eliminate
4 down time of the Leak Survey Technicians through various innovative techniques,” creating
5 efficiencies related to scheduling and work execution in the field.⁵ Digitalization is another
6 example of operating efficiently. As described in the Information Technology Policy testimony
7 of Ben Gordon, (Exhibit (Ex.) SCG-21-R, Chapter 1), “digitalization is central to SoCalGas’s
8 decarbonization and Net Zero goals by improving operational service, efficiency, and safety,
9 through real-time information and cutting-edge analytics, benefiting operations, and customers.”⁶
10 Beyond operating efficiency, SoCalGas also voluntarily removed from consideration in this GRC
11 certain costs based on policy considerations including long-term incentive compensation and
12 Sempra Energy executive officer compensation costs.

13 Not only is SoCalGas dedicated to helping its customers, we are also committed to the
14 communities we serve, which is evidenced by the requests put forth in this GRC. For example,
15 SoCalGas supports small and diverse businesses, which brings jobs and economic activity to the
16 region. As explained in the Supply Management, Logistics, & Supplier Diversity testimony of
17 Joseph Chow, SoCalGas’s Supplier Diversity function “has exceeded the CPUC’s goals for the
18 29th straight year and has recorded diversity results of 38% or better for the past 8 years. Over
19 the past 5 years SoCalGas has spent over \$3.9 billion with women, minority, disabled veteran,
20 lesbian, gay, bi-sexual, transgender, and 8(a) (socially or economically disadvantaged) business
21 enterprises.”⁷ SoCalGas also keeps customers safe by deploying field technicians to perform
22 services at customer premises throughout its service territory, which spans across 24,000 square
23 miles and 500 communities. As explained in the Customer Services – Field and Advanced Meter
24 Operations testimony of Daniel J. Rendler, SoCalGas’s field technicians’ work includes
25 “establishing and terminating gas service, lighting gas pilot lights, conducting customer
26 appliance checks, investigating reports of potential gas leaks, investigating customer complaints

⁵ Ex. SCG-04-R (Aguirre) at MAA-27.

⁶ Ex. SCG-21-R, Chapter 1 (Gordon) at BWG-1.

⁷ Ex. SCG-17 (Chow) at JC-2-3.

1 of high bills, shutting off and restoring gas service for fumigations, responding to fires (e.g., to
2 check for gas leakage/turn off gas service), and other emergency incidents.”⁸

3 It is never a good time to ask our customers to pay more for gas service. At the same
4 time, SoCalGas has experienced new and evolving regulatory requirements, rising costs, and
5 inflation. We believe that our GRC requests will provide benefits for customers, communities,
6 and the gas system for years to come and will aid the State’s transition to a clean energy future.

7 **III. SOCALGAS SUPPORTS THE CLEAN ENERGY TRANSITION**

8 As stated in my direct testimony, we are in a time of transformative change.⁹ As a gas
9 utility that provides essential service to its customers, SoCalGas has an obligation to serve all
10 customers who want gas service. Some intervenors address the issue of declining gas demand.
11 Environmental Defense Fund (EDF) states, “The issue of declining gas demand is not that of
12 whether a decline will happen, but how much that decline will be—and at what pace such
13 decline will occur.”¹⁰ SoCalGas does not dispute that as California decarbonizes, gas demand
14 will likely decline. Decarbonization, however, will not occur overnight, and EDF fails to
15 recognize that any decline in demand does not equate to stranded assets, especially in this GRC
16 cycle which is at issue in the proceeding. SoCalGas must maintain its infrastructure in
17 compliance with State and federal mandates and provide safe, reliable service to its customers.

18 Further, customers using less gas (declining gas demand) does not translate to fewer
19 customers or meters. The rebuttal Gas Customer Forecast testimony of Eduardo J. Martinez
20 explains that while SoCalGas’s gas demand has declined, customers have been growing since
21 2001.¹¹ This is also supported by the testimony of TURN and Cal Advocates who each forecast
22 increases in gas customers in this GRC cycle.¹²

23 As a prudent operator, SoCalGas must continue to operate and maintain its infrastructure
24 in a safe and reliable manner. This results in a continued need during this GRC to provide
25 adequate funding for the many compliance programs already in place, such as the Transmission
26 Integrity Management Program, (TIMP), the Pipeline Safety Enhancement Plan (PSEP), and

⁸ Ex. SCG-14-R (Rendler) at DJR-1-2.

⁹ Ex. SCG-01-R-2R (Brown) at MSB-1.

¹⁰ Ex. EDF-01 (Colvin/McCann/Seong) at 9.

¹¹ Ex. SCG-235 (Martinez) at Section IV.A.

¹² Ex. TURN-14 (McGovern) at 3 (Figure 1). *See also* Ex. CA-18-E (Sierra) at 3 (Table 18-1).

1 more. SoCalGas continues to execute the important safety, reliability, compliance, and
2 sustainable work that reduces risks to the system and replaces infrastructure.

3 We continue to invest in maintaining the gas system, not only because we are required to
4 maintain a safe and reliable system, but also because a functioning gas system will support
5 electrification and decarbonization in California. SoCalGas is investing in innovative solutions
6 to further contribute to the State’s clean energy goals. Yet, some intervenors discount these
7 clean energy solutions claiming they “have no meaningful relationship to providing safe,
8 affordable, and reliable service to the captive customers that rely on it for methane gas.”¹³ As I
9 explained in my direct testimony,¹⁴ and as further detailed in other testimony,¹⁵ an integrated
10 electric and gas energy network with growing penetration of renewable electricity and cleaner
11 fuels will achieve carbon neutrality faster, more reliably, and more affordably than a system that
12 does not integrate renewable electricity and clean fuels. Increasing use of renewable natural gas
13 will provide short term decarbonization, while investing in hydrogen pilot projects, hydrogen
14 blending, carbon capture, and Research, Demonstration & Development efforts can prepare the
15 system to reduce emissions in the longer term which benefits all ratepayers.

