



**Joseph Mock**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.3718  
Fax: 213.244.4957  
[JMock@socalgas.com](mailto:JMock@socalgas.com)

March 15, 2024

Advice No. 6277-G  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: 2025 and 2026 Ratemaking Forecasts for Natural Gas Leak Abatement Program Memorandum Account (NGLAPMA), Natural Gas Leak Abatement Program Balancing Account (NGLAPBA), and Natural Gas Leak Abatement Program Subaccount in the New Environmental Regulation Balancing Account (NERBA-NGLAP Subaccount)**

### **Purpose**

Southern California Gas Company (SoCalGas) hereby submits its 2025 and 2026 Ratemaking Forecasts for the NGLAPMA, NGLAPBA, and NERBA-NGLAP Subaccount pursuant to Ordering Paragraph (OP) 10 of the California Public Utilities Commission's (CPUC or Commission) First Phase Decision (D.) 17-06-015 and Second Phase D.19-08-020.

### **Background**

On January 22, 2015, the Commission issued Rulemaking (R.) 15-01-008 to implement provisions of Senate Bill (SB) 1371. Phase I of R.15-01-008 was established to specifically address the overall policies and guidelines for a Natural Gas Leak Abatement (NGLA) Program consistent with SB 1371 and included the following program development activities: 1) information gathering, measurement, and Best Practices; 2) targets, compliance, and reporting; and 3) training and enforcement.

On June 15, 2017, the Commission adopted D.17-06-015 which, among other things, directed SoCalGas to submit a Tier 3 Advice Letter (AL) to provide the following to establish 2018 and 2019 revenue requirement forecasts and caps for the NGLA Program:

- a) Identification of the incremental costs associated with each individual Best Practice, Pilot Projects and Research & Development (R&D), broken down by type of expenditure including capital, operations and maintenance, and administrative.

- b) Justifications consistent with the criteria to evaluate Pilot Projects and R&D in Public Utilities Code (PUC) § 740.1.
- c) Allocation methodology for amortization of the account and the corresponding Commission decision authorizing the allocation methodology.<sup>1</sup>

Additionally, OP 11 of D.17-06-015 further authorized the Director of Energy Division to recommend a process for reviewing cost forecasts and the methods for cost recovery in response to the Tier 3 ALs. OP 12 states the ratemaking forecasts and caps that the Commission approves in response to the Tier 3 ALs shall apply until ratemaking amounts and treatment for the NGLA Program for 2020 and beyond, including Best Practices, Pilot Projects and R&D, are reviewed and established in each utility's next General Rate Case (GRC) or other gas ratemaking proceeding.

On August 15, 2019, the Commission adopted a Second Phase Decision, D.19-08-020, establishing additional policies, including requiring use of the Utility Proposed Cost-Effectiveness Methodology and two Cost-Benefit Analyses and restriction on rate recovery beginning in 2025, for methane emissions greater than 20% below the 2015 baseline levels.

In January 2020, the Commission issued D.20-01-002 which modified the Commission's Rate Case Plan, effectively adopting an extension of the GRC cycle for each utility from three years to four years and extended SoCalGas' 2019 GRC through 2023.

On September 29, 2021, SoCalGas and SDG&E submitted a Request for Extension of Time to Comply with OP 12 of D.17-06-015 to continue the current Tier 3 AL process for providing information on the NGLA Program instead of incorporating the requirements into the Test Year (TY) 2024 GRC and requested to provide this information in the TY 2028 GRC, anticipated to be filed in May 2026. On November 18, 2021, the Commission granted the request to extend the deadline to comply with OP 12 of D.17-06-015 to the TY 2028 GRC and continue submitting Tier 3 ALs in the meantime.

On March 15, 2022, SoCalGas submitted its 2022 NGLA Compliance Plan (2022 Compliance Plan) and AL 5950, which provided ratemaking forecasts for its NGLA Program. SoCalGas submitted an Amended 2022 Compliance Plan on August 12, 2022, and made revisions and corrections in AL 5950-A and AL 5950-B, which were submitted on February 16 and February 21, 2023, respectively.

On June 29, 2023, the Commission issued Resolution (Res.) G-3595, approving in part and denying in part the Amended 2022 Compliance Plan. Res. G-3595 approved a total forecasted revenue requirement of \$429,485,279 over the life of the capital projects described in the 2022 Compliance Plan. Costs for Chapters 5, 6, 11, 21, and 26 of the 2022 Compliance Plan were not approved, while costs for Chapter 14 were approved at the 2020 total revenue requirement level of \$22,252,270.<sup>2</sup>

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<sup>1</sup> D.17-06-015, OP 10 at pp. 161-162.

<sup>2</sup> Res. G-3595 at OP 1.

This AL is submitted to provide forecasted costs for 2025, 2026, and associated Best Practices, as shown in Table 1 through Table 3.

