

**SOUTHERN CALIFORNIA GAS COMPANY
REQUESTING REAUTHORIZATION OF THE
CUSTOMER INCENTIVE PROGRAM**

(A.16-12-010)

(DATA REQUEST ORA-07)

Date Requested: August 11, 2017

Date Responded: August 25, 2017

QUESTION 1:

In Resolution G-3515 dated May 12, 2016, which required SoCalGas to submit an application to reauthorize the Core Pricing Flexibility Program (CPFP) and the Noncore Competitive Load Growth Opportunities Program (NCLGP) if it wishes them to continue in 2017 and beyond, the Commission's Findings of Fact #3 and #16 states that both CPFP and NCLGP programs, respectively, "provide incentives to shareholders for increasing gas throughput on the SoCalGas pipeline system." The Resolution further expressed that "Due to concerns about gas reliability caused by the gas leak situation at the Aliso Canyon storage facility, SoCalGas shall limit new contracts to projects intended to improve energy efficiency." The Resolution noted that "The problems with the Aliso Canyon storage facility have heightened the Commission's concerns about incentivizing increased gas usage." Findings of Fact #s19, 20, and 21 state further:

19. The Aliso Canyon gas storage facility may not be able to operate at its normal capacity in 2016 and beyond due to concerns raised by the facility's gas leak.
20. Without the gas storage provided by the Aliso Canyon facility, there is a greater likelihood that SoCalGas will be unable to provide sufficient gas to all customers during times of system stress.
21. Given the uncertainty surrounding the future of the Aliso Canyon facility, it is unwise to continue programs that incentivize increased gas consumption without providing any corresponding energy efficiency benefits.
 - (a) Please define the term "gas reliability" in the context of the above statements and clarify whether this is synonymous with the term "system reliability."
 - (b) Please fully describe the connection between the "concerns about gas reliability caused by the gas leak situation at the Aliso Canyon storage facility" and why the above Resolution states "The problems with the Aliso Canyon storage facility have heightened the Commission's concerns about incentivizing increased gas usage."
 - (c) Please explain fully whether "the problems with the Aliso Canyon storage facility" have either been resolved, or have changed, since Resolution G-3515 was issued and provide the basis to support your response.

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- (d) Please describe the current extent of any remaining “uncertainty surrounding the future of Aliso Canyon facility” as stated in above Finding of Fact #21 and how this uncertainty could impact “the concerns about gas reliability” expressed in the Resolution. Please provide the basis to support your response.
 - (e) Please state whether the situation described in Finding of Fact #19 has changed since Resolution G-3515 was issued. If so, please explain your response fully and provide the basis to support your response.
 - (f) Based on your response to item (c) above, please state whether the statement in Finding of Fact #20 stating “there is a greater likelihood that SoCalGas will be unable to provide sufficient gas to all customers during times of system stress” has changed since Resolution G-3515 was issued. If so, please explain your response fully and provide the basis to support your response.
 - (g) In Finding of Fact # 21, the Resolution states “it is unwise to continue programs that incentivize increased gas consumption without providing any corresponding energy efficiency benefits.” Please explain how the increased gas consumption from either CFPF/NCLGP Project could also provide corresponding energy efficiency benefits and provide the basis for your response, including documented examples of past CFPF/NCLGP projects that show increased gas consumption and energy efficiency benefits.
 - (h) Please fully explain how the increased gas consumption and the corresponding energy efficiency benefits of proposed CIP projects could be verified by the Commission.
 - (i) Please provide the SoCalGas estimate of increased gas consumption and corresponding energy efficiency benefits from the proposed CIP.
 - (j) Based on your response to item (i) above, please state whether this is sufficient to alleviate the Commission’s concerns about gas reliability/system reliability from programs that incentivize increased gas consumption. Please provide the basis for your response.

