

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Gas
Company (U904G) in Compliance with
Ordering Paragraph 6 of Decision 24-12-076

Application No. 26-01-XXX
(Filed: January 15, 2026)

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U904G)
IN COMPLIANCE WITH ORDERING PARAGRAPH 6
OF DECISION 24-12-076**

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Date: January 15, 2026

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I. INTRODUCTION

Pursuant to Decision (D.) 24-12-076 (Decision) and Articles 2 and 16 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC), Southern California Gas Company (SoCalGas) respectfully submits this Application in Compliance with Ordering Paragraph (OP) 6 of D.24-12-076 (Application). On November 14, 2025, the Commission's Executive Director granted SoCalGas an extension of time under Rule 16.6 to file this Application,¹ and this filing is therefore timely.

OP 6 directs SoCalGas to file an application requesting Commission review when Energy Division's Aliso Canyon Biennial Assessment recommends a change to the maximum inventory level at the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon).² On October 1, 2025, pursuant to OP 4 of D.24-12-076, the Energy Division issued its 2025 Aliso Canyon Biennial Assessment Report (Biennial Assessment). While the Biennial Assessment recommends a reduction of 10 billion cubic feet (Bcf) to Aliso Canyon's maximum inventory level, Commission Staff explains that a smaller incremental or no reduction may be appropriate.³

SoCalGas requests the Commission review the Biennial Assessment, as well as the recommendations presented in this Application and accompanying testimony, and decline to adopt the Biennial Assessment's recommended inventory reduction. As SoCalGas demonstrates, Aliso Canyon continues to play a critical role in maintaining energy reliability, and adopting the recommended reduction would significantly increase reliability risk. Indeed, SoCalGas's

¹ SoCalGas's new deadline to comply with OP 6 of D.24-12-076 is January 15, 2026.

² Decision (D.) 24-12-076, Ordering Paragraph (OP) 6, at 77.

³ CPUC Energy Division, Aliso Canyon Biennial Assessment Report Pursuant to D.24-12-076, October 1, 2025 (Biennial Assessment), at 5.

analysis indicates that increasing the maximum inventory level may be more appropriate to preserve reliability. Moreover, reducing Aliso Canyon's inventory would increase price volatility and energy costs, directly impacting ratepayers and undermining the Commission's affordability and cost control objectives. In addition, Commission Staff's own cautions and acknowledged uncertainties further support a prudent, conservative approach that preserves reliability and just and reasonable rates. Accordingly, SoCalGas requests that the Commission find that reducing Aliso Canyon's inventory level at this time would adversely impact reliability and rates, decline to authorize such a reduction, and authorize an increase to Aliso Canyon's maximum inventory level if necessary to maintain reliability and just and reasonable energy rates.

II. BACKGROUND

In Investigation (I.) 17-02-002, the Commission evaluated the feasibility of reducing or eliminating reliance on Aliso Canyon while maintaining natural gas and electric reliability for the region at just and reasonable rates.⁴ In D.24-12-076, the Commission found that Aliso Canyon was a necessary part of California's energy infrastructure to support natural gas and electric system reliability and just and reasonable natural gas and electricity rates.⁵ The Decision further concluded that Aliso Canyon should remain in operation and authorized the maximum storage level to be set at 68.6 billion cubic feet (Bcf).⁶ D.24-12-076 also established a reliability threshold for considering the future of Aliso Canyon and a biennial process for considering reductions to the field's maximum inventory level.⁷ To track and evaluate progress toward the natural gas threshold, the Decision adopted the following process beginning in 2025:

- (1) The Commission's Energy Division will conduct biennial assessments of the progress toward the 4,121 million cubic feet per day natural gas demand target, natural gas reliability, and natural gas prices.⁸
- (2) The Biennial Assessment will include four analyses—demand reduction analysis, gas

⁴ D.24-12-076 at 2, 11.

⁵ *Id.*, Finding of Fact (FOF) 1, at 71.

⁶ *Id.*, Conclusions of Law (COL) 1, at 74; D.24-12-076, Ordering Paragraph (OP) 1, at 76.