**SoCalGas's Forecasted Costs for 2025 and 2026, and Associated Best Practices**

**Table 1: Forecasted Costs for NERBA-NGLAP Subaccount by Chapter in Loaded 2024 Dollars<sup>3</sup> (\$000)**

Ch #	Chapter Description	Addressed Best Practice	Program Summary (Direct)			Program Summary (Loaded)*			Program Summary (Revenue Requirement)
			O&M Total	Capital Total	Measure Total	O&M Total	Capital Total	Measure Total	Measure Total
1	Leak Inventory Reduction	15,16, 20a, 21	56,964	36,300	93,264	100,570	55,110	155,680	190,475
2	Increased Leak Survey	15, 16	10,221	100	10,321	21,615	220	21,835	22,269
3	Pipeline Blowdown Reduction Activities	23, 3-7	5,238	24,158	29,397	9,191	33,987	43,178	102,035
4	Large Leak Prioritization	15, 16, 20a, 21	-	-	-	-	-	-	-
5	Damage Prevention Algorithm & Proactive Intervention	24, 25, 26	-	-	-	-	-	-	-
6	Advanced Meter Analytics Algorithm	17	-	-	-	-	-	-	-
7	Recordkeeping IT Project	9	2,594	-	2,594	3,850	-	3,850	3,904
8	Geographic Tracking - AVEVA	9, 20b	1,308	-	1,308	1,684	-	1,684	1,708
9	Competency Based Training Development	13	1,448	2,967	4,415	3,186	4,189	7,375	1,703
10	Training Facility Enhancements	13	-	1,370	1,370	-	1,777	1,777	2,840
11	Blowdown Reduction Projects at Storage	23	-	-	-	-	-	-	-
12	Stationary Methane Detectors	18	-	-	-	-	-	-	-
13	Electronic Leak Survey	20b	1,448	2,967	4,415	3,186	4,189	7,375	8,679
14	Aerial Methane Mapping	16, 17, 20a	19,451	-	19,451	26,010	-	26,010	26,376
15	Damage Prevention Public Awareness	24, 25, 26	2,302	-	2,302	3,308	-	3,308	3,355

<sup>3</sup> Totals may vary due to rounding.

Ch #	Chapter Description	Addressed Best Practice	Program Summary (Direct)			Program Summary (Loaded)*			Program Summary (Revenue Requirement)
			O&M Total	Capital Total	Measure Total	O&M Total	Capital Total	Measure Total	Measure Total
16	Pipe Fitting Specifications	22	1,670	-	1,670	2,892	-	2,892	2,933
17	Repeat Offenders IT Systems	26	-	-	-	-	-	-	-
18	Accelerated Leak Repair - Transmission	21	-	-	-	-	-	-	-
19	Gas Speciation - Enhanced Methane Detection	17	700	-	700	1,500	-	1,500	1,522
20	Public Leak Maps	20b	11	-	11	18	-	18	18
21	Leak and Vented Emission Reduction - Transmission Compressor Facilities	21,23	-	3,100	3,100	-	5,686	5,686	15,513
22	Vapor Collection Systems	23	-	-	-	-	-	-	-
23	Distribution Above Ground Leak Survey	19	-	-	-	-	-	-	-
24	Storage Above Ground Leak Survey	19, 21	1,237	235	1,472	2,578	284	2,862	3,329
25	Distribution Above Ground Leak Repair	19, 21	-	-	-	-	-	-	-
26	High Bleed Device Replacement	23	-	-	-	-	-	-	-
<b>Total</b>			<b>104,532</b>	<b>68,230</b>	<b>172,762</b>	<b>178,083</b>	<b>101,253</b>	<b>279,336</b>	<b>386,658</b>

\*Costs are inclusive of a 10% contingency

The assumptions for the cost estimates above can be found in the 2024 NGLA Compliance Plan (2024 Compliance Plan). The 2024 Compliance Plan is organized by chapter<sup>4</sup> and not all Best Practices appear chronologically.

<sup>4</sup> As requested by the CPUC's Energy Division, a summary of each 2024 Compliance Plan chapter is included with this submittal as Attachment B.

**Table 2: Forecasted Costs for NGLAPBA in Loaded 2024 Dollars (\$000)**

Ch #	Chapter Description	Addressed Best Practice	Program Summary (Direct)			Program Summary (Loaded)*			Program Summary (Revenue Requirement)
			O&M Total	Capital Total	Measure Total	O&M Total	Capital Total	Measure Total	Measure Total
R&D	Research & Development	R&D	9,443	-	9,443	14,324	-	14,324	14,526

\*Costs are inclusive of a 10% contingency

The assumptions and details for the R&D cost estimates above can be found in the 2024 Compliance Plan, which also provides the justifications consistent with the criteria to evaluate Pilot Projects and R&D pursuant to PUC § 740.1.

**Table 3: Forecasted Costs for NGLAPMA in Loaded 2024 Dollars (\$000)**

Memo Account	Program Administration	Program Summary (Direct)			Program Summary (Loaded)*			Program Summary (Revenue Requirement)
		O&M Total	Capital Total	Measure Total	O&M Total	Capital Total	Measure Total	Measure Total
		2,292	-	2,292	4,186	-	4,186	4,245

\*Costs are inclusive of a 10% contingency

The cost estimates for the program administration were based on historical costs and estimated labor to complete the Annual Emissions report and 2024 Compliance Plan.

**On-going Capital Revenue Requirement from Prior Compliance Plan Periods**

There is on-going capital revenue requirement associated with completed capital projects approved through prior compliance plan ALs<sup>5</sup> in addition to the proposed program expenses and revenue requirement in the 2024 Compliance Plan shown above. SoCalGas had not included these on-going capital revenue requirements in its NGLA Program revenue requirement requests in AL 5603 (2020 Compliance Plan) and/or AL 5950 (2022 Compliance Plan). The on-going capital revenue requirement for the years 2025 and 2026 that are associated with actual capital additions through December 2023 for each compliance plan is shown in Table 4 below. SoCalGas proposes to include in its 2025 and 2026 revenue requirement request the additional on-going revenue requirement of \$27 million and \$23.8 million, respectively, for the NERBA-NGLAP Subaccount.

<sup>5</sup> See Resolutions G-3538, G-3576, and G-3595.

**Table 4: On-going Revenue Requirement by Compliance Plan Period (\$000)**

Year	Compliance Plan			Total
	2017	2020	2022	
2025	11,439	11,879	3,722	27,039
2026	9,911	10,252	3,602	23,765

As of December 2023, SoCalGas's NERBA-NGLAP Subaccount had an undercollected balance of \$2.7 million. As shown in Table 5, the undercollection is primarily due to:

- 1) a shortfall in recovery of capital revenue requirement of \$23.5 million;
- 2) amortization of an overcollected balance at the end of the 2017 Compliance Plan period in its NERBA-NGLAP Subaccount of \$53.3 million; offset by
- 3) an overcollection of O&M expenses and interest totaling \$74 million.