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RESPONSE 1:

- (a) SoCalGas objects to this question on the grounds that it calls for speculation, is vague and ambiguous, and compound.
- (b) SoCalGas objects to this question on the grounds that it calls for speculation.
- (c) SoCalGas objects to this question on the grounds that it calls for speculation, is compound, and is vague and ambiguous as to the phrase “have either been resolved, or have changed.”
- (d) SoCalGas objects to this question on the grounds that it calls for speculation and is compound.
- (e) SoCalGas objects to this question on the grounds that it calls for speculation and the phrase “operate at its normal capacity” and “due to concerns raise” are vague and ambiguous.
- (f) SoCalGas objects to this question on the grounds that it is vague and ambiguous as to how SoCalGas’ response in item (c) relates to this question. SoCalGas further objects that based on its objection to item (c) above, SoCalGas is unable to respond to this question.
- (g) Please refer to Section II.C of Supplemental Testimony and the response to ORA-03, Question 1. Additionally, as required by Resolution G-3515, in the confidential Attachment A to Advice Letter (AL) 5133, attached hereto, SoCalGas indicated which customers qualified due to achieving energy efficiency and provided the projected energy savings. Please note the confidential attachments to AL 5133 were previously provided to the Commission pursuant to Cal. Pub. Util. Code § 583, G.O. 66-C, D.16-08-024 and an accompanying declaration.
- (h) The Commission has an opportunity to verify SoCalGas’ activity in these programs based on the annual reporting and advice letter process which SoCalGas intends to continue in the proposed CIP as discussed in Section V of the Prepared Direct Testimony of Tuan Nguyen.

On an annual basis, SoCalGas files an advice letter reporting the results of the Core Pricing Flexibility Program and Noncore Competitive Load Growth Opportunities Program for a given year. Please see the response to ORA-05, Question 1.F.c.

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Additionally, SoCalGas submits an annual report on the Noncore Competitive Load Growth Opportunities Program in compliance with D.00-04-060 which requires SoCalGas to submit annually to the Commission a confidential summary report of qualifying contracts under the program. SoCalGas detailed its plans to comply with the annual reporting requirements in Preliminary Statement Part XI, paragraph G.2.d.1), "At the end of every calendar year, SoCalGas shall file with the Commission a confidential report showing a summary of activity under this program. The report will show the number of qualifying contracts, qualifying volumes, revenues received for qualifying volumes, and amounts credited to ratepayers for baseload volumes."

- (i) Please refer to Section II.C of Supplemental Testimony.
- (j) SoCalGas objects to this question on the grounds that it calls for speculation.

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QUESTION 2:

SoCalGas submitted the above subject application on December 21, 2016 pursuant to the Commission or CPUC Ordering Paragraph 6 in Resolution G-3515 dated May 12, 2016.5 In Findings of Fact (FoF) #s 19 through 22, the Resolution states:

FoF 19. The Aliso Canyon gas storage facility may not be able to operate at its normal capacity in 2016 and beyond due to concerns raised by the facility's gas leak.

FoF 20. Without the gas storage provided by the Aliso Canyon facility, there is a greater likelihood that SoCalGas will be unable to provide sufficient gas to all customers during times of system stress.

FoF 21. Given the uncertainty surrounding the future of the Aliso Canyon facility, it is unwise to continue programs that incentivize increased gas consumption without providing any corresponding energy efficiency benefits.

FoF 22. SoCalGas may continue to enter into contracts under the Core Pricing Flexibility and the Noncore Competitive Load Growth Opportunities programs provided they are for projects intended to improve energy efficiency.

- (a) Please confirm that SoCalGas agrees that the SoCalGas application in A.16-12-010 submitted on December 21, 2016 does not address the above Commission concerns as described in the above Findings of Facts. For each aforementioned finding and related concern that SoCalGas believes its application addresses, please explain your response fully and provide the basis to support your response, including cite reference to the Application where the above described concern is addressed.
- (b) Please provide the estimated amount of increased gas consumption and corresponding energy efficiency benefits provided by the proposed CIP and explain how SoCalGas verified the proposed CIP's impact on system reliability. Please provide the basis to support your response.

RESPONSE 2:

- (a) No, SoCalGas does not agree. The concerns described in Findings of Fact 19 through 22 were addressed in the Prepared Direct Testimony of Tuan Nguyen dated December 21, 2016 and Section II.C and II.D of Supplemental Testimony. CIP projects are required to meet energy efficiency or emission reductions criteria as condition for eligibility as

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described in Mr. Nguyen's testimony which presents the eligibility criteria of the proposed CIP and how it is consistent with California's goals of emissions and energy reduction in Section II.A and II.B and is further supported by Section II.C and II.D of Supplemental Testimony. Additionally, please refer to the response to ORA-03, Question 1.

(b) Please refer to sections II.C, and II.D of SoCalGas' Supplemental Testimony.