

**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 2027 COST ALLOCATION PROCEEDING (A.25-09-014)  
DATA REQUEST SET 18 FROM CAL ADVOCATES – PUBADV-SCG\_SDGE-018-MS  
DATED: MARCH 17, 2026  
SOCALGAS RESPONSE DATED: MARCH 31, 2026**

**Subject: Chapter 6 (SoCalGas Regulator Accounting)**

**Question 1.**

How does SCG justify using over-collected funds from the Noncore Storage Balancing Account (NSBA) to pay off a \$4.0 million under-collection in the Firm Access and Storage Rights Memorandum Account (FASRMA)?

**Response**

The expansion of interruptible Off System Delivery (OSD) service in 2011 was assumed to provide various benefits to SoCalGas and SDG&E customers including increased utilization of the transmission system and increased demand for Unbundled Storage service from gas markets upstream of the SoCalGas/SDG&E system. While Unbundled Storage revenues continued to be collected after expanded OSD service was implemented for service to on-system customers, significant OSD revenues did not materialize to serve upstream markets prior to the 2016 reduction in available storage capacity to support Unbundled Storage sales. Resumption of the Unbundled Storage program in 2023 provides incremental revenue to the NSBA which can be used to offset the FASRMA under collection. This allocation is justified because the investment in the expanded OSD service was undertaken to enhance the marketability of the Unbundled Storage Program.

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**Question 2.**

Please explain why it is fair and equitable for core storage customers to indirectly subsidize the capital revenue requirements for off-system delivery infrastructure, given SCG’s acknowledgment that storage customers are effectively paying for the system modifications required to provide off-system delivery service?

**Response**

SoCalGas objects on the ground the phrase “fair and equitable” is not defined and to the extent the request assumes facts. Subject to and without waiving the foregoing, SoCalGas provides the following response: To date the only customers who paid for OSD service infrastructure were the ones who scheduled gas under the OSD rate schedule through 2017. This service has not been available due to capacity reductions and system reliability concerns since 2018.

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**Question 3.**

If the \$3.1 million in capital costs recorded in the FASRMA were incurred specifically to provide interruptible and firm off-system delivery (OSD) services, why haven't OSD revenues been sufficient to offset these costs as originally intended?

Please provide the historical OSD revenues credited to the FASRMA (or related accounts) and the associated capital costs recorded since the account's inception, along with any workpapers or analysis explaining the shortfall.

**Response**

Witness Borkovich explains in Chapter 10 of his direct testimony the reasons why OSD revenues have not been sufficient:

As of August 2025, OSD revenues have not offset incremental development costs. Net interruptible OSD revenue totaled less than \$30 thousand from 2012-17; and zero from 2018-2025 when OSD was not offered. Revenue from 2012-2017 was minimal because City Gate prices were generally higher than upstream border prices when offered. During those rare instances when City Gate prices were lower than Border prices OSD was not offered based on System Operator concerns that OSD service would impact service to on-system customers.

Starting in 2017, OSD has not been offered due to continuing concerns that significant OSD activity would impair service to on-system customers due to system capacity loss from ongoing backbone transmission and storage system inspection and remediation.<sup>1</sup>

Please see the response to Question 1c. from Cal Advocates data request PubAdv-SCG\_SDGE-013-ST Set for OSD revenues and capital revenue requirement recorded to the FASRMA.

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<sup>1</sup> PDB-7 lines 1-10

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In addition, please see below, the table of the OSD revenues recorded to the System Reliability Memorandum Account (SRMA) from 2013 through 2017. No OSD revenues recorded after 2017 to SRMA.

SRMA

Year	OSD Revenue
2013	5,267
2014	64,457
2015	35,379
2016	10,755
2017	4,429

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**Question 4.**

SCG proposes eliminating the Enhanced Oil Recovery Account (EORA) and recording its costs and revenues in the Noncore Fixed Cost Account (NFCA), citing that EOR authorized throughput is rapidly declining to an estimated 105,839 Mth. Does moving this actively shrinking market into the NFCA force ratepayers to absorb the financial risk of these volumetric shortfalls due to the NFCA's 100% balancing treatment?

**Response**

SoCalGas objects to this request to the extent the request is argumentative and assumes facts. Subject to and without waiving the foregoing, SoCalGas provides the following response: As stated in Chapter 6, page PG-2 and PG-3, “Currently, the purpose of the EORA is to balance the difference between authorized revenue requirements (excluding the local transmission revenue requirement and Backbone Transportation Service (BTS) revenue requirement) and other non-gas costs allocated to the EOR market with revenue intended to recover these costs.” The EORA is allocated Equal Percentage of Authorized Margin (EPAM) to all customer classes, while NFCA allocates EPAM only to Noncore customers. All activity for the EOR customer class that would be recorded to the NFCA instead of the EORA would not change the balancing treatment to ratepayers.

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**Question 5.**

Please explain whether embedding the EOR activity in the Noncore Fixed Cost Account (NFCA) would also shield utility shareholders from the financial impacts of the EOR market's continuous decline.

**Response**

See Response 4. Moving the EOR activity to the NFCA has no impact to shareholders.

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**Question 6.**

The regulatory account amortizations used to calculate the illustrative rates in Chapter 12 are based on balances currently authorized as of July 2025. Given that the final rates for this proceeding won't be implemented until January 2027, based on an October 2026 update, please quantify how significantly the regulatory account balances may shift between the July 2025 authorized balances and the October 2026 update, and whether any such shift could alter the final rate impacts for residential customers.

**Response**

SoCalGas objects on the ground that the request calls for an analysis not conducted by the company. The October 2026 Regulatory Account Update is unknown at this time.

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**Question 7.**

If SCG and SDGE cannot provide the requested information to answer the questions above, state the reason in the.

**Response**

Not Applicable.