**Table 5: NERBA-NGLAP Subaccount Recorded Balance through 2023 by Compliance Plan (\$000)**

<b>Compliance Plan: Accounting Period:</b>	<b>2017 (2018-2020)</b>	<b>2020 (2021-2022)</b>	<b>2022 (2023)</b>	<b>Cumulative Total</b>
<b>Actual Revenue Requirement</b>				
O&M	69,071	120,971	71,818	261,859
Capital	(1,142)	17,114	27,329	43,301
<b>Authorized Revenue Requirement</b>				
O&M	111,152	142,238	81,485	334,875
Capital	9,683	4,956	5,165	19,805
<b>(Over-)/Under-Collection</b>				
O&M	(42,081)	(21,267)	(9,667)	(73,015)
Capital	(10,826)	12,158	22,164	23,496
Amortization	-	53,284	-	53,284
Interest	(670)	(260)	(118)	(1,049)
<b>NERBA-NGLAP ending balance</b>	<b>(53,577)</b>	<b>43,915</b>	<b>12,379</b>	<b>2,717</b>

As seen in Table 5, the shortfall in capital revenue requirement is due to capital compounding and has grown since 2021. Capital compounding can result even when SoCalGas's capital expenses are within authorized levels. Once assets are placed into service, SoCalGas continues to incur depreciation, return, and taxes associated with those assets in subsequent years. However, when SoCalGas filed ALs 5603 and 5950, it only requested approval of revenue requirement associated with program expenses to be incurred within the respective compliance plan period (e.g., 2021-2022 or 2023-2024) and did not include the additional on-going revenue requirement associated with capital additions already in service as of the start of the subsequent compliance plan period. Furthermore, since SoCalGas did not incorporate this additional on-going revenue requirement in its revenue requirement request in AL 5950,

SoCalGas will continue to recognize a shortfall in its 2024 NGLAP revenue requirement of \$25.2 million<sup>6</sup>. SoCalGas requests the Commission to authorize recovery of the 2024 NGLAP shortfall and the \$2.7 million undercollected balance in the NERBA-NGLAP Subaccount as of December 2023.

**Allocation Methodology for Amortization of the Account and Corresponding Commission Decision Authorizing the Allocation Methodology**

Consistent with prior submittals, SoCalGas proposes to allocate the projected year-end balances pertaining to NGLA programs using the Equal Percent of Authorized Margin (EPAM) method. The EPAM method allocates the balance in an account across customer classes based on each customer class share of the total GRC base margin allocated to that customer class, as shown in Table 4. This proposed method is consistent with how a regulatory account balance that benefits all customer classes is allocated in a GRC.<sup>7</sup>

**Table 6: SoCalGas NGLAP Annual Revenue Requirement for 2025 and 2026 (\$000)**

Compliance Plan	Annual Revenue Requirement	
	(without FF&U) (\$000)	
	2025	2026
<b>2024 Compliance Plan</b>	94,261	98,691
<b>2017, 2020, 2022 Compliance Plans</b>	27,039	23,765
<b>Undercollection of NERBA-NGLAP subaccount as of December 2023</b>	2,717	-
<b>Shortfall in 2024 NGLAP revenue requirement:</b>	25,245	-
<b>Total Revenue Requirement</b>	<b>149,262</b>	<b>122,456</b>

Updated rate impacts can be found in Attachment A. The rate impacts are compared to current rates, with 2024 NGLAP revenue requirement of \$102.8 million (without FF&U).

<sup>6</sup> The on-going revenue requirement is calculated using the actual December 2023 net book value of NGLAP assets approved in SoCalGas's 2017 and 2020 Compliance Plans.

<sup>7</sup> For example, pursuant to D.16-06-054 (decision addressing SoCalGas's 2016 GRC), the balance in the Research, Development and Demonstration Expense Account (RDDEA) is allocated across all customer classes using the EPAM method. The balance in this account reflects costs associated with activities to benefit all customer classes.

**Future Costs for the Natural Gas Leak Abatement Program**

As directed in D.17-06-015 and D.19-08-020, and subsequently as granted by the Commission,<sup>8</sup> future costs for the NGLA Program for SoCalGas will ultimately be incorporated into the TY 2028 GRC, anticipated to be filed May 15, 2026.

**Protests**

Anyone may protest this AL to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be submitted electronically and must be received within 20 days of the date of this AL, which is April 4, 2024. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

In addition, protests and all other correspondence regarding this AL should also be sent electronically to the attention of:

Attn: Gary Lenart  
Regulatory Tariff Manager  
E-mail: [GLenart@socalgas.com](mailto:GLenart@socalgas.com)  
E-mail: [Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

**Effective Date**

OP 10 of D.17-06-015 directs SoCalGas to submit this AL as Tier 3 pursuant to GO 96-B and, as such, requires a Resolution to be issued by the Commission. SoCalGas respectfully requests that it be approved by the Commission at the earliest opportunity.

**Notice**

A copy of this AL is being sent to SoCalGas's GO 96-B service list and the Commission's service list in R.15-01-008. Address change requests to the GO 96-B service list should be directed via e-mail to [Tariffs@socalgas.com](mailto:Tariffs@socalgas.com) or call 213-244-2424

*/s/ Joseph Mock*  
Joseph Mock  
Director – Regulatory Affairs

**Attachments**

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<sup>8</sup> On November 18, 2021, the CPUC granted SoCalGas's and SDG&E's Request for an Extension of Time to extend the deadline to comply with OP 12 of D.17-06-015 from the utilities' GRCs for TY 2024, to the following GRC for TY 2028.





# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly    Quarterly    Annual    One-Time    Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes    No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes    No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

**ATTACHMENT A**

**Advice No. 6277-G**

**Natural Gas Transportation Rate Revenues  
Leak Abatement Years 2025 & 2026**

**Attachment A**  
**Advice No. 6277**  
**Natural Gas Transportation Rate Revenues**  
**Southern California Gas Company**  
**Leak Abatement 2025**

	Present Rates			Proposed Rates			Changes		
	Jan-1-24	Proposed	Jan-1-24	Jan-1-25	Proposed	Jan-1-25	Revenue	Rate	% Rate
	Volumes Mth	Rate \$/therm	Revenues \$000's	Volumes Mth	Rate \$/therm	Revenues \$000's	Change \$000's	Change \$/therm	change %
	D	E	F	D	E	F	G	H	I
1 <b>CORE</b>									
2 Residential	2,346,353	\$1.19480	\$2,803,429	2,346,353	\$1.20993	\$2,838,934	\$35,505	\$0.01513	1.3%
3 Commercial & Industrial	992,706	\$0.68462	\$679,628	992,706	\$0.69187	\$686,819	\$7,190	\$0.00724	1.1%
4									
5 NGV - Pre Sempra-Wide	178,769	\$0.38941	\$69,614	178,769	\$0.39212	\$70,099	\$484	\$0.00271	0.7%
6 Sempra-Wide Adjustment	178,769	\$0.01730	\$3,094	178,769	\$0.01709	\$3,056	(\$38)	(\$0.00021)	-1.2%
7 NGV - Post Sempra-Wide	178,769	\$0.40671	\$72,708	178,769	\$0.40921	\$73,155	\$447	\$0.00250	0.6%
8									
9 Gas A/C	416	\$0.34596	\$144	416	\$0.34819	\$145	\$1	\$0.00224	0.6%
10 Gas Engine	22,302	\$0.30123	\$6,718	22,302	\$0.30123	\$6,718	\$0	\$0.00000	0.0%
11 <b>Total Core</b>	<b>3,540,545</b>	<b>\$1.00624</b>	<b>\$3,562,627</b>	<b>3,540,545</b>	<b>\$1.01842</b>	<b>\$3,605,770</b>	<b>\$43,143</b>	<b>\$0.01219</b>	<b>1.2%</b>
12									
13 <b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
14 Distribution Level Service	919,735	\$0.26393	\$242,750	919,735	\$0.26558	\$244,265	\$1,515	\$0.00165	0.6%
15 Transmission Level Service (2)	626,080	\$0.08927	\$55,891	626,080	\$0.08967	\$56,144	\$252	\$0.00040	0.5%
16 <b>Total Noncore C&amp;I</b>	<b>1,545,814</b>	<b>\$0.19319</b>	<b>\$298,641</b>	<b>1,545,814</b>	<b>\$0.19434</b>	<b>\$300,409</b>	<b>\$1,768</b>	<b>\$0.00114</b>	<b>0.6%</b>
17									
18 <b>NONCORE ELECTRIC GENERATION</b>									
19 Distribution Level Service									
20 Pre Sempra-Wide	331,442	\$0.24433	\$80,982	331,442	\$0.24598	\$81,528	\$546	\$0.00165	0.7%
21 Sempra-Wide Adjustment	331,442	\$0.00163	\$542	331,442	\$0.00146	\$485	(\$57)	(\$0.00017)	-10.5%
22 Distribution Post Sempra Wide	331,442	\$0.24597	\$81,524	331,442	\$0.24744	\$82,013	\$489	\$0.00147	0.6%
23 Transmission Level Service (2)	2,246,336	\$0.09660	\$216,995	2,246,336	\$0.09700	\$217,901	\$906	\$0.00040	0.4%
24 <b>Total Electric Generation</b>	<b>2,577,778</b>	<b>\$0.11580</b>	<b>\$298,519</b>	<b>2,577,778</b>	<b>\$0.11635</b>	<b>\$299,913</b>	<b>\$1,394</b>	<b>\$0.00054</b>	<b>0.5%</b>
25									
26 <b>TOTAL RETAIL NONCORE</b>	<b>4,123,593</b>	<b>\$0.14482</b>	<b>\$597,160</b>	<b>4,123,593</b>	<b>\$0.14558</b>	<b>\$600,322</b>	<b>\$3,162</b>	<b>\$0.00077</b>	<b>0.5%</b>
27									
28 <b>WHOLESALE</b>									
29 Wholesale Long Beach (2)	79,646	\$0.08033	\$6,398	79,646	\$0.08074	\$6,430	\$32	\$0.00040	0.5%
30 Wholesale SWG (2)	66,431	\$0.08033	\$5,337	66,431	\$0.08074	\$5,363	\$27	\$0.00040	0.5%
31 Wholesale Vernon (2)	96,890	\$0.08033	\$7,784	96,890	\$0.08074	\$7,823	\$39	\$0.00040	0.5%
32 International (2)	116,299	\$0.08033	\$9,343	116,299	\$0.08074	\$9,390	\$47	\$0.00040	0.5%
33 Total Wholesale & International	359,267	\$0.08033	\$28,862	359,267	\$0.08074	\$29,006	\$145	\$0.00040	0.5%
34 SDG&E Wholesale	1,118,614	\$0.07646	\$85,533	1,118,614	\$0.07690	\$86,017	\$484	\$0.00043	0.6%
35 <b>Total Wholesale Incl SDG&amp;E</b>	<b>1,477,881</b>	<b>\$0.07740</b>	<b>\$114,394</b>	<b>1,477,881</b>	<b>\$0.07783</b>	<b>\$115,023</b>	<b>\$629</b>	<b>\$0.00043</b>	<b>0.5%</b>
36									
37 <b>TOTAL NONCORE</b>	<b>5,601,473</b>	<b>\$0.12703</b>	<b>\$711,555</b>	<b>5,601,473</b>	<b>\$0.12771</b>	<b>\$715,346</b>	<b>\$3,791</b>	<b>\$0.00068</b>	<b>0.5%</b>
38									
39 Unbundled Storage (4)									
40 System Total (w/o BTS)	9,142,019	\$0.46934	\$4,290,683	9,142,019	\$0.47447	\$4,337,617	\$46,934	\$0.00513	1.1%
41 Backbone Transportation Service BTS (3)	2,577	\$0.53103	\$499,399	2,577	\$0.53103	\$499,399	\$0	\$0.00000	0.0%
42 <b>SYSTEM TOTAL w/BTS</b>	<b>9,142,019</b>	<b>\$0.52396</b>	<b>\$4,790,083</b>	<b>9,142,019</b>	<b>\$0.52910</b>	<b>\$4,837,017</b>	<b>\$46,934</b>	<b>\$0.00513</b>	<b>1.0%</b>
43									
44 EOR Revenues	208,941	\$0.15438	\$32,256	208,941	\$0.15556	\$32,502	\$247	\$0.00118	0.8%
45 <b>Total Throughput w/EOR Mth/yr</b>	<b>9,350,960</b>	<b>\$0.00000</b>	<b>\$0</b>	<b>9,350,960</b>	<b>\$0.00000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0.00000</b>	<b>0.0%</b>

