



SoCalGas and SDG&E 2024 (Sempra) General Rate Case (GRC) Proposed Decision Fact Sheet ([A.22-05-015](#) / [016](#)) Oct. 18, 2024

On October 18, 2024, the California Public Utilities Commission (CPUC) issued a [Proposed Decision](#) (PD) on Sempra’s General Rate Case (GRC). The PD authorizes revenue requirements¹ for Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) service operations for years 2024 through 2027. Though this proceeding is not the venue for authorizing energy procurement, it is a key package of investments in the context of California’s clean energy journey.

The PD adopts a 2024 Test Year² revenue requirement of \$4.062 billion for **SoCalGas**, which is \$371.4 million lower than the \$4.434 billion that SoCalGas had requested. The adopted revenue requirement represents an increase of \$523 million, or a 14.8 percent increase, over the 2023 current revenue requirement of \$3.539 billion.

The PD adopts a 2024 Test Year revenue requirement of \$2.8 billion for **SDG&E’s** combined operations (\$2.198 billion for electric and \$602.123 million for natural gas operations), which is \$206.6 million lower than the \$3.007 billion that SDG&E had requested. The adopted combined operations’ revenue requirement represents an increase of \$267 million, or a 10.5 percent increase, over 2023 current combined revenue requirement of \$2.533 billion.

Table 1: Bill Impact Estimates

SoCalGas Typical Residential Gas Bill Impact- TY2024 GRC PD					
Average Residential Bill \$/month		Current (10/1/2024)	Proposed	Difference (\$)	Difference (%)
Non-CARE Customers 37 therms/month		\$71.10	\$75.22	\$ 4.12	5.8%
CARE Customers 27 therms/month		\$39.71	\$42.04	\$ 2.33	5.9%
SDG&E Typical Residential Gas Bill Impact- TY2024 GRC PD					
Average Residential Bill \$/month		Current (10/1/2024)	Proposed	Difference (\$)	Difference (%)
Non-CARE Customers 25 therms/month		\$57.91	\$62.92	\$5.01	8.6%
CARE Customers 22 therms/month		\$39.38	\$42.85	\$3.47	8.8%
SDG&E Typical Residential Electric Bill Impact ³ - TY2024 GRC PD					
Average Residential Bill \$/month		Current (10/1/2024)	Proposed	Difference (\$)	Difference (%)
400kwh	Non-CARE	\$166.41	\$170.87	\$ 4.46	2.7%
	CARE	\$107.18	\$110.08	\$ 2.90	2.7%
700kwh	Non-CARE	\$320.36	\$328.95	\$ 8.59	2.7%
	CARE	\$207.45	\$213.04	\$ 5.58	2.7%

¹ Revenue requirement is the total amount of money a utility collects from its customers through rates in a given period to cover the utility’s operating expenses and provide a return to investors.

² A Test Year is the first year of a GRC cycle when the CPUC adopts a budget for utility operations. The CPUC reviews cost data, which are based on forecasts. The Test Year budget is then adjusted to determine revenue requirements for the post-Test Year or attrition years following the Test Year, based on inflation and other factors.

³ Assumptions 1. Inland and Coastal average, Non-NEM bundled customer using 400kwh or 700kwh. There are four electric climate zones: Coastal, Inland, Desert, and Mountain. Coastal and Inland together make up approximately 98% of customers. 2. The residential default rate TOU-DR1 is used for bill calculation.



Overview of the Proposed Decision

SoCalGas:

- The PD approves funding for 2024 totaling \$4.06 billion with increases of \$523 million, or 14.8%, for 2024; an increase of \$157.8 million, or 3.88%, in 2025; an increase of \$164.2 million, or 3.89%, in 2026; and an increase of \$170.8 million, or 3.89%, in 2027.⁴

SDG&E:

- The PD approves combined electric and natural gas operations funding for 2024 totaling \$2.8 billion with increases of \$267 million, or 10.5%, for 2024; an increase of \$110.3 million, or 3.94%, in 2025; an increase of \$ 115 million, or 3.95%, in 2026; and an increase of \$119.5 million, or 3.95%, in 2027.⁵

Amortizing 2024 Under-collected Revenues

- The PD authorizes SoCalGas and SDG&E to implement the 2024 revenue requirement in rates beginning January 1, 2025. In consideration of the bill impact of rate increases on customers, the CPUC finds it reasonable to amortize the 2024 under-collected revenues for 18 months.

The following table shows total revenues for operations and capital:

Table 2: SoCalGas and SD&E GRC 2024-2027 Annual Revenues

Total Operating Revenues (\$ billion)				
	2024	2025	2026	2027
SoCalGas	\$4.06	\$4.22	\$4.38	\$4.56
SDG&E	\$2.80	\$2.9	\$3.0	\$3.15

Investing in Safety and Reliability:

The PD authorizes funding so that SoCalGas and SDG&E can maintain the safety, reliability, and efficiency of their natural gas transmission, distribution, and storage systems and electric distribution and generation systems. Specifically:

- *Aging Infrastructure:* The largest driver of rate increases is for the maintenance and replacement of aging pipeline infrastructure and monitoring equipment as part of the integrity management programs required to meet federal and state safety requirements.

