

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 2024 COST ALLOCATION PROCEEDING

(A.22-09-015)

DATA REQUEST SET 3 FROM INDICATED SHIPPERS DATED May 3, 2023

SOCALGAS RESPONSE DATED: May 17, 2023

Question 3-1:

Referring to the Company's testimony at Chapter 1, page 2, lines 11-14, regarding total storage capacities, the Company indicates the following:

The total storage capacities proposed for this cost allocation proceeding are 92.06 Bcf of inventory, 700 MMcf/d of summer injection, 550 MMcf/d of winter injection, 900 MMcf/d of summer withdrawal, and 1,400 MMcf/d of winter withdrawal.

Please identify and quantify all changes in the capacities as compared to the amounts approved in the Company's last TCAP. Please provide in your response a narrative that describes all reasons for any changes.

Response 3-1:

The proposed capacities are on Table 4 of Chapter 1: Prepared Direct Testimony of Manuel Rincon & Jimmy Yen. The total inventory capacity is unchanged from D.20-02-045. The methodology used to estimate the summer and winter injection capacities is described in Chapter 1, Section III.B.

For the current proposal SoCalGas estimated the summer and winter injection capacities using data from 2020 to 2022. In the last TCAP, summer and winter injection capacities were estimated using 2015 data. For the current proposal SoCalGas also took into account the interaction between posted injection capacity and inventories. The full methodology used to estimate the proposed injection and withdrawal capacities is described in Chapter 1, Section II.B. The methodology used to estimate the approved capacities is described in Chapter 1, III Section B of Michelle Dandridge's testimony. Changes in summer and winter injection capacities are primarily explained by the use of more recent data and differences in the used methodologies.

Similarly, for the current proposal SoCalGas estimated the summer and winter withdrawal capacities using data from 2020 to 2022. For the previous TCAP, withdrawal capacities were estimated using data prior to 2016. For the current proposal, SoCalGas also took into consideration the impact of the Aliso Canyon Withdrawal Protocol. The methodology used to estimate the proposed summer and winter withdrawal capacities is described in Chapter 1, III section C. The methodology used to estimate the approved summer and winter withdrawal capacities is described in Chapter 1, III, Section B of Michelle Dandridge's testimony. Changes in summer and winter injection capacities are primarily explained by the use of more recent data and differences in the used methodologies.

The total capacities approved in the last TCAP, given the current inventory capacity at Aliso Canyon, are provided in Response 3-6.

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Question 3-2:

Referring to the Company's testimony at Chapter 1, page 5, lines 18-20, regarding total storage allocations to Core, the Company indicates the following:

The applicants propose an allocation to the core of 72 Bcf of storage inventory, 336 MMcf/d of summer injection, and 1,140 MMcf/d of winter withdrawal. The proposal also allocates 125 MMcf/d of winter injection to the core, and 250 MMcf/d of summer withdrawal.

Please identify and quantify all changes in the allocations as compared to the amounts approved in the Company's last TCAP for Core. Please provide in your response a narrative that describes all reasons for any changes.

Response 3-2:

The Core capacities approved in the last TCAP (D.20-02-045), given the current inventory capacity at Aliso Canyon, are provided in Response 3-6. The proposed capacities are on Table 4, Chapter 1: Prepared Direct Testimony of Manuel Rincon & Jimmy Yen. The Core inventory capacity decreased because of a lower forecasted demand from the 2022 CGR in Table 1. In addition, the 19 Bcf of reliability gas is excluded from this proposal. The methodology used to estimate the summer and winter injection capacities is described Chapter 1, Section IV. Lesser summer injection is needed because lower inventory requires a lesser need for cycling storage. Lesser winter withdrawal is needed because of the reduced Cold Year 1-in-35 Demand. Similarly, lesser winter injection and summer withdrawal are required because of reduced expected demand.

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Question 3-3:

Referring to the Company's testimony at Chapter 1, pages 7-8, the Company describes its proposal for the proposed Balancing Plus service. Please provide the following information:

- a. The total annual costs forecasted by the Company for the service and allocated to customers.