**Attachment A**  
**Advice No. 6277**  
**Natural Gas Transportation Rate Revenues**  
**Southern California Gas Company**  
**Leak Abatement 2026**

	Present Rates			Proposed Rates			Changes		
	Jan-1-24	Proposed	Jan-1-24	Jan-1-26	Proposed	Jan-1-26	Revenue	Rate	% Rate
	Volumes Mth	Rate \$/therm	Revenues \$000's	Volumes Mth	Rate \$/therm	Revenues \$000's	Change \$000's	Change \$/therm	change %
	D	E	F	D	E	F	G	H	I
1 <b>CORE</b>									
2 Residential	2,346,353	\$1.19480	\$2,803,429	2,346,353	\$1.20120	\$2,818,446	\$15,017	\$0.00640	0.5%
3 Commercial & Industrial	992,706	\$0.68462	\$679,628	992,706	\$0.68769	\$682,670	\$3,041	\$0.00306	0.4%
4									
5 NGV - Pre Sempra-Wide	178,769	\$0.38941	\$69,614	178,769	\$0.39056	\$69,819	\$205	\$0.00115	0.3%
6 Sempra-Wide Adjustment	178,769	\$0.01730	\$3,094	178,769	\$0.01725	\$3,085	(\$9)	(\$0.00005)	-0.3%
7 NGV - Post Sempra-Wide	178,769	\$0.40671	\$72,708	178,769	\$0.40781	\$72,904	\$196	\$0.00110	0.3%
8									
9 Gas A/C	416	\$0.34596	\$144	416	\$0.34690	\$144	\$0	\$0.00095	0.3%
10 Gas Engine	22,302	\$0.30123	\$6,718	22,302	\$0.30123	\$6,718	\$0	\$0.00000	0.0%
11 <b>Total Core</b>	<b>3,540,545</b>	<b>\$1.00624</b>	<b>\$3,562,627</b>	<b>3,540,545</b>	<b>\$1.01139</b>	<b>\$3,580,881</b>	<b>\$18,254</b>	<b>\$0.00516</b>	<b>0.5%</b>
12									
13 <b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
14 Distribution Level Service	919,735	\$0.26393	\$242,750	919,735	\$0.26463	\$243,391	\$641	\$0.00070	0.3%
15 Transmission Level Service (2)	626,080	\$0.08927	\$55,891	626,080	\$0.08945	\$56,000	\$109	\$0.00017	0.2%
16 <b>Total Noncore C&amp;I</b>	<b>1,545,814</b>	<b>\$0.19319</b>	<b>\$298,641</b>	<b>1,545,814</b>	<b>\$0.19368</b>	<b>\$299,391</b>	<b>\$750</b>	<b>\$0.00049</b>	<b>0.3%</b>
17									
18 <b>NONCORE ELECTRIC GENERATION</b>									
19 Distribution Level Service									
20 Pre Sempra-Wide	331,442	\$0.24433	\$80,982	331,442	\$0.24503	\$81,213	\$231	\$0.00070	0.3%
21 Sempra-Wide Adjustment	331,442	\$0.00163	\$542	331,442	\$0.00159	\$529	(\$13)	(\$0.00004)	-2.4%
22 Distribution Post Sempra Wide	331,442	\$0.24597	\$81,524	331,442	\$0.24662	\$81,742	\$218	\$0.00066	0.3%
23 Transmission Level Service (2)	2,246,336	\$0.09660	\$216,995	2,246,336	\$0.09677	\$217,387	\$392	\$0.00017	0.2%
24 <b>Total Electric Generation</b>	<b>2,577,778</b>	<b>\$0.11580</b>	<b>\$298,519</b>	<b>2,577,778</b>	<b>\$0.11604</b>	<b>\$299,129</b>	<b>\$610</b>	<b>\$0.00024</b>	<b>0.2%</b>
25									
26 <b>TOTAL RETAIL NONCORE</b>	<b>4,123,593</b>	<b>\$0.14482</b>	<b>\$597,160</b>	<b>4,123,593</b>	<b>\$0.14515</b>	<b>\$598,520</b>	<b>\$1,360</b>	<b>\$0.00033</b>	<b>0.2%</b>
27									
28 <b>WHOLESALE</b>									
29 Wholesale Long Beach (2)	79,646	\$0.08033	\$6,398	79,646	\$0.08051	\$6,412	\$14	\$0.00017	0.2%
30 Wholesale SWG (2)	66,431	\$0.08033	\$5,337	66,431	\$0.08051	\$5,348	\$12	\$0.00017	0.2%
31 Wholesale Vernon (2)	96,890	\$0.08033	\$7,784	96,890	\$0.08051	\$7,801	\$17	\$0.00017	0.2%
32 International (2)	116,299	\$0.08033	\$9,343	116,299	\$0.08051	\$9,363	\$20	\$0.00017	0.2%
33 Total Wholesale & International	359,267	\$0.08033	\$28,862	359,267	\$0.08051	\$28,924	\$63	\$0.00017	0.2%
34 SDG&E Wholesale	1,118,614	\$0.07646	\$85,533	1,118,614	\$0.07665	\$85,738	\$205	\$0.00018	0.2%
35 <b>Total Wholesale Incl SDG&amp;E</b>	<b>1,477,881</b>	<b>\$0.07740</b>	<b>\$114,394</b>	<b>1,477,881</b>	<b>\$0.07759</b>	<b>\$114,662</b>	<b>\$267</b>	<b>\$0.00018</b>	<b>0.2%</b>
36									
37 <b>TOTAL NONCORE</b>	<b>5,601,473</b>	<b>\$0.12703</b>	<b>\$711,555</b>	<b>5,601,473</b>	<b>\$0.12732</b>	<b>\$713,182</b>	<b>\$1,627</b>	<b>\$0.00029</b>	<b>0.2%</b>
38									
39 Unbundled Storage (4)									
40 System Total (w/o BTS)	9,142,019	\$0.46934	\$4,290,683	9,142,019	\$0.47151	\$4,310,565	\$19,881	\$0.00217	0.5%
41 Backbone Transportation Service BTS (3)	2,577	\$0.53103	\$499,399	2,577	\$0.53103	\$499,399	\$0	\$0.00000	0.0%
42 <b>SYSTEM TOTAL w/BTS</b>	<b>9,142,019</b>	<b>\$0.52396</b>	<b>\$4,790,083</b>	<b>9,142,019</b>	<b>\$0.52614</b>	<b>\$4,809,964</b>	<b>\$19,881</b>	<b>\$0.00217</b>	<b>0.4%</b>
43									
44 EOR Revenues	208,941	\$0.15438	\$32,256	208,941	\$0.15490	\$32,365	\$110	\$0.00052	0.3%
45 <b>Total Throughput w/EOR Mth/yr</b>	<b>9,350,960</b>	<b>\$0.00000</b>	<b>\$0</b>	<b>9,350,960</b>	<b>\$0.00000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0.00000</b>	<b>0.0%</b>

