

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY
& SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS
IN THE 2027 COST ALLOCATION PROCEEDING (A.25-09-014)
DATA REQUEST SET 20 FROM CAL ADVOCATES – PUBADV-SCG_SDGE-020-ST
DATED: APRIL 1, 2026
SOCALGAS RESPONSE DATED: APRIL 15, 2026 - PARTIAL**

The following questions refer to Chapter 3 Core Brokerage Fee

Question 1.

Provide the complete electronic model (Excel with formulas intact) used to calculate the proposed Core Brokerage Fee of \$0.322/therm, including all linked files, inputs, assumptions, and intermediate calculations.

Response

See PubAdv-SCG_SDGE-020-ST-01.xlsx

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Question 2.

Explain why the core brokerage fee is not normally embedded in GRC Phase I costs of service. Provide background information on the distinguishing factors between CBF related employee costs and typical costs found in Operations and Maintenance (O&M) and Administrative and General (A&G) expenses, which are recovered in the GRC phase I cycle. How does calculating the Core Brokerage Fee (CBF) independently from the GRC phase I impact costs to ratepayers?

Response

Acquisition-related costs are requested and approved in SoCalGas's General Rate Case Proceeding and allocated to the CBF in the CAP. This is similar in concept to other utility functions, like storage for example, where the costs are requested in the GRC, and the costs are functionally allocated in the CAP. Accordingly, the calculation and determination of the CBF does not increase total revenues to SoCalGas. Rather, the costs allocated to the CBF are carved-out from SoCalGas's transportation revenue requirement before the remaining costs are allocated to the other functions (e.g., transmission, distribution, etc.) and are instead loaded onto core procurement rates. This is done because CPUC policy requires gas procurement costs to be recovered through commodity mechanisms, not embedded utility cost of service rates, so that non-procurement ratepayers do not subsidize SoCalGas's procurement-related expenses.

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Question 3.

Referring to the end of the Chapter 3 workpapers (Core Brokerage Fee Calculation Workpapers, pp. 1-19), Identify and describe each cost component included in the CBF calculation (for 2024). For each component, provide:

- The definition of the cost component
- Cost drivers attributed to each cost component (e.g. what goes into the non-labor and labor related activities for each cost component)
- Historical costs and employee work directly related to Core Procurement Activities (2019–2023) for each cost component
- How rent costs were calculated or bills/evidence of rent charges
- How overhead rates were determined
- Overhead cost breakdowns for each cost component
- Justification for the inclusion of each cost component in core procurement activities

Response

Response will be submitted at a later date.

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Question 4.

Identify all methodological changes from the last approved CBF and provide a redline comparison of old vs. new methodology.

Response

The methodological changes from the last approved CBF (i.e., the CBF approved by D.24-07-009) are: 1) elimination of calculation of commodity-related cash working capital; and 2) inclusion of natural gas utility administrative and general costs escalation.

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Question 5.

List all escalation factors applied in the CBF calculation. For each factor, provide:

- The numerical escalation value
- The source (e.g., Global Insight, labor escalators, inflation indices)
- Any justification for its applicability
- The specific cost categories (within each cost component) to which it was applied

In addition, provide workpapers showing how each escalation factor was applied, including formulas and intermediate values.

Response

See response to question 1, which clarifies that the actual costs for procurement are determined in the General Rate Case, while the CBF in the CAP is a cost allocation exercise.

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Question 6.

Provide a detailed breakdown of historic labor costs for all three years prior to 2024 related to activities recovered in the CBF, including:

- Full-Time Equivalent (FTE) counts
- Job titles
- Salary and benefit levels
- Overhead loading factors
- Allocation methodology

Response

Response will be submitted at a later date.

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Question 7.

Are there any new procurement activities included in the CBF that were not included in the last approved CBF?

- A. If yes, identify each new activity and provide the incremental cost associated with it for 2024.
- B. Explain why these new activities are appropriately recovered through the Core Brokerage Fee rather than through standard GRC Phase I O&M or A&G accounts.

Response

No. Please also see response 1, which clarifies that the actual costs for procurement are determined in the General Rate Case, while the CBF in the CAP is a cost allocation exercise.

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Question 8.

Provide all benchmarking studies comparing SoCalGas/SDG&E's brokerage costs to those of other utilities or market brokers. In addition, identify any cost categories included in the CBF that are not included in brokerage fees charged by comparable utilities.

Response

Applicants are not aware of any such benchmarking studies. As far as other California natural gas utilities, Applicants are not aware of any such cost categories included in the CBF not included in brokerage fees charged by other California natural gas utilities. Please also see response 1, which clarifies that the actual costs for procurement are determined in the General Rate Case, while the CBF in the CAP is a cost allocation exercise.

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Question 9.

Identify all cost-control or efficiency measures implemented since the last CBF update and quantify any resulting cost savings. Further justify why a CBF increase is necessary despite any such efficiency gains or stable procurement activity.

Response

Please see Response 1, which clarifies that the actual costs for procurement are determined in the General Rate Case, while the CBF in the CAP is a cost allocation exercise.

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Question 10.

If SCG cannot provide the requested information to answer the questions above, state the reason in the response.

Response

N/A.