Response 3-3a:

The total annual cost allocated to the proposed Balancing Plus service is \$24.1 million, as shown in Table 23 of Chapter 8: Prepared Direct Testimony of Frank Seres. SoCalGas' customers who are awarded capacities from the auction of Balancing Plus service will pay for this allocated cost.

- b. Regarding part a., the costs allocated to Core customers for this service; the costs allocated to Noncore customers for this service.

Response 3-3b:

If there are unsold capacities, all core and noncore transportation customers will pay for the remaining cost.

- c. The expected annual revenues forecasted by the Company for the service.

Response 3-3c:

SoCalGas does not have a forecast of revenues for this new service.

- d. All studies performed by the Company that examine the cost and benefits to all customers of the proposed Balancing Plus service.

Response 3-3d:

Table 23 of Chapter 8: Prepared Direct Testimony of Frank Seres SoCalGas has not undertaken any studies that examine the cost and benefits of the proposed Balancing Plus Service.

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Question 3-4:

Referring to the Company's testimony at Chapter 1, pages 8, the Company indicates the following:

The Applicants propose to allocate 8.3 Bcf of storage inventory to the Balancing Plus service, 54 MMcf/d of summer injection, 71 MMcf/d of winter injection, and 142 MMcf/d of summer withdrawal. The Balancing Plus service should not be allocated any firm withdrawal during the winter.

Please provide the following information:

- a. Explain how the specific allocations were determined for the Balancing Plus service.

Response 3-4a:

SoCalGas allocated Core customers first, then minimally reduced changes to the balancing function while making some assets available to customers with the greatest balancing needs.

- b. Copies of analyses relied upon by the Company in determining the allocations.

Response 3-4b:

SoCalGas has no analyses in determining the allocations other than that presented in Table 1 of Chapter 8: Prepared Direct Testimony of Frank Seres.

- c. Explain why firm withdrawal during the winter is not allocated to the Balancing Plus service.

Response 3-4c:

Winter withdrawal is not allocated to the Balancing Plus service in attempt to minimize changes to balancing customers.

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Question 3-5:

Referring to the Company's testimony at Chapter 1, page 13, lines 4-6, regarding allocations to the balancing function, the Company indicates the following:

SoCalGas proposes the allocation of 9.6 Bcf of inventory capacity, 300 MMcf/d of summer injection, 350 MMcf/d of winter injection, 500 MMcf/d of summer withdrawal, and 226 MMcf/d of winter withdrawal to the balancing function.

Please identify and quantify all changes in the allocations as compared to the amounts approved in the Company's last TCAP for Core. Please provide in your response a narrative that describes all reasons for any changes.

Response 3-5:

The balancing function capacities approved in the last TCAP, given the current inventory capacity at Aliso Canyon, are provided in Response 3-6. The proposed capacities are on Table 4, Chapter 1: Prepared Direct Testimony of Manuel Rincon & Jimmy Yen. The balancing inventory capacity changed slightly due to rounding. Balancing summer injection decreased and was made available to the Balancing Plus service and customers with the greatest balancing needs. Balancing winter injection changed slightly due to rounding. Balancing summer withdrawal decreased to better reflect the lower total summer withdrawal capacity and made available to the Balancing Plus service. Balancing winter withdrawal capacity decreased to better reflect the lower total winter withdrawal capacity while maintaining the same percentage.

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Question 3-6:

Referring to the Company’s testimony at Chapter 1, pages 13-14, Tables 4 and 5, please provide similar tables populated with the values approved in the Company’s last TCAP.