**ATTACHMENT B**

**Advice No. 6277-G**

**SoCalGas's 2024 SB 1371 Compliance Plan Chapter Summary**

SoCalGas's 2024 SB 1371 Compliance Plan Chapter Summary

Chapter	Chapter Title	Chapter Summary
1	Leak Inventory Reduction	<p>The scope of Leak Inventory Reduction is repairing leaks as soon as reasonably possible after discovery and in no event more than three (3) years after discovery.” Leak Inventory Reduction makes up approximately 35% of the total emission source category. SoCalGas will continue to request funding to accelerate leak repair to further reduce emissions to meet California's methane emissions goals. Since the program’s inception, SoCalGas has reduced its inventory by 19% using 2022 data. SoCalGas will continue to mitigate leaks to reduce methane emissions and be in line with the proposed federal mandates that are looking to repair Code 2 leaks within six (6) months of detection and Code 3 steel leaks within 24 months of detection.</p>
2	Increased Leak Survey	<p>Increasing leak surveys on unprotected steel was beneficial to reducing methane emissions. Increasing leak survey on Non-State-of-The-Art (NSOTA) pipe along with unprotected steel pipe decreased the unknown leaks of these categories to zero. Because of the shift along with the increased leak survey on NSOTA pipe funded through the Distribution Integrity Management Program (DIMP), the survey intervals needed to be leveled. Due to the frequency of leak surveys and the number of leaks SoCalGas detects and mitigates caused by increased surveying, the data management for leak surveys will need to be improved. Currently, records for leak surveys are input manually, causing delays and discrepancies within SoCalGas Geospatial Information System (GIS). To improve this process, SoCalGas is requesting funds for the ongoing efforts of the Field Data Quality Improvement (FDQI) Project for leak surveys. SoCalGas will continue its study on specific Leaker Based emission factors by implementing a Meter Set Assembly (MSA) Survey Pilot Study, which focuses on customer meters. Field employees will utilize GS700S to survey customer meters as part of corrosion survey.</p>
3	Blowdown Reduction Activities	<p>The scope for Blowdown Reduction Activities is reducing blowdown emission for high-pressure pipelines and delivering significant cost savings and operational efficiencies. Multiple organizations across SoCalGas, including Construction, Gas Transmission Tech Services, and Pipeline Integrity, are harnessing innovative gas capture and cross-compression technologies. These advancements are not only mitigating the impacts of methane emissions on the environment but are also optimizing operations and reducing costs. Since the 2015 baseline was established, the Blowdown Reduction Activities category has seen a reduction in its emissions over 90% and continues to improve with newer technologies. In 2023, SoCalGas achieved approximately 191,000 MCF of emission reductions, a significant amount. In addition, SoCalGas is proposing to install new infrastructure aimed at lowering pipeline pressures, consequently decreasing blowdown emissions in volume. This strategic investment not only aligns with SoCalGas’s commitment to environmental safekeeping but also promises substantial benefits in operational efficiency and reduced equipment costs. SoCalGas’s investment in this new infrastructure will continue to allow emissions reductions while saving cost on rental equipment's</p>

