

Application No.: A.03-09-

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Date: September 3, 2003

Witness: Sharon R. Pope

PREPARED DIRECT TESTIMONY OF
SHARON R. POPE
SOUTHERN CALIFORNIA GAS COMPANY

September 3, 2003

2005 BIENNIAL COST ALLOCATION PROCEEDING

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1 The EOR demand forecast is prepared based on the terms of the applicable LTKs (rates,
2 expiration dates, minimum transportation requirements), historical throughput, knowledge of
3 customer operations, and general market conditions. Given that most of the EOR producers
4 located in the San Joaquin Valley are already connected directly to the Kern/Mojave Interstate
5 Pipeline (“Kern/Mojave”), it is extremely unlikely that the level of SoCalGas’ existing service to
6 these customers will increase. This is because the price of intrastate transportation on
7 Kern/Mojave is usually less than SoCalGas’ EOR tariff rate and is expected to be so during the
8 BCAP period.

9 Gas delivered from the Kern portion of Kern/Mojave is delivered directly to EOR
10 customers with no intrastate transportation cost and the intrastate piece of the Mojave portion is
11 usually discounted below SoCalGas’ EOR transportation rate. Moreover, the major EOR
12 customers who use the Mojave portion have fixed contracts with Mojave so their costs are
13 “sunk”. Accordingly, the forecast assumes that most EOR customers under LTKs who are
14 located in the San Joaquin Valley will use SoCalGas’ system for no more than the transport-or-
15 pay quantities set forth in their LTKs. These customers will use direct interstate pipeline service
16 for any usage above their transport-or-pay requirement with the exception of one customer who
17 is forecasted to use the special provisions in its LTK for any quantities above its transport-or-pay
18 obligation. Finally, SoCalGas forecasts that EOR customers not receiving natural gas service
19 under an LTK will continue to take service at present usage levels because SoCalGas does not
20 anticipate any major changes in these customers’ operations during the BCAP period.

21 SoCalGas expects to transport approximately 15,900 Mdth of gas annually for EOR
22 steaming during 2005 and 2006 and approximately 21,900 Mdth annually for EOR cogeneration.
23 The level of demand for steaming is essentially the same as the 2002 throughput of 15,100 Mdth
24 of gas. The decrease in EOR cogeneration throughput from 24,600 Mdth in 2002 to the forecast
25 demand of 21,900 Mdth for the BCAP period is mainly due to one customer switching to using
26 its own field gas for operations.

1 The SEGDA forecast net demand of 3,170 Mdth annually for 2005 and 2006 assumes the
 2 continuation of the 2002 demand.

3 The demand forecasts for both agreements are contained in Table 3. The demand is net
 4 of exchanged volumes.

5 Table 3. Interutility Exchange Demand

	<u>2005*</u> (Mdth)	<u>2006*</u> (Mdth)	<u>Average*</u> (Mdth)
MEA Exchange	79	82	80
<u>SEGDA Exchange</u>	<u>(3,170)</u>	<u>(3,170)</u>	<u>(3,170)</u>
Total	(3,091)	(3,088)	(3,090)

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10 * A positive number means SoCalGas delivers more gas to PG&E's customers than PG&E delivers to SoCalGas' customers.
 A negative number means PG&E delivers more gas to SoCalGas' customers than SoCalGas delivers to PG&E's customers.

11 **2. Interutility Exchange Revenue Forecasts**

12 The interutility exchange revenue forecasts averaged over the BCAP period are shown in
 13 Table 4. These forecasts are developed using the respective demand forecasts and applicable
 14 exchange rates as contained in the two interutility exchange agreements.

15 Table 4. Interutility Exchange Revenue

	<u>Annual Average*</u> (\$000's)
MEA Exchange	(\$9)
<u>SEGDA Exchange</u>	<u>(\$793)</u>
Total	(\$802)

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20 * A positive number represents a payment to SoCalGas from PG&E.
 A negative number represents a payment to PG&E from SoCalGas.

21 Table 4 shows the forecasted net revenue for the MEA exchange to be a payment to
 22 PG&E from SoCalGas of approximately \$9,000 for each year during the 2005 BCAP period.
 23 For the SEGDA, the forecast estimates that SoCalGas will pay PG&E approximately \$793,000
 24 each year during the 2005 BCAP period. SoCalGas forecasts the net payment to PG&E under
 25 the two agreements to be approximately \$802,000 per year for the 2005 BCAP period.

26 This concludes my testimony

D. QUALIFICATIONS

My name is Sharon R. Pope. My business address is 555 West Fifth Street, Los Angeles, California 90013-1011.

I am employed by SoCalGas as a Senior Market Advisor in the Major Markets Customer Services department. I assumed this position on March 30, 2002. My responsibilities include analyzing and forecasting the EOR gas demand and associated revenues, administering the EOR transportation contracts, and developing policies and strategies for serving these customers.

I graduated from Cornell College in Iowa in 1966 with a Bachelor of Arts degree in Mathematics and Psychology and earned a Master of Science degree in Statistics from Iowa State University in 1968. After working in the marketing organizations of several large consumer product companies, I joined SoCalGas in 1985 and have held positions of increasing responsibility in Regulatory Affairs and the Customer Services.

I have previously testified before this Commission.