⁷ *Id.* at 2.

⁸ *Id.* at 2; *Id.*, OP 3, at 77.

- balance reliability analysis, hydraulic modeling analysis, and economic analysis—to inform whether changes to Aliso Canyon’s maximum inventory may be appropriate.⁹
- (3) If the biennial assessment recommends no change to the storage limit or the reliability and economic analyses, then Energy Division will follow an informal process which includes a workshop and opportunities to comment.¹⁰ If the biennial assessment recommends changes to the storage limit or changes to the reliability and economic analyses, then a formal proceeding process will be triggered, and SoCalGas shall file an application within 90 days of such biennial assessment and request the Commission to review the recommended actions as set forth in the biennial assessment.¹¹

On October 1, 2025, Energy Division issued the first Biennial Assessment under D.24-12-076.¹² The Biennial Assessment found that for the upcoming winter of 2025-2026, system demand could be met while maintaining reliability with continued reliance on Aliso Canyon, and that withdrawals of at least approximately 550 MMcfd from Aliso Canyon are required on a 1-in-10 winter peak day to continuously serve demand.¹³ While the Biennial Assessment found that, for winter 2025-2026, the analyses support a recommendation to reduce the Aliso Canyon maximum inventory by 10 Bcf to a level of 58.6 Bcf, Commission Staff highlights that the analysis is sensitive to multiple assumptions and conditions, including pipeline availability, storage withdrawal capability, demand forecasts, and infrastructure upgrades.¹⁴ The Biennial Assessment also provides that, given current forecasts for higher gas commodity prices in winter

⁹ D.24-12-076, Attachment A.

¹⁰ *Id.*, OP 5, at 77.

¹¹ *Id.*, OP 6, at 77. Within 90 days of filing the application, SoCalGas is directed to organize a workshop during which Energy Division will present its Biennial Assessment and SoCalGas shall present its Application. *Id.*, OP 7, at 78.

¹² D.24-12-076, OP 4, requires the Energy Division to issue the Biennial Assessment on June 15, starting in 2025, and biennially thereafter. On June 13, 2025, the Commission’s Executive Director granted the Energy Division’s first Biennial Assessment extension request, authorizing service of the winter assessment by August 15, 2025, and the summer assessment by September 15, 2025. Subsequently, the Energy Division was granted a second extension request, extending the Biennial Assessment deadline to October 1, 2025.

¹³ Biennial Assessment at 4.

¹⁴ Biennial Assessment 3, 5, 11, 20, 27.

2026-2027, a smaller incremental or no reduction may be appropriate.¹⁵ In particular Commission Staff highlights events that have the potential to increase gas commodity prices, including a national increase in exports of liquified natural gas and the start-up of the Energía Costa Azul LNG facility in Baja California.¹⁶ The Biennial Assessment also highlights the impact of reductions to the Unbundled Storage (UBS) Program—a program that provides an opportunity for noncore customers, including electric generators to purchase gas storage to help meet their demand—which was not considered in the Biennial Assessment’s economic analysis.¹⁷

III. SUMMARY OF APPLICATION

This Application and accompanying testimony demonstrate that reducing the maximum inventory level at Aliso Canyon is not prudent at this time and would be inconsistent with maintaining energy reliability and just and reasonable rates. As explained in the Direct Testimony of Andrew J. Sawin (Chapter I), the Biennial Assessment significantly understates reliance on Aliso Canyon. Specifically, the reliability analyses are driven by assumptions regarding receipt point utilization (RPU), pipeline availability, flowing supplies, and storage performance that are overly optimistic and unrealistic. These assumptions inflate the availability of non-storage supplies, suppress modeled withdrawals from Aliso Canyon, and consequently understate the reliability risks associated with inventory reductions. Using corrected and operationally realistic inputs, SoCalGas’s analysis demonstrates that Aliso Canyon remains critical to meeting demand and that reducing inventory would materially increase the risk of service disruptions. In fact, SoCalGas’s analysis results indicate an increase in Aliso Canyon inventory may be more appropriate.