⁴ SoCalGas’ total requested revenue requirement over the four-year rate case cycle (2024-2027) would have been \$ 19.5 billion if the request had been approved in full, the PD approves \$17.2 billion.

⁵ SDG&E’s total requested revenue requirement over the four-year rate case cycle (2024-2027) would have been \$14.03 billion if the request had been approved in full, the PD approves \$11.9 billion.



- The PD authorizes the modernization of SoCalGas’s Honor Rancho and SDG&E’s Moreno compressor stations⁶ to comply with regulatory requirements and support natural gas reliability.
 - The PD authorizes 99% of SDG&E’s investments to modernize and maintain the electric grid and upgrade and construct substations to provide safe and reliable services.
- *System Hardening and Modernization:* Another significant driver of the rate increase is to underground additional miles of electric lines, but not to the degree requested by SDG&E. The PD also authorizes investments in covered conductors. SDG&E requested a four-year budget of \$1.9 billion to underground 605 miles and install covered conductors on 180 miles of electric lines. The PD authorizes an annual budget of \$154.5 million to underground 35 miles and install covered conductors on 100 miles of electric lines. The funding also allows SDG&E to continue to harden its grid and reduce wildfire risks.
- *Innovation:* The PD authorizes clean energy innovations that the utilities demonstrated would benefit ratepayers and be cost-effective, but not other innovations, such as using hydrogen, that have not been demonstrated to be directly related to its core function of providing safe and reliable natural gas service. Clean Energy Innovations include the use and increased adoption of clean fuels like renewable natural gas and bio-synthetic natural gas and carbon management strategies.
 - The CPUC has a longstanding and successful commitment to the environment. In working with the utilities for example, as part of clean energy goals, SDG&E exceeded its 2023 annual Renewables Portfolio Standard (RPS) target, procuring over 48 percent of its retail sales from RPS-eligible energy resources. In addition, in 2023 California retail sellers procured over 40 percent of their electricity from RPS-eligible energy resources and are on track to meet the 2021-2024 Compliance Period Requirements.
- *Future Customer Savings:* The PD adopts a process that allows the utilities to pass through as soon as possible, any potential rate reductions that result from an income tax election made on the utilities’ natural gas repairs costs. The PD also adopts a Settlement Agreement for Insurance, allowing for utility self-insurance and premiums to provide savings for ratepayers.
- *Improved Customer Service:* The PD adopts a Settlement Agreement for Customer Services – Information that pertains to customer programs and business services, including a research effort for small business customers that addresses issues of affordability, payment options, and customer savings options.

Affordability:

- The CPUC adopted a decision in May 2024⁷ to implement a [flat rate](#) that reduces electricity prices and accelerates electrification. The flat rate lowers overall electricity bills on average for lower income households and those living in regions most impacted by extreme heat events.
- The CPUC has directed SDG&E and SoCalGas to apply for federal grants and tax credits from the Inflation Reduction Act and Bipartisan Infrastructure Law to leverage non-ratepayer sources of funding including
 - SDG&E has eight energy storage and microgrid projects that were eligible for production tax credits and SDG&E will provide the benefits of the tax credits to customers totaling

⁶ Compressor station upgrades will not be reflected in rates until SDG&E and SoCalGas file Advice Letters for costs capped at \$409.7 million for the Moreno Station and \$525.2 million for the Honor Rancho Station after each station’s in-service dates (June 2026 and January 2027, respectively).

⁷ [D.24-05-014](#)



almost \$200 million. SDG&E will apply the final tax credits toward lowering customer rates over a two-year period starting in 2025 separate from this General Rate Case.

- This Proposed Decision is distinct from the decision [adopted](#) on October 17, 2024 ordering SoCalGas to refund \$3,989,777 to ratepayers for expenditures on unallowed energy efficiency codes and standards activities.

Background:

- On May 16, 2022, SoCalGas and SDG&E filed applications seeking CPUC authorization to approve rate increases for electric and natural gas customers. SoCalGas and SDG&E modified their requests in July 2023.
- The CPUC held four Public Forums for Sempra customers (two for each utility) remotely on March 6, 2023 and March 15, 2023, and two in-person Public Forums for SDG&E customers on March 23, 2023.
- More than 21 days of Evidentiary Hearings were conducted starting on August 15, 2022, and 17 intervenors actively participated in Track 1 of the proceeding by submitting exhibits, cross-examining hearing witnesses, and filing motions and briefs.
- SDG&E's request to recover approximately \$775 million of incremental cost recorded in the Wildfire Mitigation Plan Memo Account (WMPMA) from May 2019 through the end of 2022 is being addressed in Track 2 of the current proceeding.

Next Steps:

- Comments by parties on the PD are due by Nov. 7, 2024, with reply comments due by Nov. 12, 2024.
- Customers can comment on the Docket Cards for the proceeding for [SoCalGas](#) and [SDG&E](#).
- Oral Arguments are scheduled for Nov. 4, 2024, at 1 p.m. at 505 Van Ness Ave., San Francisco.
- The PD is currently scheduled to be on the Dec. 5, 2024 CPUC Voting Meeting agenda.

More Information:

- [Proposed Decision](#)
- [Attachments to Proposed Decision](#)
- [Information on GRCs](#)