Response 3-6:

Summary of Last TCAP Capacity Allocations – D.20-02-045

| | Inventory | Injection | | Withdrawal | |
|-------------------|-----------|-----------|--------|------------|--------|
| | | Summer | Winter | Summer | Winter |
| Core | 82.500 | 0.445 | 0.155 | 0.400 | 2.000 |
| Balance | 9.560 | 0.345 | 0.345 | 0.840 | 0.400 |
| Unbundled Storage | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total: | 92.060 | 0.790 | 0.500 | 1.240 | 2.400 |

Current Allocations as Percentage of Posted Capacity

| | Inventory | Injection | | Withdrawal | |
|-------------------|-----------|-----------|--------|------------|--------|
| | | Summer | Winter | Summer | Winter |
| Core | 89.6% | 56.3% | 31.0% | 32.3% | 83.3% |
| Balance | 10.4% | 43.7% | 69.0% | 67.7% | 16.7% |
| Unbundled Storage | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

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Question 3-7:

Referring to the Company's testimony at Chapter 3, page 2, to the extent not already provided, please provide copies of all reports, studies, and analyses relied upon by the Company in determining the reasons for the decline in residential gas demand.

Response 3-7:

Refer to the 2024 Cost Allocation Chapter 3: Prepared Direct Testimony of Rose-Marie Payan workpapers. For SoCalGas see page 349 for EE documentation and page 383 for the fuel substitution documentation. For SDG&E, please see page 219 for fuel substitution documentation and page 415 for the energy efficiency documentation. The climate change documentation can be found in the Chapter 5: Prepared Direct Testimony of Wei Bin Guo workpapers. For SoCalGas see pages 6 and 7. For SDG&E see pages 6 and 7. The residential gas demand forecast is declining due to the demand reduction effects of the various out-of-model adjustments taken for energy efficiency, fuel substitution, and climate change.

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Question 3-8:

Referring to the Company's testimony at Chapter 4, page 5, Table 2, please explain how the Winter Coincidental Peak day Demand (MDth/day) values compare to the forecast used in the Company's previous proceeding, A.18-07-024. In your response, please include a narrative as to the reasons for the change.

Response 3-8:

It is difficult to compare the two forecasts since they are for different planning periods. Table 2 from A.22-09-015 covers years 2024-2027. The forecast from A.18-07-024 covered years 2020-2022. The current Winter Coincidental Peak Day Demand has decreased compared to the prior forecast. The decrease primarily results from higher California's RPS target and expected energy storage capacities for the forecast period.

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Question 3-9:

Referring to the Company's testimony at Chapter 4, page 5, Table 2, please explain how the Winter Coincidental Peak day Demand (MDth/day) values compare to the forecast used in the Company's previous proceeding, A.18-07-024. In your response, please include a narrative as to the reasons for the change.

Response 3-9:

See Response 3-8.

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Question 3-10:

Referring to the Company's testimony at Chapter 4, page 5, Table 2, please explain how the Winter Coincidental Peak day Demand (MDth/day) values compare to the forecast used in the Company's previous proceeding, A.18-07-024. In your response, please include a narrative as to the reasons for the change.

Response 3-10:

See Response 3-8.

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Question 3-11:

Referring to the Company's testimony at Chapter 4, page 5, Table 2, please explain how the Winter Coincidental Peak day Demand (MDth/day) values compare to the forecast used in the Company's previous proceeding, A.18-07-024. In your response, please include a narrative as to the reasons for the change.

Response 3-11:

See Response 3-8.

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Question 3-12:

Referring to the Company's testimony at Chapter 4, page 5, Table 2, please explain how the Winter Coincidental Peak day Demand (MDth/day) values compare to the forecast used in the Company's previous proceeding, A.18-07-024. In your response, please include a narrative as to the reasons for the change.

Response 3-12:

See Response 3-8.

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Question 3-13:

Please provide the authorized gas base margin for both SoCalGas and SDG&E as of the date of implementation of the last General Rate Case decision, and list all changes to the authorized gas margin since then and the date of the change, including a reference to the CPUC decision or advice letter that authorized the change, up to the present. Also please indicate whether each change was for a specific cost item or a generalized increase in base margin.

Response 3-13:

See Excel file, IS-03_Q.3-13.