As explained in the Direct Testimony of M. Michelle Dandridge (Chapter II), the Biennial Assessment’s economic analysis is limited in scope and omits key considerations. Specifically, the economic analysis adopted in D.24-12-076 is a threshold comparison not a

¹⁵ *Id.* at 5.

¹⁶ *Id.* at 26.

¹⁷ *Id.* at 28. The UBS Program is currently allocated 25 Bcf of inventory. Per D.24-07-009, the inventory allocated to the UBS Program will be reduced in response to any reduction in the Aliso Canyon maximum inventory. Thus, a 10 Bcf reduction in Aliso Canyon inventory would reduce the inventory capacity allocated to the UBS Program to 15 Bcf.

comprehensive or predictive assessment of the price impacts associated with reducing Aliso Canyon inventory. Commission Staff expressly acknowledges that the analysis cannot predict how inventory reductions would affect gas commodity prices and assumes continued availability of Aliso Canyon at existing levels. In addition, as explained in Ms. Dandridge's testimony, the economic analysis contains methodological inconsistencies in its application of the threshold comparison. Applying the methodology consistently would indicate that forward price conditions for winter 2026-2027 exceed the threshold. The economic analysis also fails to account for the impacts of inventory reductions on the UBS Program. Reducing Aliso Canyon inventory would directly impact the UBS Program by reducing its allocated inventory by 10 Bcf, increasing price volatility and impacting the availability of a program that provides direct economic benefits to ratepayers, resulting in a compounding adverse impact on ratepayers.

Finally, as described in the Direct Testimonies of Mr. Sawin and Ms. Dandridge, the Commission should carefully consider Commission Staff's own cautions in the Biennial Assessment. The Biennial Assessment acknowledges significant uncertainty related to pipeline conditions, future supply dynamics, storage behavior, and gas market conditions, and expressly cautions that a smaller, incremental, or no reduction may be appropriate given forward price risks and evolving conditions.¹⁸ Commission Staff highlights events on the near-term horizon, including a national increase in exports of liquefied natural gas and the start-up of the Energía Costa Azul LNG facility.¹⁹

IV. DESCRIPTION OF TESTIMONY

Support for SoCalGas's request in this Application is provided in the accompanying testimony. Each testimony chapter's number, sponsoring witness, and brief description are provided below.

In **Chapter I – Reliability Impacts**, Andrew J. Sawin, Principal Engineer, evaluates the Biennial Assessment's gas balance and hydraulic modeling analyses and explains why key assumptions regarding RPU, pipeline availability, storage performance, and system operations understate reliance on Aliso Canyon. Mr. Sawin's testimony demonstrates that correcting these assumptions results in significantly higher withdrawal requirements from Aliso Canyon and

¹⁸ Biennial Assessment at 3, 5, 11, 20, 27.

¹⁹ *Id.* at 26.

illustrates how reducing inventory would increase reliability risk. Mr. Sawin's testimony also includes SoCalGas's analysis which indicates an increase in the maximum inventory level at Aliso Canyon may be appropriate.

In **Chapter II – Economic Impacts**, M. Michelle Dandridge, Senior Manager, Strategic Planning, evaluates the Biennial Assessment's economic analysis and explains why it does not provide a comprehensive or reliable basis for reducing Aliso Canyon inventory. Ms. Dandridge's testimony identifies methodological inconsistencies, demonstrates why the threshold comparison cannot predict price impacts of inventory reductions, and explains how reductions would impact the UBS Program—increasing price volatility and energy costs.

V. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1(a) – (c)

In accordance with Rule 2.1(a) – (c) of the Commission's Rules of Practice and Procedure, SoCalGas provides the following information:

1. Rule 2.1 (a) – Legal Name

Southern California Gas Company is a public utility corporation organized and existing under the laws of the State of California. SoCalGas's principal place of business and mailing address is 555 West Fifth Street, Los Angeles, California, 90013.