SoCalGas's 2024 SB 1371 Compliance Plan Chapter Summary

		during the lifetime of the asset. By embracing these advancements, SoCalGas is revolutionizing its operations for a more sustainable and cost-effective future.
4	Large Leak Prioritization	In the 2018 Compliance Plan, SoCalGas was approved to develop a method to differentiate leak locations with potentially larger leak rates and to conduct leak quantification resulting in repairs prioritized by leak rate, called the Large Leak Prioritization (LLP) program. In 2019, SoCalGas developed a decision tree methodology to identify and prioritize Codes 2 and 3 leaks and implemented this program in three (3) Gas Distribution Service Districts to prioritize potentially large leaks for accelerated repair. The effectiveness of the method was validated using surface expression leak flow measurements. No funds are being requested as implementation and training are complete company wide. SoCalGas continues to use the LLP process to identify and accelerate high-emitting non-hazardous leaks.
5	Damage Prevention Algorithm & Proactive Intervention	The purpose of this project was to prevent damages to company pipelines by executing activities that SoCalGas can perform to address potential excavation sites that pose a high risk of damage, resulting in methane emissions. In 2019, SoCalGas completed a pilot using four (4) Damage Prevention Analysts to engage, educate, and enforce the use of Dig Alert, which involves calling 811 prior to excavation. These communications were triggered by a risk analysis algorithm developed through the project that flags excavations that may be at a higher risk for resulting in pipeline damages. In 2021, SoCalGas continued to develop the damage prevention risk analysis algorithm to utilize the information that would be used to trigger a proactive intervention.
6	Advanced Meter Analytics Algorithm	The purpose of this project is to improve upon the existing leak detection algorithm. This can improve the response time of the leak detection, improve the safety of SoCalGas customers, and reduce methane emissions.
7	Recordkeeping IT Project	Recordkeeping IT Project is a portfolio of IT projects focused on data integrity, analytics, automation, and system integration across multiple departments at SoCalGas. The goal of the Recordkeeping IT Project is to improve data accuracy, streamline reporting processes, and leverage advanced analytics to gain actionable insights for emission reductions.



SoCalGas's 2024 SB 1371 Compliance Plan Chapter Summary

8	Geographic Tracking	<p>Geographic Tracking has two projects under its umbrellas: AVEVA and Easement Digitalization</p> <p>AVEVA: The scope for AVEVA is to complete back modeling of complex high-pressure facilities throughout SoCalGas. The goal is to create a digital framework for the existing facilities to enable a quick query of its facilities. Having these 3D models will make it easier to estimate emission volumes, tie leaks with the company's supply management programs to order replacement parts when needed, identify lead times for replacement, and identify if leaks are on critical systems, which will influence plans for repair. This will allow SoCalGas's Engineering and Operations departments to identify, track, and keep proper documentation of the digital asset records. It will also enable increased ability to calculate blowdown and bundle projects for blowdown, repair leaks quicker, and identify materials with repeated leaks needing replacement.</p> <p>Easement Digitization: In the previous compliance plans, SoCalGas digitized thousands of right-of-way documents to allow for faster and more convenient retrieval. However, the data storage and retrieval processes are cumbersome under the existing system. The purpose of this proposed project is to make retrieval and use of digitized documents quicker, easier, and with fewer errors. This will enhance the leak survey, repair, and replacement projects with a more efficient response time to act upon emission reduction activities.</p>
9	Competency Based Training Development	<p>The goal of this project is to continue implementing the "Competency Based" training program. This style of training allows students to engage with the material at their own pace and move through the material only when they demonstrate actual understanding. This improves real outcomes in the field and, because it is an online tool, it reduces time spent by students and staff driving to and from various training facilities.</p>
10	Training Facility Enhancements	<p>The purpose of this project is to construct a training course and various training props. This course will allow training staff to better educate and test students on their ability to properly locate gas lines in the field. The training props will increase technician proficiency, specifically when it comes to transmission control stations, plug valves, and pressure control assemblies.</p>
11	Blowdown Reduction Projects at Storage	<p>The scope of Blowdown Reduction Projects at Storage is to reduce all blowdown emissions being released to the atmosphere at storage fields. SoCalGas's goal is to implement emission reduction measures in Storage Operations to reduce emissions during normal storage operations. Although SoCalGas was not approved for cost recovery for additional work proposed in this chapter in the 2022 Compliance Plan, SoCalGas aims to study a cost-effective way to track blowdown emissions at storage fields. SoCalGas plans to utilize the R&amp;D team to study how Compressor Vented Emissions can be better tracked for blowdown occurrences at storage fields. If cost-effective, SoCalGas can then implement this new measure in Storage Operations.</p>

SoCalGas's 2024 SB 1371 Compliance Plan Chapter Summary

12	Stationary Methane Detectors	The scope of this project is to install methane sensors for early leak detection at 50 Transmission facilities. SoCalGas conducted a phased study of stationary methane detection technologies at company facilities from 2018 to 2022 to explore a range of alternative monitoring technologies to assess their accuracy, propensity to generate false alarms, and ongoing Metering & Regulating stations. The research study had shown that the sensors are not cost-effective and SoCalGas will not continue this measure moving forward.
13	Electronic Leak Survey	Electronic Leak Survey (ELS) aims to digitize all paper maps and make them accessible on iPads to leak survey employees. ELS also creates apps that enable real-time leak order information sharing between field employees and office employees. ELS was implemented for distribution routine leaks surveys in 2022. In 2023-2024, ELS will be implemented for Pipeline Patrol and Abnormal Operating Conditions. In 2025-2026, ELS aims to maintain all implementation as well as expand the scope to Advanced Analytics.
14	Aerial Methane Mapping	The scope of this project is to use an aerial (helicopter-based), LIDAR technology to pinpoint the location of a potential methane leak near SoCalGas pipelines, facilities, and post-meter customer facilities and equipment. After field investigation is completed at the potential leak location, and if a leak is confirmed, SoCalGas eliminates the newly identified leak thereby eliminating an emission point. Aerial technology is able to cover large areas efficiently. As such, by detecting leaks sooner, significant emissions are eliminated, and pipeline safety and customer safety is enhanced. The project is able to use extensive data and knowledge to target the areas which are likely to yield the highest reduction in emission per dollar invested.
15	Damage Prevention Public Awareness	Damage Prevention Public Awareness is a public education program that assists in spreading awareness of the 'Call Before You Dig – 811' program to ratepayers and third-party excavation contractors. This marketing program increases the frequency of 811 calls and reduces the count of damages (Damage Prevention) resulting in emissions.
16	Pipe Fitting Specifications	The Pipe Fitting Specifications project strives to improve the quality assurance and control processes for pipe fittings with tapered pipe threads. The ultimate goal of these improvements is to reduce system leaks from threaded connections by confirming manufacture tolerance and thread quality are up to par.
17	Repeat Offenders IT Systems	Repeat Offenders IT System provides an electronic solution for capturing and reporting dig-in incidents. Incidents are shared across multiple systems in real-time allowing SoCalGas to identify repeat offenders while reducing manual effort and potential for data errors.