16 **IV. THE PROPOSED HEADCOUNT IS NECESSARY TO SUPPORT THE WORK**
17 **PROPOSED IN THIS GRC**

18 To execute the projects and programs proposed in this GRC, address increasing
19 regulatory requirements, and to continue to maintain safe, reliable, and clean gas infrastructure,
20 SoCalGas is proposing growth in its workforce. As explained in the People and Culture
21 Department rebuttal testimony of Abigail M. Nishimoto (Ex. SCG-228) and the Compensation
22 and Benefits direct testimony of Debbie Robinson (Ex. SCG-25-R/SDG&E-29-R), developing
23 and maintaining a skilled, qualified, dedicated and diverse workforce is critical to SoCalGas’s
24 continued success.¹⁶

25 Cal Advocates disagrees with SoCalGas’s requested headcount and recommends instead
26 an average annual labor inflation rate for SoCalGas of 1.6%.¹⁷ Ms. Nishimoto explains why Cal

¹³ Ex. CEJA-01 (Vespa/Gersen/Saadat/Barker) at 3.

¹⁴ Ex. SCG-01-2R at MSB-10-12.

¹⁵ See Ex. SCG-212 (Infanzon), Ex. SCG-207 (Martinez) and Ex. SCG-02-R, Chapter 1 (Peress).

¹⁶ Ex. SDG&E-01-R (Folkmann) at 29-30.

¹⁷ Ex. CA-13 (Emerson) at 7.

1 Advocates' calculations and assumptions are based on the wrong premises and are not
2 representative of the workforce needs for the future. Ms. Nishimoto further demonstrates
3 SoCalGas's headcount has been steadily growing since 2020 with the year-over-year headcount
4 growth from 2020-2021 of over 4%. Contrary to Cal Advocates' assumption that headcount will
5 grow 1.6% annually for 2022 through 2024, SoCalGas's workforce is anticipated to further
6 exceed recent year's growth to support incremental programs.

7 SoCalGas's headcount growth is reasonable and is driven by the requests outlined in this
8 GRC filing, including clean energy work and additional requirements addressing both safety and
9 reliability. For example, SoCalGas continues to invest in the Gas Integrity Management
10 Programs, which are safety programs primarily driven by federal regulations. In part due to new
11 federal requirements, such as the enactment of the Gas Transmission Safety Rule, SoCalGas is
12 developing new and expanding programs within the Gas Integrity Management Program (e.g.,
13 the Gas Safety Enhancement Programs). As discussed in the Gas Integrity Management
14 Programs rebuttal testimony (Ex. SCG-209), additional headcount is needed to respond to the
15 increasing scope and complexity of projects, collecting and analyzing data related to changes in
16 risk and threat analysis, as well as the additional requirements related to traceable, verifiable, and
17 complete records.

18 SoCalGas is also committed to maintaining a workforce that is progressively less reliant
19 on contractors. This will shift funds between non-labor contractors to labor employees and will
20 result in an increase in headcount.¹⁸ Not only will this benefit SoCalGas with more internal
21 skilled labor, it is also in compliance with contractual obligations in our Collective Bargaining
22 Agreement. With this conscious effort, headcount is expected to increase up to and through
23 2024.

24 These examples, as well as the support given throughout SoCalGas's other witnesses'
25 testimonies that request additional personnel, clearly show the need for growth in overall
26 headcount at SoCalGas through 2024. SoCalGas's diverse and qualified workforce plans will
27 help enable the clean energy transition and the execution of the projects and programs in this
28 GRC.

¹⁸ Ex. SCG-204 (Walker/Quezada) at Section V.G. (Incremental Fleet); *see also* Ex. SCG-04-R at MAA-56-58, 125.

1 **V. CONCLUSION**

2 SoCalGas’s GRC request is aligned with and supports the State’s climate goals and will
3 help provide customers with safe, reliable, and clean gas service in this GRC cycle. SoCalGas
4 understands that affordability of gas service is important to our customers. To address this,
5 SoCalGas has assistance programs available to customers, operates efficiently, and has
6 voluntarily removed certain items from consideration in this GRC. SoCalGas is taking steps to
7 help customers with affordability on a going-forward basis through the cost allocation
8 proceeding where we proposed a fixed fee for service that will offset costlier winter months.
9 SoCalGas also offers value to customers and communities by creating jobs for diverse businesses
10 as well as providing services to customers. SoCalGas is also mindful of the role it has to play in
11 the clean energy transition. The proposals in this GRC concerning clean energy will help the
12 State achieve carbon neutrality faster, more reliably, and more affordably than if clean fuels are
13 excluded. To meet all of these goals, SoCalGas requires a growing workforce that is diverse and
14 qualified. Approving the requests in this GRC will allow SoCalGas to continue operating safely
15 and reliably, and also allow the Company to continue moving forward as a critical partner in the
16 clean energy transition.

17 This concludes my prepared rebuttal testimony.

APPENDIX A
GLOSSARY OF TERMS

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ACRONYM	DEFINITION
A.	Application
Commission	California Public Utilities Commission
D.	Decision
GRC	General Rate Case
SDG&E	San Diego Gas & Electric Company
SoCalGas	Southern California Gas Company
TY	Test Year