2. Rule 2.1 (b) – Correspondence

All correspondence and communications to SoCalGas regarding the Application should be addressed to:

GREGORY HEALY
Regulatory Business Manager
SOUTHERN CALIFORNIA GAS COMPANY
555 West 5th Street, Ste. 1400
Los Angeles, CA 90013
E-mail: ghealy@socalgas.com

A copy should also be sent to:

SETAREH MORTAZAVI
Southern California Gas Company
555 West 5th Street, Ste. 1400
Los Angeles, CA 90013
Email: smortazavi@socalgas.com

3. Rule 2.1 (c)

a. Proposed Category of Proceeding

SoCalGas proposes to categorize this Application as a “ratesetting” proceeding within the meaning of Rule 1.3(e) and 7.1(e)(2) because it seeks Commission review of recommendations concerning a utility asset which may affect system operations and rates.

b. Need for Hearing, Proposed Schedule, and Issues

SoCalGas does not believe that evidentiary hearings are necessary.

c. Issues to be Considered and Relevant Safety Considerations

The issues to be considered in this Application are as follows:

- (1) Whether it is feasible to reduce the maximum inventory level at Aliso Canyon, as recommended in the Aliso Canyon Biennial Assessment, while maintaining reliability and just and reasonable rates.
- (2) Whether the Commission should increase the inventory at Aliso Canyon to maintain reliability and just and reasonable rates.

Regarding safety considerations, based on current information, SoCalGas’s request will not result in any adverse safety impacts on facilities or operations of SoCalGas.

d. Proposed Schedule

SoCalGas proposes the following schedule for this Application:

EVENT	DATE
Application	January 15, 2026
Responses/Protests	within 30 days of Daily Calendar notice
Reply to Responses/Protests	within 10 days
Workshop	within 90 days filing the Application ²⁰
Prehearing Conference	April 2026
Scoping Memo	June 2026
Intervenor Testimony	August 2026
Rebuttal Testimony	October 2026
Hearings (if necessary)	December 2026
Opening Briefs	February 2027
Reply Briefs	April 2027
Proposed Decision	June 2027
Commission Decision	July 2027

²⁰ Pursuant to OP 7 of D.24-12-076, within 90 days of filing this Application, SoCalGas is required to organize a workshop during which Energy Division will present its biennial assessment report and SoCalGas shall present its Application.

4. Rule 2.2 – Articles of Incorporation

A copy of SoCalGas's Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on October 1, 1998, in connection with SoCalGas's Application No. 98-10-012, and is incorporated herein by reference.

B. Rule 1.9 – Service

SoCalGas is serving this Application on all parties to the I.17-02-002, R.13-11-005, R.25-04-010, R.19-01-011, R.23-10-011, R.20-05-003, and R.24-09-012 service lists.

VI. CONCLUSION AND RELIEF REQUESTED

For the reasons set forth in this Application and supporting testimony, SoCalGas requests the Commission:

- Review Commission Staff's Biennial Assessment and SoCalGas's recommendations presented in this Application and accompanying testimony, pursuant to OP 6 of D.24-12-076;
- Find that reducing Aliso Canyon's maximum inventory level at this time would lead to impacts to gas and electric system reliability and on gas and electric rates.
- Find that the Commission should not authorize the reduction of Aliso Canyon's maximum inventory level at this time.
- Find that the Commission should authorize an increase of Aliso Canyon's maximum inventory level if necessary to maintain reliability and just and reasonable rates.

Respectfully submitted,

By: /s/ Setareh Mortazavi
SETAREH MORTAZAVI

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Dated: January 15, 2026

OFFICER VERIFICATION

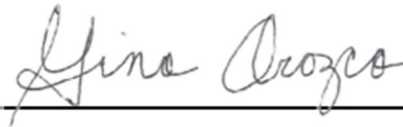
I, Gina Orozco declare the following:

I am an officer of Southern California Gas Company and am authorized to make this verification on behalf of Southern California Gas Company. I am informed and believe that the matters stated in the foregoing **APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) IN COMPLIANCE WITH ORDERING PARAGRAPH 6 OF DECISION 24-12-076** are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 15, 2026, in Los Angeles, California.

By: _____



Gina Orozco

Vice President, Gas Transmission and Storage Operations