SoCalGas's 2024 SB 1371 Compliance Plan Chapter Summary

18	Accelerated Leak Repair (Trans)	The scope for Accelerated Leak Repair on Transmission lines is to repair a leak found on a Transmission Pipeline faster than PHMSA and CPUC requirements based on safety risk. Depending on the graded code of the leak (1,2, or 3), Transmission Operations has a required timeframe to repair. By using the Find It, Fix It Best Practice (BP21), shortening the leak repair time and avoiding additional blowdown emissions will contribute to a reduction in emissions.
19	Gas Speciation	SoCalGas has a robust laboratory called the Engineering Analysis Center (EAC). When underground methane in the vicinity of our pipelines is in question, the EAC dispatches a mobile gas speciation van to identify the chemical content of the gas and identify its origin is from the SoCalGas system.
20	Public Leak Maps	Public Leak Maps publishes geographic maps on an annual basis of Distribution Main and Services leak information (i.e., zip codes and volume of emissions) for all of SoCalGas's service territory. SoCalGas is proposing continued support.
21	Leak and Vented Emission Reduction (Trans Comp Facilities)	The scope of Leak and Vented Emissions Reduction (Transmission Compressor Facilities) is to achieve emission reductions at SoCalGas's Transmission Compressor Facilities. SoCalGas has identified a couple projects that it will implement during normal operations while continuing to explore opportunities for emission reductions. One of the projects is to investigate and develop a quality and maintenance plan for compressor rod packing which will lead to proactive reduction of vented emissions. The second project is to install new downstream capture systems for fugitive emissions.
22	Vapor Collection Systems	The scope of the Vapor Collection System chapter is to install vapor recovery systems on compressors allowing the collection of emissions from compressor rod packing that would otherwise be vented directly to the atmosphere. SoCalGas has decided not to proceed with this initiative at other compressor stations based on the results of the Blythe Vapor Recovery system. The results deemed it not cost-effective and SoCalGas will not be requesting funds in this Compliance Period.
23	Distribution Above Ground Leak Survey	In the 2018 Compliance Plan, SoCalGas requested and was approved funding to provide M&R Technicians with instrumentation to begin performing and recording instrumented leakage surveys. SoCalGas purchased the required instruments to perform instrumented inspections. SoCalGas also updated Gas Standard 184.0275, Inspection Schedule – Regulator Station, Power Generating Plant Regulation Equipment Requirements, to require M&R Technicians to soap test all connections during inspections and leave facilities free of leaks. No funding is being requested at this time as the instruments have been purchased and the training has been completed.

SoCalGas's 2024 SB 1371 Compliance Plan Chapter Summary

24	Storage Above Ground Leak Survey	The scope for Storage Above Ground Leak Survey is to perform instrumented surveys and to accelerate leak repairs in Storage Operations as much as operationally feasible. SoCalGas proposes to repair all leaks sooner than required by regulations by the California Department of Conservation's Geologic Energy Management Division (Cal GEM) gas wells and CARB's Leak Detection And Repair (LDAR) for inspected facilities. SoCalGas also proposes to utilize Forward Looking InfraRed (FLIR) technology to conduct daily visual inspections to identify leaks and accelerate leak repairs. Overall, this aims to reduce emissions and enhance safety.
25	Distribution Above Ground Leak Repair	In the 2018 Compliance Plan, SoCalGas requested and was approved funding to repair its above ground (AG) minor leak inventory. In October 2018, this inventory included roughly 5,400 AG minor leaks. In 2019, SoCalGas repaired approximately 5,000 of these AG minor leaks. In March 2020, SoCalGas completed mitigating approximately 400 leaks to reduce SoCalGas's existing inventory to zero. For the rest of 2020, SoCalGas worked on mitigating leaks within six (6) months of detection. No funds are being requested in this chapter as all Above ground leaks are being repaired as base business operations.
26	High Bleed Pneumatic Device Replacement	The scope of the High Bleed Pneumatic Device Replacement project is to remove or replace High Bleed Pneumatic Devices. In 2018, all eight (8) remaining High Bleed devices found in operation were planned to be removed by 2020. In 2021, no devices were identified, removed, or replacement from the system. Therefore, no additional funds are requested for this chapter during the 2024 Compliance Period.
RD&D	Research Development & Demonstration Pilot Studies	This chapter of the compliance plan provides the program research strategy focused on 1) improving emissions inventory estimates including company-specific 2015 Baseline estimate improvements, 2) advancing emissions detection, localization, and quantification technologies, and 3) improving the cost-effectiveness of natural gas emission reduction efforts. Summary sections are provided for each of the Best Practices within the RD&D program which include targeted emissions areas, current projects, lessons learned, proposed projects, expected results, emissions impact and cost-effectiveness, and expected research costs.